The EU Industrial Accelerator Act (IAA) and the Strategic Role of the Turkish Machinery Industry

MACHINE MANUFACTURERS ASSOCIATION - TÜRKİYE

This is the report submitted by the Machine Manufacturers Association Türkiye to the European Commission regarding the EU's Industrial Accelerator Act (IAA).

Executive Summary

The Machine Manufacturers Association of Türkiye (MİB) welcomes the European Union's objective to strengthen industrial resilience, accelerate decarbonization, reduce excessive dependencies, and reinforce manufacturing capacity through the Industrial Accelerator Act.

The Turkish machinery industry shares the strategic logic behind this initiative. Europe needs a stronger industrial base, more secure supply chains, competitive low-carbon production, and faster deployment of clean and advanced manufacturing technologies. These objectives are also closely aligned with the long-term interests of Turkish machinery manufacturers.

However, the success of the Industrial Accelerator Act will depend on how Europe defines its industrial base.

From MİB's perspective, that base should not be limited to the EU-27 borders. It should reflect the real structure of European manufacturing, which already includes Türkiye through the Customs Union, regulatory convergence, common technical standards, European customer networks, EU investments in Türkiye, and deeply integrated supply chains.

Türkiye is not an ordinary third-country supplier. In machinery, Türkiye and the European Union already operate as a shared industrial space. Turkish machinery manufacturers supply European industry with machinery, equipment, components, engineering capability, maintenance services, and production capacity that are embedded in European value chains.

This role is supported by measurable industrial scale. Türkiye's machinery exports reached US$28.7 billion in 2025, the highest level ever recorded. Machinery accounts for more than 10% of Türkiye's total exports and reaches more than 200 markets worldwide. Around 60% of Turkish machinery exports are directed to the European Union and the United States, confirming the sector's strong integration with advanced industrial markets. Türkiye is also the sixth-largest machinery manufacturer in Europe. The industry includes more than 22,000 enterprises and employs over 317,000 people.

The Industrial Accelerator Act should therefore preserve and reinforce, not weaken, this integration. In particular, MİB welcomes the recognition of content originating in Customs Union partners as equivalent to Union origin in relevant public procurement and public support contexts. This approach reflects the legal and economic reality of the EU-Türkiye industrial relationship.

At the same time, any uncertainty over the continuity or interpretation of this equivalence would create risks for long-term investment planning, sourcing decisions, supply-chain stability, and European industrial competitiveness. Machinery is a capital-intensive and engineering-driven sector. It requires predictable rules, stable market access, and long-term customer confidence.

MİB's core message is straightforward: Turkish machinery manufacturers are not a dependency risk for Europe. They are nearby, reliable, technically aligned, and established partners of European industry. Preserving Türkiye's role within the Industrial Accelerator Act is not a concession to Türkiye. It is a sound industrial policy choice for a stronger, more competitive, and more resilient European manufacturing system.

1. The Turkish Machinery Industry Within Europe's Industrial Base

1.1. A Shared Industrial Ecosystem

The relationship between the Turkish machinery industry and the European Union is not a conventional trade relationship based only on exports and imports. It is a dense industrial partnership built over decades.

The Customs Union has provided the institutional backbone of this relationship. It has encouraged Turkish machinery manufacturers to align with EU technical regulations, conformity assessment practices, product safety requirements, documentation standards, quality systems, energy efficiency expectations, and after-sales service practices.

As a result, Turkish machinery manufacturers do not operate outside the European industrial rulebook. They compete in markets where EU technical expectations are the reference point. Their products are evaluated by European customers on engineering quality, delivery performance, reliability, service capability, lifecycle cost, and compliance.

In practical terms, Türkiye and the EU already function as a shared industrial space in machinery. They share standards, customers, suppliers, production networks, certification expectations, and industrial priorities. This is precisely the type of trusted, nearby, and resilient partnership that Europe seeks to strengthen in its broader industrial and economic security agenda.

1.2. Economic Scale and Market Integration

The Turkish machinery industry has become one of the most export-oriented and diversified manufacturing ecosystems in Türkiye.

In 2025, Türkiye's machinery exports reached US$28.7 billion. The sector accounts for more than 10% of Türkiye's total exports and exports to more than 200 markets. Around 60% of these exports are directed to the EU and the United States, demonstrating the sector's dependence on, and integration with, advanced industrial markets.

Türkiye is also the sixth-largest machinery manufacturer in Europe. This is not a marginal position. It reflects a mature industrial base with engineering capability, production depth, supplier networks, and accumulated experience in serving demanding international customers.

The latest structural data further underline this capacity. Türkiye's machinery industry comprises more than 22,000 enterprises and provides employment for over 317,000 people. Early 2026 data also indicate continued export momentum, with machinery exports reaching US$9.3 billion in the first four months of the year and annualized exports approaching US$29.1 billion.

These figures matter for the Industrial Accelerator Act. They show that Türkiye is not a low-standard, low-value or opportunistic supplier. It is a substantial manufacturing base already tied to Europe's industrial performance.

1.3. EU Companies Operating in Türkiye

The EU-Türkiye machinery relationship is not limited to Turkish-owned companies exporting to Europe.

Many EU-headquartered industrial groups maintain production, engineering, sourcing, distribution, service, and after-sales operations in Türkiye. These activities are not peripheral. They are often embedded in regional and global supply chains and contribute directly to the competitiveness of European manufacturers.

For these companies, Türkiye is not only a sales market. It is a production and engineering platform, a sourcing base, a service hub, and a bridge to surrounding regions.

A restrictive or uncertain interpretation of the Industrial Accelerator Act would therefore not affect Turkish exporters alone. It could also disrupt the supply-chain architecture of EU companies already invested in Türkiye. It could increase costs, reduce sourcing flexibility, lengthen delivery times, and weaken market responsiveness for European firms.

This point is central. Preserving Türkiye's place within Europe's wider industrial perimeter also protects the interests of European companies that have built their competitiveness around integrated operations in Türkiye.

2. Why Machinery Matters for the Industrial Accelerator Act

2.1. Machinery as the Enabling Industrial Capacity

The Industrial Accelerator Act focuses on strategic sectors such as net-zero technologies, energy-intensive industries, and automotive manufacturing. These sectors are essential for Europe's clean industrial transition. Yet none of them can expand without machinery.

Machinery is the productive capacity behind industrial acceleration. It enables new factories to be built, existing facilities to be modernized, clean technologies to be scaled, energy efficiency to be improved, automation to be deployed, production quality to be increased, and maintenance costs to be reduced.

Europe's ability to expand clean technology production, modernize energy-intensive industries, reduce lifecycle costs, and increase manufacturing productivity depends on access to competitive, reliable, nearby, and standards-oriented machinery.

The machinery sector should therefore not be treated as an ordinary upstream input. It is the industrial infrastructure that allows strategic sectors to grow.

2.2. Machinery and Decarbonization

The transition to a low-carbon industrial economy requires more than low-carbon materials. It requires the machinery, equipment, systems, software, controls, and engineering capability that allow companies to produce more efficiently and with lower emissions.

Turkish machinery manufacturers are increasingly aligned with this agenda. They follow the European Green Deal, the Clean Industrial Deal, Ecodesign requirements, machinery safety rules, energy efficiency expectations, digital control systems, and data-enabled maintenance practices closely.

The sector has invested in energy-efficient equipment, process optimization, automation, digital monitoring, better materials, improved surface treatment, and after-sales services that extend machine lifetime and reduce lifecycle costs.

For MİB, sustainability should therefore be evaluated through technical performance, energy efficiency, durability, repairability, upgradeability, lifecycle performance, and compliance. A narrow geographic reading of sustainability would not serve Europe's decarbonization objectives. It would risk excluding capacity that already contributes to more efficient and resilient European production.

2.3. Machinery and Industrial Sovereignty

Industrial sovereignty cannot be achieved without machinery.

A country or region that cannot access competitive production equipment, maintenance capacity, automation technologies, and engineering services cannot fully control its industrial transition. This is true for clean technologies, defense, food security, infrastructure, energy systems, and circular economy industries.

For this reason, the machinery sector has a broader strategic role than its direct export figures suggest. It determines whether other sectors can scale, modernize, and compete.

Türkiye's machinery industry contributes to Europe's industrial sovereignty by providing nearby, technically aligned, cost-competitive, and flexible manufacturing capacity. Weakening this link would not make Europe stronger. It would narrow the pool of trusted industrial capacity available to European producers.

3. Customs Union and Union-Origin Equivalence

3.1. Articles 8 and 9 as a Sound Foundation

MİB welcomes the recognition of content originating in Customs Union partners as equivalent to Union origin in relevant public procurement and public support contexts.

This is one of the most important elements of the Industrial Accelerator Act for the EU-Türkiye industrial relationship. It reflects the reality that Türkiye is not simply a third country trading with the EU from the outside. Türkiye is linked to the EU through a Customs Union that has shaped industrial goods trade, technical alignment, and production decisions for three decades.

The recognition of Customs Union equivalence is therefore not a special privilege. It is a logical reflection of the existing industrial relationship.

For machinery, this is particularly important. Turkish machinery manufacturers have structured their production, certification, quality systems, and customer relationships around European requirements. Their European customers have built sourcing and investment decisions on the assumption of stable industrial integration with Türkiye.

The Industrial Accelerator Act should preserve this foundation without creating avoidable uncertainty.

3.2. Predictability and Long-Term Investment

Machinery production requires long planning horizons.

Product development, engineering design, supplier qualification, customer approval, installation, commissioning, maintenance, and after-sales service are not short-term transactions. They require trust and continuity.

Any uncertainty over whether Turkish-origin machinery, components, or systems will continue to be treated as equivalent to Union origin in relevant contexts would affect investment decisions on both sides. It would complicate sourcing, weaken customer confidence, and discourage long-term cooperation.

This is not only a Turkish concern. It is a European competitiveness concern.

European manufacturers rely on predictable access to machinery suppliers that can deliver quality, compliance, engineering support, and service at competitive cost. If technically aligned Customs Union partners are treated in the same way as unrelated third-country suppliers, European manufacturers may face higher input costs, reduced supplier choice, longer delivery times, and weaker resilience.

3.3. Avoiding an Unintended Security Premium

The objective of reducing strategic dependencies is legitimate. Europe is right to address excessive exposure to non-market practices, unfair subsidies, and supply-chain vulnerabilities.

However, resilience should not be confused with a general narrowing of the supplier base.

If origin-based requirements are applied too rigidly, they may create an additional security premium for European manufacturers. This would be paid through higher costs, fewer supplier options, reduced flexibility, delayed deployment of clean technologies, and greater pressure on public support schemes.

A more balanced approach would distinguish between genuine dependency risks and trusted industrial partnerships. Türkiye belongs to the second category.

The purpose of the Industrial Accelerator Act should be to strengthen Europe's industrial capacity, not to exclude capacity that is already aligned with European standards and already supports European manufacturers.

4. Key Risks for the Turkish Machinery Industry and European Manufacturing

4.1. Asymmetric Treatment

Turkish machinery manufacturers increasingly operate under European technical, environmental, quality, and customer requirements. This alignment involves real costs.

If Turkish manufacturers continue to bear the cost of alignment with the European industrial rulebook while being excluded from the benefits of Europe's resilience framework, an asymmetric situation would emerge.

Such asymmetry would weaken fair competition. It would also reduce the incentive for continued alignment with European standards at precisely the moment when the EU needs trusted partners to support its industrial transformation.

The Industrial Accelerator Act should avoid creating a framework in which Türkiye is expected to comply like an integrated partner but treated like an unrelated third country.

4.2. Disruption of Existing Value Chains

A restrictive interpretation of "Union origin" or "Made in Europe" could disrupt existing value chains that have developed over decades.

European manufacturers source from Turkish suppliers because they meet technical requirements, provide flexible production capacity, offer reliable delivery, and support lifecycle service. In many cases, sourcing from Türkiye is part of a broader European strategy to remain competitive in global markets.

If these supply relationships are weakened, demand will not necessarily return to EU producers. In many product categories, EU producers may not have sufficient capacity, cost competitiveness, or delivery flexibility to replace Turkish supply at short notice.

The result could be a shift toward more distant, less integrated, or more heavily subsidized suppliers. That outcome would run counter to the Industrial Accelerator Act's objective of strengthening resilience.

4.3. Impact on EU Companies in Türkiye

The risk is not limited to trade flows.

EU-headquartered industrial groups operating in Türkiye may also be affected. These companies have invested in Türkiye because of its industrial capacity, skills base, proximity to Europe, supplier networks, and access to regional markets.

If Türkiye's role under the Industrial Accelerator Act is weakened or made uncertain, the commercial logic of these operations could be affected. That would create friction not only for Turkish industry, but also for European companies that use Türkiye as part of their own competitiveness strategy.

In this respect, preserving Türkiye's status within the wider European industrial perimeter supports European investors as well.

4.4. Weakening the Customs Union Logic

The EU-Türkiye Customs Union is not merely a tariff arrangement. In industrial goods, it has functioned as a framework for regulatory convergence, supply-chain integration, and shared industrial discipline.

Treating Turkish machinery as ordinary third-country content would weaken this logic. It would send the wrong signal to industries that have invested for decades in technical alignment with the EU.

The Customs Union should be understood as an industrial integration framework. The Industrial Accelerator Act should build on that foundation rather than erode it.

5. MİB's Recommendations

Recommendation 1: Preserve Customs Union Equivalence

MİB recommends that the final text of the Industrial Accelerator Act preserve the recognition of Customs Union partners as equivalent to Union origin in relevant public procurement and public support contexts.

This principle is essential for maintaining the integrity of the EU-Türkiye industrial relationship. It reflects both the legal structure of the Customs Union and the operational reality of European value chains.

Recommendation 2: Ensure Predictable and Evidence-Based Application

Any limitation, suspension, or narrowing of equivalence for Customs Union partners should be exceptional, evidence-based, proportionate, and sector-specific.

Such measures should be preceded by a clear assessment of supply-chain effects, consultation with affected industries, and a transparent explanation of the specific risk being addressed.

Broad or discretionary uncertainty would undermine the investment confidence that the Industrial Accelerator Act is intended to promote.

Recommendation 3: Recognize Machinery as an Enabling Industrial Capacity

The Industrial Accelerator Act should recognize the machinery sector as a core enabler of Europe's industrial acceleration.

Machinery is required for clean technology scale-up, modernization of existing facilities, energy efficiency, productivity, automation, maintenance, and advanced manufacturing. Industrial acceleration cannot be achieved by weakening access to the machinery base that makes acceleration possible.

Recommendation 4: Apply Performance-Based Sustainability Criteria

MİB recommends that sustainability and low-carbon criteria be based on measurable performance rather than narrow geography.

Relevant criteria should include technical compliance, energy efficiency, durability, repairability, upgradeability, lifecycle performance, digital monitoring, maintenance capability, and contribution to lower-carbon industrial operations.

Such an approach would better serve Europe's decarbonization goals and reward real industrial value creation.

Recommendation 5: Protect Existing EU Investments and Operations in Türkiye

The Industrial Accelerator Act should take into account the presence of EU-headquartered industrial groups in Türkiye.

Policies that affect Türkiye's status under European industrial frameworks also affect European companies operating, sourcing, engineering, and servicing from Türkiye. This reality should be reflected in the Commission's assessment of supply-chain resilience and industrial impact.

Recommendation 6: Distinguish Partnership from Circumvention

MİB supports measures against genuine supply-chain circumvention, unfair practices, and excessive strategic dependencies.

However, Türkiye should not be treated as a circumvention risk. Turkish machinery production is based on genuine value creation, engineering capability, industrial depth, and long-standing integration with European markets.

A distinction must be made between routing production through shallow assembly operations and producing within a deeply integrated Customs Union partner economy.

Recommendation 7: Define "Made in Europe" as Industrial Value, Not Geography Alone

"Made in Europe" should not be reduced to a narrow geographic label.

It should stand for quality, reliability, technical compliance, sustainability, resilience, proximity, and contribution to Europe's industrial strength.

On that basis, Turkish machinery manufacturers have a legitimate place within Europe's wider industrial framework.

6. Strategic Conclusion: Türkiye Belongs Inside Europe's Industrial Perimeter

The Industrial Accelerator Act is an important opportunity to strengthen Europe's manufacturing base and accelerate the clean industrial transition.

MİB supports this ambition.

However, Europe's industrial resilience will not be strengthened by drawing the industrial perimeter too narrowly. A narrow approach may reduce supplier choice, increase input costs, disrupt existing value chains, and weaken the competitiveness of European producers.

A realistic approach would recognize the industrial capacity already present in Europe's closest and most integrated partners.

Türkiye is one of those partners.

Turkish machinery manufacturers have earned their role in European value chains through decades of regulatory alignment, technical performance, customer confidence, and supply-chain integration. They are not outside Europe's industrial transformation. They are already helping to deliver it.

The question is not whether Europe should protect and strengthen its industrial base. The real question is how intelligently that base is defined.

For the machinery sector, that definition should include Türkiye.

Preserving Türkiye's role within the Industrial Accelerator Act would support European manufacturers, protect existing supply chains, reinforce the Customs Union, and strengthen the wider European machinery ecosystem.

It would not weaken Europe's industrial sovereignty. It would make it more credible.

About MİB

The Machine Manufacturers Association of Türkiye (MİB) represents more than 200 machinery and capital goods manufacturers operating across the Turkish machinery industry. MİB is an active member of European sectoral organizations including CECIMO, PNEUROP, and EUROTRANS. Through its members and institutional network, MİB contributes to the development of a competitive, sustainable, technology-driven, and internationally integrated machinery industry that is closely connected to European manufacturing value chains.