Future of the Turkish Defense Industry – Market Attractiveness, Competitive Landscape and Forecasts to 2019

Report Price: US$ 1250 (Single User)

Summary

"Future of the Turkish Defense Industry – Market Attractiveness, Competitive Landscape and Forecasts to 2019" report offers the reader detailed analysis of the defense budget over the next five years. Alongside it offers insights into the market opportunities and entry strategies adopted by foreign OEMs (original equipment manufacturers) to gain a market share in Turkey's defense industry.

The report provides detailed analysis of the current industry size and growth expectations during 2015-2019, including highlights of the key growth stimulators. It also benchmarks the industry against key global markets and provides detailed understanding of emerging opportunities in specific areas.

Key Findings

Turkey's defense budget stood at US$XX billion in 2014, registering a CAGR of -XX% during the review period. The forecast period is expected to witness an increase in defense spending at a CAGR of XX% to value US$XX billion in 2019. Turkey's defense expenditure will largely be driven by a dispute over territorial rights with Greece, security threats possessed by the Kurdish Workers' Party (PKK), participating in peacekeeping missions, and the country's focus on enhancing its defense export market while minimizing its foreign dependency for arms procurement. The country has no plans to decrease its defense budget and is expected to increase its expenditure on procurement for the foreseeable future. The capital expenditure allocation of the defense budget averaged XX% during the review period and is expected to increase to an average of XX% over the forecast period. The current modernization trend aims to have smaller and more advanced forces with greater mobility and firepower.

Key Features and Benefits

The report provides detailed analysis of the Turkish defense industry during 2010–2019, including the factors that influence the military expenditure. It provides detailed expectations of growth rates and projected total expenditure.

It provides the manufacturers with insights on market opportunities along with industry structure and dynamics prevalent in the country. In addition, the report focuses on the regulations governing the Turkish defense industry and the potential market entry strategies with an expert analysis of the competitive structure.

1. Market Attractiveness and Emerging Opportunities

1.1. Defense Market Size Historical and Forecast

1.1.1. Turkish defense expenditure expected to register a CAGR of XX% over the forecast period

In 2014, the Turkish government allocated US$XX billion to its total defense budget, recording a CAGR of -XX% during 2010–2014. The country's defense budget is further expected to grow at a CAGR of XX% to reach US$XX billion in 2019. The increase in the defense budget is primarily due to the country's tensed relationship with Greece due to the dispute over territorial rights in the Aegean Sea, involvement with the UN and NATO peacekeeping missions, instability within the region and security threats, and reduction in foreign dependency for military equipment.

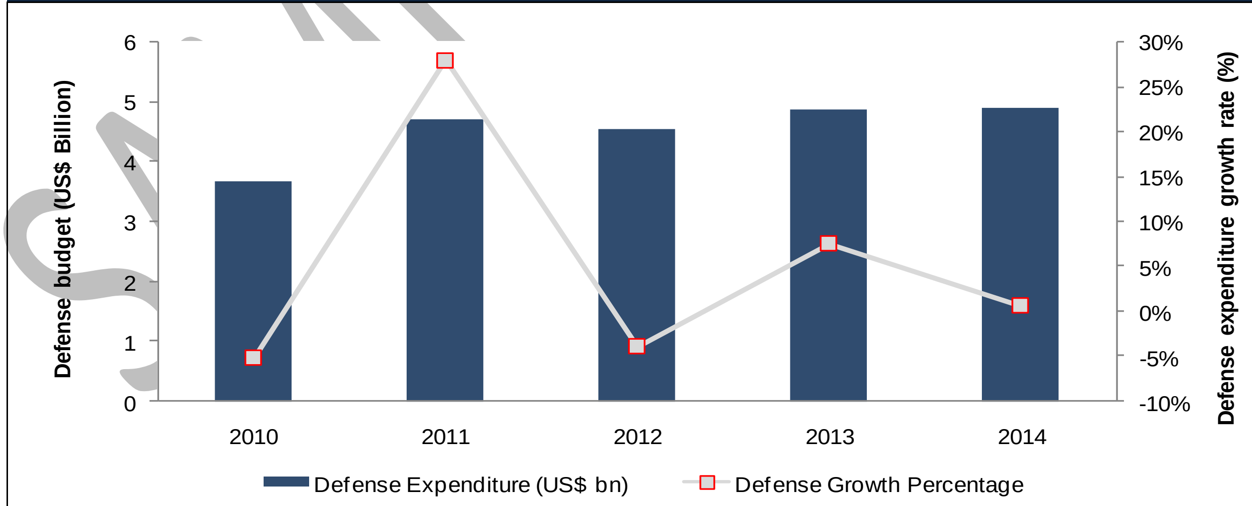
The following table and figure show the Turkish defense expenditure during the review period:

Table 1: Turkish Defense Expenditure, 2010-2014

Year	Defense expenditure (US$ bn)	Defense growth percentage
2010		
2011		
2012		
2013		
2014		
	CAGR 2010-2014	

Source: Ministry of Defense and SDI analysis © SDI

Figure 1: Turkish Defense Expenditure, 2010-2014



Source: Ministry of Defense and SDI analysis © SDI

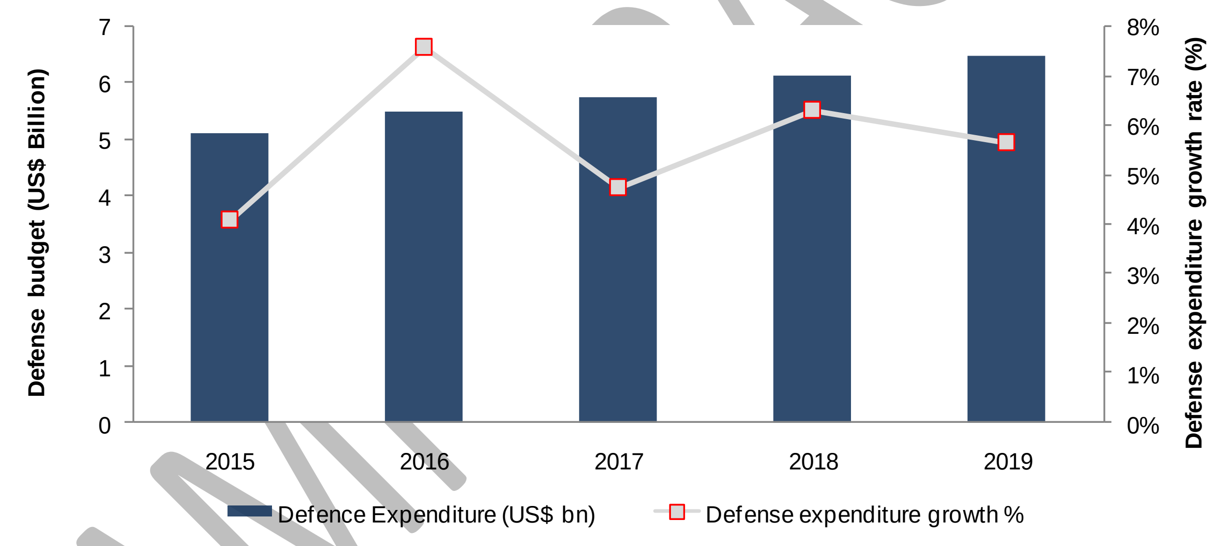
The following table and figure show projected defense expenditure of Turkey over the forecast period:

Table 2: Turkish Defense Expenditure, 2015-2019

Year	Defense expenditure (US$ bn)	Defense growth percentage
2015		
2016		
2017		
2018		
2019		
	CAGR 2015-2019	

Source: Ministry of Defense and SDI analysis © SDI

Figure 2: Turkish Defense Expenditure, 2015-2019



Source: Ministry of Defense and SDI analysis © SDI

1.2. Analysis of Defense Budget Allocation

1.2.1. Share of capital expenditure expected to increase over forecast period

During 2010–2014, an average of XX% of the country's total defense budget was allocated to capital expenditure, while an average of XX% was reserved for revenue expenditure. Capital expenditure is forecast to be XX% in 2015, and is projected to increase during the forecast period. This is primarily due to the country's procurement plans. The remaining defense budget is allocated to revenue expenditure, which includes personnel salaries, and the operation and maintenance costs of equipment and defense facilities.

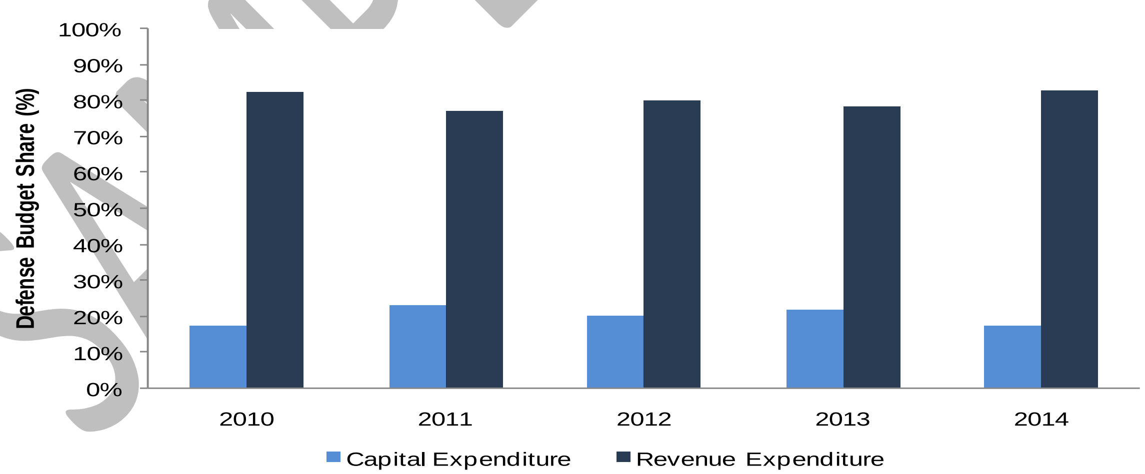
The following table and chart display Turkish defense budget share of capital, revenue and other expenditure during the review period:

Table 3: Turkish Defense Budget Split Between Capital and Revenue Expenditure (%), 2010–2014

Year	Capital Expenditure Share	Revenue Expenditure Share
2010		
2011		
2012		
2013		
2014		

Source: Ministry of Finance, Turkey and SDI analysis © SDI

Figure 3: Turkish Defense Budget Split Between Capital and Revenue Expenditure (%), 2010-2014



Source: Ministry of Defense and SDI analysis **© SDI**

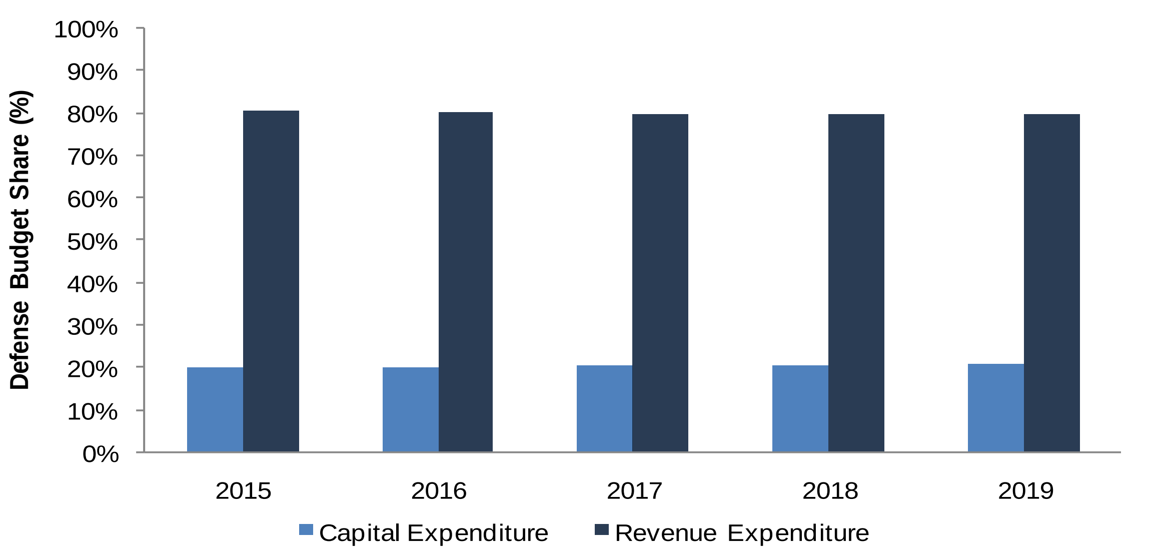
The following table and chart display Turkish defense budget share of capital, revenue and other expenditure over the forecast period:

Table 4: Turkish Defense Budget Split Between Capital and Revenue Expenditure (%), 2015–2019

Year	Capital Expenditure Share	Revenue Expenditure Share
2015		
2016		
2017		
2018		
2019		

Source: Ministry of Finance, Turkey and SDI analysis © SDI

Figure 4: Turkish Defense Budget Split Between Capital, Revenue and Other Expenditure (%), 2015-2019



Source: Ministry of Defense and SDI analysis © SDI

1.3. Homeland Security Market Size and Forecast

1.3.1. Turkish homeland security expected to grow at a steady pace

Turkey's HLS expenditure includes that of the General Directorate of Security, the Gendarmerie General Command of Coastal Security, and the Ministry of the Interior. The Turkish homeland security budget stood at US$XX billion in 2014 and registered a CAGR of XX% during 2010–2014. The government's focus to combat the challenges posed by the Kurdistan Workers Party (PKK), disputes with Syria, and the illegal immigration and drug trade, are expected to drive the country's homeland security budget. The country's homeland security budget is expected to increase from US$XX billion in 2015 to US$XX billion in 2019, at a CAGR of XX% over the forecast period.

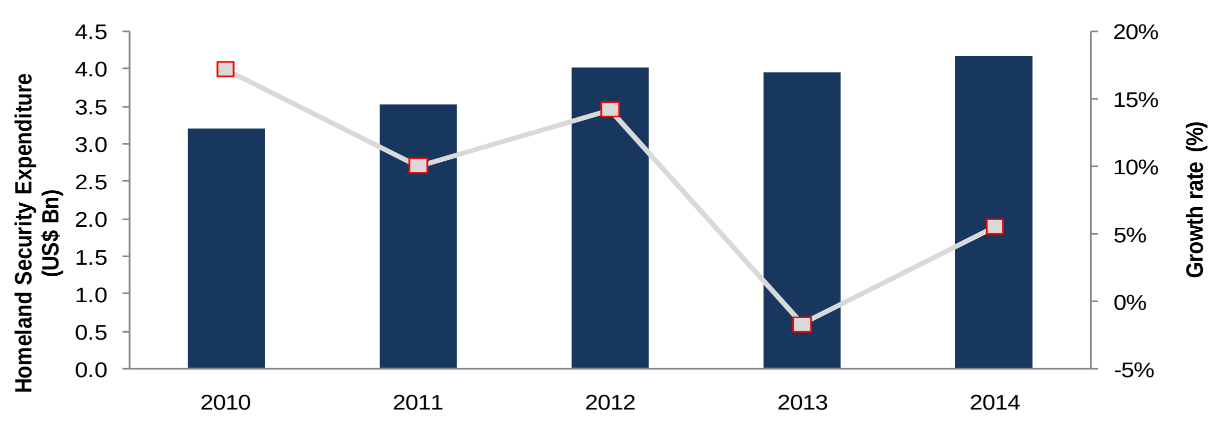
The table and chart below show Turkish homeland security expenditure during the review period:

Table 5: Turkish Homeland Security Expenditure (US$ billion), 2010-2014

Year	Homeland expenditure (US$ billion)	% Growth
2010		
2011		
2012		
2013		
2014		

Source: Ministry of Finance, Turkey and SDI analysis © SDI

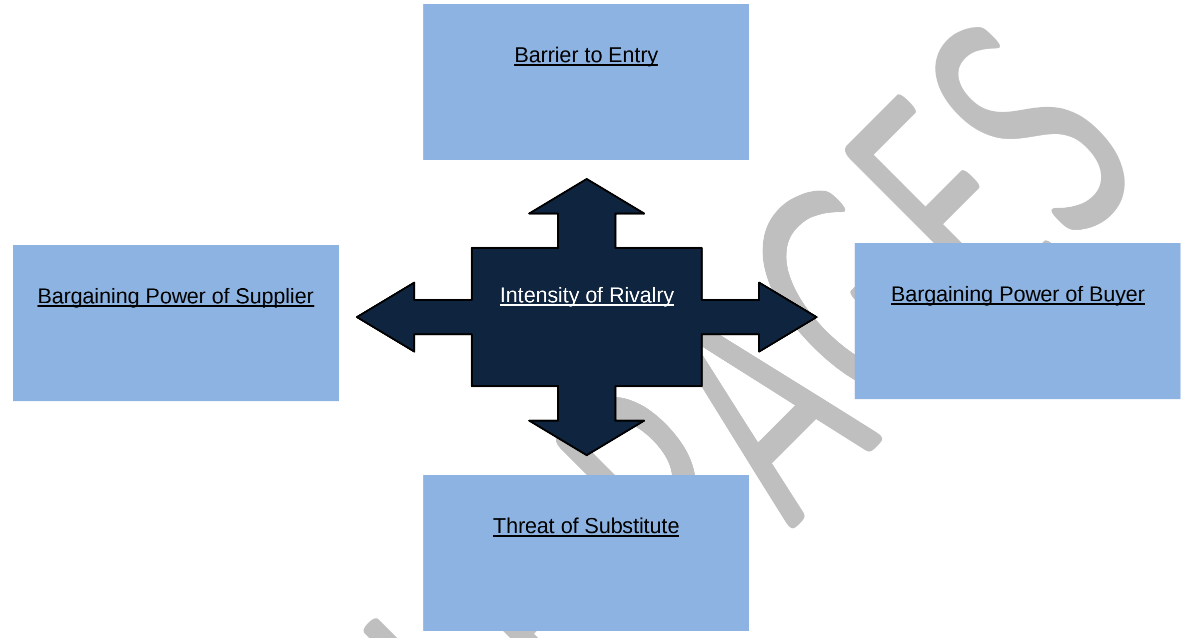
Figure 5: Turkish Homeland Security Expenditure (US$ billion), 2010-2014



Source: Ministry of Finance, Turkey and SDI analysis © SDI

2. Industry Dynamics - Porter's Five Forces Analysis

Figure 4: Industry Dynamics – Porter's Five Forces Analysis



Source: SDI analysis

Report Methodology

SDI's dedicated research and analysis teams consist of experienced professionals with a background in industry research and consulting in the defense sector. The following research methodology is followed for all databases and reports:

Secondary Research

The research process begins with exhaustive secondary research to source reliable qualitative and quantitative information related to the defense market. The secondary research sources that are typically referred to include, but are not limited to:

- Industry associations
- National government documents and statistical databases
- Company websites, annual reports, financial reports, broker reports, investor presentations
- Industry trade journals and other literature
- Internal and external proprietary databases
- News articles, press releases, and webcasts specific to the companies operating in the market

Primary Research

SDI conducts hundreds of primary interviews a year with industry participants and commentators in order to validate its data and analysis. A typical research interview fulfills the following functions:

- Provides first-hand information on market size, market trends, growth trends, competitive landscape, and future outlook
- Helps to validate and strengthen secondary research findings
- Further develops the analysis team's expertise and market understanding
- Primary research involves e-mail interactions, telephone interviews, and face-to-face interviews for each market category, division, and sub-division across geographies

The participants who typically take part in such a process include, but are not limited to:

- Industry participants: CEOs, VPs, business development managers, market intelligence managers, and national sales managers
- External experts: investment bankers, valuation experts, research analysts, and key opinion leaders specializing in defense markets

Conventions

- Currency conversions are performed on the basis of average annual conversion rate format calculations
- All the values in tables, with the exception of compounded annual growth rate (CAGR) and compounded annual rate of change (CARC), are displayed to one decimal place; therefore, due to this rounding method, growth rates may appear inconsistent with absolute values
- The forecasted values are projected on the basis of nominal values; the inflation was not taken into account

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