



TRADE MECHANISMS



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I. LEGAL FRAMEWORK



(i) NATIONAL LEGISLATION

- **The Constitution (Art. 167, 90)**
- **Law on Customs Tariff Code (No: 474)**
- **Law on Regulating Foreign Trade (No: 2976)**
- **Import Regime Decree (No: 95/7606)**
- **Export Regime Decree (No:95/7623)**



(ii) INTERNATIONAL ARRANGEMENTS

- **Agreement Establishing the WTO**
- **Decision No: 1/95 on the EU-Turkey Customs Union**
- **Free Trade Agreements**



II. IMPORT ARRANGEMENTS



(i) Import Regime Decree (No: 95/7606)

- OG dated 31 December 1995
- Turkey's international obligations
- Economic needs
- Agricultural products are in the four lists of Import Regime Decree
 - Agricultural products (List I)
 - PAPs (protected only with *ad valorem duty*) (List II)
 - PAPs (List III)
 - Fish and Fishery Products (List IV)
- Annexes are renewed annually



(ii) WTO Commitments

- **WTO Agreement on Agriculture, List XXXVII**
- **All customs duties have been bound**
- **Last reduction was realized in 2004**



(iii) Bilateral Agreements

- Association Council Decision 1/95,
 - CCT for industrial component of PAPs
 - Zero tariff rates for the PAPs protected by *advalorem duty*, originating in the EU
 - Industrial component has been eliminated reciprocally, specific duties on agricultural component are still charged
 - EU's preferences under the Generalized System of Preferences (GSP) for PAPs protected only with *ad valorem duty* is undertaken
- Association Council Decision 1/98;
 - Tariff preferences on certain basic agricultural products
 - Tariff quotas are allocated each year

(iv) Free Trade Agreements

- Turkey has free trade agreements with;
 - EFTA
 - Romania
 - Israel
 - Bulgaria
 - Macedonia
 - Croatia
 - Bosnia-Herzegovina
 - Tunisia
 - Morocco

- Within the framework of these agreements;
 - tariff preferences reflected to Turkish import regime
 - concessional tariff quotas are allocated each year



(v) Import Licenses

- only required for the importation of agricultural products under the tariff quotas resulting from bilateral agreements and autonomous tariff quotas

- UFT is the competent authority to manage and issue import licenses



(v) Import Licenses (cont.)

➤ Application for licenses

Documents required;

- Application form
- Documents on business activities (capacity report, signature circular, etc.)

No securities required

➤ Use of licenses

- Submitted to the Customs with import declaration form
- To be used within the validity period indicated in license
- To be returned after the expiration date of the license



(vi) Management of Tariff Quotas

- “Regulation on Quotas and Tariff Quotas” published in the OG dated 8 June 2004
- Quota System is managed by UFT
- Allocated by the following criteria;
 - Past Performance Criteria
 - First-Come-First-Served Criteria
- Applicants have a right to appeal in case of conflict arising from management of the tariff quotas



III. EXPORT ARRANGEMENTS



(i) Export Licences

Turkey does not have a system regarding export licences for agricultural products



(ii) Export Refund

- The objective is to develop the export potential of agricultural products and processed agricultural products.
- Authorized governmental body to determine the subsidies is the Money-Credit and Coordination Council.
- The subsidies are provided to exporters in the form of deduction of their debts to the public bodies (taxes, social insurance premium costs, energy costs, telecommunication costs) from their subsidy entitlement.



(iii) Principal Mechanisms for Export Refunds

➤ Turkey provides export refunds in accordance with the WTO Agreement on Agriculture.

➤ Turkey's WTO Commitments include 44 agricultural product groups. However, due to the budgetary restraints, Turkey generally gives export refunds to the following products/ product groups:

Cut flowers, frozen vegetables, dehydrated vegetables, frozen fruits, preserved vegetables and fruits, tomato pastes, homogenized fruit preparations, fruit juices, olives and olive oil, prepared or preserved fish, poultry meat, eggs, chocolate and other food preparations containing chocolate, biscuits, waffles, pasta.



(iii) Principal Mechanisms for Export Refunds (cont)

- Exporters must present relevant documents to the Exporters Unions authorized by the UFT for refund application (such as Customs Declaration, invoice etc.)
- Products must leave Customs territory of Turkey within the implementation period of Communiqué, which is published annually or for a specific time period.
- Products must be of Turkish origin. In the case of Inward Processing System, only inputs of Turkish origin are eligible for refunds.
- Export Refunds are not differentiated on the basis of destinations.



(iii) Principal Mechanisms for Export Refunds (cont)

- Exported products must have sound and marketable quality to be eligible for the export refund.
- Export refunds are taken back from exporters when the exported products are returned to Turkey or rejected by importer countries for any reason.



EXPORT REFUNDS PROVIDED TO AGRICULTURAL PRODUCTS IN 2005-I

Products	CN Code	Rate (US\$/ton)	Maximum amount eligible to receive the subsidy
Cut flowers (fresh)	0603.10	205 \$/Ton	37%
Vegetables, frozen (excl. potatoes)	07.10 (excl. 0710.10)	79 \$/Ton	27%
Vegetables (dehydrated)	07.12	370 \$/Ton	20%
Fruits (frozen)	08.11	78 \$/Ton	41%
Preserves, pastes, homogenized fruit preparations	20.01, 20.02, 20.03, 20.04, 20.05, 20.06, 20.08 (excl. 2008.11, 2008.19.11, 2008.19.13, 2008.19.19.00.14, 39, 49, 2008.19.91, 93, 99, 2008.19.95.00.14, 39, 49)	68 \$/Ton	51%
Honey	04.09	65 \$/Ton	32%
Preserves, pastes	20.07 (excl. 2007.99.20, 2007.99.98.00.19)	63 \$/Ton	35%
Fruit juices (concentrated)	20.09 (excl. 2009.90)	134 \$/Ton	17%



EXPORT REFUNDS PROVIDED TO AGRICULTURAL PRODUCTS IN 2005-II

Products	CN Code	Rate (US\$/ton)	Maximum amount eligible to receive the subsidy
Olive oil	15.09, 1516.20.91.00.14, 1516.20.98.00.11	150 \$/Ton	100%
Prepared or preserved fish	16.04	200 \$/Ton	100%
Meat of poultry (excl. edible offals)	02.07 (excl. 0207.13..91,99,0207.14.91, 0207.26.91,99, 0207.27.91, 99, 0207.34, 0207.35.91,99, 0207.36.81,85,89)	186 \$/Ton	14%
Eggs	04.07	6 \$/1000 pcs	78%
Meat of poultry (excl. edible offals)	1601.00.99, 1602.31,1602.32	250 \$/Ton	22%
Chocolate and other food preparations containing chocolate	18.06	119 \$/Ton	48%
Biscuits, waffles	1905.31,32, 1905.90.45, 1905.90.60.00.14	119 \$/Ton	18%
Pasta	19.02	66 \$/Ton	32%
Apple	0808.10	40 \$/Ton	100%



BREAKDOWN BY SECTOR OF EXPORT REFUND EXPENDITURE IN 2004

<u>Sector</u>	<u>000' \$</u>	<u>Percent (%)</u>
Agricultural & Processed Agricultural and Fishery Products	24,600	94.7
Cut Flowers; Vegetables (frozen); Vegetables (dehydrated); Fruits (frozen); Preserves; Pastes; Homogenized fruit Preparations; Fruit Juices; Olive oil; Prepared or preserved Fish; Meat of Poultry; Eggs; Chocolate and other food preparations containing chocolate; Biscuits; Waffles; Pasta		
Potato	550	2.1
Apple	830	3.2
Total	25,980	100.0



IV. MARKETING STANDARDS AND CONTROLS



- **At the stage of export and import**, agricultural products are inspected according to the Turkish Standards Institute (TSI) standards which are parallel to the UNECE standards.
 - Fruit and Vegetables
 - Oils
 - Eggs
 - Pulses
 - Cotton



(i) Checks on Conformity

-"Decree on the Regime of Technical Regulations and Standardization for Foreign Trade (2005/9454)"

-45 "Group of Inspectors for Standardization for Foreign Trade", (under UFT, General Directorate for Standardization for Foreign Trade). These inspection units carry out the issuance of the "Control Certificate(s)"

-187 Inspectors for Standardization for Foreign Trade

-Directorates of Laboratories (in 5 cities)



(ii) Checks at Import stage

- The products listed in the annex of the Communiqué 2005/2 are checked for conformity at the import stage.
- In case of a positive result of the assessment performed by the Group of Inspectors of Standardization for Foreign Trade or in case of importation within the scope of “Inward Processing Regime”, “Control Certificate” shall be granted to the importer so as to be submitted to the customs administrations. Customs administrations shall not permit the import of the products without the “Control Certificate”.



(iii) Checks at Export stage

- The checking operations of exports are carried out according to the OECD Scheme and also to the Decree no: 6/7677 (7.2.1967) concerning the implementation of the Turkish Standards
- Control certificate is issued by UFT for the inspected goods, indicating that the goods are in conformity with the relevant standards. The Control Certificate is delivered to the exporters or its representatives to be presented to the customs authorities.



THANK YOU FOR YOUR ATTENTION