

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

RESTRICTED  
C/RM/W/12  
19 January 1994  
Limited Distribution

(94-0114)

**COUNCIL**

Original: English/French

TRADE POLICY REVIEW MECHANISM

Trade Policy Review of Turkey

Communications from the Discussants

Pursuant to the revised procedures for review meetings circulated in the communication from the Chairman of the Council dated 30 April 1993 (L/7208), the following are outlines of the main points to be raised by Mr. Finn Theilgaard (Denmark) and Mr. Abdelkader Lecheheb (Morocco) at the review of Turkey to be held on 20-21 January 1994.

It is recalled that discussants act in their personal capacity.

(a) Mr. Finn Theilgaard

1. The combined level of charges on imports is high in spite of reductions of tariffs. The system leads to reduced transparency and predictability. Can a replacement source of revenue be found which is neutral in regard to specific import decision?
2. Politically motivated guidelines have a substantial influence on specific decisions by importers, exporters and producers. This raises the question of defining limits for politically based guidelines for business decisions.
3. Turkey illustrates the general trend towards a high percentage of preferential trade and a correspondingly lower percentage of m.f.n.-trade. How will this trend impact on the future multilateral trade system?

(b) Mr. Abdelkader Lecheheb

4. The privatization policy is somewhat unclear. While the Government's wishes are apparent from the budget (in particular that of 1992), official statements are very cautious. Can the Turkish authorities provide us with details on this subject?
5. Unfavourable trends of certain indicators:
  - declining growth rate (+ 9.2 per cent in 1990 compared with 0.3 per cent in 1992 according to the State Institute of Statistics;
  - a surging public sector deficit: deterioration of the Government's financial position owing in particular to the 66 per cent rise in wages and salaries, farm subsidies and the worsening results of public sector enterprises;

- the rate of inflation remains high at over 62 per cent;
- lax management of monetary policy.

6. Could the Turkish authorities provide us with further details on the measures taken to correct the negative trends of these indicators?

7. High percentage of Turkey's preferential trade (European Union - EFTA). Have the Turkish authorities taken steps to diversify trade, and if so, what are they?

8. Turkey's bound rates are still insufficient. Is this perhaps linked with the customs union it envisages establishing with the European Union? Could the Turkish authorities shed light on this subject?