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Automotive Sectoral Report

2026
First Half

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General Overview

The first half of 2026 was marked by a relatively resilient domestic market in the Turkish automotive sector, despite a significant decline in production and export volumes. Although passenger car and light commercial vehicle sales decreased compared to the same period of the previous year, the overall market size remained well above its long-term average. Accordingly, rather than indicating a sharp decrease in demand, developments during the first six months of the year reflected a normalization following the exceptionally high sales levels recorded in recent years.

The transformation in the market structure was even more remarkable than the changes in overall sales volumes. While SUV body types continued to account for the largest share of the market, consumer preferences shifted towards more compact, lower-powered and relatively more affordable models. The combined market share of electric and hybrid passenger cars continued to increase relative to internal combustion engine vehicles. However, this transition was not uniform. While sales of lower-powered electric vehicles and mild hybrid vehicles expanded, higher-powered electric vehicles and plug-in hybrid electric vehicles recorded significant declines in sales. Vehicle prices, financing conditions and tax policies played a decisive role in this divergence.

The manufacturing side of the industry, however, presented a more cautious outlook. While the decline in total vehicle production remained relatively limited, the decrease in passenger car production and exports significantly exceeded the slowdown in domestic demand. By contrast, the continued increase in automotive export revenues indicated that commercial vehicles and the automotive supplier industry continued to support the sector’s foreign trade performance. Nevertheless, declining export volumes and the sector’s heavy reliance on the European market remained among the key factors warranting close attention with respect to the industry’s medium-term competitiveness.

Overall, the first half of 2026 was characterized by persistently strong sales in the Turkish automotive sector, while at the same time revealing growing risks with respect to production, exports, financing conditions and new investment decisions. Looking ahead, the sector’s performance will depend not only on the level of domestic market demand, but also on the characteristics of new models to be manufactured in Türkiye, the pace of electric vehicle investments, demand in export markets, and the direction of tax and financing policies.

Important Legislative Changes in 2026

Amendments to the Charging Service Regulation in the Electricity Market

The Regulation Amending the Charging Service Regulation, published in the Official Gazette dated 23.03.2026 and numbered 33202, introduced comprehensive amendments to the legal framework governing charging services. The concepts of smart charging systems, mobile charging stations, Energy Markets Operation Joint Stock Company (Enerji Piyasaları İşletme A.Ş. – EPİAŞ) and roaming were incorporated into the Regulation. In addition, mobile charging stations were brought within the scope of the charging network, while the notification and approval procedures governing the transfer and operation of mobile charging stations were introduced. The amendments also require charging fees to be calculated exclusively based on TRY/kWh, prohibit the imposition of additional charges such as connection or transaction initiation fees, and provide that the price charged to users without loyalty agreements may not exceed the lowest price offered to users under loyalty agreements by more than 25%.

The amendments also introduced direct payment at DC charging units with a capacity of 50 kW or above located on motorways, without any additional charge. Furthermore, operators are now permitted to terminate charging sessions at DC (direct current) charging units where a vehicle’s battery charge level reaches 85% or above, provided that users are informed in advance. Existing charging network operators were granted a one-year transition period to bring their systems into compliance with the TS ISO/IEC 27001 standard and a six-month transition period to establish call centers certified under ISO 18295. The provisions on direct payment entered into force on 1 July 2026, while the remaining provisions became effective on the date of publication.

Draft Regulation on Motor Vehicle Appraisal Services Opened for Public Consultation

On 05.05.2026, the Ministry of Trade opened the Draft Regulation on Motor Vehicle Appraisal Services for public consultation. The Draft Regulation seeks to establish a comprehensive legal framework governing motor vehicle appraisal services. It introduces a requirement for businesses providing appraisal services to obtain an authorization certificate, while also setting out the conditions for the issuance of such certificates, the standards applicable to the preparation of appraisal reports, and the responsibilities of appraisal service providers. In addition, the Draft Regulation requires appraisal service providers to hold a TSE Service Qualification Certificate, employ a technical manager holding a professional qualification certificate, and maintain professional liability insurance.

The Draft Regulation also requires the establishment of a Vehicle Appraisal Information System under the Ministry of Trade, through which appraisal reports must be prepared and electronically recorded. In addition, the Draft Regulation provides for the digital handling of objection procedures relating to appraisal reports, the establishment of standards for the use of uniform terminology in appraisal reports, the supervision of appraisal service providers by the Ministry of Trade, and the imposition of administrative sanctions in cases of non-compliance.

Amendments to the SCT Exemption for Vehicles Purchased by Persons with Disabilities

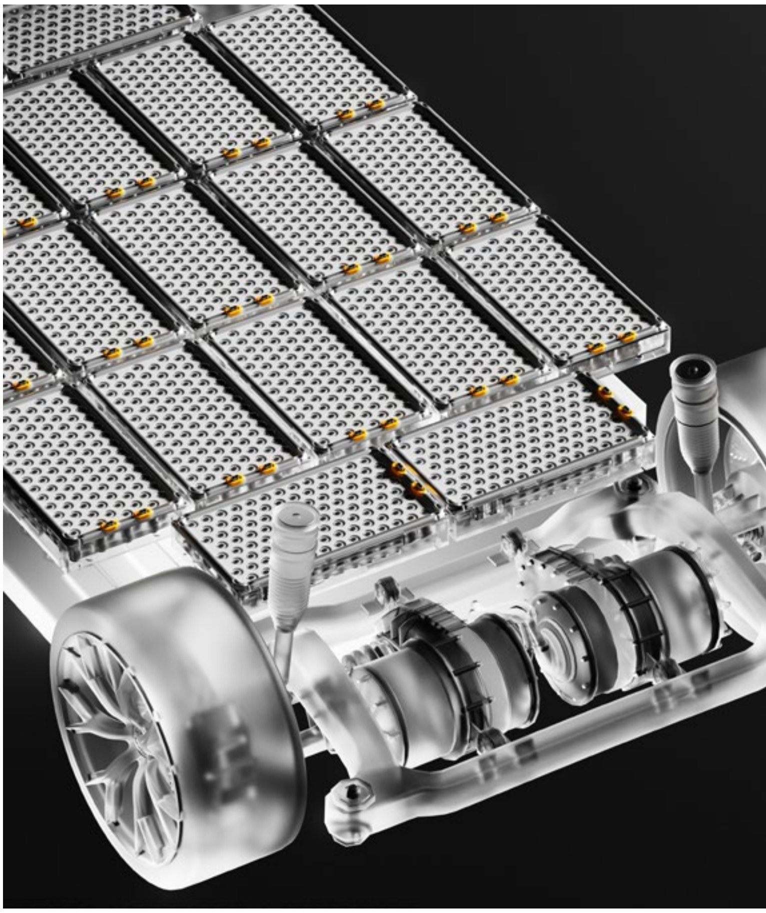
The Communiqué (Serial No: 17) Amending the General Communiqué on the Implementation of the Special Consumption Tax (List II), published in the Official Gazette dated 22.04.2026 and numbered 33232, introduced a new and separate Special Consumption Tax (“SCT”) exemption category for individuals with an orthopedic disability rate of 40% or above who have been determined to be ineligible to obtain a driver’s license due to their orthopedic disability. The exemption applies to the first acquisition of passenger cars and similar vehicles classified under Customs Tariff Statistical Position (“CTSP”) 87.03, with a domestic content ratio of at least 40% and a value below TRY 2,873,900; pick-up trucks and light trucks with an engine displacement of 2,800 cm^3 or below classified under CTSP 87.04; and motorcycles, irrespective of engine cylinder capacity. To benefit from the exemption, applicants are required to submit the relevant medical reports to the tax office and obtain an SCT Payment Certificate. Where an individual has multiple orthopedic disabilities, the disability rates are aggregated in accordance with the methodology set out in the relevant regulation.

Draft Regulation on Batteries and Waste Batteries Opened for Public Consultation

The Draft Regulation on Batteries and Waste Batteries, jointly prepared by the Ministry of Environment, Urbanization and Climate Change and the Ministry of Industry and Technology to ensure alignment with Regulation (EU) 2023/1542 concerning Batteries and Waste Batteries, was opened for public consultation. The Draft Regulation establishes a comprehensive legal framework governing the entire life cycle of batteries, from their design and production to their placing on the market, as well as their collection, reuse and recycling at the end of their service life.

From the perspective of the automotive sector, the Draft Regulation introduces several key obligations, including the preparation of carbon footprint declarations for electric vehicle and light means of transport batteries and the mandatory use of recycled raw materials at progressively increasing rates. Producers are required to finance the collection and recovery of waste batteries resulting from the products they place on the market, while producers established outside Türkiye are required to appoint an authorized representative in Türkiye. In addition, the Draft Regulation introduces a digital battery passport for electric vehicle batteries, which is intended to be accessible via a QR code and to enable the digital traceability of technical and environmental information relating to the battery. Non-compliance with the provisions of the Draft Regulation would be subject to sanctions under the Environmental Law No. 2872 and the Law No. 7223 on Product Safety and Technical Regulations.

However, the public consultation process for Draft Regulation has now concluded. It remains unclear whether the Regulation will enter into force in line with the current draft or whether a different regulatory approach will be adopted. Accordingly, we continue to closely monitor developments relating to Draft Regulation and any potential legislative changes.



Recent Competition Board Decisions

Below, we summarize the key decisions and practices of the Turkish Competition Board (the "Board") concerning the automotive sector published during the first six months of 2026. The Board's significant decisions concerning the automotive sector during the first half of the year are set out below.

Decisions Concerning Second-Hand Vehicle Sales and Digital Vehicle Platforms

Sahibinden / Otobid Decisions [1]

The Board assessed allegations that Sahibinden Bilgi Teknolojileri Pazarlama ve Ticaret A.Ş. ("Sahibinden") had restricted competition by (i) tying its online platform services for vehicle sales to the Otobid service, (ii) engaging in exploitative practices vis-à-vis consumers, and (iii) using the user data obtained through its online platform services for vehicle sales, together with the advantages stemming from its dominant position in that market, to strengthen the Otobid service in the market for online second-hand vehicle purchase and sale services.

Sahibinden holds a dominant position in the market for online platform services for vehicle sales in respect of listing activities. Otobid, on the other hand, is a service launched by Sahibinden in November 2023 that enables individual sellers to sell their vehicles to corporate buyers through an online auction mechanism.

As regards the tying allegations, the Board found that participation in the Otobid service was not conditional upon the use of Sahibinden's listing service and that the two services could be used independently of one another. Accordingly, it rejected those allegations.

As regards the allegations of exploitative practices, the Board found that the provision fee had a contractual basis and concluded that it did not give rise to any competition concerns.

Accordingly, the Board decided not to initiate an investigation against Sahibinden in relation to those allegations.

On the other hand, the Board initiated an investigation to assess concerns that Sahibinden might distort competition in the market for online second-hand vehicle purchase and sale services by leveraging the data, user traffic and brand recognition advantages arising from its strong position in the listing service, and that it might create exclusionary effects on competitors through significant advertising expenditure.

During the investigation, the Board accepted commitments submitted by Sahibinden pursuant to which redirects to Otobid via the platform would be removed, the use of non-public listing data on Otobid would be prevented, and technical and organizational measures for data segregation would be implemented. In addition, the commitment package included obligations aimed at preventing Otobid's advertising expenditure from being financed through cross-subsidization if certain conditions were met. The Board concluded that the commitments were capable of addressing the competition concerns and therefore closed the investigation through commitments.

Acquisition Decisions Concerning Second-Hand Vehicle Sales

During the first six months of 2026, the Board reviewed three significant acquisition transactions in the market for second-hand vehicle purchase and sale services and unanimously approved each of them:

1. BOD / Araba Sepeti[2]: Sole control of Araba Sepeti Otomotiv Bilişim Danışmanlık Hizmetleri Sanayi ve Ticaret A.Ş. ("Araba Sepeti") was acquired by Borusan Oto Değerlendirme Pazarlama ve Hizmet A.Ş. ("BOD"), a subsidiary of Borusan Oto Servis ve Ticaret A.Ş., which is jointly controlled by Borusan Group and GIWA Holding. The transaction gives rise to a horizontal overlap in the market for second-hand vehicle purchase and sale services and a vertical relationship in the market for second-hand vehicle intermediation services.

Taking into account (i) the parties' market shares, (ii) the number of competitors in the market, and (iii) Sahibinden's strong position in the online intermediation services market, the Board concluded that the transaction would not raise competition concerns.

2. Yes Oto / İkinci Yeni & Carwizz[3]: Çelik The second-hand vehicle sales business conducted under the ikinciyeni.com brand by Çelik Motor Ticaret A.Ş., together with the Carwizz Oto Ekspertiz business line, was acquired by Yes Oto Kiralama ve Turizm A.Ş. The Board found that the parties' activities overlapped in the second-hand vehicle sales market, but that the overlap did not give rise to competition concerns. As regards the potential vertical relationship between vehicle sales and appraisal services, the Board concluded that, given the parties' low market shares, the transaction would not result in foreclosure.

3. Otokoç / Nazer[4]: The facilities in which Nazer Otomotiv Pazarlama Sanayi ve Ticaret A.Ş. carries out its dealership activities for the Peugeot, Citroën and Opel brands, together with the assets located at those facilities, were acquired by Otokoç Otomotiv Ticaret ve Sanayi A.Ş. The parties' activities overlap horizontally in the market for the sale of new passenger cars and light commercial vehicles. However, there is no overlap in the market for authorized repair and maintenance services, as the parties provide such services for different brands. Taking into account that the parties' combined market shares remained below 10% and that approximately 900 authorized dealers operate in the market under more than 50 brands, the Board approved the transaction.

Decisions Concerning the Automotive Supply Industry and Parts Manufacturing

TAI / LGESMI / GMBI Joint-Venture Decision [5]

Toyota Tsusho America, Inc. (“TAI”) and LG Energy Solution Michigan Inc. (“LGESMI”) established a joint venture under the name Green Metals Battery Innovations, LLC (“GMBI”).

TAI operates in the fields of supply chain management, metal processing and scrap metal recycling, while LGESMI manufactures lithium-ion batteries for electric vehicles and energy storage systems.

GMBI will operate exclusively in the United States in the collection, processing and commercialization of battery materials.

The Board found that there was no horizontal or vertical overlap between the parties’ activities in Türkiye. As regards potential overlaps at the global level, the Board unanimously approved the transaction, taking into account the parties’ relatively low market shares, the presence of strong competitors, and the fact that GMBI would not operate in Türkiye.

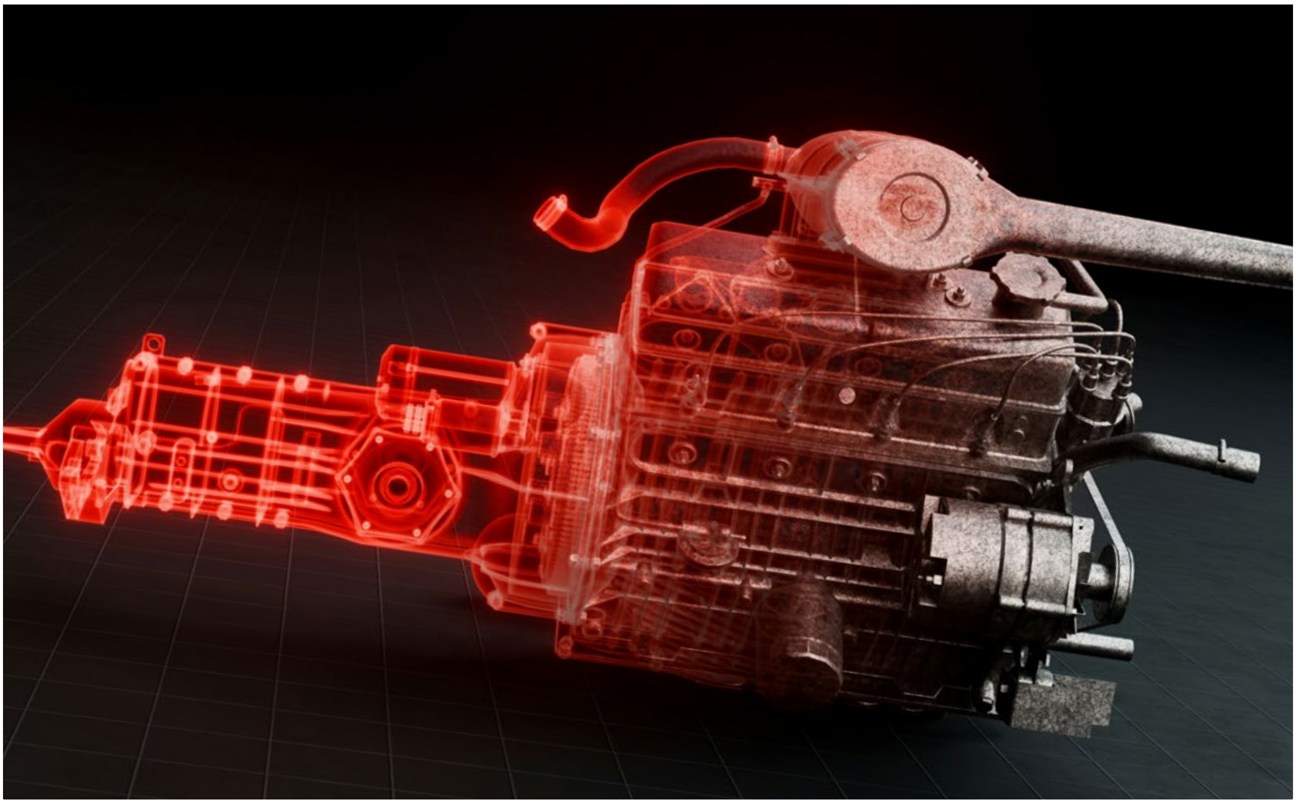
Tire Manufacturing and Distribution Investigation [6]

In its investigation into the tire manufacturing and distribution sector of the automotive industry, the Board examined allegations of concerted practices, exchanges of competitively sensitive information, resale price maintenance, territory and customer restrictions, discrimination, non-compete obligations and no-poach arrangements.

As a result of the infringements identified during the investigation, the Board imposed administrative fines totaling TRY 3,633,935,171.32 on the undertakings concerned.

In addition, with a view to preventing the recurrence of the infringements, the Board imposed various obligations on manufacturers and suppliers. Accordingly, it became mandatory to use a visible watermark identifying each dealer on price lists and in all price-related announcements, to share price information solely on a dealer-by-dealer basis through an individual portal accessible by username and password rather than through bulk distribution, and to include deterrent contractual penalty clauses and termination-for-cause provisions in dealership agreements to prevent the disclosure of forward-looking pricing information to competitors.

Decisions Concerning Heavy Commercial Vehicles



TML CV Holdings / IVECO Acquisition Decision [7]

TML CV Holdings Pte. Ltd., through Titan Bidco, acquired all issued ordinary shares of IVECO Group N.V., excluding its defense business line.

The parties operate in the design, manufacture and distribution of commercial vehicles, buses and powertrains, as well as in the supply of commercial vehicles and after-sales services.

The Board found that no affected market arose in Türkiye in relation to the parties' powertrain activities. It further found that the parties' activities gave rise to a horizontal overlap in the distribution of medium and heavy commercial vehicles. Taking into account the presence of strong competitors in the market, the Board concluded that the overlap would not give rise to competition concerns and unanimously approved the transaction.

Assessment of the Passenger Car and Light Commercial Vehicle Market

Domestic Market Overview

In the first six months of 2026, the Turkish passenger car and light commercial vehicle market totaled 558,179 units. This represents an 8.2% decline compared to the same period of the previous year. Over the same period, passenger car sales decreased by 9.8% to 440,234 units, while light commercial vehicle sales declined by 1.7% to 117,945 units.

Despite the decline in sales, the market maintained its historically high level in absolute terms. The total market in the first half of 2026 was approximately 34% above the average for the same period over the past decade. Viewed separately, both the passenger car and light commercial vehicle markets remained above their respective long-term averages. The first half performance should therefore be viewed as a normalization following the exceptionally high sales levels recorded between 2023 and 2025, rather than as a sharp contraction in automotive demand.

The monthly sales trend indicates that the relatively favorable market outlook observed at the beginning of the year weakened from the spring months onwards. The market expanded by 9.8% year-on-year in January, before contracting by 3% in February, 12.8% in March, 1% in April, 22.6% in May and 11.4% in June. In particular, double-digit year-on-year declines were recorded in May and June.

Nevertheless, sales of 105,041 units in June 2026 remained above the historical averages for the month of June. The June market was 5.6% above the five-year average and 25.4% above the ten-year average. This indicates that, despite the year-on-year decline in sales, the domestic market remained at historically high levels.

Segment and Body Type Preferences

SUV models continued to dominate the Turkish passenger car market in the first half of 2026. SUVs accounted for 64.6% of total passenger car sales, followed by sedans with 20.5% and hatchbacks with 14.5%. SUV sales reached 284,493 units, making SUVs the dominant body type in the Turkish market.

Nevertheless, SUV sales also declined by approximately 7% compared to the previous year. Sedan sales fell by more than 15%, while hatchback sales declined by more than 9%. Accordingly, although SUVs continued to account for the largest share of the market, the segment did not remain immune to the overall market contraction.

Segment-level developments indicate that consumers have increasingly favored smaller and relatively more affordable vehicles. While B-segment sales increased by 4.5% during the first six months of the year, C-segment sales declined by 10.3%. Sales in the D, E and F segments fell by 26.1%, 29.8% and 30.5%, respectively.

These figures indicate that demand for larger and upper-segment passenger cars has weakened significantly due to rising vehicle prices, the high tax burden and financing constraints. Rather than postponing vehicle purchases altogether, consumers increasingly opted for lower-priced, lower-powered models offering more favorable tax treatment.

Automatic transmissions continued to dominate consumer preferences. Vehicles equipped with automatic transmissions accounted for 96.9% of the passenger car market, while the share of manual transmission vehicles declined to 3.1%. This indicates that manual transmission vehicles have become a niche offering in the Turkish new passenger car market.

Developments in Electric and Hybrid Vehicles

In the first half of 2026, sales of fully electric passenger cars totaled 81,331 units, representing a 5.3% decline compared to the same period of the previous year. Nevertheless, owing to the sharper contraction in the overall passenger car market, the market share of fully electric passenger cars increased to 18.5%.

Hybrid passenger car sales increased by approximately 6% to 145,804 units, giving hybrids a market share of 33.1%. Over the same period, the share of petrol-powered passenger cars declined to 41.5%, while diesel-powered passenger cars accounted for 6.2% of the market.

Taken together, fully electric and hybrid passenger cars accounted for 51.6% of the market. Their combined market share therefore exceeded that of both petrol and diesel vehicles considered separately.

However, the composition of growth within the hybrid vehicle segment also warrants attention. While sales of mild-hybrid vehicles increased by 42.2% to 112,319 units, sales of classic or full hybrid vehicles declined by 6.1% to 30,616 units. Sales of plug-in hybrid vehicles (PHEVs), whose attractiveness has diminished as a result of changes to the tax regime, fell sharply by 88.9%, totaling only 2,869 units.

This distribution indicates that growth in the hybrid vehicle market has been driven primarily by 48-volt mild-hybrid systems. In these vehicles, the electric motor generally does not propel the vehicle independently but instead assists the internal combustion engine. Accordingly, the increase in the overall market share of hybrid vehicles should not be interpreted as a direct shift towards fully electric or plug-in vehicles.

The electric vehicle market also exhibited a marked divergence based on motor power. Sales of electric passenger cars with a motor output of 160 kW or below, which fell within the lower SCT bracket, increased by 7.7% to 73,047 units, whereas sales of vehicles with a motor output above 160 kW declined by 54.1% to 8,284 units.

This trend was largely driven by the applicable SCT rates and tax base thresholds. While lower-powered electric vehicles priced below certain thresholds continue to benefit from more favorable tax treatment, the tax burden increases significantly for higher-powered and higher-priced electric vehicles. Similarly, the reduction in the tax advantages available to plug-in hybrid vehicles has been one of the principal factors behind the sharp decline in that segment.

Electrification remains limited in the light commercial vehicle market. Although sales of electric light commercial vehicles increased by approximately 130%, total sales reached only 1,519 units, corresponding to a market share of 1.3%. Although diesel-powered passenger cars have become less popular in the passenger car segment, they continued to dominate the light commercial vehicle market by a wide margin, accounting for 91.5% of total sales.

Market Shares of Domestically Produced and Imported Vehicles

Of the 440,234 passenger cars sold in the first half of 2026, 155,559 were manufactured in Türkiye, while 284,675 were imported. Accordingly, domestically produced vehicles accounted for approximately 35% of the passenger car market, while imported vehicles accounted for approximately 65%.

The light commercial vehicle market is even more heavily reliant on imported vehicles. Taken together, passenger car and light commercial vehicle sales totaled 558,179 units, of which 375,443 were imported vehicles.

Compared with the same period of the previous year, sales of domestically produced passenger cars increased by approximately 8%, while sales of imported passenger cars declined by around 17%. Similarly, domestic sales of light commercial vehicles increased by 16%, whereas imported light commercial vehicle sales fell by approximately 6%. As a result, the share of domestically produced vehicles in the overall market increased significantly.

The increase in the market share of domestically produced vehicles was driven by higher prices for imported vehicles resulting from exchange rate movements and taxation, favorable financing conditions for domestically produced electric vehicles, and additional financial obligations imposed on passenger car imports from certain countries.

Pursuant to the regulations that entered into force in 2025, passenger cars imported from countries other than the European Union or countries with which Türkiye has concluded a free trade agreement became subject to additional financial obligations at rates ranging from 25% to 30%, depending on the type of vehicle, or to minimum amounts determined on a per-vehicle basis. These measures particularly affected the cost structure and pricing of vehicles imported directly from China in the Turkish market.

Brand and Model Overview

Renault ranked first in total passenger car and light commercial vehicle sales during the first half of 2026, with 74,129 units sold. It was followed by Fiat with 47,250 units, Volkswagen with 45,165 units, Toyota with 40,774 units, Peugeot with 36,693 units, Ford with 34,784 units and Hyundai with 31,630 units.

Citroën recorded sales of 29,560 units, Opel 27,892 units, and Togg 21,248 units. Renault's market leadership, together with the strong performance of brands with manufacturing operations in Türkiye, such as Fiat, Toyota, Hyundai and Ford, demonstrates that the advantages associated with domestic production continue to be reflected in sales performance. Production of the domestically manufactured Fiat Egea, the best-selling passenger car in Türkiye since its launch, ended on 30 June 2026 after 10 years, 9 months and 3 days. During the same period, pursuant to a decision adopted in this regard, production of the Renault Megane Sedan, which has been in production for approximately ten years, was extended until the end of 2027. Since 2021, the model has been manufactured by Karsan under license from Renault.

Togg's sales of more than 21,000 units across its two models indicate that the brand has become a significant player in the Turkish market. In addition to strong consumer demand, favorable financing conditions and tax incentives available for domestically produced electric vehicles also contributed to this performance.

The sales performance of Chinese brands varied considerably. Chery sold 12,690 units, Omoda & Jaecoo 6,623 units, and BYD 6,809 units. Considering the additional financial obligations imposed on imported vehicles, Chinese manufacturers are expected to rely increasingly on local production, assembly operations or alternative supply arrangements rather than direct imports when competing in the Turkish market.

Production Outlook

In the first half of 2026, total vehicle production in Türkiye declined by 6.1% to 663,397 units. The decline was more pronounced in passenger car production, which fell by 16.1% to 368,480 units.

In contrast, commercial vehicle production increased by approximately 10%. Van production grew by 15%, midibus production by 19%, bus production by 9%, and truck production by 7%, while minibus production declined by 7%.

These figures indicate a marked divergence between passenger car and commercial vehicle production in the Turkish automotive industry. While passenger car production recorded a significant decline in output, commercial vehicle production helped support the sector's overall production performance.

The sector's overall capacity utilization rate remained at 62%. The capacity utilization rate stood at 63% for light vehicles, 60% for trucks, and 69% for buses and midibuses. In contrast, the capacity utilization rate in tractor manufacturing declined to 27%, while tractor production fell by 36% to 10,214 units.

The 16.1% decline in passenger car production, which exceeded the 9.8% contraction in domestic passenger car sales, indicates that the weakness in production cannot be attributed to domestic demand alone. Demand conditions in Europe, export orders, model and platform transitions at manufacturing plants, and vehicle production schedules also played an important role in this trend.

Export Performance

In the first half of 2026, vehicle exports declined by 12.3% in unit terms to 462,552 units. The decline in passenger car exports was even more pronounced, with exports falling by approximately 27% to 220,083 units. Approximately 70% of all vehicles manufactured in Türkiye were exported.

Despite the decline in export volumes, the sector's export value increased by 4.3% over the same period to USD 20.8 billion. Automotive exports in June 2026 also increased by 13% year-on-year, reaching approximately USD 3.84 billion.

The increase in export value despite declining export volumes can largely be attributed to changes in the product mix and higher unit export values. Automotive supplier industry exports increased by 5% during the first six months of the year, reaching USD 8.1 billion. The more resilient performance of commercial vehicles and the bus and midibus segments also supported overall export value.

Overall, the Turkish automotive industry maintained its export value but was unable to match this performance in terms of export volumes. Should the sharp decline in passenger car exports continue, sustaining growth in export value over the medium term may become increasingly challenging.

Approximately 75% of Türkiye's automotive exports are destined for European Union countries, with Germany, France and Italy remaining the principal export markets. This concentration makes the Turkish automotive industry highly dependent on economic growth, vehicle demand, emission regulations and the transition to electric vehicles in Europe.

Financing Conditions and Consumer Demand

In the first half of 2026, the high-interest rate environment remained one of the principal factors constraining vehicle demand. The Central Bank of the Republic of Türkiye's decision to maintain its policy rate at a high level increased both individual borrowing costs and automotive companies' working capital and inventory financing costs.

The loan-to-value ("LTV") ratios and maximum loan maturities applicable to vehicle loans, which have remained unchanged since 2022, have become increasingly misaligned with current vehicle prices. Under the general lending regime, both the available LTV ratio and the maximum loan maturity decrease as the vehicle price increases, while vehicle financing is unavailable above certain price thresholds.

As the prices of most new passenger cars exceed the applicable loan limits, conventional vehicle loans have largely ceased to be a viable financing option for individual consumers. As a result, purchases are increasingly financed through high down payments, cash purchases, trade-ins, subsidized financing campaigns offered by manufacturers and distributors, as well as fleet and corporate purchases.

More favorable LTV ratios and loan maturities apply to certain electric vehicles manufactured in Türkiye. This differentiation indicates that automotive policy has been designed not only to promote demand for electric vehicles, but also to support electric vehicles manufactured in Türkiye.

These financing advantages provide domestically produced electric vehicles with a significant competitive advantage over imported models. Imported electric vehicles, by contrast, face a competitive disadvantage due both to additional financial obligations and to more limited access to financing.

New Investments and Chinese Automotive Manufacturers

One of the key issues on the automotive sector's agenda during the first half of 2026 was the planned investments by Chinese automotive manufacturers in Türkiye.

In 2024, BYD announced an investment of approximately USD 1 billion and plans to establish a manufacturing facility in Manisa with an annual production capacity of 150,000 vehicles. However, as of the first half of 2026, construction of the plant had not yet commenced, and the resulting uncertainty surrounding the investment timetable has raised questions about the future of the project.

Statements indicating that BYD has prioritized its Hungarian facility within its European production strategy have further increased uncertainty regarding the timetable for its investment in Türkiye. The Ministry of Industry and Technology stated that the investment agreement and the company's obligations remain in force, that certain incentives have been suspended due to insufficient progress on the project, and that the company may become subject to repayment obligations if it fails to fulfil its commitments.

This development is significant in the context of Türkiye's strategy to attract investment from Chinese automotive manufacturers. Türkiye aims to encourage international manufacturers to establish local production as an alternative to high import costs. However, if the announced investments do not materialize, the anticipated production, employment and export capacity will not be realized, while the impact of import restrictions on consumer prices is likely to become more pronounced.

Accordingly, one of the key issues for the automotive sector in the coming period will be the timetable for, and production scope of, the announced electric vehicle investments.

Electric Vehicle Charging Infrastructure

Electric vehicle charging infrastructure in Türkiye continued to expand during the first half of 2026. According to data published by the Energy Market Regulatory Authority (Enerji Piyasası Düzenleme Kurumu – "EMRA"), the number of charging points installed for the provision of charging services reached 45,097 as of the end of June 2026. The public charging network therefore continued to grow in line with the expansion of the electric vehicle fleet and increasing electric passenger car sales.

Growth during the first half of the year was not limited to the number of installed charging points. The actual utilization of the charging infrastructure also increased significantly. Between January and June 2026, licensed charging network operators recorded a total of 15,408,578 charging sessions. Total charging time reached 17,569,444 hours, while electricity consumption associated with charging services amounted to 392,252 MWh.

Compared with the same period of 2025, the number of charging sessions increased by 96.6%, total charging time by 137.4%, and electricity consumption by 153.5%. The fact that electricity consumption grew more rapidly than the number of charging sessions indicates that the charging network is not only serving a larger number of users, but is also being used more intensively, with higher energy consumption per session.

These figures demonstrate that Türkiye's electric vehicle ecosystem has now reached a significant scale not only in terms of vehicle sales and the number of charging points, but also with respect to the actual utilization of the charging network. Nevertheless, the increase in the total number of charg-

ing points alone is insufficient to assess the adequacy of the infrastructure. The geographical distribution of charging points, the share of high-power DC charging capacity within the overall network, the operational reliability of charging stations, occupancy rates during peak periods, pricing transparency, and the availability of charging facilities at residential buildings and workplaces are all important factors affecting both user experience and the effectiveness of the charging infrastructure.

According to updated data published by EMRA following the reporting period, the number of charging points increased to 45,660 as of 19.07.2026. Of these, 25,731 were AC charging points, 19,903 were DC charging points, and 26 were mobile charging points. Although the reporting period closed with 45,097 charging points, the increase recorded in July indicates that investment in charging infrastructure continued during the second half of the year.

Looking ahead, the key priority for charging infrastructure will not be limited to increasing the overall number of charging points. It will also include expanding high-power DC charging capacity along intercity transport corridors, extending geographical coverage beyond major cities, improving the reliability and accessibility of charging stations, and expanding the availability of charging solutions in apartment buildings and workplaces.

General Assessment

In the first half of 2026, the Turkish automotive market maintained its historically strong performance despite the year-on-year contraction. Nevertheless, the composition of the market changed significantly. As consumers increasingly preferred more compact, lower-powered vehicles offering more favorable tax treatment, SUVs, mild-hybrid passenger cars and lower-powered electric vehicles gained prominence.

The market share of domestically produced vehicles recovered, while imported passenger cars came under increasing pressure due to exchange rate movements, taxation, financing conditions and additional financial obligations. Domestically produced electric vehicles, particularly those manufactured by Togg, gained a significant competitive advantage as a result of favorable financing conditions.

On the production side, the sharp decline in passenger car production and exports remains a key concern. Although commercial vehicles and the automotive supplier industry supported overall production and export performance, the decline in passenger car production and export volumes represents a significant risk for the future of the sector.

Although export value continued to increase, it remains uncertain to what extent this growth can be sustained in the face of declining export volumes. The Turkish automotive industry's heavy reliance on the European market also makes the sector highly sensitive to demand conditions in Europe, emissions policies and the pace of the transition to electric vehicles.

Overall, the first half of 2026 should be viewed not as a period of crisis for the domestic market, but rather as a period of controlled normalization following historically high levels of demand. At the same time, however, the outlook for production, exports, financing and new investment decisions remains more cautious.

The sector's performance during the second half of the year and over the medium term will largely depend on the trajectory of interest rates and lending conditions, tax policies, demand in Europe, new vehicle models to be manufactured in Türkiye, investment decisions by Chinese automotive manufacturers, and the extent to which industrial policy supports the transition to electric vehicles.

Sources

1. The Board's decision dated 16.01.2025 and numbered 25-02/47-28, and decision dated 25.12.2025 and numbered 25-49/1208-683.
2. The Board's decision dated 18.09.2025 and numbered 25-35/825-483.
3. The Board's decision dated 25.12.2025 and numbered 25-49/1214-687.
4. The Board's decision dated 25.12.2025 and numbered 25-49/1217-690.
5. The Board's decision dated 06.11.2025 and numbered 25-41/981-569.
6. The Board's decision dated 04.06.2026 and numbered 26-20/612-242.
7. The Board's decision dated 16.10.2025 and numbered 25-39/919-539.

Further Reading

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