



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM I: COMMON COMMERCIAL POLICY

**Country Session: The Republic of TURKEY
13 September 2006**

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AGENDA ITEM : COMMON COMMERCIAL POLICY

Introduction: Turkey's Trade Figures

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1. Introduction: Turkey's Trade Figures (1/7)

Turkey in the World 2005

**22nd
biggest
exporter***

- ❑ 19th biggest economy
- ❑ GDP per capita: 8.141 US\$ (PPP)
- ❑ Trade volume: 190 billion US\$
- ❑ Trade to GDP ratio: 63,3%
(incl. commercial services)

**16th
biggest
importer***

❖ **Ranks 12th in commercial services exports***

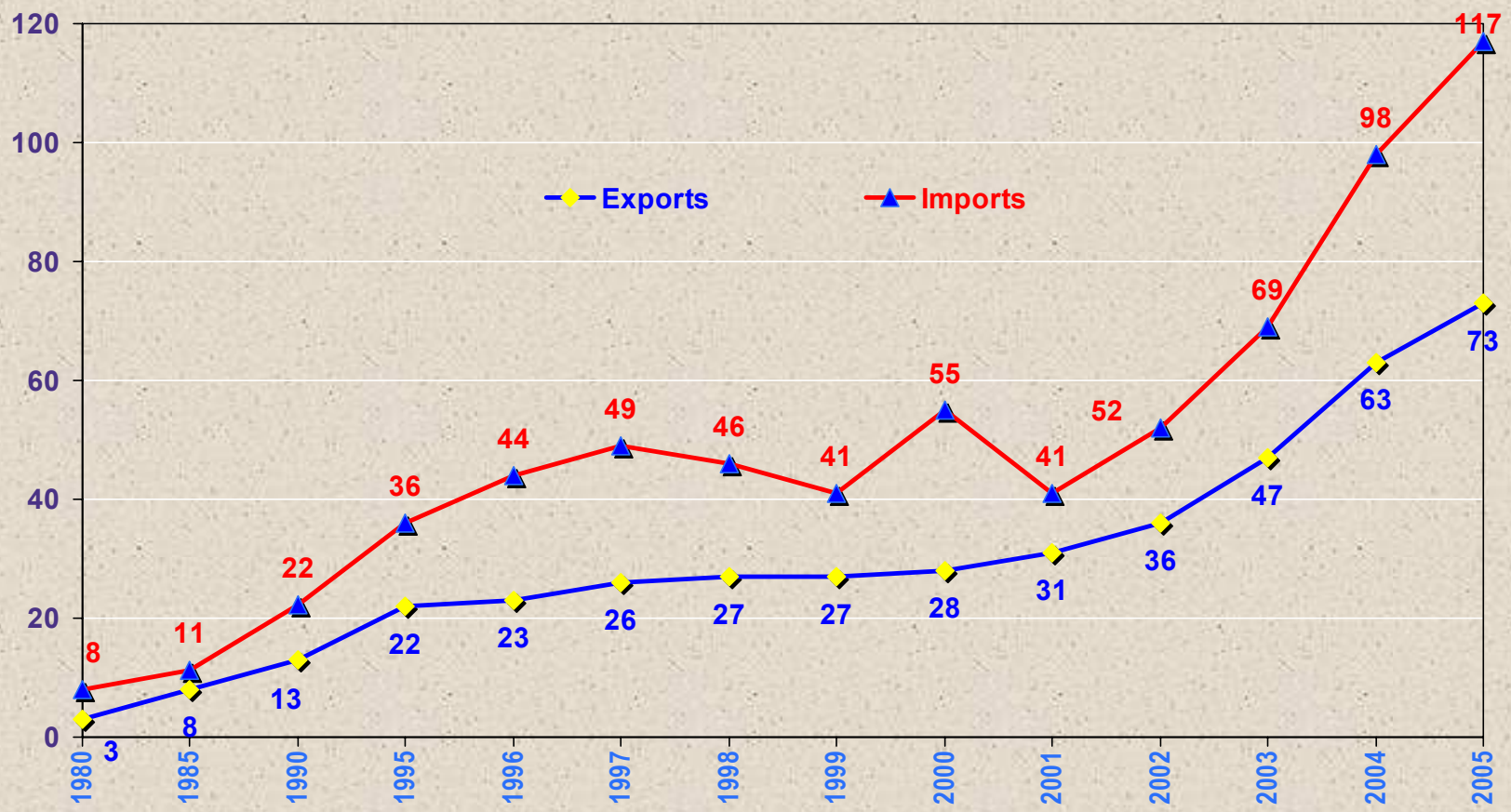
❖ **Ranks 21st in commercial services imports***

(*) EU as single entity

Source: IMF, WTO and TURKSTAT



1. Introduction: Turkey's Trade Figures (2/7)

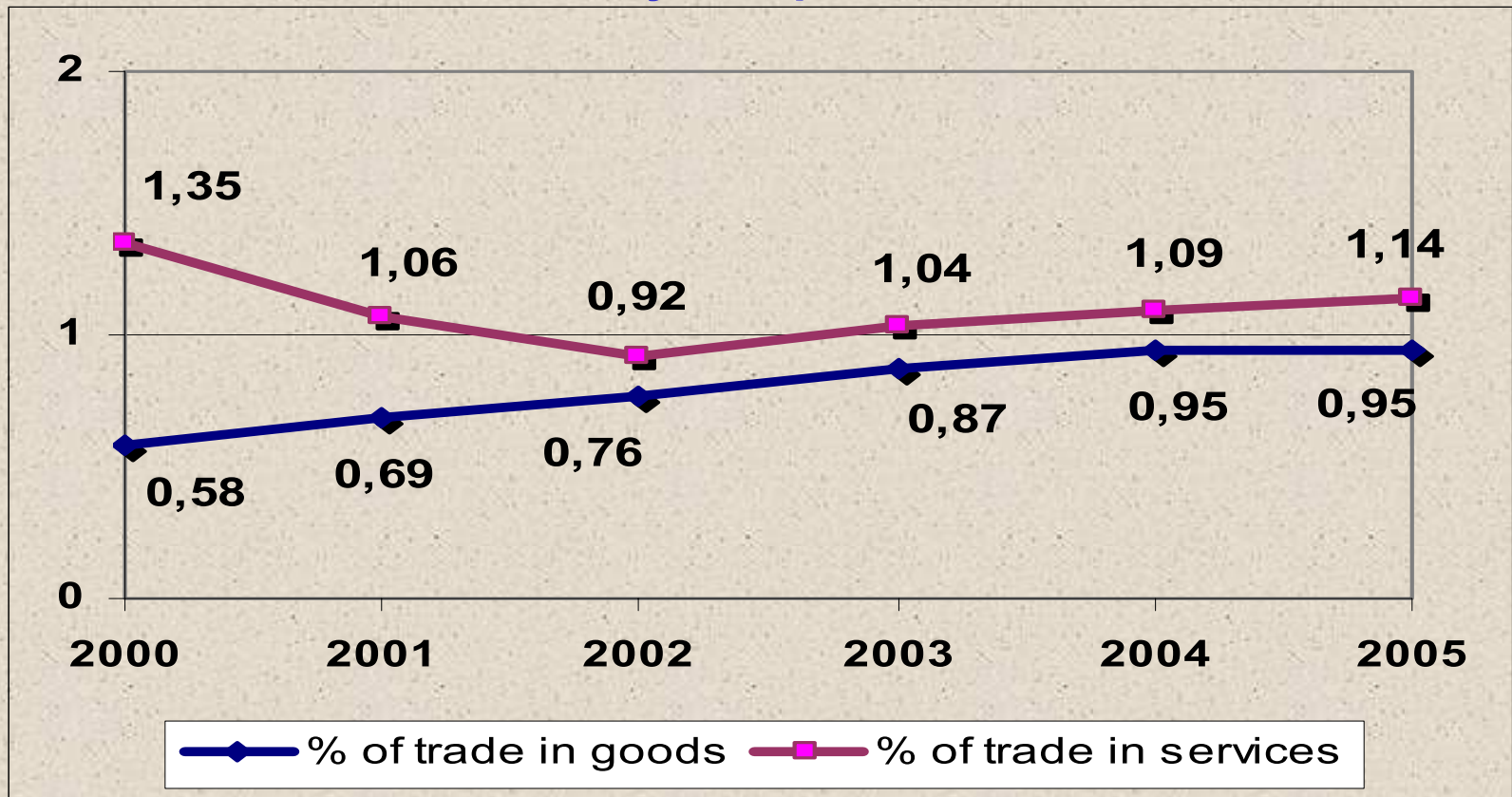


Source: TURKSTAT



1. Introduction: Turkey's Trade Figures (3/7)

Share of Turkey's Exports in the World



Source: WTO



1. Introduction: Turkey's Trade Figures (4/7)

Share of Turkey's Imports in the World



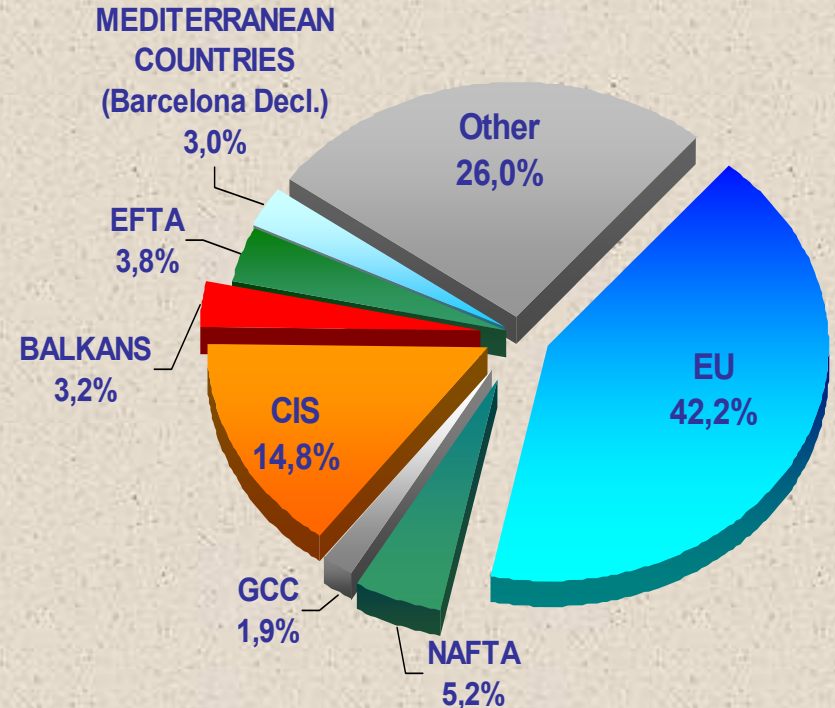
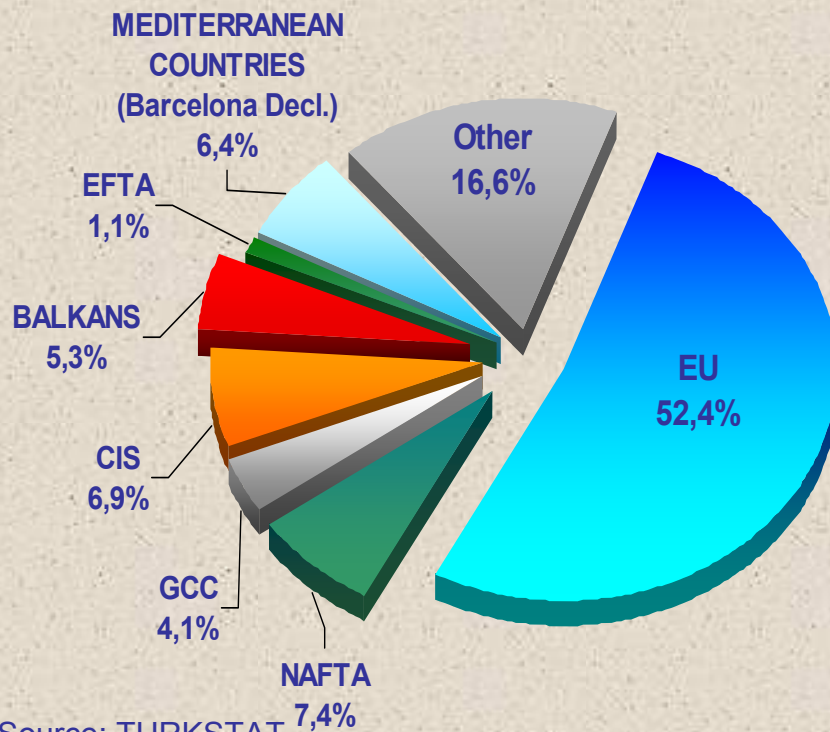
Source: WTO



1. Introduction: Turkey's Trade Figures (5/7)

2005

Exports of Turkey by Country Groups Imports of Turkey by Country Groups

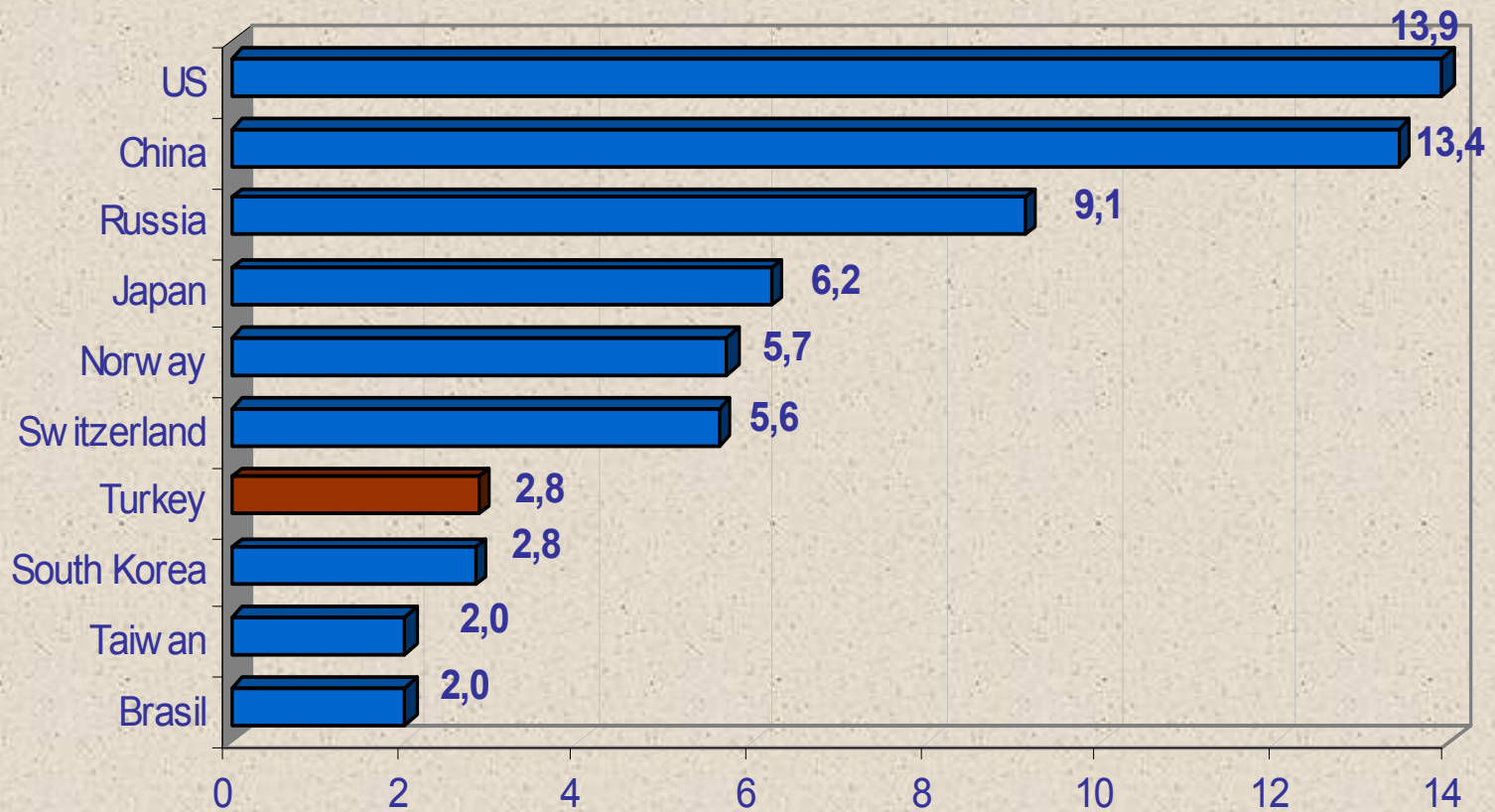


Source: TURKSTAT



1. Introduction: Turkey's Trade Figures (6/7)

Turkey's Share in the EU Imports (2005) (%)

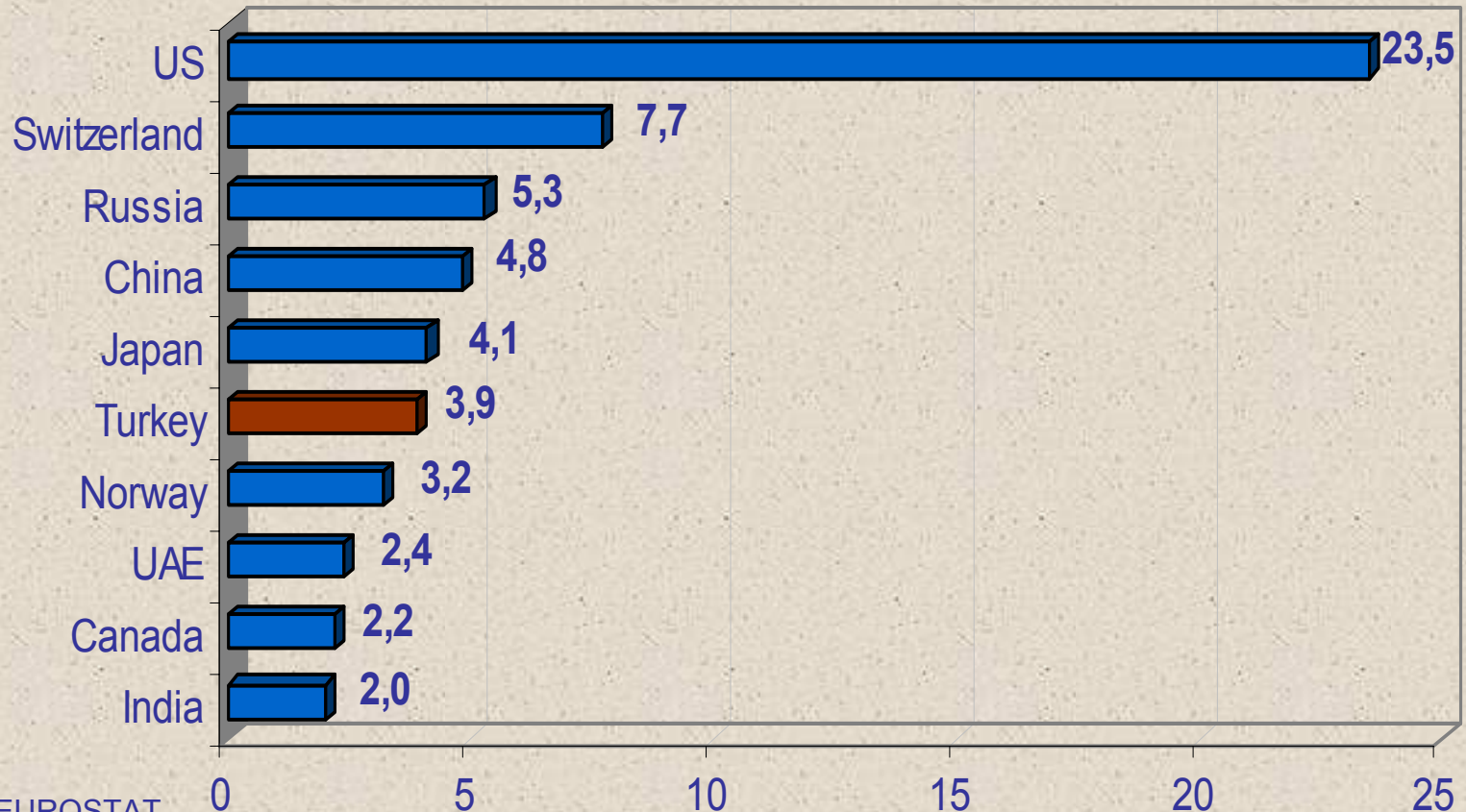


Source: EUROSTAT



1. Introduction: Turkey's Trade Figures (7/7)

Turkey's Share in the EU Exports (2005) (%)





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AGENDA ITEM : COMMON COMMERCIAL POLICY Main Features of Turkey's Trade Policy

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2. Main Features of Turkey's Trade Policy (1/5)

Turkey;

- believes that economic growth is the main driving force behind sustainable development and is an important prerequisite for the maintenance of peace and stability in the world
- attributes importance to sustained economic development and elimination of poverty in the world and especially in its region
- considers international trade activity as an important instrument which contribute to the economic development, peace and stability in the world

2. Main Features of Turkey's Trade Policy (2/5)

- Since 1980 Turkey implements an outward oriented trade policy
- Accordingly, Turkey starting from 1980 left import substitution policy and opened its market by gradually lowering its customs tariffs
- Membership to the WTO and the Customs Union with the EU are Turkey's two major economic involvements determining the direction of foreign trade policies
- As a founding member of the WTO, Turkey acts according to the rules and disciplines of the WTO and is committed to push forward liberalisation in the multilateral arena
- Being a party to the Customs Union, Turkey's trade policies are in line with the Common Commercial Policy of the EU

2. Main Features of Turkey's Trade Policy (3/5)

- Turkey is a party to a number of regional integration agreements, the most important of which is the Customs Union with the EU
- Turkey considers regional integration arrangements as a complementary instrument to the multilateral trading system with positive overall impacts on global trade
- Accordingly Turkey is:
 - ✓ party to the Customs Union with the EU (since 1996)
 - ✓ party to 12 FTAs (10 of which are in force)

2. Main Features of Turkey's Trade Policy (4/5)

Decision No. 1/95 of the Turkey-EC Association Council:

- **Free movement of goods and Commercial Policy (Article 2-23)**
 - Free circulation and elimination of customs duties (Article 4)
 - Elimination of quantitative restrictions (Articles 5-11)
 - Commercial Policy (Article 12)
 - Common Customs Tariff (Articles 13-15)
 - Preferential Tariff Policy (Article 16)
 - ✓ *Preferential Agreements with third countries (Article 16/1)*
 - ✓ *Autonomous regimes (Article 16/1)*
 - ✓ *Identical rules of origin (Article 16/2)*

2. Main Features of Turkey's Trade Policy (5/5)

Dimensions

- ☐ Multilateral
- ☐ Bilateral/Regional
- ☐ Unilateral



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Multilateral Dimension: WTO Related Aspects

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3. Multilateral Dimension: WTO Related Aspects (1/5)

- Member of the GATT (1951)
- Founding member of the WTO (1995)
- Developing country status in the WTO
- Committed to the multilateral rules and principles

3. Multilateral Dimension: WTO Related Aspects (2/5)

□ Turkish Stance at the WTO

- DDA; new market-opening measures synchronised with rules for the creation of a fairer and more competitive international trade system
- Agriculture; elimination of all trade distorting measures, gradual tariff liberalisation and S&D flexibilities
- NAMA; real market access opportunities & improvement in South-South trade
- Trade facilitation; fair, competitive, predictable and transparent trading environment
- Trade in services; progressively higher level of liberalisation with appropriate flexibility for individual developing countries

3. Multilateral Dimension: WTO Related Aspects (3/5)

□ Similarities between Turkey and the EU in the WTO

- Market Access for Industrial Products
- TRIPs
- Trade Facilitation
- WTO Rules
- Environment

□ Turkey's Sensitivities:

- Agriculture
- Services
- Textiles and Clothing

3. Multilateral Dimension: WTO Related Aspects (4/5)

Organisational Structure

- Supreme Council – for coordination among public bodies and NGOs
- Specialised Committees / Working Groups for all areas of negotiation
- NGOs

3. Multilateral Dimension: WTO Related Aspects (5/5)

☐ Responsible bodies for WTO Agreements:

- **GATT** - Undersecretariat for Foreign Trade
- **GATS** - Undersecretariat of Treasury
- **TRIPS Agreement** - Turkish Patent Institute, Ministry of Culture and Tourism, Ministry of Justice, Ministry of Interior, Undersecretariat for Foreign Trade, Undersecretariat of Customs



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Bilateral/Regional Dimension

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4. Bilateral/Regional Dimension

Main objective is to create sound basis for collaboration, support development and eliminate trade barriers between the partners

Policy rationale for bilateral agreements

- trade expansion
- fostering reciprocal investments
- building sound basis for economic, technical and commercial cooperation
- promoting regional development
- developing trade and economic relations with neighbouring and surrounding countries



Key Turkish bilateral/regional agreements

- Turkey-EEC Association Agreement
- Customs Union Decision with the EU
- Turkey-ECSC Free Trade Agreement
- ACD No. 1/98 on trade in agriculture
- Economic, commercial, industrial and technical cooperation agreements with 46 countries
- Free Trade Agreements with EFTA, Balkan states, Mediterranean countries
- Agreements on reciprocal promotion and protection of investments
- ECO, BSEC, D-8, OIC



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Bilateral/Regional Dimension: Turkey's Free Trade Agreements (FTAs)

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4. Bilateral/Regional Dimension: Turkey's FTAs (1/12)

FTAs in force

1. EFTA
2. Israel
3. Bulgaria
4. Romania
5. Macedonia
6. Croatia
7. Bosnia and Herzegovina
8. Palestine A.
9. Tunisia
10. Morocco

FTAs signed

11. Syria
12. Egypt

Ongoing FTA negotiations

- ☐ Lebanon
- ☐ Jordan
- ☐ Faroe Islands
- ☐ Albania
- ☐ GCC

Initiatives for FTA

- Algeria
- Serbia
- Montenegro
- Chile
- Mexico
- MERCOSUR
- ACP countries
- SACU



4. Bilateral/Regional Dimension: Turkey's FTAs (2/12)

Turkey's Preferential Trade Agreements with the Pan-European Partners

Country/Union	Date of Agreement	Entry into force	End of the tariff dismantling schedule of industrial products
<i>EU</i> -Customs Union -ECSC FTA -Decision No. 1/98	March 1995 July 1996 Feb. 1998	Jan. 1996 Aug. 1996 Jan. 1998	As of entry into force August 1999 -
<i>EFTA</i>	Dec. 1991	April 1992	January 1999
<i>Romania</i>	April 1997	Feb. 1998	January 2002
<i>Bulgaria</i>	July 1998	Jan. 1999	January 2002



4. Bilateral/Regional Dimension: Turkey's FTAs (3/12)

Turkey's Preferential Trade Agreements with the Mediterranean partners

Country	Date of Agreement	Entry into force	End of the tariff dismantling schedule of industrial products
<i>Israel</i>	March 1996	May 1997	January 2000
<i>Palestine A.</i>	July 2004	June 2005	As of entry into force
<i>Tunisia</i>	Nov. 2004	July 2005	July 2014
<i>Morocco</i>	April 2004	Jan. 2006	January 2015
<i>Syria</i>	Dec. 2004	-	12 Years
<i>Egypt</i>	Dec. 2005	-	January 2020



4. Bilateral/Regional Dimension: Turkey's FTAs (4/12)

Turkey's Preferential Trade Agreements with the Western Balkan States

Country	Date of Agreement	Entry into force	End of the tariff dismantling schedule of industrial products
<i>Macedonia</i>	Sep. 1999	Sep. 2000	January 2008
<i>Croatia</i>	March 2002	July 2003	January 2007
<i>Bosnia and Herzegovina</i>	July 2002	July 2003	January 2007



4. Bilateral/Regional Dimension: Turkey’s FTAs (5/12)

Turkey’s Ongoing FTA negotiations

Country	First round of negotiations	State of Play
<i>Faroe Islands</i>	Ankara, March 2000	-
<i>Albania</i>	Ankara, April 2003	II. Round held in Tirana, July 2006
<i>Lebanon</i>	Beirut, July 2003	IV. Round held in Ankara, June 2006
<i>Jordan</i>	Ankara, June 2005	IV. Round held in Amman, July 2006
<i>Gulf Cooperation Council</i>	Riyadh, Nov. 2005	II. Round held in Ankara, April 2006



4. Bilateral/Regional Dimension: Turkey’s FTAs (6/12)

Initiatives of Turkey to start FTA negotiations with third countries (1/2)

Country/Union	State of Play
Mexico	Draft text submitted in May 2000 Exploratory talks held in Mexico City, May 2005
SACU	Draft text submitted in August 2000 Exploratory talks held in Pretoria, July 2004, and in Ankara July 2005
Algeria	Draft text submitted in November 2001
Serbia and Montenegro	Draft text submitted in June 2002
Chile	Draft text submitted in October 2004 Exploratory talks held in Ankara, October 2004



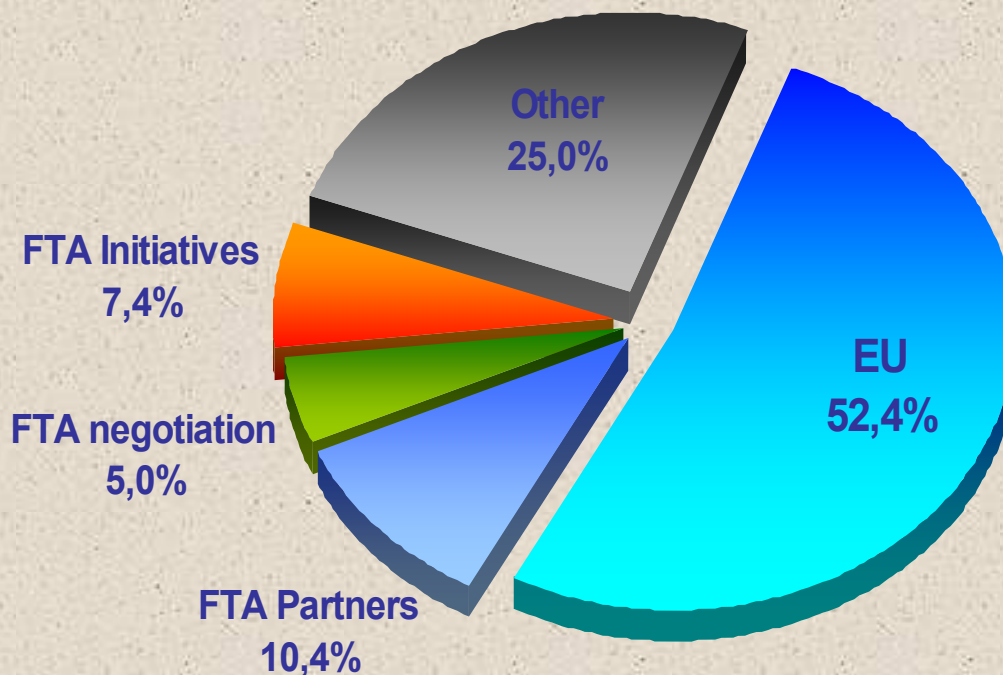
4. Bilateral/Regional Dimension: Turkey's FTAs (7/12)

Initiatives of Turkey to start FTA negotiations with third countries (2/2)

Country/Union	State of Play
<i>MERCOSUR</i>	Official letter sent to MERCOSUR countries, December 2004
<i>ACP countries</i>	<ul style="list-style-type: none">▪ Official letter sent to 35 ACP countries in April 2004▪ Draft texts submitted to 7 countries

4. Bilateral/Regional Dimension: Turkey's FTAs (8/12)

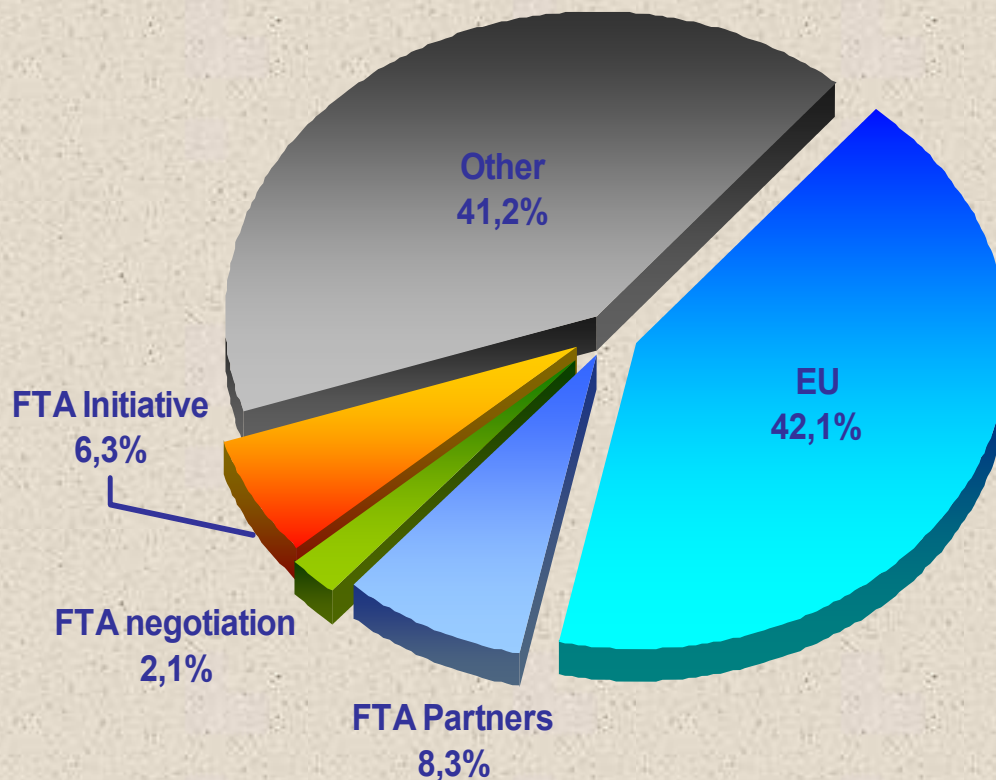
Share of Preferential Trade Agreements in Turkey's Exports (2005)



Source: TURKSTAT

4. Bilateral/Regional Dimension: Turkey's FTAs (9/12)

Share of Preferential Trade Agreements in Turkey's Imports (2005)



Source: TURKSTAT



4. Bilateral/Regional Dimension: Turkey’s FTAs (10/12)

Turkey’s alignment with the preferential trade arrangements of the EU
(Implementation of Article 16/1)

AGREEMENT	EU	TURKEY
<i>EFTA</i>	√	√
<i>Israel</i>	√	√
<i>Bulgaria</i>	√	√
<i>Romania</i>	√	√
<i>Macedonia</i>	√	√
<i>Croatia</i>	√	√
<i>Palestine A.</i>	√	√
<i>Tunisia</i>	√	√
<i>Morocco</i>	√	√



4. Bilateral/Regional Dimension: Turkey’s FTAs (11/12)

Turkey’s alignment with the preferential trade arrangements of the EU
(Implementation of Article 16/1)

AGREEMENT	EU	TURKEY
Jordan	May 2002	-
Lebanon	March 2003	-
Egypt	January 2004	Signed in December 2005
Syria	Initialled in October 2004	Signed in December 2004
Algeria	September 2005	-
Mexico	July 2000	-
Chile	February 2003	-
South Africa	January 2000	-
Albania	September 2006	-
Bosnia-Herzegovina	Autonomous preferences	July 2003



4. Bilateral/Regional Dimension: Turkey's FTAs (12/12)

Turkey's alignment with the preferential trade arrangements of the EU (Implementation of Article 16/2)

- ✓ Member of the Pan-European cumulation system since 1999
- ✓ Member of the Pan-Euro-Med cumulation system
 - Pan-Euro-Med model protocols entered into force with Tunisia, Morocco, Romania and Israel
 - Turkey-EFTA Joint Committee Decision taken to amend the origin protocol according to the Pan-Euro-Med cumulation system
 - Joint Committee Decision needed to amend the origin protocol with Bulgaria and Palestine A. according to the Pan-Euro-Med cumulation system
 - origin protocols attached to the Agreements with Syria and Egypt are in line with the model protocol
- ✓ Bilateral cumulation system applied with Croatia, Macedonia and Bosnia and Herzegovina
- ✓ Diagonal cumulation system to be introduced by the EU for Stabilisation and Association Process countries



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AGENDA ITEM : COMMON COMMERCIAL POLICY

Bilateral/Regional Dimension: Regional Initiatives

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4. Bilateral/Regional Dimension: Regional Initiatives (1/10)

☐ Economic Cooperation Organization (ECO)

- Founded in 1985 to promote economic, cultural and technical cooperation among member countries.
- ECO Trade Agreement signed in 2003 to facilitate and simplify procedures to promote regional trade.
 - Afghanistan
 - Azerbaijan
 - Iran
 - Kazakhstan
 - Kyrgyzstan
 - Pakistan
 - Tajikistan
 - Turkmenistan
 - Turkey
 - Uzbekistan

4. Bilateral/Regional Dimension: Regional Initiatives (2/10)

Economic Cooperation Organization

- **ECO Transit Transport Framework Agreement (TTFA)**
 - ✓ Entered into force in May 2006, Turkey in the process of ratification
- **ECO Trade and Development Bank**
 - ✓ Initiated in August 2005 among Turkey, Iran and Pakistan

4. Bilateral/Regional Dimension: Regional Initiatives (3/10)

☐ Black Sea Economic Cooperation

- Established in 1992 to enhance cooperation, prosperity, and stability in the Black Sea region.

- Albania

- Armenia

- Azerbaijan

- Bulgaria

- Georgia

- Greece

- Moldova

- Montenegro

- Romania

- Russia

- Serbia

- Turkey

- Ukraine

4. Bilateral/Regional Dimension: Regional Initiatives (4/10)

☐ Developing Eight (D-8)

- Established in 1997 to further political and commercial relations among the members
- Preferential Trade Agreement signed in 2006
 - Bangladesh
 - Egypt
 - Indonesia
 - Iran
 - Malaysia
 - Nigeria
 - Pakistan
 - Turkey

4. Bilateral/Regional Dimension: Regional Initiatives (5/10)

❑ Organisation of Islamic Conference (OIC) (1/3)

- Founded in 1970 to enhance political, economic and commercial relations among the members
- 57 members and 5 observers



4. Bilateral/Regional Dimension: Regional Initiatives (6/10)

❑ Organisation of Islamic Conference (2/3)

- **Standing Committee For Economic and Commercial Cooperation among the OIC Member States (COMCEC)**
 - ✓ founded in 1984 by the election of the President of the Republic of Turkey as the permanent Chairman
 - ✓ to enhance economic and commercial relations among the OIC Member States

4. Bilateral/Regional Dimension: Regional Initiatives (7/10)

❑ Organisation of Islamic Conference (3/3)

- **Trade Preferential System Among the OIC Member States (TPS-OIC)**
 - ✓ To promote the Intra-OIC trade through the exchange of trade preferences among the Member States of OIC
 - ✓ 18 Member States ratified the Framework Agreement on TPS-OIC

4. Bilateral/Regional Dimension: Regional Initiatives (8/10)

☐ **Balkan Regional Center for Trade Promotion (BCTP)**

- Founded in 1998 to improve trade relations and economic cooperation among Balkan countries

- | | |
|--------------------|------------------------------|
| ▪ Albania | ▪ Romania |
| ▪ Bulgaria | ▪ Serbia / Montenegro |
| ▪ Greece | ▪ Turkey |
| ▪ Macedonia | |

4. Bilateral/Regional Dimension: Regional Initiatives (9/10)

❑ Euro-Mediterranean Partnership (Barcelona Process) (1/2)

- Objective is to create a free trade area between the EU and 10 Mediterranean Partners by 2010.
- FTAs : Turkey has signed FTAs with Israel, Palestine A., Tunisia, Morocco, Syria and Egypt. Negotiations are going on with Jordan and Lebanon. Draft text of FTA has been submitted to Algeria.

4. Bilateral/Regional Dimension: Regional Initiatives (10/10)

❑ Euro-Mediterranean Partnership (Barcelona Process) (2/2)

- Pan Euro-Med Cumulation of Origin: Origin Protocols attached to the FTAs with Morocco, Tunisia, Syria and Egypt are in line with Pan Euro-Med Cumulation. (The ratification process of Syria and Egypt's Protocols continues). Origin Protocol attached to our FTA with Israel has been amended in accordance with the Model Protocol, whereas request to amend the Origin Protocol was submitted to the Palestine A.
- Liberalisation of Trade in Services: Negotiations on the liberalisation of trade in services between the EU and certain Mediterranean Countries (Egypt, Israel, Jordan, Lebanon, Morocco, Palestine A. and Tunisia) has been launched in March 2006. Turkey requests to participate in these negotiations as an observer. On the other hand, Turkey, as a Customs Union partner and a candidate country, will continue the negotiations in trade in services with the EU.



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Bilateral/Regional Dimension: Trade Development Strategies

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Trade Development Strategy For Asia-Pacific Countries

4. Bilateral/Regional Dimension: Trade Development Strategy for Asia-Pacific Countries (1/4)

- “Trade Development Strategy” towards the Asian and Pacific Countries initiated in 2005.

WHY DEVISE SUCH A STRATEGY?

- Most dynamic region of the world in terms of social and economic development,
- Main driving force for global economic growth,
- The axis of international trading system in the decades to come,
- Growing and flourishing markets of which Turkey would like to take advantage,
- Diverse economic and social structure which provides vast opportunities,
- Huge trade deficits with countries in the region.

4. Bilateral/Regional Dimension: Trade Development Strategy for Asia-Pacific Countries (2/4)

ACTION PLAN

- Revise our market access and entry strategies
- Re-assess constraints and barriers to trade
- Update market research studies
- Devise different regional, sub-regional and sector oriented policies
- Create trade enhancement mechanisms

COOPERATION AREAS TO BE FURTHER DEVELOPED

- Trade and Investment
- Banking
- Contracting and Consultancy
- Defense Industries
- Free-Zones
- Transportation and Telecommunication
- Tourism
- SMEs

4. Bilateral/Regional Dimension: Trade Development Strategy for Asia-Pacific Countries (3/4)

TOOLS OF THE STRATEGY

- Fact Finding Missions
- Trade Delegation Programs
- Buyers' Missions
- Participation to Fairs
- Business Council Meetings
- Contractor and Investment Delegations

AIMS OF THE ASIA-PACIFIC COUNTRIES STRATEGY

- Dynamic approach aiming at reflecting the vast economic potentials Turkey is ready to offer to the region
- Boost exports to a yearly level of \$8 billion in a period of five years
- Attain sustainable presence in the region including contracting services and investments

4. Bilateral/Regional Dimension: Trade Development Strategy for Asia-Pacific Countries (4/4)

2005-2006 ACTIVITIES

- In 2005 and January-September period of 2006, 6 Joint Economic Committee Meetings, 6 Fact-Finding Missions, 5 Trade Delegation Programs and more than 20 Buyers Missions were organised.
- 26 National Participations were realised to the fairs organised in Asia-Pacific Countries.
- Individual participation of Turkish Firms to the fairs held in Asia-Pacific Countries was supported.

ACCOMPLISHMENTS

- The total Turkish exports increased by **16,2 %** in 2005.
- Turkish exports to the Asia-Pacific Countries increased by **22,1 %** in the same period.

Trade Development Strategy for China Market Access Project

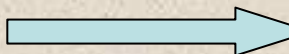
Establishing Mutually Beneficial Trade Relations

- To determine potential sectors for exports
- To increase exports to China via Trade Promotional Activities
- To solve problems and eliminate impediments
- To monitor imports from China

Economic Cooperation

- To create JVs between Turkish and Chinese Companies including SMEs
- To make reciprocal investments in Turkey and China
- To strengthen cooperation in Tourism sector
- To initiate cooperation in Construction and Consultancy services
- To enhance cooperation in Customs and Standardisation fields

A New Legal Framework



Partnership Agreement



BILATERAL INITIATIVES WITH THE EURASIAN COUNTRIES

4. Bilateral/Regional Dimension: Trade Policy of Turkey in Eurasia (1/3)

- Turkey's deep rooted cultural and historical relations with the Central Asian and Caucasian countries endow her with the opportunity of establishing strong economic and trade relations
- Moreover, owing to its geographical proximity, Turkey constitutes a bridge between Asia and Europe, especially in terms of energy corridors
- In this context, in addition to the already built pipelines such as Blue Stream, Baku-Tbilisi-Ceyhan Crude Oil Pipeline and Baku-Tbilisi-Erzurum Natural Gas Pipeline, there are several other projects en route which are designed to supply the European countries with oil and natural gas



4. Bilateral/Regional Dimension: Trade Policy of Turkey in Eurasia (2/3)

Trade Figures with the Central Asian Republics (2005)

Million \$	Import	Export	Volume
Kazakhstan	557	459	1016
Kyrgyzstan	14	89	103
Tajikistan	47	46	93
Turkmenistan	160	180	340
Uzbekistan	257	151	408

Trade Figures with the Caucasian Countries (2005)

Million \$	Import	Export	Volume
Azerbaijan	271	524	795
Georgia	301	271	572

Trade Figures with the other CIS Members (2005)

Million \$	Import	Export	Volume
Belarus	50	47	97
Moldovia	31	80	111
Russia	12.818	2.371	15.189
Ukraine	2.618	801	3.419

Source: TURKSTAT

4. Bilateral/Regional Dimension: Trade Policy of Turkey in Eurasia (3/3)

- In the immediate aftermath of the dissolution of the Soviet Union, Turkey signed Agreements on “Trade and Economic Cooperation”, “Avoidance of Double Taxation” and “Reciprocal Promotion and Protection of Investments” with the former USSR countries.
- In addition to the Joint Economic Commission Meetings held regularly with these countries, Turkey signs Long Term Economic Cooperation Programmes and Action Plans and follows up its bilateral economic and trade relations within the framework of these Programmes and Action Plans.

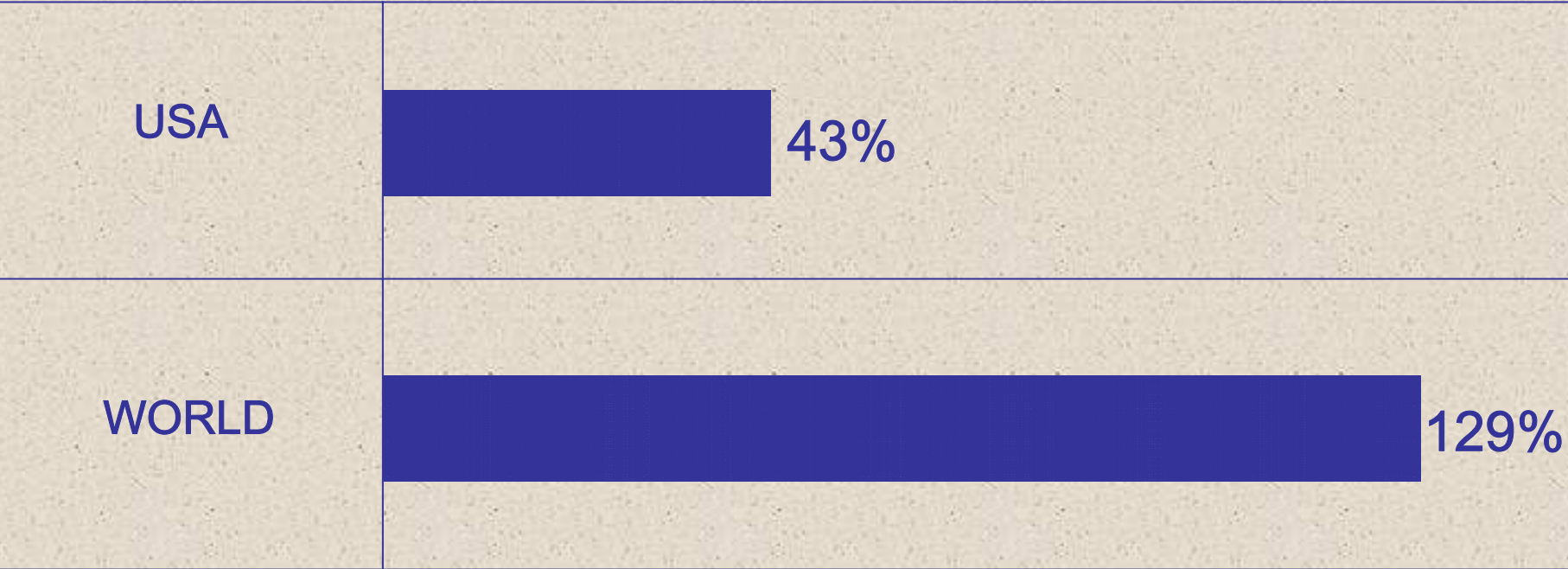


TRADE ENHANCEMENT STRATEGY WITH THE U.S.A



4. Bilateral/Regional Dimension: Trade Enhancement Strategy With the USA
(1/5)

TURKEY’S TRADE INCREASE BETWEEN 2000-2005

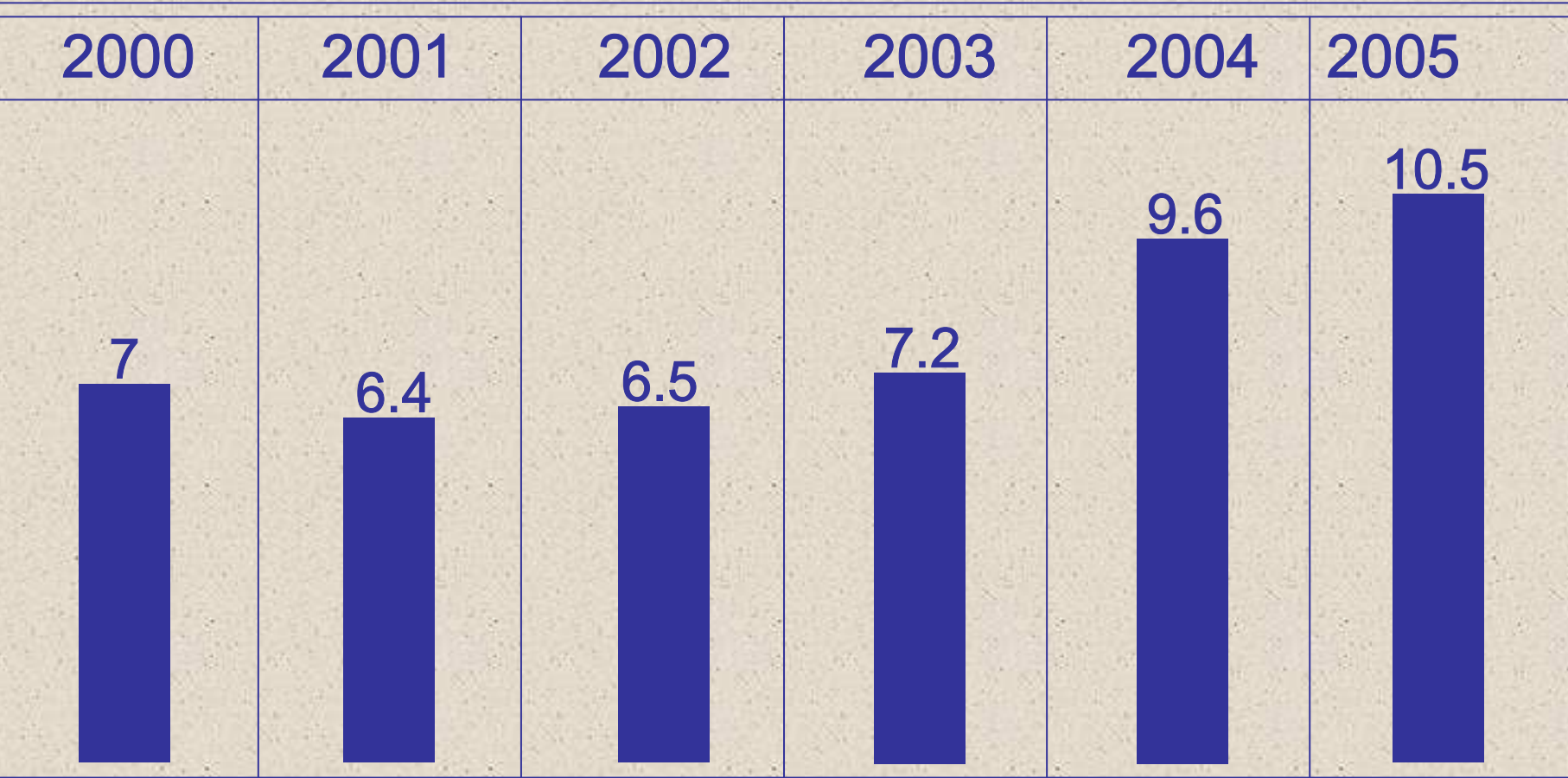


Source: TURKSTAT



4. Bilateral/Regional Dimension: Trade Enhancement Strategy With the USA
(2/5)

TRADE WITH THE USA (\$bn)



4. Bilateral/Regional Dimension: Trade Enhancement Strategy With the USA (3/5)

WHY DEVISE SUCH A STRATEGY?

- With a GDP of 12,5 trillion dollars, the USA takes an estimated quarter share of global output, which is more than the GDPs of China and Japan combined.
- With a per capita income of over \$42.000, the USA is a leading exporter and also the world's largest customer.
- In 2005, the USA imports totalled an estimated 1,7 trillion dollars, equaling 16% of all imports world wide.
- Turkey's share in this market is just 0,3%.

4. Bilateral/Regional Dimension: Trade Enhancement Strategy With the USA (4/5)

Aim;

- To take advantage of the largest import market in the world, and to enhance and promote bilateral commercial and economic relations.

Approach;

- Sector and region specific, creating new direct markets for Turkish products and also attract investment into Turkey, especially in high technology areas.

4. Bilateral/Regional Dimension: Trade Enhancement Strategy With the USA (5/5)

Main objectives are to ;

- Revise market access strategies on state and sector level
- Update market and product research studies
- Develop regional and sector oriented programs
- Organise trade delegations, buyers' missions, participation to fairs
- Organise seminars, conferences and meetings to create awareness among American business communities on a state level basis
- Establish new commercial representations in the USA (Chicago and Los Angeles in 2006)
- Increase PR activities in the USA



TRADE DEVELOPMENT STRATEGY FOR AFRICAN COUNTRIES

4. Bilateral/Regional Dimension: Trade Development Strategy for African Countries (1/5)

Main objectives:

- To increase Turkey's market share in Africa to 3% within 3 years (Currently, Turkey's share in Africa's total foreign trade is only 1,7% over the sum of \$ 567 billion)
- To provide ways and means for Turkish SMEs to penetrate African markets through direct exports and investments
- To procure raw materials and intermediate goods for Turkish manufacturing industries directly from African countries at reasonable prices

4. Bilateral/Regional Dimension: Trade Development Strategy for African Countries (2/5)

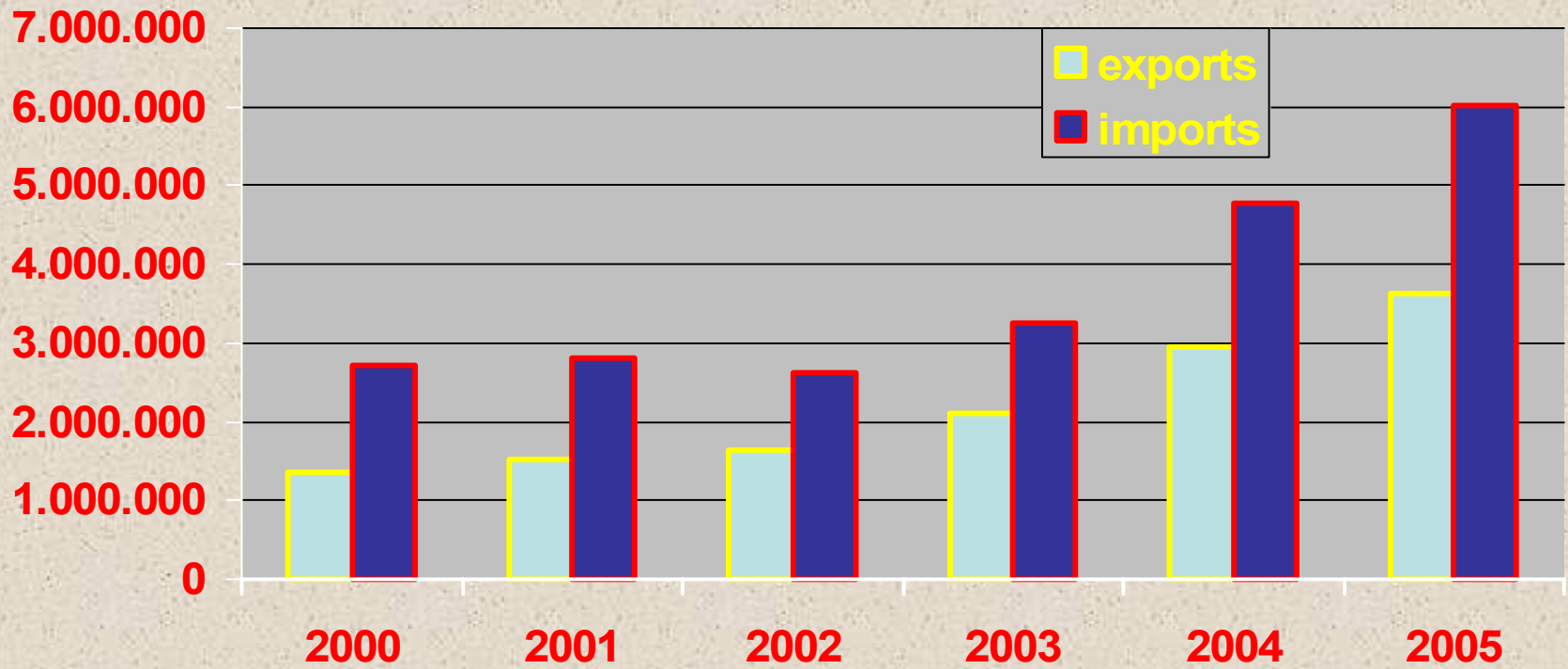
Main objectives:

- To transfer technology in some sectors to facilitate industrialisation in African countries
- To increase the market share of Turkish construction and consultancy companies in Africa
- To transfer the expertise and experience of Turkish construction companies to the African countries through joint ventures and partnerships
- To increase the local content in manufacturing industries in Africa through direct investments



4. Bilateral/Regional Dimension: Trade Development Strategy for African Countries (3/5)

TRADE BETWEEN TURKEY AND AFRICAN COUNTRIES (Thousand \$)



Source: TURKSTAT

4. Bilateral/Regional Dimension: Trade Development Strategy for African Countries (4/5)

Main instruments

- Establishing regular dialogue and high level information exchange and decision making mechanism,
- Conclusion of legal framework between Turkey and African countries,
- Developing bilateral trade mechanisms,
- Providing technical and educational assistance,
- Promoting joint ventures and partnerships,
- Technology transfer

4. Bilateral/Regional Dimension: Trade Development Strategy for African Countries (5/5)

Main instruments

- Encouraging Turkish SMEs to invest in Africa,
- Establishing “production sharing” model in African countries,
- Cooperation with international organisations to intensify their support to stimulate growth in Africa,



THE STRATEGY FOR NEIGHBOURING AND SURROUNDING COUNTRIES

4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (1/8)

Purpose of the Strategy

- Countries with which we have close historical and cultural ties played a crucial role in the tremendous increase in our foreign trade volume in 1980s.
- However, the share of these countries in our foreign trade decreased to the level of 7 % in 1990s.
- With the Strategy for Neighbouring and Surrounding Countries put into practice in 2000,
 - ✓ the improvement of the current situation of our foreign trade with mentioned countries and
 - ✓ through the development of trade and economic relations, contribution to the welfare and stability in the related countriesare targeted.



4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (2/8)

COUNTRIES COVERED BY THE STRATEGY

Albania	Ethiopia	Macedonia	Slovenia
Algeria	Georgia	Moldova	Somalia
Afghanistan	Greece	Mongolia	Sudan
Azerbaijan	Hungary	Montenegro	Syria
Bahrain	Iraq	Morocco	Tajikistan
Bangladesh	Iran	Oman	Tunisia
Belarus	Israel	Pakistan	T.R.N.C.
Bosnia-Her.	Jordan	Palestine A.	Turkmenistan
Bulgaria	Kazakhstan	Qatar	Ukraine
Croatia	Kuwait	Romania	United Ar. Em.
Djibouti	Kyrgyzstan	Russian Fed.	Uzbekistan
Egypt	Lebanon	Serbia	Yemen
Eritrea	Libya	Saudi Arabia	

4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (3/8)

Basic instruments of the Strategy (1/2)

- Joint Economic Committees (with 45 countries)
- Agreements on the Reciprocal Promotion and Protection of Investments (with 41 countries)
- Prevention of Double Taxation Agreements (with 33 countries)
- Various Cooperation Agreements in the fields of Transportation, Tourism, Banking, Standardisation and Customs

4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (4/8)

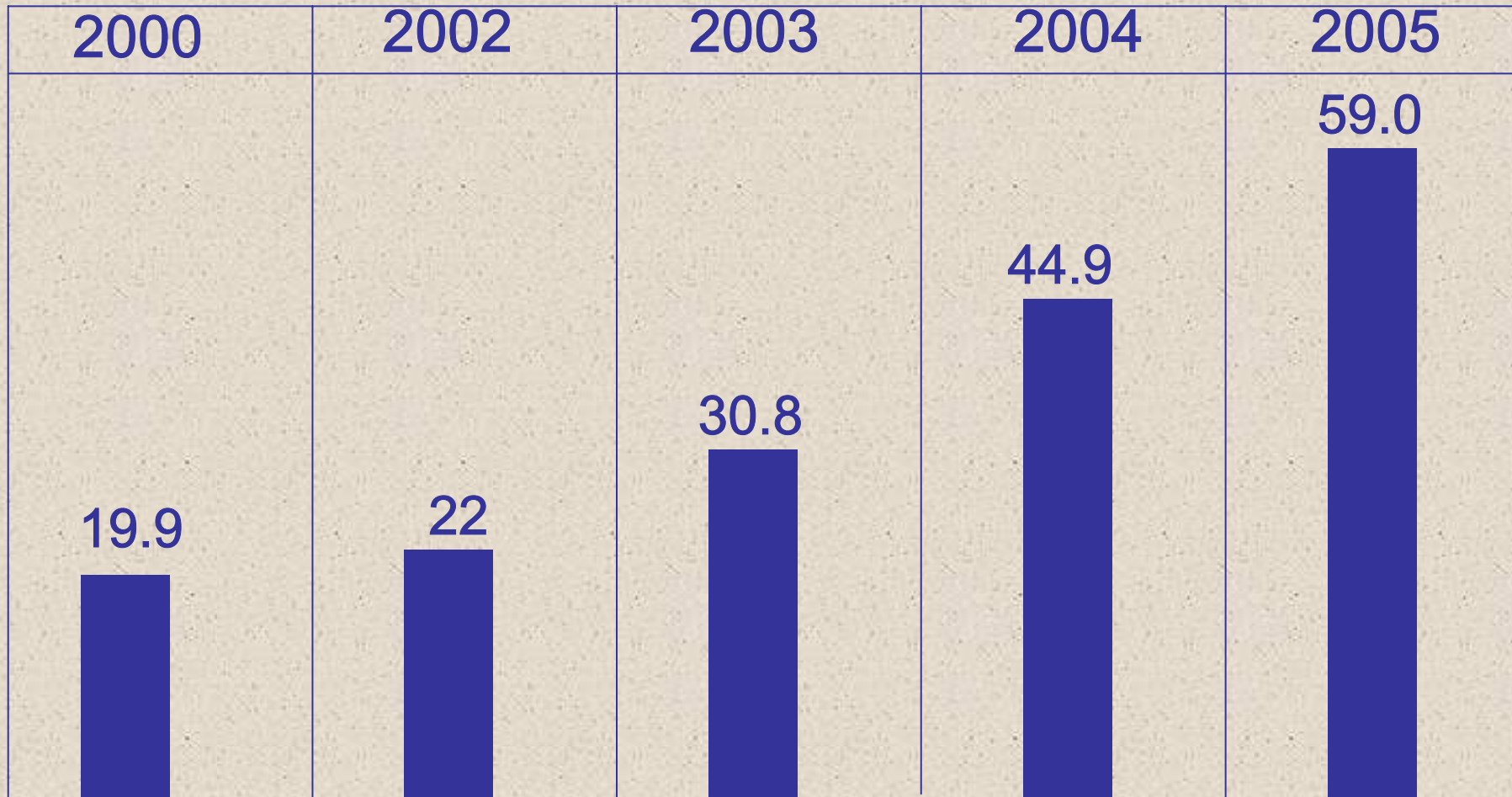
Basic instruments of the Strategy (2/2)

- Free Trade Agreements
 - ✓ Finalised: Morocco, Tunisia, Egypt, Syria, Palestine A.
 - ✓ Expected: Lebanon, Jordan, Algeria, Gulf Cooperation Council
- Trade Centers
- Fairs, Trade Delegations, Buyers' Delegations, Business Council Meetings
- Turk Eximbank Credits



4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (5/8)

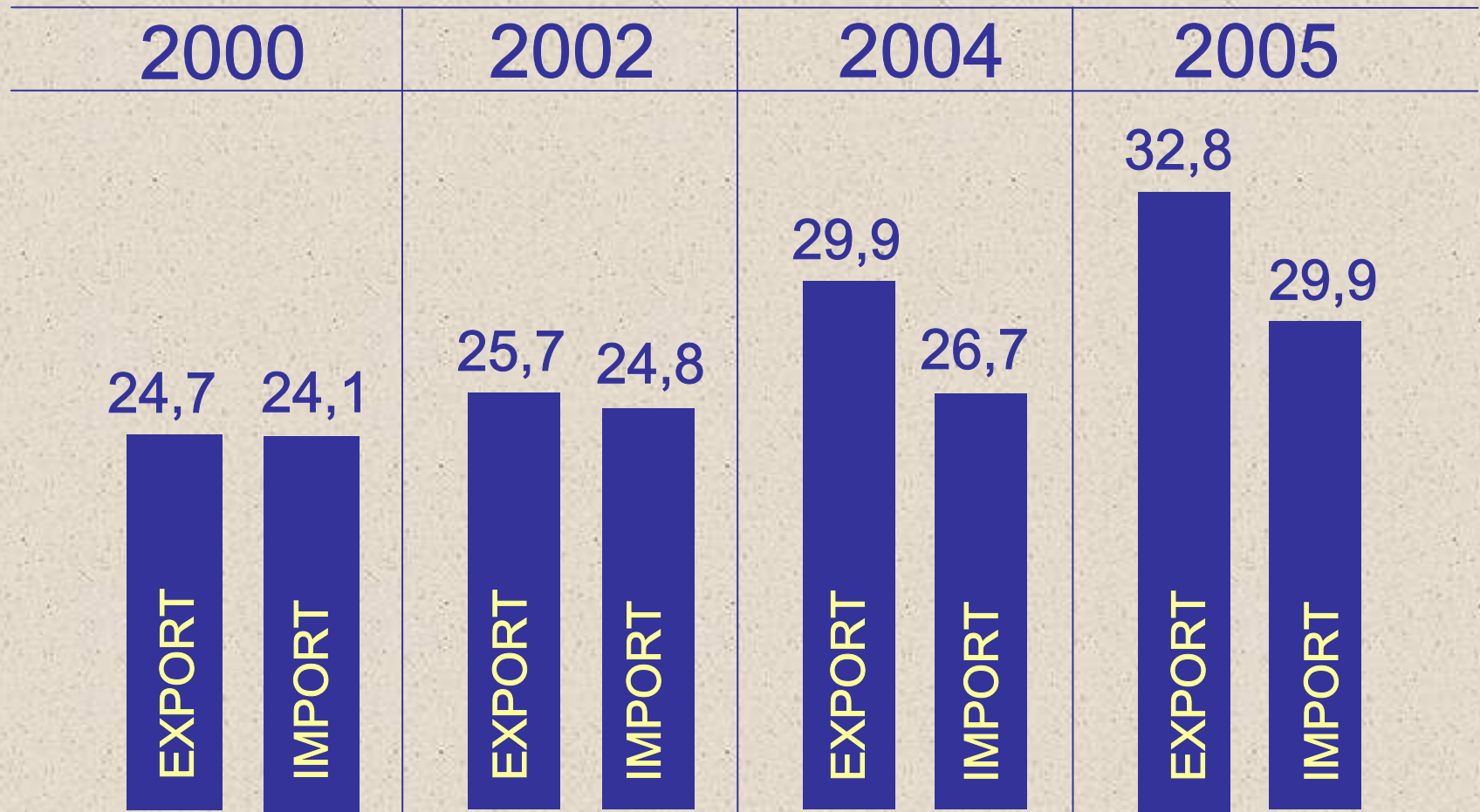
DEVELOPMENT OF TRADE VOLUME (\$bn)





4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (6/8)

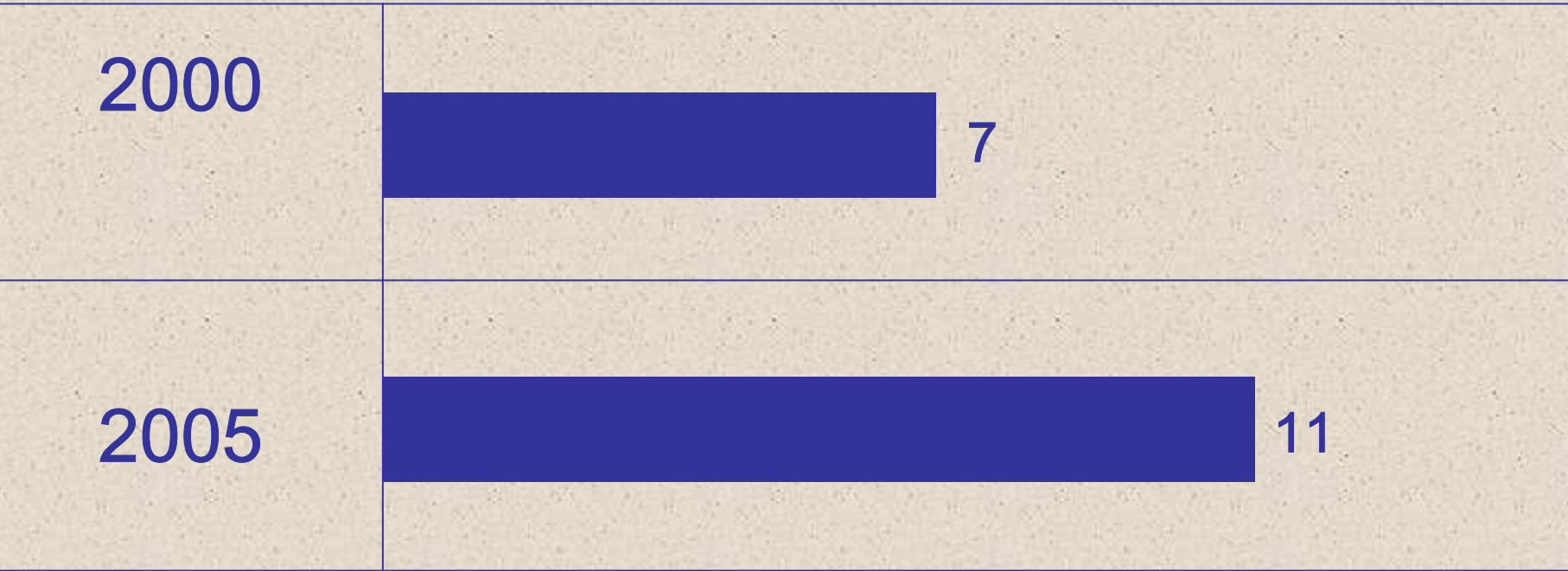
SHARE IN TURKEY'S FOREIGN TRADE VOLUME (%)





4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (7/8)

TURKISH FOREIGN DIRECT INVESTMENTS TO NEIGHBOURING AND SURROUNDING COUNTRIES
(\$bn / cumulative)

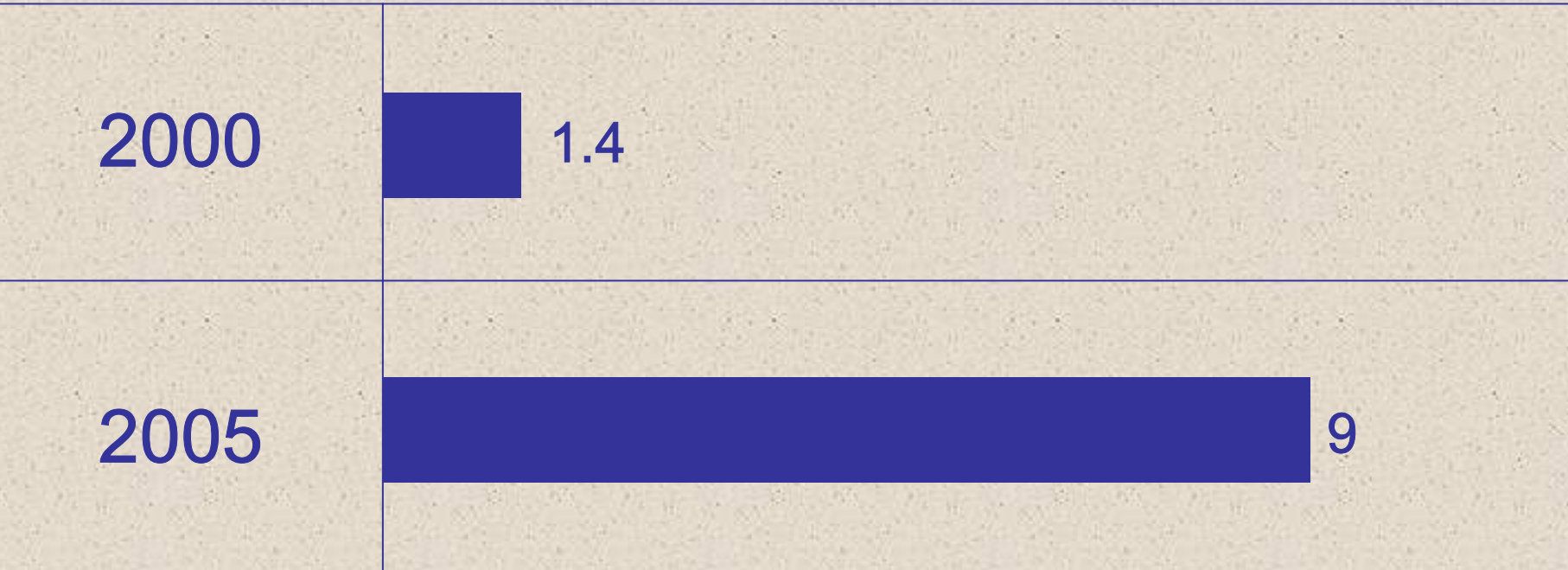


Source: TURKSTAT



4. Bilateral/Regional Dimension: The Strategy for Neighbouring and Surrounding Countries (8/8)

TURKISH CONTRACTING PROJECTS IN NEIGHBOURING AND SURROUNDING COUNTRIES (\$bn / yearly basis)



Source: TURKSTAT



Turkish Contracting and Consulting Engineering Services

4. Bilateral/Regional Dimension: Turkish Contracting and Consulting Engineering Services (1/3)

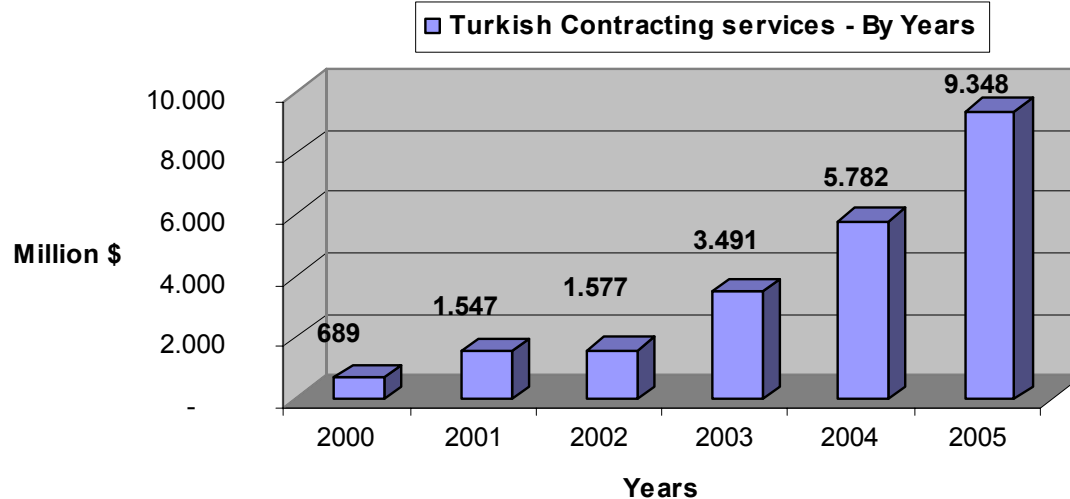
Overseas contracting services are one of the most important service sub-sectors in the Turkish economy from the viewpoint of its:

- relationship with other sectors
- importance for generating foreign currency income
- employment potential
- share in international market (about 3%)
- share in the Gross Domestic Product of Turkey (about 6%)
- significant role in promotion of Turkish goods to foreign markets
- contribution to the development of economic and commercial relations with other countries

4. Bilateral/Regional Dimension: Turkish Contracting and Consulting Engineering Services (2/3)

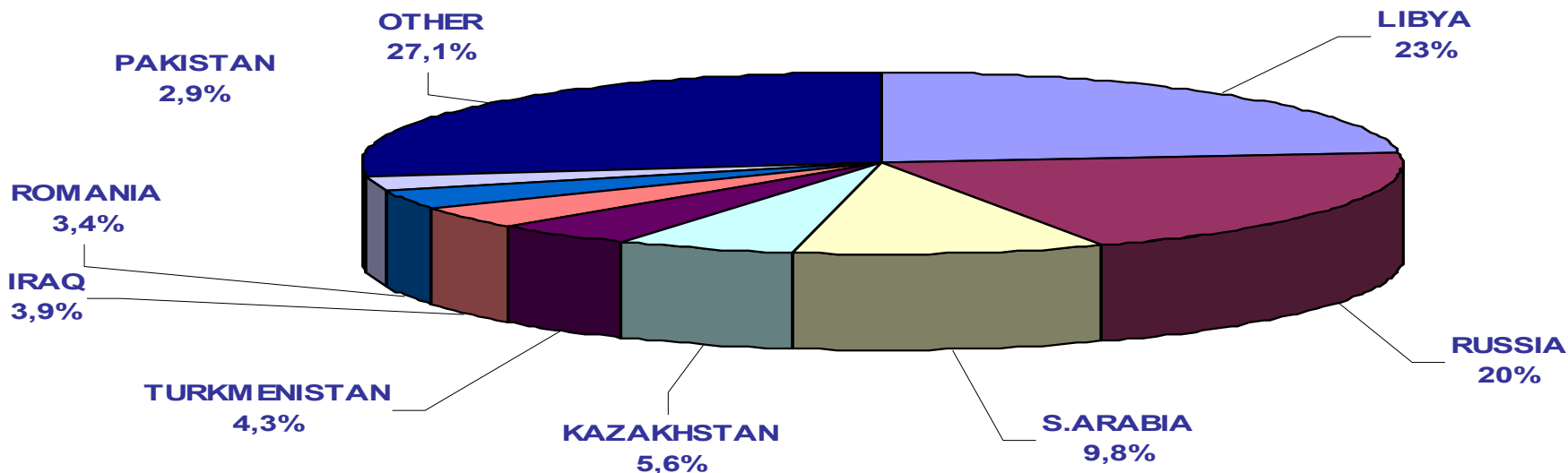
The amount of the overseas contracting services of Turkey has increased after the year 2000

TOTAL	2005
3,500 projects,	301 projects
\$ 70 billion	\$ 9,3 billion



4. Bilateral/Regional Dimension: Turkish Contracting and Consulting Engineering Services (3/3)

Turkish Contracting Services – by Country (1972-2005)





SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Unilateral Dimension : GSP

**Country Session: The Republic of TURKEY
13 September 2006**

5. Unilateral Dimension : GSP (1/9)

Background

- In accordance with Article 16 of the ACD No.1/95, Turkey has adopted EC's GSP scheme gradually beginning with a selected group of products since 1st January 2002.
- The product coverage extended in 2003 and 2004 as to include all products under the Customs Union.
- Everything But Arms (EBA) incentives adopted in 2004.
- Special incentives for sustainable development and good governance adopted in 2005.

5. Unilateral Dimension : GSP (2/9)

Key Facts of Turkey's GSP Scheme (1/2)

- During the course of alignment with the EU's GSP regime, Turkey has not introduced a separate GSP legislation, which transposes the relevant Council Regulation of the EU. Instead, the elements of the EU's GSP regime have been incorporated into the Turkish Import Regime Decree. The reason for following this method was simply to ensure that the GSP scheme of Turkey is parallel to that of the EU in terms of geographical scope and product coverage.
- Since the composition of imports (products and countries) of Turkey and EU were not the same, if the EC's GSP Regulation was adopted by Turkey with all its instruments (including all incentive arrangements and graduation and safeguard mechanisms), there would be differences in the sectors in respect of tariff preferences for a number of beneficiary countries.

5. Unilateral Dimension : GSP (3/9)

Key Facts of Turkey's GSP Scheme (2/2)

- Therefore, the alignment has been realised by incorporating the consequences of arrangements, tariff preferences and other instruments of the EC's scheme into Turkey's Import Regime Decree. In other words, the resultant preferential tariff rates are exactly the same as the EC's GSP.
- Turkey has granted GSP for the all products covered by the Customs Union. ECSC and agricultural products are not covered by the ACD No. 1/95 and therefore not included in the scope of Turkey's GSP scheme.
- Turkey adopts the changes in the EC's GSP scheme simultaneously.

5. Unilateral Dimension : GSP (4/9)

Current Situation (1/2)

The preferential margins in the EC's scheme according to the sensitivity of products has been exactly adopted and reflected to the Import Regime:

- MFN ad-valorem duties reduced by flat rate of 3.5 % points;
- Textiles and clothing: 20 % reduction;
- Specific duties: 30 % reduction;
- Suspension of tariff duties on non-sensitive products.



5. Unilateral Dimension : GSP (5/9)

An Example of the Latest Version of List II of Import Regime Put Into Force by
1 January 2006

CN CODE	DESCRIPTION	CUSTOMS DUTIES RATE (%)				
		EU, EFTA, ISR,ROM, BUL,TUN,MOR, MAC, CRO,B-HER, PAL.	GSP COUNTRIES			OCs(MFN)
			LDCs	SIACs	DCs	
8521.10.95.00.13	Video recorder and players	0	0	0	4,5	8
8521.90.00.00.11	Video recording apparatus	0	0	0	9,8	14
8521.90.00.00.12	Video players	0	0	0	9,8	14
8521.90.00.00.13	Video recorder and players	0	0	0	9,8	14
8522.10.00.00.00	Pick-up cartridges	0	0	0	0	4

LDCs: Least Developed Countries
SIACs: Special Incentive Arrangement Countries
DCs: Developing Countries
OCs: Other Countries

5. Unilateral Dimension : GSP (6/9)

Current Situation (2/2)

- List of sectors under the Turkish GSP scheme prepared in accordance with sections referred in the latest EC GSP Regulation (Council Regulation EC No: 980/2005).
- 177 countries and territories benefiting from the Turkish GSP scheme in line with EC's.
 - ✓ 49 least developing countries benefiting from the EBA treatment.
 - ✓ 15 developing countries benefiting from the GSP+ incentives under the sustainable development and good governance
- The products excluded for some countries in EC's GSP scheme due to the graduation mechanism has been exactly reflected to the Turkey's scheme



5.Unilateral Dimension : GSP (7/9)

EXCLUDED SECTORS FOR THE RELATED COUNTRIES (1/2)

COUNTRIES	EU EXCLUDED SECTORS	TR EXCLUDED SECTORS
	(sectors in respect of which tariff preferences have been removed for the beneficiary country concerned)	(sectors in respect of which tariff preferences have been removed for the beneficiary country concerned)
ALGERIA	S-V (Chapters 25-27)	5 (Chapters 25-27)
INDONESIA	S-III (Chapter 5)	3 (Chapter 5)
	S-IX (Chapters 44-46)	9 (Chapters 44-46)
INDIA	S-XI (a) (Chapters 50-60)	11 (a) (Chapters 50-60)
	S-XIV (Chapter 71)	14 (Chapter 71)
MALAYSIA	S-III (Chapter 5)	3 (Chapter 5)
RUSSIAN FEDERATION	S-VI (Chapters 28-38)	6 (Chapters 28-38)
	S-X (Chapters 47-49)	10 (Chapters 47-49)
	S-XV (Chapter 72-83)	15 (Chapter 72-83)
THAILAND	S-XIV (Chapter 71)	14 (Chapter 71)
	S-XVII (Chapter 86-89)	17 (Chapter 86-89)
SOUTH AFRICA	S-XVII (Chapter 86-89)	17 (Chapter 86-89)



SCREENING CHAPTER 30
EXTERNAL RELATIONS
AGENDA ITEM I : COMMON COMMERCIAL POLICY



5.Unilateral Dimension : GSP (8/9)

EXCLUDED SECTORS FOR THE RELATED COUNTRIES (2/2)

COUNTRIES	EU EXCLUDED SECTORS	TR EXCLUDED SECTORS
BRAZIL	S-IV (Chapters 1-5)	4 (Chapters 1-5)
	S-IX (Chapters 44-46)	9 (Chapters 44-46)
CHINA	S-VI (Chapters 28-38)	6 (Chapters 28-38)
	S-VII (Chapters 39-40)	7 (Chapters 39-40)
	S-VIII (Chapters 41-43)	8 (Chapters 41-43)
	S-IX (Chapters 44-46)	9 (Chapters 44-46)
	S-X (Chapters 47-49)	10 (Chapters 47-49)
	S-XI (a) (Chapters 50-60)	11 (a) (Chapters 50-60)
	S-XI (b) (Chapters 61-63)	11 (b) (Chapters 61-63)
	S-XII (Chapters 64-67)	12 (Chapters 64-67)
	S-XIII (Chapters 68-70)	13 (Chapters 68-70)
	S-XIV (Chapter 71)	14 (Chapter 71)
	S-XV (Chapter 72-83)	15 (Chapter 72-83)
	S-XVI (Chapter 84-85)	16 (Chapter 84-85)
	S-XVII (Chapter 86-89)	17 (Chapter 86-89)
	S-XVIII (Chapter 90-92)	18 (Chapter 90-92)
	S-XX (Chapter 94-96)	20 (Chapter 94-96)

5.Unilateral Dimension : GSP (9/9)

Pending Issues

- The meeting at technical level could not be held between Turkish and the Commission experts with regard to the alignment of EC's GSP scheme by Turkey.
- Turkey implements the results of the EC's GSP (i.e, the same tariff preferences in respect of country and product coverage). Thus the representation of Turkey in the GSP Committee is essential for proper functioning of the system as a whole.



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Export Control Regime for Dual-Use Items and Technologies

**Country Session: The Republic of TURKEY
13 September 2006**



6. Export Control Regime for Dual-Use Items and Technologies (1/9)

- Turkey is a party to all international arrangements and conventions concerning the export control of military and dual use items
- The items laid down in the control lists attached to these arrangements and conventions are subject to control
- “Catch-all” controls are carried out by the relevant institutions

6. Export Control Regime for Dual-Use Items and Technologies (2/9)

TURKEY,

- Founding member of Chemical Weapons Convention (1997) and Wassenaar Arrangement (1996)
- Became a member of;
 - ✓ Missile Technology Control Regime in 1997
 - ✓ Australia Group in 2000
 - ✓ Nuclear Suppliers Group in 2000
 - ✓ Zangger Committee in 1999

6. Export Control Regime for Dual-Use Items and Technologies (3/9)

RELEVANT INSTITUTIONS (1/6)

- MINISTRY OF FOREIGN AFFAIRS
- MINISTRY OF NATIONAL DEFENCE
- TURKISH GENERAL STAFF
- UNDERSECRETARIAT FOR FOREIGN TRADE (UFT)
- UNDERSECRETARIAT OF CUSTOMS
- UNDERSECRETARIAT OF NATIONAL INTELLIGENCE ORGANISATION
- TURKISH ATOMIC ENERGY AUTHORITY



6. Export Control Regime for Dual-Use Items and Technologies (4/9)

RELEVANT INSTITUTIONS (2/6)

MINISTRY OF FOREIGN AFFAIRS

- Coordinating agency and contact point
- Responsible authority for policy decisions
- Consulted during licencing process

6. Export Control Regime for Dual-Use Items and Technologies (5/9)

RELEVANT INSTITUTIONS (3/6)

MINISTRY OF NATIONAL DEFENCE

- Responsible for the licensing and control of the items in Wassenaar Arrangement Munition List and MTCR Guidelines and the Equipment, Software and Technology List (Law No. 5201, published on OG No. 25511, dated 3.7.2004)
- Updates and publishes control lists annually (the latest list published on OG No. 26058, dated 23.1.2006)
- Also acts as a consultative body for other licensing institutions

6. Export Control Regime for Dual-Use Items and Technologies (6/9)

RELEVANT INSTITUTIONS (4/6)

TURKISH ATOMIC ENERGY AUTHORITY

- Responsible for the licensing and control of the nuclear and nuclear related dual use items covered in the lists of Nuclear Suppliers Group and Zangger Committee (By-law Permitting Exports of Materials, Equipment and Related Technology Used in Nuclear Field, OG No. 23965, dated 15.1.2000)
- Updates and publishes control lists

6. Export Control Regime for Dual-Use Items and Technologies (7/9)

RELEVANT INSTITUTIONS (5/6)

UNDERSECRETARIAT FOR FOREIGN TRADE

- Responsible for the control of dual use items listed under;
 - ✓ Wassenaar Arrangement Dual Use Goods and Technologies List
(Communiqué No. 2003/12 Concerning the Control of the Export of Dual-Use and Sensitive Goods)
 - ✓ Australia Group Chemical Precursors List
(Communiqué No. 2003/12)
 - ✓ Chemical Weapons Convention Lists
(Communiqué No. 2002/12 Concerning the Export of Chemical Materials Listed in the Annex of CWC)

6. Export Control Regime for Dual-Use Items and Technologies (8/9)

RELEVANT INSTITUTIONS (6/6)

CONSULTATIVE AGENCIES

- MINISTRY OF FOREIGN AFFAIRS
- MINISTRY OF NATIONAL DEFENCE
- TURKISH GENERAL STAFF
- UNDERSECRETARIAT OF NATIONAL INTELLIGENCE ORGANISATION

ENFORCEMENT AGENCY

- UNDERSECRETARIAT OF CUSTOMS

6. Export Control Regime for Dual-Use Items and Technologies (9/9)

ONGOING WORK FOR FULL ALIGNMENT WITH THE EU SYSTEM

Aim:

- To achieve full alignment with the EC Regulation 1334/2000

Method:

- scrutinising the EC acquis and examining best practices on dual use export controls among member states
- reforming existing legislation or enacting new legislation, if deemed necessary
- improving the effectiveness of the system

Timetable: Medium Term



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Export Credits

**Country Session: The Republic of TURKEY
13 September 2006**

7. Export Credits (1/11)

TURK EXIMBANK

- Official export credit agency of Turkey
- Acts as a direct lender as well as an insurance and guarantee agency under ST and M/L-T
- Political risk losses backed by the Treasury
- Rating
 - S&P : BB-, Stable Outlook
 - Moody's : Ba1, Stable Outlook
- Operates in accordance with the Communiqué - Export 96/12 (OG dated January 23, 1996) issued to comply with the major disciplines of the “OECD Arrangement on Officially Supported Export Credits” under M/L-T programs

7. Export Credits (2/11)

TURK EXIMBANK

- Turk Eximbank is obliged to get an approval from the Turkish Treasury in accordance with Law No. 4749, for transactions covered under credit, guarantee and insurance programs with maturities of two years or more
- Since her inception in 1987, following figures have been attained under M/L-T programs:
 - ✓ direct lending of \$ 2,3 billion
 - ✓ insurance cover of \$ 166,8 million
 - ✓ guarantee of \$ 142,7 million

7. Export Credits (3/11)

DIRECT LENDING

- ST Lending

- M/L–T Lending

- ✓ Buyers' Credit Program
- ✓ Overseas Chain Stores Investment Credit Program
- ✓ Ship-Building Finance and Guarantee Program
- ✓ IDB Loan - Export Financing Scheme
- ✓ IDB Loan - Import Trade Financing Operations

7. Export Credits (4/11)

INSURANCE

- **ST Export Credit Insurance Scheme**

- ✓ ST Whole Turnover Export Credit Insurance Program

- **M/L-T Export Credit Insurance Schemes**

- ✓ Specific Export Credit Insurance Program
- ✓ Specific Export Credit Insurance Post-shipment Political Risk Program
- ✓ Specific Export Credit Insurance Post-shipment Comprehensive Risk Program

GUARANTEE

- Unfair Calling of Bonds
- Guarantees for Buyers' Credits
- L/G Program for Overseas Contractors' Services
- Guarantees in favor of Banks for Insurance Policy Proceedings

7. Export Credits (5/11)

INTERNATIONAL OBLIGATIONS OF TURK EXIMBANK

- Turkey is not a Member to the OECD Arrangement, however, Turk Eximbank has been fulfilling the requirements thereunder since the Export Communiqué 96/12 was put into force. Turkey, very recently applied for becoming an observer
- Turkey is a full Member of the ECG in OECD since 1998 and Turk Eximbank fulfils all her obligations related to CSR issues
- Turk Eximbank is a Member of the Berne Union since 1994
- Turk Eximbank has cooperation and co-financing agreements with ECA's and IFI's, namely MIGA, EBRD, IDB, ADB

7. Export Credits (6/11)

COMPLIANCE WITH THE OECD ARRANGEMENT

- Down payment of 15 %
- Maximum official support of 85 %
- Do not support local costs
- 7-grade OECD Country Risk Classification
- Maximum repayment term of 7 years
- Repayments in equal instalments, semi-annual interests
- Premium charged as a separate fee rather than including in the face value of the interest rate
- MPB (HOR, QP, MEF)
- Minimum interest rate
- No tied-aid
- Sector Understandings

7. Export Credits (7/11)

M/L- T EXPORT CREDIT INSURANCE PROGRAMS

- M/L-T Export Credit Insurance Programs available
- Up to 5-years of deferred contracts – extension available
- Single-policy, multi-shipment cover
- Percentage of cover: 80-95 %
- Capital/semi-capital goods
- OECD Country risk classification adopted

7. Export Credits (8/11)

M/L- T EXPORT CREDIT INSURANCE PROGRAMS

- Premium determined in accordance with OECD Arrangement
- Subject to intergovernmental rescheduling agreements
- Post-shipment risk policy covers contractual interest (and default interests, upon request)
- In addition to the Treasury-backing, facultative reinsurance cover might be sought from the private reinsurance market, on a case-by-case basis
- Policy proceedings are assignable for financing purposes



7. Export Credits (9/11)

	Specific Export Credit Insurance Policy	Specific Export Credit Insurance Post-Shipment Comprehensive Risk Policy	Specific Export Credit Insurance Post-Shipment Political Risk Policy
Covered Risks	Commercial and political risks (manufacturing and post-shipment)	Commercial and Political risks (Post-shipment)	Political risks (Post-shipment)
Causes of loss	<u>Commercial risks:</u> insolvency, protracted default, arbitrary repudiation/refusal <u>Political risks:</u> i) Moratorium and transfer risks, ii) confiscation, nationalization, seizure, iii) social turmoil (war, riot), iv) government bans of permits, legal provisions in debtor's country, v) decision of a third country, vi) non-payment of (public/sovereign) debtor	<u>Commercial risks:</u> insolvency, protracted default, arbitrary repudiation/refusal <u>Political risks:</u> i) Moratorium and transfer risks, ii) confiscation, nationalization, seizure, iii) social turmoil (war, riot), iv) government bans of permits, legal provisions in debtor's country, v) decision of a third country, vi) non-payment of (public/sovereign) debtor	i) Moratorium and transfer risks, ii) confiscation, nationalization, seizure, iii) social turmoil (war, riot), iv) government bans of permits, legal provisions in debtor's country, v) decision of a third country, vi) non-payment of (public/sovereign) debtor
Claim waiting period	<u>Pre-shipment:</u> suspension of works OR ending of manufacturing <u>Post-shipment:</u> 6 months unless otherwise stated	6 months unless otherwise stated	6 months unless otherwise stated

7. Export Credits (10/11)

PRICING STRATEGY UNDER M/L-T PROGRAMS

- The risk premium applied under M/L-T programs is determined by taking into account the horizon of risk, the risk group of the recipient country, the creditworthiness of the debtor and the form of the collateral.
- The country cover policy is determined by the Annual Programs of the Bank, with regards to;
 - ✓ Current outstanding exposure
 - ✓ Offers on that country
 - ✓ New contracts to be undertaken/in the pipeline/L/I's
- The risk group of the borrowing country is based on the OECD Country Risk Classification.
- Comply with the minimum interest rate provision of the OECD Arrangement.

7. Export Credits (11/11)

COOPERATION, CO-FINANCE AND JOINT INSURANCE AGREEMENTS

- Turk Eximbank has cooperation and co-financing agreements with ECA's (US-EXIM, EDC, COFACE, Hermes, ONDD, Ashra, Eximbank of China, MECIB, NEXI, SEC, KUKE, EGFI, ECGE, Eximbanka S.R., Eximbank Romania, Eximbank of Russia-Vnesheconombank, KEIC, EKF, HBOR, MBDP) reaffirming compliance with the Arrangement on TE portion
- Specific “Joint Insurance Agreements” with ONDD, Hermes, COFACE, regulating reciprocal obligations in third-country projects
- No experience under any of the Joint Insurance Agreements for third-country projects so far.



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY Bilateral Sectoral Agreements

**Country Session: The Republic of TURKEY
13 September 2006**

8. Bilateral Sectoral Agreements (1/6)

☐ Textiles Agreements (1/2)

Bilateral Agreements Concluded By Turkey:

Turkey adopted Council Regulation (EEC) No. 3030/93 on common rules for imports of certain textile products from third countries

- ✓ Vietnam (quantitative restriction and surveillance - 20.12.1995)
- ✓ Belarus (quantitative restriction -2.12.1997)

8. Bilateral Sectoral Agreements (2/6)

☐ Textiles Agreements (2/2)

Autonomous Regime Applied By Turkey:

Turkey adopted Council Regulation (EC) No. 517/94 on common rules for imports of textile products from certain third countries not covered by bilateral agreements, protocols or other arrangements or by other specific Community import rules

- ✓ North Korea (quantitative restriction)
- ✓ Serbia-Montenegro (quantitative restriction)
- ✓ Turkmenistan (surveillance)
- ✓ Uzbekistan (quantitative restriction and surveillance)

8. Bilateral Sectoral Agreements (3/6)

□ Steel Agreements:

- The trade of ECSC products between Turkey and the EU is not covered by the Customs Union Decision and was regulated by a separate Free Trade Agreement signed in July 25, 1996.
- In the framework of the related provisions of this Agreement all taxes, customs duties and levies having equivalent effect on trade of ECSC products between the parties have been abolished as of 1.8.1999. For third countries, the parties still apply their own tariffs.

8. Bilateral Sectoral Agreements (4/6)

☐ Mutual Recognition Agreements

MRAs

- Exploratory talks for harmonisation of EU MRAs:
 - ✓ EFTA
 - ✓ ISRAEL
 - ✓ USA

ACAAs

- conclusion of parallel agreements

8. Bilateral Sectoral Agreements (5/6)

☐ Turkey's Bilateral Agreements on Technical Cooperation

▪ Main objectives

- ✓ Elimination of unnecessary obstacles to trade
- ✓ Strengthening technical cooperation

▪ Partner Countries

- | | |
|-----------------------------|----------------------------|
| ✓ China | (signed on June 27, 2005) |
| ✓ Ukraine | (signed on March 1, 2006) |
| ✓ Russian Federation | (under negotiation) |
| ✓ Lebanon | (preliminary negotiations) |
| ✓ Jordan | (preliminary negotiations) |

8. Bilateral Sectoral Agreements (6/6)

☐ Agreements in the field of Agriculture

- Turkey,
 - ✓ concluded with 18 countries plant health agreements and with 29 countries veterinary agreements
 - ✓ concluded with 12 countries “Agriculture Protocols” in order to set a legal framework to develop cooperation in the field of agriculture
 - ✓ has with 4 countries various agreements in the field of fisheries, cooperation among research institutions etc.
- The cooperation on sectoral issues are also dealt in Turkey’s technical, scientific and economic cooperation agreements with 46 countries



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY

Trade Policy Instruments

Country Session: The Republic of TURKEY
13 September 2006

9. Trade Policy Instruments (1/6)

Anti-dumping and Anti-subsidy (1/3)

Legal Framework:

- Law No. 3577 on the Prevention of Unfair Competition in Imports (OG No. 20212, dated 1.7.1989)
- Law No. 4412 Amending the Law on the Prevention of Unfair Competition in Imports (OG No. 23766, dated 25.7.1999)
- Decree No. 99/13482 on the Prevention of Unfair Competition in Imports (OG No. 23861, dated 30.10.1999)
- By-law on the Prevention of Unfair Competition in Imports (OG No. 23861, dated 30.10.1999)

9. Trade Policy Instruments (2/6)

Anti-dumping and Anti-subsidy (2/3)

Basis of the Legislation:

- Anti-dumping and subsidy legislation of the EU was taken as a reference for Turkish anti-dumping and subsidy legislation. It is considerably similar to Community legislation.
- The Turkish legislation is in full conformity with WTO Anti-Dumping & Anti-Subsidy Agreements

9. Trade Policy Instruments (3/6)

Anti-dumping and Anti-subsidy (3/3)

Administrative Framework:

- Undersecretariat for Foreign Trade examines complaints, carries out investigations and submits proposal to the Board of Evaluation of Unfair Competition in Imports.
- The Board takes decisions to initiate/terminate investigation and imposes measures.
- The Board is composed of 8 members representing 6 different institutions including Union of Chambers of Commerce and Industry and Union of Chambers of Agriculture.
- The Minister to whom the Undersecretariat is affiliated ratifies the decision of the Board.
- The European Commission is formally informed of the anti-dumping and anti-subsidy measures applied by Turkey vis-à-vis third countries on a regular basis (on the occasion of CUJC and CCP information meetings).

9. Trade Policy Instruments (4/6)

Safeguards (1/2)

Legal Framework:

- Decree No. 2004/7305 on Safeguard Measures (OG No. 25476, dated 29.5.2004)
- By-law on Safeguard Measures (OG No. 25486, dated 8.6.2004)
- Safeguard Legislation is in conformity with the WTO Agreement on Safeguards and the EU Legislation on safeguards measures (Council Regulation No. 3285/94 of 22.12.1994) .

9. Trade Policy Instruments (5/6)

Safeguards (2/2)

Administrative Framework:

- Undersecretariat for Foreign Trade examines complaints, carries out investigations and submits proposal to the Board of Evaluation of Safeguard Measures.
- The Board takes decisions to initiate/terminate investigation and imposes measures.
- The Board is composed of 8 members representing 5 different institutions including Union of Chambers of Commerce and Industry.
- The Minister to whom the Undersecretariat is attached ratifies the decision of the Board.
- The European Commission is formally informed of the safeguard measures applied by Turkey vis-à-vis third countries on a regular basis (on the occasion of CUJC and CCP information meetings).

9. Trade Policy Instruments (6/6)

Protection of Turkey's Commercial Rights

Legal Framework:

- Decree No. 95/7608 on the Protection of Turkey's Commercial Rights (OG No. 22510, dated 31.12.1995)
- By-law on Turkey's Commercial Rights (OG No. 22510, dated 31.12.1995)
- Turkey adopted the EU Trade Barriers Regulation (Council Regulation No:3286/94). The Legislation on the Protection of Turkey's Commercial Rights provides a mechanism for the Turkish industry to act against trade barriers affecting their access to other country markets.
- No proceeding has been initiated under this legislation so far.



SCREENING CHAPTER 30 EXTERNAL RELATIONS

AGENDA ITEM : COMMON COMMERCIAL POLICY

Turkey's Trade Policy: How it works?

Country Session: The Republic of TURKEY
13 September 2006

10. Turkey's Trade Policy: How it works? (1/3)

PRINCIPAL INSTITUTIONS INVOLVED IN THE TRADE POLICY MAKING PROCESS

- | | |
|--|---|
| <ul style="list-style-type: none">▪ Undersecretariat for Foreign Trade▪ Ministry of Foreign Affairs▪ Ministry of Industry and Trade▪ Ministry of Agriculture and Rural Affairs▪ Ministry of Environment and Forestry▪ Ministry of Health▪ Undersecretariat of Treasury▪ Undersecretariat of Customs▪ Undersecretariat of State Planning Organisation▪ Export Promotion Center▪ Turk Eximbank▪ Other related public bodies | <ul style="list-style-type: none">▪ Chambers of Commerce and Industry▪ Exporters Assembly/Unions▪ Business Associations/Unions▪ Other related private sector organisations |
|--|---|

10. Turkey's Trade Policy: How it works? (2/3)

THE NEGOTIATING PROCESS

The negotiator assigned by the law is the competent authority and conducts negotiations in coordination with the relevant authorities

- ☐ Trade policy and the requirements of international agreements as well as national legislation are taken into account
- ☐ Consultations are held with relevant governmental, private and sectoral bodies
- ☐ Mandate of the Council of Ministers is required before initiating negotiations and signing agreements with a third country

10. Turkey's Trade Policy: How it works? (3/3)

RATIFICATION OF TRADE AGREEMENTS

International agreements comprising financial obligation are subject to the ratification of the Turkish Grand National Assembly (TGNA)

- Submitted to the TGNA as a law proposal of the Council of Ministers
- Discussed in the relevant Committees of the TGNA (e.g, External Relations Committee)
- General Assembly of TGNA adopts a law authorising the Council of Ministers to approve the Agreement
- The Council of Ministers adopts a decree for the approval of the Agreement
- Publication in the Official Gazette



THANK YOU FOR YOUR ATTENTION