

WORLD TRADE ORGANIZATION

RESTRICTED

WT/BOP/R/6

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(95-2904)

Committee on Balance-of-Payments Restrictions

REPORT ON THE SIMPLIFIED CONSULTATION WITH TURKEY

1. The WTO and GATT 1947 Committees on Balance-of-Payments Restrictions met jointly on 25 September 1995, under the Chairmanship of Mr. P. Witt (Germany), to conduct a consultation with Turkey under the simplified procedures for regular consultations with developing countries (BISD 20S/47) and the Understanding on the Balance-of Payments Provisions of GATT 1994.
2. The Committees had the following documents before them:
 - WT/BOP/4 Basic document supplied by Turkey,
 - WT/BOP/W/6 Background paper by the Secretariat,
 - IMF Turkey, Recent Economic Developments dated 7 April 1995.
3. On the basis of the above-mentioned documents, the Committees reached the following conclusions:
4. The Committees commended Turkey for the positive results achieved in its external position pursuant to its Stabilization Programme of April 1994, while noting that the economy remained fragile as a result of the persistence of inflation and delays in structural reforms. The Committees therefore felt it necessary to have their evaluation based on the most recent report on economic developments to be provided by the IMF.
5. The Committees looked forward to the removal of the Mass Housing Fund (MHF) levy on an *erga omnes* basis by the end of 1995 and, in any case, not later than the entry into force of the Customs Union with the European Union. The Committees, noting Turkey's intention to reflect the incidence of the MHF levy in applied customs duty rates, including those which exceeded the rates on bound items, questioned the maintenance of these measures for balance-of-payments purposes until customs duties were aligned to the Common External Tariff of the European Union.
6. It was, therefore, determined that a full consultation was desirable in mid-1996.