

2012

TURKISH TRADE REGULATIONS HANDBOOK

FOREIGN INVESTORS HANDBOOK

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Turkish Trade Regulations

Agricultural Products

Regulation Regarding Technical Regulations and Standardization for Foreign Trade

The Regulation is related with the controls of the agricultural products to be exported within the scope of the standards mandated in exports. The Regulation also determines the framework of the import controls, which are regulated by communiqués in more detail.

According to the Regulation, agricultural products such as fresh fruits and vegetables, dry and dried fruits, legumes, edible vegetable oils, and cotton within the scope of approximately 70 standards are subject to standardization and commercial quality controls in exports. These controls are carried out by the inspection units called as “Inspectorates of Standardization for Foreign Trade”, within the 8 Regional Directorates (Marmara, Western Anatolia, South Anatolia, Eastern Black Sea, Western Black Sea, South Eastern Anatolia, Central Anatolia and Eastern Anatolia) working under the UFT.

The standards which are mandatory in exports are parallel to the UN/ECE standards and the inspections are performed according to the OECD Scheme. Following the inspection carried out by the inspectors, a “Control Certificate” is given to the exporter if the product is found to be in conformity with the relevant standard. The exporter cannot export the product without a Control Certificate.

The products shall be exempted from inspection if the exporter owns the Certificate of Competence on Commercial Quality Inspection. Certificate of Competence on Commercial Quality Inspection is a certificate issued by the UFT for the producers who are found to be competent to carry out the inspections by themselves. These firms are subject to periodic and random controls by the Inspectorates.

Industrial Products

Communiqué of Standardization for Foreign Trade No. (2004/1)

Industrial products within the scope of mandatory standards are subject to inspection by the Turkish Standards Institution (TSE). The inspections are carried out in respect of minimum health, safety and protection of environment, providing adequate information to the consumers.

If the importer declares that the product is in conformity with the relevant international standards (ISO, CEN, IEC, CENELEC, ETSI), the inspection may be realized, upon request, according to these international standards.

For the products which are CE marked according to regulations of the European Communities and which are freely circulated in the European Union, a Conformity Certificate shall be issued directly in case that the “Declaration of Conformity” is submitted to TSE before the import stage. However, TSE may still request the technical file and test the products, if required, with the aim of checking out whether the certificates and/or marks (CE Mark) are issued in accordance with the relevant regulations of the European Communities.

Fuel & Fuel Products

Communiqué of Standardization for Foreign Trade No. (2004/3)

For the importation of solid fuels such as coal, the importer shall receive a Control Certificate issued by the Ministry of Environment and Forestry. On the other hand, import of some kind of wastes is prohibited according to the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal.

Some documents such as the certificate of analysis are submitted to the Ministry of Environment and Forestry before the import stage. A Control Certificate is issued by the Ministry if the product to be imported is found to meet the criteria required by the Ministry and this Control Certificate should be submitted to the customs administration during actual import stage. Validity of the Control Certificate is 6 months.

Pharmaceuticals, Cosmetics & Detergents

Communiqué of Standardization for Foreign Trade No. (2004/4)

According to Communiqué of Standardization for Foreign Trade No. (2004/4), certain goods such as pharmaceutical products, medicines, cosmetics, detergents, etc., are subject to the control of Ministry of Health in the import stage.

For the importation of these goods, some documents such as proforma invoice, invoice, the health certificate and certificate of analysis etc. are submitted to the Ministry of Health by the importer before the import stage. If the product to be imported is found to meet the criteria required by the Ministry, the Control Certificate is issued by the Ministry and this Control Certificate should be submitted to the customs administration during actual import stage. Validity of the Control Certificate changes from 6 to 12 months, depending on the product.

On the other hand, according to the communiqué for the products which are certified according to regulations of the European Communities and which are freely circulated in the European Union, a conformity certificate shall be issued directly in case that the “declaration of conformity” is submitted to Ministry of Health before the import stage. However, Ministry of Health may still request the technical file and test the products, if required, with the aim of checking out whether the certificates and/or marks (CE mark) are issued in accordance with the relevant regulations of the European Communities.

Food Stuff

Communiqué of Standardization for Foreign Trade No. (2004/5)

According to this Communiqué, the importation of certain goods such as foodstuffs, agricultural and animal products, veterinary products is subject to the control of Ministry of Agriculture and Rural Affairs.

Certain documents are submitted to the Ministry of Agriculture and Rural Affairs before the import stage. A Control Certificate is issued by the Ministry if the product to be imported is found to meet the

criteria required by the Ministry. The products stated in the Control Certificate are inspected by the Ministry with regard to human health and safety, animal and plant life and health at the actual import stage. Validity of the Control Certificate changes from 4 to 12 months, depending on the product.

Chemical Products

Communiqué of Standardization for Foreign Trade No. (2004/6)

For the importation of certain chemical products, the importer shall receive a Control Certificate issued by the Ministry of Environment and Forestry. On the other hand, import of some kind of chemicals is prohibited by this Communiqué.

Required documents are submitted to the Ministry of Environment and Forestry before the import stage. A Control Certificate is issued by the Ministry if the product to be imported is found to meet the criteria required by the Ministry and this Control Certificate should be submitted to the customs administration during actual import stage.

CE Marking

Communiqué on the Imports of CE Marked Products (No. 2004/9)

Turkey has finalized the harmonization of EU's New Approach Directives concerning toys, medical devices, active implantable medical devices, low voltage equipment, electromagnetic compatibility and machinery and put into force the relevant technical regulations in the domestic market. Import controls of toys, medical devices and active implantable medical devices are regulated by the Communiqué on the Imports of CE Marked Products (No. 2004/9) which was promulgated in the Turkish Official Gazette dated 14.2.2004 and numbered 25373. This Communiqué was amended on 10.4.2004 by the Communiqué No. 2004/22 to include products covered by the directives of low voltage equipment, electromagnetic compatibility and machinery.

According to the Communiqué No. 2004/9 (Amended by the Communiqué No. 2004/22), toys, medical devices, active implantable medical devices and products covered by the directives of low voltage equipment, electromagnetic compatibility and machinery are subject to inspection by the TSE, which was authorised by the Ministry of Health and the Ministry of Industry and Trade to carry out these inspections, at the import stage. The inspections are carried out in respect of essential requirements which are laid down in the technical regulations regarding these products.

A letter of conformity shall be issued by the TSE in case that the "declaration of conformity" is submitted to the TSE before the import stage. However, the TSE may still request the technical file and test the products, if required, with the aim of checking out whether the certificates and/or marks (CE mark) are issued in accordance with the regulations of toys, medical devices, active implantable medical devices, low voltage equipment, electromagnetic compatibility and machinery.

On the other hand, toys, medical devices, active implantable medical devices and products covered by the directives of low voltage equipment, electromagnetic compatibility and machinery which are certified according to directives of the European Communities and which are freely circulated in the European Union, are not subject to any inspection procedure at the import stage unless it is obvious that these products present serious risk and danger. (For more information visit www.dtm.gov.tr- Technical Regulations & Standardization for Foreign Trade)

Exchange Regulations:

The Undersecretariat of the Treasury and the Central Bank of Turkey administer exchange controls; the Undersecretariat of the Treasury authorizes banks to engage in foreign exchange operations, and regulates and supervises banks' open foreign exchange position limits together with the Central Bank. In February 2001, Turkey allowed the lira to float. Export proceeds are to be repatriated and surrendered within 180 days of shipments. Importers are allowed use export proceeds to offset payments on invisibles and transactions. If export proceeds are surrendered within 90 days, exporters are allowed to retain 30 percent in foreign currency accounts.

Import Licensing:

The 1996 Turkish import regime abolished the requirement for every importer to have an import license and an import authorization from a bank. An importer only needs a tax number to import all except restricted items, e.g., firearms, hazardous materials, etc., which can be imported only by authorized establishments. There is an import approval procedure which is based on sanitary and phytosanitary conditions on agricultural imports and control certificates are required. Importers must obtain permission from relevant ministries for certain goods, including industrial products requiring after sales service, telecommunications equipment, chemicals, human and veterinarian pharmaceutical products, vehicles and coal. Where after sale service is required, the import must guarantee that such service and spare parts will be available in all regions of Turkey.

There are a number of products, including alcohol, cigarettes, x-ray films, and precious metals and stones, that can only be imported by specific government agencies or pre-approved organizations. Turkey has established an inspection council to monitor the trend of imports and if needed, impose temporary measures to protect domestic producers. The measures may include import permit requirements and quantity restrictions on imports of specific goods.

Quotas are implemented as a requirement for the harmonization of the import policy of Turkey with that of the EU.

Customs Tariff:

Turkey signed the final texts of the GATT Uruguay Round Agreement, accepting the establishment of the World Trade Organization (WTO), the successor to GATT, which formally came into being on January 1, 1995. Turkey cut rates from GATT/WTO bound levels on only a small percentage of industrial tariff lines. Reductions on these items were generally within the range of a one-third cut, staged in over a five-year period. Turkey adopted the Harmonized Tariff System in 1989.

Turkey formed a customs union with the European Union on January 1, 1996. In conjunction with this, Turkey adopted a new import regime, which applies the EU's common external customs tariff (CCT) for most third country imports and provides preferential or zero rates for industrial and processes agricultural items of EU/EFTA origin. Traditional agricultural products are not covered. The import regime is organized in eight chapters that list more than 20,000 items, identified with 12 digit harmonized tariff systems numbers. The average duty rate is about five percent for third country imports, including those from the U.S. However, Turkey has reserved some exempted categories for sensitive products; tariffs on these items will generally remain much higher than the CCT. As part of

harmonization, Turkey will phase in EU duty rates for these items. As of January 2002 Turkey set the simple average tariff rate for imports of industrial products at 4.5 percent, except for imports from EU and EFTA countries, for which the rate is zero. Also at that time Turkey began to apply EU GSP and GSP rates in List II of the Import Regime.

As of January 1, 2003 the GSP granted to least-developed countries was extended to 2,884 product categories. Trade with the U.S. is based on the Treaty of Commerce and Navigation of 1929, which provides for mutual most-favored-nation treatment in the application of all import and export duties and restrictions.

Imports of machinery and equipment for projects introducing new and competitive technology and imports of products utilized in training, education and research, are exempt from customs duty. A material may be temporarily imported into Turkey without payment of duties and tax if it is to be used in the production or manufacture of a product that is to be exported. Capital goods, some raw materials, imports by government agencies and enterprises, and products for investments with incentive certificates are exempted from import fees.

Customs Authority: Undersecretariat of Customs,

Hukümet Meydanı, 06100 Ulus, Ankara, Turkey Phone: (90-312) 306-8860;

Internet: <http://www.gumruk.gov.tr>).

Value for Duty:

All customs duties are computed on the c.i.f. value of the import. Turkey is an adherent to the “Customs Valuation Agreement” negotiated under GATT and now assumed by the World Trade Organization (WTO). This Agreement provides detailed rules for the determination of value which are designed to provide a fair, uniform, and neutral system of valuation and preclude the use of arbitrary or fictitious value. Under these rules, provision is made for a

primary method of valuation as well as a series of alternative methods that must be applied in a prescribed sequence. Specific duties are applied to some goods, usually on the net or gross weight, although if appropriate by unit may be used instead.

Taxes: A value-added tax (VAT) is levied on most domestic and imported goods and services, unless specifically exempted. The importer is responsible for paying the VAT. The VAT is calculated on a CIF basis plus duty rate and any other applicable charges levied before the goods clear customs. Government decrees are periodically issued to regulate tax rates in accordance with the changing economy and volume of trade. The VAT has a ceiling of 26 percent; however; most industrial products are charged a rate of 18 percent.

A special consumption tax has been levied for automobiles, industrial chemicals and cosmetics. 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.

Anti-Dumping Duties, Subsidies and Countervailing Duties: A law to block the dumping of cheap and unfairly subsidized imported goods on Turkish markets became effective October 1, 1989. A special anti-dumping unit is being formed in the Treasury to process complaints and take action under the law, the first anti-dumping legislation in the country. Authority is contained in Article 14 of the “Customs Code of Turkey” to permit officials to take counter-measures against dumping. On February 1, 1985,

Turkey signed the GATT (now WTO) Convention on Subsidies and Countervailing Duties. Turkey is also adherent to the GATT (now WTO) Anti-Dumping Code. Additional information on these Conventions is given in Section V.

Documentation

Overview:

The number of copies required are listed below; however, in general, the exporter should comply with importer's or shipper's instructions when additional copies are requested. Information on each document should correspond exactly to the details contained in other documents for the same shipment. When certification of documents, are required, the documents should be notarized by a local notary public and then an apostille stamp should be obtained from the local County Clerk Office. Documents with a County Clerk apostille do not require any further legalization by Turkish Embassies and Consulates. Mail and Parcel Post shipments require postal documentation in place of bills of lading. Air cargo shipments require air waybills (in place of bills of lading).

Bill of Lading: No special regulations.

Certificate of Origin: The certificate of origin is to be prepared in duplicate and certified. Corrections on this document can be made by crossing out the incorrect information and writing the correct information. Corrections should be certified by a local chamber of commerce. Imports originating from any EU member country require an A.TR certificate for the trade of industrial and processed agricultural goods claiming customs duty-free access to the Turkish market.

EUR.1 certificate is required for the trade of agricultural products between Turkey and European Union countries and all goods between Turkey and the countries with which Free Trade Agreements were concluded.

Commercial Invoice: The commercial invoice must be certified and must be submitted in triplicate, including the original copy. It must contain a complete description of the goods and all required payment terms. At least one copy of the invoice should travel with the goods, and the original should be sent to the importer through the correspondent bank.

The original must be signed 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 listed herein."

Import License: The 1996 Turkish import regime abolished the requirement for every importer to have an import license and an import authorization from a bank. An importer needs a tax number to import all except restricted items, e.g., firearms, hazardous materials, etc., which can be imported only by authorized establishments. There is an import approval procedure which is based on sanitary and phytosanitary conditions on agricultural imports and control certificates are required. Importers must obtain permission from relevant ministries for certain goods, including industrial products requiring after sales service, telecommunications equipment, chemicals, human and veterinarian pharmaceutical products, vehicles and coal. Where after sale service is required, the import must guarantee that such service and spare parts will be available in all regions of Turkey.

Insurance Certificates: Normal commercial practices obtain. Two copies of an insurance receipt are necessary if goods are insured with a non-Turkish company.

Packing List: Should be used (approximately five copies) whenever shipping cases containing goods of more than one type (or when required or requested under terms of a contract etc.).

Preshipment Inspection: No known government requirement. May be requested by importer.

Pro-Forma Invoice: When used, should be itemized and show unit and total costs and (separately) estimated freight charges and insurance costs. Also, should indicate period required for delivery, payment terms, and the period of time for which the data given in invoice will be valid. The pro-forma invoice must not be over six months old.

Steamship Company Certificate: No known requirement.

Other Documents:

Health Certificates: Animals and animal products must be covered by legalized health certificates. In addition, the importation of farm animals requires the prior approval of the Ministry of Agriculture.

Phytosanitary Certificates: All imports of plants including fresh fruits and vegetables must be accompanied by Federal phytosanitary export certificates. Plants must be substantially free from plant pests.

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