

THE TURKISH COMPONENT INDUSTRY

Turkey has a strong automotive component supply industry. It has developed in parallel with the manufacture of all kinds of vehicles, including buses and coaches.

A significant number of the suppliers are based in the cities of Bursa and Adapazari, both of which have a long industrial heritage. There is a tradition of skilled craftsmen dating back to the days of carriages and carts. Some of the suppliers to the bus and coach industry are located close to their main customers, especially Mercedes-Benz at Hosdere, and Temsa, located in Adana in the south of Turkey.

The components industry can trace its roots to the early 1960's, when local assembly started, and Turkish companies entered into licence agreements with foreign partners. The industry developed rapidly in the 1970's, with emphasis on localisation of manufacture.

In the 1980's, there was a substantial increase in capacity and modernisation of production facilities. This gave Turkey the capability of manufacturing components to the latest designs and production methods.

Until 1996, the Turkish market was effectively closed to imports, but that ended with the Customs Union with the European Union. Turkey became an open market. The supply industry responded to this challenge by increasing its design and development capabilities.

TAYSAD is the Association of Automotive Parts and Components

Manufacturers in Turkey. Its Chairman is Ömer Burhanoğlu. Last year, he was asked to compare automotive subsidiary industries around the world and to identify the strong and weak points of the Turkish industry.

He said: "Technological developments form the centre of this industry and, as such, research and development is the key in keeping to competition. Both in the main and subsidiary industries, companies that can develop competitive technology will be able to accomplish dominance over their rivals. "Turkey's present rivals are Poland, the Czech Republic, Slovakia, Slovenia, Romania and Russia. Future rivals will be India, China and Iran.

"Although the Turkish subsidiary industry is far ahead of a lot of developing countries in terms of production knowledge and technological capacity, the latest regulations concerning substantiations have greatly blocked the path of new investments.

"Turkey's need for foreign investment and the importance of foreign investment movements for the country's economy have made it more important for more attractive opportunities to be made available to foreign investors.

"Apart from these, the fact that 50% of Turkey's population is under 30 years of age presents an alluring potential. In the coming years, with the requirements of the adaptation process to the European Union, a serious increase in purchasing power is expected, together with the increase of economic welfare."

Although the component manufacturers started by supplying the domestic industry, they have since developed strongly and are now supplying to many automotive manufacturers in other countries. Turkish quality and prices are very competitive. Many of those that specialise in the bus and coach industry will be present at Busworld Turkey.

BUSWORLD LAGOS

Busworld Lagos is being held from Thursday 22 to Saturday 24 February at the Oceanview Exhibition Grounds on Victoria Island, Lagos. This is a change from previous venues and is much more conveniently located, in a serene and safe area.

Mrs Paulette Van Trier, Busworld's local organiser in Lagos says that several manufacturers will participate, including King Long from China and Uni Motors of Nigeria. She also confirmed that other exhibitors will include parts dealers, banks, insurance companies and tour operators.

The formal opening ceremony will be held at noon on 22 February. Mrs Van Trier expects officials from both the Federal Government and the Lagos State Government to attend the exhibition, the only one of its kind to be held in Nigeria.

The Federal Republic of Nigeria is the most populated nation of the African continent. There are around 125 million people, representing about 20% of the population of Africa.



A GM Isuzu bus at Busworld Lagos in 2005



A rugged Mercedes-Benz bus for country services at Busworld Lagos in 2005



A Mercedes-Benz bus bodied by Marcopolo in Brazil

It is believed that the population of Lagos is the largest of any city in Africa, ahead of Cairo, with its 15 million people. Lagos is a sprawling metropolis covering the mainland and a number of surrounding islands. It is expanding rapidly and has swallowed up several smaller towns and settlements. There has been no official census since 1991, but it is widely estimated that the population could be as high as 18 million people.

Lagos is the largest city in the world without a metro system. It has only limited heavy rail services, therefore there is very heavy reliance on buses for public transport. It is estimated that up to 120,000 vehicles serve the city daily, the vast majority of them being minibuses. They are a major cause of accidents, congestion and pollution.

There is an extensive network of inter-city services, operated by members of the Luxury Bus Owners Association of Nigeria. They have more than 80 members running around 10,000 coaches between them. Many of the long distance vehicles are imported from Brazil, on Mercedes-Benz, Scania and Volvo chassis. Oil and petroleum products account for more than 95% of Nigeria's



This well preserved Tata worked in Nigeria for 18 years

ASIAN COACH WEEK



Ankaï put this bus into Asian Coach Week in 2005

The 6th Asian Coach Week will be held immediately before Busworld Shanghai. Chinese and European experts will test new buses and coaches for a wide number of technical, aesthetic and comfort features. These include ride and handling, passenger comfort, accessibility, styling and climate



An attractive midicoach from Shenlong

export revenues. This has helped to fund a network of highways and bridges throughout Lagos, but there is still great need of improvements in public passenger transport. A delegation from the Ministry of Transport visited Busworld Kortrijk in October 2005, led by Mai Muh'd Habib Aliyu, Honorable Minister of State for Transport. He was interested in encouraging manufacture of full size buses in Nigeria to meet the demand for public transport. In the medium to longer term, that would be the best solution.

Busworld Lagos is an important showcase, and a meeting point for politicians, operators and industry suppliers.

control. Chinese manufacturers have been enthusiastic about Asian Coach Week, every since the first edition. Last year, between them, they entered 28 vehicles. They listen to the comments of judges, particularly where they make recommendations to improve any feature. Next year, they return and seek out judges to show that they have listened and



A modern low floor city bus from King Long

made the relevant improvements! Awards are made in a number of categories and are handed out at an evening ceremony during the Busworld Shanghai exhibition. Winners in each category are given not only a certificate, but a large circular plaque that is mounted behind the windscreen of each winning vehicle.

DATES FOR YOUR DIARY

Busworld Turkey, Istanbul
8-10 February 2007

Busworld Lagos
22-24 February 2007

Busworld Shanghai
13-14 March 2007

Busworld Kortrijk
19-24 October 2007



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ALL SET FOR BUSWORLD TURKEY

The first Busworld Turkey international exhibition is all set to be a resounding success. There has been heavy demand for stand space from many bus and coach manufacturers, also companies making components and accessories. There are also exhibitors offering services in related businesses, for instance tourism, banking, information technology and insurance.

The exhibition will be held in halls 9 and 10 of the Istanbul Expo Centre, situated close to Ataturk International Airport, to the west of the city centre.

The partners in Busworld Turkey are HKF Trade Fairs, the International Road Transport Union, (IRU), and Busworld. The exhibition also has the support of TOFED, the Turkish Bus and Coach Federation.

HKF Trade Fairs was founded with the aim of organising prime quality international trade fairs in Turkey and to ensuring the attendance of Turkish companies to well-selected trade fairs abroad.

The International Road Transport Union, through its international associations, represents the entire road transport industry world-wide. It speaks for the operators of coaches, taxis and trucks, from large transport fleets to owner-drivers.

In all international bodies that make decisions affecting road transport, the IRU acts as the industry's advocate. By working for the highest professional standards, the IRU improves the safety record and environmental performance of road transport and ensures the mobility of people and goods.



An exterior view of the modern Expo Centre

Among its activities, the IRU takes the initiative in making sure that vehicles are safe, clean, efficient, and economical in fuel consumption. It encourages sound fleet management, strict vehicle maintenance, and good working conditions for drivers. The IRU

alerts the industry to changes in national and international legislation, and strives to lift the barriers to international transport and trade.

Turkey has had a bus and coach manufacturing industry for 40 years. Initially, output was low and vehicles





A few exhibitors will be in the Foyer of Expo Centre.

BOOMING DEMAND FOR BUSWORLD SHANGHAI

Busworld's Chinese partners report unprecedented levels of demand for stand space at Busworld Shanghai, to be held in the New International Exhibition Centre in Pudong, Shanghai, from Tuesday 13 to Thursday 15 March. Their problem is how to accommodate the need for an additional 20% floor space. There are quite a number of new exhibitors who have not previously attended Busworld Shanghai.

It is not hard to understand why there is such demand. The Chinese economy is continuing to grow at an impressive rate, more than 10% in 2006. Looking at the numbers of cars in major cities like Shanghai

China is also gearing up for the Olympic Games, to be formally opened in Beijing on 8 August 2008. The capital is already being transformed into a modern metropolis with multi-lane highways.

China is spending an estimated USD38 billion on public works, sports venues and environmental protection for the Olympic Games, but the city will benefit from these improvements for generations. Large numbers of the estimated 28,000 buses running in Beijing are being replaced by new and much more environmentally friendly models. It is expected that the numbers of athletes, officials and visitors will be around 250,000 per day. That is going to place tremendous demand on the transport system. Busworld Shanghai is expected to follow the previous practice where vehicle manufacturers have large stands around the perimeter facing on to the aisles that accommodate the stands of component and service suppliers. It is a formula that works very well in the large halls.



Busworld Shanghai has its own unique atmosphere.

can stand comparison with any elsewhere in the world. There is ready availability of skilled labour and the quality of workmanship is excellent. Productivity levels meet the best standards in the world. Vehicle manufacturers are supported by first-class suppliers who provide many of the specialised parts and components that go into modern buses and coaches. Turkey is practically self-sufficient in the

manufacture of seating, interior trim, wiring systems, doors, heating and air-conditioning systems, and many of the smaller but still essential parts that go into buses and coaches. Prices are also competitive. Therefore, Turkey has become a major exporter of buses, coaches and component parts. Both MAN and Mercedes-Benz build some models exclusively in Turkey, using drivelines sourced from Germany. Vehicles are supplied not only to the domestic market, but to many other countries, where they benefit from the extensive parts and service support networks established by both companies.

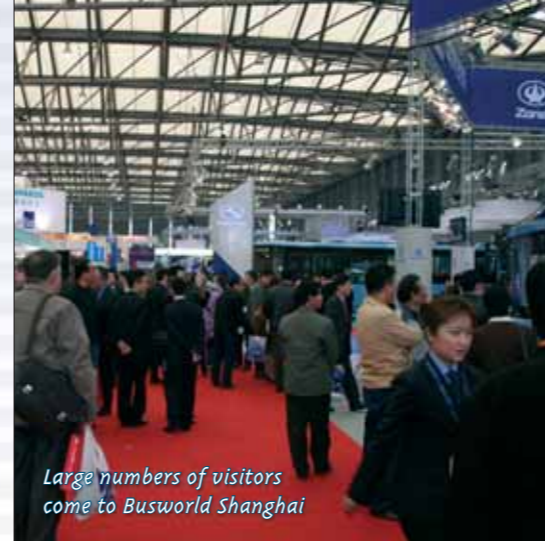
Turkish-owned companies have expanded their export activities dramatically in recent years. Buses and coaches from BMC, Tamsa, Otokar and Otovol can be seen in many countries.

Istanbul is a major transport and trading hub, therefore Busworld Turkey expects to welcome visitors from many parts of Europe, Russia, Western Asia, the Middle East and North Africa. Turkish buses and coaches are already being supplied to all those regions.

and Beijing can be misleading. Overall levels of car ownership are still very low, especially in rural areas, therefore there will always be demand for public transport.

Looking well into the future, there is no doubt that the price of petrol and diesel will inevitably rise, as supplies become more difficult to find. The vast majority of people in China will never be able to afford to own and run their own cars. Attractive new multi-storey housing is being built for growing numbers of managers and other professionals in major cities, but noticeably, without any facilities for parking cars. Their residents will be expected to use public transport.

In addition, around 12-13 million people are moving each year from rural areas to major cities in search of work in the expanding industrial sector.



Large numbers of visitors come to Busworld Shanghai

There is always bound to be keen competition when there are so many manufacturers. They use Busworld Shanghai as a showcase for their latest ideas. They are seeking to influence politicians, major customers and opinion formers.

Therefore, in recent years, there have been exciting developments like low floor and low entry buses, vehicles built up to 13.7m long, and



One of the first fuel cell buses in China

buses powered by alternative fuels. There are abundant supplies of gas in the west of China, now being brought by pipeline to the main cities on the eastern seaboard. Therefore compressed natural gas is a popular option.

Last year, several exhibitors came with hybrid buses, using a smaller diesel engine coupled to a generator

and an electric motor. These offer substantial savings in fuel consumption. Looking further to the future, China is developing fuel cell technology. Three Mercedes-Benz Citaro buses are currently running in Beijing, but other fuel cells have been developed by Chinese companies, working in conjunction with academics.

The Chinese domestic market continues to grow. The final figures for production and sales in 2006 are not yet available, but are forecast to be in the range of 85,000-90,000 units. That is an astonishing figure. Compare it with Western Europe, where registrations of new buses and coaches, above 8.0 tonnes gross, were around 25,000 in 2006. Furthermore, while volumes are mature in many parts of the world, with one-for-one replacement, it is generally agreed that demand

The Chinese have looked as Western Europe and realise that it accounts for around 10% of global annual registrations. They have seen the major investments made by Western European manufacturers in China in parts and service support. They know that it would be very expensive for them to set up support across Western Europe. Also, compliance with the enormous amount of legislation on construction and use would be an expensive exercise.

However, the Chinese cannot be under-estimated. Their own industry has come on in leaps and bounds. They have dramatically improved their styling and their quality standards. In such a labour intensive industry, they will continue to enjoy the significant benefit of much lower labour costs. This is also reflected in the component supply industry.



Many component suppliers exhibit in Shanghai

in China will rise as high as 130-140,000 units per annum. While it seems a staggering amount, it has to be put into perspective with the country's 1.2 billion population.

When the production plateau is reached, probably around 2013-14, we are likely to see major consolidation of the industry. The market leaders will expand by acquisition, probably on a regional basis. Quite a number of small players will cease to survive, unless they are well established with quality products in a niche sector of the market.

Currently, little over 4% of Chinese output is exported. When the industry reaches the plateau, export activities are likely to be stepped up considerably. The main thrust is likely to be of low cost vehicles into developing countries.

BUSWORLD KORTRIJK

The 19th edition of Busworld will be held in Kortrijk from Friday 19 to Wednesday 24 October inclusive.

Mieke Glorieux, Director, says that demand for exhibition space is busier than ever, with several new companies intending to display their products in Kortrijk for the first time. Mieke added: "I am having interesting discussions with Expo Kortrijk to see how we can possibly increase the capacity to meet the high demand."

We will carry more news about Busworld Kortrijk in future editions of the Newsletter.



Ankai is the Chinese partner of Setra.

Companies have not been afraid to invest heavily in the best equipment and can now make all the components and parts required by the manufacturing industry. They are particularly strong on

electronics. Manufacturers all over the world are continually under pressure on costs and prices. For that reason alone, a visit to Busworld Shanghai makes very sound sense.

were supplied mainly to the domestic market. In recent years, that has changed dramatically. Turkey now has more manufacturing capacity for medium and large buses and coaches than any country in the European Union, and also builds many minibuses.

There has been heavy investment in factories and manufacturing equipment so that Turkish factories

The Tamsa Tourmalin has been a great success in France



Inside a typical Chinese sleeper coach



Scania is entering the top end of the Chinese coach market.