SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

ANSWERS TO ADDITIONAL SPECIFIC QUESTIONS

Country Session: The Republic of TURKEY

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SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM I: INDUSTRIAL POLICIES

HOW MUCH IS INDUSTRIAL POLICY A POLITICAL PRIORITY FOR YOUR GOVERNMENT?

Industrial development is an essential element of economic and social development in Turkey. Although industrialisation strategies and economic policies followed have shown great differences before and after 1980, industrial development has always been one of the main objectives in Turkey. Import substitution policy had been implemented until 1980. After 1980, significant progress has been made towards a functioning market economy through introduction of export-oriented industrialisation. These reforms made significant contribution to the dynamism of the private sector and improved the adaptability of Turkish economy to internal and external impacts.

Development policies and measures have been designed in Development Plans, Medium-Term Programme and Annual Programmes. Industrial Policy is one of the most important subjects of these official documents. Moreover, the Government gives importance to industrial development in the last Government Programme.

"Industrial Policy For Turkey" Document was prepared based on 8th Five Year Development Plan (2001-2005) and the Government Programme with the contribution of related public and private institutions. As a medium term policy paper, it draws a general framework for industrial policy. It was approved by the High Planning Council Decision (30 September 2003 No: 2003/44) and also, presented to the EC in the 4th meeting of Turkey-EU Industry, Trade and ECSC Products Subcommittee meeting on 31 October 2003.

Recent developments and estimations on main sectors – Evaluation of the relative position of industry

Growth Rates (%)

(At 1987 prices)

	Realisation(*)			Estimation (**)		
	2003	**2004**	**2005**	**2006**	**2007**	**2008**
GDP	5.8	8.9	7.4	5.0	5.0	5.0
- Agriculture	-2.5	2.0	5.6	1.5	2.2	2.0
- Industry	7.8	9.4	6.5	5.1	5.3	5.3
- Services	5.8	10.2	8.2	5.7	5.3	5.4

(*) TURKSTAT, SPO
(**) 2005 Pre- Accession Economic Programme of Turkey

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM I: INDUSTRIAL POLICIES

Except the year 2005, industry has shown better performance than the economy in general in the last three years. Industrial growth rate was realised at a higher rate than GDP growth. Moreover, industrial growth rate is expected to be higher than GDP growth for the next three years (2006-2008).

Parallel to these developments, the level in the share of industry in GDP is maintained and the trend is expected to continue for the forthcoming period of 2006-2008 as shown below.

Shares in GDP (%)

(At 1987 prices)

	Realisation(*)			**Estimation(**)**		
	2003	**2004**	**2005**	**2006**	**2007**	**2008**
GDP	100.0	100.0	100.0	100.0	100.0	100.0
- Agriculture	12.4	11.6	11.4	10.8	10.5	10.2
- Industry	29.3	29.4	29.2	29.5	29.5	29.6
- Services	58.3	59.0	59.4	59.8	60.0	60.2

(*) TURKSTAT, SPO
(**) 2005 Pre- Accession Economic Programme of Turkey

In this framework, as a political priority, considerable importance has been given to the industry and its importance is expected to continue in the future. As a result, besides services, industry can be seen as a leading sector in the economy for the next years.

The main framework of the industrial policies and priorities is as follows:

- 8th Five Year Development Plan (2001-2005) and "Industrial Policy For Turkey (Towards EU Membership)" Document

8th Five Year Development Plan was endorsed by the Turkish Grand National Assembly on 27 June 2000 and "Industrial Policy For Turkey" Document approved by the High Planning Council on 30 September 2003 (decision no: 2003/44).

<u>Policies:</u>

Industrial policy has a horizontal nature and covers policy areas such as foreign trade, investment, technology, quality improvement, environment, labour, SMEs and competition. In addition, due to the specific needs of individual sectors, sectoral policies are also included.

The main objective of industrial policy is to increase competitiveness and productivity of the industry, and to promote and maintain sustainable growth within an outward oriented structure, in the face of increased global competition. In that respect, industrial policy aims to improve the business environment favourable to industrial competitiveness, in which entrepreneurs and enterprises can take initiatives, create opportunities and use their potential.

Special importance shall be attached to supporting SMEs, improving innovation system and encouraging new entrepreneurs.

The structure of the industrial sector envisages an industry which will utilise domestic resources, produce in compliance with environmental norms, consider consumer health and preferences, use highly skilled labour force, apply a modern management approach, give importance to R&D, generate technology, create original designs and trademarks and thus take its place within international markets.

Developing information and technology intense industries such as defence, aviation, machinery, chemistry, electronics and software, ensuring prevalent use of advanced technologies in industry and enhancing competitiveness of traditional industries will be set as objectives. Particular importance shall be given to increase the competitiveness in the field of information and communication technologies.

Considering the manufacturing industry, supporting investments on R&D, whereby information and communication technologies take the first place, innovative production and technology generation, protection of the environment, improvement of SMEs, creation of employment and diminishing discrepancies among regions, shall be pursued.

Importance shall be attached to the improvement of administrative and financial structures of companies to the prevalent utilisation of new technologies, information technologies, flexible production and supply planning systems in the production process and to the inter-company collaboration at national and international level.

The State will enhance its role of supporting industry, regulating and monitoring the market within the framework of international rules, but will continue its withdrawal from the industrial sector, except certain strategically important fields. In that respect, special importance will be given to privatisation activities.

Main objective of public support policies is the promotion of both domestic and foreign investments in order to decrease the regional disparities, to increase the competitiveness of the industry and to generate new employment opportunities.

- Last Government Programme

Presented to the Turkish Grand National Assembly on 13 March 2003.

Policies:

Sectoral policies will be formulated by taking into consideration three main components of growth; namely innovation, investment and export.

The problems of sectors will be solved by action plans based on flexible and sector oriented reforms in the light of proposals and priorities of the sector representatives.

The restructuring process in industry will be accelerated according to national development goals and strategies. Available means and capacities, market opportunities and long-term competitiveness will be taken into consideration when determining priorities of target industries. Rights for patents, brands and industrial designs will be protected and investments in the area of industrial property rights will be supported.

Increasing competitiveness of industry in foreign markets will be considered together with comparative advantages, opportunity costs, terms of trade and importance of free trade.

- Medium-Term Programme (2006-2008)

(Council of Ministers Decision, dated 23 May 2005, no 2005/8873)

Policies:

The main objective is an export-oriented, dynamic and competitive structure in the manufacturing industry. In this framework, particularly in the sectors in which competitiveness is comparatively high, policies will be directed towards enhancing innovations and increasing utilisation of advanced technology. Policies in the other sectors will be directed towards upgrading the prevailing structural aspects, which are necessary for global competition.

The share of information and technology-intensive industries such as defence, aviation, machinery, chemicals, electronics and software, and biotechnology in the manufacturing industry will be increased.

Through the development and rapid diffusion of technology, generation of high value-added, relying on skilled labour and thereby enhancement of industrial competitiveness at the international level will be achieved.

The efforts to increase the exports of both traditional and new industrial sectors to be developed, will continue.

- 2006 Annual Programme

(Council of Ministers Decision, dated 17 October 2005, no 2005/9486)

Policies:

R&D intensive structure in traditional/widespread production sectors will be achieved.

Training and counselling support will be increased regarding the improvement of financial structure of enterprises and using modern production system.

Transferring the industrial enterprises, especially tannery plants, to the specialised organised industrial zones will be achieved.

Industry information system will be established.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM II: COMPETITIVENESS

ARE YOU CARRYING OUT OR COMMISSIONING STUDIES ON THE COMPETITIVE POSITION OF YOUR ECONOMY AND/OR MAIN INDUSTRIAL SECTORS AND ARE RESULTS OF RECENT STUDIES AVAILABLE?

There are some private and public sector studies and programmes, which are concerned with and evaluate the competitiveness position of the Turkish economy and/or main industrial sectors; however, they do not directly focus on the concept of competitiveness.

For example, in some of the basic policy documents such as the Medium Term Programme (2006-2008), 2006 Annual Programme and Preliminary National Development Plan (2004-2006) competitiveness is determined as a development axis. In addition, strengthening the competitiveness of SMEs is defined as one of the main objectives in “Industry Policy for Turkey (Towards EU Membership)” Document and “SME Strategy and Action Plan”.

The Export Strategic Plan for 2004-2006 presents a road map to all the parties involved in exports.

In the above mentioned programmes and policy documents a coherent and consistent set of objectives, policies, priorities and measures covering the basic development axes are presented.

Policy documents and programmes have been prepared by considering feedback from the private/public sector institutions, NGOs, producers associations and universities (listed in **Annex 1**).

Ad Hoc Committee Reports are supporting documents used in preparing the Development Plans. Competitiveness of industrial sectors has been evaluated in Special Industrial Ad-Hoc Committee.

Apart from policy documents, the competitive position of Turkish economy, industry and sectors are also evaluated in various platforms such as state market regulatory bodies and advisory councils. The regulatory bodies have important roles during the process of preparation, implementation, monitoring and controlling of policies and advisory councils are the consultation and discussion mechanisms of those policies (the list of names and functions of regulatory bodies and the consultation mechanism in policy-making is provided in **Annex 2 and 3**).

In addition to these discussion platforms, NGOs, universities and other relevant bodies also present reports on the competitive position of Turkish economy and its main sectors (the list of some of these documents is given in **Annex 4**).

ANNEX-1: The List of Main Institutions Involved in Policy Making Process

Public Institutions

NAME OF INSTITUTION	FUNCTIONS
Ministry of Finance (MoF)	Facilitating the preparation of finance policies, implementing, monitoring and controlling of those policies.
Ministry of Industry and Trade (MoIT)	Facilitating the determination of industrial policies, providing and encouraging rapid and stable development of industry through the targets and policies envisaged by development plans and programmes, establishing and controlling small scaled industrial estates and organised industrial zones and providing credits, land allocation for organised industrial zones and permission for establishment of technology development regions, market surveillance by monitoring and controlling the domestic market, taking the protective measures for the protection of consumers' health, safety and economic interest, holding the records of industrial enterprises and making legal arrangement regarding the organisation of artisans and craftsmen
State Planning Organisation (SPO)	Preparing long-term development plans, medium-term and annual programmes, consulting all relevant public and private institutions to formulate the industrial policy during the preparation of the development plans, coordinating ministries and public institutions to ensure the efficient implementation of the industrial policy, monitoring and evaluation of the progress and if required, recommending necessary amendments.

(Annex I, Continued)

NAME OF INSTITUTION	FUNCTIONS
Undersecretariat of Treasury	Determining and implementing investment incentives system, policy formulation, regulation and promotion of foreign investments.
Undersecretariat for Foreign Trade	Coordinating and supporting foreign trade activities, regulating export incentives and determining principles and policies concerning the establishment, management and operation of free zones.
Secretariat General for the EU Affairs	Coordinating, in conformity with plans and programmes, internal efforts of harmonisation to be carried out by public organisations and agencies.
Privatisation Administration	Formulating and implementing privatisation procedures.
Small and Medium Industry Development Organisation (KOSGEB)	Assisting R&D activities, quality improvement, sectoral improvement and development; offering laboratory, supervision and design services, consultancy and training services for marketing and employment creation.
The Scientific and Technical Research Council of Turkey (TUBITAK)	Formulating science and technology policies and promoting and coordinating R&D activities.
Competition Authority	Carrying out examinations and investigations concerning infringements of competition, grants, exemptions and negative clearance certificates, giving permission to mergers and acquisitions and taking necessary measures based on competition law.
Turkish Standards Institution (TSE)	Preparing Turkish standards, product and system certification, calibration, industrial metrology at national level.
Turkish Patent Institute (TPI)	Performing registration and carrying out procedures for protection of industrial property rights.

(Annex I, Continued)

NAME OF INSTITUTION	FUNCTIONS
National Productivity Centre (NPC)	**To carry out research on procedures to improve the productivity in both the public and private sector enterprises, to monitor their implementation and to make recommendations thereon,**
Turkish Accreditation Agency (TAA)	Accrediting local and international bodies rendering laboratory, certification and inspection services, ensuring their operation in accordance with national and international standards, and thereby ensuring international recognition of product/service, system, personnel and laboratory certificates.
TURK EXIMBANK	Eximbank is the major export credit institution in Turkey.
Halkbank	Halkbank’s banking products and services target a diversified audience of customers and entrepreneurs, ranging from tradesmen, artisans, and SMEs to large corporations.
Capital Market Board of Turkey (CMBT)	To regulate and supervise with the aim of ensuring fairness, efficiency and transparency in Turkish capital markets, and improving their international competitiveness.

Private Institutions

Istanbul Stock Exchange (ISE)	To provide trading in equities, bonds and bills, revenue-sharing certificates, private sector bonds, foreign securities and real estate certificates as well as international securities.

NGOs

Turkish Technology Development Foundation (TTGV)	To strengthen and contribute to boosting Turkish Industry's competitiveness in international markets to develop Turkey's technological infrastructure.

Annex I, Continued)

NAME OF INSTITUTION	FUNCTIONS
The Union of Chambers and Commodity Exchanges of Turkey (TOBB)	TOBB is a legal entity representing the private sector. TOBB has 364 members in the form of local chambers of commerce, industry, commerce and industry, maritime commerce and commodity exchanges.
The Confederation of Turkish Craftsmen and Tradesmen (TESK)	The mission of TESK is to provide unity among chambers of craftsmen and tradesmen and their federations.
Sectoral Associations, Producers and Committees	
Universities	

ANNEX-2: The List of Regulatory Bodies of Market Economy

Name of Institution	Functions
Banking Regulation and Supervising Agency (BRSA)	To safeguard the rights and benefits of depositors and to create the proper environment, in which, banks and financial institutions can operate with market discipline, in a healthy, efficient and globally competitive manner, thus, contributing to the achievement of long-run economic growth and stability of the country.
Telecommunications Authority	To authorise and supervise activities in the sector.
Energy Market Regulatory Authority (EMRA)	To establish a financially viable, stable and transparent energy market, which will function as per the provisions of private law and within a competitive environment to ensure the independent regulation and supervision of the market in order to provide sufficient electricity, natural gas, petroleum and LPG of good quality to consumers, at low cost, in a reliable and environment friendly manner.
Public Procurement Authority (PPA)	To establish the principles and procedures to be applied in procurements held by all public entities and institutions governed by public law or under public control or using public funds.
Turkish Sugar Authority	To ensure application of the Sugar Law and other relevant legislation, to supervise and conclude related applications, to make arrangements within the framework of the powers granted by the Law.
Market of Tobacco Products and Alcoholic Drinks Regulatory Authority	To regulate tobacco and tobacco products' manufacturing, relating to buying and selling at home and abroad.
Radio and Television Supreme Council	To prescribe the principles and procedures relating to the regulation of radio and television broadcasts and to the establishment, duties, competence and responsibilities.

ANNEX-3: The list of Consultation and Decision Mechanism in Policy Making

Organisation	Members	Functions
High Planning Council (YPK)	Prime Minister, Deputy Prime Minister and State Minister, Minister of State, Minister of Finance, Minister of Public Works and Settlement, Minister of Transportation, Minister of Industry and Trade, State Planning Organisation	YPK aims at assisting the Council of Ministers and, to take high level decision and policy-making regarding the foreign and domestic economic environment of the country, to determine the fundamental principles of the investment and export incentives
Economic and Social Council (ESC)	Apart from Prime Minister, Government is represented in the ESC with various ministers who are in charge of economic and social issues and some bureaucrats. Besides, ESC is composed of the representatives from employers, employees and union of Turkish Chambers of Agriculture, Confederation of Tradesmen and artisans of Turkey.	Provides active participation of economic and social parties in the formulation of economic and social policies, Provides reports and opinion to the related parties, Sets up and coordinates sub-committees about economic and social issues, Initiates research activities about economic and social issues.
Evaluation Council For Economic Issues (ESDK)	Minister of Industry and Trade (Coordinator), Minister of State, Minister of Finance, Minister of Labour and Social Security, Minister of Public Works and Settlement, Turkish Union of Chambers and Stock Exchanges (TOBB), Representatives from Related Sector	Determination of priorities in economic issues with participatory approach by taking views of businessmen.

AGENDA ITEM II: COMPETITIVENESS

(AnnexIII, Continued)

Organisation	Members	Functions
Privatisation High Council (PHC)	The Council, headed by the Prime Minister, is composed of five members; two State Ministers, the Minister of Finance and the Minister of Industry and Trade.	PHC is the ultimate decision-making body for privatisation in Turkey.
Reform Programme for the Improvement of the Investment Environment (YOIKK)	Prime Ministry, Ministry of Finance, Ministry of Industry and Trade, Undersecretariat of Treasury, Undersecretariat for Foreign Trade, State Planning Organisation, TUSIAD, TOBB, the Foreign Investors' Association (YASED), Turkish Exporters Assembly (TIM).	YOIKK is an advisory Committee to the Council of Ministers, for making the necessary regulations, to overcome the administrative barriers to investments. YOIKK has a joint structure both from government side and the private sector, and chaired by the State Minister (in charge of Economy and Treasury)
Supreme Council of Science and Technology (BTYK)	BTYK is chaired by the Prime Minister and composed of related Ministers of State, National Defence, Economy, National Education, Health, Forestry and Rural Affairs, Industry and Trade, Energy and Natural Resources, Chairman of Council of Higher Education, Undersecretary of State Planning Organisation, Undersecretaries of Treasury and Foreign Trade, President of TUBITAK and a Vice President, Chairman of Turkish Atomic Energy Authority, General Director of Turkish Radio and Television, Chairman of Union of Chambers and Commodity Exchanges of Turkey, and a member to be appointed by a university to be designated by the Council of Higher Education.	The tasks of the Council are implementation of the Turkish Science Policy, assisting the government in determination of long termed S&T policies, identification of targets, elaboration of plans and programs, assignment of public organs, establishment of collaboration with private establishments, elaboration of required laws and legislation, provision of human resources development for researches, implementation of measures for establishment of research centres, determination of fields of research and provision of coordination services.

Tax Council	Ministry of Finance, SPO, Council of State, Undersecreteriat of Treasury, Undersecreteriat for Foreign Trade, Und. Customs, Istanbul Stock Exchange, Central Bank	It is an advisory committee to deliver opinion related to tax policies and to carry out research in this field.

ANNEX-4: The list of some documents discussing the competitive position of Turkey

- 2nd Industry Council Research Report – Industry Strategy for Turkey (MoIT - 1995)
- Selected Research Reports on the Turkish Economy (TOBB - 2002)
- 2nd Industry Congress - Sustainable Competitiveness (ISO - 2002)
- 3rd Industry Congress Sustainable Competitiveness – Capturing the Future (ISO -2003)
- 4th Industry Congress Sustainable Competitiveness – Cohesion to the Global Exchange (ISO 2004)
- Global Competitiveness of Manufacturing Industry (Comparison with EU and other countries) (ISO - 2003)
- Turkey Economy Congress – Development Strategies on Economic Sectors (DPT - 2004)
- Turkey Country Economic Memorandum (UoT & World Bank - 2006)
- Turkey Labour Market Study (OECD-2006)

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM III: SME AND ENTERPRISE POLICIES

COULD YOU PROVIDE PRECISE INFORMATION ON THE SME DEFINITION IN USE IN TURKEY?

SME AND ENTERPRISE POLICIES/SME DEFINITION

SME definition has been recently unified and will be in force as of 18 May 2006, in order to eliminate the differences between the SME definitions used by various institutions in Turkey.

The Law No. 5331 on adding an additional article to the 'Law No. 3143 on The Organisation and Functions of the Ministry of Industry and Trade' was adopted (Official Gazette: 16 April 2005, 25788) and put into force in order to unify SME definition through a by-law to be prepared by the Ministry of Industry and Trade.

Based on the Law No. 5331, "By-Law on Definition, Characteristics and Categorisation of Small and Medium Sized Enterprises" was enacted. (Official Gazette: 18 November 2005, 25997).

The by-law is in line with the "Commission Recommendation about Definition of Micro, Small and Medium Sized Enterprises" dated 6 May 2003. "Commission Communication concerning the model declaration on the information relating to the qualification of an enterprise as an SME' (20 May 2003, OJ C 118) and the new SME definition user's guide are taken into account in preparation of the by-law.

The scope of the "By-Law on Definition, Characteristics and Categorisation of Small and Medium Sized Enterprises is briefly given below:

Definitions :

<u>Enterprise:</u> Any entity owned by one or more real or legal person(s) and engaged in an economic activity, irrespective of its legal form.

According to their relationship with other enterprises in terms of holdings of capital or voting rights, concerning the aim of calculating staff numbers and financial amounts (annual turnover, annual balance sheet), there are three types of enterprises:

- Autonomous enterprises
- Partner enterprises
- Linked enterprises

<u>SME:</u> Economic entities, which employ less than 250 persons and which have an annual turnover or an annual balance sheet not exceeding 25 Million YTL (15.15 Million Euro)[1].

[1] 1 Euro : 1,65 YTL

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM III: SME AND ENTERPRISE POLICIES

Enterprise Categories

Micro Enterprise: Enterprises which employ annually less than 10 employees and which have an annual balance sheet or an annual turnover not exceeding 1 Million YTL (606,024 Euro)

Small Sized Enterprise: Enterprises which employ less than 50 employees and which have an annual balance sheet or an annual turnover not exceeding 5 Million YTL (3.03 Million Euro)

Medium Sized Enterprise: Enterprises which employ less than 250 employees and which have an annual balance sheet or an annual turnover not exceeding 25 Million YTL (15.15 Million Euro)

Declaration

There is a declaration attached to the By-Law. Enterprises fill the declaration including information on the qualification of an enterprise as an SME.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM IX: PHARMACEUTICALS

TO WHAT EXTENT, IF AT ALL, DOES THE ASSESSMENT OF RELATIVE EFFECTIVENESS OF MEDICINES (I.E. CLINICAL AND COST COMPARISON WITH EXISTING MEDICINES ON THE MARKET) PLAY A PART IN THE NATIONAL SCHEMES?

The assessment of the relative effectiveness of medicines have a major effect on the national health schemes, due to the fact that reimbursement institutions is the largest buyer of pharmaceutical products. This is an necessity because of the restricted public financial sources.

Clinical and price based assessments of pharmaceuticals are carried out by the Ministry of Health and prices are determined. Reimbursement is performed by the institutions affiliated to two ministries;

- Ministry of Finance:
    - Retirement Fund
- Ministry of Labour and Social Security
    - Social Insurance Institution for Tradesmen and Craftsmen and Other Self Employed (Bag-Kur)
    - Social Insurance Institution (SSK).

These reimbursement institutions decide on whether a pharmaceutical to be included in the reimbursement list, by taking into account the Ministry of Health’s opinion. Advisory Commissions and technical staff of above-mentioned institutions form opinion for reimbursement according to the assessment of the relative effectiveness of medicines.

WHAT GOVERNMENT, OR GOVERNMENT-FUNDED, SCHEMES EXIST TO GIVE INFORMATION TO PATIENTS/CITIZENS ABOUT MEDICINES?

There are three public information system about medicines.

– Internet based:
  - MoH, SABEM (Health Information System), www.sabem.saglik.gov.tr
  - MoH, DG-Pharmaceuticals and Pharmacy, iegm@saglik.gov.tr.

– Phone based:
  - MoH, Poison Information System – 0 800 314 79 00.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XII: CONSTRUCTION SECTOR

WHAT IS YOUR POLICY AGENDA FOR IMPROVING THE COMPETITIVENESS OF THE CONSTRUCTION INDUSTRY AT NATIONAL LEVEL?

The policy implemented over the decades on the construction sector has been to foster a fully liberal approach without bringing restrictions or legislative burdens to the actors. However, the recent earthquakes showed the requirement for stricter control over the constructions. This has led to the issue of legislation on building inspection. Also, the Contractors' Association has focused on improving the image of the contractors at the public opinion.

The Earthquake Summit gathered in 2004 by the Ministry of Public Works and Settlement having consultation with all the relevant parties proposed the preparation of a new Buildings Law which is under progress. One other major proposal has been that the qualifications of engineers and architects must be upgraded along with the companies.

The policy initiatives are focused mainly to set the minimum requirements of both the buildings and the sector actors.

WHAT ARE THE MOST RECENT INITIATIVES ESPECIALLY CONCERNING PRODUCTIVITY MEASUREMENT, LIFE CYCLE COSTING, PROJECT PARTNERING, INSURANCE AND LIABILITY REGIMES, IMPROVING SKILLS?

With the enforcement of the Public Procurement Law No 4734, since 1 January 2003, public contracting sector is affected as such:

- The contracting of the works, which do not have final projects and budgets, is not permitted. In this way, provisions regulating the period after the signing of the contract are simplified. Also, the durations of the construction phase of the projects are reduced which brought a scale of economy to the contractors.
- The former certification system for the contractors (carnet) that replaced with the prequalification system has been abolished. However, this has left the contractors without any regulation at all. Therefore, it is required to regulate the contractors' conditions of entering into the market regardless of public or private buildings.
- Since there is no regulation for the management costs of the facilities or the life cycle costing of the buildings, the lowest bid is preferred in the evaluation of the economically most advantageous offer. However, within the scope of the existing building regulations, the provisions on preparing projects, selection of materials and execution are strong derives in terms of the minimum production quality. With the amendments on the earthquake regulation, along with increasing the earthquake resistance of the buildings, their durability is also provided.

With the enforcement of the Building Inspection Law No 4708, in force since 13.08.2001:

- It is aimed to increase the quality of the works in general, through a mandatory project control before the work begins and continuous control of the work at the site.
- There are studies under progress to spread the pilot implementations of 19 provinces to countrywide and to all buildings.

Within the scope of the Law No 4703, on the Preparation and Implementation of the Technical Legislation on Products, in force since 11 January 2002:

- 89/106/EEC CPD was transposed. It is expected that the products incorporated in the buildings will meet the minimum safety criteria.
- Mechanisms have been defined to put innovative products into the market.

Draft Law on National Professional Qualifications is at the Grand National Assembly:

- Defining and certifying the professional qualifications and the training of the professionals will be institutionalised.
- Ministry of National Education has started a five-year project of "Strengthening the Vocational Education and Training (SVET)" with the European Commission (total budget: € 58.2 million).

Insurance is dealt with several provisions:

- The all-risk insurance of the execution period of the public works is mandatory (Law on Public Procurement).
- Mandatory earthquake insurance is provided with the foundation of "the Institute of Natural Disasters Insurance",

WHAT KIND OF DIALOGUE MECHANISMS DO YOU HAVE WITH THE NATIONAL CONSTRUCTION IN

Dialogue with sector has also gained a new perspective by referring to the European level:

- Technical Committee on Construction Products is established for the purpose of consultation with the sector in relation to the Construction Products Directive.
- The Board of Coordination on Contracting, Engineering and Consulting on Abroad is an institutionalised consultation mechanism that reports to the Minister responsible from Foreign Trade.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XIII: AEROSPACE

COULD YOU DESCRIBE POSSIBLE ALREADY EXISTING PARTICIPATION / COOPERATION OF COMPANIES / ASSOCIATIONS / MINISTRIES WITH THE EU AEROSPACE INDUSTRY (E.G. PARTICIPATION IN EU R&D PROGRAMMES, POSSIBLE LINK OF NATIONAL INDUSTRY ASSOCIATION TO EUROPEAN ASSOCIATION ETC)?

1 . Under the EU 6th Framework Programme (FP6), there are two projects that Turkish organisations have participated in:

- **ALCAS**-Advanced Low-Cost Aircraft Structures-TUSAS Aerospace Industries (TAI)
- **Turnex**- Turbomachinery Noise Radiation through the Engine Exhaust– Middle East Technical University (METU)

2 . There are ongoing partnership projects with European companies:

- **A400M TRANSPORT AIRCRAFT (TAI)**
  - Partnership with Airbus Military S.L.
  - 10/180 Aircrafts
  - 7.15% of the Structural Package (middle fuselage, emergency windows, doors, upper-rear fuselage)
  - 1.26% of the System Package (lighting system, disposal system)
- **AB139 HELICOPTER PROJECT (TAI)**
  - Partnership with Agusta
  - 250 AB319 helicopter fuselage within next 12 years
- **MANUFACTURING OF FUSELAGE PANELS FOR AIRBUS (TAI)**
  - Partnership with EADS-CASA
  - 300 sets of fuselage panel for A319/320/321 aircrafts
  - 105 sets submitted
- **PARTNERSHIP WITH EADS-DEUTSCHLAND FOR DETAIL PARTS MANUFACTURING (TAI)**
  - Partnership with EADS-Deutschland
  - Manufacturing of 21,538 parts
  - 17,480 parts submitted

- **MANUFACTURING OF CN-235 LANDING GEAR AND ENGINE CARRIER (TAI)**
  - Partnership with EADS-CASA
  - Manufacturing of landing gear and engine carrier
- **MANUFACTURING OF EC-135 REAR DOORS AND ENGINE COWLINGS (TAI)**
  - Partnership with Eurocopter
  - 405 sets of order
  - 398 sets submitted
- **A400M AIRCRAFT TP400 ENGINE PROJECT- TUSAS Engine Industry (TEI)**
  - Partnership with ITP (Industria de Turbo Propulsores SA) from Spain
  - Participated in the program as a Risk and Revenue Sharing Partner with ITP
  - Design responsibility and the sole manufacturer of the following TP400 Engine Modules :
    - Front Bearing Structure
    - Primary Nozzle
    - Special Test Equipment

3 . Turkey is a member of

- Joint Aviation Authorities
- European Civil Aviation Conference
- European Organisation for the Safety of Air Navigation (EUROCONTROL)

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XIV : MARITIME INDUSTRIES

WHICH OF THE ISSUES RAISED IN LEADERSHIP 2015 DO CONCERN YOU AND HOW DO YOU INTEND TO DEAL WITH THE RECOMMENDATIONS MADE?

Turkey participated in all international shipbuilding agreement meetings at OECD level and supported the establishment of a fair play in the World, together with effective remedy measures in case of non-compliance with the obligations.

Turkish Shipbuilding industry is also effected in a negative manner from the Far East shipyards. Turkish shipbuilders are aware of that research, development and innovation (RDI) is a key to strengthening competitiveness, but could not invest sufficient amount of their turnover in the field of RDI. On the other hand, Turkish shipbuilders also have to compete internationally, like their European counterparts, through advanced technological solutions and would like to benefit from related RDI funds.

Turkish authorities also pay particular attention to the finance problem due to changeable, volatile and capital intensive characteristics of the shipbuilding industry. Shipbuilding projects are capital-intensive, but Turkish yards have difficulties in reaching sufficient financing.

To deal with the recommendations of LeaderSHIP 2015, Turkey would like to establish further co-operation with EU, develop exchange of know-how and staff, and cooperate on RDI and finance fields.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XVII: TOURISM

WHAT ARE THE MAIN PRIORITIES WITH REGARD TO TOURISM DEVELOPMENT?

Tourism sector with its multidisciplinary character requires strategies to be adapted as a part of contemporary developments. In recent National Development Plans and Annual Programmes, emphasis on tourism policy began to shift to sustainability and to improving less developed areas, and improved quality both in facility and services.

In this respect, the main priorities of tourism development as stated in the 2006 Annual Programme are:

- geographical and seasonal diversification of tourism activities,
- planning, directing and implementing investments within the concept of sustainability,
- increasing the share of Turkish tourism in the international market.

Geographical and Seasonal Diversification of Tourism Activities

Turkey is located on the land with the legacy of many civilisations dating back to 8000 B.C. The historical and cultural assets coupled with remarkable natural resources and amazing climatic conditions make her one of the most sought after destinations offering tourists a variety of rewarding travel experience.

The country has gone under an extraordinary transformation since early 1980s creating a lucrative economic sector of travel and tourism where the built environment compliments the natural and cultural environment in a most imaginative way.

Since the start of the new millennium Turkey has placed greater emphasis on tourism diversification and sustainability. Destination based tourism development and promotion strategy is in line with this policy and promotes sustainability in terms of both contributing local economic development and reducing regional concentration of tourism activities.

One of the main tools for diversification of tourism is “Culture and Tourism Protection and Development Regions (CTPDRs)”, which are identified within the Tourism Encouragement Law No 2634. CTPDRs are declared by the Council of Ministers upon the proposal of Ministry of Culture and Tourism (MoCT) and take into account the country’s natural, historical, archaeological and socio-cultural tourism assets and her potential for winter, hunting and water sports including a number of other types of tourism.

Within this context, 85 Coastal Tourism Regions, 34 Health, Wellness and Thermal Tourism Centres, 19 Winter Sports Tourism Centres, 25 Highland Tourism Centres have been declared up to date. In terms of other types of tourism, alternatives such as Faith, Congress, Golf, Yachting, Air Sports, and Mountaineering are offered in different regions of Turkey.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XVII: TOURISM

Planning, Directing and Implementing Investments within the Concept of Sustainability

Natural and cultural values are the essential sources of tourism. Being aware of this fact, priority has been given to the protection and utilisation of the natural, historical, social and cultural resources in a sustainable manner. Planning is the most important tool for ensuring the sustainable tourism development. The MoCT has the authority for the planning and endorsement of the land-use plans for tourism investments in Culture and Tourism Preservation and Development Regions.

Sustainable tourism development requires consciousness, awareness and commitment at both local and national level. In this respect, new destination development projects are carried out by the MoCT with the participation of stakeholders, such as public institutions, local authorities and municipalities, NGOs, private sector representatives and universities. The aim of these projects is to transform historical, cultural and natural resources of different areas into tourism products with certain investments in a sustainable manner. Local initiatives and participation of stakeholders within the concept of governance play crucial roles in these projects.

MoCT also supports the infrastructure investments of the Municipalities annually for the improvement of the infrastructure of the less developed regions close to the concentrated tourism regions. Tourism is regarded as one of the important tools for local economic development of less developed regions in the National Development Plans and Annual Programmes.

Tourism Encouragement Law amended by the Law no 4957 in 2003. The Law foresees a new model for land development and land allocation. This model combines planning authority (MoCT) and the private investors together in a new governance concept in which the role of the state is diminished and private sector initiation is increased.

This model will be carried out through a series of planning studies on CTPDRs. Tourism Development Regions (TDRs) are determined after the planning studies. TDRs are planned to allow optimum land use among various tourism activities such as golf courses, marinas, accommodation facilities, meeting & exhibition centres, vacation houses, shopping centres, health, wellness and education facilities in one region, which are divided into zones and sub-zones for potential investors. Potential investors will propose their financing, organisational and management models for their interested sub-zones.

Increasing Share of Turkish Tourism in the International Market

Another priority for Turkish tourism sector is to increase the share received from the world tourism revenues. Within this aim, measures shall be taken towards extension of the tourism season throughout the year and to potential regions while creating new tourism areas by taking into account the changing consumer preferences.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XVII: TOURISM

ARE THERE RELIABLE INSTRUMENTS FOR MONITORING THE TOURISM STRUCTURE, TOURISM FLOWS AND THE PERFORMANCE OF TOURISM BUSINESS?

Tourism Statistics is one of the most important instruments for monitoring the tourism structure, the performance of tourism business and tourism flows. The statistical studies are carried out by Turkish Statistical Institute (TURKSTAT) in cooperation with MoCT. MoCT provides data in line with the methodologies employed by Eurostat, OECD and UNWTO.

MoCT collects the Accommodation Statistics and the information gathered through questionnaires applied to foreign visitors and Turkish Citizens living abroad for <u>monitoring tourism structure and the performance of tourism business.</u>

The Accommodation Statistics include information on average length of stay, number of arrivals, nights spent and occupancy rates for various accommodation establishments (hotel, motel, boarding houses, holiday villages, camping, apart hotel, thermal tourism establishments, golf establishments etc.)

Travel Agency Statistics are collected on the basis of agency groups and the provinces where they operate. Information concerning travel agency operations is provided by TÜRSAB (Association of Turkish Travel Agencies) upon the Ministry's request.

Yachting Statistics cover the distribution of yachts by their flags, the traffic of the Flag Q Yachts in Turkish Ports, distribution of the yachtsmen and the crew members of the yachts arrived at Turkish Ports and the length of stays, the number of yachts, yearly distribution of the yachts arrived at Turkish Ports, by their LOAs (length of the yacht), flags and types.

The information gathered on departure through questionnaires applied to foreign visitors and Turkish Citizens living abroad is another important tool for monitoring tourism structure and the performance of tourism business. The data includes; visitor profile (age, sex, profession, education), characteristics of journey (purpose of travel, place of accommodation, type of the facility, number of nights spent, expenditures etc.). This survey is carried out in cooperation with MoCT, TURKSTAT and Central Bank.

MoCT monitors the <u>Tourism Flows</u>, in addition to the above mentioned data, according to the number of arrivals and departures of excursionists, foreign visitors and citizens. This data is obtained from The Passport Police of The General Directorate of Security. Also the information related to market trends and the current reservation levels are received through our offices abroad. The necessary steps are taken in the light of these data with respect to policies, programmes etc.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XVII: TOURISM

WHAT IS THE PLACE OF TOURISM IN THE CONTEXT OF GENERAL ECONOMIC DEVELOPMENT PLANS AND IN THE REFORM OF THE ADMINISTRATIVE AND LEGAL FRAMEWORK?

Proper consideration is given to the Tourism sector in national development plans and annual programs under a specific title. Public authorities, private sector, non-governmental organisations and universities are participants of tourism ad-hoc Committee in the preparation of the national development plans.

These national plans are prepared within the structure of State Planning Organisation in line with the reports of ad-hoc committees. In the last (8^{th}) five-year development plan covering the period of 2001–2005, tourism was placed under a specific title namely “Tourism and Promotion” within the Chapter 7 on “Development Objectives and Policies Related to Social and Economic Sectors”. In this plan, the basic objective of tourism industry is stated as to increase the share in the world tourism revenues. The following measures were deemed necessary:

- to extend tourism season throughout the year by creating new areas of tourism based on the changing consumer preferences and to the regions with potential not yet fully explored,
- to pay maximum attention to ensure that all the investments in tourism sector are planned with an approach protecting and developing natural, historical and social environment,
- to improve the qualifications of the labour force and harmonisation with international standards at tourism enterprises.

In the 8^{th} 5 Year Development Plan, under the heading of tourism, administrative and legal structure has been planned to be restructured. Reorganisation of the Ministry of Tourism has been proposed in order to adapt itself to social, cultural and technological changes.

The Ministry of Culture and Ministry of Tourism were joined by the Law No 4848 on Organisation and Duties of the Ministry of Culture and Tourism. The two Ministries were joined in order to reduce the number and size of the government institutions and to achieve efficiency and effectiveness in providing public services. Also, the idea is that the conservation of cultural and natural assets provides the base for the promotion of tourism. The basic objectives of the Law 4848 are to utilise all suitable tourism resources of the country contributing to the economy, to take necessary measures in order to enhance, market, promote and support tourism, to provide guidance to and cooperate with the related public institutions about the issues of culture and tourism, to improve the dialogue with local authorities, NGOs and private sector.

In the Annual Programme for the year 2006, the main goal is specified as to develop a structure rising the quality, aiming at the groups with high income by diversifying tourism products and the marketing strategies, protecting and making the natural resources sustainable.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XVII: TOURISM

In the 2006 Programme, tourism sector is expected to reflect dynamic characteristics of globalisation. In these programs, the aim of tourism sector is to have a structure, leading to quality improvement and attracting high income groups through product diversification and marketing strategies designed to protect and make natural and historical resources sustainable.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XX: TEXTILES AND CLOTHING INDUSTRY

WHAT IS YOUR INDUSTRIAL STRATEGY IN TEXTILES AND CLOTHING?

Strategy regarding traditional sectors (which also includes textiles and clothing) and strategy for textiles and clothing in the 8th Five Year Development Plan (2001-2005):

- Competitiveness of traditional industries will be enhanced.
- In the textile sector, special importance shall be given to design, collection type production, promotion and marketing activities, in order to gain a greater share from the world markets by protecting competitiveness, utilising idle capacities and diversification of the market in an environment where competition will further increase with the liberalisation of the world textiles and clothing trade by the year 2005. Taking into account that creating trademarks within a short time has its difficulties, it is of utmost importance to create an image of high quality Turkish goods at first.

Textile and clothing sector specific policy in the Medium Term Programme (2006-2008):

- Appropriate measures will be taken to minimise the adverse effects of quota removal in the year 2005.

The measures in the 2006 Annual Programme regarding textiles and clothing industry:

- For improving exports with high value added products in the textile sector, new product development, marketing, design, branding and R&D activities will be encouraged. Training and education activities will be conducted for these issues.
- Participation to Euro-Med Dialogue Group,
- Application of quotas and anti-damping measures will be continued in line with WTO rules.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XX: TEXTILES AND CLOTHING INDUSTRY

WHICH POLICY INSTRUMENTS DO YOU APPLY TO STRENGTHEN THE COMPETITIVENESS OF THE SECTOR?

- Textiles and clothing industry can benefit from public support programmes and general industrial policy measures.

- Textiles and Clothing Industry Ad-Hoc Committee is established within the framework of the preparation activities for 9th Development Plan. Committee consists of representatives from various academic, public and private institutions to make recommendations for improving the competitiveness of the sector. Committee held several meetings and the final report is still under preparation.

- Fashion and Textile Cluster Project is being implemented by Undersecretariat for Foreign Trade and ITKIB (Istanbul Textile and Apparel Exporters' Association) as the beneficiary with the aim of improving networking and competitiveness of the SMEs active in the textiles and clothing sector. Project has started at the beginning of 2005 and will be completed in 2007. 11,5 million Euro of 13 million Euro total budget is financed by the EU.

- Safeguard measures were taken to minimise the adverse effects of the surging imports from China at the domestic market (Official Gazette: 31 December 2004, No: 25687). 42 categories of textiles and clothing products were subject to quota for the year 2005 (Official Gazette: 9 January 2005, No: 25695). Quotas are also still applied to some non-WTO countries. For the year 2006, the quota category number is increased to 44 (Official Gazette: 17 December 2005, No: 26026).

- There are also some other projects implemented by Small and Medium Industry Development Organisation (KOSGEB) with specific focus on textiles and clothing industry supported by the EU. These projects are; "Vocational Training for Clothing Industry", "Fashion Net", "Fashion to Future", and "Environmental Standards for the Textile Industry".

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XXI: FOREST INDUSTRY

DO YOU HAVE LEGISLATION CONCERNING FORESTRY AND ITS INDUSTRIAL SECTORS IN DIFFERENT FIELDS SUCH AS WOOD PROCUREMENT CONDITIONS, MANDATORY STANDARDS, TRADE CONSTRAINTS, ETC.?

Forest resources and lands are protected, managed and utilised according to the rules, principles and guidelines set by the forest legislation which comprises a number of laws, regulations, by-laws, communiqués and circulars.

Article 169 and Article 170, in the Turkish Constitution, deal directly with the overall framework of the management and development of forestry issues.

Article 169 states that forest boundaries shall not be a subject to restricting and shifting to any land use purposes other than forest and state forests shall be managed and utilised by the State so as to meet public demands in today and in the future. Additionally, the article states that offences committed to intention of any kind of damage to forests such as burning, destroying or reducing forest areas and also political propaganda leading such actions shall not be included within the scope of amnesties or pardons on other occasions.

The necessity of effective co-operation between State and the inhabitants of forest villages is enforced by the Article 170. It indicates that suitable measures shall be introduced by a Law in terms of surveillance and utilisation, for the purpose of improvement of the living conditions of forest villages.

The Forest Law No 6831 constitutes the backbone of forest legislation.

For further encouraging and supporting of local communities, involvement of private sector and public institutions and agencies in afforestation and erosion control activities in forests, other public lands and private lands, as well as for proving sustainable revenues to the Afforestation Fund, the National Afforestation and Erosion Control Mobilisation Law No 4122 was enacted in 1995.

The National Parks Law No 2873 came into force in 1983, sets principles and guidelines for designation, establishment, planning, management and conservation of national parks and other protected areas (nature parks, natural monuments, nature reserves, wildlife reserves), being implemented by the Ministry of Environment and Forestry (MoEF).

The Land Hunting Law No 4915, the Law on Development of Forest Villagers No 2924 are the other major laws that put forward the general outlines of the subject specific forestry aspects.

Organisation laws of MoEF and General Directorate of Forestry (GDF) (No 4856 and 3234 respectively) deal with the responsibilities, duties and organisational matters.

There are more than 17 laws indirectly involve forestry related issues.

Under the forest laws, various regulations, by-laws, communiqués and circulars are prepared and implemented by MoEF and GDF, providing detailed principles and guidelines for the implementation of different forestry programmes and activities.

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XXI: FOREST INDUSTRY

Amongst the important regulations are the Forest Management Planing Regulation, Revolving Capital Budget Regulation, Forest Cadastre Regulation, Forest Villages Development Regulation, Afforestation Fund Regulation, National Parks Fund Regulation, The Regulation about Duties and Working for Central and Field Organisation of MoEF and GDF, etc.

Wood procurement conditions are also based on the legislation implemented by GDF.

DO YOU HAVE STUDIES OR POLICY GUIDELINES BY SECTOR ON THE ECONOMIC AND JURIDICAL STRUCTURE OF FORESTRY AND ITS SECTORS?

All of the sector policies have been articulated in Development Plans in Turkey. These plans give general framework policies, strategies and targets for forestry and its sectors as well as other sectors.

Forestry policies in these plans have traditionally been protection of forest areas, sustainable provision of industrial and fuel wood to meet the domestic demand, provision of non-wood products, afforestation, rehabilitation and reclamation of degraded forest areas, range improvement, erosion control, establishing green-belts, establishing and expanding national parks and protected areas, protecting wild-life, providing social services such as recreation, hunting, eco-tourism etc. and also contributing to the rural economy to decrease their pressure on forests.

8^{th} Five Year Development Plan highlights ecosystem approach for forestry under five principles which are:

- Sustainability,
- Multi-use,
- Participation,
- Protection of biodiversity,
- Contribution to the development and stabilisation of community.
- The elements of forestry policy, within this frame, listed as follows :
- Protecting of forest areas and their integrity.
- Protecting of biodiversity and expanding the protected areas.
- Developing and updating forest management plans based on the Sustainable Forest Management and varying public demand and the capacity of the forests.
- Reforestation for environmental, economic and social purposes; rehabilitation of degraded forests; and consideration of benefits of local communities in these activities.
- Increasing institutional capacities to combat against biotic and abiotic harmful agents.
- Training of forest workers and provision and development of ergonomic work conditions.
- Strengthening research in environmental and socio-economic issues.

- Strengthening cooperation between forestry and civil society organisations.
- Adapting to EU, working toward establishing certification and green labelling.

Turkish "National Forest Programme" has been developed with the involvement of all interested parties including forest villagers, non-governmental organisations (NGOs), academicians, sector representatives, other related governmental agencies etc. At all stages of the development process of the programme, participation of all stakeholders has been ensured and their views and proposals incorporated into the final report.

The programme undertakes a review of the current situation of Turkish Forestry. According to the programme, the main policy for promoting sustainable forest management is multi-purpose forest management under ecosystem approach.

National Forest Programme contains 31 policies, 57 strategies and 146 proposals for action. 40 proposals for action were identified as long-term proposals (2004-2023) and the remaining as short-term (2004-2009) proposals.

Considering the ongoing globalisation, acknowledging also the opportunities and concerns related to it, and within the frame of the Development Plan and the National Forestry Program, the main objectives and goals can be outlined as follows:

- Solution of the ownership conflicts of Turkish Forestry
- Conservation and wise management of biological diversity in forested lands
- Resilient and sustainable production of wood and non-wood products
- Competitive and strong forestry industry
- Sustaining and developing the contribution of forests to rural communities
- More wide use of social functions of forests
- Improved information on, and awareness of, forestry issues
- Participatory and transparent forest management planning system
- Improved cross sectoral relations
- Sustainable Forest Management

SCREENING CHAPTER 20
ENTERPRISE AND INDUSTRIAL POLICY

AGENDA ITEM XXI: FOREST INDUSTRY

WHO ARE THE MAIN ADDRESSES OF PUBLIC AND PRIVATE INSTITUTIONS OR BODIES RELATED TO DIFFERENT SECTORS SUCH AS MINISTRIES, PRODUCERS ASSOCIATIONS, SECTOR TRADE UNIONS, RESEARCH INSTITUTES, EXPORTERS ASSOCIATIONS, ETC.?

Public Sector

Ministry of Environment and Forestry (MoEF) is primarily responsible for the forestry activities over the country. It is the unique organisation responsible for conservation, management and sustainable development of all forest resources in conjunction with legal norms, management plans and the development goals.

Ministry of Industry and Trade is responsible for domestic market related issues and coordination of Organised Industrial Zones and Small Industrial Estates where forest-based industry related firms operate.

MoEF carries out its responsibilities through central and provincial organisations. The organisation structure is composed of headquarters and General Directorates at the central level and regionally founded subject-basis field units.

GDF is responsible for the overall economic management (protection, production, transportation, storage and marketing) of the forests.

GDF has 10 departments and 49 divisions in its central organisation and 27 regional directorates, 217 forest districts, 1309 chief offices (sub-district office) in the provisional organisation.

The General Directorate of Afforestation and Erosion Control has the primary responsibility for afforestation of all classes of land, particularly eroded and degraded forest areas, and including sand dunes, urban green belts, eroded gullies and shelterbelts.

The General Directorate of Village and Forest Relations was established with the aim of reducing the conflicts between forestry sector and forest villages by assisting them through credits, loans facilities for income generating and small-scale enterprises. The ultimate function of the General Directorate’s activities are to increase the life standards of forest villages and so as to reduce forest-dependence and pressure on the state forests.

The General Directorate of Nature Protection and National Parks is responsible for establishment, planning and management of national parks and other protected areas with the aim of creating an awareness of the natural and cultural environment and of conservation on the country's biodiversity, and providing facilities for entertainment, education and science, relaxation in a natural environment.

AGENDA ITEM XXI: FOREST INDUSTRY

Research Institutions / Faculties

Research studies on forestry have been carried out by the research directorates of MoEF, forest faculties, other universities and NGOs. There are 11 Research Institutions under MEF at present, 8 of them are regional (Central Anatolia, Eastern Black Sea, Western Black Sea, Aegean, Western Mediterranean, Eastern Mediterranean, Eastern Anatolia, South Eastern Anatolia Forestry Research Directorates), while 3 are Subject Research Directorates which serve all over the country (Poplar and Fast growing Forest Trees Research Directorate, Forest Soil and Ecology Research Directorate and Research Institute for Forest Trees and Seeds Improvement).

These forestry research activities have been coordinated by Research and Development Department of MoEF.

There are 9 Faculties of Forestry. The specialisation fields are forest engineering, forest industry engineering and landscape engineering. Post graduate studies are carried out under many different programmes.

Private Owners And Industry Associations & NGOs

- Turkish Pulp and Paper Industry Foundation
- Turkish Corrugated Board Industrialists’ Association
- Packaging Manufacturers Association
- Chipboard Industrialists’ Association
- Paper-carton Packaging Manufacturers Association
- Forest-based Products Manufacturers, Importers and Exporters Associations
- Furniture Industrialists’ Association
- Office Furnitures Industry and Businessmen’s Asssociation
- Association of Wooden Kitchen and Bathroom Furniture Manufacturer's and Importers
- The Wood Products Employers' Association of Turkey
- The Cellulose, Paper and Paper Products Industry Employers' Association of Turkey
- Turkish Timber Association
- Central Union of Turkish Forestry Cooperatives (ORKOOP)
- Turkish Association for the Conservation of Nature (TTKD)
- Development Foundation of Turkey (TKV)
- Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats (TEMA)
- Environment Foundation of Turkey (TCV)
- Chamber of Forest Engineers (TMMOB-OMO)
- The Foresters’ Association of Turkey (TOD)
- Nature Life Protection Foundation-Turkey (WWF-Turkey)

AGENDA ITEM XXI: FOREST INDUSTRY

- Turkish Federation of Woodworkers

They play an effective role in the management of forest related policies and market issues.

NGO's are strengthening their positions and taking role in almost all forestry event.

Their basic objectives are:

- Promotion of public awareness on the conservation of wildlife and other natural resources by training, publications, campaigns, etc.
- Combating erosion, reforestation, project implementation on relevant fields, etc.

AGENDA ITEM XXI: FOREST INDUSTRY

COULD YOU PROVIDE US WITH STATISTICAL DATA BY SUB-SECTOR, SUCH AS NUMBER OF COMPANIES BY SIZE, PRODUCTION/TURNOVER, NUMBER OF EMPLOYEES, TRADE, ETC.

Turkey's Forests;

- Cover about 27% of total land area
- Generally located on mountainous areas
- Generally semi-natural with high biodiversity value
- More than 9,000 plant species of which 3,000 are endemic
- Almost half of the forested land is degraded and unproductive
- Ownership of over 99% of the forests belongs to the state
- Forested areas are not evenly distributed and some parts of the country are totally poor of forest resources.
- About 15% of Turkey's population lives in forest or forest-neighbouring villages where forest resources make a vital contribution livelihood of local communities whose daily life are highly dependent on these resources.

Forest Resources

Total Area	21.2 million of ha
Total Volume	1.3 billion of m³
Annual Increment	36 million of m³

Source: MoEF, GDF

Round Wood Production and Consumption

		2003	2004	2005
Industrial Wood (1000 m³)	Production	10 620	11 496	10 800
	Consumption	11 780	13 000	12 800
	Import	1 060	1 750	2 000
Fuel Wood (1000 str)	Production	9 716	9 900	9 800

Source: GDF

AGENDA ITEM XXI: FOREST INDUSTRY

Number of Establishments and Employees

2002	Number of Establishments	Number of Employees
Woodworking Industry	29 055	79 958
Pulp and Paper Industry	2 127	35 724
Printing and Publishing	9 428	45 240
Furniture	29 530	93 847

Source: TURKSTAT (NACE1.1)

Wood processing industries mainly composed of small enterprises, although there are a few integrated medium scale enterprises.

With minor exception, all wood industries belong to private sector. The state-owned wood industry plants and enterprises, including pulp and paper industries, have been privatised since 1993.

Production Values and Shares in Manufacturing

2005	Production Value* (million €)	Share in Total Manufacturing Industry (%)
Woodworking Industry	1 283.2	1.1
Pulp and Paper Industry	2 063.7	1.8
Printing and Publishing	795.7	0.7
Furniture	1 312.2	1.2
TOTAL	5 454.8	4.8

Source: TURKSTAT (ISIC Rev.3)

* *Based on Quarterly Industrial Production Surveys which are applied on large scale manufacturing industry establishments.*

Export

million €	2003	2004	2005
Woodworking Industry	129.2	163.7	198.9
Pulp and Paper Industry	324.3	368.0	449.7
Printing and Publishing	58.8	66.1	85.3
Furniture	381.8	467.1	543.4

Source: TURKSTAT (ISIC Rev.3)

AGENDA ITEM XXI: FOREST INDUSTRY

Import

million €	2003	2004	2005
Woodworking Industry	212.1	322.2	471.9
Pulp and Paper Industry	1 164.7	1 378.7	1 607.7
Printing and Publishing	221.6	226.1	324.0
Furniture	145.9	219.5	279.1

Source: TURKSTAT (ISIC Rev.3)

Shares of Export

2005	In Total Export (%)	EU (15) (%)	EU (25) (%)
Woodworking Industry	0.34	12.7	13.4
Pulp and Paper Industry	0.76	16.3	17.7
Printing and Publishing	0.14	39.7	41.4
Furniture	0.92	48.8	50.7

Source: TURKSTAT (ISIC Rev.3)

Shares of Import

2005	In Total Import (%)	EU (15) (%)	EU (25) (%)
Woodworking Industry	0.51	37.6	40.8
Pulp and Paper Industry	1.72	60.9	63.3
Printing and Publishing	0.35	74.9	75.6
Furniture	0.29	59.5	66.6

Source: TURKSTAT (ISIC Rev.3)

AGENDA ITEM XXI: FOREST INDUSTRY

Labour Productivity

Based on working hours in production, INDEX 1997=100

	2001	2002	2003
Woodworking Industry	127.9	146.5	197.3
Pulp and Paper Industry	143.4	165.6	137.8
Printing and Publishing	89.5	98.6	95.4
Furniture	106.2	92.2	99.7
MANUFACTURING INDUSTRY	103.2	99.3	100.4

Source: National Productivity Centre (ISIC Rev.3)