



Doing Business in Turkey: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In (Insert Country Name Here)

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Market Overview

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Turkey is strategically positioned at the crossroads of Europe, Asia and the Middle East. Aside from its location, Turkey's increasingly complex mix of modern industry and commerce continues to attract a diverse set of American companies, ranging from mining to high technology to energy. Over the years, we have witnessed a steady increase in U.S. - Turkish bilateral trade, although the U.S. has lost market share as Turkey's overall international trade expanded even faster. Today, the U.S. is Turkey's sixth largest trading partner, with exports to Turkey totaling \$4.3 billion in 2005. This trade growth looks set to continue: from January to November 2006, the United States exported \$ 5.3 billion in goods to Turkey. Excellent opportunities exist for U.S. exporters in this market. Telecommunications services and equipment remain leading sectors; significant recent privatizations & foreign investment in this area will mean expansion and upgrades. Opportunities also exist in Turkey's energy sector as it relates to the distribution of electricity and gas, power generation and renewable energy; safety and security equipment and services; the automotive aftermarket, and medical devices, among others.

In recent years, Turkey's market reforms, strong growth and economic and political stability have attracted greater amounts of Foreign Direct Investment. 2006 was a banner year for foreign direct investment, which reached \$17.2 billion, \$3.7 billion of that from the U.S.

On 3 October 2005, the EU and Turkey began formal EU negotiations with Turkey. Turkey has for a number of years been adopting many European Union directives, regulations and laws in anticipation of the EU accession negotiations to bring it more in line with the EU. Recent setbacks have cooled popular interest in EU membership, and it remains to be seen whether Europe and Turkey will be able to continue the forward momentum to accession. Continued commitment to EU membership will benefit the EU, and is an important factor in ensuring that Turkey continues on the path of economic reform, market liberalization and growth.

2007 will be a turbulent year for Turkish politics, with a Presidential Election in April, and general elections in the final quarter. The conduct and outcomes of these elections will also affect the speed and direction of reforms and privatizations.

Market Challenges

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The Republic of Turkey is a complex and challenging market requiring adaptability and persistence. U.S. exporters face many of the same challenges that exist in other medium-developed countries, such as sometimes contradictory policies and documentation requirements, lack of transparency in tenders and other purchase decision-making, and an inconsistent judiciary and legal and regulatory framework. Careful planning and patience are the keys to succeed in Turkey.

Market Opportunities

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The Republic of Turkey's movement toward membership in the European Union is creating momentum to adopt European business regulations and standards in Turkey, thereby ultimately making it easier to sell and conduct business in this market. Similarly, reforms since 2001 have created a strong and stable economy that attracts foreign investment, which in turn will be followed by desperately needed capital improvements and demand for new products and services. The Commercial Service in Turkey has identified a number of market opportunities for U.S. firms and continues to work with companies in either entering the Turkish market or expanding market share.

Market Entry Strategy

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To enter the Turkish market, most U.S. companies first opt to have a local representative or liaison office. As the business develops, companies open up subsidiaries. Companies rely on local experience and knowledge as to how business is done in this market. Knowing the regulatory and business framework is a difficult task without the support of a local business partner. The Commercial Service in Turkey has a number of programs and services available to assist the U.S. business community in establishing a presence in this market. In addition, the Commercial Service in Turkey employs experienced Commercial Specialists with industry sector expertise that can tailor your business approach to the right audience and advise and steer your company through the often less than transparent bureaucratic procedures that are common in Turkey. To find out more about what we can do to help you with one of our leading trading partners (over USD 10.0 billion in bilateral trade), please visit our web site at www.csturkey.com and www.buyusa.gov/turkey/en.

Keeping in mind that Turkey is also the commercial hub of Central Asia, companies should also consider using Turkey as a jumping-off point to business opportunities throughout Central Asia, the Middle East and the Caucasus.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/3432.htm>

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Using an Agent or Distributor

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Unless a U.S. firm's interests are large enough to warrant opening an office in the country, the most effective means of selling in Turkey is through a reliable and qualified local representative. Personal contact is extremely important in Turkish business in both private and public sectors. When dealing with government tenders, an agent is an absolute necessity in view of complicated bureaucratic procedures and the language barrier.

An American firm should carefully investigate the reputation and possible conflicting interests of any prospective representative or agent before signing contractual agreements. U.S. Commercial Service Turkey can make background check on a selected company and prepare an International Company Profile (ICP) report, which can be a useful tool in the elimination of an agent or distributor candidate. More information on the ICP service and other services provided by U.S. Commercial Service Turkey can be found at: http://www.buyusa.gov/turkey/en/exporting_to_turkey.html

Agency agreements under Turkish law are private contracts between two parties and their stipulations vary according to mutual consent. There are no fixed commission rates. It is recommended that sole manufacturer representatives/distributors be appointed for the entire country, which may include other countries in the region. Agency Agreements can be for a period of a year to be renewed depending on the success of the agent. In cases where a large volume of government business is expected, it is essential either to appoint an Ankara firm or an Istanbul firm with a branch office in the capital.

Commercial Service Turkey, through its offices in Ankara, Istanbul and Izmir, provides a Gold Key Service, arranging custom-tailored appointment programs for visiting American business people. The Commerce Department's International Partner Search, the Matchmaker, Trade Mission, and Catalog Show programs are other options for U.S. companies looking for assistance in entering the Turkish market. The Foreign Agricultural Service also provides information and assistance to firms interested in marketing agricultural commodities in Turkey. For more information on the Commercial Service in Turkey, please visit our web site at www.buyusa.gov/turkey/en.

Establishing an Office

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Turkey's foreign investment legislation, which has been gradually liberalized since the 1980's, was revised most recently in 2003 through some structural reforms. The procedures for foreign investment are simplified, some bureaucratic formalities are abandoned, and the principle of equal treatment is reemphasized.

Turkey has reached a stage where the issue of foreign capital is considered as a top priority issue and the latest reforms are the initiation of a series of required course of action to improve the investment climate.

The major step that has been realized recently is the introduction of a more investor-friendly "Foreign Direct Investment Law".

The new Law has changed Turkey's foreign investment policy from screening system to monitoring system. The foreign investors are no longer required to obtain permissions or approvals. Foreign investors will only be asked to provide some statistical information to the Undersecretariat of Treasury for the purpose of developing an information system about foreign investments in Turkey.

The main elements of the new "Foreign Direct Investment Law" are the following;

- All former FDI related screening and approval procedures have been abandoned for a business set up (company or branch) and share transfers. Foreign investors will no longer be required to obtain prior approvals for these transactions, except for some critical sectors. The conditions for a business set up and a share transfer will be the same as for comparable local investors.
- Pre approval requirements for certain transactions- capital increase, change of field of activity, etc., of foreign investment companies have also been eliminated. Foreign capital companies will follow the same procedures as local companies to realize these transactions.
- Registration of license, know-how, royalty, technical assistance agreements to the General Directorate of Foreign Investment is no longer be required.
- The minimum capital requirement of \$ 50,000 per each foreign shareholder has been abolished.
- Foreign investors will be able to form a partnership in Turkey. In the old regime, foreign investors were only allowed to form a joint stock company or a limited company. Now, any form of company included in the Turkish Commercial Code is acceptable for foreign investment.

- Valuations of international credit agencies as well as courts or competent authorities of the investor's country will be accepted as valid in the determination of the share value for marketable securities that are contributed as capital in-kind.

The new "Foreign Direct Investment Law" has also reassured the foreign investors' existing rights on a stable document:

- The foreign investment legislation is based on the principle of equal treatment for the domestic and foreign investors. Foreign investors have the same privileges and obligations as the domestic capital.
- Free transfer of profits, dividends, proceeds from sale or liquidation of an investment, fees and royalties, interest payments on foreign loans is clearly restated.
- Foreign capital companies established in Turkey have the same rights to acquire a real estate as domestic investors. Foreign real persons may own a real estate according to the principle of reciprocity.
- The national or international arbitration is allowed for disputes arising from contracts involving government concessions as well as for the disputes arising from agreements subject to private law, provided that the conditions in the related regulations are fulfilled.
- Foreign capital entities can employ foreign personnel in Turkey, provided that the work permits are obtained from Ministry of Labor.

The new Law has retained the permission requirement for Liaison Offices. Liaison offices are special type of offices whose main activity is to conduct market research and feasibility studies and to accumulate investment opportunities in the Turkish market on behalf of their head offices. They are not allowed to carry on any commercial activity. Foreign investors are required to obtain permission from General Directorate of Foreign Investment under the Turkish Treasury to open a liaison office in Turkey. The initial permission is given for 3 years, which can be extended depending on the activities performed in the last 3 years and future plans of the head office.

A foreign company is free to choose between a corporation (Anonim Sirket--A.S., or "Societe Anonyme" type corporation), private limited company (limited liability company), or branch office as the form for its operations in Turkey. The 'A.S.' form is more suitable for larger enterprises, since corporations can attract a large number of shareholders. The limited liability company form is more appropriate for the establishment of sales and distribution entities.

Commercial Service Turkey suggests that an attorney be retained to obtain additional details and handle the application process and entity formation. Use of an accountant for tax planning is also recommended. Listings of American and Turkish lawyers and accountants resident in major Turkish cities are available from the Commercial Service in Turkey.

Franchising

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Since 1986, franchising has grown in the Turkish market. The Turkish National Franchising Association, Ulusal Franchising Dernegi (UFRAD), a member of the International Franchising Association (IFA), is traditionally the first point of contact and is an excellent meeting point for prospective franchisers and franchisees. Foreign franchises in Turkey are concentrated in fast foods and apparel, but other areas are increasingly represented as well.

The Block Exemption Decree (relief from the Free Competition Law) No. 1998/7 dated December 1998 is based on the European Community's Law No. 4087/88. If a franchise agreement meets the requirements of this decree, it is exempt from the Free Competition Law, which is often in conflict with certain aspects of the franchising concept. Until this decree, each franchisee was obliged to obtain an individual exemption status by applying to the Competition Authority.

Franchising Contacts:

National Franchising Association
(Ulusal Franchising Dernegi-UFRAD)
Ergenekon Caddesi
Pangalti Is Merkezi 89/15
80240 Pangalti
Istanbul, Turkey
Tel: [90] (212) 296-6628
Fax: [90] (212) 224-5130
Internet: www.ufrad.org.tr
Web site in Turkish only

The International Franchising Association in Washington, D.C. (1350 New York Avenue, NW, Washington, D.C. 20005-4709, tel. (202) 628-8000; fax: (202) 628-0812), has been active in Turkey, organizing visits to Turkey by potential U.S. franchisers and, in cooperation with UFRAD, putting them in contact with potential local franchisees.

Most large U.S. accounting / auditing / consulting firms, many U.S. banks, and several U.S. law firms also have offices in Turkey to assist American firms interested in the Turkish market.

Direct Marketing

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Unless a U.S. firm has established an office in Turkey, direct marketing from the United States without an agent or representative is not recommended. In fact, it is virtually impossible to surmount complicated bureaucratic requirements, language obstacles, and purchasing transactions without a competent local representative/agent. Especially for those firms with sales potential large enough to warrant it, a local affiliate is the best possible way of selling to this market without an agent, representative or distributor.

Joint Ventures/Licensing

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Although 100 percent foreign ownership is permitted (except in the Radio & TV Broadcasting), most U.S. investment in Turkey is in the form of joint venture or licensing operations. Most Turkish companies prefer to establish joint ventures with U.S. suppliers to overcome shipping costs and European competition. Especially in view of customs duties applied to U.S. products vis-à-vis zero customs charges for European-origin goods (Turkey joined the European Customs Union in 1996), many U.S. firms have chosen local production as a way to profitably penetrate the Turkish market. Especially in large urban centers, a highly sophisticated infrastructure exists (legal

support, financial and consulting services) which may be required by potential foreign investors or joint venture partners. Major U.S. accounting/auditing firms, law firms and banks also have established branches in Turkey.

Selling to the Government

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The main law that regulates government procurement is the Public Tender Law No. 4734 and Law No. 4964-the amending law to 4734. Though Law 4734 was omnibus legislation incorporating all public sector enterprises, the amending legislation 4964 limited the Public Tender Law's coverage such that the energy, water, transport and telecommunications sectors would be exempted from the Public Tender Law. State-owned corporations (state economic enterprises-SEEs) generate revenues through sales of raw materials, semi-finished and finished products and services. SEE procurement regulations are largely based upon a government decree called "the Decree on the Operations of the State Economic Enterprises" No. 233 of June 8, 1984, Turkey's Law of Obligations No. 818, dated April 22, 1926, and the Turkish Commercial Code No. 6762, dated June 29, 1956. Other exceptions are the Undersecretariat of Defense Industries (SSM) and the Ministry of National Defense. SSM procurement is financed off budget, through special taxes, and is not subject to Law 2886.

An independent Public Procurement Authority was established as stipulated in Law No. 4734, which approves public tenders. Any objections to the tenders can be made to this Authority. It evaluates the objections and makes decisions in accordance with the regulations. In public tenders, company establishment certificate, letter of authorizations, job completion certificates, any other certificates must have apostille. Otherwise, bidders can be disqualified. Due to this kind of bureaucratic procedures, tender evaluations can be cancelled and re-tendered or sometimes take months. Companies must submit their bids in original form before the deadline date and time.

Price, quality, financial credit terms, and length of repayment period are the most important factors in purchasing decisions. Other factors that affect sourcing decisions are the suppliers' reputation, the reputation of the quality and reliability of their products, compliance with the EU regulations and standards, references, qualifications of the local partner and previous experience in dealing with particular suppliers.

In Government of Turkey (GOT) tenders, state organizations give particular importance to the way proposals are prepared and to their adherence to administrative and technical specifications. Generally, the validity of the proposal must be three to six months from the bid date and the same validity is expected for the bid bond (generally a stand by letter of credit). If a company retracts its offer, the bid bond is forfeited. The bid bond is usually obtained from the actual supplier for three percent of the bid amount. The performance bond is usually six percent of the contract amount and is valid throughout the delivery or final acceptance beginning from the contract date. All bonds have to be counter-guaranteed (confirmed) by a Turkish national bank.

The GOT enacted the Electricity Market Law on February 20, 2001, which envisages a market that is competitive, transparent, and operates in accordance with provisions of private law. The law also established the Electricity Market Regulatory Authority (EMRA). The Turkish Treasury does not issue Treasury Guarantees to support electricity generation projects conducted by the private sector, unless either the State Hydraulic Works (DSI) or the Electricity Generation Corporation invests in the project.

The Turkish Parliament passed the Natural Gas Market Law No. 4646 on April 18, 2001. This law liberalizes the trading of natural gas and authorizes the same independent regulatory body for electricity trading to also regulate the natural gas market (EMRA). Companies are free to supply natural gas at wholesale to customers buying in excess of one million cubic meters of gas per year. EMRA has been issuing the required licenses. This law also permits the private sector to obtain license to distribute gas in cities.

A Petroleum Market Law enacted on December 4, 2003, Law no. 5015 has the objective to regulate the Petroleum Products Market pertaining to the delivery of petroleum supplied from domestic and foreign resources to consumers, directly or after processing, in a reliable, cost-effective manner within a competitive environment. In accordance with this Law, Holding a license is obligatory for the following petroleum activities:

- a) Performing refining, processing, lube oil production, storage, transmission, eligible consumer and bunker activities and to establish and/or operate facilities for the performance of aforesaid activities,
- b) Performing liquid fuel distribution, transportation and vendor activities. Energy Market Regulatory Authority may impose exemptions for holding licenses for transmission and processing activities in line with the principles and criteria to be developed. Licenses shall not be granted based on commitments.

Distribution and Sales Channels

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Marketing of most foreign products in Turkey is through foreign suppliers' representatives or distributors. Depending on the location of consumers/end-users, most distributors have a dealer network throughout the country or in areas where the product is most used—in the case of several industrial sectors; a dealer/repair network may be required. Commission representatives/agents, on the other hand, periodically visit their customers together with their foreign principals to maintain strong personal contact, a very important marketing tool in Turkey.

Selling Factors/Techniques

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Once an American firm appoints a manufacturers' representative or agent, the agent or distributor expects-and should receive-the principal's full support with regard to literature, technical information and advertisement materials. Possible government buyers and potential private-sector importers should receive catalogs and other literature clearly indicating the name and address of the local representatives/distributors. A common and very effective support practice by European principals is to invite the representative/agent to the principal's country every year for an annual sales meeting. Both agents and, if possible, their principals, should periodically visit existing and potential customers since the importance of personal contact in Turkey cannot be overemphasized.

Especially in larger Turkish cities, international trade promotional events, such as fairs, exhibitions and seminars, are common methods of sales promotion. These fairs are also opportunities for U.S. companies to assess (and meet) existing competition, since all major foreign and local suppliers participate in such events. The catalogs of the events serve as 'trade lists' on specific product categories. Currently, there are about seventy international fair and exhibit organizers in Turkey.

Commercial Service (CS) Turkey has been promoting attendance by prospective Turkish buyers at exhibits in the U.S. and Europe. U.S. Commercial Service sector specialists take Turkish business delegations to the exhibitions in the U.S. or Europe in Energy, IT and Telecommunications, Automotive and Health sectors. Under a Showcase Europe Showtime program, sector specialists counsel U.S. companies during the exhibitions. Likewise, the Foreign Agricultural Service (FAS) organizes trade teams to U.S. agriculture and food shows. Turkish visitors to those fairs return highly impressed by the U.S. products. CS Turkey will continue to coordinate with other U.S. Government posts and event organizers to facilitate the visits of buyers to these events. The events promoted by CS Turkey are usually announced in CS Turkey's web site: <http://www.buyusa.gov/turkey/en/>

Electronic Commerce

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The majority of E-commerce transactions in Turkey are in the field of Internet banking. Local industry sources report that nearly 70 percent of all electronic commerce transactions are in on-line banking and financial services. The concept of having Internet banking in Turkey is popular given the very high cost of maintain physical bank branches throughout the country. Apart from increasing customer service, the commercial banks realized that charging substantially less transaction cost for Internet banking than the traditional brick and mortar enterprise of the past, made the Internet banking more attractive to the consumers.

Other E-Commerce Business Activity

Apart from the significant on line banking segment of the Turkish E-commerce industry, Turkish companies in ticketing, travel, food delivery, books/CDs/entertainment, clothing, and consumer products are also active in promoting goods and services via the Internet. The majority of commercial sites were developed without focusing on IT integration of overall corporate operation and instead focused on order taking and transaction clearance. Turkish E-commerce companies generate only a small percentage of gross revenue from electronic transactions. Turkish Government also gives importance to e-government activities such as tax payment over Internet, application for a passport, and many other application type procedures are being widely used.

Trade Promotion and Advertising

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Chambers of Commerce and Industry, various associations, and specific sectoral publications serve as potential channels for advertisement. Television commercials or ads in major newspapers are also highly effective. In Turkey, there are over 20 national TV channels. Major newspapers include Cumhuriyet, Dunya, Hurriyet, Milliyet and Sabah, all of which have their headquarters in Istanbul with branch offices in Ankara. The country's foremost commercial/economic daily newspaper is Dunya. The leading English language newspaper is the Turkish Daily News. Major weekly periodicals are: Anka Haber (economy); Barometre (economy); Briefing (weekly inside perspective on Turkish political, economic and business affairs); Detay (economy-also publishes tenders on equipment procurement and infrastructure projects); Eba Newsletter (economy/English daily); Eba Report (a weekly special survey of Turkish business,

industry and business contacts); and Tebanews (weekly magazine--in English--on tenders, investment projects and the economy). There are many periodicals issued monthly. The most important publications in this category are Bilgisayar (computer and related equipment); Bilisim (computer and related equipment); BT/Haber (weekly/computer and related equipment); Dunya Insaat (construction machinery); Finans Dunyasi (finance and economy); Telekomunikasyon (telecom); Turkey (economy) and Yazilim Donanim (software).

Pricing

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Price has traditionally been the most important consideration in government tenders. Private sector buyers emphasize quality, but price remains a significant issue. In both public and private sales, creative financing which reduces up front cash outlays can mitigate this. While imports from European Union and EFTA countries are exempt from duties, American firms can still be competitive by offering financing alternatives to credit-hungry Turkish buyers. Financing also includes GSM-102 export credit guarantees, which is available for most agricultural products. The Commercial Service urges U.S. suppliers to utilize instruments like letters of credit and U.S. EXIM Bank products when establishing a new relationship with a Turkish importer.

Sales Service/Customer Support

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U.S. suppliers should identify local agents/distributors with the necessary service and maintenance capability. Depending on the level of business activity, a U.S. firm may also consider establishing its own office in Turkey to set up servicing facilities in the country's major business centers.

Protecting Your Intellectual Property

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In 1995, as part of Turkey's harmonization with the EU in advance of a customs union, the Turkish parliament approved new patent, trademark and copyright laws. Turkey also acceded to a number of multilateral intellectual property rights (IPR) conventions. Although the new laws provide an improved legal framework for protecting IPR, they required further amendments to be consistent with the standards contained in the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). The Turkish Parliament passed amendments to the Copyright Law in June 2001, further strengthening IPR enforcement and making Turkish IPR law TRIPS compliant. Parliament further amended the Patent Law in June 2004. The new law provides for penalties for infringement of up to 3 years imprisonment or 47,000 New Turkish Lira (approximately USD 32,000), or both, and closure of the business of up to one year.

Turkey continued to show evidence of poor IPR enforcement practices, and as a result, the U.S. Government has again placed Turkey on the Priority Watch List in 2004.

A recent report issued by the Government of Turkey (GOT) indicates the following:

Turkey continues to make improvements in its legal system and laws concerning the protection of IPR. These improvements are reflected in practice. Recent activities to combat counterfeit and piracy and developments in the field of copyright protection are as follows:

A-Institutional Restructuring:

1. Establishment of Specialized Commissions and Departments: In order to enhance the capabilities to follow the local operations in various provinces, an “Intellectual and Artistic Products Authority” was established. This Authority’s sole responsibility is to fight against violations of intellectual property rights. Additionally, a Commission, consisting of the representatives from the Ministry of Justice, Ministry of National Education, Ministry of Interior Affairs, Ministry of Culture and Tourism, and Business Associations has been established with the aim of countering piracy. Besides, Provincial Supervision Commissions have been controlling the labels of the copyrighted products in order to fight piracy and copyright infringements.

2. Employment of New Personnel: In all 81 Provincial Police Departments, 939 personnel are employed to deal solely with violations of IPR.

3. Label Automation System: In May 2006, a web-based label automation system has been established in order to be able to combat with book piracy in a more efficient and faster way.

B-Training of the Personnel Combating IPR Infringements and Cooperation between Institutions: GOT organized a number of training programs In cooperation with Ministry of Justice, Ministry of Culture and Tourism, Turkish Patent Institute and Security General Directorate, on the job training as well as trainings in France, Greece and EUROPOL. Each year GOT provides on the job training to approximately 500 police officers.

C-Activities for Creating Public Awareness on Piracy: Broadcasting in movie theaters on reproduction of DVDs/VCDs of movies illegal and piracy will be punished with imprisonment. Ministry of Culture made a campaign in newspapers and TV programs on usage of computer software reproduced through piracy is illegal and crime.

D-Participation in European Union Projects: An EU twinning project named “Adopting Turkish Legislation related to IPR” started implementation on 4 May 2006 and planned to be completed in November 2007. Another twinning project proposal named “Support to the Turkish Police in Enforcement of Intellectual and Industrial Property Rights” was accepted to be financed under the EU Pre-Accession Financial Aid 2006 Programming.

E-Statistics on Intellectual Property Rights Violations: Between 2000-2006 at 2356 police operations 3208 people were prosecuted. Since 1 March 2006, at 365 operations, 254 people have been prosecuted and a number of products (226,221 piece, 1113 Kg, and 1122 packages) were seized.

Due Diligence

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Companies can minimize their risk of exporting to new customers or entering into business with new partners by utilizing the U.S. Department of Commerce International Company Profile (ICP) program. An ICP provides up-to-date information that includes bank and trade references; names of principals, key officers and managers; product lines; the number of employees; financial data; sales volume; reputation and market outlook, all at a reasonable price. For more information, please visit our web site at www.buyusa.gov/turkey/en.

Local Professional Services

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English-speaking attorneys specializing in commercial law, investment legislation, joint ventures, corporate law, tax law, bankruptcy law, public finance, banking corporations, criminal law, and civil law are available for consultation with U.S. business representatives. A list of specialized attorneys is available from CS offices in Turkey. U.S. companies will also find large multi-national U.S. accounting and financial firms operating in Turkey, to assist in establishing a presence in the Turkish market.

Web Resources

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For additional information on entering the Turkish market, or if you have specific questions pertaining to your product or market niche, please visit our web site at www.buyusa.gov/turkey/en. You can also advertise your company and products in our web site. For further information on this, please contact Ozge.Cirika@mail.doc.gov.

Government of Turkey Contact:

Undersecretariat of Treasury
General Directorate of Foreign Investment
Eskisehir Yolu, Inonu Bulvari
Emek Mevkii, Ankara, Turkey
Tel: [90] (312) 212-8800 (switchboard)
[90] (312) 212-8414 or 212-8915
Fax: [90] (312) 212-8916
E-mail: GDFI@pm.treasury.gov.tr
Internet: www.investinginturkey.gov.tr and <http://www.treasury.gov.tr>

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Commercial Sectors

Commercial Sectors

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Telecommunication Equipment and Services

Overview

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| USD Millions | 2004 | 2005 | 2006 (estimated) |
|------------------------|--------|--------|------------------|
| Total Market Size | 11,400 | 13,300 | 15,600 |
| Total Local Production | 9,100 | 9,400 | 11,100 |
| Total Exports | 1,450 | 1,700 | 1,900 |
| Total Imports | 3,750 | 5,600 | 6,400 |
| Imports from the U.S. | 270 | 310 | 400 |

(Above figures are unofficial estimates. Prices are calculated at an average exchange rate of USD 1 = YTL 1.45)

In 2006, the total number of GSM cellular service subscribers exceeded 50 million with an approximate penetration rate of 70%. Total telecom equipment and service market grew to \$15 billion and is expected to expand 30% in 2007. Fixed line subscribers are approximately 19 million, reaching almost 100% penetration per house basis.

The three GSM cellular operator, Turkcell, Telsim and AVEA and the fixed line operator Turk Telekom will invest in equipment and services at a total value of \$5 billion in 2007. These new investments will provide new jobs to 50,000 people in the sector. In 2007, after licenses are issued for 3G, WiMax and Cellphone number carry-on, the new licensees will launch new investments.

In 2005, Oger Telecom (a JV between Saudi Oger and Telecom Italia) won the privatization of 55% shares of Turk Telekom with a total bid price of \$7.40 billion and now took over the management of the fixed line operator Turk Telekom. Turk Telekom's business development continued and will continue in 2007 spreading the usage of high speed internet throughout the country. Turk Telekom commenced its planned investments of \$3.5 billion over the next 6 years, which will improve the quality and introduction of new enhanced services.

Turk Telekom will continue to be the major buyer of fixed-line telecommunications equipment. Turk Telekom with approximately 20 million subscribers may invest in new technologies in 2007. Turk Telekom plans to expand its ADSL backbone, therefore, will continue to purchase new ADSL equipment.

Over 40 private long distance telephony companies have been also operating over the last 3-4 years, mostly using VoIP with an interconnection agreement with Turk Telekom. These companies continue establishing their own networks. If the Telecommunications Authority (TA) improves the interconnection agreements for these companies, their investment and competitiveness will continue.

British Vodafone paid the privatization fee of \$4.5 billion and took over the 2nd largest GSM cellular operator, Telsim with over 10 million subscribers. Vodafone is expected to make significant new investments in Telsim in 2007 and also increase promotions to expand its subscribers. Telsim Vodafone announced recently that it would make an

investment of \$1.2 billion over the next two years. Telsim plans to expand and upgrade its 900 MHz GSM cellular network. If the Telecom Authority of Turkey proceeds with the number portability license tender this year, the competition between the GSM operators will greatly increase.

Turkcell is the largest GSM cellular operator in Turkey. It has approximately 32 million subscribers. Turkcell will continue with its investments in Turkey and abroad. Turkcell's founding shareholders are Sonera Holding, formerly known as Telecom Finland Ltd. and currently owned by TeliaSonera, Çukurova Group and MV Holding. 23.4% of Turkcell shares are publicly traded in Istanbul and New York Stock Exchanges. Turkcell recently signed an agreement with Warner Bros to provide games, screen savers, alarms, tunes, mobile applications and videos. Turkcell will continue its investments especially in these types of services in 2007.

AVEA is the third largest cellular phone operator, having approximately 8 million subscribers. Turk Telekom owns 81% of the shares of AVEA and Türkiye İş Bankası owns 19%. AVEA operates at 1800 MHz GSM frequency, and Turkcell and Telsim operate at 900 MHz GSM systems. Telecom Italia being a partner of Turk Telekom sold all of its shares in AVEA to Turk Telekom in 2006. Turk Telekom being one of the major shareholders in AVEA will also be more aggressive in the market and will carry out more investments.

The above mentioned investments are inevitable as the number of subscribers in mobile telephony increased three times while the fixed line subscribers remained constant during the last five-year. Last year, Turkish subscribers purchased approximately 7.5 million cell phone handsets.

The independent regulatory body Telecommunications Authority (TA) will conduct a license tender for 3G services probably in the summer of 2007. This will further increase the telecom market revenues. Turkish GSM companies will widely implement new services such as Multimedia Messaging Service (MMS), Mobile Video Streaming (MVS) and other new features by moving forward to the 3G technologies. These services, new GSM and fixed telephony players multiplied by the competition introduced through the new long distance telecom companies will boost the telecommunications services market in Turkey.

Additional opportunities exist for the Turkish market in international traffic either originating or terminating in the country. Due to the widely dispersed Turkish population there are considerable international calls being placed, primarily from Western Europe and the United States to Turkey.

Cisco Systems recently announced that it is planning to invest \$275 million in internet technologies, Techno Park and education in Turkey. Nortel Networks established a Global High Technology Operation Center in Turkey and announced that it will employ 300 engineers.

GSM cell phone sets suitable for video downloading and TV broadcasting equipped with wide band Internet access will be the driving force for growth in this sector. These new technologies will be the basis for the 3G and 4G operations. Over 50 million GSM subscribers keep on growing with a growth rate of over 20-30%. Many subscribers continuously change their cell phones with new models sustaining consistent growth in

the handset market.

The private sector may make major investments on the establishment of new fiber-optic networks, VoIP Equipment and Wireless Local Loop networks. Due to its strategic location in Eurasia, between Europe and Central Asia and Middle East, Turkey has the potential to become a major hub for the distribution of telecommunications equipment in the region.

In Turkey, Northern Telecom, Alcatel, Siemens, Ericsson and NEC supply majority of the fixed lines switches, trans-multiplexers, and other telephony equipment. U.S. companies can be competitive in software programs required for customer databases, emergency call services, corporate management and intelligent network operation centers. Motorola, Nokia and Siemens are the main GSM switch and base station suppliers. U.S. companies can be competitive in new software products required by GSM cellular operators to provide new services to their clients and better corporate and client management.

Best Products/Services

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3G, and other new technologies for GSM cellular operators such as MMS and Java based services, and other telecom services to enhance activities of long distance operators. Online visual and other data transfer over the cell phones through 3G license and transferability of cell phone numbers from one GSM operator to another will require new telecom services to be deployed in 2007.

Other best prospects in 2007 will be new model GSM handsets with new features, VoIP equipment, ADSL equipment, switches and networks for long distance operators. SCADA systems for main natural gas transmission lines and electricity distribution networks will be the other best prospects. Depending on the timing of the 3G license tenders, the other best prospect can be the third generation GSM networks.

Opportunities

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Improvements required by Turk Telekom for better customer, data and network management, expansion of Telsim's GSM network and additional ADSL networks are the potential opportunities. The TA will conduct WiMax license tenders in 2007. U.S. companies should consider this large telecom market as a hub for the region and consider establishing joint venture companies to supply to the EU markets as Turkey is already in the European Customs Union and a candidate to join the EU. (CE certification is required by the import laws of Turkey to be able to export to the Turkish market.)

Resources

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- Telecommunications Authority's web site:
- Turk Telekom's web site:
- Turkcell's web site:
- Telsim's web site:
- Avea's web site:

www.tk.gov.tr
www.turktelekom.com.tr
www.turkcell.com.tr
www.telsim.com.tr
www.avea.com.tr

- Turkish Competitive Telco Operators Association (TELKODER) www.telkoder.org.tr
- Turkish Electronics and IT Industries Association (TESID) www.tesid.org.tr

Electric Power Systems

Overview

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| USD Millions | 2004 | 2005 | 2006 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 1,800 | 2,100 | 2,400 |
| Total Local Production | 580 | 650 | 750 |
| Total Exports | 220 | 240 | 280 |
| Total Imports | 1,440 | 1,690 | 1,930 |
| Imports from the U.S. | 280 | 310 | 370 |

(Above figures are unofficial estimates. Prices are calculated at an average exchange rate of USD 1 = YTL 1.45)

Turkey's demand for electricity grows at a rate of 8% per year. In case of low demand, Turkey will require 400 billion kWh and in case of high demand, 500 billion kWh a year in 2020. Minister of Energy and Natural Resources Mr. Hilmi Guler announced that Turkey requires an investment of \$128 billion through 2020 in the energy sector. Of that, \$105 billion is estimated to be in electric power generation, transmission and distribution sectors. The Turkish Government expects the majority of this investment to originate from the private sector.

The Turkish Government passed the Renewable Energy Law No. 5346, which entered into force on May 18, 2005. This law requires retail companies to buy 8 percent of their total electricity procurement from renewable energy generation companies. In addition, Energy Market Regulatory Agency (EMRA) (www.epdk.org.tr) has license fee exemption for renewable energy investors and The Turkish Electricity Trading Company, TETAS provides buying guarantees to renewable energy companies. Renewable energy will play an important role as Turkey's preparations for accession to the European Union is underway.

Turkish private sector is showing a great interest on the renewable energy type of power generation. Companies are seeking technologies, equipment, financing and partners to implement hydroelectric, wind, geothermal, solar and biomass power plant projects. Turkey is in the first rank in Europe and 7th rank in the world in the geothermal energy resources. Currently, The Energy Market Regulatory Agency (EMRA) set the wholesale electricity prices for the renewable energy suppliers as 9.13 Ykr/kWh (approx. 6.30 cents/kWh) at the beginning of 2007. A new draft law waiting at the Turkish Parliament will bring more incentives to renewable energy generation and expected to increase the wholesale price to 5.5 Euro cents per kWh for the next 10 years.

Turkey's hydroelectric power generation potential is 36,700 MW. Only 36% of this potential is being utilized so far. An installed capacity of over 13,000 MW hydroelectric power plants currently exists in Turkey. An additional 10,000 MW is under construction.

When these projects are completed, 45% of Turkey's hydroelectric potential will be in use.

In recent years, State Hydraulic Works (DSI) has started tendering new projects on water usage contract basis, which requires the private sector to obtain license from the Energy Market Regulatory Agency (EMRA) and invest for the building of the dams and hydroelectric power plants on certain locations designated by DSI. The Turkish Private Sector with their foreign partners will require financing for building these new hydroelectric power plants. Investors are then free to sell its electricity to the grid or large users. In the following years, DSI plans to tender out 627 new projects at the total installed capacity of 11,000 MW.

Turkey is fast moving into the liberalization of the electricity trading market. EMRA issues licenses for power generation or wholesale trading companies, which can sell its electricity generated anywhere in Turkey to any large client in any place in Turkey by paying a certain trading fee. EMRA licensed 96 new private sector projects in 2006 at a total installed capacity of 2500 MW. 67 of these projects were hydroelectric type at a total capacity of 1600 MW, while 706 MW was for coal-fired type, 17 new NG-fired projects at total capacity of 94 MW, and 3 wind farm projects at total capacity of 47.5 MW.

Many Turkish companies are seeking for potential foreign partners to participate in the upcoming power sector privatizations. Turkish Government will tender the privatization of its three electricity distribution grids located in Ankara, Bursa and Istanbul's Anatolian side at the end of 2007 or beginning of 2008. EMRA estimates that the winners will need to make a total investment of \$2.2 billion until 2020 for the upgrading of the 20 electricity distribution grids. For this purpose, the countrywide Turkish electricity grid has been divided into 20 regions. Many Turkish companies would like to meet with potential U.S. investors or O&M service companies to be able to bid for these privatizations. Three of these privatizations are in the privatization tender process. Further information is available at www.oib.gov.tr.

Turkish Government has drafted a law for the establishment and operation of nuclear power plants. The law is currently in Parliament and aims to establish the legal basis for the operation of nuclear power plants in accordance with the general energy plans and policies of Turkey. The Draft Law regulates the principles and procedures concerning the construction and operation of nuclear power plants as well as the sale of energy generated from such plants.

Turkish Government plans to license nuclear power plant investments at the total capacity of 5000 MW by the year 2012. For this purpose, MENR and Turkish Atomic Energy Agency (TAEK) have designated three locations as the potential sites for the construction of nuclear power plants. Turkish Government will provide 15 years of purchase guarantee for the private sector investors.

Turkey has approximately 46,000 km of electricity transmission lines and approximately 840,000 km electricity distribution lines. Turkey has electricity transmission line connections between Bulgaria, Georgia, Syria, Iran and Iraq. Turkey is trading some electricity between these countries. Another electricity transmission line is being built between Turkey and Greece to connect Turkey to the South European Grid. Some Turkish companies are exporting electricity to Northern Iraq.

Turkish Government also plans to privatize all of its power generation plants by the end of 2009. Power plants will be privatized in bundles of hydro, combined cycle and lignite-fired power plants. Total installed capacity of Turkey is approximately 39,000 MW and will grow to 48,000 MW if there is low demand, or to 57,000 MW if there is high demand by the year 2015.

Turkey produced approximately 170 billion kWh electricity as of the end 2006, 41% of this generation came from natural gas fired power plants, and 27% from coal-fired, 27% from hydroelectric and wind, and 5% from fuel oil-fired power plants. It is estimated that in 2020, 44 percent of Turkey's demand will be met by natural gas-fired power plants, 27 percent of it by coal-fired power plants, 24 percent by hydroelectric, 3 percent by oil-fired and 2 percent by wind power.

Best Prospects/Services

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Simple or combined cycle power plants, wind mills, small hydro power plants, geothermal and solar energy type of applications and power generation, hydrogen generation pilot facilities, generator sets. Other best prospects will be supply of fluidized bed type lignite coal furnaces, boilers, upgrading of existing power plants, supply and installation of power transformers and gas insulated substations for power transmission lines and SCADA systems for the electricity distribution lines.

Opportunities

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400 MW BARES Wind Farm projects in Bandirma, Soma, Aliaga and Cesme; 45 MW Geothermal Project of Guris in Germencik; 30 MW Belen and 16 MW Cesme wind farm projects of Guris; 30 MW & 60 MW wind farm and 49 MW hydroelectric power plant projects of Aydinler; wind power projects of Kudret Energy in Dikili, Alenka Energy in Tekirdag and Gonen, Akin Holding in Aliaga and Bodrum, Ayen Energy in Didim, and Ayres Energy in Ayvacik; 400 MW coal-fired fluidized bed type power plant project of Yildizlar SSS Holding Project; production of lignite coal from Turkish Coal Enterprise (TKI)'s coal reserves and production of electricity with the establishment of new power plants; with the same principle, new investments in Afsin Elbistan C & D coal leasing tenders for a total of 2X600 MW coal-fired power plant building and operation; 1500 MW Nuclear Power Plant project in Sinop; 627 new hydroelectric dam and power plant projects at the total installed capacity of 11,000 MW.

Resources

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Ministry of Energy and Natural Resources' Web Site:
Energy Market Regulatory Agency Web Site:
Nuclear Atomic Energy Agency of Turkey Web Site:
Privatization Administration's Web Site:
Turkish Electricity Trading Company Web Site:
Turkish Electricity Transmission Company Web Site
Turkish Electricity Distribution Company Web Site

www.menr.gov.tr
www.epdk.org.tr
www.taek.gov.tr
www.oib.gov.tr
www.tetas.gov.tr
www.teias.gov.tr
www.tedas.gov.tr

Natural Gas Transmission, Distribution, Exploration, Storage and Trading

Overview

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| USD Millions | 2004 | 2005 | 2006 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 3,200 | 3,600 | 4,100 |
| Total Local Production | 550 | 600 | 650 |
| Total Exports | 100 | 150 | 200 |
| Total Imports | 2,750 | 3,150 | 3,650 |
| Imports from the U.S. | 170 | 230 | 290 |

(Above figures are unofficial estimates. Prices are calculated at an average exchange rate of USD 1 = YTL 1.45)

Surrounding Turkey is 73% of the world's proven oil reserves and 72% of the world's proven gas reserves. This makes Turkey a crucial bridge between energy rich regions and Europe, which spends approximately 300 billion dollars per year for the imported energy resources.

Turkey has become a critical player in global energy security. The Baku-Tblisi-Ceyhan (BTC) pipeline started operation in 2006 with 1 million bpd oil and approximately 5% of the world's oil supply will be flowing through Turkey. The Shah Deniz natural gas pipeline, expected to be finished in 2007, linking Caspian natural gas resources into Turkey's domestic gas grid. A second gas project currently being developed would transport Egyptian natural gas to Turkey via Jordan and Syria.

The total length of the oil pipeline operated by the Petroleum Pipeline Corporation, BOTAS, has increased to 3,374 Km from 2298 Km by the completion of 1,076 Km long BTC crude oil pipeline. With this addition, Botas' 80 million tons of crude oil pipeline capacity increased to 130 million tons.

Botas also has approximately 10,000 Km of natural gas (NG) transmission pipelines within Turkey. Over 40 cities in Turkey received natural gas and this figure is expanding every year throughout the entire country with the private sector investments of NG distribution lines. In 2007, 50 provinces are expected to have natural gas distribution networks. Botas imported approximately 30 billion cubic meter (bcm) of natural gas (NG) in 2006 from Russia, Iran, Algeria and Nigeria (last two LNG) and 65% of the gas comes from Russia through western pipelines and Blue Stream pipeline (under the Black Sea). Turkey's NG demand is expected to increase to 39 bcm in 2010, 41 bcm in 2015 and 43 bcm in 2020. Currently, 50% of the gas is consumed by power plants, 26% by the industry, 22% by residential-commercial users and 2% by the fertilizer industry.

One of the major projects in this sector in 2007 will be BOTAS Petroleum Pipeline Company's Underground Gas Storage project near Salt Lake in Turkey. The World Bank approved a loan of US \$325 million to support this Gas Sector Development Project. The gas storage facility will be located in an underground salt formation close to Tuz Gölü, a salt lake in Central Turkey. The facility, upon completion, will have a storage

capacity of about 960 million cubic meters of working gas and 460 million cubic meters of cushion gas (the portion of gas which is required to remain in the cavern to maintain its integrity). The facility will have the capacity to deliver 40 million cubic meters of gas per day up to 20 days and can be refilled at the rate of 30 million cubic meters per day over a period of 25 days. Opportunities exist in this project especially in the tenders to be held for surface and sub-surface facilities. U.S. firms are deemed to be rather competitive in these types of facilities. Leaching of the caves in joint venture with local firms can be another potential opportunity for U.S. firms.

As part of the liberalization process in the natural gas (NG) market, the Energy Market Regulatory Agency (EMRA) issues licenses for natural gas distribution, storage, trading (import-export or wholesale) to the private sector.

Turkey has signed long term take or pay NG procurement contracts with Russia, Iran, Azerbaijan, Turkmenistan, Algeria (LNG) and Nigeria (LNG). The Turkish Petroleum Pipeline Corporation, BOTAS, announced a tender to transfer these contracts to the private sector. The contracts at the total amount of 16 bcm (in 64 lots) will be transferred to the private sector. BOTAS held a tender in 2006, and the tender procedure is continuing for the Turusgaz delivery of 16 lots. For this tender, Shell, Bosphorus Gas, Enerco and Eurasia Gas submitted bids and will be re-invited for the best and final offer. The remaining contracts will be re-tendered in 2007. Further information will be available at www.botas.gov.tr.

Turkey's NG gas grid will be tied to that of Greece with a pipeline under construction. Turkey will also be able to transmit NG of Azerbaijan, Turkmenistan and Iraq to Europe through Austria and Italy through NABUCCO project. For this purpose, pipelines need to be constructed between Turkey and Austria as well as Italy and Greece.

Almost every city is building NG distribution pipelines in Turkey. These are new investments made by the Turkish private sector under a license obtained from Energy Regulatory Agency (EMRA). Other potential projects are Samsun-Ceyhan and other Bosphorus by-pass crude oil pipeline projects. Additionally, BOTAS will continue to carry out main transmission pipeline construction tenders.

Best Prospects/Services

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Pipeline equipment, compressor stations including turbines and generators, pressure reduction valves, NG meters, CNG service stations, LNG facilities, SCADA systems, NG Underground Storage Surface and sub-surface Facilities will have major prospects in 2007 and the following years.

Opportunities

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Tuz Golu Underground Gas Storage project surface and sub-surface facilities, salt cavern leaching contracts, Samsun-Ceyhan and Bosphorus by-pass pipeline projects, new refineries, and BOTAS' new main transmission pipeline construction tenders, which include gas turbines and generators. In next 5 years, Botas will require 7 more natural gas compressor stations. Opportunities exist in oil and gas exploration and production offshore Black Sea and in Southeastern Turkey. A new LNG facility project is being sought in the port of Ceyhan.

Resources

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Botas' Web Site:

www.botas.gov.tr

Energy Market Regulatory Agency (EMRA)'s Web Site:

www.emra.org.tr

Environmental

Overview

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There is big potential for U.S. environmental technology products in the rapidly developing Turkish market. Turkey, despite having a relatively effective environmental law, has not been able to implement environmental protection measures until recently, due to the scarcity of resources and the developing nature of the economy. However, with the start of the accession talks with the European Union, Turkey has adopted a new environmental law to initiate the harmonization of its environmental regulations with EU standards. Alignment with the EU standards is creating an environmental infrastructure and technologies market that will ultimately be worth €70.5 billion. The alignment is planned for completion by 2024.

According to the Ministry of Environment and Forestry, €68 billion of this volume would be spent on capital investment and the rest would be on technical support programs and personnel expenses. The total investment value may increase to €90 billion when the investments required by the 'chemicals directive' are added to the total picture.

The amount that would be spent by the state on the capital investment is expected to be around €50 billion, whereas the private sector would spend €18 billion. The largest portion of this chain of investment, €35 billion, would be for wastewater and drinking water facilities. This would be followed by investment in solid waste management and prevention of air pollution.

As far as the timeline for the investments is concerned, it is estimated that €30 billion would be spent by 2014 and the rest would be spent by 2024. Sixty-five percent of solid waste is targeted for disposal in controlled fashion by the end of 2012. EU funds are expected to provide for 15 percent of this total investment, which means that there will be need for financing from other international institutions.

| Year | Export from U.S. To Turkey | growth % | Export from Turkey to U.S. | growth % | difference |
|--------------|----------------------------|----------|----------------------------|----------|------------------------|
| 2000 | \$164,233,701 | | \$11,318,813 | | \$152,914,888 |
| 2001 | \$149,289,450 | -9% | \$12,036,789 | 6% | \$137,252,661 |
| 2002 | \$136,274,044 | -9% | \$13,075,257 | 9% | \$123,198,787 |
| 2003 | \$160,476,409 | 18% | \$15,100,124 | 15% | \$145,376,285 |
| 2004 | \$245,657,859 | 53% | \$17,746,676 | 18% | \$227,911,183 |
| 2005 | \$275,299,194 | 12% | \$32,358,055 | 82% | \$242,941,139 |
| 2006 | \$102,058,290 | | \$12,999,211 | | \$89,059,079 |
| total | \$1,233,288,947 | | \$114,634,925 | | \$1,118,654,022 |

* 2006 is not taken into the calculations of 'growth %' as it covers the first four months of 2006

Best Prospects/Services

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Some of the top services U.S. companies can sell in Turkey are design and engineering services in water/wastewater and solid waste projects that are being carried out in various parts of the country. Apart from the design part of the projects that necessitates working with the municipalities, U.S. manufacturers of the equipment used in these plants have a potential market in Turkey.

As laws are enforced on the pollutant industries compared to previous years, systems and filters that prevent emission of air pollutants, wastewater treatment and incineration systems will experience increased demand.

Opportunities

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Turkey needs to invest in almost every aspect of environmental technology in the years to come. U.S. companies that have experience in

- Landfill design and management,
- Implementation of waste-to-energy projects,
- Water/wastewater treatment plant design and implementation,
- Recycling,
- Air pollution monitoring,
- Hazardous waste disposal and treatment and
- Medical waste disposal and treatment may develop business in the Turkish market.

Resources

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Ministry of Environment and Forestry

<http://www.cevreorman.gov.tr>

Istanbul Metropolitan Municipality

Department of Environmental Protection & Development

<http://www.ibb.gov.tr>

Istanbul Water and Sewerage Authority – ISKI

<http://www.iski.gov.tr>

Istanbul Environmental Protection and Waste Processing Corp. – ISTAC (a subsidiary of the Municipality)

<http://www.istac.com.tr/taniyalim-eng.asp>

Ankara Water and Sewerage Authority – ASKI

<http://www.aski.gov.tr>

Izmir Water and Sewerage Authority – IZSU

<http://www.izsu.gov.tr>

TURMEPA - Turkish Maritime Environment Protection Association

http://www.turmepa.org.tr/DT.Web/Default_en.aspxTurkish

Information Technologies Hardware and Software

Overview

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| | 2003 | 2004 | 2005 (estimated) |
|------------------------|------|------|------------------|
| Total Market Size | | | |
| Total Local Production | | | |
| Total Exports | | | |
| Total Imports | | | |
| Imports from the U.S. | | | |

(Insert footnote information here)

(Insert text here)

Best Prospects/Services

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Defense Equipment and Services

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Located at the crossroads of Europe, Asia and the Middle East, Turkey and its armed forces is prepared to deter political conflicts and must continue the fight on terror. Turkey understands that its role within NATO will include the maintaining of troop strength that will serve as a deterrent, support security and humanitarian operations in the region, support regional crisis management, and operate small scale or limited force deployments. Turkey maintains the second largest land force in NATO and operates the second largest fleet of F-16s, second only to the United States.

The FY 2007 MOD budget has increased 12% compared to FY 2006 and reached 13.2 billion YTL. This would not include spending by either the Ministry of Interior's Gendarme or the Undersecretariat for Defense Industry procurements. In 2007 the total share of MOD in the national budget is 6.3%.

All procurements for the Turkish Armed Forces are carried out according to certain rules and legislation, and within a system in which relevant and authorized institutions and organizations participate. The bases of all procurement activities are the Public Tender Law No. 4734 and the Public Tender Contracts Law No. 4735, which came into effect on January 1st, 2003. Military procurements are being carried out by the Ministry of National Defense and the Undersecretariat of Defense Industries (SSM) is in charge of all new procurement of the Turkish Armed Forces, excluding logistics related procurement and certain small sized projects.

Turkey is aiming to improve its manufacturing capabilities and develop a national industry in the field of defense to become a self-sufficient country. In order to reach this ultimate goal, Turkey seeks to maximize local manufacturing capabilities through R&D, technology transfer, and offsets.

The anticipated value of Turkish defense acquisitions in 2007 is several billion USD and a number of projects are in the pipeline. Within the scope of the ten-year procurement plan of the Turkish Armed Forces eight new projects were launched under the responsibility of SSM. The objective will be to utilize local industrial capabilities to the maximum extent possible.

Best Products/Services

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Potential Turkish projects include: Joint Strike Fighter, New F-16 Block 50+ Production and Existing F-16 Upgrades, Attack, Transport, Heavy Lift, and Police Helicopter Tenders, Air Defense Missile Systems, Satellites, Naval Patrol Craft, Weapons Platforms, Amphibious Vessels, Coastal Surveillance Radar Systems, Submarines, Trainer Aircraft, among many others.

Opportunities

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Although the focus is on developing national defense industry, due to the size and the sophistication level of the upcoming projects there are various opportunities for U.S. companies in the Turkish Market. On the basis of main weapons systems, 80 percent of the defense equipment is presently procured from abroad with the U.S. receiving the majority share.

The requirements of the Turkish Armed Forces (TAF) are met by direct purchase from domestic and foreign markets or by participation in joint production programs. The joint production programs constitute potential export opportunities, as the tendency is to give more emphasis on joint production and joint activities through R&D.

Modernization of the Turkish Armed Forces will also bring export opportunities to the U.S. companies. With the following 25-year period, combat weapons and equipment currently in the Turkish Armed Forces (TAF) inventory will need to be modernized or replaced with systems incorporating new technologies. Other requirements include main battle tanks, wheeled armored vehicles, tank transport and rescue vehicles, artillery upgrades, the pedestal mounted Stinger program, army tactical missile system (ATACMS), combat aircraft, airborne early warning aircraft (AEW), search and rescue helicopters, UAVs (unmanned aerial vehicles), submarines, fast patrol boats, mine hunter vessels and maritime patrol and surveillance aircraft.

Resources

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U.S. Department of Commerce market research:<http://www.export.gov/marketresearch.html>

Undersecretariat of Defense Industries
www.ssm.gov.tr

Ministry of National Defense
www.msb.gov.tr

SASAD - Savunma Sanayii Imalatçileri Dernegi
(Defense Industries Manufacturers Association)
www.sasad.org.tr

Medical Equipment and Services

Overview

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| USD Millions | 2005 | 2006 (estimated) |
|------------------------|-------|------------------|
| Total Market Size | 3,000 | 4000 |
| Total Local Production | NA | NA |
| Total Exports | 380 | 524 |
| Total Imports | 1,800 | 2,532 |

| | | |
|-----------------------|-----|-----|
| Imports from the U.S. | 390 | 448 |
|-----------------------|-----|-----|

Source: State Statistics Institute, CS/Turkey industry contacts, and industry association estimates. The foreign trade figures for various medical equipments for the year 2006 were not disclosed by the State Statistics Institute as the regulation pertaining to “Data Privacy and Classified Data Security for Official Statistics” dictates so.

Turkey, having a population of 70 million people, is a growing market for the medical products and services sectors. In FY 2007, 4.7 million US\$ was allocated to the Turkish Ministry of Health (MOH) by the Government of Turkey (GOT). The Ministry of Health (MOH) budget for FY 2007 showed a 12% decrease compared to that of FY 2006.

More than 60 % of the health expenditures are devoted to medical services alone, while medical devices constitute a smaller portion of the total overall health expenditure budget. Major health services are provided by both public and private hospitals. Approximately 40% of in-patient and 56% of the outpatient expenses are financed by the public sources.

There is a strong trend of privatization in Turkey's health sector - although a high percentage of total hospital bed capacity is provided by government agencies. A larger number of private hospitals being built offers increased sales opportunities and less complicated procurement requirements vis-à-vis the often-confusing tender requirements of established by government agencies.

The Republic of Turkey has a number of specialist private care facilities operating on cardiovascular care, OBGYN, orthopedics and minimally invasive outpatient ambulatory procedures. A number of private hospitals are procuring angio-cath, radiological equipment and advanced surgical and life support technologies.

Best Products/Services

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Disposable products, advanced med/surg equipment including angio-cath facilities, radiology, pathology, electronic diagnostic equipment, optical devices, parts and components of the medical devices, electronic instruments and appliances for physical and chemical analysis, vaccines, orthotic and prosthetic equipment, OR/ER systems.

Opportunities

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Turkish Medical Devices and Services Industry is growing at a fast pace. The total bed capacity in the Turkish Hospitals is approximately 200,000, which has increased more than 10% compared to that of year 2003. Privatization and transformation of the healthcare system and the ongoing hospital projects of the Ministry of Health will also bring export opportunities.

The budget allocated to protective healthcare expenditures has showed an increase of 50.4 % over the last 3-year period. In 2006 the protective healthcare expenditures constituted 7.8% of the overall public expenditures on health, which is higher than the OECD average.

As Turkey continues to expand the number of private hospitals, the purchase of advanced medical equipment will continue. In the year 2006 the Ministry of Health started operating 85 new healthcare facilities and new hospitals projects are being pursued. The Commercial Service in Ankara works closely with several private hospitals, the Ministry of Health, local associations and medical device manufacturers in identifying supply sources for their equipment needs.

Resources

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U.S. Department of Commerce market research:<http://www.export.gov/marketresearch.html>

Export Promotion Center Of Turkey (IGEME)
<http://igeme.org.tr>

Ministry of Health
<http://www.saglik.gov.tr>

Health Industry Employers' Association (SEIS)
<http://www.seis.org.tr/>

State Institute of Statistics
<http://www.tuik.gov.tr/>

Franchising

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It has been nearly twenty years since franchising arrived in Turkey. The Turkish Franchising Association (UFRAD) was founded in 1991 and the first brand was launched in 1985, when McDonald's entered Turkey as the first foreign franchise in the country. Since then, the sector has experienced an influx of both foreign and local investment concentrating in the greater urban Istanbul area, Ankara, Izmir, Bursa as well as some others being started in smaller cities in the western part of the country. About one third of the franchise operators are foreign companies with Americans dominating this figure.

There are approximately 40 U.S. brands that are active in the market with a high portion of it concentrating on fast food and casual dining concepts. Expansion through franchising has become an accepted model in Turkey and there is a growing number of Turkish companies which grow their base in the domestic market by franchising their brands and system.

The expansion of the fast food industry in Turkey largely resulted from a surge in urban population and in increased demand for western-style fast foods. Moreover, fast food restaurants are generally perceived as convenient family establishments in Turkey, especially those that include special facilities for children.

Although investments appear to concentrate on fast food companies, the sector is diversifying rapidly into other areas such as automotive products and services, business services, children's services, computer/electronics/internet services, convenience stores, educational products and services, hair salons and services, hotels, janitorial services, and real estate service companies.

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Fast food restaurants, casual dining concepts, language training, computer training, children's services, maintenance services, healthcare services, sports facilities, real estate services and hotels.

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Construction of new shopping malls and office plazas increase the demand for new fast food or casual dining brands in their food courts. Construction sector has the highest growth rate in the Turkish economy for the last three years and shopping malls, not only in large cities, but in relatively smaller cities are being built.

Growth in construction sector also triggers demands for real estate services. Plans to develop new industrial zones increase the need for land development.

Additionally, as well as having a population of 72 million people with half of it under the age of 16 and with a birth rate higher than Western Europe, demand for children's services is on a rise; especially ones targeting toddlers.

On the education side, as Turkey has become an active player of international trade and tourism industry, demand for Turks fluent in English is immense which might make Turkey a good market for companies that teach English as a second language.

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UFRAD – Turkish National Franchising Association

<http://www.ufrad.org.tr>

Automotive Parts and Equipment

Overview

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| USD Million | 2004 | 2005 | 2006 (estimated) |
|------------------------|-------|-------|------------------|
| Total Market Size | 8,821 | 9,456 | 10,470 |
| Total Local Production | 5,300 | 5,750 | 6,300 |
| Total Exports | 3,046 | 3,660 | 4,300 |
| Total Imports | 6,567 | 7,366 | 8,470 |
| Imports from the U.S. | 50 | 60 | 72 |

Exchange Rate used: \$1 = YTL 1.4 5

Note: The above statistics are unofficial estimates.

Increased consumer demand in the 1990s and Turkey's Customs Union agreement with the EU drove rapid growth of automotive production in Turkey. The growing local market and promising neighboring export markets (the CIS, Central and Eastern Europe and the Middle East) attracted foreign direct investment to Turkey. Most international vehicle producers already have production in Turkey. Presently, there are 19 international vehicle producers in the Turkish market including; Ford, Toyota, Renault, Fiat, Chrysler, Opel, Honda, Hyundai, Peugeot, MAN, Mercedes, Isuzu, Mitsubishi, through J/V partnerships with local firms, direct investment, or license agreements.

The Turkish automotive parts/service equipment industry has expanded as Turkish automotive production and imports have increased. In 2004, it was a record year for the industry in production, exports, and sales. Exports continued on the same trend in 2005 but the domestic market did not increase comparatively. Today, Turkey produces spark plugs, carburetors, fuel injection systems, and several transmission parts. This sector provides parts to for new vehicles as well as the existing Turkish automobile fleet that exceeds 9.6 million units. Of the 9.6 million automobiles on Turkish roads, nearly one-third are commercial vehicles.

Currently, the market share of locally manufactured parts in the production of OEMs is around 40%. Most imported parts are used in the production of vehicles for the export markets. Domestic parts manufacturers are becoming more aggressive in exporting in recent years as a response to recent domestic economic crisis that resulted in a stagnant and shrinking local market. Although the local market began to recover in 2004, exports increased significantly and nearly 68% of the domestic parts production is now exported. As a result of this trend, automotive exports now rank first in total exports ahead of the traditional exports such as textiles and apparel.

The Turkish import regime prohibits importation of remanufactured, rebuilt, used, reconditioned vehicles. Only the current year or the following year models can be imported. This rule also for parts, too. The Turkish import regime also prohibits importation of remanufactured, rebuilt, used or reconditioned parts. They can only be imported for use as scrap iron for iron and steel production.

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Tires, brake linings, gearboxes, and clutches are the major imported items in the parts industry. Generally, imported parts are used in supplying imported vehicles, to OEMs for vehicles to be exported, or where there is no local production, such as for CV drive shafts, catalytic converters and tapered roller bearings. Imports are also found where production shortages occur. Examples include power steering hydraulic systems, bearings, and v-belts. Parts, which need to be replaced frequently because of poorly maintained roads, heavy traffic, traffic accidents, and poor fuel quality, can also be considered as "best prospects." Examples include: shock absorbers, brakes, clutches, rings, filters, bumpers, lights, and signaling equipment.

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As Turkey continues to move towards European Union integration, equipment meeting stricter EU guidelines from emission control to automobile safety and standards tests, will equate to increased sales of advanced auto parts. U.S. manufacturers seeking to enter into the Turkish automotive parts and equipment market are encouraged to participate at the first-time American pavilion at the Automechanica Istanbul that will take place on April 19-22, 2007 in Istanbul. Further information on this unique chance can be found and on-line registration can be done at:

<http://www.buyusa.gov/turkey/en/automechanica.html>

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Automotive Distributors' Association

www.odd.org.tr

Automotive Industry Association

www.osd.org.tr

Authorized Automobile Dealers Association

www.oyder-tr.org

Association of Automotive Parts & Components Manufacturers

www.taysad.org.tr

Building Materials

Overview

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| USD billions | 2004 | 2005 | 2006 (estimated) |
|------------------------|------|------|------------------|
| Total Market Size | 1.65 | 1.78 | 2.04 |
| Total Local Production | 5.96 | 6.76 | 7.40 |
| Total Exports | 7.20 | 8.61 | 9.64 |
| Total Imports | 2.89 | 3.63 | 4.28 |
| Imports from the U.S. | 0.40 | 0.50 | 0.56 |

Source: Turkish State Institute of Statistics for actual figures; Yapi Endustri Merkezi 2006 report, CS/Turkey industry contacts and publications for estimates.

Exchange rate used: \$1 = YTL 1.45

Turkey's building materials sector provides good potential for American suppliers with significant increases after a long period of stagnation over the last decade. Turkey, previously identified as one of the Big Emerging Markets – BEM during the last decade, unfortunately spent recent years struggling with a series of economic crises'. However, under the current IMF economic recovery plan, the Turkish building industry is booming from pent-up demand.

Turkey adopted EU regulations following its Customs Union agreement in 1996. However, the EU agreed to provide a transition period for the building materials industry that ended in 2006. With the arrival of 2007, the local industry adopted all EU rules. According to this agreement, nearly 20% of all building materials, including roofing materials, cement, some insulation materials, and plumbing materials, should have CE markings in order to be sold in Turkey market. This rule applies to all imports and local production. The GOT is currently drafting a law that will require the remaining 80% of the building materials products to carry a "G" standard, because of Turkey's high-risk earthquake location. This G standard will bring a standard to all the products not needing CE marking, however, this standard will reportedly be less of a burden.

European firms still dominate Turkey's import market for building materials. Italy is the prime supplier of a large number of items such as flooring, tiles, and sanitary fixtures while Germany and United Kingdom supply insulation materials and other building chemicals, bathroom and kitchen accessories.

In the last 35 years, Turkish contractors have not limited themselves to just Turkey but have been engaged in more than 3300 projects in 63 different countries, totaling \$75 billion. Building products exports have amounted to 15% of total Turkish exports. With its wide employment opportunities is one of the most important industries in Turkey.

With low inflation and interest rates, extended payback periods, growing third country markets such as Iraq and Afghanistan, aggressive strategies of the Turkish Mass Housing Directorate (TOKI), and the new mortgage system in the housing industry has created a positive atmosphere in this industry.

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Turkey is largely self-sufficient in conventional building materials. Imports in this sector are predominantly luxury or specialty products such as accessories, flooring, prefabricated wall panels, wall paper, doors, windows, paint, insulation, sanitary wares and plumbing fixtures, prefabricated homes, roofing and siding materials, and earthquake resistant structures/materials, glass, radiators, aluminum building materials.

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Official figures point out that the shortage of houses in Turkey will reach 2.9 million by 2010. The rate of increase in population also indicates a need for an additional 600,000 new houses a year. With the recent passage by the GOT of the new mortgage law, this new system will serve as a catalyst for the construction industry.

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Prefabricated Concrete Construction Producers Union

www.prefab.org.tr

Mass Housing Builders Association

www.tokyad.org.tr

The Building and Industry Center – YEM
www.yem.net

Turkish Building Materials Producers Association – IMSAD
www.imsad.org

Companies producing and exporting agricultural commodities or processed foods can visit the website of the U.S. Department of Agriculture at <http://www.fas.usda.gov/hotpages/default.asp?lstCode=TU&submit=Submit+Query> or <http://www.usemb-ankara.org.tr/FAS/FAS.HTM>

(All figures in '000 metric tons; Calendar years)

COTTON

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|------|-----------------|
| Total Exports | 38 | 20 |
| Total Imports | 775 | 324 |
| Total Imports from U.S. | 494 | 165 |

Turkey continues to be one of the leading markets for US cotton. Turkey's textile industry remains important to the economy in terms of investment, employment and exports. U.S. cotton has a very good reputation in Turkey, and strong U.S. exports in recent years reflect this. Lack of good quality local cotton due to rains and floods during the last harvesting season will support a strong demand for the U.S. cotton this year as well. Turkey is expected to remain a significant importer in coming years due to quality of U.S. cotton, increasing domestic consumption and availability of GSM 102 export credit programs.

SOYBEANS

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|-------|-----------------|
| Total Exports | 3.7 | 0 |
| Total Imports | 1,154 | 705.3 |
| Total Imports from U.S. | 555 | 371.5 |

The industry has been investing in modern crushing facilities and is continuing to expand capacity despite the seasonal down turns in the local poultry industry. The outbreak of Avian Influenza in late 2005 and early 2006 has hurt the local poultry industry. The industry is slowly recovering from the adverse effects of the outbreak and soybean consumption is expected to be higher in 2007 compared to 2006. Increased production of bio-diesel also contributes to the demand for soybeans for crushing. Marketing programs of the American Soybean Association help drive demand for soybeans in Turkey and the U.S. continues to be the leading supplier for the Turkish market. On March 13, 2006 the Turkish government increased soybean import duties to 10 percent from 0 percent.

SOYBEAN MEAL

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|------|-----------------|
| Total Exports | 19 | 13.4 |
| Total Imports | 512 | 464.4 |
| Total Imports from U.S. | 298 | 262.8 |

Soybean meal consumption continues to increase in response to demand from Turkey's poultry industry. Local production has increased in recent years, as crushing capacity has grown. Full fat soy has become very popular among local poultry producers and a number of companies have installed or are in the process of installing new crushing facilities. On March 13, 2006 the Turkish government increased soybean meal import duties to 13.5 percent from 8 percent.

CORN OIL

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|------|-----------------|
| Total Exports | 1.9 | 12 |
| Total Imports | 102 | 66.3 |
| Total Imports from U.S. | 67 | 47.2 |

Turkey continues to import large quantities of crude vegetable oils (sunflower oil, corn oil, and soy oil) since the demand for vegetable oils continues to outpace production. Turkish refined oil export markets include the Middle East, Russia, the NIS and North Africa. The United States is the largest corn oil supplier for Turkey.

CORN

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|-------|-----------------|
| Total Exports | 127.5 | 158 |
| Total Imports | 218 | 7.2 |
| Total Imports from U.S. | 15 | .8 |

Domestic corn production has increased in recent years and Turkey had a record high crop in 2005. As a result, Turkey reduced imports and exported corn, which is not seed, for the first time. However, high production reduced the market prices, which discouraged farmers to grow corn. As a result, planting area and production were reduced in 2006. Currently, corn prices are about twice of what they were a year ago. This may encourage producers to produce corn again in 2008. Turkey is expected to import larger quantities of corn during the first half of 2007 than it did during the same period in 2006. The import duty, which was 130 percent in 2006, may be reduced seasonally during this period.

TALLOW

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|-------|-----------------|
| Total Exports | .086 | 0 |
| Total Imports | 138.8 | 44.2 |
| Total Imports from U.S. | 138.8 | 43.6 |

The United States is the largest tallow supplier to Turkey, which uses tallow only for making soap. Turkey supplies processed soaps to most of the world, the primary markets being the Middle Eastern, North African, Former Soviet Union, and Eastern European countries.

SOYBEAN OIL

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|------|-----------------|
| Total Exports | 3.3 | 1.5 |
| Total Imports | 132 | 22 |
| Total Imports from U.S. | 0.08 | 0 |

Demand for soybean oil in 2005 was driven by the surge in bio-diesel production in Turkey. Total imports declined in 2006 due to the government's new regulations on the specifications of bio-diesel, which favor canola oil and reduces the cost advantages of production.

RICE (Total of Milled and Paddy rice on milled basis)

| Year | 2005 | 2006 (Jan.-May) |
|-------------------------|------|-----------------|
| Total Exports | .73 | .72 |
| Total Imports | 267 | 103.5 |
| Total Imports from U.S. | 68.9 | 16 |

Turkey normally produces about one half of its needs and imports the other half. However, Turkish rice production has increased significantly in recent years due to preventive majors taken by the Turkish government and, as a result, Turkey had a record high crop in 2006, which has decreased the need for imports. Turkey eliminated most of the preventive measures and started providing control certificates again as a result of the court case raised by the United States at the WTO. This is expected to discourage producers and, as result, domestic production is expected to be lower in the future. In recent years, Turkey has been importing larger quantities of Egyptian milled rice, which is currently much cheaper than the U.S. rice. This is especially important since Turkish markets are price sensitive.

Industry Contacts

Turkish Farmers Union

www.tzob.org.tr

Turkish Dairy, Meat, Food Industry and Producers Union

www.setbir.org.tr

Poultry Industrialists' and Breeders Association

www.besd-bir.org

Flour Millers' Federation

<http://www.usf.org.tr/site/>

Turkish Feed Millers Association

www.turkiyeyembir.org.tr

Turkish Seed Industry Association

<http://www.turkted.org.tr/>

Union of Pasta Producers

www.makarna.org.tr

Federation of Food Associations

www.gdf.org.tr

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Import duties are calculated on the CIF value. Turkey is a signatory to Article VII of the General Agreements on Tariffs and Trade (GATT). The agreement stipulates that the customs valuation is the transaction value (the price that is actually paid or payable plus costs and expenses). Turkey is also obliged to comply with other Article VII provisions including the rapidity of clearance of goods, currency convertibility, and appeal privileges and rights. Turkish regulations do not allow for advance rulings on customs HS classification or on the applicable import duties on particular products.

Customs surcharges including a value-added tax (VAT) being levied on most imported, as well as domestic, goods and services. The importer is responsible for paying the VAT. The VAT is calculated on a C.I.F. basis plus duty rate and any other applicable charges levied before the goods clear customs. It has a ceiling of 26 percent; however; the generally applied VAT rate is 18%. Most industrial products are charged a rate of 18 percent and pharmaceuticals, staple foods, books/publications, education/training services, and health care (human and vet) including ambulance and emergency services are assessed an eight percent VAT. Most agricultural products (basic food) can reach up to 18 percent VAT and are even higher for some processed goods.. Capital goods, some raw materials, imports by government agencies and state owned enterprises, and products for investments with incentive certificates are exempt from import fees. Information on Turkish Customs procedures and regulations can be seen at www.gumruk.gov.tr.

U.S. companies can also calculate the Turkish duty by visiting www.gumruk.gov.tr and in English review Turkey's Harmonized Tariff Schedule by commodity, chapter or sub heading.

Trade Barriers

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On October 3, 2005, the European Commission began EU accession proceedings with the Republic of Turkey. The move towards EU membership is expected to take between ten and fifteen years. Prior to beginning its move towards EU accession, on January 1, 1996, Turkey and the EU formed a customs union. The agreement covers industrial products and processed agricultural goods. The Republic of Turkey adopted the EU's common external tariff (CCT), resulting in lower duties for imports from third countries, including the United States. The union establishes zero duty rates and no quotas for non-agricultural items of EU and European Free Trade Association (EFTA) origin. The current import regime is organized in five chapters that list more than 20,000 items, identified with 12 digit harmonized tariff system numbers.

The Government of Turkey (GOT) estimates that as a result of its accession to the European Customs Union, the average duty rate for imports from the European Union and EFTA countries has dropped from approximately ten percent to zero. For products imported from third countries, including the United States, the average duty rate has dropped from ten percent to approximately five percent. Turkey has reserved some exempted categories for sensitive products with tariffs on these items generally much higher than the CCT. Some agricultural goods will remain protected by steep tariffs until the next WTO round is concluded. When the European Union applies further Uruguay Round reductions, Turkey's average rates for third countries (including the U.S.) will be lowered to 3.5 percent.

Turkey is a member of GATT/WTO and regulates its customs in line with GATT requirements. While generally in compliance with the WTO agreement, most of the time Turkey fails to notify the WTO of changes to import requirements. Applications of non-tariff barriers, such as implementing a reference price system and not issuing control certificates on occasion, continues from time to time and poses problems for imports of agricultural products. For instance, Turkey has not provided any control certificates for beef for years. The United States initiated a case against Turkey under the WTO in November 2005 regarding Turkey's regulations concerning the importation of rice. The panel discussions of this dispute are underway. Turkey maintains high import duties on agricultural products, while consistent with WTO obligations it is not considered consistent with the spirit of the WTO agreement.

Import Requirements and Documentation

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IMPORT LICENSES

The 1996 Turkish import regime abolished the requirement that every importer needs an import license and that the importer must obtain an import authorization from a bank. An importer only needs a tax number to import all but restricted items, e.g., firearms, hazardous materials, etc., which can be imported only by authorized establishments, or for which the approval of the Directorate General of Security is required. All agricultural imports require control certificates, which are issued by the Ministry of Agriculture and Rural Affairs' General Directorate of Protection and Control.

IMPORT DOCUMENTATION

Turkish documentation procedures require a commercial invoice, a certificate of origin and a bill of lading or airway bill to accompany all commercial shipments. Import

licenses and phytosanitary certificates are necessary for food and agricultural commodity imports.

Commercial Invoice: The commercial invoice must be submitted in triplicate, including the original copy; and must contain a complete description of the goods and all required payment terms. The exporter must endorse the original as follows: "We hereby certify that this is the first and original copy of our invoice, the only one issued by our firm for the goods herein mentioned." The Turkish Embassy or Consulate in the United States must certify the document. At least one copy of the invoice should accompany the goods, and the original should be sent to the importer through the correspondent bank.

Certificate of Origin: The certificate of origin is to be prepared in duplicate. No corrections are permitted on this document, which is to be prepared in English by a local chamber of commerce. The Turkish Embassy or Consulate in the United States must certify the certificate of origin. One copy of the document must be surrendered to the customs authorities at the time of importation.

Bill of Lading/Airway Bill: Details in the bill of lading should correspond exactly to those given in other shipping documents.

Proforma Invoices: The proforma invoice must not be more than six months old at the time of application. It must contain an unexpired option (if appropriate), indicate freight and insurance charges separately, and bear the importer's name.

Products falling under the European Union New Approach Directives must be accompanied by either a self-declaration of conformity or a notified body's issued certificate of conformity to be allowed entry into the Turkish market. Please see the standards and CE mark section below.

Health Certification

Special health certificates are required for imports of plants, seeds, animals and animal products. Plants, including fruits and vegetables, must be substantially free from pests and diseases and must have been grown in an area substantially free from prohibited pests and diseases. Additional information may be obtained from the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) at Tel: (301) 734-7885 or Fax: (301) 734-6402 (Veterinary Services) and Tel: (301) 734-8537 or Fax: (301) 734-5786 (Plant Protection and Quarantine). APHIS inspects and certifies that plants, plant products and live animals conform to health and sanitary requirements as mandated by the Turkish government. U.S. exporters are encouraged to obtain information from the importer prior to shipment because of the complexity of phytosanitary regulations.

Special Import Requirements

Alcohol can be imported by the private sector by obtaining license and permission from the Tobacco, Tobacco Products and Alcoholic Drinks Market Regulatory Authority (TAPDK), which is an independent regulatory body. Despite these changes, non-tariff barriers, arduous document requirements, and high duty rates continue to limit trade in alcoholic beverages. Cigarettes can only be imported by TEKEL and cigarette producers, which are permitted by the government under a special decree (such as

Philip Morris, RJ Reynolds, British Tobacco, etc.). The Tobacco Law was enacted in 2001, however privatization of Tekel's tobacco production has yet to be completed. Medical X-ray films can only be imported into Turkey by the Red Crescent Association that is a sister organization to the Red Cross.

Precious metals (gold, silk and platinum) can only be imported by the members of the Istanbul Gold Exchange. The Istanbul Gold Exchange consists of domestic or foreign banks, precious metals companies, currency offices, precious metals producing and marketing companies and precious metals refineries are members of the exchange. In 2003, Turkey signed an agreement to become a participant of the Kimberley Process Diamond Certification Scheme, which is a joint government, international diamond industry and civil society initiative to stem the flow of conflict diamonds. Information on the regulations pertaining to the importation of precious metals and stones can be found at <http://www.iab.gov.tr/>

Importing products such as pharmaceuticals; organic chemicals, especially those used to produce medicines and medical products; vaccines for both humans and animals; cosmetic products; chemicals used in cleaning and the food industry; live animals and plants; grains and plant seeds; and hormones require import permission certificates from the Directorate General of Curative Care Service of the Ministry of Health and Agriculture.

Products requiring after-sales service such as motor vehicles, household electrical goods, office equipment and computers, cash registers, TV and video equipment, heaters, gas-fired burners, industrial machinery, automobiles, and wireless equipment require an import permit from the Ministry of Industry and Trade. In order to obtain such a permit, importers must guarantee that they will provide service and spare-parts in each of Turkey's seven geographic regions, either by establishing offices or by signing agreements with existing service/parts firms. In July 2001, the GOT codified a regulation, which requires additional maintenance facilities to be established for companies importing automobiles into the Turkish Republic.

Telecommunications equipment such as all wireless equipment, automatic data processing machines, electrical apparatus for line telephony or telegraphy, and telephone answering machines need type-approval of the Telecommunications Regulatory Authority.

Under a regulation published in the Turkish Official Gazette of February 1, 1996 (No. 22540-supplementary issue), which discusses certain compulsory standards for about 70 products, importers are required to obtain a control certificate from the Ministry of Environment for materials considered detrimental to the environment. Such materials include hard coal, lignite, petrocake, petroleum, arsenic, mercury, lead sulfides and carbonates, fluorocarbons, other chemicals and scrap metals.

U.S. Export Controls

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The Bureau of Industry and Security is charged with the development, implementation and interpretation of U.S. export control policy for dual-use commodities, software, and technology. Dual-use items subject to BIS regulatory jurisdiction have predominantly commercial uses, but also have military applications. In order to accomplish this

objective, BIS seeks to promulgate clear, concise, and timely regulations. This section of our Web site provides a link to the Bureau's regulations governing exports of dual-use items (the "Export Administration Regulations"), codified at 15 Code of Federal Regulations, Chapter 7. It also provides discussions of certain key regulatory policy areas, including policies governing exports of high performance computers, exports of encryption products, deemed exports, U.S. antiboycott regulations, special regional considerations, the multilateral export control regimes, and the technical advisory committees.

In addition to the U.S. export control policy for dual-use items, the Bureau of Industry and Security is also charged with the development, implementation and interpretation of the antiboycott provisions of the Export Administration Act. The antiboycott provisions encourage, and in some cases require, U.S. persons to refuse to participate in foreign boycotts that the United States does not sanction. U.S. persons are also required to report receipt of boycott-related requests.

Key Regulatory Areas

[High Performance Computers](#)

[Encryption](#)

[Deemed Exports FAQ's | Process Improvements and Guidance](#)

[Antiboycott Regulations](#)

[Regional Considerations](#)

[Multilateral Export Regimes](#)

[Technical Advisory Committees](#)

[Wassenaar Arrangement](#)

Export Administration Regulations

The Government Printing Office's [Export Administration Regulation Web site](#) contains an up-to-date database of the entire Export Administration Regulations (EAR), including the Commerce Control List, the Commerce Country Chart, and a link to the Denied Persons List. EAR revisions are incorporated into this site within 48-72 hours and the EAR can be viewed, downloaded, and searched. This Web site also includes a table with all the Federal Register notices that revise the text of the EAR since its complete revision on March 25, 1996. In addition, users can subscribe to GPO's paper version of the EAR from this Web site. Lastly, users can e-mail the Regulatory Policy Division directly from this Web site, to get answers to general questions about the EAR. Users can also attach a properly formatted advisory opinion (See Section 748.3c for the proper format) and forward it to BIS by e-mail.

The NTIS [EAR Marketplace](#) Web site also offers an up-to-date searchable EAR database and files that are downloadable and viewable. In addition, the EAR Marketplace has a combined, downloadable and searchable version of the Denied Persons List, the Entity List, the Debarred List, and the Specially Designated Nationals List. Subscribers to the EAR on-line database are notified by email whenever a change occurs to any of these lists. The EAR Marketplace also includes a table with all the Federal Register notices that revise the text of the EAR since its complete revision on March 25, 1996. In addition, NTIS offers a loose leaf/paper version of the EAR, which can be ordered on-line.

Turkish Export Controls Information

The export of sensitive and dual-use materials covered by various international non-proliferation agreements and arrangements to which Turkey is a party, is controlled by a two-tier mechanism which involves licensing by the Ministry of National Defense (MND) and registration by the Undersecretariat for Foreign Trade (UFT) through the appropriate exporters' union. Law No. 3763, of 1940, "The Control of Private Industrial Enterprises Producing War Weapons, Vehicles, Equipment and Ammunition," requires a MND license for the export of all weapons and ammunition as well as the materials used for the production of weapons and ammunition. Sporting and hunting rifles are exempt from MND licensing. The second tier, UFT control via registration, was promulgated via Decree number 95/7623 in December 1995. As a part of the over all process, MND consults with UFT regarding proposed export sales.

All exporters are required to be a member of one of the 13 exporters' unions in Turkey. Sensitive goods, technology and dual-use materials are registered by the Istanbul Metals and Minerals Exporters' Union (IMMIB) thereby creating a centralized mechanism monitoring the export company, product, quantity, and value. It is IMMIB that determines whether the intended export items require MND licensing and provides the UFT registration. It is UFT's role to draft the general export policies and to monitor and control the overall trade control process.

Temporary Entry

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Goods may be temporarily imported into Turkey without payment of duties and tax if they are to be used in the production or manufacture of a product that is to be exported. The importer gives security in the form of a bank guarantee (temporary import bond) in the amount of applicable duties and taxes. Upon exportation of the finished product, the guarantee is remitted. Temporary admission of goods intended for re-export in their original form is permissible free of import duties and taxes with the approval of the Undersecretariat for Foreign Trade.

Turkey is a signatory to the International Convention to Facilitate the Importation of Commercial Samples and Advertising Material. Samples of no commercial value are admitted duty-free. Other samples are assessed duties and taxes at the time of import, but these are refunded if the samples are re-exported within six months from the date of import. A letter of guarantee will be provided to Turkish Customs for a temporary import, with the guarantee being returned at the time of re-export. Samples should be listed on an invoice. Books, newspapers, magazines, catalogs, pamphlets, brochures, and similar advertising materials are exempt from customs duty.

U.S. traders may also wish to consider a more simplified procedure in the form of an "ATA Carnet." Carnets are international customs documents permitting the holder to temporarily import products as samples without paying customs duties or posting bonds. Virtually all goods, personal and professional, including commercial samples, professional equipment, goods intended for use at trade shows and exhibitions, computers, tools, cameras and video equipment, industrial machinery, automobiles, apparel and even jewelry are covered under a carnet.

The reader may wish to check the "General List" to see if the goods are covered by ATA Carnet guidelines or call the Carnet-Help-Line at (800) 5-DUTYFREE or visit the web site www.uscib.org for clarification. Normal processing of an ATA Carnet is five working days; expedited service is available at an extra charge. In the United States, carnets are sold by the U.S. Council for International Business and Roanoke Trade Services at the following locations: New York, NY, (212) 708-5078; Long Beach, CA, (800) 421-9324 or (562) 628-9306; Schaumburg, IL, (800) 762-6653 or (847) 969-8211; San Francisco, CA (800) 255-4994 or (415) 732-5480; Miami, FL (also serves Houston) (800) 468-5467 or (305) 593-5583; Hunt Valley, MD (800) 422-9944 or (410) 771-6100 x 12; Boston, MA (800) 233-3620 or (617) 368-9907; and Houston, TX (pick up site only) (800) 456-0422 or (713) 582-6464 x 102.

With the carnet, goods may be imported without payment of duties and taxes. Carnets are valid for one year and may be used for multiple exports and entries to countries that accept the Carnet.

Labeling and Marking Requirements

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All packages, cases, and bales must bear shipping marks, numbers, dimensions, and the gross weight of the merchandise. Packages along with accompanying bills of lading for goods to be shipped through Turkey must be marked "In Transit." All goods entering Istanbul or any other entry port in Turkey (Ankara, Iskenderun, Izmir, Antalya, Mersin, Sinop, Samsun, and Trabzon) will be cleared through customs, and full payment of duty will be required unless the packages and bills of lading are marked "In Transit." If so marked, the goods may be cleared for entry and reshipment.

Prohibited and Restricted Imports

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Products currently prohibited include weapons and narcotics. However, under certain conditions the Ministry of the Interior, Security General Directorate will provide clearance to import shotguns, hunting rifles, and explosives.

A list of all prohibited or restricted products for Turkey can be viewed at the Turkish Customs Service Website at www.gumruk.gov.tr.

Customs Regulations and Contact Information

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The Turkish Customs can be reached via www.gumruk.gov.tr.

Standards

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Overview

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The Government of Turkey's Undersecretariat for Foreign Trade announced the implementation of twenty-three European Union industrial directives, which would affect an estimated 70% of the manufactured products imported into Turkey. The Undersecretariat for Foreign Trade has adopted the EU's Low Voltage Directive, the Simple Pressure Vessels Directive, the Gas Appliances Directive, the Hot Water Boilers Directive, the EMC, the Machinery Directive, the Civil Explosives Directive, the Weighing Instruments Directive, the Equipment and Protective Systems Intended in Explosive Atmospheres Directive, the Lifts Directive (elevators), the Household Refrigerator/Freezer Directive, the Pressure Equipment Directive, the Noise Emission Directive, the Energy Efficiency for Ballast for Fluorescent Lighting Directive, the Active Implantable Medical Device Directive, the Medical Device Directive, the In Vitro Diagnostics Device Directive, the Toy Directive, the Recreational Water Craft Directive, the Construction Equipment Directive, the Personal Protective Equipment Directive, the Radio and Telecommunications Terminal Equipment Directive and the Cableway Directive (ski lifts and gondolas).

Equipment meeting the directive definition of products needing to conform to EU technical regulations must have evidence of meeting the requirements either through verified laboratory testing conducted by an EU approved notified body or by manufacturer's self-declaration if the directive dictates. Companies selling to the Turkish market must submit evidence of conformity (CE Mark) either by providing a notarized/consularized conformity certificate from a notified body or a manufacturer's issued certificate of conformity, which declares compliance of all relevant directives.

The CE Mark was established by the European Union to ensure the free circulation of products in Europe. The directives that were entered into effect under a system called the "New Approach," were established to ensure, health and safety, consumer and environmental protection. The "New Approach" identifies level of risk and hazard. Annexes to the various EU directives will specify levels of risk and types of products that would need to be either certified by a notified body or if the product can be certified by the manufacturer as conforming to the particular directive(s). The EU's laws and regulations made it compulsory to comply with the directives when goods are sold in the territory of the European Union and the European Economic Area (EEA). Companies must show evidence of product compliance by maintaining or presenting a technical file that includes product specifications, technical drawings and standards applied per the appropriate directives and corresponding annexes.

Standards Organizations

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The Turkish Standards Institute is responsible for issuing compliance certificates with respect to Turkish standards.

Turk Standartlari Enstitusu (TSE)
Necatibey Caddesi 112
Standart Hazirlama Baskanligi

06100 Bakanliklar
Ankara, Turkey
Tel: [90] (312) 417-0020
Fax: [90] (312) 425-4399
Web site: www.tse.org.tr

CE Mark Enforcement

The Government of Turkey (GOT) has directed the Turkish Customs Service (www.gumruk.gov.tr) to ensure that all imported products that fall within a particular EU industrial directive must show conformity to the standard. The GOT has further announced that its domestic industry would also need to meet the CE Mark requirements, even though a time line for CE mark implementation in Turkey is not yet known at this time.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual member state country in this list by the European Commission http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm_. To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs.

Turkish Standards Institute, Turkish Cement Manufacturers Association and Turk Loydu Vakfi Iktisadi Isletmesi have been recognized as notified bodies in Turkey responsible for carrying out the conformity assessment procedures referred to in the applicable New Approach directives indicated below:

Turkish Standards Institute (Notified Body Number: 1783)
-89/106/EEC Construction Products
-90/396/EEC Appliances Burning Gaseous Fuels
-95/16/EC Lifts
-97/23/EC Pressure Equipment

Turkish Cement Manufacturers Association (Notified Body Number: 1784)

-89/106/EEC Construction Products

Turk Loydu Vakfi Iktisadi Isletmesi (Notified Body Number: 1785)

-90/396/EEC Appliances Burning Gaseous Fuels

-97/23/EC Pressure Equipment

The products that fall under the Active Implantable Medical Device Directive, the Medical Device Directive, the Low Voltage Directive, the EMC Directive and the Machinery Directive are inspected by the Turkish Standards Institution, in terms of CE compliance. The inspection procedure in TSE, for CE compliance, starts with the examination of the declaration of conformity. The declaration of conformity must mention the applicable directive(s), the name of the manufacturer or his authorized representative, the name of the notified body (if involved), product information and reference to harmonized standards. If the notified body is also involved in the process, the type examination certificate should also be submitted.

Following the initial phase, the products are examined in terms of the way CE Mark is affixed. The examination process is conducted by a committee set up by the Turkish Standards Institute. CE Mark must be affixed to the data plate or to the product. If not, it should be placed on packaging and accompanying documents. It must be affixed visibly, legibly and indelibly. It must be in compliance with the predetermined proportions. If the committee decides that CE mark is affixed properly to the product, TSE issues another declaration of conformity.

For products falling outside of the scope of the European Union New Approach Directives and where the Government of Turkey has established a directive or standard, then that standard or directive would apply. At this point, certification of compliance with TSE standards would be required. Turkish Standards Institute contact information is provided below in the website portion of this chapter.

Product Certification

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To sell their product to Turkey, the EU as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards.

In the 1980s, the New Approach was launched to overcome the lengthy adoption process of "old approach" type legislation. The goal of the European Union's harmonization program under the New Approach is to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The three regional European standards organizations, CEN, CENELEC and ETSI, are mandated by the Commission to develop technical standards that are consistent with the essential requirements of EU Directives.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards, but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product.

Accreditation

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The independent certification bodies have been officially accredited by competent authorities to test and certify to EU requirements. However, under the U.S./EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, will be allowed to test in the United States to EU specifications, and vice versa. The costs will be significantly lower and U.S. products will, as a result, become more competitive. At this time, the U.S./EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force). This link lists to American and European Conformity Assessment bodies operating under a mutual recognition agreement <http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>.

Accreditation is handled at member state level. "European Accreditation" (www.european-accreditation.org) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58. As previously stated, Turkish Standards Institute, Turkish Cement Manufacturers Association and Turk Loydu Vakfi Iktisadi Isletmesi have been recognized as notified bodies in Turkey responsible for carrying out the conformity assessment procedures referred to in the applicable New Approach directives. The Turkish Standards Institute is the accredited authority in the Republic of Turkey for all matters related to ISO, EN ISO and TSE standards and directives.

Publication of Technical Regulations

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The Turkish Standards Institute publishes all Turkish standards and directives and documents are available for purchase.

Turk Standartlari Enstitusu (TSE)
Necatibey Caddesi 112
Standart Hazirlama Baskanligi
06100 Bakanliklar
Ankara, Turkey
Tel: [90] (312) 417-0020
Fax: [90] (312) 425-4399
Web site: www.tse.org.tr.

Labeling and Marking

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All packages, cases, and bales must bear shipping marks, numbers, dimensions, and the gross weight of the merchandise. Packages along with accompanying bills of lading for goods to be shipped through Turkey must be marked "In Transit." All goods entering Istanbul or any other entry port in Turkey (Ankara, Iskenderun, Izmir, Mersin, Sinop, Samsun, and Trabzon) will be cleared through customs, and full payment of duty will be required unless the packages and bills of lading are marked "In Transit." If so marked, the goods may be cleared for entry and reshipment.

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www.gumruk.gov.tr

Trade Agreements

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The EU confirmed Turkey's status to be accession negotiations on 17 December 2004. Turkey continues to reap the benefits of its 1996 customs union agreement with the EU, particularly in terms of improved economic efficiency. The customs union commits Turkey to adopt the EU's common external tariff and a commercial policy "substantially similar" to that of the EU, including adoption of the EU's preferential trade regime with third countries. Turkey has already signed Free Trade Agreements with the EFTA member countries and is in the process of finalizing agreements with the other EU applicant countries.

Turkey is a founding member of the Black Sea Economic Cooperation (BSEC) in which the governments of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and the Ukraine are nurturing multilateral cooperation among the members on a number of issues including trade. Turkey, along with Pakistan and Iran, is a founding member of the Economic Cooperation Organization (ECO). ECO, whose membership beyond the founders includes Afghanistan, Azerbaijan, Turkmenistan, Uzbekistan, Kyrgyzstan, Tajikistan and Kazakhstan has had limited success in improving trade cooperation. Turkey is a founding member of the Southern Europe Cooperative Initiative (SECI); a regional association aimed at encouraging cooperation among its member states on a variety of issues including customs, transportation and anti-crime efforts. SECI member states include Albania, Bosnia &

Herzegovina, Bulgaria, Croatia, Greece, Hungary, the Former Yugoslav Republic of Macedonia, Moldova, Romania, Slovenia and Turkey.

Web Resources

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U.S. Embassy and U.S. EU Mission Contacts

The United States Embassy's Commercial Section has been assisting U.S. companies, which meet EU directives conformity, in having products clear Turkish Customs as expeditiously as possible. The Commercial Section is also working to have the Government of Turkey accept CE conformity certification from U.S. corporations or U.S.-based Notifying Bodies, without having U.S. companies face additional bureaucratic delays at customs and additional testing at the Turkish Standards Institute. For additional assistance in managing the new CE Mark regulations in Turkey, please contact Commercial Specialist Ozge Cirika at Ozge.Cirika@mail.doc.gov.

For additional information on the European Union Directives and European standards, please contact:

U.S. Mission to the E.U.
Foreign Commercial Service
Rue Zinner 13
B - 1000 Brussels, Belgium
Fax: 32 2 513 1228
Gwen B. Lyle – Standards Attaché
Tel: 32 2 508 2674
gwen.lyle@mail.doc.gov
Sylvia Mohr – Standards Specialist
Tel: 32 2 508 2675

CE Websites

http://www.ita.doc.gov/td/tic/ce_mark/ceindex1.htm
<http://ts.nist.gov/ts/htdocs/210/ncsci/export-eu.htm>
www.buyusa.gov/europeanunion
http://europa.eu.int/comm/enterprise/index_en.htm
www.newapproach.org

Standards Websites

www.cenorm.be
www.cenelec.org
www.etsi.org
www.ansi.org

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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The Government of Turkey (GOT) views foreign direct investment as vital to the country's economic development and prosperity. Accordingly, Turkey has one of the most liberal legal regimes for FDI in the OECD. With the exception of some sectors (see below), areas open to the Turkish private sector are generally open to foreign participation and investment. However, all investors – regardless of nationality – face a number of challenges: excessive bureaucracy, a slow judicial system, high taxes, weaknesses in corporate governance, sometimes unpredictable decisions taken at the municipal level, and frequent changes in the legal and regulatory environment.

Regulations governing foreign investment are, in general, transparent. Turkey provides national treatment, including in the acquisition of real estate by foreign-owned corporate entities registered under Turkish law, and does not have an investment screening system (only notification is required). The GOT set "reciprocity with the related nation" as a precondition for real estate property purchases by foreigners, and set an upper limit of 25,000 square meters to the area of the real estate foreigners can buy.

Equity participation of foreign shareholders is restricted to 25 percent in broadcasting and 49 percent in the aviation and maritime transportation sectors. Establishment in financial services, including banking and insurance, and in the petroleum sector requires special permission from the GOT for both domestic and foreign investors. In practice, regulators have not restricted foreign ownership in the financial sector: in 2005 and 2006 a series of foreign acquisitions in the sector were approved, and several foreign financial houses have longstanding operations in Turkey.

Turkey's privatization process continues to move forward. The GOT privatizes State Economic Enterprises through block sales, public offerings, or a combination of both. Transactions closed under the Turkish privatization program generated \$8.2 billion in revenues in 2005 and \$8.1 billion in 2006. On a cash basis, however, the program yielded \$3.0 billion in 2005 and \$9.6 billion in 2006, since privatizations are often paid for in installments. The Turkish government is committed to continuing the privatization process despite delays that may occur in some individual cases.

Bureaucratic "red tape" has been a significant barrier to companies, both foreign and domestic. However, recent reforms have simplified company establishment procedures, reduced permit requirements, instituted a single company registration form, and enabled individuals to register their companies through local commercial registry offices of the Turkish Union of Chambers and Commodity Exchanges.

In 2006, the government introduced a number of reforms specifically aimed at attracting foreign investment to Turkey. A National Judiciary Network project will significantly speed the processing of commercial cases by sharing documents and court records more easily, as well as allowing for the filing of suits online. Intermediary regional appeals courts have also been created to speed the processing of cases, and new courthouses are being built to alleviate overcrowding. In addition, the government has improved foreign investors' access to justice, including to legal aid and Alternative Dispute Resolution mechanisms supported by the U.S., the EU and the World Bank.

In addition to structural reforms, the Prime Ministry has created an Investment Promotion Agency whose main objective will be to support new investors throughout the establishment process and solve problems that arise after establishment. The agency will also serve as an advocate within the government for reforms that promote investment and will work to raise public awareness of the benefits of investment.

Turkey is also making progress in making the taxation system more investor-friendly. In 2006, the basic corporate tax rate was reduced from 30 to 20 percent. The Government also cancelled the withholding tax for foreign investors' holdings of bonds, bills and stocks, though retaining it for bank deposits and repurchase agreements. The 15% rate on bonds, bills and stocks was reduced to 10% for domestic investors. The Tax Administration authority is also in the process of establishing a large taxpayer unit that will handle tax collection from large corporations.

Turkish law and regulations affecting the investment climate continues to evolve. Potential investors should check with appropriate Turkish government sources for current and detailed information. The following web site provides the text of regulations governing foreign investment and incentives as well as other useful background information: http://www.treasury.gov.tr/for_inv.htm. Additional information is available at: <http://www.investinginturkey.gov.tr>

Conversion and Transfer Policies

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Turkish law guarantees the free transfer of profits, fees and royalties, and repatriation of capital. This guarantee is reflected in Turkey's 1990 Bilateral Investment Treaty (BIT) with the United States, which mandates unrestricted and prompt transfer in a freely usable currency at a legal market-clearing rate for all funds related to an investment.

There is no difficulty in obtaining foreign exchange, and there are no foreign exchange restrictions. However, as the result of a 1997 court decision, the Turkish Government has blocked full repatriation of investments by oil companies under Article 116 of the 1954 Petroleum Law, which protected foreign investors from the impact of lira depreciation. Affected companies have challenged the 1997 decision and the case has been in the Turkish court system for several years.

Expropriation and Compensation

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Under the BIT, expropriation can only occur in accordance with due process of law. Expropriations must be for public purpose and non-discriminatory. Compensation must be reasonably prompt, adequate, and effective. The BIT ensures that U.S. investors have full access to the local court system and the ability to take the host government directly to third party international binding arbitration to settle investment disputes. There is also a provision for state-to-state dispute settlement.

As a practical matter, the GOT occasionally expropriates private real property for public works or for State Enterprise industrial projects. The GOT agency expropriating the property negotiates and proposes a purchase price. If the owners of the property do not agree with the proposed price, they can go to court to challenge the expropriation or ask for more compensation. There are no outstanding expropriation or nationalization cases.

Dispute Settlement

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There are some outstanding investment disputes between U.S. companies and Turkish government bodies, particularly in the energy and tourism sectors.

Turkey's legal system provides means for enforcing property and contractual rights, and there are written commercial and bankruptcy laws. However, the court system is overburdened, which sometimes results in slow decisions and judges lacking sufficient time to grasp complex issues. Judgments of foreign courts, under certain circumstances, need to be executed by local courts before they are accepted and enforced. Monetary judgments are usually made in local currency, but there are provisions for incorporating exchange rate differentials in claims.

Turkey is a member of the International Center for the Settlement of Investment Disputes (ICSID), and is a signatory of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Turkey ratified the Convention of the Multinational Investment Guarantee Agency (MIGA) in 1987. There is currently one arbitration case pending before ICSID.

Turkish law accepts binding international arbitration of investment disputes between foreign investors and the state. In practice, however, Turkish courts have on at least one occasion failed to uphold an international arbitration ruling involving private companies.

Performance Requirements and Incentives

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Turkey is a party to the WTO Agreement on Trade Related Investment Measures (TRIMS).

The Turkish Government encourages investment in provinces with annual per capita income below USD 1,500 and to high priority development regions. For low income provinces and under certain conditions, the law provides for withholding tax incentives on income tax, social security premium incentives, free land, and electricity price support. These incentives will remain in effect until the end of 2008, except for allocation of free public land, which has no expiration date. The same law also limits certain tax preferences previously enjoyed by Turkey's free zones (see below).

There are no performance requirements imposed as a condition for establishing, maintaining, or expanding an investment. There are no requirements that investors purchase from local sources or export a certain percentage of output. Investors' access to foreign exchange is not conditioned on exports.

There are no requirements that nationals own shares in foreign investments, that the shares of foreign equity be reduced over time, or that the investor transfer technology on certain terms. There are no government imposed conditions on permission to invest, including location in specific geographical areas, specific percentage of local content – for goods or services – or local equity, import substitution, export requirements or targets, employment of host country nationals, technology transfer, or local financing.

The GOT does not require that investors disclose proprietary information, other than publicly available information, as part of the regulatory approval process. Enterprises with foreign capital must send their activity report, submitted to the general assembly of shareholders, auditor's report, and balance sheets to the Treasury's Foreign Investment Directorate every year by May.

With the exceptions noted under "Openness to Foreign Investment" and "Transparency of the Regulatory System," Turkey grants all rights, incentives, exemptions and privileges available to national capital and business to foreign capital and business on a most-favored-nation (MFN) basis. American and other foreign firms can participate in government-financed and/or subsidized research and development programs on a national treatment basis.

Turkey harmonized its export incentive regime with the European Union in 1995, prior to the start of the Customs Union. Turkey currently offers a number of export incentives, including credits through the Turkish Eximbank, energy incentives, and research and development incentives. Foreign investors can participate in these export incentive programs on a national treatment basis. More information on Turkey's trade regime can be found at www.foreigntrade.gov.tr.

Military procurement generally requires an offset provision in tender specifications. The offset guidelines were modified to encourage direct investment and technology transfer.

With the exceptions noted above, private entities may freely establish, acquire, and dispose of interests in business enterprises, and foreign participation is permitted up to 100 percent.

Competitive equality is the standard applied to private enterprises in competition with public enterprises with respect to access to markets, credit, and other business operations. Turkey has an independent Competition Board.

Protection of Property Rights

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Secured interests in property, both movable and real, are recognized and enforced. There is a recognized and reliable system of recording such security interests. For example, there is a land registry office where real estate is registered. Turkey's legal system protects and facilitates acquisition and disposal of property rights, including land, buildings, and mortgages, although some parties have complained that the courts are slow in rendering decisions and that they are susceptible to external influence (see "Dispute Settlement").

Turkey's intellectual property rights regime has improved in recent years, but certain deficiencies from international standards remain a concern. Turkey remained on the U.S. Special 301 Priority Watch List in 2006 due to insufficient protection for confidential pharmaceutical test data and continued high levels of piracy and counterfeiting of copyright and trademark materials.

Turkey's copyright law provides deterrent penalties for copyright infringement. However, it does not prohibit circumvention of technical protection measures, a key feature of the World Intellectual Property Organization (WIPO) "Internet" treaties. The law contains several strong anti-piracy provisions, including a ban on street sales of all copyright products and authorization for law enforcement authorities to take action without a complaint by the rights holder. However, the law also reduces potential prison sentences for piracy convictions, a result of its harmonization with EU requirements. While pirated materials are still common, the number of cases brought against the producers and/or distributors of these goods have increased significantly, and deterrent penalties have become more common.

Turkey is a signatory to a number of international conventions, including the Stockholm Act of the Paris Convention, the Patent Cooperation Treaty, and the Strasbourg Agreement.

Turkey accepts patent applications in compliance with the TRIPS agreement "mailbox" provisions. The patent law does not, however, contain interim protection for pharmaceuticals in the research and development "pipeline".

Turkey's Patent Law provides for penalties for infringement of up to 3 years in prison, or 47,000 YTL (approximately \$32,000) in fines, or both, and closure of the business for up to one year. However, research-based companies in the pharmaceuticals sector have criticized provisions which delay the initiation of infringement suits until after the patent is approved and published, permit use of a patented invention to generate data needed for the marketing approval of generic pharmaceutical products, and give judges wider discretion over penalties in infringement cases.

Unlike some other countries, including the United States, Turkey does not currently have a system that directly links marketing approval for pharmaceutical products to the patent protection system. The Patent Institute sends reports to the Ministry of Health informing them of pharmaceutical-related patents that have been approved. In addition, in 2006 the Patent Institute, with assistance from the World Bank, created an online database that allows users to search for valid patents. The Patent Institute does not, however, share with other entities or the public unpublished information regarding patent applications that have not yet been approved.

In general, the Ministry of Health provides protection for confidential test data submitted in support of applications to market pharmaceutical products. However, several of the regulation's provisions undermine protection for confidential test data. Data exclusivity is limited to original products licensed in a European Customs Union country after January 1, 2001, for which no generic manufacturers had applied for licenses in Turkey as of January 1, 2005. In addition, the term of exclusivity is limited to the duration of the drug patent. The six-year term of data protection starts on the date of licensing in a European Customs Union country, implying a shorter term of protection because of the length of the marketing approval process in Turkey.

Trademark holders also contend that there is widespread and often sophisticated counterfeiting of their marks in Turkey, especially in apparel, film, cosmetics, detergent and other products. Turkey provides protection for commercial seed under its Plant Variety Protection (PVP) Law.

Further information on the intellectual property situation in Turkey is available in the National Trade Estimate report, available at the U.S. Trade Representative's website: www.ustr.gov.

Transparency of Regulatory System

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The GOT has adopted policies and laws that in principle should foster competition and transparency. However, foreign companies in several sectors claim that regulations are sometimes applied in a nontransparent manner. Turkey is an observer but not a member to the WTO Government Procurement Committee.

Turkish legislation generally requires competitive bidding procedures in the public sector. A Public Procurement board exists to oversee public tenders, and there are minimum bidding thresholds under which foreign companies are prohibited from bidding on public tenders. The law gives preference to domestic bidders, Turkish citizens and legal entities established by them, as well as to corporate entities established under Turkish law by foreign companies. The public procurement law has been amended eight times since its enactment and may be further amended in the future: it has been cited by the EU as not being in conformity with the EU "acquis communautaire."

In general, labor, health and safety laws and policies do not distort or impede investment, although legal restrictions on discharging employees may provide a disincentive to labor-intensive activity in the formal economy. Certain tax policies distort investment decisions. High taxation of cola drinks discourages investment in this sector. Generous tax preferences for free zones have provided a stimulus to investment in

these zones, though these preferences will be trimmed in the future (see free zones section). Similarly, incentives for investment in certain low-income provinces appear to be stimulating investment there (see "Performance Requirements and Incentives").

Efficient Capital Markets and Portfolio Investment

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The government has taken a number of important steps in recent years to strengthen and better regulate the banking system. A 2005 revision of the Banking Law brought tighter bank regulation, notably by broadening the range of expertise inspectors can draw on when conducting on-site inspections.

An independent Banking and Regulation Supervision Agency (BRSA) monitors and supervises Turkey's banks. The BRSA is headed by a board whose seven members are appointed by the cabinet for six-year terms. In addition, bank deposits are protected by an independent deposit insurance agency, the State Deposit Insurance Fund (SDIF).

Because of high local borrowing costs and short repayment periods, foreign and local firms frequently seek credit from international markets to finance their activities. As of October 2006, there were 33 deposit-taking commercial banks and 13 development or investment banks operating in Turkey. Sector assets as of August 2005 totaled approximately USD 333 billion, or about 83 percent of GNP, according to BRSA data.

There is a regulatory system established to encourage and facilitate portfolio investments, though it needs improvements in transparency, accounting, and enforcement provisions to bring it up to U.S. and EU standards. The Istanbul Stock Exchange (ISE), formed in 1986, is becoming a significant emerging market stock exchange. As of December 31, 2006, 332 companies were listed on the exchange. However, Turkey has yet to develop other capital markets. The Capital Markets Board is responsible for overseeing the activities of capital markets, including activities of ISE-quoted companies, and securities and investment houses. The Turkish private sector is dominated by a number of large holding companies, whose upper management is family-controlled. Most large businesses continue to float publicly only a minority portion of company shares in order to limit outside interference in company management. There has been no attempt at a hostile takeover by either international or domestic parties in recent memory.

Political Violence

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In recent years, terrorist bombings -- some with significant numbers of casualties -- have struck religious, political, and business targets in a variety of locations in Turkey. The potential remains throughout Turkey for violence and terrorist actions against U.S. citizens and interests, both by transnational and indigenous terrorist organizations.

In November 2003 the Al-Qa'ida network was responsible for four large suicide bombings in Istanbul that, among other targets, hit western interests. Indigenous terrorist groups also continue to target Turkish as well as U.S. and Western interests. In June 2006, attacks of the indigenous terrorist group PKK/KADEK/KONGRA GEL increased significantly and claimed as many as 600 lives through the first nine months of the year; the PKK declared a unilateral ceasefire in October, but since the announcement, there have been repeated attacks against Turkish targets. The PKK operates in parts of

Northern Iraq and crosses the border to conduct attacks in the southeast region of Turkey, where the group has traditionally concentrated its activities, Istanbul, and resort areas of southern and western Turkey. Other terrorist groups, including the Turkish group Revolutionary People's Liberation Party/Front (DHKP/C), continue to target Turkish officials and various civilian facilities and may use terrorist activity to make political statements. Since 2002, civilian venues such as courthouses, fast food restaurants, and public transportation have been targets of minor bomb attacks, resulting in small numbers of casualties. Similar, random bombings are likely to continue in unpredictable locations. Americans traveling to southeastern Turkey, the site of PKK/KADEK/KONGRA GEL actions, should exercise caution.

Although the Turkish government takes air safety seriously and maintains strict controls, particularly on international flights, a hijacking occurred on a Turkish Airlines flight as recently as October 2006. For the latest security information on Turkey and throughout the world, travelers should monitor the State Department web site <http://travel.state.gov>, where the current Worldwide Caution Public Announcement, Travel Warnings, and Public Announcements can be found.

Corruption

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Corruption is perceived to be a problem in Turkey by private enterprise and the public at large, particularly in government procurement. American companies operating in Turkey have complained about being solicited, with varying degrees of pressure, by municipal or local authorities for "contributions to the community". Parliament continues to probe corruption allegations involving senior officials in previous governments, particularly in connection with energy projects.

Public procurement reforms were designed to make procurement more transparent and less susceptible to political interference, including through the establishment of an independent public procurement board with the power to void contracts. The judicial system is also perceived to be susceptible to external influence and to be biased against outsiders to some degree.

Turkish legislation outlaws bribery and some prosecutions of government officials for corruption have taken place, but enforcement is uneven. Turkey ratified the OECD Convention on Combating Bribery of Public Officials, and passed implementing legislation in January 2003 to provide that bribes of foreign officials, as well as domestic, are illegal and not tax deductible. In 2006, Turkey's parliament ratified the UN Convention Against Corruption.

Turkey's Criminal Code makes it unlawful to promise or to give any advantage to foreign government officials in exchange for their assistance in providing improper advantage in the conduct of international business. In the event that such a crime makes an unlawful benefit to a legal entity, such legal entity shall be subject to certain security measures. The provisions of the Criminal Law regarding the bribing of foreign governmental officials are in line with the provisions of the Foreign Corrupt Practices Act of 1977 of the United States (the "FCPA").

There are, however, a number of differences between the Turkish law and the FCPA. For example, there is not an exception under the Turkish law for payments to facilitate or expedite performance of a "routine governmental action" in terms of the FCPA. Another difference between the provisions of the FCPA and the Turkish law is that the FCPA does not provide for a punishment of imprisonment, while the Turkish law provides a punishment of imprisonment from four years to 12 years. The Prime Ministry's Inspection Board, which advises a new Corruption Investigations Committee, is responsible for investigating major corruption cases. Nearly every state agency has its own inspector corps responsible for investigating internal corruption. The parliament can establish investigative commissions to examine corruption allegations concerning Cabinet Ministers for the Prime Minister. A majority vote is needed to send these cases to the Supreme Court for further action.

Transparency International has an affiliated NGO in Istanbul. Transparency International noted that Turkey improved its fight against corruption again in 2006, moving Turkey from 65th to 60th in the transparency ranking of 159 countries.

Bilateral Investment Agreements

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Since 1962, Turkey has been negotiating and signing agreements for the reciprocal promotion and protection of investments. Turkey has signed bilateral investment treaties with 78 countries and has initiated negotiations with nine countries. 62 of these agreements are now in force, including with the United States, United Kingdom, Germany, the Netherlands, Belgium, Luxembourg, Denmark, Austria, Sweden, Switzerland, Spain, Finland, Italy, Portugal, Hungary, Poland, Romania, Tunisia, Kuwait, Bangladesh, China, Japan, South Korea, Indonesia, Croatia, Cuba, the Czech Republic, Estonia, Russian Federation, Azerbaijan, Kazakhstan, Georgia, Tajikistan, Ukraine, Uzbekistan, Belarus, Lithuania, Latvia, Slovakia, Macedonia, Pakistan, Turkmenistan, Moldova, Kyrgyzstan, Albania, Bulgaria, Argentina, Bosnia, Malaysia, Egypt, Mongolia, Greece, Israel, Afghanistan, Ethiopia, Iran, Lebanon, Syria, Slovenia and Jordan.

Turkey's bilateral investment treaty with the United States came into effect on May 18, 1990. A bilateral tax treaty between the two countries took effect on January 1, 1998. Turkey has avoidance of double taxation agreements with 61 countries.

OPIC and Other Investment Insurance Programs

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The Overseas Private Investment Corporation (OPIC) offers a full range of programs in Turkey, including political risk insurance for U.S. investors, under its bilateral agreement with Turkey. OPIC is also active in financing private investment projects implemented by U.S. investors in Turkey. OPIC-supported direct equity funds, including the USD 200 million Soros Private Equity Fund can make direct equity investments in private sector projects in Turkey. Small-and medium-sized U.S. investors in Turkey are also eligible to utilize the new Small Business Center facility at OPIC, offering OPIC finance and insurance support on an expedited basis for loans from USD 100,000 to USD 10 million. In 1987, Turkey became a member of the Multinational Investment Guarantee Agency (MIGA).

The U.S. Government annually purchases approximately USD 24 million of local currency. Embassy purchases are made at prevailing market rates that fluctuate in accordance with Turkey's free-floating exchange rate regime.

Labor

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Turkey has a youthful population of 71 million, 65.5 percent of which is between the ages 15-64 and 28.8 percent of which is 14 years old or younger. Of this, 60.3 percent live in urban areas. The Turkish labor force numbers 25.4 million (23.13 million employed and 2.3 million unemployed); 28.4 percent of the workforce is in agriculture. The official unemployment rate was 9.1 in last quarter of 2006.

The literacy rate is 87.4 percent (93.86 percent among men and 80.61 percent among women). Students are required to complete eight years of schooling and to remain in school until they are 15 years old. Those who complete primary school education account for 95.74 percent of the population, of which only 34.46 percent complete vocational or higher educations, including distance education.

Turkey has an abundance of unskilled and semi-skilled labor. Although the Ministry of Education launched projects within the framework of EU programs to meet the needs of high-tech industries, there is a shortage of qualified workers. Individual high-tech firms, both local and foreign-owned, have generally conducted their own training programs for such job categories. Vocational training schools for some commercial and industrial skills exist in Turkey at the high school level. Formal apprenticeship programs remain in place, although informal training is dying out in some traditional occupations. Turkey's labor force has a reputation for being hardworking, productive and dependable.

Labor-management relations have been generally good in recent years. Employers are obliged by law to negotiate in good faith with unions that have been certified as bargaining agents. Strikes are usually of short duration and almost always peaceful. Approximately 2.9 million of the 11 to 12 million wage and salary earners are unionized. The law prohibits discrimination on the basis of union membership but discrimination occurs occasionally in practice. There is no obligation for a worker to become a member of any union and there is no obligation to make a collective labor agreement for any sector. However, in order to be covered by a collective labor agreement, a worker should be a member of a union. In order to be a bargaining agent, a union must have a membership of more than half of the workers employed in a work place and include at least 10 percent of the workers employed in that specific sector. The Labor Law sets a series of steps to be followed, including mediation by an Arbitration Board, before a union may initiate a strike. Facilitating labor-employer relations is among the responsibilities of the Economic and Social Council, which aims at maintaining an effective dialogue between the state and social parties to encourage compromise in industrial relations.

Turkey has signed many International Labor Organization (ILO) conventions protecting workers' rights, including conventions on Freedom of Association and Protection of the Right to Organize; Rights to Organize and to Bargain Collectively; Abolition of Forced Labor; Minimum Wage; Occupational Health and Safety; Termination of Employment and Elimination of the Worst Forms of Child Labor. Since 1980, Turkey has faced

criticism by the ILO, particularly for shortcomings in enforcement of ILO Convention 87 (Convention Concerning Freedom of Association and Protection of the Right to Organize) and Convention 98 (Convention Concerning the Application of the Principles of the Right to Organize and to Bargain Collectively). However, there are few restrictions on freedom of association and the political activities of trade unions. The Constitution provides certain restrictions on the right to strike. Civil servants (defined broadly as all employees of the central government ministries, including teachers) are allowed to form trade unions and to engage in limited collective negotiations, but are prohibited from striking.

Improvements to job security legislation provided employers with greater flexibility in the organization of work and weakened to a certain extent the job security provided by the regulations. They contain many new provisions in conformity with international regulations of the ILO and the EU.

There are no special laws or exemptions from regular labor laws in the country's 21 free trade and export processing zones.

Use of technology is encouraged at work. There is a special law concerning establishment of Technology Development Zones (called "techno-parks"). The state also contributes to research and development activities either through reimbursement or providing subsidies. Personnel expenses, cost of machinery, equipment and software, consultancy and other services, fees paid to scientific institutions, registration fees for patent and industrial designs to the Patent Institute, and the cost of R&D related materials may be reimbursed up to 60% by the state. This aid may be extended for up to 3 years.

Foreign-Trade Zones/Free Ports

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Firms operating in Turkey's 21 free zones have historically enjoyed many advantages. The zones are open to a wide range of activities, including manufacturing, storage, packaging, trading, banking, and insurance. Foreign products enter and leave the free zones without payment of any customs or duties. Income generated in the zones is exempt from corporate and individual income taxation and from the value-added tax, but firms are required to make social security contributions for their employees. Additionally, standardization regulations in Turkey do not apply to the activities in the free zones, unless the products are imported into Turkey. Sales to the Turkish domestic market are allowed, with goods and revenues transported from the zones into Turkey subject to all relevant import regulations. There are no restrictions on foreign firms operations in the free zones. Indeed, the operator of one of Turkey's most successful free zones located in Izmir is an American firm.

Taxpayers who possessed an operating license as of February 6, 2004, will not have to pay income or corporate tax on their earnings in the zone for the duration of their license. Earnings based on sale of goods manufactured in a zone will be exempt from income and corporate tax until the end of the year in which Turkey becomes a member of the European Union. Earnings secured in a free zone under corporate tax immunity and paid as dividends to real person shareholders in Turkey or to real person or legal-entity shareholders abroad will be subject to 10 percent withholding tax. The tax

immunity of the wage and salary income earned by persons employed in the zones by taxpayers possessing an operating license as of February 6, 2004, will remain in effect until December 31, 2008, or the expiration date of the operating license, whichever is earlier. The implications of the new rules are complex, and interested parties may want to consult with a tax advisor and/or the Foreign Trade Undersecretariat (web site: www.dtm.gov.tr).

Foreign Direct Investment Statistics

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With the foreign investment permit requirement in place until 2003, the Turkish Treasury collected detailed sector and country of origin data for authorized FDI. Data collected since the abolition of the permit requirement, by the Central Bank and other entities, may not be directly comparable to data collected prior to 2003.

According to Turkish Treasury data, as of October 2006, there are 14,356 foreign firms invested and operating in Turkey. The aggregate actual inflows reached USD 43.6 billion. In 2005, EU countries accounted for 58.4 percent of FDI inflows to Turkey, non-EU European countries accounted for 19.5 percent, Gulf countries for 19.6 percent and Americas for 2.8 percent. Over the past two decades, the Netherlands (22.2 percent) has been the top source of foreign investment, followed by France (11.9 percent), Germany (10.5 percent), United Kingdom (8.8 percent) and the U.S. (7.2 percent). Because of the absence of a bilateral tax treaty until 1998, much U.S.-origin capital was invested in Turkey through third-country subsidiaries. According to U.S. Commerce Department data, U.S. company investment amounted to about USD 2.4 billion in 2005. By unofficial estimates, the U.S. may be one of the largest sources of foreign investment in Turkey.

In 2005, about 57.3 percent of foreign direct investment took place in services, 33.6 percent in manufacturing, 3.1 percent in mining and 0.5 percent in agriculture.

FDI Inflow by Years (million USD)

| Year | Actual Inflow(Cumulative) | Inflow/GDP | No firms |
|-----------|---------------------------|------------|----------|
| 1980-1988 | | | 1,172 |
| 1989 | 663 | 0.80 | 1,525 |
| 1990 | 684 | 0.67 | 1,856 |
| 1991 | 907 | 0.69 | 2,123 |
| 1992 | 911 | 0.78 | 2,330 |
| 1993 | 746 | 0.56 | 2,554 |
| 1994 | 636 | 0.64 | 2,830 |
| 1995 | 934 | 0.66 | 3,163 |
| 1996 | 914 | 0.53 | 3,582 |
| 1997 | 852 | 0.54 | 4,068 |
| 1998 | 953 | 0.49 | 4,533 |
| 1999 | 813 | 0.41 | 4,950 |
| 2000 | 1,707 | 0.85 | 5,328 |
| 2001 | 3,288 | 2.21 | 5,841 |
| 2002 | 1,042 | 0.48 | 6,280 |

| | | | |
|-------|--------|------|--------|
| 2003 | 1,702 | 0.71 | 6,511 |
| 2004 | 2,883 | 0.96 | 8,661 |
| 2005 | 9,793 | 2.71 | 11,540 |
| 2006* | 15,804 | 4.15 | 14,356 |
| TOTAL | 43,639 | | 14,356 |

Source: Central Bank of Turkey, State Institute of Statistics,
(*).January through October 2006.

(**) Includes capital inflows, foreign loans and real estate investment.

FDI Stock by Source Country (end of 2005/ million USD)

| Country | Value | Share (percent) |
|----------------|--------|-----------------|
| Netherlands | 14,043 | 22.2 |
| France | 7,547 | 11.9 |
| Germany | 6,616 | 10.5 |
| United Kingdom | 5,580 | 8.8 |
| U.S.A | 4,579 | 7.3 |
| Italy | 4,131 | 6.5 |
| Belgium | 3,124 | 4.9 |
| Finland | 2,261 | 3.6 |
| Switzerland | 1,863 | 2.9 |
| Canada | 857 | 1.4 |
| Others | 12,684 | 20.0 |
| Total | 63,285 | 100.0 |

Source: Central Bank of Turkey.

The investment permit requirement lifted as of 2004.

Turkey's External Investment by Country (As of December 2006)

| Country | Amount | Share |
|----------------|---------|-------|
| (USD millions) | | |
| Netherlands | 2,732.8 | 30.1 |
| Azerbaijan | 2,706.7 | 29.8 |
| United Kingdom | 507.4 | 5.6 |
| Germany | 492.6 | 5.4 |
| Kazakhstan | 469.5 | 5.2 |
| Luxembourg | 251.4 | 2.8 |

| | | |
|---------------|---------|-------|
| United States | 199.1 | 2.2 |
| Russia | 192.3 | 2.1 |
| Romania | 175.7 | 1.9 |
| Switzerland | 109.3 | 1.2 |
| France | 95.5 | 1.1 |
| Others | 1,161.4 | 12.8 |
| Total | 9,093.7 | 100.0 |

Source: General Directorate of Banking and Foreign Exchange, Treasury

Major foreign investors

Turkey's foreign investors include Renault, Toyota, Fiat, Castrol, Citigroup, Pirelli Tire, Unilever, RJR Nabisco, Philip Morris, United Defense, Honda, Hyundai, Bosch, Siemens, DaimlerChrysler, Chase Manhattan, AEG, Bridgestone-Firestone, Cargill, Novartis, Coca Cola, Colgate-Palmolive, General Electric, ITT, Ford Motor Co., Lockheed Martin, Goodyear, Aventis, McDonald's, Nestle, Mobil, Pepsi, Pfizer, Procter and Gamble, Abbot Laboratories, Aria, Bechtel, Shell, Delphi-Packard, Toredor/Madison Oil, AES, NRG, Normandy Mining, Marsa-Kraft-Jacobs Suchard, ESBAS A.S., Archer Daniels Midland, Merck Sharp Dohme, Bunge, Texas Pacific Group, Cisco Systems, Vodafone, Fortis and Bausch and Lomb.

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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GENERAL FINANCING AVAILABILITY

Traditionally, Turkish corporations have satisfied most of their financing requirements through the banking industry. Corporation / banking relationships are close. Locally, commercial banks account for about 80% of the credits outstanding in the Turkish financial system. However, given the continuing gap between Turkey's extensive needs and its limited internal resources, external financing of public and private project investment will be a crucial factor in this and coming years. Exporters are advised to provide financing for their exports. In addition to short and medium-term credits available from commercial banks in local and foreign currencies, lower-cost TL credits are also available from Turkish Eximbank.

HOW TO FINANCE EXPORTS AND METHODS OF PAYMENT

Letters of Credit (LCs) are traditional import instruments for private-sector transactions. LCs should be irrevocable and confirmed by a prime U.S. bank. As Turkish importers develop long-term contacts and prove their credit-worthiness, suppliers may be willing to accept documents against payment (d/p) or documents against acceptance (d/a). Deferred payment schedules are not common except in cases of large transactions where supplier financing plays a role.

Turkish banks continued to have seen some tightening in their access to international credit, though the major banks are able to borrow internationally. Suppliers may consider unconventional project financing packages (e.g., forfeiting, factoring and utilization of third-country export credits) when bidding on major government infrastructure projects. Exporters should be flexible and try to accommodate customers' needs, building any additional associated cost into the offer price.

Firms bidding on GOT contracts should pay careful attention to the way proposals are prepared and strictly follow the administrative specifications. Financing costs and foreign exchange rate risks, wherever applicable, should be factored into the bid price. Bids, which do not comply with administrative specifications (which include financial criteria), are generally rejected. Generally, validity of a proposal is required to be 3 to 6 months from the bid date. Government tenders often involve bid and performance bonds. Bid bonds are normally equivalent to 3% of the value of the tender, while performance bonds are usually equivalent to 6% of the contract value. The government

only calls these bonds in cases of substantial non-performance. All bonds have to be counter-guaranteed by a Turkish national bank.

A number of leasing companies operate in Turkey, most owned by Turkish banks. They finance purchases of expensive capital goods such as aircraft, auto fleets or special equipment. Financial leasing used to account for only 1-2% of capital expenditures in Turkey versus 20% in developed countries. The terms of leasing are usually four years, with a balloon payment at the end. Turkish leasing companies are eager to work with U.S. counterparts.

Turkish factoring companies (again, usually offshoots of banks) generally belong to the International Factors Group based in Belgium. Like leasing companies, all factoring and forfeiting companies are having funding difficulties. Both factoring and forfeiting maximize cash flow, reduce transaction risks, and may enhance competitiveness by offering flexible payment terms to the buyer. All U.S. banks active in Turkey know and deal with at least one of the major leasing and factoring companies.

How Does the Banking System Operate

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The banking sector plays less of a financial intermediary role than one would expect in an economy of Turkey's size and sophistication. The three state-owned commercial banks plus the six largest private banks hold nearly a two-thirds share of total bank assets (information on banks, the listing of banks licensed in Turkey and statistics on the Turkish banking sector can be viewed at (www.bddk.org.tr)). Turkish banks engage in core banking services, securities brokering and other businesses. In terms of trade finance, treasury operations, electronic banking, and information management, the dozen leading Turkish banks are as sophisticated as their other OECD counterparts. However, bank profitability has been treasury-based, not lending-based, and most banks have yet to develop solid lending cultures and risk-asset management systems. One hundred percent deposit insurance since 1994 is an additional complicating factor. Moreover, accounting practices are neither at commonly accepted international GAAP standards or evenly applied across the sector.

U. S. and U.S.-affiliated investment and commercial banks present in Turkey include Citibank, JP Morgan Chase, American Express, Wachovia and the Bank of New York. The Turkish banking sector is undergoing significant industry consolidation.

The Istanbul Stock Exchange, formed in 1986, is becoming one of the major players in the capital market. In 1995, the Istanbul Gold Exchange opened for trading. The Capital Market Board, based in Ankara, is responsible for overseeing the activities of capital markets. The Central Bank of the Republic of Turkey is headquartered in Ankara and together with Turkish Treasury is responsible for the integrity of the banking system. In 1994, the Central Bank became an autonomous body but is not independent.

The Central Bank and BDDK (Banking Regulating and Auditing Commission) supervises bank activities in order to guarantee that they meet liquidity requirements and operates in a responsible fashion. While the Central Bank's Bank Supervision Division acts as the government's supervisory authority, the Undersecretariat of the Treasury is responsible for the enforcement of banking laws. The BDDK also determines the disposition of insolvent banks.

Recently as the Turkish Government decreased taking loans from national banks, the banks have turned towards the general public to offer credit for homes, private vehicles and general expenditures. Small business loans are also in the rise. The recent major share buyouts and total buy outs of three major banks in Turkey proved the trust in the financial system by international investors. The recent major share investments were General Electric Capital Corporation into Garanti Bank (investing 1.8 billion USD, acquiring 25.5%), Dutch-Belgian Fortis Bank bought 93.3% of Disbank hence investing 1.2 billion USD and renaming the bank as Fortis Bank through out Turkey. The most recent acquisition is from French-Belgian Dexia Bank buying 93% of Denizbank for 2.43 billion USD.

Foreign-Exchange Controls

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There are no known foreign-exchange limits placed on importers by the GOT, and there are no restrictions on the transfer of funds in or out of the country. Although the Yeni Turkish Lira (YTL) is fully convertible, most international transactions are denominated in U.S. dollars or Euros due to these currencies' universal acceptance. Banks are allowed to deal in foreign exchange and to borrow and lend in foreign currencies. Foreign exchange is freely traded and widely available. Foreign investors are free to convert and repatriate their Turkish lira profits.

U.S. Banks and Local Correspondent Banks

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U. S. and U.S.-affiliated investment and commercial banks present in Turkey include Garanti Bank, Citibank, JP Morgan Chase, American Express, Wachovia and the Bank of New York.

Project Financing

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TYPES OF AVAILABLE EXPORT FINANCING AND INSURANCE

The Export-Import Bank of the United States (Eximbank) is open for business in Turkey and offers a variety of credit facilities to U.S. firms exporting to Turkey as well as providing project financing for U.S. investments. Eximbank does not have a ceiling for Turkey as long as a Treasury guarantee is provided (for the public sector). For the private sector investments, Eximbank considers the financial records of the Turkish company or the ability of a project to generate enough revenue to pay back the loan. The U.S. Trade and Development Agency (TDA) is active in financing pre-feasibility and feasibility studies and pre-design work for major government projects and private sector projects, while the Overseas Private Investment Corporation (OPIC) insures and provides investment credit financing to many U.S investments in Turkey. U.S. firms may also compete for contracts financed by the World Bank. Most major government tenders still require suppliers' credits.

USDA's Commodity Credit Corporation offers three-year GSM-102 export credit guarantees for imports of a wide range of agricultural products. Seven-year GSM-103 guarantees are available for imports of breeder cattle and poultry. In October 1998, USDA announced Turkey's eligibility for a five year Facilities Credit Guarantee Program for sales of U.S. manufactured goods and services to improve existing agricultural

related facilities and a USD 5 million Supplier Credit Guarantee Program targeted at imports of high value products from the United States.

AVAILABILITY OF PROJECT FINANCING

Project financing is available through a multitude of sources including Turkish and foreign commercial banks and investment banks. OPIC is another source for project financing for U.S. investors. Interested U.S. companies should note that American banks active in Turkey are among the leaders in project financing.

TYPES OF PROJECTS RECEIVING FINANCING SUPPORT

Turkey offers numerous major project opportunities in telecommunications, energy, transportation, and building of infrastructure projects such as dams, airports, harbors, roads, and water and sewerage systems. Supplier financing is the key to winning these large projects. U.S. Eximbank established a project financing office in 1994 to provide financing on a project basis. Traditionally, U.S. Eximbank financing, along with OPIC and TDA programs, are available to U.S. suppliers. The World Bank /International Bank for Reconstruction and Development continues to fund major projects in Turkey (<http://www.worldbank.org.tr/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/TURKEYEXT/N/0,,menuPK:361718~pagePK:141159~piPK:141110~theSitePK:361712,00.html>.)

REGIONAL FINANCING

The Overseas Private Investment Corporation has expanded the scope of the Southeast Europe Equity Fund (SEEF), managed by Soros Private Funds Management, and is currently permitted to invest in Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Montenegro, Romania, Serbia, Slovenia, Turkey, Armenia, Azerbaijan and the Republic of Georgia. The fund is capitalized at US\$200 million and is available for investment in new, expanding, restructuring and privatizing businesses to promote greater regional economic integration and development.

SMALL BUSINESS SUPPORT

The Overseas Private Investment Corporation (OPIC) has established small business centers to assist qualified small businesses the opportunity to utilize OPIC's resources with improved customer service and easier access through a streamlined approval process. OPIC stands ready to assist small and medium sized business grow through investments in over 150 emerging markets around the world. The Small Business Centers will support the financing and political risk insurance needs to eligible small business.

To support small and medium sized business enterprises in their international trading activity, the United States Commercial Service and the Overseas Private Investment Corporation entered into a partnership that combines the strength of the Commercial Service's network of 105 offices in the United States and 150 offices overseas with the investment finance and political risk insurance support of the Overseas Private Investment Corporation. The cooperation agreement signed on May 12, 2003 by

Assistant Secretary of Commerce and Director General of the Commercial Service Maria Cino and OPIC President and CEO Dr. Peter Watson clearly demonstrates the synergistic value of combining export marketing and trade finance resources. This cooperation agreement has been established to better assist small and medium sized business enterprises. These businesses account for ninety-seven percent of all U.S. exporters, and small business continues to be the bulwark of the U.S. economy.

INSURANCE AND PENSION

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There are 60 companies who have the license to operate in the insurance and pensions market in Turkey. The insurance and private pension market is regulated and supervised by the Directorate General of Insurance of the Undersecretariat of Treasury. As with national insurance firms, foreign firms need to apply for a license with the Treasury (www.hazine.gov.tr). Foreign investors wishing to establish an insurance firm in Turkey is subject to the same laws as national investors.

The insurance market in Turkey is close to 4 billion USD direct premiums. There are 15,632 insurance agencies and roughly 10,000 employees in the industry.

At the moment there are 5 foreign insurance firms in Turkey. Firms involved in life insurance products need to be a separate firm and can only offer these pension plans. For other insurance products there needs to be another firm established (hence insurance companies offering insurance and pension are mostly two firms associated with the same company name). Among the 60 active firms in Turkey the breakdown is 50 national, 5 foreign, 3 reinsurance, 2 Government owned. Auto liability and earthquake insurance for homes/business' are mandatory but the scope and demand of insurance products are well beyond that.

Mandatory Work and Pension Insurance For Employees

It is mandatory for each person working to be insured under one of the following systems

Turkish Government Employees : Emekli Sandigi
Private Sector Employees: SSK (Social Security Program)
Private Sector Business Owners: Bag-Kur

All of the above are pension insurance schemes with health coverage being optional. Beyond these mandatory systems, individuals may wish to pay premiums for a better pension or health insurance policy with private insurance firms. It is the responsibility of the employer to insure their employees under one of the schemes above. Having employees not covered by one of these Government plans is illegal and can have high fines for the employer.

LEASING

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Leasing issues and licenses are regulated via the Banking Regulating and Auditing Commission also known as the BDDK. Presently there are 75 leasing firms in Turkey.

Leasing firms can only offer leasing and are not allowed to make any other financial transactions. There are no limits on foreign investment or international leasing firms provided they obtain a license to operate in Turkey from BDDK (www.bddk.org.tr).

Leasing terms are 4 years and in very exceptional cases 2 years. The equipment leased will be owned by the lessor after the period of the lease. A definite advantage of the leasing process is the VAT exemption of 18% being reduced to 1% during the lease time. Certain equipment such as pickups, light trucks and buses are subject to 8% VAT during the lease period.

The leased items are owned by the leasing company and therefore a lower down payment is required compared to a financial loan enabling easier financing of equipment.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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Chapter 8: Business Travel

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Business Customs

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The Turkish people feel close to their traditions and culture. However, having ties with western countries, Turkish people in major cities have adopted a western way of life. A foreigner visiting any one of the large cities in Turkey will find himself or herself in an atmosphere similar to that of a contemporary western city. There are no local customs, beyond the bounds of normal courtesy that a visiting businessman should feel compelled to observe. In general, a personal relationship is an important basis for a successful business relationship in Turkey. It is usually important to allow time for friendly conversation before commencing with a business agenda. Business cards are almost always exchanged, and visitors are usually offered a glass of tea or a cup of Turkish coffee.

Travel Advisory

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SAFETY AND SECURITY: Terrorist bombings over the past four years – some causing significant numbers of casualties – have struck religious, government, government-owned, political, tourist and business targets in a variety of locations in Turkey. The possibility of terrorist attacks, both transnational and indigenous, remains high.

In June 2004 the PKK/KADEK/Kongra-Gel announced an end to their “unilateral ceasefire” and resumed violent activities. This indigenous terrorist group continues to target Turkish officials and various civilian facilities and may use terrorist activity to make political statements. U.S. and Western interests have been targeted as well. Al Qaida-affiliated terrorists were responsible for suicide bombings in Istanbul in 2003 that targeted Western interests. In August 2005 Turkish police uncovered a planned terrorist attack by a transnational group targeting maritime interests in Turkey.

Americans should exercise caution and good judgment, keep a low profile, and remain vigilant with regard to their personal security. Terrorists do not distinguish between official and civilian targets. As security is increased at official U.S. facilities, terrorists will

seek softer targets. These may include facilities where Americans and Westerners are known to live, congregate, shop, or visit, especially hotels, clubs, restaurants, shopping centers, housing compounds, transportation systems, places of worship, schools, or outdoor recreation events or resorts and beaches. U.S. citizens should remain in a heightened state of personal security awareness when attendance at such locations is unavoidable.

International and domestic political issues sometimes trigger demonstrations in most major cities in Turkey. We wish to remind American citizens that even demonstrations intended to be peaceful can turn confrontational and possibly escalate into violence. American citizens are therefore urged to avoid the areas of demonstrations, if possible, and to exercise caution if within the vicinity of any demonstrations.

For the latest security information, Americans traveling abroad should regularly monitor the [Department's Internet web site](#), where the current [Worldwide Caution Public Announcement](#), [Travel Warnings and Public Announcements](#) can be found.

Up-to-date information on safety and security can also be obtained by calling 1-888-407-4747 toll free in the U.S., or for callers outside the U.S. and Canada, a regular toll-free line at 1-202-501-4444. These numbers are available from 8:00 a.m. to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays).

The Department of State urges American citizens to take responsibility for their own personal security while traveling overseas. For general information about appropriate protective measures travelers can take in an overseas environment, see the Department of State's pamphlet [A Safe Trip Abroad](#).

Istanbul: In November 2003 al Qaida-affiliated suicide bombers blew up the British Consulate, the HSBC Bank, and two synagogues, killing dozens and wounding hundreds of people. These incidents represent a significant change from prior attacks in Turkey and show an increased willingness on the part of terrorists to attack Western targets. As indicated in the State Department's Worldwide Caution Public Announcement, it is possible that transnational terrorist attacks can occur without warning.

Small-scale bombings and violent demonstrations have occurred regularly throughout 2005 and 2006. Most, but not all, of these incidents have happened in neighborhoods not generally frequented by tourists. PKK/KADEK/Kongra-Gel supporters, on a number of occasions, have set public buses on fire after ordering passengers to disembark. On April 3, 2006, an attack of this type resulted in three deaths and at least one severe wounding. Thus far, no attacks on buses have taken place in tourist areas of the city.

Mediterranean/Aegean Regions: Indigenous and transnational terrorist groups continue to target Turkish as well as U.S. and Western interests. The Kurdistan Liberation Hawks (TAK) ostensibly aligned with PKK terrorists, claimed responsibility for a number of bombings in tourist areas in the Mediterranean and Aegean coastal resorts areas (as well as in Istanbul). This group has warned tourists not to visit Turkey. Consistent with its threats, this group claimed responsibility for a bomb that ripped through a minibus in the holiday resort town of Kusadasi, killing five persons, including a

British tourist and an Irish tourist in July 2005. The group also was responsible for an explosion that killed three European tourists in Manavgat, a town in Antalya Province, as well as other attacks in the Antalya and Mugla Provinces in June 2006. Ten Britons and six Turks were injured when their minibus was blown up in Marmaris, and a bomb killed three and injured 87 in a blast at a shopping area in the city of Antalya in late August 2006. Further attacks by this group could take place without warning.

Southeastern Provinces (including Adana): The PKK/KADEK/Kongra-Gel terrorist group retains a presence in certain parts of southeastern Turkey. Although the official “State of Emergency” designation has been removed for all provinces in the southeast, and no provinces are currently officially designated as sensitive areas, PKK/KADEK/Kongra-Gel activity continues to increase in much of the region. Travel is becoming increasingly difficult and dangerous. Americans traveling in southeastern Turkey should exercise caution.

Roadside explosions caused by remote-controlled land mines or other improvised explosive devices in the Batman, Sirnak, Hakkari, Siirt, Mardin, Diyarbakir and Tunceli provinces occur regularly. Sound bombs are a frequent event throughout the region. There have also been a number of PKK/KADEK/Kongra-Gel raids on Jandarma posts and ambushes of Turkish security force vehicle patrols in rural areas in many southeastern Turkey provinces. In 2005, the PKK/KADEK/Kongra-Gel attacked two trains and kidnapped two Turkish government employees in the region. Regional civil unrest that began in late March 2006 prompted clashes involving Turkish security forces and protestors and left approximately a dozen killed and several hundred wounded. On August 25, 2006 two bombs exploded in Adana, injuring four people. On September 12 a bomb detonated in the city of Diyarbakir, killing ten and injuring 15 Turkish nationals.

Visitors to southeastern Turkey should use commercial air travel whenever possible. If road travel is necessary, travelers are advised to drive only during daylight hours and on major highways. The Turkish Jandarma and police forces monitor checkpoints on roads throughout the southeastern region. Travelers should be cooperative if stopped at any checkpoint. Drivers and all passengers in the vehicle should be prepared to provide identification cards or passports, a driver's license and vehicle registration if stopped. At these check points, roll down the driver's side window (passenger side, also, in vehicles with tinted windows) when stopped by security force officials. Security forces can then safely inspect the vehicle and its occupants. Remain calm, do not make any sudden movements, and obey all instructions immediately. Security officials may restrict access to some roads at times, and security force escort vehicles may be required to “convoy” visitors through troublesome areas. In some cases, this must be arranged in advance. Use of public transportation, at any time, is strongly discouraged.

Travelers are cautioned not to accept letters, parcels, or other items from strangers for delivery either in or outside of Turkey. PKK/KADEK/Kongra-Gel has attempted to use foreigners to deliver messages and packages in or outside of Turkey. If discovered, individuals could be arrested for aiding and abetting the terrorist organization – a serious charge.

Department of State personnel are subject to travel restrictions in the provinces of Sirnak, Diyarbakir, Van, Siirt, Mus, Mardin, Batman, Bingol, Tunceli, Hakkari, Bitlis, Elazig, and Hatay. U.S. military and Department of Defense civilians should consult

their local area commander regarding any restrictions in effect for southeastern Turkey. Mount Ararat, in the Agri province, is a special military zone and access permission must be obtained from the Turkish government through Turkish Embassies or Consulates before coming to Turkey.

CRIME: Street crime is relatively low in Turkey, although it has increased dramatically in large urban centers such as Istanbul and Izmir. In Istanbul, street crime is most common in the Taksim Square area, in Sultanahmet and in the areas around the Grand Bazaar and Spice Bazaar. Visitors are often robbed while distracted by a staged fight or altercation. Women appear to have been targeted for mugging or robbery. It is strongly recommended that you leave your U.S. passport in the hotel safe, as a lost or stolen passport can disrupt your travel plans and are expensive to replace.

As in other large metropolitan areas throughout the world, common street crimes include pick pocketing, purse snatching, and mugging. English-or French-speaking foreigners have befriended the tourists and then drugged them, using tea, juice, alcohol, or food. Two common drugs used are Nembutal and benzodiazepine which, when used incorrectly, can cause death. In other cases, tourists are invited to visit clubs or bars, and then presented with inflated bills (often exceeding \$1000), and coerced to pay them by credit card. Residential crime appears to be on the increase in major cities, with criminals targeting ground floor apartments for theft. Visitors should not be complacent regarding personal safety or the protection of valuables. The same precautions employed in the U.S. should be followed in Turkey.

For the latest information with respect to the security situation in Turkey, please visit our Consular Affairs website at www.travel.state.gov.

Consulates in Istanbul and Adana, or click on the Embassy's home page: www.usemb-ankara.org.tr.

Visa Requirements

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U.S. citizens are required to obtain visas before entering Turkey. A passport and visa are required. Holders of all types of passports can purchase a 90-day sticker visa at the port of entry for \$20, if they are traveling to Turkey as tourists. For further information, travelers in the U.S. may contact the Embassy of the Republic of Turkey at 2525 Massachusetts Avenue, NW, Washington, D.C. 20008, telephone: (202) 612-6700, or the Turkish consulates general in Chicago, Houston, Los Angeles, or New York. Information may also be found at Internet address <http://www.turkey.org>. Overseas, travelers may contact a Turkish embassy or consulate. Holders of official and diplomatic passports on official business must obtain a visa from a Turkish embassy or consulate before arrival in Turkey. Holders of official and diplomatic passports on private travel may receive a visa free of charge from a Turkish embassy or consulate, or obtain one upon arrival at the port of entry for \$20. All those who are planning to stay more than three months for any purpose are required to obtain a visa from a Turkish embassy or consulate. Such travelers must also apply for a residence/work permit or Turkish ID card within the first month of their arrival in Turkey. For example, this would include anyone who plans to spend more than three months doing research, studying, or working in Turkey.

All travelers are advised to obtain entry stamps on the passport page containing their visa at the first port of entry before transferring to domestic flights. Failure to obtain entry stamps at the port of entry has occasionally resulted in serious difficulties for travelers when they attempt to depart the country.

In an effort to prevent international child abduction, many governments have initiated procedures at entry/exit points. These often include requiring documentary evidence of relationship and permission for the child's travel from the parent(s) or legal guardian not present. Having such documentation on hand, even if not required, may facilitate entry/departure.

Street crime is relatively low in Turkey, although it is increasing in large urban centers such as Istanbul and Izmir. Women appear to have been targeted for muggings or robberies. Visitors should not be complacent regarding personal safety or the protection of valuables. The same precautions employed in the US should be followed in Turkey. As in other large metropolitan areas throughout the world, common-street crimes include pick pocketing, purse snatching, and mugging. English-or French-speaking foreigners, who identified themselves as Tunisian, Moroccan, Egyptian, Kuwaiti, or Romanian, have also targeted foreign tourists. These persons have befriended the tourists and then drugged them, using teas, juice, alcohol, or food. Two common drugs used are nembitol, known on the street as sari bomba (the yellow bomb) and benzodiazepine; when used incorrectly they can cause death. In similar cases, tourists are invited to visit clubs or bars, and then presented with inflated bills (often exceeding \$1000), and coerced to pay them by credit card.

The loss or theft abroad of a U.S. passport should be reported immediately to the local police and the nearest U.S. Embassy or Consulate. Travelers are encouraged to carry a photocopy of their passport, to assist in getting a replacement passport if the original is stolen. U.S. citizens may refer to the Department of State's pamphlet, A Safe Trip Abroad for ways to promote a trouble-free journey. The pamphlet is available by mail from the Superintendent of Documents, U. S. Government Printing Office, Washington, D.C. 20402, via the Internet at <http://www.gpoaccess.gov>, or via the Bureau of Consular Affairs home page at www.travel.state.gov. An "Istanbul Street Crime Briefing" is available on the U.S. Embassy Ankara's web site at <http://www.usemb-ankara.org.tr> or from the Consular Affairs web site at www.travel.state.gov.

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Ankara: at <http://www.usemb-ankara.org.tr>

Communication: The telephone system in Turkey's major cities is good. E-mail and faxes are widely used in international business. Travelers and businesspersons can utilize GSM cellular service prepaid cards and hire a GSM mobile/cell phone in Turkey. Coverage is nationwide.

Transportation

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Transportation: The national flag carrier, Turkish Airlines (THY), together with its subsidiaries, dominates air passenger service and flies non-stop daily to most major European, Middle Eastern, Asian cities and U.S. gateways including Tokyo, London, Frankfurt, Paris, New York and Chicago. Major European airlines have also frequent non-stop flights to Turkey. Delta Airlines serves Istanbul direct from its New York Kennedy hub. THY joined the Star Alliance in 2006. United Airlines and Lufthansa offer code-share service with Lufthansa serving Istanbul, Izmir and Ankara from its Star Alliance Frankfurt and Munich hubs. Though Turkish Airlines dominates domestic air travel within Turkey, the Government has liberalized domestic air service, and new airlines are also serving the domestic market. Rail transportation is also available between most of the major cities. Comprehensive networks of long distance buses, which are inexpensive, operate between the major cities. Car rental is relatively expensive although gasoline (benzene) is cheaper than in Western Europe, and fuel stations are numerous. Public transportation is available in the cities. However, businessmen are advised to use taxis, as taxis are relatively inexpensive.

Lodging: Medium to luxury-type hotels, including international hotels such as the Hilton, Sheraton, Hyatt, Holiday Inn, Conrad, Four Seasons, Ritz Carlton and Swissotel, are available in major cities. Apartment rents in Istanbul are expensive. Rents in Ankara and Izmir are more reasonable. Payment on an apartment rental, in a popular area of a city, is usually made in a foreign currency. Generally, six months to one year's rent is expected in advance.

Language

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Language: The official language spoken by more than 90 percent of the population is Turkish. Most educated Turks have a command of at least one foreign language, with sufficient fluency to carry out business transactions. Most company executives were educated in western countries. English is the dominant language for international business. Other frequently spoken languages are German and French.

Health

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Health: Medical facilities are available, but may be limited outside urban areas. Food and water borne diseases are prevalent throughout Turkey. Anyone coming to Turkey should have comprehensive medical insurance. Useful information on medical emergencies abroad, including overseas insurance programs, is provided in the Department of State's Bureau of Consular Affairs brochure, [Medical Information for American Traveling Abroad](#), available via the Bureau of Consular Affairs home page at www.travel.state.gov or autofax: (202) 647-3000.

Vaccines: Vaccines necessary for Turkey are all childhood immunizations, Typhoid, Hepatitis B, Hepatitis A (or Immune Globulin as an alternative). Visitors who will visit rural areas, or go on hiking, or trekking trips in the country may wish to get Rabies vaccine although this is not required.

Information on vaccinations and other health precautions can be obtained from the Center for Diseases Control and Prevention's (CDC) hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747), fax 1-800-CDC-FAXX (1-800-232-3299), or via CDC's Internet site at <http://www.cdc.gov>.

Food: Turkish cuisine is characterized by the freshness of its ingredients and most American business travelers have no trouble finding a good meal. All major hotels have at least one restaurant serving continental cuisine. Several European and ethnic restaurants are also available in major cities. Prices at these places are usually moderate-to-expensive. Good food is available not only at expensive restaurants but also at moderately priced establishments. One also has the choice of fast food restaurants such as McDonald's, Wendy's, Kentucky Fried Chicken, Burger King and their Turkish equivalents such as Kebap 49. A variety of fresh fruits and vegetables are available throughout the year.

Local Time, Business Hours, and Holidays

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Time in Turkey is Universal Time Coordinated/Zulu + 2 hours (Zulu is London UTC). In comparison, Eastern Standard Time is Zulu -5 hours, Central Standard Time is Zulu -6 hours and Pacific Standard Time is Zulu -8 hours.

Business Hours is from 08:30 to 17:30 Monday through Friday except holidays.

TURKISH HOLIDAYS IN 2007

| | |
|---------------|---|
| January 1 | New Year's Day |
| January 1-1 | Kurban Bayrami (Sacrifice Holiday) begins 13:00 |
| April 23 | National Sovereignty and Children's Day |
| May 19 | Ataturk Memorial, Youth and Sports Day |
| August 30 | Victory Day |
| October 11-14 | Ramadan Holiday begins 13:00 on 10/22 |
| October 28-29 | Turkish Independence Day begins 13:00 on 10/28 |

Temporary Entry of Materials and Personal Belongings

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Travelers entering Turkey on a temporary basis and carrying items such as laptop computers and accessories, display and exhibit materials are permitted to bring these items into Turkey duty free. Customs officials register the items to the traveler's passport and subsequently cancel them as the traveler exits the country with the same items. Catalogs, brochures, pamphlets, and similar advertising materials are exempt from customs duty. For additional information about temporary entry, please see VI.

Trade Regulations and Standards, Temporary Entry section. Customs regulations may be found at www.gumruk.gov.tr.

Web Resources

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Department of State Travel Information: www.travel.state.gov

Center for Diseases Control Health Info: <http://www.cdc.gov>.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Anakara: at <http://www.usemb-ankara.org.tr>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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U.S. Mission Trade-related Personnel

Commercial Affairs

<http://www.buyusa.gov/turkey/en/>

United States Department of State

<http://ankara.usembassy.gov/>

United States Department of Agriculture

Agricultural Affairs Office
Agankara@fas.usda.gov

Washington-Based U.S. Government Country Contacts

U.S. Department of Commerce

Ms. Cherie Rusnak
Turkey Desk Officer
Cherie_Rusnak@ita.doc.gov

U.S. Department of State

Mr. Paul Malik
U.S. Department of State- Senior Desk officer for Turkey
MalikP@state.gov

Trade and Development Agency

www.ustda.gov

Mr. Daniel D. Stein
Regional Director for Russia, NIS, and Turkey
dstein@ustda.gov

U.S. Department of Agriculture, Foreign Agricultural Service
www.fas.usda.gov

Mr. James Dever
dever@fas.usda.gov

Export-Import Bank of the United States
www.exim.gov

Ms. Margaret Kostic, Business Development Officer
<mailto:Craig.Oconnor@exim.gov>

Overseas Private Investment Corporation
www.opic.gov

Peter Ballinger
Pball@opic.gov

Turkish Government Contacts:

AGRICULTURE AND RURAL AFFAIRS

Ministry of Agriculture and Rural Affairs, General Directorate of Agricultural Production Development
www.tarim.gov.tr

Ministry of Agriculture and Rural Affairs, General Directorate of Protection and Control
www.tarim.gov.tr

Ministry of the Environment and Forestry
www.cevreorman.gov.tr

Turkish Grains Council
www.tmo.gov.tr

General Directorate of Rural Services
www.khgm.gov.tr

COMMUNICATIONS

Ministry of Communications and Transportation
www.ubak.gov.tr

Activity: Construction of harbors, airports, and railways, establishes telecommunications policy and monitors telecom privatization.

General Directorate of Turkish Radio and Television

www.trt.gov.tr

Activity: Television and radio broadcasting

Telecommunications Authority

www.tk.gov.tr

Turk Telekom A.S.

www.turktelekom.com.tr

Activity: Telecom parastatal, scheduled for privatization. It operates fixed lines and telecommunications satellites serving Turkey, lease channels and transponders from satellites.

DEFENSE AND NATIONAL SECURITY

Ministry of National Defense, Foreign Procurement Department

www.msb.gov.tr

Activity: Defense procurement in accordance to programs and priorities of the Turkish General Staff.

Undersecretariat for Defense Industries

www.ssm.gov.tr

Activity: Defense equipment and systems procurement. Agency promotes the establishment of an indigenous Turkish defense industry.

Turkish Gendarmerie Command, Foreign Procurement Department

Ankara, Turkey

Tel: [90] (312) 456-2487, Fax: [90] (312) 418-9208

General Directorate for Security Affairs

www.egm.gov.tr

EDUCATION

Ministry of National Education

www.meb.gov.tr

Activity: Primary and secondary schools, setting education policy and establishing teaching standards.

(Higher Education Council)

www.yok.gov.tr

Activity: Autonomous public body to administer the activities of all universities, schools, and institutions of higher education.

ENERGY AND NATURAL RESOURCES

Ministry of Energy and Natural Resources

www.enerji.gov.tr

Activity: Electricity generation, transmission, and distribution, energy and petroleum affairs and natural resources development.

Turkish Electricity Distribution Co., Inc.

www.tedas.gov.tr

Activity: Electricity Distribution Grids Operation and Maintenance.

Electricity Generation Co., Inc.

www.euas.gov.tr

Activity: Power Generation.

Turkish Electricity Transmission Co., Inc.

www.teias.gov.tr

Activity: Electricity transmission.

Turkish Electricity Trading Co., Inc.

www.tetas.gov.tr

Activity: Electricity Trading

General Directorate of the Turkish Petroleum Corp.

www.tpao.gov.tr

Activity: Exploration, drilling and production of oil, natural gas and geothermal energy.

Petroleum Pipeline Corporation

www.botas.gov.tr

Activity: Construction and operation of oil and gas pipelines.

General Directorate of Petrochemical Industries-PETKIM

www.petkim.com.tr

ENVIRONMENT AND FORESTRY AFFAIRS

Ministry of Environment, General Directorate of Environmental Impact, Assessment and Planning

www.cevreorman.gov.tr

HEALTH

Ministry of Health, Foreign Relations Department
www.saglik.gov.tr

MINING AND MINERAL RESOURCES

General Directorate of Turkish Iron and Steel Works
www.tdci.gov.tr

Turkish Coal Enterprises
www.tki.gov.tr

Eti Maden
www.etimaden.gov.tr

Mineral Research and Exploration Institute
www.mta.gov.tr

PUBLIC WORKS AND HOUSING

Ministry of Public Works and Settlement
www.bayindirlik.gov.tr

Municipalities Bank
www.ilbank.gov.tr

Activity: Municipal financing authority.

Prime Ministry- Southeastern Anatolia Project, Regional Development Administration (GAP)
www.gap.gov.tr

General Directorate of State Water Works
www.dsi.gov.tr

Activity: Construction of dams and hydroelectric power plants.

General Directorate of Railways, Harbors, and Airports Construction
www.dlh.gov.tr

TRADE AND ECONOMY

State Planning Organization-SPO

www.dpt.gov.tr

Activity: Develops and administers the State's investment programs. It is the approval agency for allocating government funds for projects and is responsible for the preparation of Turkey's Five Year Plans

Undersecretariat of the Treasury

www.treasury.gov.tr

Activity: Information source on foreign investment opportunities, procedures and incentives. The agency is the primary source of information on Turkey's banking regulations.

Undersecretariat of Foreign Trade, General Directorate of Imports

www.dtm.gov.tr

Activity: Information on Turkish import regulations. This agency also establishes customs duties and surcharges

Prime Ministry, Privatization Administration

www.oib.gov.tr

Activity: Privatization of state economic enterprises

State Institute of Statistics

www.die.gov.tr

Turkish Institute of Standards, Standards Preparation Department

www.tse.org.tr

Turkish Institute of Patents

www.turkpatent.gov.tr

Activity: Patent and trademark agency

The Scientific and Technical Research Council of Turkey

www.tubitak.gov.tr

Export Promotion Center

www.igeme.org.tr

Activity: Turkish exports promotion organization. Publishes periodicals on Turkey's export products and producers. Prepares market research on specific industry sectors.

TRANSPORTATION

General Directorate of State Highways

www.kgm.gov.tr

Activity: Highway construction

General Directorate of Turkish Airlines

www.turkishairlines.com.tr

Activity: National airline of Turkey.

State Airports Administration

www.dhmi.gov.tr

Activity: Agency responsible for airport construction, operations and ATC

General Directorate of State Railways Administration

www.tcdd.gov.tr

Activity: National railway. Maintains track, stations, rolling stock and operations infrastructure

TRAVEL AND TOURISM

Ministry of Culture and Tourism

www.kulturturizm.gov.tr

TURKISH BUSINESS/TRADE ASSOCIATIONS

American Chamber of Commerce in Turkey

<http://www.abft.net/>

Foreign Economic Relations Board-DEIK

www.deik.org.tr

Activity: External economic relations promotion authority and source of commercial information. DEIK promotes U.S.-Turkish bilateral business relations.

Foundation for the Development of the Aegean Region

www.egev.org

Activity: Foundation having 85 members including city administrators, chambers of industry and commerce, businessmen's associations and regional universities. EGEV is a foreign investment promotion authority.

Aegean Young Businessmen's Association

www.egiad.org.tr

Activity: Business association in the Izmir region

Aegean Industrialists and Businessmen's Association - TUSIAD's Izmir extension)
www.esiad.org.tr

Activity: Industrialists and businessmen's organization established to promote business in the Aegean region

Turkish Industrialists' and Businessmen's Association-TUSIAD
www.tusiad.org.tr

Activity: Association of the largest business owners in Turkey. It is a business lobby, and the association publishes an authoritative annual report on the Turkish economy

Union of Chambers of Commerce, Industry, Maritime Commerce and Commodity Exchanges of Turkey (TOBB)
www.tobb.org.tr

Activity: Promotes investment and joint ventures on behalf of the member firms.

(Association for Foreign Capital Coordination)
www.yased.org.tr

Activity: Promotes investment and foreign direct investment to Turkey.

AGRICULTURE

Turkish Farmers Union
www.tzob.org.tr

Turkish Dairy, Meat, Food Industry and Producers Union
www.setbir.org.tr

Turkish Feed Millers Association
www.turkiyeyembir.org.tr

Turkish Seed Industry Association
E-mail: turkted@turkted.org.tr

Union of Pasta Producers
www.makarna.org.tr

ADVERTISING

Advertising Firms' Association
www.rd.org.tr

AUTOMOTIVE

Automotive Distributors' Association

<http://www.odd.org.tr/>

Automotive Industry Association

<http://www.osd.org.tr/>

Vehicle Sellers' Association

<http://www.oyder.tr.com/>

Auto Parts Association

www.taysad.org.tr

CONTRACTING AND CONSTRUCTION

Turkish Contractors Association/The Union of International Contractors

www.tmb.org.tr

Prefabricated Concrete Construction Producers Union

www.prefab.org.tr

The Building and Industry Center - YEM

www.yem.net

DEFENSE INDUSTRY

Defense Industries Manufacturers' Association-SASAD

www.sasad.org.tr

EDUCATIONAL

Fulbright Commission

www.fulbright.org.tr

E-mail: fulb-ank@itu.edu.tr

Fulbright Commission, Istanbul Office

E-mail: fulb-ist@tr.net

Activity: Fulbright offices provide information to U.S. colleges and universities on student recruitment activities and exchange programs. Fulbright also acts as a liaison between U.S. academic institutions and Turkish universities, high schools, government agencies, and the media.

ELECTRONICS

Electronic Industrialists Association

www.tesid.org.tr

ENVIRONMENT AND POLLUTION CONTROL

Association of Practitioners of Environmental Technology

Irfan Bastug Caddesi, Yuva Apt. 3/10, 80280 Gayrettepe, Istanbul, Turkey
Tel: [90] (212) 274-8681, Fax: [90] (212) 272-2904

Association for Preservation of Turkey's Nature

www.ttkder.org.tr

FRANCHISING

Turkish National Franchising Association

www.ufrad.org.tr

Activity: The Turkish National Franchising Association currently serves 46 members in the Republic of Turkey.

INFORMATION TECHNOLOGY

Turkish Data-Processing Industrialists' Association

www.tubisad.org.tr

Activity: Association of Turkish computer manufacturing, marketing, software and computer related service companies

Association of Turkish Computer Firms

www.tbd.org.tr

Activity: Association for Turkish computer firms; publishes monthly computer periodical.

INSURANCE

Turkish Insurance Firms' Association

www.tsrbsb.org.tr

MEDICAL AND HEALTH CARE

Turkish Dental Association

www.tdb.org.tr

Health Industry Employers' Association (SEIS)

www.seis.org.tr

Health Care Products Manufacturers and Representatives Association (SADER)

www.sader.org.tr

Association of Research-Based Pharmaceutical Companies

Barbaros Bulvari 85/A, D.4, Besiktas, Istanbul, Turkey

E-mail: aifd@aifd.org.tr

PACKAGING AND PACKING

Packaging Industrialists' Association

www.ambalaj.org.tr

Carton/Paper Packaging Industrialists' Association

Dogu Sanayi Sitesi, Yonetim Binasi Kat.3, Yenibosna, Istanbul, Turkey

Tel: [90] (212) 451-4757, Fax: [90] (212) 451-4786

PAPER AND PULP

Paper and Paper Pulp Industrialists' Foundation

Buyukdere Caddesi No. 95, Cinar Apt. Kat. 3 , D.11-12, 80300 Mecidiyekoy, Istanbul, Turkey

Tel: [90] (212) 275-1389, Fax: [90] (212) 217-8888

SAFETY AND SECURITY EQUIPMENT AND TECHNOLOGIES

Security Industry Industrialists and Businessmen's Association

www.gesider.org

Safety Equipment and Surveillance Organization Association

www.gusod.com

TEXTILES AND APPAREL

Turkish Clothing Manufacturers' Association

www.tgsd.org.tr

TRAVEL AND TOURISM

Association of Marina Investors and Operators-MARYAT

E-mail: maryat@superonline.com

Activity: Association representing the Ministry of Tourism in marina development and investment

Union of Turkish Hotel Operators

www.turob.org

Activity: Hotel owners lobbying organization. Maintains information on hotel and resort projects.

Association of Turkish Travel Agencies

Fulya Asik Kerem Sokak No. 55
www.tursab.org.tr

Activity: Supports travel agents and the tourism industry.

Tourism Investors Association

www.ttyd.org.tr

Activity: Turkish tourism investment.

CHAMBERS OF COMMERCE AND INDUSTRY IN TURKEY

Union of Chambers of Commerce, Industry, Maritime Commerce and Commodity Exchanges of Turkey (TOBB)

www.tobb.org.tr

Activity: Association of local chambers of commerce and industry

Ankara Chamber of Commerce

www.atonet.com

Ankara Chamber of Industry

www.aso.org.tr

Istanbul Chamber of Commerce

www.ito.org.tr

Istanbul Chamber of Industry

www.iso.org.tr

Chamber of Maritime Commerce

www.chamber-of-shipping.org.tr

Izmir Chamber of Commerce

www.izto.org.tr

Aegean Chamber of Industry

www.ebso.com.tr

MARKET RESEARCH FIRMS

IBS-International Business Services A.S.

www.ibsresearch.com

E-mail: mail@ibsresearch.com

Deloitte & Touche Turkey
Denet Mali Danismanlik A.S.
E-mail: Lyaveroglu@deloitte.com

MAJOR COMMERCIAL BANKS

Akbank T.A.S.
www.akbank.com.tr

Citibank, N.A.
www.citibank.com

Koc Bank
www.kocbank.com.tr

Turkiye Is Bankasi A.S.
www.isbank.net.tr

Yapi ve Kredi Bankasi A.S.
Yapi Kredi Plaza B Blok, Buyukdere Caddesi, 80620 Levent, Istanbul, Turkey
Tel: [90] (212) 339-7000, Fax: [90] (212) 339-6000
www.yapikredi.com.tr

T.C. Ziraat Bankasi
Ataturk Bulvari Bakanliklar Cad. No. 424, Ulus, Ankara, Turkey
Tel: [90] (312) 310-3747; 310-3750, Fax: [90] (312) 310-1134
www.ziraatbank.com.tr

Turkiye Garanti Bankasi A.S.
www.garanti.com.tr

Turk Ticaret Bankasi A.S.
www.turkbank.com.tr

EXHIBITION MANAGEMENT COMPANIES

Interteks Uluslararası Fuarçılık A. S.
www.interteks@interteks.com.tr
E-mail: interteks@interteks.com.tr

Tuyap Tüm Fuarçılık Yapım A.S.
www.tuyap.com.tr
E-mail: yesimulusoy@tuyap.com

CNR Uluslararası Fuarçılık ve Ticaret A.S.
www.itf-exhibitions.com
E-mail: cnrfair@superonline.com

ITF Istanbul Fuarcilik A.S.

www.itf.exhibitions.com

E-mail: nur.ogutcu@itf-exhibitions.com

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Market Research

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The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

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