TSKB RESEARCH

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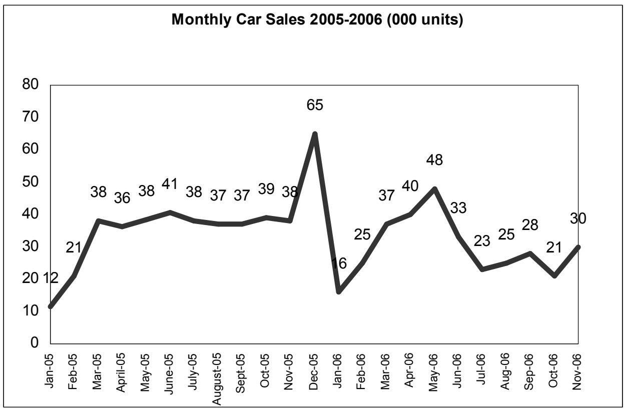
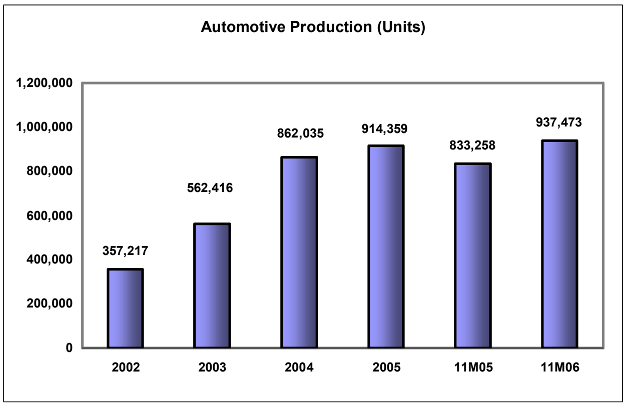
Turkish Automotive Industry

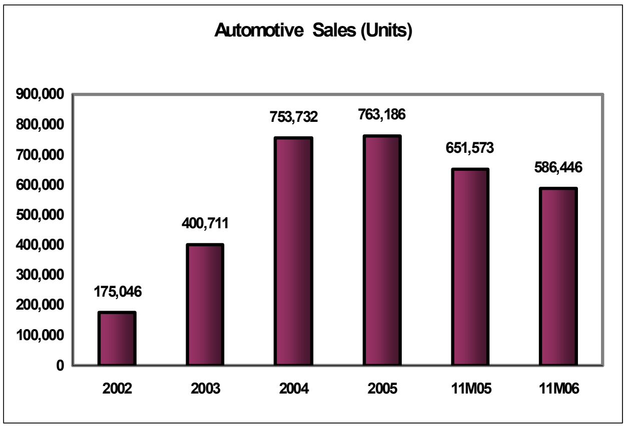
November, 2006

December 25, 2006

	11M05	11M06	Nov-05	Nov-06
Production	833,258	937,473	72,535	97,992
Domestic Factory Sales.	319,405	295,740	34,308	27,499
Exports	509,808	637,399	43,668	70,743
CUR	**76%**	**81%**	**72%**	**93%**







On new year's eve, production figures approve our year-end expectations…

According to the data released by the Automotive Manufacturers Association of Turkey (OSD), total automotive production continued its impressive run in November, striking 937,743 units and 12.5% y-o-y growth.

Evaluating November only data, total sales surged by 35.1% attaining to a total of 97,992 vehicles including farm tractors. All vehicle groups did evidence improvement y-o-m and m-o-m.

Despite a relative improvement in the slowdown due to the previous months of 2006, retail sales are still a fender-bender…

OSD announced retail sales –including farm tractors– as 586,446 units for 11M06 pointing 10% decline y-o-y. An important point to be cited is that sales of domestically produced vehicles shrunk more than imported ones.

Domestic Factory Sales

In 11M06, total automotive wholesales -including farm tractors– came out as 295,740 units, witnessing 7% contraction y-o-y. Passenger cars wholesales contracted by 15% while the corruption in commercial vehicles was relatively better with 10%. All the same, farm tractors saved the day with an eye-catching upturn of 50% y-o-y at 37,261 units.

Hitting 700,000 easily…

The momentum in exports continued in continent in November recording 70,743 units corresponding to 62% increase y-o-m. All three major groups i.e., passenger cars, commercial vehicles and farm tractors, posted sizeable volume growth whilst the extreme performances came from farm tractors and passenger cars with 139% and 76% respectively.

On new year's eve, production figures approve our year-end expectations… According to the data released by the Automotive Manufacturers Association of Turkey (OSD), total automotive production continued its impressive run in November striking 937,743 units and 12.5% y-o-y growth. Passenger cars production recorded 500,161 units in 11M06 corresponding to a 20.3% y-o-y increase while the escalation in commercial vehicles remained relatively weak with 4.5% at 402,565 units. Farm tractors in that period do also pronounced an increase of 8% y-o-y reaching 34,747 units respective to the same period of 2005.

Evaluating November only data, total sales surged by 35.1% attaining to a total of 97,992 vehicles including farm tractors. All vehicle groups did evidence improvement y-o-m and m-o-m. Passenger cars production boomed by 58.6% reaching to 52,708 units. Commercial vehicle production jumped to 41,120 units pointing 14% increase y-o-m as also the production of farm tractors grew by 21.1% bumping at 3,164 units.

Ford Otosan produced a total of 234,238 units of vehicles as the top producer followed by Oyak Renaults with 211,709 units and Tofas with 162,883 units of vehicles pursued by Toyota with 160,859 units. In the passenger cars segment, Oyak Renault was the biggest manufacturer with 211,709 units followed by Toyota and Tofas with 160,859 and 73,299 respectively.

Figure: 1 Automotive Production in Turkey

(Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Passenger Car	**204,198**	**294,116**	**447,152**	**453,663**	**415,908**	**500,161**	**20.3%**	**33,855**	**53,708**	**58.6%**	**45,542**	**53,465**	**17.9%**
Commercial Vehicle	**142,367**	**239,506**	**376,256**	**425,789**	**385,182**	**402,565**	**4.5%**	**36,068**	**41,120**	**14.0%**	**34,597**	**39,361**	**18.9%**
Truck	*12,295*	*19,041*	*31,790*	*37,227*	*33,531*	*34,536*	*3.0%*	*2,936*	*2,873*	*-2.1%*	*2,463*	*3,025*	*16.6%*
Pick-Up	*116,872*	*195,606*	*301,563*	*349,885*	*316,374*	*336,544*	*6.4%*	*30,136*	*34,547*	*14.6%*	*29,078*	*32,920*	*18.8%*
Bus	*2,684*	*4,490*	*4,839*	*5,406*	*4,835*	*5,484*	*13.4%*	*456*	*485*	*6.4%*	*435*	*506*	*11.5%*
Minibus	*6,139*	*13,835*	*28,161*	*26,162*	*23,991*	*18,333*	*-23.6%*	*1,802*	*2,320*	*28.7%*	*2,128*	*2,108*	*9.0%*
Midibus	*4,377*	*6,534*	*9,903*	*7,109*	*6,451*	*7,668*	*18.9%*	*738*	*895*	*21.3%*	*493*	*802*	*81.5%*
F.Tractor	**10,652**	**28,794**	**38,627**	**34,907**	**32,168**	**34,747**	**8.0%**	**2,612**	**3,164**	**21.1%**	**2,793**	**3,423**	**13.3%**
TOTAL	**357,217**	**562,416**	**862,035**	**914,359**	**833,258**	**937,473**	**12.5%**	**72,535**	**97,992**	**35.1%**	**82,932**	**96,249**	**18.2%**
CUR (%)	**29%**	**35%**	**52%**	**73%**	**76%**	**81%**		**72%**	**93%**		**78%**	**91%**	

Source: Automotive Manufacturers Association (OSD), TSKB Research

Figure: 2 Automotive Production by manufacturer (11M06)

	P.Car	Truck	Pick Up	Bus	Mini Bus	Midi Bus	F.Tractor	Total
A.Isuzu	0	2,792	2,124	0	0	1,830	0	6,746
Askam	0	1,055	151	0	3	0	0	1,209
B.M.C	0	6,267	3,318	516	568	291	0	10,960
Ford Otosan	0	7,345	212,181	0	14,712	0	0	234,238
Honda Turkiye	16,549	0	0	0	0	0	0	16,549
Hyndai Assan	37,745	0	16,000	0	1,136	0	0	54,881
Karsan	0	0	8,522	0	1,509	1,733	0	11,764
M.Benz Turkey	0	12,226	0	1,978	0	0	0	14,204
M.A.N	0	113	0	2,180	0	0	0	2,293
Otokar	0	0	1,326	0	405	870	0	2,601
Otoyol	0	2,003	61	0	0	1,749	0	3,813
Oyak Renault	211,709	0	0	0	0	0	0	211,709
Temsa	0	2,735	3,277	810	0	1,195	0	8,017
Tofas	73,299	0	89,584	0	0	0	0	162,883
Toyota	160,859	0	0	0	0	0	0	160,859
Tümosan	0	0	0	0	0	0	0	0
T.Traktör	0	0	0	0	0	0	16,310	16,310
Uzel	0	0	0	0	0	0	18,437	18,437
TOTAL	**500,161**	**34,536**	**336,544**	**5,484**	**18,333**	**7,668**	**34,747**	**937,473**

Source: Automotive Producers Association (OSD), TSKB Research

Despite a relative improvement in the slowdown due to the previous months of 2006, retail sales are still a fender-bender…

OSD announced retail sales –including farm tractors– as 586,446 units for 11M06 pointing 10% decline y-o-y. An important point to be cited is that sales of domestically produced vehicles shrunk more than imported ones. Speaking by figures, 339,866 units of imported and 246,580 units of domestically produced vehicles were sold within the market denoting 9% and 11.3% declines respectively.

Evaluating November sales only, total retail sales contracted by 15% y-o-m from October's 25% contraction, posting 56,195 units with the share of imports in the total as 54.5%.

Figure: 3 Automotive Sales in Turkey (Retail)

(Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Local	91,755	177,487	317,481	325,072	278,084	246,580	-11.3%	27,204	25,557	-6.1%	17,573	21,543	45.4%
Import	83,291	223,224	436,251	438,114	373,489	339,866	-9.0%	38,908	30,638	-21.3%	22,473	28,723	36.3%
Domestic Sales	175,046	400,711	753,732	763,186	651,573	586,446	-10.0%	66,112	56,195	-15.0%	40,046	50,266	40.3%
Imports as % of Total	47.6%	55.7%	57.9%	57.4%	57.3%	58.0%		58.9%	54.5%		56.1%	57.1%	

Source: Automotive Manufacturers Association (OSD), TSKB Research

Domestic Factory Sales

In 11M06, total automotive wholesales -including farm tractors– came out as 295,740 units, witnessing 7% contraction y-o-y. Passenger cars wholesales contracted by 15% while the corruption in commercial vehicles was relatively better with 10%. All the same, farm tractors saved the day with an eye-catching upturn of 50% y-o-y at 37,261 units.

Evaluating November only data, total automotive wholesales recorded 20% decline y-o-m coming out as 27,499 units. Passenger cars deteriorated by 36% at 9,184 units whilst commercial vehicles contracted by 9% at 15,962 units. Farm tractors showed a scant improvement of 2% reaching 2,353 units.

Figure: 4 Domestic Automotive Sales (Wholesales Figures)

(Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct
Passenger Car	**57,339**	**115,051**	**139,679**	**135,585**	**123,304**	**104,969**	**-15%**	**14,413**	**9,184**	**-36%**	**7,095**	**10,274**	**29**
Commercial Vehicle	**56,166**	**103,289**	**174,270**	**196,653**	**171,182**	**153,510**	**-10%**	**17,598**	**15,962**	**-9%**	**10,899**	**14,747**	**46**
Truck	*11,086*	*18,382*	*29,109*	*33,028*	*28,805*	*29,452*	*2%*	*2,669*	*2,539*	*-5%*	*2,014*	*2,720*	*26*
Pick-Up	*38,520*	*70,583*	*125,611*	*145,878*	*126,940*	*109,930*	*-13%*	*13,519*	*11,807*	*-13%*	*7,680*	*10,429*	*54*
Minibus	*4,282*	*6,992*	*10,369*	*10,831*	*9,755*	*7,671*	*-21%*	*1,043*	*929*	*-11%*	*737*	*799*	*26*
Midibus	*1,834*	*6,201*	*7,362*	*5,180*	*4,239*	*4,962*	*17%*	*258*	*497*	*93%*	*375*	*623*	*33*
Bus	*444*	*1,131*	*1,819*	*1,736*	*1,443*	*1,495*	*4%*	*109*	*190*	*74%*	*93*	*176*	*104*
F. Tractor	**6,322**	**16,288**	**27,925**	**27,008**	**24,919**	**37,261**	**50%**	**2,297**	**2,353**	**2%**	**1,915**	**2,756**	**23**
TOTAL	**119,827**	**234,628**	**341,874**	**359,246**	**319,405**	**295,740**	**-7%**	**34,308**	**27,499**	**-20%**	**19,909**	**27,777**	**38**

Source: OSD, TSKB Research

Easily 700,000…

The momentum in exports continued in continent in November recording 70,743 units corresponding to 62% increase y-o-m. All three major groups i.e., passenger cars, commercial vehicles and farm tractors, posted sizeable volume growth whilst the extreme came from farm tractors and passenger cars with 139% and 76% respectively.

Evaluating 11M06 figures, total exports surged by 25% y-o-y reaching 637,399 units. Passenger cars continued to be the driver with 33% increase and 385,009 units as also commercial vehicles and farm tractors pronounced improvements of 14% and 14% striking 243,757 and 8,633 units respectively.

Figure: 5 Motor Vehicle Export Figures

(Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Passenger Car	**169,920**	**213,587**	**305,072**	**319,825**	**288,437**	**385,009**	**33%**	**24,937**	**43,817**	**76%**	**37,637**	**38,105**	**16%**
Commercial Vehicle	**87,855**	**133,243**	**203,337**	**233,013**	**213,808**	**243,757**	**14%**	**18,274**	**25,836**	**41%**	**22,059**	**26,816**	**17%**
Truck	*1,848*	*1,626*	*2,510*	*5,061*	4,812	3,863	*-20%*	230	366	*59%*	308	509	*19%*
Pick-Up	*80,354*	*122,814*	*190,780*	*218,467*	200,304	232,663	*16%*	17,244	24,718	*43%*	21,257	25,767	*16%*
Minibus	*630*	*4,200*	*5,138*	*3,720*	3,487	1,771	*-49%*	133	165	*24%*	130	76	*27%*
Midibus	*2,738*	*1,507*	*1,953*	*1,935*	1,756	1,670	*-5%*	334	275	*-18%*	35	132	*686%*
Bus	*2,285*	*3,096*	*2,956*	*3,830*	3,449	3,790	*10%*	333	312	*-6%*	329	332	*-5%*
F. Tractor	**4,159**	**11,915**	**10,198**	**8,240**	**7,563**	**8,633**	**14%**	**457**	**1,090**	**139%**	**838**	**831**	**30%**
TOTAL	**261,934**	**358,745**	**518,607**	**561,078**	**509,808**	**637,399**	**25%**	**43,668**	**70,743**	**62%**	**60,534**	**65,752**	**17%**

Source: OSD, TSKB Research

Beginning with the pamphleteers of the 16th century, several authors have pointed at the roots of Spanish economic woes and singled out the influx of Mexican and Peruvian precious metals, a phenomenon that is worth labelling Moctezuma's curse. Moctezuma II –in some sources Montezuma II- was the Aztec emperor when *conquistador* Hernán Cortes landed in Mexico in 1519. The subsequent economic decline of Spain has endured for two centuries, and is known as an early instance of *Dutch Disease*. There is a vast literature that has examined since 1981 the ill-fated consequences on the manufacturing sector of the discovery of large quantities of tradable natural resources, a phenomenon known as the *Dutch Disease* after the impact of 1970s natural gas price increases on the Dutch economy. So far, the consensus view claims that Spain had fallen victim to an early instance of *Dutch Disease.*

The classical explanation of Dutch disease is due to Corden & Neary [Corden, W. Max & J. Peter Neary (1982), "Booming Sector and De-Industrialisation in a Small Open Economy", *The Economic Journal* 92/368, 825-848], along with Corden (1981) [Corden, W. Max (1981), "The Exchange Rate, Monetary policy and North Sea Oil: The Economic Theory of the Squeeze of Tradables", *Oxford Economic Papers* 33 (supplement), 23-46] and Corden (1984) [Corden, W. max (1984), "Booming Sector and Dutch Disease Economics: Survey and Consolidation", *Oxford Economic* Papers 36, 359-380]. We may also consider Sweder van Wijnbergen (1984) [Wijnbergen, Sweder van (1984), "The 'Dutch Disease': A Disease after All?" *The Economic Journal* 94/373, 41-55]. So what is it exactly and why could it be true that the Spanish demise had indeed been caused by the exogenous inflow of specie flows?

The table below is from Drelichman (2005) [Drelichman, Mauricio (2005), "The Curse of Moctezuma: American Silver and the Dutch Disease", *Explorations in Economic History* 42, 349-380]. It shows in a nutshell the symptoms of Dutch disease as expressed by the behaviour of key macroeconomic variables.

Economics: Special Section

Gündüz Fındıkçıoğlu Chief Economist & Head of Research

Output of traded goods	↓
Output of non-traded goods	↑
Consumption of traded goods	↑
Consumption of non-traded goods	↑
Labour allocated to traded goods	↓
Labour allocated to non-traded goods	↑
Price of non-traded goods in terms of traded goods	↑
Wages in terms of traded goods	↑
Trade balance	↓

Source: Drelichman (2005: 357)

The classical mechanism works like this: As a result of precious specie inflows, consumption of both tradables and non-tradables increase. Since non-tradables ought to be produced locally, labour flows from the tradables sector to the non-tradables sector. Physical marginal productivity of labour falls in the non-tradables sector, and rises in the traded sector. Since, *in equilibrium*, the value of the marginal product of labour needs to be equal across sectors, the price of non-traded goods in terms of traded goods must increase, i.e. real exchange rate appreciation. Consumption demand for tradables will expand more than demand for non-tradables, and the trade balance will deteriorate. The resulting trade deficit, translated into the current account deficit, is financed through the part of specie inflow not claimed by the government. The table above summarises the likely course of key variables. Exports may increase, but it is not because labour allocated to the production of tradables increase: It is because labour productivity rises. As long as specie inflow continues, and therefore expectations are predicated upon this assumption, both consumption and utility (welfare) increase overall.

However, this is not the end of the story. *The Dutch disease phenomenon is generally associated with specific factors, the presence of learning-by-doing, rent-seeking behaviour, human capital disaccumulation and suchlike.* The Dutch disease is a disease only in so far as it discourages human capital accumulation, encourages rent-seeking, and leads to a loss of know-how and ability to produce in the tradable sector as a result of the discontinuity in the path-dependent learning-by-doing path, as Ken Arrow meant it back in 1962.

Economics: Special Section

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The most robust symptom of Dutch disease is an overvalued exchange rate. Furthermore, the variance of the real exchange rate had considerably increased in the Spanish case, both factors leading jointly to the destruction of previously highly regarded export bases of Spain's mainland. A permanent overvaluation and high volatility of the exchange rate had lead to overborrowing by the government. In the end, the exchange rate abruptly adjusts to the cessation of specie inflow, and the country may remain addicted to the previous pattern, having already lost competitiveness in international markets, and also lost long-term sources of growth as mentioned above. Please note that the Dutch disease mechanics can only operate if the specie inflow is perceived as an increase in *permanent income*. In the end, Dutch disease specifically entails a *squeeze of tradable production* that is likely to become a long-term feature of the economy.

Max Corden notes that in the presence of international capital mobility the exchange rate may appreciate more for a given rate of monetary contraction. Secondly, the exchange rate will respond more rapidly in this case both for expectational reasons and because capital movements are speedier than real expenditures. There may be *overshooting* as a result of these factors in the sense that the exchange rate could appreciate more than warranted and faster than expected. In other words, *Dutch disease might cause a bigger than expected current account deficit in the presence of international capital mobility.* Furthermore, even temporary capital inflows can create additional demand for government securities and help reduce the real rate of interest. Falling interest rates can cause investment demand to increase. What he calls “exchange rate protection” may occur through direct intervention, sterilised through open market operations or by means of budget surplus, or both. This is the way to protect the tradables sector. There remains of course the possibility that even if such intervention takes place the exchange rate can still appreciate. With an inefficiently high FX reserve carried by the central bank, the currency could still remain overvalued if inflows were to reach abnormally high magnitudes.

Are tradables truly harmed in the process that began to take shape in early 2002? Does “hot money” cause structural problems in the production of tradables, and a lasting squeeze of tradables production, as specie inflow did in the past in the Netherlands, the UK and Spain? Is continual and permanent exchange rate overvaluation a symptom of Dutch disease-like phenomena? Hard to guess, but there exist symptoms reminiscent of the Dutch Disease phenomenon.

Figure: 6 Breakdown of Exports by Local Manufacturer - Summary

Export	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Tofaş	86,823	82,594	82,475	88,020	79,707	111,955	40%	7,309	13,111	79%	11,818	13,585	11%
Toyota	33,087	61,134	118,629	144,058	128,774	143,680	12%	11,962	16,424	37%	12,170	14,086	35%
Oyak-Renault	87,086	97,794	130,903	123,162	111,658	159,170	43%	9,361	15,859	69%	15,129	14,060	5%
Ford Otosan	30,637	74,871	139,233	162,675	149,245	168,183	13%	12,184	18,207	49%	15,422	18,128	18%
Hyundai	5,892	17,984	23,370	20,322	19,112	30,280	58%	1,427	4,570	220%	3,973	3,577	15%
T.Traktör	604	9,113	6,723	5,124	4,704	4,149	-12%	324	407	26%	395	426	3%
Mercedes-Benz	1,757	2,283	2,377	5,045	4,803	3,655	-24%	223	215	-4%	248	506	-13%
Uzel	3,555	2,802	3,475	3,116	2,859	4,484	57%	133	683	414%	443	405	54%
MAN Türkiye	762	982	1,047	1,349	1,127	1,771	57%	119	109	-8%	164	147	-34%
Honda Türkiye	2,033	5,875	5,910	2,992	2,992	5,306	77%	0	604	-	467	463	29%
A. Isuzu	783	598	1,074	767	727	738	2%	94	104	11%	14	50	643%
Otoyol	1,457	939	800	851	749	896	20%	265	264	0%	58	60	355%
Karsan	5,936	385	513	366	362	238	-34%	0	14	#DIV/0!	2	5	600%
Temsa	500	516	664	970	857	992	16%	130	87	-	88	95	-1%
BMC	301	464	882	1,146	1,102	648	-41%	44	62	41%	51	50	22%
Otokar	592	375	497	1,099	1,016	1,229	21%	93	23	-75%	92	109	-75%
MAN Türkiye	0	0	0	0	0	0	-	0	0	-	0	0	
Askam	129	36	35	16	14	25	79%	0	0	-	0	0	
Grand Total	261,934	358,745	518,607	561,078	509,808	637,399	25%	43,668	70,743	62%	60,534	65,752	17%

Figure: 7 Breakdown of Domestic Sales by Local Manufacturer - Summary

	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	% Chg	Oct-06	Sep-06	Nov-Oct %
Tofaş	22,773	34,981	64,278	73,140	65,747	49,105	-25%	5,718	4,557	-20%	2,419	3,343	88%
Toyota	5,306	7,913	16,623	15,170	13,290	15,520	17%	1,632	1,067	-35%	1,323	1,923	-19%
Oyak-Renault	34,807	77,334	63,863	57,056	53,382	45,902	-14%	7,068	4,486	-37%	3,605	4,616	24%
Ford Otosan	17,017	41,525	68,280	82,444	70,944	63,107	-11%	7,887	6,799	-14%	4,464	6,547	52%
Hyundai	7,085	14,528	34,485	39,236	35,381	23,366	-34%	4,542	2,654	-42%	1,152	2,171	130%
T.Traktör	3,254	8,006	13,825	12,719	11,925	23,027	93%	1,196	1,161	-3%	871	1,160	33%
Mercedes-Benz	3,204	3,851	8,811	9,382	7,963	9,935	25%	771	774	0%	789	1,082	-2%
Uzel	3,068	8,282	14,100	14,289	12,994	14,234	10%	1,101	1,192	8%	1,044	1,596	14%
MAN Türkiye	1,083	998	785	823	651	477	-27%	44	117	166%	38	47	208%
Honda Türkiye	3,381	4,626	9,147	9,056	7,304	11,066	52%	605	1,297	114%	1,140	1,416	14%
A. Isuzu	2,658	3,073	4,550	6,150	4,993	5,587	12%	391	646	65%	486	550	33%
Otoyol	2,432	6,311	3,687	3,045	2,559	2,794	9%	262	224	-15%	252	278	-11%
Karsan	6,281	7,821	16,490	12,777	11,107	11,439	3%	1,283	540	-58%	766	1,374	-30%
Temsa	1,584	2,235	5,555	7,251	6,269	6,511	4%	672	645	-	667	860	-3%
BMC	4,778	9,900	12,050	11,731	10,476	10,096	-4%	702	1,084	54%	687	590	58%
Otokar	993	1,906	3,117	2,486	2,253	2,197	-2%	227	128	-44%	191	215	-33%
Askam	123	1,338	2,228	2,491	2,167	1,377	-36%	207	128	-38%	15	9	753%
Grand Total	119,827	234,628	341,874	359,246	319,405	295,740	-7%	34,308	27,499	-20%	19,909	27,777	38%

Figure: 8 Breakdown of Domestic Sales and Exports by Local Manufacturer - Summary

	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	% Chg	Oct-06	Sep-06	Nov-Oct %
Tofaş	109,596	117,575	146,753	161,160	145,454	161,060	11%	13,027	17,668	36%	14,237	16,928	24%
Toyota	38,393	69,047	135,252	159,228	142,064	159,200	12%	13,594	17,491	29%	13,493	16,009	30%
Oyak-Renault	121,893	175,128	194,766	180,218	165,040	205,072	24%	16,429	20,345	24%	18,734	18,676	9%
Ford Otosan	47,654	116,396	207,513	245,119	220,189	231,290	5%	20,071	25,006	25%	19,886	24,675	26%
Hyundai	12,977	32,512	57,855	59,558	54,493	53,646	-2%	5,969	7,224	21%	5,125	5,748	41%
T.Traktör	3,858	17,119	20,548	17,843	16,629	27,176	63%	1,520	1,568	3%	1,266	1,586	24%
Mercedes-Benz	4,961	6,134	11,188	14,427	12,766	13,590	6%	994	989	-1%	1,037	1,588	-5%
Uzel	6,623	11,084	17,575	17,405	15,853	18,718	18%	1,234	1,875	52%	1,487	2,001	26%
MAN Türkiye	1,845	1,980	1,832	2,172	1,778	2,248	26%	163	226	39%	202	194	12%
Honda Türkiye	5,414	10,501	15,057	12,048	10,296	16,372	59%	605	1,901	214%	1,607	1,879	18%
A. Isuzu	3,441	3,671	5,624	6,917	5,720	6,325	11%	485	750	55%	500	600	50%
Otoyol	3,889	7,250	4,487	3,896	3,308	3,690	12%	527	488	-7%	310	338	57%
Karsan	12,217	8,206	17,003	13,143	11,469	11,677	2%	1,283	554	-57%	768	1,379	-28%
Temsa	2,084	2,751	6,219	8,221	7,126	7,503	5%	802	732	-	755	955	-3%
BMC	5,079	10,364	12,932	12,877	11,578	10,744	-7%	746	1,146	54%	738	640	55%
Otokar	1,585	2,281	3,614	3,585	3,269	3,426	5%	320	151	-53%	283	324	-47%
MAN Türkiye	0	0	0	0	0	0	-	0	0	-	0	0	
Askam	252	1,374	2,263	2,507	2,181	1,402	-36%	207	128	-38%	15	9	753%
Grand Total	381,761	593,373	860,481	920,324	829,213	933,139	13%	77,976	98,242	26%	80,443	93,529	22%

Source: OSD, TSKB Research

Figure: 9 Breakdown of Domestic Sales by Manufacturer

Passenger Cars (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Anadolu Honda	3,381	4,626	9,147	9,056	7,304	11,066	52%	605	1,297	114%	1,140	1,416	14%
Hyundai Assan	3,244	6,371	18,897	22,745	20,374	13,970	-31%	3,320	1,397	-58%	597	1,344	134%
O. Renault	34,807	77,334	63,863	57,056	53,382	45,902	-14%	7,068	4,486	-37%	3,605	4,616	24%
Tofaş	10,601	18,807	31,149	31,558	28,954	18,511	-36%	1,788	937	-48%	430	975	118%
Toyota	5,306	7,913	16,623	15,170	13,290	15,520	17%	1,632	1,067	-35%	1,323	1,923	-19%
TOTAL	**57,339**	**115,051**	**139,679**	**135,585**	**123,304**	**104,969**	**-15%**	**14,413**	**9,184**	**-36%**	**7,095**	**10,274**	**29%**

Pick-Up (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
A. Isuzu	930	1,079	1,476	1,957	1,535	2,035	33%	136	228	68%	191	223	19%
Askam*	54	226	353	382	337	249	-26%	43	58	35%	5	3	1060%
BMC	1,809	3,926	4,064	4,643	4,065	3,160	-22%	273	393	44%	198	212	98%
Ford Otomotiv	13,328	34,661	56,573	65,993	56,288	52,284	-7%	6,396	5,820	-9%	3,798	5,443	53%
Hyundai Assan	3,559	7,770	14,680	15,476	14,043	8,799	-37%	1,184	1,183	0%	529	753	124%
Karsan	5,618	4,642	12,359	11,118	9,711	8,527	-12%	1,150	182	-84%	516	924	-65%
Otokar	154	265	597	1,166	1,070	1,166	9%	83	8	-90%	103	126	-92%
Otoyol	378	1,034	480	191	170	75	-56%	20	0	-100%	0	0	-
Temsa	518	806	1,900	3,370	2,928	3,041	4%	304	315	4%	351	377	-10%
Tofaş	12,172	16,174	33,129	41,582	36,793	30,594	-17%	3,930	3,620	-8%	1,989	2,368	82%
TOTAL	**38,520**	**70,583**	**125,611**	**145,878**	**126,940**	**109,930**	**-13%**	**13,519**	**11,807**	**-13%**	**7,680**	**10,429**	**54%**

Minibus (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Askam*	0	0	15	14	14	3	-79%	0	0	0%	0	0	-
BMC	458	798	821	924	900	856	-5%	52	99	90%	122	3	-19%
Ford	2,432	3,812	5,715	7,227	6,421	4,227	-34%	759	499	-34%	359	500	39%
Hyundai	282	387	908	1,015	964	597	-38%	38	74	95%	26	74	185%
Karsan	218	790	1,265	991	877	1,590	81%	125	198	58%	185	179	7%
Otokar	778	1,113	1,415	595	527	398	-24%	63	59	-6%	45	43	31%
Otoyol	114	92	230	65	52	0	-100%	6	0	-100%	0	0	-
TOTAL	**4,282**	**6,992**	**10,369**	**10,831**	**9,755**	**7,671**	**-21%**	**1,043**	**929**	**-11%**	**737**	**799**	**26%**

Midibus (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
A.Isuzu	519	605	970	1,473	1,112	1,028	-8%	0	131	#DIV/0!	102	135	28%
Karsan	445	2,389	2,866	668	519	1,322	155%	8	160	1900%	65	271	146%
Otokar	51	528	1,105	725	656	633	-4%	81	61	-25%	43	46	42%
Otoyol	756	2,567	1,596	1,457	1,203	1,180	-2%	91	68	-25%	107	81	-36%
Temsa	63	112	825	857	749	799	7%	78	77	-1%	58	90	33%
TOTAL	**1,834**	**6,201**	**7,362**	**5,180**	**4,239**	**4,962**	**17%**	**258**	**497**	**93%**	**375**	**623**	**33%**

Truck (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
A. Isuzu	1,209	1,389	2,104	2,720	2,346	2,524	8%	255	287	13%	193	192	49%
Askam*	69	1,112	1,860	2,095	1,816	1,125	-38%	164	70	-57%	10	6	600%
BMC	2,412	4,839	6,577	5,826	5,196	5,835	12%	360	558	55%	358	329	56%
Ford Otomotiv	1,257	3,052	5,992	9,224	8,235	6,596	-20%	732	480	-34%	307	604	56%
MAN	1,050	827	576	480	401	131	-67%	37	4	-89%	34	0	-88%
M. Benz	2,902	3,327	7,979	8,582	7,296	9,144	25%	694	734	6%	714	1,008	3%
Otoyol	1,184	2,618	1,381	1,332	1,134	1,539	36%	145	156	8%	145	197	8%
Temsa	1,003	1,218	2,640	2,769	2,381	2,558	7%	282	250	-11%	253	384	-1%
TOTAL	**11,086**	**18,382**	**29,109**	**33,028**	**28,805**	**29,452**	**2%**	**2,669**	**2,539**	**-5%**	**2,014**	**2,720**	**26%**

Bus (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
BMC	99	337	588	338	315	245	-22%	17	34	100%	9	46	278%
MAN	33	171	209	343	250	346	38%	7	113	1514%	4	47	2725%
M. Benz	302	524	832	800	667	791	19%	77	40	-48%	75	74	-47%
Temsa	0	99	190	255	211	113	-46%	8	3	-63%	5	9	-40%
TOTAL	**444**	**1,131**	**1,819**	**1,736**	**1,443**	**1,495**	**4%**	**109**	**190**	**74%**	**93**	**176**	**104%**

F. Tractor (Units)	2002	2003	2005	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
T. Traktör	3,254	8,006	13,825	12,719	11,925	23,027	93%	1,196	1,161	-3%	871	1,160	33%
Uzel	3,068	8,282	14,100	14,289	12,994	14,234	10%	1,101	1,192	8%	1,044	1,596	14%
TOTAL	**6,322**	**16,288**	**27,925**	**27,008**	**24,919**	**37,261**	**50%**	**2,297**	**2,353**	**2%**	**1,915**	**2,756**	**23%**

Source: OSD, TSKB Research

Figure: 10 Breakdown of Exports by Manufacturer

Passenger Car (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Honda	2,033	5,875	5,910	2,992	2,992	5,306	77%	0	604	-	467	463	29%
Hyundai Assan	5,891	7,885	9,835	8,448	8,429	23,507	179%	500	3,994	699%	3,370	2,804	19%
O. Renault	87,086	97,794	130,903	123,162	111,658	159,170	43%	9,361	15,859	69%	15,129	14,060	5%
Tofaş	41,823	40,899	39,795	41,165	36,584	53,346	46%	3,114	6,936	123%	6,501	6,692	7%
Toyota	33,087	61,134	118,629	144,058	128,774	143,680	12%	11,962	16,424	37%	12,170	14,086	35%
TOTAL	**169,920**	**213,587**	**305,072**	**319,825**	**288,437**	**385,009**	**33%**	**24,937**	**43,817**	**76%**	**37,637**	**38,105**	**16%**

Pick-Up (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
A. Isuzu	68	18	36	0	0	0	0%	0	0	-	0	0	-
ASKAM	0	0	15	4	4	5	25%	0	0	-	0	0	-
BMC	82	19	0	7	7	3	0%	0	0	-	1	0	-
Ford Otomotiv	30,049	73,601	137,948	160,907	147,585	167,200	13%	12,089	18,124	50%	15,378	18,074	18%
Hyundai Assan	0	7,170	9,662	9,608	8,569	5,748	-33%	874	419	-52%	473	698	-11%
Karsan	4,452	0	0	1	1	0	0%	0	0	-	0	0	-
M.A.N	0	0	0	0	0	0	0%	0	0	-	0	0	-
Otokar	592	311	432	1,058	997	1,085	9%	83	0	-100%	88	102	-100%
Otoyol	111	0	0	8	8	0	0%	0	0	-	0	0	-
Temsa	0	0	7	19	10	13	30%	3	0	-	0	0	-
Tofaş	45,000	41,695	42,680	46,855	43,123	58,609	36%	4,195	6,175	47%	5,317	6,893	16%
TOTAL	**80,354**	**122,814**	**190,780**	**218,467**	**200,304**	**232,663**	**16%**	**17,244**	**24,718**	**43%**	**21,257**	**25,767**	**16%**

Minibus (Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
BMC	5	5	1	0	0	2	0%	0	0	-	0	0	-
Ford	528	1,213	1,221	1,420	1,340	571	-57%	80	8	-90%	0	0	0%
Hyundai	1	2,929	3,873	2,266	2,114	1,025	-52%	53	157	196%	130	75	21%
Karsan	96	53	39	34	33	1	-97%	0	0	-	0	1	0%
Otokar	0	0	3	0	0	0	-	0	0	-	0	0	0%
Otoyol	0	0	1	0	0	0	0%	0	0	-	0	0	0%
TOTAL	**630**	**4,200**	**5,138**	**3,720**	**3,487**	**1,599**	**-54%**	**133**	**165**	**24%**	**130**	**76**	**27%**

Truck (Units)	2002	2003	2004	2005	11M05	11M06	% Chg	Nov-05	Nov-06	% Chg	Oct-06	Sep-06	Nov-Oct %
A. Isuzu	171	98	166	41	41	28	-32%	0	0	-	0	0	0%
Askam*	129	36	20	12	10	20	100%	0	0	-	0	0	0%
BMC	194	267	652	756	738	319	-57%	4	5	25%	17	15	-71%
Ford Otomotiv	60	57	64	348	320	412	29%	15	75	400%	44	54	70%
MAN	0	1	0	40	40	0	-	0	0	0%	0	0	0%
M.Benz	512	693	1,106	3,509	3,326	2,556	-23%	121	129	7%	189	378	-32%
Otoyol	665	395	434	239	226	466	106%	80	150	88%	51	56	194%
Temsa	117	79	68	116	111	62	-44%	10	7	-30%	7	6	0%
TOTAL	**1,848**	**1,626**	**2,510**	**5,061**	**4,812**	**3,863**	**-20%**	**230**	**366**	**59%**	**308**	**509**	**19%**

Midibus (Units)	2002	2003	2004	2005	11M05	11M06% Chg		Nov-05	Nov-06	% Chg	Oct-06	Sep-06	Nov-Oct %
A. Isuzu	544	482	872	726	686	710	3%	94	104	11%	14	50	643%
Karsan	1,388	332	474	331	328	237	-28%	0	14	#DIV/0!	2	4	600%
Otokar	0	64	62	41	19	144	658%	10	23	-	4	7	475%
Otoyol	681	544	365	604	515	430	-17%	185	114	-38%	7	4	1529%
Temsa	125	85	180	233	208	321	54%	45	20	-56%	8	67	150%
TOTAL	**2,738**	**1,507**	**1,953**	**1,935**	**1,756**	**1,842**	**5%**	**334**	**275**	**-18%**	**35**	**132**	**686%**

Bus (Units)	2002	2003	2004	2005	11M05	11M06% Chg		Nov-05	Nov-06% Chg		Oct-06	Sep-06	Nov-Oct %
BMC	20	173	229	383	357	324	-9%	40	57	43%	33	35	73%
MAN	762	981	1,047	1,309	1,087	1,771	63%	119	109	-8%	164	147	-34%
M.Benz	1,245	1,590	1,271	1,536	1,477	1,099	-26%	102	86	-16%	59	128	46%
Otokar	0	0	0	0	0	0	0%	0	0	-	0	0	0%
Temsa	258	352	409	602	528	596	13%	72	60	-17%	73	22	-18%
TOTAL	**2,285**	**3,096**	**2,956**	**3,830**	**3,449**	**3,790**	**10%**	**333**	**312**	**-6%**	**329**	**332**	**-5%**

F. Tractor(Units)	2002	2003	2004	2005	11M05	11M06% Chg		Nov-05	Nov-06% Chg		Oct-06	Sep-06	Nov-Oct %
T.Traktör	604	9,113	6,723	5,124	4,704	4,149	-12%	324	407	26%	395	426	3%
Uzel	3,555	2,802	3,475	3,116	2,859	4,484	57%	133	683	414%	443	405	54%
TOTAL	**4,159**	**11,915**	**10,198**	**8,240**	**7,563**	**8,633**	**14%**	**457**	**1,090**	**139%**	**838**	**831**	**30%**

Source: OSD, TSKB Research

Figure: 11 Passenger Car Market In Turkey

Passenger Car Sales

(Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Local	35,519	73,267	139,541	136,708	116,238	101,288	-13%	11,478	10,284	-10%	6,632	8,999	55%
Imports	60,283	153,953	311,668	301,889	256,912	225,580	-12%	26,363	20,193	-23%	14,605	18,518	38%
Domestic Sales	90,615	227,036	451,209	438,597	373,150	326,868	-12%	37,841	30,477	-19%	21,237	27,517	44%
Imports as % of Total	60.8%	67.7%	69.1%	68.8%	68.8%	69.0%		69.7%	66.3%		68.8%	67.3%	-4%

Passenger Car- Imports by Region

(Units)	2002	2003	2004	2005	11M05	11M06	% Chg	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
EU+EFTA	54,583	136,226	261,263	237,905	200,868	175,853	-12%	20,916	15,942	-24%	11,682	14,788	36%
E.Europe	2,074	8,707	15,395	20,106	17,341	12,733	-27%	1,762	1,149	-35%	701	855	64%
Far East	3,626	9,020	35,010	43,878	38,703	36,994	-4%	3,685	3,102	-16%	2,222	2,875	40%
Total	60,283	153,953	311,668	301,889	256,912	225,580	-12%	26,363	20,193	-23%	14,605	18,518	38%

Passenger Car Imports by Manufacturer

(Units)	2002	2003	2004	2005	11M05	11M06	% Chg	Nov-05	Nov-06	% Chg	Oct-06	Sep-06	Nov-Oct %
Opel	10,835	26,391	51,731	37,320	33,108	25,135	-24%	3,217	2,213	-31%	1,091	3,160	103%
Volkswagen	7,758	19,779	33,545	31,508	25,058	24,018	-4%	2,838	1,867	-34%	1,860	1,900	0%
Renault	3,336	11,935	22,751	19,142	16,137	6,750	-58%	1,776	636	-64%	508	480	25%
Ford	6,866	18,082	45,233	46,213	38,101	34,503	-9%	3,379	2,792	-17%	2,001	2,332	40%
Peugeot	7,932	17,968	26,723	22,313	19,159	15,425	-19%	2,694	1,667	-38%	716	1,146	133%
Lada	246	2,701	4,002	3,562	3,364	1,371	-59%	198	80	-60%	90	45	-11%
Fiat	271	2,633	5,971	4,283	3,715	10,348	179%	196	851	334%	440	736	93%
Skoda	1,802	4,816	7,305	8,080	6,841	4,800	-30%	733	472	-36%	196	363	141%
Seat	1,495	4,578	5,792	6,246	5,423	4,565	-16%	481	268	-44%	257	252	4%
Nissan	1,156	2,440	6,404	6,551	6,069	5,274	-13%	425	562	32%	601	393	-6%
Toyota	2,196	7,049	14,011	12,759	10,891	12,054	11%	1,305	783	-40%	968	1,068	-19%
Others	16,390	35,581	88,200	103,912	89,046	81,337	-9%	9,121	8,002	-12%	5,877	6,643	36%
Total	60,283	153,953	311,668	301,889	256,912	225,580	-12%	26,363	20,193	-23%	14,605	18,518	38%

Source: OSD, TSKB Research

Figure: 12 LCV Market In Turkey

LCV Sales

(Units)	2002	2003	2004	2005	11M05	11M06	%	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
Local	42,802	77,575	135,980	147,426	126,968	111,649	-12%	12,082	12,048	0%	8,293	9,492	45%
Imports	24,032	59,315	110,906	124,385	107,406	102,548	-5%	11,441	9,342	-18%	7,012	9,100	33%
Domestic Sales	66,834	136,890	246,886	271,811	234,049	214,197	-8%	23,523	21,390	-9%	15,305	18,592	40%
Imports as % of Total	36.0%	43.4%	44.9%	45.8%	45.9%	47.9%		48.6%	43.7%		45.8%	48.9%	

LCV - Imports by Region

(Units)	2002	2003	2004	2005	11M05	11M06	% Chg	Nov-05	Nov-06	%Chg	Oct-06	Sep-06	Nov-Oct %
EU+EFTA	15,740	43,886	81,580	90,209	77,570	71,850	-7%	8,513	6,610	-22%	5,068	5,858	30%
E.Europe	13	653	1,252	335	295	1,443	389%	11	69	527%	42	73	64%
Far East	8,279	14,776	28,074	33,841	29,541	29,255	-1%	2,917	2,663	-9%	1,902	3,169	40%
Total	24,032	59,315	110,906	124,385	107,406	102,548	-5%	11,441	9,342	-18%	7,012	9,100	33%

LCV - Imports by Manufacturer

(Units)	2002	2003	2004	2005	11M05	11M06	% Chg	Nov-05	Nov-06	% Chg	Oct-06	Sep-06	Nov-Oct %
Renault	5,178	12,164	28,139	31,428	27,114	22,607	-17%	2,945	2,284	-22%	1,649	2,047	28%
Citroen	2,369	3,681	5,024	4,828	4,061	4,344	7%	527	504	-4%	317	293	37%
Fiat	891	1,569	4,081	4,300	3,712	2,859	-23%	331	392	18%	151	300	61%
Mercedes	1,634	2,606	6,762	5,425	4,167	4,951	19%	508	386	-24%	320	439	17%
Opel	1,812	7,447	6,324	9,137	7,911	6,038	-24%	1,049	512	-51%	519	395	-1%
Volkswagen	3,291	10,225	26,616	32,743	28,188	28,159	0%	2,859	2,150	-25%	1,902	2,287	12%
Hyundai	930	3,664	8,674	10,623	9,279	7,934	-14%	869	630	-28%	397	729	37%
Kia	1,136	2,843	5,674	5,624	5,173	3,345	-35%	442	232	-48%	199	271	14%
Ford	1,401	1,357	2,444	3,985	3,449	3,446	0%	275	309	12%	196	249	37%
Mazda	893	1,147	1,640	2,056	1,808	1,587	-12%	205	131	-36%	115	139	12%
Mitsubishi	1,142	1,503	2,512	3,934	3,165	3,948	25%	304	428	41%	393	601	8%
Nissan	1,797	2,827	4,018	3,969	3,492	2,974	-15%	375	340	-9%	201	280	41%
Others	1,558	8,282	8,998	6,333	5,887	10,356	76%	752	1,044	39%	653	1,070	37%
Total	24,032	59,315	110,906	124,385	107,406	102,548	-5%	11,441	9,342	-18%	7,012	9,100	25%

Source: OSD, TSKB Research

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