

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Notifications of Contracting Parties

Addendum

TURKEY

Notification of 21 December 1960

By letter of 21 December 1960 the Government of Turkey has transmitted to the secretariat a notification on the subsidy granted on sugar in reply to the questionnaire contained in document L/1315. A report on cement, the export of which is also subsidized, will be submitted shortly.

The Government of Turkey states that the subsidy granted for wine as outlined in document L/280 has been discontinued since 1958.

SUGAR

I. Nature and Extent of Subsidy

A. Background and authority - Turkey has an exportable sugar surplus due to the steadily increasing production of this commodity. But the export of sugar is handicapped by the differences which exist between domestic cost and the prices at which sugar can be exported. In view of this difference which cannot be eliminated by means of marginal measures, recourse has been made to a system of subsidy in order to export the sugar stocks in excess of the needs of the country.

The statutory basis of the system of subsidizing sugar exports, is Law No. 6747 dated 29 June 1956, modified by Law No. 140 dated 24 November 1960.

B. Incidence - A subsidy is not directly paid to the producer (exporter), but is transferred to the special account kept in the Treasury by the producer; it is therefore not budgeted. The working of the system is explained below.

For example, Krs.6 of profit margin plus Krs.85 of consumption tax are added to the cost of sugar, which is Krs.190 per kg., thus the figure of 281 is reached. The domestic sales price of sugar is fixed as Krs.300 per kg. The special account is credited with the difference between the two figures, namely Krs.19; thus a positive fund is obtained.

On the other hand, as sugar is exported at world prices, the loss which is likely to occur is also transferred to this special account to be compensated from the positive fund.

C. Amount of subsidy - Amount of subsidy per unit of exported sugar varies from year to year in relation to export prices, obtained from foreign buyers. Amount of subsidy per unit (kg.) paid in 1958, 1959 and 1960 is respectively Krs.125, Krs.100 and Krs.127.

II. Effect of Subsidy

The sugar industry in Turkey has, during recent years; been enlarged and several new factories have been added to the existing ones. The costs corresponding to those which have been built recently are charged with comparatively high depreciation¹ allowances. This is the most important factor affecting the cost of sugar and obliging the Government to take such measures in order to enable the exporters to offer sugar in the foreign markets at world prices.

The amount of subsidy granted during the years of 1958/1959/1960 is shown below with other relevant data.

Years	Production (000) tons	Domestic consumption (000) tons	Exports (000) tons	Amount of subsidy granted 000 000 TL
1958	349.4	342.9	15.3	19.0
1959	499.7	283.3	22.4	22.6
1960 (November)	445.0	310.0	193.0	235.0

¹ Among other factors affecting the cost, reference can be made also to comparatively low productivity.

