

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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### AUTONOMOUS TRADE LIBERALIZATION MEASURES TAKEN BY TURKEY

#### Communication from Turkey

The following communication dated 26 October 1989 has been received from the Permanent Mission of Turkey with the request that it be circulated to the contracting parties.

1. Since the adoption of a stabilization and structural adjustment programme in 1980, Turkey has been pursuing a policy of trade liberalization. As of 1983 in particular it has made great strides in this direction, although without conducting negotiations on concessions with our trading partners. In other words, this process has been the result of considerable efforts made unilaterally by the Turkish authorities.

2. The structural adjustment policy embraces a wide range of measures that also affect trade flows. In this context, the measures aimed at encouraging exports include such things as:

- adoption of a flexible exchange rate that takes account of the differences between domestic and foreign price trends;
- introduction of an export-oriented industrialization strategy;
- gaining export market shares, in particular by expanding the range of products and outlets. Successive measures have been taken to diminish and gradually eliminate the importance of the rôles of real depreciation of the exchange rate and export subsidies. With a view to this objective, Turkey acceded in 1985 to the Subsidies Code and since then has sought to ensure that export subsidies are in line with the GATT rules and disciplines. Thus, the tax rebate scheme for exports and the payments made by the Resource Development Support Fund have been abolished. Meanwhile, the exporting environment has been made more favourable by streamlining bureaucratic formalities, eliminating tied operations, a significant reduction in licensing, the establishment of the Turkish Eximbank and the creation of free-trade areas.

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3. Thanks to the adjustment programme, exports have been greatly boosted, rising from US\$2,910 million in 1980 to US\$11,662 million in 1988. In addition, the share of manufactures in total exports of goods has risen to some 80 per cent as against about 20 per cent in the 1970s. Export diversification has also been considerable. Turkey today exports four times as many articles (nearly four thousand) as it exported ten years ago. This trend would certainly have been even more impressive if Turkish exports had not run into protectionist measures and practices of some of its partners.

4. As for import measures, these may also be summarized as consisting of gradually reducing protection, either by eliminating quotas or by reducing the number of articles on the import prohibition or authorization lists, or by large cuts in customs duties. All these measures stem from the Turkish Government's desire to expose the economy to market forces and international competition, while taking into consideration the country's level of development and macro-economic needs.

5. To gain an idea of the scale of the changes that have occurred in Turkey's import régime, one need only look in greater detail at its main components. Following the changes that have been made in the prohibited import lists, there are today no goods that cannot be imported with the exception of narcotics, stereopten, foreign coins made of silver or other metals (except gold) and arms (including parts) and ammunition. The list of articles subject to quantitative restrictions in the form of import quotas has been completely eliminated and replaced by a list of goods of which the import is subject to authorization. This list has also been radically modified repeatedly; the number of articles it contains has been reduced from 1,300 in 1983 to 625 in 1985, 245 in 1986, 111 in 1987, 33 in 1988 and 17 in 1989. In other words, the list has been liberalized by more than 99 per cent since 1983.

6. The Turkish Government is also concerned to reduce tariffs. In 1989 alone, the customs duties for 11,000 articles were reduced. At present the average effective tariff rate in Turkey is below 5 per cent, and furthermore the sum total of all the duties, taxes and surcharges levied by the Government does not exceed 9 per cent of the total value of imports. This result is due to the fact that imports free of taxes and duties of any kind, represent a very large part of the total.

7. In short, during the years under consideration the total volume of imports has increased considerably, from US\$7,900 million in 1980 to US\$14,300 million in 1988. The rise in imports is largely due to the large proportion of imports of manufactured goods, which represented 76.5 per cent of the total in 1988 as against 47.5 per cent in 1980. Thus, imports have become one of the engines of the export performance.

8. For Turkey to be able to continue further along the path of liberalization of its economy and trade, it would like to hope that the multilateral trading system will operate in such a way that its exports are spared obstacles that are contrary to the letter and spirit of the General Agreement on Tariffs and Trade.