

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1232
20 June 1960

Limited Distribution

AGRICULTURAL POLICY

Report of Committee II on the Consultation with Turkey

1. In accordance with the decision, adopted by the CONTRACTING PARTIES at their fourteenth session, that consultations should be held with the individual contracting parties regarding their agricultural policies, the Committee carried out the consultation with Turkey. The Committee had before it:

- (i) document COM.II/40(c) dated 12 April 1960 and COM.II/40(c)/Add.1 dated 20 May 1960, which contained a synopsis supplied by the Government of Turkey of non-tariff measures for the protection of agriculture or in support of incomes of agricultural producers; and
- (ii) document COM.II/74 dated 20 May 1960, which contained detailed information, also supplied by the Government of Turkey, on commodities entering importantly into international trade.

In conducting the consultation, the Committee followed the plan for consultations contained in Annex A to COM.II/5 and adopted by the CONTRACTING PARTIES at their fourteenth session. The consultation was completed on 26 May 1960.

A. General Agricultural Policies

2. In his opening statement the representative of Turkey stated that the economic structure of Turkey rested principally on agriculture. Seventy per cent of the rapidly increasing population was engaged in agricultural work, but the share of agriculture in the national income was not proportionate. The important problems facing Turkey at the present time in regard to her agricultural industry were the rapid growth of population by 3 per cent (i.e. 700,000 people) a year, the constantly rising standard of living of the people and the fact that productivity in agriculture did not increase at the same rate as the increase in population. In 1958 the Turkish Government, in consultation with the Organization for European Economic Co-operation and the International Monetary Fund, had decided to adopt measures to promote the economic stabilization of the country. These measures had been described fully in the documentation furnished to the Committee by the Government of Turkey. As a consequence of the economic measures adopted in August 1958, most quantitative restrictions had been relaxed and 54 per cent of imports were now liberalized. In the field of agriculture, Government policy aimed at the intensification of cultivation of the present cultivated acreage of 25.1 million hectares; there was no aim to extend the present acreage.

3. Agriculture had always been one of the mainstays of the Turkish economy and of Turkey's export trade. Based on an average for the ten years 1948-58 the share of the agricultural sector in the gross national product represented no less than 42 per cent. Out of total export receipts, 87 per cent were made up of agricultural products. These percentages gave a clear indication of the significance of agriculture in the Turkish economy. Approximately 70 per cent (19 million people) of the total population of 27 million derived their living from agriculture. The number of people working in the agricultural sector amounted to about 9.6 million, representing 66.4 per cent of the total active population of 14.5 million. Whilst there had been a steady drop of 0.5 per cent yearly in the proportion of agricultural labour in the total working population, the number employed in agriculture had remained practically unchanged since 1950.
4. The total area of Turkey was 77.7 million hectares, of which 25.1 million hectares, or 32.3 per cent, were devoted to agriculture. Pasture land occupied 28.7 million hectares or 37 per cent, and 10.5 million hectares, or 14 per cent, were occupied by forests. Arable land was divided among 2.8 million holdings of various sizes. Over 2 million of these, or 84 per cent, were small holdings of 10 hectares or less. There were 367,000 medium-size holdings with an area of between 10 and 50 hectares and there were 38,000 (1.5 per cent) large holdings of over 50 hectares. Ninety-four per cent of all farms were operated by their owners.
5. A large variety of crops was produced in Turkey; firstly, cereals followed by several kinds of vegetables, industrial crops (tobacco, cotton, sugar beet, hemp and flax), potatoes, tea, oilseeds, sowing seeds, citrus and other fruits. Cereals accounted for 50 per cent of the cultivated land, industrial crops for 6 per cent, dry pod leguminous plants for 2.1 per cent, vineyards for 2.8 per cent, vegetables and fruit trees for 3 per cent, olive trees for 2 per cent, and other vegetable products for 1 per cent. The remaining arable lands (33 per cent) were laid fallow every year. Livestock raising also held an important place in several agricultural parts of the country. The total number of livestock in Turkey was 77 million, including 34 million sheep, 25 million goats, 14 million cattle and buffalo (of which 4 million were milk cows), 1.4 million horses and 2.1 million other livestock. There were 29 million poultry. Livestock products accounted for 31 per cent of agricultural income, of which 13 per cent was derived from dairy products, 17 per cent from meat and other animal products and 1.5 per cent from poultry.
6. Turkey also exported a large number of agricultural products, such as tobacco, cotton, dried fruit, cereals, vegetable products, livestock and livestock products. These exports accounted for 87 per cent of total export returns; tobacco accounted for 32 per cent, dried fruit 18 per cent, cereals 12 per cent, cattle and livestock products 10 per cent, other vegetable products 8 per cent and cotton 20 per cent. The high volume of exports of farm products was a striking illustration of the outstanding part which agriculture played in the general economy of the country.
7. The productivity per hectare and the income yield from agriculture in Turkey were in general rather low. This was due to several factors, including the variable climatic conditions resulting in periods of drought and water shortage. The small size of individual holdings which restricted the use of mechanical equipment and of modern production methods, the farmers' lack of

funds for financing and investment purposes, the lack of knowledge in up-to-date husbandry and inadequate use of fertilizers were other factors adversely affecting productivity and income yield. Because of these factors, the majority of farmers could barely secure a living from agriculture and consequently the general standard of living of the agricultural population was relatively quite low. For example, the average yield of wheat crops for the years 1950-59 was only 1,100 kgs. per hectare; this was on the basis of full production, the area under cultivation having reached its maximum limits, including marginal lands. Despite this low rate of yield, the efforts exerted during the last ten years had resulted in a sizeable increase in cereal production which rose from 7.8 million tons in 1950 to 13.9 million tons in 1959, i.e. by 80 per cent. For the same period, the increase in volume of production reached 50 per cent for vegetables and fruit, 65 per cent for cotton, 292 per cent for sugar beet and 39 per cent for milk. On a per capita basis, the increase in production was 520 kgs. for cereals in 1959 compared with 370 in 1950, 292 kgs. for wheat in 1959 compared with 185 in 1950 and 7.0 kgs. for cotton in 1959 compared with 5.7 in 1950.

8. These demographic and economic data and factors motivated and explained the policy followed by the Turkish Government in the agricultural sector. The main objectives of Governmental policy were, on the one hand to raise the standard of living and the purchasing power of the agricultural population, and on the other, to increase production sufficiently to procure the necessary foreign exchange for the general economic development of the country. The dual purpose of Turkish agricultural policy had to be firstly, to meet the need for foodstuffs of a fast-growing population, and secondly, to export a sufficient volume of farm products to improve the living conditions of the Turkish people. Being thus directed on the one hand towards domestic consumption and on the other towards export, this policy had both economic and social aims.

9. In order to attain these objectives the Turkish Government had implemented a number of measures bearing on production, improvement of productivity and the marketing of agricultural products. For production, the aim was to reach a maximum volume. Total production in respect of the commodities covered by the consultations was more or less in line with domestic requirements. In general, cereal production was in excess of internal consumption and surpluses were exported. Due to the consumption capacity of the internal market and to the very high level of per capita consumption of wheat (216 kgs.), there was no problem of surplus disposal in Turkey. Since increased production was a primary objective and since the extreme limits of marginal lands had been reached, Turkey was faced with the urgent necessity of promoting methods of intensive cultivation to improve productivity and increasing the yield per hectare. On the basis of the programme drawn up by the Turkish Government for the next five years, the main efforts towards improvement of productivity would be concentrated firstly on irrigation and the use of fertilizers and secondly on conservation and improvement of arable lands. Improvement of grazing lands would be carried out in order to raise the yield from livestock. Rationalization of forestry practices and vocational training were also important features of the Government's programme. Further tasks contemplated under the five-year plan included measures aimed at increasing fruit production, which was a gradually expanding item in Turkey's exports, improving quality and promoting marketing possibilities for export.

10. The main feature of agrarian reform so far had been the distribution to farmers of uncultivated lands owned by the State. Since the enactment of the law on agrarian reform in 1947, 1.7 million hectares of arable land and 1 million hectares of grazing land had been divided among 331,000 farming families. Steps had also been taken to prevent the partitioning of these lands into small lands. Land consolidation within holdings was only provided for to the extent required by technical necessities in connexion with irrigation and soil conservation. Credits at favourable rates were being made available to farmers for purchases of machinery, livestock, land or other goods and services for production purposes.

11. The system of guaranteed prices had been introduced in Turkey around 1939 for the sole purpose of providing farmers with a fair income by enabling them to dispose of their products at normal prices. The application of this system was limited to wheat, barley, oats, rye, maize and rice. In addition, prices at production level were fixed by the Government in the case of sugar beet and sugar. Apart from these, no other crops and no animal products received the benefit of the guaranteed price system. Under the provisions of Law No. 3491, the administration of the guaranteed price system was entrusted to a Government agency, the Soil Products Office. Guaranteed prices applicable to cereals were, wherever possible, closely in line with world prices. Because of the general price level and of the resulting increase in the cost of living, no element of subsidization had been introduced into these prices in recent years. In view of the bearing cereals prices had on the cost of living and of the necessity for giving due consideration to the interests of consumers in a country such as Turkey, where the per capita consumption of wheat was one of the highest in the world, guaranteed prices were fixed at the lowest possible level.

12. Government intervention in the agricultural sector in Turkey was on a limited scale. Within the possibilities afforded by the foreign exchange budget, imports into Turkey were allowed for commodities of all kinds with the exception of those produced domestically and exported. The Turkish customs tariff was of an average level with moderate duty rates on a large number of items; on agricultural machinery, for instance, import duties varied between 5 and 10 per cent.

13. The representative of Turkey then recalled his earlier remarks concerning the important role played by exports of agricultural products in the trade balance of his country. Turkey's exports had been adversely affected by the price trends resulting from the efforts exerted during the past ten years in promoting the country's economic expansion and industrialization, by unfavourable international terms of trade and by measures of agricultural protectionism, such as quantitative restrictions, various forms of subsidies, and stockpiling measures. These difficulties affecting Turkey's exports had brought about such a disequilibrium in the country's trade balance that the Government had been compelled to impose, during the period from 1953 to 1958, very substantial quantitative restrictions on all imports. However, since the implementation of the stabilization programme in August 1958, and as a result of more favourable international market trends in the agricultural sector, Turkey had in the course of the last two years entered a period of relaxation of her import restrictions.

14. The currency operation carried out under the stabilization programme had had highly beneficial effects on Turkey's export trade. The system of multiple exchange rates introduced under this measure provided for the levying by the Central Bank of the Turkish Republic, on all foreign exchange selling operations, of an exchange super-tax of T£6.20, and for the payment, on all foreign exchange buying operations, of a like amount for US\$1.00. This constituted an exchange premium representing an increase by 219.45 per cent of the number of Turkish pounds equivalent to US\$1.00 as compared with the official rate of 2.8252. This measure, which was at present applied generally and uniformly to all imports and exports, brought the single and effective exchange rate of the Turkish pound down to 9.0252 in relation to the United States dollar. The only exception to this uniform rule was the exchange premium on exports of opium, which remained fixed at T£2.10 per United States dollar.

15. Under the system of import controls effective in Turkey, imports were admitted under four categories; these were: (i) liberalized list; (ii) list of automatic allotments; (iii) list of global quotas; and (iv) list of products to be imported on credit. All imports were governed by these lists. In the case of commodities included in the liberalization list, introduced from May 1959 and supplemented since then, these could be imported without any preliminary formalities. Almost the same held true in respect of goods included in the list of automatic allotments, which came into force in August 1959 as an adjunct to the liberalization list. The only requisite for import of goods on the automatic allotment list was the obtaining of the so-called certificate of requirement. Imports covered by these two lists represented 54 per cent of total imports.

16. As to the treatment of agricultural products under the system of import control, one of the primary objectives of the Turkish policy was to meet the needs of the internal market. In the case of products such as cereals, vegetables and dry pod leguminous plants, oilseeds, forestry products, citrus fruits and other fruit, tobacco and cotton, home consumption was fully covered by domestic production and consequently such products were not being imported at the present time. Owing to the balance-of-payments situation and to the limited availability of foreign exchange, Turkey could not afford to devote foreign currency to imports of agricultural commodities which, to a large extent, were produced in the country and even exported. Hence, such commodities were not included in the list of products annexed to the foreign trade regulations. Import restrictions were implemented for balance-of-payments reasons and could not, in principle, be regarded as being part of a system specifically designed for agricultural protection. Moreover, even if balance-of-payments difficulties disappeared, the prevailing standard of living and income level and the dietary structure of the population, particularly the farming population, would not permit the complete removal of all restrictions. Commodities which could be imported into Turkey were in general those which were not grown in the country or whose home production was not sufficient to cover fully the needs of the domestic market, such as tea, coffee, cocoa and merino (tops) raw hides. Imports of agricultural products represented, on the average of the years 1956-59, 5 per cent of total imports.

17. Exports of agricultural products were free and on a multilateral basis. The bilateral share of Turkey's total export trade amounted to only 19.69 per cent and agricultural products accounted for 90 per cent of that share. As regards imports, the share of bilateral trade was only 13.2 per cent of total imports in 1959. In the cereals sector, exports of wheat, barley, rye, oats, maize, rice, wheat flour, rice flour, and oatmeal, were subject to licensing formalities. Among animal products exports of cattle, eggs, and salted butter were also subject to licensing and the same applied to margarine. Under the provisions of Decree No. 4/12389 of 3 December 1959, which covered foreign trade regulations, all exports to countries with whom bilateral agreements had been signed were subject to licensing. The purpose of this control was to ensure, on the one hand, that supplies required for the country's consumption, were not exported, and on the other, that goods made available for export were sold primarily to countries trading on a multilateral basis.

18. In concluding his opening statement, the representative of Turkey referred to the efforts made and the results achieved by Turkey, in diversifying her economy. Endeavours had been made in the last ten years to establish new industries in a number of lines for which raw materials were available in the country. In the line of agricultural products, such industries included textiles, sugar, hides, vegetable oils, flour and flour products, various food processing industries as well as the manufacture of cigarettes, fertilizers, agricultural chemical products, wine and other beverages, chocolate, wood products, dyes, glue and glucose, jute and synthetic fibres. A number of industries concerned with domestic consumer goods and industrial goods had also been established in Turkey.

19. The expansion of the Turkish economy and the solution of its main problems, such as the creation of new fields of economic activity, the raising of the standard of living and the resettling of a part of the large mass of the agricultural population in the newly created sectors of the economy, were to a very considerable extent dependent on the development of the agricultural sector since this sector accounted at present for 42 per cent of the gross national product and for close on 100 per cent of export returns, and was also called upon to meet the consumption requirements of a rapidly increasing population, which was estimated by the United Nations to exceed 40 million in fifteen years' time. The Government of Turkey therefore considered that the development of the agricultural sector, the raising of the level of production and productivity in this sector, the rationalization of agricultural activities, the improvement of cultivation and marketing methods, and the availability of export markets offering adequate guarantees of stability constituted in the aggregate an absolutely vital necessity for the general expansion of the Turkish economy. It was also the belief of the Turkish Government that this necessity warranted the measures adopted in support of agricultural activities, more especially as such measures, in line with the restricted capacity of the economy, were limited in scope and might for the greater part be regarded as services normally made available to agriculture by the State.

20. The Committee expressed appreciation for the very detailed statement of the representative of Turkey and for the documentation which had been furnished by the Government of Turkey. At the outset of the discussion on the opening statement and the documentation, members of the Committee expressed their interest in the information which had been given on the efforts being made to increase productivity, the necessity for which was obviously great in view of the agricultural structure of the Turkish economy. They enquired whether, in addition to the allocation of unoccupied lands, to which reference had been made, any effort was made to amalgamate small farm units into larger economic units and whether the producers' co-operatives, to which reference had been made, also worked to improve units of cultivation even though there was no legal amalgamation of the land farmed in co-operatives. In reply the representative of Turkey stated that there were no legal measures in force providing for the amalgamation of small units except that, under recent legislation the Government still had the right through the Ministry of Agriculture, to amalgamate holdings within the framework of irrigation and soil conservation schemes. So far as producers' co-operatives were concerned, the farmers derived some advantages, for example, loans of machinery, credits, etc. from their membership and these facilities worked to some extent towards improvement of units of cultivation.

21. In further discussion on producers' co-operatives the representative of Turkey informed the Committee that some of the co-operatives played an important role in the agricultural sector and activities covered many agricultural commodities, for example, cotton, raisins, figs, hazel nuts, olives and olive oil, fisheries products, etc. Members of the Committee noted from the documentation which had been furnished that the operations of the co-operatives were financed by the Agricultural Bank and that the resulting profits and losses were credited or debited to a National Protection Fund administered by the Government. In reply to a question as to the purpose of the Fund and whether it related only to the operations of co-operatives, the representative of Turkey stated that the Fund did not in fact exist at the present time. Members of the Committee also noted from the documentation that the producers' co-operatives took an active part in market stabilization, particularly for export products, and enquired how these co-operatives operated to stabilize markets and how funds were derived for these operations. The representative of Turkey stated that the co-operatives were in the main not production co-operatives in the strict sense, but were in the main marketing co-operatives. They did, however, play some role in production inasmuch as they provided technical assistance, credits, fertilizers, etc., to the member farmers. Members of co-operatives paid a yearly contribution to the co-operative in the form of a certain volume of produce which was delivered to the co-operative after the harvest. Payments to farmers were carried out in two stages. In the first stage, the farmer received the minimum price equivalent of the amount delivered; this basic price was established before marketing season and was below free market quotations. After the marketing season, the farmer received an additional payment of the difference between the minimum price and the average price realized on the market. Credits from the Agricultural Bank were at the disposal of the co-operatives for the advance payment to farmers before the marketing season; these credits were then paid back to the Agricultural Bank from the proceeds of the sale of produce delivered by farmers.

22. One member of the Committee expressed the view that little or no action appeared to be taken on the initiative of the farmers themselves to improve agriculture. The Government supported and promoted production, provided technical assistance, credits, etc., and even the co-operatives were mostly instituted and influenced by the Government. The representative of Turkey stated that there had recently been considerable efforts in the private sector towards the formulation of agricultural organizations. Legislation had been enacted in 1958 to reorganize the chambers of agriculture. It was in the Government's interests that private agricultural organizations should be formed, and by the enactment of the new Law the Government encouraged the farmers to take action themselves.

23. In reply to a question about the progress made in mechanization of agriculture, the representative of Turkey stated that Government policy was directed towards modernization of agricultural methods and management. At the present time, 44,000 tractors were in use in the country. This was a modest figure and ploughs, draught animals, etc., were still in extensive use in Turkey, but it did in fact reflect considerable progress compared with the standard of agricultural methods in previous periods. Two plants for the manufacture of tractors had been set up under the Law providing for the encouragement of investment of foreign capital in Turkey and in addition imports of tractors had increased from a value of T£25.3 million in 1956 to T£25 million in 1959.

24. One member of the Committee pointed out that investment in agriculture at the present time appeared to be a smaller percentage of gross investment in Turkey than some years ago and expressed the view that this was a rather unusual situation in a country where agriculture, and particularly the improvement of agriculture, was the foundation of the whole economy. The representative of Turkey stated that due to invisible unemployment, low productivity, etc., a considerable lack of balance existed between the percentage of the total population engaged in agriculture and the share of that agricultural population in the national income. The Government intended to improve methods of farming and the major part of its programme of investments was in projects for the promotion of increased productivity in agriculture, such as irrigation schemes and fertilizer production. The Government intended to increase its investment in agriculture while at the same time increasing its investment in other sectors in order to avoid undue dependence of the economy on agriculture.

25. Members of the Committee pointed out that the outstanding feature of the pattern of production in Turkey was the major concentration on cereals and support measures, especially in relation to price, were also concentrated on cereals. They asked whether in view of the difficulties of disposing of cereals on world markets, there was any intention on the part of the Turkish Government to shift to livestock production. They also enquired whether, in view of the increasing attention being given to irrigation schemes and the use of fertilizers, there was any tendency to switch from production of wheat to production of vegetables, fruit or industrial crops. One member of the Committee expressed his surprise that, despite considerable efforts to increase productivity of cereals, production in the last five years had been stable. The representative of Turkey stated that until recent years and as a result of rather limited irrigation possibilities, the agricultural sector had had to

concentrate on production of cereals. The irrigation programme launched by the Government would enable a shift from production of cereals to increased production of livestock (which at the present time accounted for 31 per cent of the total agricultural income), fruit, vegetables, sugar beet, etc., and lead to the necessary diversification of agriculture. As to the reference to the level of production of cereals in the last few years, there were several factors which had to be taken into account. There had been severe droughts during these years and the cereals crops had been poor despite improvements in farming techniques; the yield would have been even lower if attention had not been directed to such improvements. Another factor contributing to the stability of production was the already high level of consumption of cereals in Turkey. In addition, difficulties had been encountered in irrigation projects in the regions producing cereals in Turkey and there was still some scarcity of chemical fertilizers. The representative of Turkey added that, due to favourable weather conditions, the 1960 crop was expected to be heavy.

26. Members of the Committee noted from the documentation that the Soil Products Office, the Government agency responsible for the regulation of the cereals market, disposed of surpluses on export markets at a loss and enquired whether this agency also sold on the domestic market at prices lower than the guaranteed price. The representative of Turkey stated that no losses had been incurred by the Soil Products Office at the present time in its sales and purchase operations since the exchange rate reform in August 1958, but if losses were made in the future these would be financed by the Budget. Losses which had been incurred before 1958 has been financed by credits or the national budget. One member of the Committee asked what criteria were used in selecting countries to which exports would go when Turkey sold cereals on export markets at prices lower than the guaranteed price. The representative of Turkey stated that sales on export markets at prices lower than the guaranteed price to farmers were not likely to occur at the present time since domestic prices were below world market prices. As to the criteria for selecting countries for export, Turkey was at the present time more interested in exports to "hard currency" countries. There was, however, also an interest in maintaining trade with countries with whom Turkey traded on a clearing account basis and as the tendency towards multilateral trading grew the preference for exports to "hard currency" countries would disappear. In reply to a question about payment of transport costs for movement of cereals from farms to central collecting points, the representative of Turkey stated that the Soil Products Office purchased cereals at certain specified points and that the producer was required to pay the cost on transport of cereals from his farm to the collection point. The cost of transport from the collection point to the silos was paid by the Soil Products Office and this amount was included in the guaranteed price paid to the farmer.

27. One member of the Committee pointed out that, from the figures supplied in the documentation, it appeared that net agricultural income had remained practically unchanged in recent years while gross agricultural income in the same period had shown a considerable increase. From 1955 to 1957, gross agricultural income had increased from T£7,450 million to T£11,800 million, while net agricultural income in the same period had only increased from T£5,500 million to T£6,000 million. It thus appeared that costs had increased from T£2,000 million to T£5,800 million and now amounted to about 50 per cent of the gross agricultural income. The representative of Turkey

stated that if allowances were made for increases in the national income and for the fact that the figures quoted by the member of the Committee had been computed from fixed prices, it would be seen that the development in the national agricultural income was in the same proportion as the development in the total national income. In 1958, net agricultural income had been T£7,300 million on fixed prices. From 1955 to 1958 inclusive, national income had been T£12,300 million, T£13,200 million, T£14,000 million and T£15,500 million respectively. If the figures were computed on current incomes, the development in the national agricultural income was more striking; the relevant figures were T£7,600 million in 1955, T£9,000 million in 1956, T£12,000 million in 1957 and T£15,850 million in 1958.

28. In discussion on State-trading organizations, one member of the Committee asked how imports and exports of sugar in terms of prices were fitted into the internal fixed price for the commodity; for example, how was the difference covered if exports were made at prices lower than the internal price and how was the price of imports adjusted to the internal price. The representative of Turkey stated that there was now no problem of price adjustment for imports since Turkey was now an exporter of sugar. In the periods when Turkey had imported sugar, prices on world markets had been lower than the internal price of locally produced sugar. Any losses or profits arising from trading in sugar had been and were still borne by the Budget.

29. Another member of the Committee noted from the documentation that there had been some imports of meat in 1957 and 1958 and that the Meat and Fish Organization, a Government agency, handled imports and exports in free competition with private firms and individuals. He enquired how, when the Government decided to issue licences for the import of meat, the allocation of licences between the State-trading organization and private traders was determined. The representative of Turkey stated that the imports of meat in 1957 and 1958 had been surplus supplies from the United States; private traders had refused to import these quantities and the State-trading organization had been compelled to carry out the imports. No imports of meat were being made at the present time; instead, Turkey was exporting meat but there were difficulties encountered in this trade since Turkey was surrounded by countries which were not large consumers of meat. In reply to a further question about access to Government funds by the Meat and Fish Organization, the representative of Turkey stated that the State-trading organization was required to be entirely self-supporting.

30. In discussion on the import restrictions maintained by Turkey on agricultural products, the Committee noted that imports from countries with which Turkey had entered into bilateral agreements were governed by global quotas applying also to other areas but that, in the case of bilateral agreement countries, individual yearly quotas were provided within the global quotas, equal in each case to the value of goods exported by Turkey. One member of the Committee enquired whether the bilateral quota countries could take part in the global quotas over and above the amounts assigned to them in the bilateral quotas. The representative of Turkey stated that the bilateral quotas were determined at the beginning of each year. It was possible for bilateral quota countries to compete against other countries for amounts over and above the bilateral quotas within the global quota but only seldom were

countries successful in securing larger amounts. Turkey for her part attempted to secure amounts larger than her bilateral quotas for exports but in this case also efforts to go beyond the bilateral quota amounts were seldom successful.

31. One member of the Committee, noting the references which had been made by the representative of Turkey to the reduction or elimination of the imbalance between internal and external prices by the new corrected exchange rates, asked whether it was still considered necessary to maintain the special import restrictions on certain agricultural products. The representative of Turkey stated that, in the view of the Turkish Government, these special restrictions (which applied to cotton, sugar and sugar beet, tobacco, dried and fresh fruit, cereals and tea) had to be maintained to safeguard foreign currency. It would be risky for an economy in the process of reorganization to allow free imports of commodities of which it was a regular exporter. In reply to a question as to whether there was any move to rely for protection of agriculture on the high rates of duty in force rather than on quantitative restrictions, the representative of Turkey stated that the Government was concerned to protect the balance-of-payments situation and not agricultural commodities. When the balance-of-payments situation made it possible, quantitative restrictions would be eliminated and Turkey would rely only on the tariff for protection. In reply to questions about rates of exchange for commodities exported, the representative of Turkey stated that the same rate of exchange was applied to all export commodities with the exception of opium. No changes in the exchange rates were being considered.

B. Commodities

32. The Committee conducted an examination of the information on those commodities on which it had been agreed the consultations should be concentrated. This section of the present report summarizes the main points discussed during the examination in addition to the points in Section A of the report.

Meat

33. In reply to a request for information of the number of live animals exported from 1955-59, the representative of Turkey stated that exports were 23,682 tons in 1955, 29,500 tons in 1956, 23,792 tons in 1957, 13,800 tons in 1958 and 15,275 tons in 1959. The live animals included in these figures were cattle, sheep and goats. The figures for the earlier years of the period in question did not fully reflect the export position, since there had been smuggling of live animals across the southern part of the country in those years. With the adjustment of exchange rates, price discrepancies had disappeared, thus removing the incentive to smuggle and it was expected that future figures would more truly reflect the real export position.

34. A member of the Committee, noting that there had been no imports of meat and dairy products in recent years, pointed out that given freedom from balance-of-payments difficulties and with increasing incomes, a widely increased market for these commodities should become possible in Turkey.

He noted, however, that Government agricultural policy appeared to aim generally at self-sufficiency and expressed the hope that the Turkish Government, in pursuing its policy of expanding agricultural production, would take into account the prices at which overseas goods could be imported into Turkey.

Cereals

35. One member of the Committee noted from the documentation that the guaranteed price for wheat was fixed in line with world market levels. He pointed out, however, that Turkish domestic prices were now below world parity and asked how the guaranteed prices for wheat were in fact computed. The representative of Turkey stated that in computing the guaranteed price allowance was made for three economic factors; these were world prices, production in the current year and the trend of internal consumption.

Dried Vine Fruits

36. In reply to questions about the levels of production and exports of dried vine fruits in recent years, the representative of Turkey stated that production had been 81,000 tons in 1955, 87,000 tons in 1956, 86,000 tons in 1957, 88,000 tons in 1958 and 90,000 tons in 1959. Exports in the same years had been 32,000 tons, 48,500 tons, 56,000 tons, 49,000 tons and 60,000 tons respectively. In reply to a further question as to whether any special concessions were made to exporters of dried vine fruits, the representative of Turkey stated that no specific measures favouring exporters were in force.