TURKISH NEWS

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› Turkey's Steelmakers Face EU Quota Cuts as CBAM Verification Becomes Critical

Turkey's steel exporters face two tightening constraints in their largest export market: the EU's Carbon Border Adjustment Mechanism and sharply reduced duty-free import quotas. Shipments to the bloc were already falling before the revised quota regime took effect on July 1, leaving mills to seek other outlets for their production.

Turkey's steel exports to the EU fell 22% year over year to 2.8 million metric tons in the first seven months of 2026. Industry participants cite CBAM as a significant factor, although that period also captures the first month of the revised safeguard quotas.

Under the new EU quota regime, duty-free import volumes across steel categories were cut 47% to about 18.3 million mt/year, while the tariff on volumes exceeding quotas doubled to 50%. Turkey's country-specific hot-rolled coil quota fell 59%, from 1.6 million mt to 642,294 mt on an annualized basis under the new allocation. Turkish exporters may also draw on a 483,682 mt shared pool with Egypt, India, Korea and Ukraine, but access to it is not guaranteed. If Turkey secured the entire shared pool, its HRC access would reach 1.13 million mt. Its allocation across all steel categories stands at approximately 2.86 million mt.

Turkish industry groups expect a substantial loss of EU sales. Ugur Dalbeler, chairman of the Turkish Steel Exporters' Union, has said **the quota reductions could cost the sector as much as 3.5 million mt of exports to the EU. Increasing quotas would help sustain the Turkish steel industry's decarbonization investment, however, according to the Turkish Steel Producers' Association.**

"A moderate increase in export quotas would contribute to ensuring that investments aimed at decarbonization and adaptation to the green transformation can continue without losing momentum," the group said in a statement to Platts, part of S&P Global Energy.



Turkish Domestic Carbon Market

Turkey's emissions trading system took legal effect on Aug. 27 and covers sectors targeted by CBAM. Its planned pilot phase and the phaseout of free allowances from 2028 could give Turkish producers a domestic carbon cost to account for alongside their EU obligations.

Eligible carbon costs paid in Turkey may be deducted from CBAM charges, subject to the applicable rules. Rather than eliminating total carbon costs for producers, the mechanism could shift a portion of carbon-related revenue from the EU to Turkey. "The goal is to capture the revenue domestically rather than have it go to the EU," Ogilvie said.

The EU has proposed extending CBAM to approximately 200 downstream products from 2028, including machinery, vehicles, electrical goods, tools and furniture with significant steel content. Turkey accounted for 13.8% of EU imports of downstream steel products in 2024, second to China's 49.7%. **The proposal could therefore broaden the range of Turkish exporters exposed to carbon-reporting and cost requirements.**

Turkish mills are already increasing shipments to other markets. According to Turkish Steel Producers' Association data, exports to the UK rose 90% year over year to 700,000 mt in January-July. Shipments to the U.S. climbed 17.2% to 340,000 mt, while exports to Egypt increased 29.4% to 406,000 mt. Within the EU, Romania remained Turkey's largest single destination at 962,000 mt, despite a 13.2% decline.

Whether Turkish mills can find enough alternative buyers while securing verified emissions data will determine how well they can withstand reduced access to the EU market.

Source: S&P Global

› Türkiye Automotive Industry January-September Results

In the January–September period of 2026, total production decreased by 6% and automobile production decreased by 17% compared with the same period of the previous year. During this period, total production stood at 971,159 units, while automobile production reached 528,366 units.

In the January–September period of 2026, the total market decreased by 13% compared with the same period of the previous year, reaching 832,521 units. During this period, the automobile market contracted by 16%, reaching 627,977 units.

In the commercial vehicle segment, production increased by 12% in the January–September period of 2026, with heavy commercial vehicle production rising by 7% and light commercial vehicle production by 13%. During the January–September period, the commercial vehicle market declined by 5%, while the heavy commercial vehicle market decreased by 5% and the light commercial vehicle market by 5%.

In the January–September period of 2026, total automotive exports decreased by 11% in terms of units compared with the same period of the previous year, while automobile exports declined by 27%. During the January–September period, total automotive exports stood at 685,671 units, while automobile exports reached 317,970 units.

According to OİB data, **total automotive exports increased by 3% in US dollar terms in the January–September period of 2026** compared with the same period of the previous year, reaching USD 30.5 billion. During the January–September period, automobile exports decreased by 8%, standing at USD 7.8 billion. ■



