

**NON CONFIDENTIAL SUMMARY OF
APPLICATION FOR EXTENSION OF
THE SAFEGUARD MEASURE IN
IMPLEMENTATION ON IMPORTS OF
MOTORCYCLES**

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1. APPLICATION DETAILS

1.1. Applicant

The application for extension of the safeguard measure which is in implementation in imports of motorcycles was filed in the name of domestic manufacturers by Motorcycle Industrialists Association (MOTODER). The details of domestic manufacturers who were part of the application by providing information are given in ANNEX-I.

1.2. Representation of domestic production

The application for the safeguard measure is filed by MOTODER in the name of all its member firms. Bisan Bisiklet Moped Otomotiv San. ve Tic. A.Ş. which is not a member of MOTODER, but a party in the initial safeguard measure application filed in 2006 has also provided information in the process of preliminary examination. Another firm, which is not a member of MOTODER but which was a party to the application in 2006, Beldeyama Motorlu Vasıtalar A.Ş. has given the opinion that there was no need for extension of the duration of the safeguard measure. Firms supporting the application represent a material segment of domestic production.

1.3. Definition and customs tariff subheading of the subject article

The subject good is defined as motorcycles of a cylinder capacity not exceeding 380 cm³ (mopeds inclusive) and cycles fitted with an auxiliary motor (whether or not with an attached sidecar). This article which will be called "motorcycle" hereinafter is classified as follows under the customs tariff subheading 87.11.

8711.10.00.00.11	Mopeds
8711.10.00.00.19	Others
8711.20.10.00.00	Scooters
8711.20.91.00.00	Of a cylinder capacity exceeding 50 cm ³ but not exceeding 80 cm ³
8711.20.93.00.00	Of a cylinder capacity exceeding 80 cm ³ but not exceeding 125 cm ³
8711.20.98.00.00	Of a cylinder capacity exceeding 125 cm ³ but not exceeding 250 cm ³
8711.30.10.00.00	Of a cylinder capacity exceeding 250 cm ³ but not exceeding 380 cm ³

1.4. Existing safeguard measure

The Council of Ministers decision no. 2006/10852 on implementation of a provisional safeguard measure for a duration of 200 days on imports of motorcycles was published in the Official Gazette dated 15/8/2006, no. 26260 and the Council of Ministers decision no. 2007/11621 on the definitive safeguard measure was published in the Official Gazette dated 1/3/2007, no. 26449. A safeguard measure in the form of additional financial liability in amounts given in the below table has been implemented on imports of motorcycles by the said decision.

Customs Tariff Subheading	Description of Article	Additional Financial Liability (USD/piece)			Exemption Limit (CIF) (USD /piece)
		Period 1 (2/3/2007-14/8/2007)	Period 2 (15/8/2007-14/8/2008)	Period 3 (15/8/2008-14/8/2009)	
8711.10.00.00.11	Mopeds	200	190	180	1.200
8711.10.00.00.19	Others	200	190	180	1.400
8711.20.10.00.00	Scooters	250	235	220	2.000
8711.20.91.00.00	Of a cylinder capacity exceeding 50 cm ³ but not exceeding 80 cm ³	200	190	180	1.400
8711.20.93.00.00	Of a cylinder capacity exceeding 80 cm ³ but not exceeding 125 cm ³	250	235	220	2.000
8711.20.98.00.00	Of a cylinder capacity exceeding 125 cm ³ but not exceeding 250 cm ³	300	285	270	2.300
8711.30.10.00.00	Of a cylinder capacity exceeding 250 cm ³ but not exceeding 380 cm ³	300	285	270	2.600

2. IMPORTS OF SUBJECT GOODS

2.1 Course of total imports

Overall data on imports of motorcycles are illustrated below and import data by countries of origin are given in ANNEX-II.

Year	2006	2007	2008	2008(1-3)	2009(1-3)
Volume (Pieces)	609.365	33.378	23.686	3.821	3.653
Change (%)	96,3	-94,5	-29,0	-	-4

Imports were 609.365 pieces in 2006 when the safeguard investigation was initiated and the temporary measure was implemented. In 2007, when the temporary safeguard measure and subsequently the definitive safeguard measure were in implementation, there was a drop of 95 % in imports compared to the previous year and imports have declined by 29 % in 2008. Imports, which declined by 4 % compared to the same period of the previous year in the first quarter of 2009, were 3.653 pieces.

2.2 Market share of imports

	2006	2007	2008	2008(1-3)	2009(1-3)
Market Share of Imports (%)	97	39	27	22	27
Market Share of Imports (%) (According to number of motorcycles registered at Traffic Office)	96	73	66	59	49

It is observed that the share taken by imported motorcycles out of the domestic market by years reached 97 % in 2006, dropping down to 39 % in 2007 and to 27 % in 2008. It is observed that in the first quarter of 2009, imports continue to maintain their market share.

Upon examination of the market shares obtained, by comparing the data obtained from statistics on motorcycles registered at the Traffic Office by Turkish Statistics Authority (TURKSTAT) and the domestic net sales of domestic manufacturers, it is observed that imported motorcycles had a market share of 96 % on the domestic market in 2006. However, it is observed that despite the decline of imports in 2007 and 2008, imported motorcycles, which are in stock, continue to be launched to market and imported products have accounted for more than two thirds of the market in these two years. In the first quarter of 2009, too, imported products account for one half of the domestic market.

2.3 Ratio of imports to domestic production

	2006	2007	2008	2008(1-3)	2009(1-3)
Imports / Domestic production (%)	2861	60	34	38	38

The ratio of imports to domestic production which was at a high level as 2861 % in 2006 has declined to 60 % in 2007, becoming 34 % in 2008. The ratio of imports to domestic production has travelled at the same level in 2008 and in the first quarter of 2009.

3. DETAILS OF DOMESTIC PRODUCTION OF SUBJECT GOODS

Details of domestic production were compiled by bringing together the production data of domestic manufacturers which provided information as part of the inquiry.

3.1 Production

	2006	2007	2008	2008(1-3)	2009(1-3)
Production (Pieces)	21.299	55.830	68.820	9.952	9.614

Upon review of the domestic production figures, it is observed that in 2007, output rose by 162 % and the increase in 2008 was 23 %. It is observed that there is a decline of 3 % in production in the first quarter of 2009.

3.2 Consumption

	2006	2007	2008	2008(1-3)	2009(1-3)
Consumption (Pieces)	626.337	85.479	88.632	17.042	13.610
Consumption – Registered at Traffic Office (Pieces)	389.503	191.810	192.534	32.450	19.470

The domestic consumption of the subject good was 626,000 pieces in 2006, declining almost 7-fold in 2007, with a further decline of 4 % in 2008. A

comparison of the first quarters of 2008 and 2009 shows that consumption has come down by 20 %.

A review of the statistics of Turkish Statistics Authority (TURKSTAT) on motor land vehicles registered at Traffic Office shows that the number of motorcycles registered at the Traffic Office in 2006 when imports of motorcycles were at their highest, has reached 390,000. On the other hand, it is observed that the number of motorcycles registered at the Traffic Office in 2007 and 2008 when imports have declined seriously is at the level of 190,000 pieces. The fact that the inventory built in the hands of importers due to the high volume of imports in 2006 has reached the end consumer during 2007 and 2008, has prevented a drop in the market share of imported motorcycles in these two years.¹ Motorcycle Industrialists Association (MOTED) estimates that as of 2009, importers hold motorcycle stocks of 80,000.²

3.3 Capacity and Capacity Utilization Rate

	2006	2007	2008	2008(1-3)	2009(1-3)
Capacity (Piece)	165.462	381.312	472.948	204.817	259.604
Capacity Utilization Rate (%)	13%	15%	15%	5%	4%

The yearly production capacity of domestic manufacturers has continued to rise in 2006, 2007 and 2008. It is observed that this capacity has also risen in the first quarter of 2009.

The capacity utilization rate (CUR) has travelled at a higher level in 2007 and 2008 over 2006. It is observed that CUR is lower in the first quarter of 2008 compared to the rest of the year. It is also observed that in the first quarter of 2009, there is a drop of 1 point in CUR over the same period of 2008.

3.4 Domestic sales

	2006	2007	2008	2008(1-3)	2009(1-3)
Domestic sales (Pieces)	16.972	52.101	64.946	13.221	9.957

The domestic sales of domestically manufactured goods have risen in 2007 by 207 % over the previous year and 25 % in 2008 again over the previous year. In the first quarter of 2009, there was a drop of 25 % in domestic sales over the first quarter of 2008.

3.5 Inventories

	2006	2007	2008	2008(1-3)	2009(1-3)
Period End Inventories (Pieces)	9.204	12.172	15.595	8.086	12.923

¹ Motorcycle Industry Association (MOTED), Sector Assessment, 2008, <http://moted.net/aktivite.asp>, accessed as of 27/5/2009.

² <http://www.ekonomikpusula.com/otomobil-haberleri/62-otomobil/906-motosiklet-kriz-magduru.html>, accessed as of 30/5/2009

Inventories of domestic manufacturers have risen by 32 % and 28 % respectively in 2007 and 2008 over the previous year. It is observed that in the first quarter of 2009, there was a rise of 60 % in 2008 compared to the first quarter of 2008.

3.6 Employment

	2006	2007	2008	2008(1-3)	2009(1-3)
Employment (persons)	427	582	846	749	682

The employment figures of domestic manufacturers have risen by 36 % in 2007 and 45 % in 2008. In the first quarter of 2009, on the other hand, there was a decline of 9 % over the first quarter of 2008 in employment.

3.7 Productivity

	2006	2007	2008	2008(1-3)	2009(1-3)
Productivity (Piece/Person, Index) (2006=100)	100	200	170	100	106

Looking at the productivity index on domestic production activities, it is observed that there is a one-fold increase in 2007 over 2006 and the productivity index has dropped by 30 points in 2008. It is observed that the productivity index has increased by 6 points over the first quarter of 2008 in the first quarter of 2009.

3.8 Profitability

	2006	2007	2008	2008(1-3)	2009(1-3)
Profitability (%)	5%	6%	11%	8%	-15%

Domestic manufacturers have increased their profitability ratios, which was 5 % in 2006, in the years 2007 and 2008. However, they have incurred losses of 15 % in the first quarter of 2009.

4. EVALUATION AND CONCLUSION

The safeguard measure has started to be implemented on the imports of subject goods starting from 15/8/2006. Imports which were close to 610,000 pieces in 2006 have dropped significantly in 2007 with the declining trend in imports continuing into 2008. It is observed that imports have declined by 4 % in the first quarter of 2009 over the first period of the previous year.

During the decline experienced on imports in 2007 and 2008, the economic indicators of domestic manufacturers like output, domestic sales, capacity utilization rate, employment and profitability have displayed a trend of improvement until 2008. This improvement was interrupted somewhat in the first quarter of 2009. On the other hand, the number of firms engaged in production of motorcycles domestically which support the safeguard measure has gone from 4 to 8 after the implementation of the safeguard measure on imports of motorcycles.

On the other hand, the motorcycles waiting in the stocks of importers due to the import volume which has increased until 2006, have continued to be launched to market in 2007 and 2008 with imported products maintaining their market shares. This has prevented domestic manufacturers from penetrating the market at the levels they desire.

In conclusion, it is petitioned by the applicant that the safeguard measure which is in implementation on imports of motorcycles is extended in the context of Decision on Safeguard Measures on Imports (2004/7305) (OG Date and No: 29.05.2004 - 25476) and Regulation on Safeguard Measures on Imports (OG Date and No: 08.06.2004 - 25486).

ANNEX-I: APPLICANT FIRMS

LIST OF DOMESTIC MANUFACTURERS PARTY TO THE APPLICATION	
1	Asya Dış. Tic ve Mak. San. Ltd. Şti.
2	Bisan Bisiklet Moped Otomotiv San. ve Tic. A.Ş.
3	Kuralkan Mot.Arç.Ürt. San. ve Dış Tic. A.Ş.
4	Motoran Mot. Arç. İnş.Teks. San. Tic. A.Ş.
5	Ramzey Mot. San. ve Dış Tic. Ltd. Şti.
6	Salko Bisiklet
7	Uğur Mot. Arç. Mak. Tur. Tas. San. ve Tic. Ltd.Şti.
8	Yuki Mak.Mot. San. A.Ş

ANNEX-II: IMPORT STATISTICS BY COUNTRY

	2006	2007	2008	2009(1- 3)
	VOLUME (PIECE)	VOLUME (PIECE)	VOLUME (PIECE)	VOLUME (PIECE)
ALL COUNTRIES	609.365	33.378	23.686	3.653
P. REP. OF CHINA	581.214	25.834	12.978	2.515
INDIA	10.357	4.490	8.144	818
TAIWAN	6.612	420	953	164
ITALY	1.997	1.161	756	47
THAILAND	5.425	300	272	41
SPAIN	462	195	30	30
FRANCE	---	247	157	17
ENGLAND	---	1	---	10
JAPAN	72	50	47	4
CZECH REPUBLIC	10	14	---	4
AUSTRIA	23	25	30	2
SOUTH KOREA	635	379	269	1
BRAZIL	1.208	257	40	---
BELGIUM	---	2	---	---
GERMANY	4	2	---	---
U.S.A.	2	1	1	---
MALAYSIA	582	---	---	---
RUSSIAN FED.	531	---	---	---
INDONESIA	---	---	---	---
IST. LEATHER FREE ZONE.	---	---	---	---
SLOVENIA	---	---	---	---
HOLLAND	---	---	---	---
MOROCCO	1	---	---	---
TURKMENISTAN	---	---	---	---
JORDAN	---	---	---	---
IRAN	---	---	---	---
BELARUS	---	---	---	---
HUNGARY	---	---	9	---
SWITZERLAND	1	---	---	---
VIETNAM S. REP.	229	---	---	---