US-Turkey Business Council, Session III

Topic 9.

Advanced Manufacturing

Overview:

In today’s global economy, countries are competing for advanced manufacturing investments. Advanced manufacturing represents key elements along the global value chain that produce value-add products based on high-skilled jobs and can encourage significant domestic economic growth. As part of these global value chains, advanced manufacturing companies are innovators, adding value to a) traditional products to elevate packaging materials which can ensure less food waste and better food security; b) sustainable, energy efficient infrastructure materials; and c) advanced electronic materials to support today’s high tech IT infrastructure.

For both the US and Turkey, to be competitive to attract advanced manufacturing investment, it is necessary to upgrade and streamline (1) the overall investment climate; (2) enabling environment for advanced manufacturing operations; and (3) global value chain integration.

**Recommendations:**

1. Investment Climate – we welcome Turkey’s recent announcement of additional measures and support for investment incentives. In support of advanced manufacturing we recommend efficient implementation of incentives programs that support innovative development, new market creation and leveraging advanced technologies. For example, in the Turkish incentive program, the majority of incentives focus on import substitution. However, innovative products are by definition new, and would not create import substitution but would create new market jobs and products critical to overall domestic economic growth.

1. Enabling environment – advanced manufacturing investments are impacted by a number of critical policy factors. The Council recommends both governments to focus on implementing measures to
	* Energy Policy – including ensuring reliable, competitive energy supply; fostering diversity of supply by encouraging alternative energy exploration and investment;
	* Regulatory Cooperation – ensuring regulatory measures are based on sound science and transparent, consultative practices. Government should work with industry and all interested stakeholders to ensure effective consultation and smart regulation, which meets high standards of protecting health and human safety while also ensuring economic competitiveness;
	* Intellectual Property Enforcement- ensuring effective means of protecting sensitive technology developments including fair treatment of dispute and enforcement cases; and
	* Workforce/Talent Development Programs - including student and professional exchange programs.
2. Global Value Chains – advanced manufacturing relies on strong, integrated global value chains, allowing access to necessary inputs and ensuring availability of all components along the supply chain, through to end product and customer markets. Turkey should eliminate import restrictions which disrupt value chains and burden manufacturing operations. Similarly, the US Government should encourage greater partnership and exports with Turkish partners by streamlining or simplifying export licensing requirements. Both governments should encourage identification of sectors or value chains that serve common national needs for development and potential publicly-leveraged investments. Additionally, Turkey should take to heart the commitments set out in its own B20 recommendations, encouraging a performance-based, life-cycle approach to infrastructure procurement, instead of one focused simply on low cost. This enhanced process will deliver better return on investment by incentivizing high-tech, energy efficient, more sustainable infrastructure construction. Turkey can align its infrastructure priorities with implementation of the WTO Trade Facilitation Agreement (TFA) commitments.

Know-How Transfer: In order to increase the R&D on bio-pharmaceuticals, the collaboration between US and Turkey should be increased by means of scientist exchange between countries. As hands-on trainings and expert experience are very important in R&D in bio-pharmaceuticals, Turkish scientists should spend time in US companies increase their know-how and US scientists should be hosted in Turkish companies to share their experiences. The two governments should develop exchange programs in priority sectors such as bio-pharmaceuticals, robotics, advanced electronics and others.