

TURKEY

*A Guide
for
Canadian Exporters*

External Affairs and
International Trade Canada

stor
HF
1010
.G85T9
1991
STORAGE

Canada

(Publié également en français)

.b 1928661

TURKEY

MAIN
HF
1010
.G85T9
1991
STORAGE

A Guide for Canadian Exporters

15-234-041

TRADE OFFICE RESPONSIBLE

Commercial Division
Canadian Embassy
Nenehatun Caddesi 75
Gaziosmanpasa, Ankara
Republic of Turkey

Tel: (90-4) 136-1275
Telex: 42369 DCAN TR
Fax: (90-4) 146-4437

Western Europe Trade, Investment and
Technology Division (RWT)
External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario
K1A 0G2

Tel: (613) 995-6439
Telex: 053-3745/053-4843
Fax: (613) 995-6319

1991

**LIBRARY / BIBLIOTHÈQUE
DEPT. OF EXTERNAL AFFAIRS /
MINISTÈRE DES AFFAIRES ÉTRANGÈRES
125 SUSSEX
OTTAWA K1A 0G2**

CONTENTS

	Page
I. THE COUNTRY	4
II. ECONOMY AND FOREIGN TRADE	7
III. BUSINESS INFORMATION	15
IV. IMPORT AND EXCHANGE CONTROL REGULATIONS	25
V. YOUR BUSINESS VISIT TO TURKEY	32
VI. FEDERAL EXPORT ASSISTANCE	37
VII. TURKISH MINISTRIES AND AGENCIES	42
VIII. BIBLIOGRAPHY	50
IX. USEFUL ADDRESSES	51

I. THE COUNTRY

Geography

Turkey covers an area of about 781 000 km² and has a coastline extending more than 6 400 km. The greater part of the country (Anatolia) lies in Asia and is bordered on the north by the Black Sea and the U.S.S.R., on the east by Iran, and on the south by Iraq, Syria and the Mediterranean Sea. The remainder of the country (about 24 000 km²) is in Europe and is known as Thrace. It borders Greece and Bulgaria to the west and north, with the coastline in the south extending along the Sea of Marmara. Turkey's 69 provinces are divided into seven regions—Marmara, the Black Sea, the Mediterranean, the Aegean, the Central, Eastern Anatolia and Southeastern Anatolia.

History and Government

Modern Turkey is the direct descendant of the Ottoman Empire that once stretched around the southern and eastern shores of the Mediterranean Sea. After many years of ascendancy, in which the Ottoman Empire spread well into Europe almost to Vienna, the Empire declined until, with the First World War, it was shorn of many of its former territories.

The end of the First World War marked the start of modern Turkey. The war brought into power General Mustafa Kemal who, as first president, proclaimed Turkey a republic in 1923. Taking the name of Kemal Ataturk (father of the Turks), he led the country into the twentieth century, reorganizing its political and social structures and Westernizing its society.

Ataturk initiated the industrialization of Turkey to reduce its dependence on a largely agricultural economy. After his death in 1938, this process continued under succeeding governments. As a result, modern Turkey has a substantial and growing industrial base. Turkey is a member of NATO and has associate membership status in the European Community (EC).

The People

Recent estimates (1990) indicate that Turkey has reached a population of 55 to 60 million. With this population and a high birth rate (annual population growth rate is about 2.7 per cent), Turkey will soon be the most populous nation in Europe, outside the U.S.S.R. Moslems make up 98 per cent of the population, with Christian (Greek Orthodox, Armenian, and Roman Catholic) and Jewish minorities in Istanbul and Izmir. About 37 per cent of the Turkish population is engaged in agriculture. Average population density is 68 persons per km² (based upon 1983 survey); however, the western part of Anatolia is the most densely populated.

Language

Apart from Turkish, English is used extensively, particularly in the business community. German has now become the second most important foreign language, while French is used occasionally in the business communities of Istanbul and Izmir.

Local Customs

Most business entertaining is done in restaurants and clubs.

Climate

Turkey's climate varies according to the terrain. Winter can be severe on the Central Anatolian plateau, especially in the eastern part, as well as in the Black Sea and Marmara coastal districts and, to a lesser extent, on the Aegean seaboard. Summer months are usually hot. The southern coastal districts, sheltered by the Taurus Mountains, enjoy a milder winter but are correspondingly hotter and more humid during the summer. The Central Anatolian plateau enjoys warm days and cool nights, with very little rainfall during its long summer. April, May, June and the period from the end of September to the beginning of December are the best times to visit Turkey; late autumn and early spring are recommended for the southern coastal districts.

Public Holidays

New Year's Day — *January 1*

Youth and Sports Holiday — *May 19*

Seker Bayrami (end of Ramazan)* — *April in 1990***

Victory Day — *August 30*

Kurban Bayrami (Sacrifice Holiday) — *June in 1990***

Republic Day — *October 29 and 30*

* The Muslim holy month of Ramazan (Ramadan) has little effect on business in Turkey. Normal business is conducted on Fridays, although some government offices release their staff for prayers at 1:00 p.m.

** Dates for these religious holidays differ from year to year.

Business Hours

Monday to Friday

Banks

8:30 a.m. to 12:00 p.m.

1:30 p.m. to 5:00 p.m.

Government Departments

8:30 a.m. to 12:00 p.m.

1:00 p.m. to 5:30 p.m.

Foreign Embassies (Western Countries)

8:30 a.m. to 12:30 p.m.

1:30 p.m. to 5:00 p.m.

Canadian Embassy

8:30 a.m. to 12:30 p.m.

1:30 p.m. to 5:15 p.m.

Friday — half-day closing in July and August

Business Offices

9:00 a.m. to 12:00 p.m.

1:30 p.m. to 6:00 p.m.

Monday to Saturday

Retail Establishments

9:00 a.m. to 1:30 p.m.

2:00 p.m. to 7:00 p.m.

II. *ECONOMY AND FOREIGN TRADE*

In January 1980, Turkey introduced a series of broad stabilization measures designed to control high inflation, to reduce the large balance of payments deficit and to stimulate economic growth. These measures were aimed at the realization of a genuine market economy, based on free competition and the entrenchment of the price mechanism in the distribution of resources. As a result of these measures, the Turkish economy showed significant improvement in the years following, and rapid growth replaced sluggishness in the industrial sector.

GNP Growth Rate at Purchasers' Prices

Year	Rate of Growth (%)
1984	59.1
1985	51.2
1986	41.5
1987	43.5
1988*	72.1

*1988 is the last year for which figures are available

Real GNP Growth Rate

Year	Rate of Growth (%)
1985	5.1
1986	8.1
1987	7.4
1988	3.4

Total Industrial Output

Year	Output (%)
1982	4.6
1983	8.0
1984	6.3
1985	10.1
1986	9.0
1987	9.6
1988	3.8

Exports and Imports

The rapid growth of exports of goods and services reduced the current account deficit from US\$3.7 billion in 1980 to a US\$1.5 billion surplus in 1988. Exports, stimulated by special export incentives, showed a spectacular increase of 302.2 per cent, from US\$2.9 billion in 1980 to US\$11.66 billion in 1988, and were projected to reach US\$11.5 billion in 1989.

Major Destinations for Exports (1988)

Country	Total Exports (%)
F.R.G.	18.4
Iraq	0.5
Italy	8.2
U.S.	6.5
U.K.	4.9
Iran	4.7
France	4.3

Main-Sector Product Exports as Share of Total Exports

Product	1983 (%)	1988 (%)
Agricultural Products	32.8	20.0
Industrial Products (includes agri-processed goods)	63.9	77.0
Industrial Products (excludes agri-processed goods)	52.2	69.1
Mining and Quarry	3.3	3.0

Turkish contractors and engineering firms successfully competed for overseas projects and signed contracts valued at US\$12.5 billion by the end of 1988. Most of this overseas work was in Libya, Saudi Arabia and other Arab countries. Imports also grew but at a lower rate, increasing 82 per cent, from US\$7.9 billion in 1980 to US\$14.339 billion in 1988, and were expected to reach US\$14.5 billion in 1989.

The share of oil in total imports decreased from 48.8 per cent in 1980 to 15 per cent in 1988. Imports are now dominated by industrial goods, whose share in total imports increased from 47.5 per cent in 1980 to 92.2 per cent in 1988 (including capital goods and raw materials).

The markets of the industrialized countries, especially the EC, absorb a large proportion of Turkish exports. In 1988, the Organization for Economic Co-operation and Development (OECD) accounted for 57.5 per cent of total exports, while the Middle East and North Africa accounted for 30.2 per cent. The share of OECD countries in total imports was 45.8 per cent in 1980, but increased to 64.4 per cent in 1988. Simultaneously, the share of the Middle Eastern and Northern African countries decreased from 38 per cent in 1980 to 20.4 per cent in 1988.

Major Exporters to Turkey — 1988

Country	Total Imports (%)
F.R.G.	14.3
U.S.	10.6
Iraq	10.0
Italy	7.0
France	5.8
Libya	5.5
U.K.	5.2
Iran	4.6
Japan	3.9
U.S.S.R.	3.1

Employment and Unemployment

A high level of unemployment has been characteristic of the Turkish economy for years. The official government estimates of unemployment in 1987 and 1988 were 15.2 per cent and 14.4 per cent respectively. These may be taken as conservative statistics since they do not reflect the substantial underemployment in the Turkish economy. Moreover, there are severe regional disparities in the employment level, with unemployment much more acute in the eastern and southeastern regions than in the western areas. The labour force in Istanbul has many of the characteristics of a developed economy, with a high rate of union membership and a fairly high proportion of skilled workers. The state remains the most important employer in the country, accounting for 35 per cent of workers outside the agricultural sector. The main causes of unemployment continue to be underutilization of manufacturing capacity, the low level of aggregate demand and new additions to the labour force caused by a high population growth rate. Large numbers of Turks continue to seek work overseas and to provide the work force for Turkish contractors operating in third countries.

State Economic Enterprises (SEEs)

SEEs, which have played a major role in the Turkish economy since the time of Ataturk, underwent changes in 1981. Historically, the SEEs have produced poor financial returns as a result of inefficient management, political involvement in policy decisions, a poor industrial relations record and technical problems in design and operations. During the reform, central government administration was reduced, prices of goods produced by SEEs were made more competitive and government subsidies began to be phased out. Comparative cost studies with similar private operations were implemented, and cost increases of imports needed as inputs to SEE production lines were reflected in retail prices. SEE investment expenditure, which was 10.4 per cent of the GNP in 1980, increased to 10.9 per cent in 1988 and was projected to be 8 per cent in 1989. These changes, and the opening up of the SEEs to market forces, caused SEEs to rise from a 34.4 billion Turkish lira (TL) loss in 1983 to a TL 7.296 billion profit in 1988.

Investment Policy

The government policy is to encourage private foreign investment in projects that are in Turkey's national interest, to introduce new technology and to promote exports. Tax and import duty concessions are available for approved investments. The repatriation of profits and capital is allowed under the Foreign Investment Law (Law No. 6224).

In past years, the actual application of the foreign investment policy has not been as liberal as officially stated, and both restrictions and government controls have inhibited normal business operations. Refused work permits, mandatory export levels, disagreements over remittable profits due to differing interpretations of Turkish financial regulations, and direct or indirect government price controls have all restricted foreign investment. Expansion of existing investments is controlled and limited by a requirement that any capitalization of retained earnings must be approved by a separate decree of the Council of Ministers.

Recognizing the gap between stated policy and actual policy and implementation of the policy, Turkey has created a new Foreign Investment Department within the State Planning Organization (SPO) with the mandate to encourage and plan investments and also to reduce or eliminate existing problems. The new department also issues investment licences and investment incentive certificates.

The number of firms operating in Turkey under Law No. 6224 rose from 215 in 1984 to 1 109 by the end of 1988. The major field of interest so far has been the manufacturing sector, followed by the tourism sector. The trade and banking sectors have also proven to be attractive for foreign investors.

The government favours private investment in projects that will help fulfil its development goals, increase foreign exchange earnings (either through new exports or import substitution) or transfer "significant" new technology to Turkey. Some industries are closed to private investment, including those in which the government exercises a monopoly.

The only Canadian companies with significant investments in Turkey are Northern Telecom, Lavalin Industries (UTDC) and Cominco.

Canada-Turkey Trade

Canada and Turkey are not major trading partners. In 1989, Canadian exports to Turkey were C\$158 million and Turkish exports to Canada were C\$82 million.

Turkey's infrastructure requirements and industrialization program present opportunities for Canadian equipment and machinery manufacturers, particularly in resource-based fields and in the electrical, electronics, telecommunications and transportation sectors.

Opportunities for foreign consultants are increasingly limited to highly specialized fields in which international financing is available or to joint ventures with local partners for turnkey projects. Turkey's immense development program and economic situation mean companies must usually accompany their bids with offers of financing, including financing for the down-payment portion of the loan.

Free Zones

In 1981, the Turkish government decided to establish four free trade and export processing zones aimed at the expansion and diversification of Turkish exports and the promotion of foreign investment. The free zones are located on Turkey's Mediterranean and Aegean Sea coasts at Izmir-Gaziemir (Aegean Sea), Antalya (Mediterranean), Mersin (Mediterranean) and Adana-Yunurtalik (Mediterranean); the Mersin and Antalya free zones were opened in 1987. In 1985, a free trade zones law was passed that regulates the

Canadian Exports to Turkey

(\$ thousands)

Major Commodities	1985	1986	1987	1988	Difference 1987/1988
Pulp and Logs	2 888	2 240	7 189	20 498	+13 309
Ferrous Metals	12 117	7 163	10 101	3 316	- 6 785
Aluminium ingots (Unwrought)	56 425	36 425	57 704	33 999	- 23 705
Coal and Asbestos	6 600	3 881	10 168	9 987	-181
Helicopters/Aircraft Engines and Misc. Machinery	2 001	416	20 982	3 330	-17 652
Telephone Telecommunications Equipment	112 567	137 223	139 792	56 945	- 82 847
Total	219 268	201 848	266 074	181 040	- 85 034*

* Large yearly drop in exports is attributed to (a) entire Turkish economy being in period of retrenchment caused by need to cut back on large infrastructure projects so that debt can be serviced, (b) telecommunications, Canada's largest export sector, was specifically singled out for expenditure reduction.

Canadian Imports from Turkey

(\$ thousands)

Major Commodities	1985	1986	1987	1988	Difference 1987/1988
Dried Fruits and Nuts	8 190	11 010	15 372	14 718	- 654
Tomato Paste	1 690	3 470	3 088	4 195	+1 107
Bauxite Ore,	—	—	2 127	2 158	+31
Crude Petroleum and Petroleum Products	—	4 873	1 209	986	- 223
Textiles	4 390	18 147	37 870	29 952	- 7 918
Total	35 886	56 753	78 321	72 628	- 5 623*

* Decline in Turkish exports to Canada on a yearly basis is attributed to deliberate slowing down of Turkish economy to liberate funds to service large external service charges.

operation of free zones and facilitates the entry of foreign capital and technology into free zones. The Council of Ministers has authority to grant permission for the establishment and operation of free trade zones for public institutions and agencies, resident or non-resident real persons or legal entities. The Economic Affairs Supreme Co-ordination Council is authorized to approve the types of activity to be carried out in the free zones. (In practice, almost no limit is placed on the types of activities that may be carried out within the free zones.)

Any authority granted to Turkish public agencies by law, such as pricing or quality standards, is valid in the zones. All Turkish or non-Turkish parties operating in the free zone must be treated equally. Free trade zone operating licences are granted by SPO. Land and facilities needed within free zones may be acquired pursuant to the provisions of the Expropriation Law. All other permits and licences regarding the use of land, as well as design, construction and utilization of buildings and installations within free zones, are issued by the regional free zone directorates.

Free zones are defined as being outside of Turkish customs borders. Legislative provisions pertaining to taxes, levies, duties, customs and foreign exchange obligations are not applicable in these zones. Trade conducted between a free trade zone and other regions of Turkey is subject to the foreign trade regime. Upon request, goods originating from Turkey of value less than US\$500 may be exempt from export procedures. The foreign trade regime is not applicable to the trade conducted between the free trade zones and other countries or other free trade zones.

All payments related to free trade zone activities are made in the form of foreign exchange. The Council of Ministers may give permission for payments to be made in Turkish lira.

III. BUSINESS INFORMATION

Representation

Unless a firm's prospects warrant the opening of an office in Turkey, the most effective means of introducing and developing product sales is to secure the services of a reliable and qualified local representative on a commission basis or, in the case of certain goods, as a distributor. Most Canadian exporters trade with Turkey through local agents who keep their principals informed of local market conditions.

Careful inquiries into the standing and possible conflicting interest of prospective agents should be made before an agreement is signed. The embassy can help with such inquiries. It is recommended that exclusive agents/distributors be appointed for specifically designated areas or types of business, where this division of responsibility would be appropriate.

Istanbul and, to a lesser extent, Izmir are the main business centres; Ankara is the centre for most government business.

For most goods, it is best either to have an agent in Istanbul who has a branch or agency in Izmir, Ankara and Adana, or to appoint separate agents in each of these centres. The more reliable Istanbul agent-firms cover all parts of the country at regular intervals; at present, comparatively few Ankara and Izmir firms have coverage outside their immediate areas.

In cases where mainly government business is sought, it is essential to appoint either an Ankara firm specifically for such business or an Istanbul firm with a branch office in the capital.

Since almost all government business is transacted on a system of public (frequently international) tender, competent local representation is virtually essential during the preliminary stages. The bidder who has received the earliest advice of an impending tender call often obtains the contract. If a product is new to the customer and has been introduced correctly, it is not unusual for the specification to have been written around that product. Agents assist their

principals in various ways, including keeping in regular touch with potential buyers and giving advance notice of forthcoming procurements, translation of product literature into Turkish, organization of briefings, seminars and visits, interpretation during business meetings, and on-the-spot problem-solving with the customer. It is very difficult for Canadian firms to succeed in the Turkish market without good agents or local partners.

Reports on Turkish firms as potential representatives or partners (joint venture or manufacture-under-licence) of Canadian exporters are available from the Commercial Division of the Canadian Embassy in Ankara. The type of reports provided by firms such as Dun and Bradstreet are not available in Turkey, but locally produced reports are usually comprehensive and reliable.

Once an agent is appointed, he or she should be given the principal's fullest support regarding literature, technical and other information. Government buyers and larger importing firms should be given catalogues and other literature clearly indicating the name and address of the local agents or distributors. For technical products, an agreement should be reached with the agent concerning the publication of Turkish-language leaflets, catalogues and instruction manuals, in accordance with Law No. 632. Since blue-collar workers using imported machinery understand little English, it is essential to provide Turkish instruction manuals for practical as well as for legal reasons.

Agency Legislation

Sections 116 to 134 of the Turkish Commercial Code and Law No. 6762 of June 29, 1956, govern the position of agents in Turkey. Under the law, each of the parties may terminate a contract by giving three months' notice in cases where no specific term has been defined. If a term has been specified, the contract may also be terminated on reasonable grounds. The party terminating the contract without reasonable grounds and without three months' notice must compensate the other party for any losses resulting from the non-completion of business in progress.

Visits by Canadian Representatives

The Turkish market and Turkish foreign trade and exchange regulations are subject to rapid changes. No matter how efficient and reliable an agent or distributor may be, regular visits by representatives of Canadian principal firms are essential.

Turkish government and private-sector customers welcome visits from manufacturers' representatives. Such visits can accelerate finalizing orders that may have been under discussion for months. Canadian manufacturers should also encourage visits to their plants by their agents/distributors and should be ready to entertain visiting Turkish government officials and business clients.

Buying Seasons

There are no specific buying seasons.

Correspondence and Trade Literature

Correspondence and trade literature can be in either English or French, but technical leaflets, catalogues and instruction manuals should be in Turkish. Weights and measures should be in the metric system.

Price Quotations

Prices should be quoted in Canadian or U.S. dollars, f.o.b. and c.i.f. port of discharge. Quotations should indicate the separate values of goods, insurance and freight. Cost, insurance and freight prices must be strictly maintained (even if this means an adjustment of invoice prices on individual items). Customers in both the public and private sectors insist on quotations for a fixed period rather than price escalation clauses, since it is difficult to raise the amount of foreign exchange required after an import licence has been issued.

Tenders

Bidding on Turkish tenders is complex. The tender system usually allows relatively short lead times; specifications are sometimes written on a specific company's or country's products, and there is a general reluctance to extend bidding deadlines unless it is apparent that nearly all prospective bidders on a particular tender will be unable to submit quotations. In addition to these difficulties, bids can be rejected for trivial omissions such as the lack of a required stamp or signature.

It is not unusual for tenders to be called on a speculative basis. The buyer then uses these responses to prepare the specification, often taking the "best" from each tender so that no single contractor can supply exactly what is called for. For very large contracts it is common practice to call for qualification bids. In these bids, potential suppliers are asked to submit details of their past experience, work force, product lines and other data. Final tender calls are then sent only to those selected after this preliminary investigation.

Law No. 2490. The principal legislation on this subject, promulgated in 1934, is "The Law Governing the Adjudication of Contracts by Government Departments and Some Related Concerns" (Law No. 2490), which specifies that buyers are bound to accept the "lowest suitable offer." This condition can cause problems, since buyers often fail to define "suitable," in order to avoid being accused of discrimination. This means, in practice, that price is usually the overwhelmingly important determinant.

All government departments and organizations covered by Law No. 2490 are required to make public tender calls in the Official Gazette, in the daily press or in both. For local purchases, 15 days' notice is the usual minimum but translation time reduces this period considerably.

Adjudication. Two types of adjudication are in force: an open bargaining session (usually only for local purchases, up to relatively modest sums) and sealed envelope bids. In both cases, tenderers must provide a bid bond (either cash deposit, treasury bonds or bank guarantee).

Foreign bidders usually provide their own bid bonds in the form of a bank guarantee. Some regular bidders make an arrangement with their local agent/distributor to provide them with a "float" deposit or guarantee against which they obtain local bonds as required.

Turkish clients accept only locally issued bid and performance bonds. Accordingly, those bonds provided from abroad have to be converted through a Turkish bank. Stamp duty on both bid and performance bonds amounts to a total of 1 per cent of bond value and is payable again if the period of the bond is extended. The standard rate of interest charged by Turkish banks on bid bonds is $\frac{1}{8}$ of 1 per cent for the first month and $\frac{1}{4}$ of 1 per cent per quarter (or part thereof) thereafter; on performance bonds the rate is $\frac{1}{4}$ of 1 per cent per quarter. All such charges are subject to a 25 per cent transaction tax.

Terms. Tenders are requested on a fixed price basis f.o.b. in an acceptable convertible currency with separate quotations for insurance and freight. Escalation clauses are normally not acceptable. There is, in fact, no provision in the import regulations for import licence values to be raised. On occasion, tender calls specify that preference will be given to the bidder offering the most attractive credit terms.

In the case of machinery and plant equipment, it is unwise to quote for a process, machine or component that does not exactly fit the specification, even if the tenderer's alternative is cheaper and/or more efficient. It is best to quote for exactly what is specified, making a separate tender (or footnote) showing the alternative process and the difference in price.

In cases where payment terms specify an amount in advance of shipment/installation, the supplier must provide a bank guarantee that if the terms of the contract are not met or delivery is not in time, the advance payment(s) will be refunded in full to the buyer.

Although Law No. 2490 does not apply to state enterprises or to many other public-sector organizations, most of these have standard tender terms that are similar to Law No. 2490 but do not bind organizations to accepting "the lowest suitable tender." Such organizations usually demand bid and performance bonds at a flat rate below the average rate of Law No. 2490. They are not bound to make public calls for tender and may simply make a direct approach to potential suppliers known to them. Canadian

exporters should ensure that all government-sector buyers have their literature on file.

Standards. German (DIN) standards and, to a lesser extent, British Standards (BSS) are commonly used. If any variation exists between the Canadian product and these specifications, the standard for the product should be mentioned by the tenderer. It is usually advisable (and sometimes mandatory) to offer the maximum possible content of Turkish supplied materials and local labour. Great importance is placed on foreign exchange savings. In practice, tenders for all engineering and similar consulting contracts must be made jointly or in association with a local firm or firms. In government tenders, bidders are routinely requested to offer an offset program up to the cost of goods covered by the specific tender.

Contracts. Contracts are usually prepared and signed within 15 days of the adjudication, although no period is fixed by law. If, before the contract is actually signed, a competitor submits an offer that is a fixed minimum percentage below the originally accepted price (this varies from 5 to 15 per cent according to the category of the purchase), the newcomer is awarded the contract, unless another bid is received that undercuts the new price (the usual minimum is 5 per cent). Before the contract is signed, the successful bidder must convert the bid bond into a performance bond. The rates for the latter are double those for bid bonds, and most buyers request that the period of validity be unlimited. Japanese and German contractors usually observe this requirement but most Canadian exporters provide, instead, a bond for the contract term plus a reasonable additional period. This arrangement is normally acceptable, although sales are known to have been lost because an open-period bond was offered.

In cases where the Canadian Commercial Corporation is the prime contractor, the Turkish buyer may be willing to waive a performance bond.

Letters of Credit. For administrative or financial reasons, letters of credit (L/C) are usually opened after the signing of a contract. Most contracts go into effect with the opening of the L/C or upon receipt of the first payment; in practice, Turkish government sector buyers consider the contract to be in force from date of signing, although legally this is not the case. It is best to "play safe" and not process the contract unless the local agent/distributor gives assurances that there will be no unreasonable delay in the opening of the L/C.

Acceptance. Buyers in Turkey normally appoint an independent professional inspection agency for pre-shipment acceptance. Final acceptance of machinery or equipment usually follows a fixed trial period. Contractors often make the final 10 per cent payment after acceptance, but since this is not always a routine procedure, delays and difficulties do arise.

In the case of produce, final acceptance is usually the responsibility of the buyer's representative, either at the port of shipment or at the port of arrival in Turkey.

Local Contracts

There is a schedule of heavy compulsory charges for the certification of local contracts by notaries public.

The approximate rate is between 5 and 7 per cent per mile or 0.6 per cent of the total value of the contract.

Credit

Credit terms are limited to cash against documents (c.a.d.), cash against goods (c.a.g.) and acceptance transactions. Canadian manufacturers and exporters should take steps to satisfy themselves of the standing of their customer before granting c.a.d. and, particularly, c.a.g. terms. The Turkish Central Bank normally approves properly filed applications for the transfer of foreign exchange without difficulty. From time to time, the government places orders on medium to long credit terms. Such cases should be investigated and considered on their individual merits.

Debt Collection

Litigation in Turkey is slow and costly. It is often best to give the local agent and banks discretion to make as good a settlement as possible.

Debts should not occur when goods are imported on L/C terms. If goods have been shipped on c.a.d. terms and the customer fails to take delivery of them before the import licence expires, or if they have been shipped on c.a.g. terms and the customer fails to apply for the foreign exchange within the specified period of clearing the goods through customs, the customer subsequently will not be allowed to pay for the order. It is advisable to instruct bankers to release c.a.g. documents against a post-dated foreign exchange transfer application provided by the importer.

Such an application is not valid unless backed by customs house documents showing that the goods have been cleared. In these circumstances, any payment the customer may make, either for the goods or as a result of a settlement with the exporter, will be blocked at the Central Bank and can be released only for use within Turkey for certain specified purposes. Such blocked funds can occasionally be sold to persons outside Turkey, but only at a heavy discount.

It is very difficult to arrange for the re-exportation of c.a.d. or c.a.g. consignments without the co-operation of the consignee, who is required to sign the relevant documents.

Patents and Trademarks

Manufacturers and traders are strongly advised to patent their inventions and to register their trademarks in Turkey. Applications should be made through a patent or trademark agent in Canada or Turkey. Turkey subscribes to the International Convention for the Protection of Industrial Property and to the European Convention relating to the formalities required for patent applications.

Patents. Application for a patent may be made by the inventor or by the inventor's assignee, whether an individual, firm or corporation. Before the filing (or convention) date, an invention must not have received sufficient publicity in Turkey or elsewhere to enable it to be put into practice. Patents of invention are granted for terms of 5, 10 or 15 years at the option of the applicant, and are subject to annual renewal fees. Inventions publicized by foreign patent offices, but not yet put into practice in Turkey, may be protected by a patent of importation, provided application is made to the Turkish authorities within one year of the registration of the foreign patent.

Trademarks. The first applicant is entitled to registration and exclusive use of a trademark. However, a prior user of a mark for the same goods may prove, in a lawsuit or counterclaim, his or her prior right within six months following the registration or use of the mark by the registrant or within three years of publication of the registration.

Registration lasts for 10 years and may be renewed for a similar period. Such renewal may be made within three years from the expiry date of the registration to become effective as of that expiry date.

The use of a registered trademark on all industrial products, whether locally manufactured or imported, may be required by a decree of the Council of Ministers.

Advertising

Canadian exporters should consult their own advertising agency before launching a comprehensive advertising campaign in Turkey.

Newspapers. The newspapers with the largest circulations are published in Istanbul. The largest is *Hurriyet* (circulation 700 000), followed by *Gunaydin*, *Tercuman*, *Milliyet*, *Gunes* and *Sabah*. The major Ankara papers are *Zafer* (circulation 5 000) and *Baris*. A large number of magazines deal with local and international topics. The *Gunaydin* group of publications produces 10 different magazines (circulation 800 000), followed by the *Hurriyet* group (circulation 700 000).

Two English-language papers, *The Turkish Daily News* and *Dateline* (a weekly) are published in Ankara, both with small circulations.

Trade News. Almost all newspapers carry a page devoted to economic and trade news. A few newspapers with a circulation of about 50 000 each specialize in trade news.

Radio and Television. Short periods are available for advertising purposes on the state radio. A four-channel state television service, run by the Turkish Radio-Television Corporation in all provinces of Turkey, accepts advertising.

Trade Fairs

The Izmir International Trade Fair, held from August 20 to September 5, attracts about four million visitors annually. It is the largest trade fair in the Middle East; Canada last participated in it in 1981. In 1990, 24 countries sponsored national pavilions and displayed a large variety of goods ranging from raw materials to advanced technological equipment and heavy machinery. The Izmir Trade Fair is a unique event but, in recent years, it has declined in importance and is no longer a recommended way of introducing products into the Turkish market. Specialized, sector-specific fairs have become more popular.

Canada has conducted solo fairs in Istanbul biannually since 1987. These have been arranged through the

co-operation of the Canadian International Development Agency (CIDA), External Affairs and International Trade Canada (EAITC), and the embassy. It is hoped that, in future years, this series of solo fairs will continue to offer Canadian exporters the opportunity of showing their products in the most favourable circumstances.

A number of annual or semi-annual theme fairs are also conducted in Turkey, under the sponsorship of private companies. The most important of these to Canadians has been the Idea series of biannual defence fairs. In 1990 and 1991, the embassy plans to participate in communications and packaging technology fairs.

IV. *IMPORT AND EXCHANGE CONTROL REGULATIONS*

Exchange Controls and Terms of Payment

Very few goods are now subject to these controls. However, in limited cases, an import licence guarantees that the necessary foreign exchange will be made available. Imports may be paid by letter of credit, cash against documents (c.a.d.) or cash against goods (c.a.g.) terms. An import licence or permit is valid up to six months from its date of issue.

Letters of credit may be opened for a maximum of five months from the date of issue of the import licence. Under c.a.g. terms, the importer must apply for the transfer of payment to the authorized banks within five months of the date of the import licence. Documents may not be released to the importer until after the transfer has been made. In c.a.g. transactions, the importer should apply for transfer of payment within two months from the date of the actual importation of the goods and deposit the equivalent amount in Turkish lira with the authorized bank. If the importer fails to apply for the transfer within two months, application may be made up to the end of the sixth month but only if the import guarantee certificate is forfeited. (This rule does not apply to state-sector importers.)

Acceptance credits for periods of at least six months may be used for imports of specific commodities. Applications for special credit terms, for example, are accepted for complete factory installations.

Customs Tariff

The customs tariff is based on the Customs Council Nomenclature (formerly the Brussels Nomenclature) system. It is advisable to quote the tariff numbers in making enquiries but to omit them on invoices unless requested by the customer. Most duties are ad valorem and levied on the c.i.f. value of the goods.

Taxes

In addition to customs duties, the following charges apply:

- Wharf dues: 5 per cent of sum of c.i.f. invoice values, customs duty, municipal tax and stamp tax on customs declarations;
- Stamp duty: 5 per cent of c.i.f. value of the goods;
- Miscellaneous: total charge will vary but approximately 2 per cent of c.i.f. value (including warehousing); and
- Value added tax: varies between 12 and 15 per cent.

Import Procedure

The Undersecretariat of the Prime Ministry for the Department of Treasury and Foreign Trade (TFT) is authorized to make all the necessary arrangements and changes regarding imports and to control the conformity of imported goods with locally acceptable standards, as well to control the alignment of the prices of the imported goods with world prices. The importation of some goods is subject to licensing. Special regulations apply for books, printed matter, exposed films, arms and ammunition. Goods fall into three categories:

- goods for which import is prohibited;
- goods for which import is subject to licensing; and
- goods for which the import is liberated (free) (includes all goods that can be imported by paying a surcharge).

Copies of current lists of the first two categories are available from TFT. Exporters planning to do business in Turkey should make it a priority to study these two categories.

Pharmaceutical raw material imports are subject to pre-import price controls by the Import Goods Registration and Price Control Department of the Turkish Ministry of Health. All other import prices must be registered with the Department after importation and may be subject to verification.

Applications to TFT for import licences must specify:

- that the importer has an importer's certificate;
- that the prices are comparable with world market prices or with applicable prices in the country of origin (to prevent over- or under-invoicing);

- the period within which importation can be effected and the goods marketed; and
- the industrial capacity, consumption or production volume and the estimated value of exports of the customer.

Importation of Prohibited Goods

An application to obtain import permission for goods for which imports are not normally permitted may be made if the item (excluding weapons, ammunition and narcotics) is to be used in the manufacture of a product to be re-exported after production is completed. In this case, the exporter/importer may apply to their exporter's association to obtain import permission, if the value of the goods is not more than US\$3 000. If the value is over US\$3 000, application should be made to TFT and the State Planning Organization's Department of Encouragement and Implementation (DEI). TFT/DEI will issue an import permit and forward the original to the applicant and a copy to the Central Bank. If payment is to be made through an L/C account, the Turkish lira equivalent of the amount of foreign exchange to be transferred must be deposited with an authorized bank and a fund allotment request filed with the Central Bank along with the import permit. For c.a.d. or c.a.g. imports, a cash guarantee is deposited with an authorized bank and the selected mode of payment is marked on the import permit request.

Importation of Goods Subject to Licence

For import of goods subject to licence, an import permit should be obtained from the Undersecretariat. The original copy of the permit is given to the importer, with a copy sent to the Central Bank for foreign exchange allotment. The payment procedure follows that for importation of prohibited goods.

Importation of Goods Not Subject to Import Permission

Industrialists wishing to import to meet their own requirements should enclose a written statement indicating that the goods to be imported will be used at their plants as production inputs. This statement should be verified by the chamber of industry of which they are a member. Such statements

are not required for imports of medicine or raw materials to be used in the production of medicines. Requests for importation of free goods are processed by private banks by the issuance of special import licences. A separate import licence is issued for each customs tariff item. Payments for the import of free goods are directly affected by banks. If the goods to be imported are subject to the payment of a surcharge, the importer must deposit a surcharge along with the Turkish lira equivalent of the foreign exchange cost of the imported goods.

In cases where an import transaction is not completed within the period allowed, a guarantee covering the value of the goods not imported is forfeited to the Export Promotion Fund.

Other Import Procedures

Imports on consignment are not normally allowed, and re-exportation can be made only with the permission of the Undersecretariat of Treasury and Foreign Trade or the customs authorities. Goods that have arrived at Turkish customs within the prescribed time limit of six months, but cannot be imported in time, may be cleared within 20 days of the expiry of the licence.

In the case of goods requiring more than six months to manufacture, an additional period can be added to the term of the licence at the time of issue, upon application to the Undersecretariat. Extensions to the period of validity of exchange allocation certificates and import licences may be claimed in certain prescribed cases when force majeure is proven, for up to one month and six months respectively. A non-force majeure extension may also be obtained for a maximum of 12 months; in this case, 0.1 per cent of the value in Turkish lira of the goods will be collected from the importer each month by the authorized bank at the rate of exchange in effect on the date of application, and paid to the Export Promotion Bank. This amount may not exceed TL 1 000 000. The regulations are strict and later deliveries are at risk. Time lost due to transfer delay is automatically added to the validity period of the licence.

Turkey and the EC

An Association Agreement between the EC and Turkey provides for the gradual elimination of Turkish duties on imports from the original six members of the EC. Under an interim agreement, these provisions now also apply to Britain.

Turkey reduced duties for EC imports by 10 per cent on January 1, 1973, and another 10 per cent on January 1, 1976. The latest reduction was made on May 24, 1989. In April 1987, Turkey applied for full membership status; the process of evaluating that application is expected to take 10 to 15 years.

Documentation

The following documentation is required for goods imported into Turkey:

- A commercial invoice, in triplicate, with the original certified and signed by the exporter as follows:
"We hereby certify that this is the first and original copy of our invoice, the only one issued by our firm for the goods herein mentioned."
- A certificate of origin, in duplicate, issued by a Chamber of Commerce or similar body in cases where the standard rate of duty is subject to a contractual or other reduction. This must be certified by a Turkish consular officer. The certificate must identify the name and address of the consignor and consignee, the nature of the goods, the type of packing and number of packages, marks, numbers, gross and net weights in kg, f.o.b. and c.i.f. values, and shipping route.
- Four copies (two originals) of the bill of lading and a packing list in triplicate.
- Sanitary certificates for plants, livestock and certain animal products.

All merchandise, especially processed goods, is subject to verification by Turkish customs authorities, who are very rigid in their interpretation of the regulations; they make no provision for the slightest error in description, weight, value or other data. No erasures or corrections are permitted on any shipping document. Heavy fines are imposed if the description does not conform with the product, with most such fines representing more than the value of the goods. The description of goods must therefore be absolutely accurate and the description on the invoice, certificate of origin and bill of lading identical. In case of doubt, shippers should request specific written instructions from the buyer.

Samples

Samples of no commercial value that are easily identifiable as samples and which could not be put to any other use are admitted duty-free. Samples of value and advertising matter are subject to duty at the rate applicable to commercial shipments of the goods represented. They may be sent by post or freight.

Samples of value taken in by visitors may be imported duty-free provided:

- a deposit for the amount of duty is made with the Turkish Customs authorities;
- the samples are re-exported within six months; and
- the samples are entered by the owners or the owners' representatives.

With an international customs clearance document (ATA Carnet) or a cash guarantee, professional equipment and samples and goods for display or use at exhibitions, fairs, meetings or similar events may be temporarily admitted into Turkey duty-free without import prohibition or restriction, but are subject to re-exportation within six months.

Insurance

Unless instructions are given to the contrary, goods should be fully insured on the c.i.f. value and covered for the transit from the seller's warehouse to that of the buyer.

Any insurance coverage required by a company licensed to operate in Turkey must be taken out in Turkish lira with an insurance company (national or foreign) authorized to operate in Turkey. Exceptions are made for coverage not obtainable in Turkey.

Port and Warehouse Facilities

Unloading at Istanbul and Izmir may take two to three days. Strong packing is essential, since some shipments are still discharged into lighters. At Istanbul, most cargo is handled across the quays, but warehousing facilities are not adequate and only limited covered storage is available. Care should be taken to notify local steamship agents in advance if shipments requiring heavy lift facilities are coming into port.

Merchandise Marks

The Turkish government does not ordinarily require imported merchandise to be specially marked to show country of origin. False indication of origin is, however, prohibited.

Hallmarking regulations apply to imported articles made of gold and silver. X-ray films must be marked both on the inner wrapping of black paper and on outer boxes with the last date indicated by the maker on which they can be used.

The outer packing of cotton and antiseptic gauze must bear the name and address of the producer as well as local druggist or distributing agent. Drugs, pharmaceutical products and certain toilet preparations must be registered and approved by the Turkish Ministry of Health before importation, since they are subject to detailed labelling regulations.

All industrial products marketed in Turkey must bear a registered trademark.

The name and address of the manufacturer of inorganic and synthetic organic foodstuff colours, the trade and scientific name of the product and, if the product is a mixture, the names and amount of each mixture must be shown clearly on the labels.

V. *YOUR BUSINESS VISIT TO TURKEY*

Passports and Visas

Travellers to Turkey must carry valid passports. Visas are not required by Canadian passport holders intending to visit Turkey for less than three months. For a visit exceeding three months, a residency permit must be obtained and the police notified of the address.

Visitors applying for a residency permit before the expiry of the three months will be charged for a permit (valid for six months from the date of arrival) and for the entry visa. Residency permits are valid for one or two years.

Foreigners in the following categories are granted a residency permit, free of charge, for one year:

- persons arriving with the exclusive object of scientific research and work;
- newspaper correspondents doing no other work; and
- specialists employed by Turkish government departments and municipalities.

Travel regulations are liable to change at short notice. Businesspersons planning a visit are advised to consult their travel agent or Turkish consular authorities in Canada before departure.

Vaccinations

Visitors are not required to produce vaccination certificates except when travelling from an infected area. As there have been occasional outbreaks of cholera in the Middle East and Eastern Turkey, vaccination against the disease is advisable. Vaccinations against malaria, typhoid and polio are also recommended.

Currency

The official currency is the Turkish lira (TL). Businesspersons are advised to consult their banks for the latest rate of exchange. Denominations of the currency in circulation are

1 000, 5 000, 10 000, 20 000 and 50 000 lira notes and 10, 25, 50, 100, 500 and 1 000 lira coins.

No import restrictions are placed on foreign currency. Turkish currency may be exchanged only with a banker's exchange slip showing that the currency was obtained from the sale of foreign exchange in Turkey.

Traveller's cheques are recommended for use in Turkey. Canadian dollar notes (as opposed to traveller's cheques) can be difficult to exchange from time to time.

Customs and Other Formalities

Visitors are not required to declare personal jewellery or watches and may import, duty-free, 400 cigarettes, 200 g of tobacco or 50 cigars, 5 L of alcoholic beverages and 1 000 g of tea.

Gifts and other articles bought in Turkey up to a value of TL 50 000 may be freely exported. For the export of such gifts, and other articles of a value exceeding TL 50 000, evidence, such as a local bank statement, showing that the visitor has sold sufficient foreign exchange to cover the cost of the purchase is required. The exportation of antiques without a licence is prohibited.

How to Get There

Turkish international airports are Esenboga (30 km from Ankara), Ataturk (24 km from Istanbul), and Adnan Menderes (20 km from Izmir).

International and Turkish airlines operate frequent direct flights to Istanbul from most major European cities. Foreign airlines providing direct service to Ankara are Lufthansa, Swissair and Air France.

There are no direct passenger steamship services from Canada. In the summer, Turkish Maritime Lines run a weekly passenger service to Istanbul from the main north and south Mediterranean ports and a car ferry service from Venice to Brindisi and Izmir. The Italian Adriatic Line provides regular all-year service from French and Italian ports to Istanbul and Izmir.

There is regular rail service from Europe to Turkey. Trains to Istanbul run via Venice or Munich in a total time of 2 to 2½ days.

Travel in Turkey

Turkish Airlines (THY) operates regular services between Istanbul, Izmir and Ankara and a number of other important Turkish cities.

Regular steamship service is provided between Istanbul and the larger coastal towns. The journey from Istanbul to Izmir by boat takes from 20 to 25 hours.

Istanbul is linked by rail with the coastal towns of Izmir, Mersin, Iskenderun, Zonguldak and Samsun. The Anadolu Express runs daily between Istanbul and Ankara (12 hours). Sleeping and dining cars are available for all services. The Istanbul-Ankara run is shorter by the Blue Train, which runs twice a day; each trip takes 7¹/₂ hours.

Bus service links most of the larger towns in Turkey. Although very inexpensive, the buses are often very crowded.

Taxis, identifiable by a taxi label on the roof, may be hired in all the main cities. Meters are universally used, but for longer trips, such as from airport terminals to downtown, a flat rate may apply. Tipping is not expected.

An economical way of travelling in the cities is by dolmus, shared taxis, used by up to eight people. These operate on regular routes in the cities of Istanbul, Izmir and Ankara and certain other towns, can usually be boarded anywhere en route, and cost much less than ordinary taxis.

Rental cars may be hired through a travel agent, international airline office, hotel or car rental firm. A valid international driving licence is required. Rental cars are generally considered to be expensive on a daily basis.

Tipping

In addition to the service charge at restaurants, a tip of up to 15 per cent of the bill is usual for good service. In many cases, this is automatically added to the bill. For some services, such as those of porters at railway stations, a scale of charges is displayed, and it is usual to pay this amount plus a small tip.

Dialing Codes

- Dialing IN: country code 90, city codes:
Ankara — 4
Istanbul — 1
Izmir — 51
- Dialing OUT: 99, pause, country code, area code, number

Time Difference

Standard Time EST + 7 hours
Daylight Saving Time EST + 6 hours

Voltage

220 V 50 Hz

Hotels

A number of luxury, first- or second-class hotels are located in Ankara, Istanbul and Izmir, and first- or second-class hotels are found in most of the main towns. Service charges of 15 per cent plus 15 per cent value added tax are levied on hotel and restaurant bills.

- ***** - first- or luxury-class
- **** - better hotel of reasonable Canadian standard
- *** - second-class
- AMEX - American Express Card accepted
- Diners - Diners Club Credit Card accepted

VISA and MasterCard are also widely accepted in tourist areas, as are the major European credit cards and traveller's cheques.

Ankara

Hilton International Ankara - ***** - Tahran Cad. 12 Kavaklidere

Tel: 168-2888; Telex: 46705 HIA TR

Etap Altinel Oteli - ***** - Gazi Mustafa Kemal Bul. 151

Tel: 231-7760; Telex: 44419

Buyuk Ankara Oteli - ***** - Ataturk Bul. 183

Tel: 125-6655; Telex: 42398 GTEL TR; AMEX, Diners

Sheraton Ankara - ***** - Bogaz Sokak 31/4 G.O.P. 06700

Tel: 167-2175; Fax: 167-1136; Telex: 46506 SHER TR

Etap Oteli - *** - Ataturk Bul. 80

Tel: 133-9065; Telex: 42294 MOLA TR; AMEX, Diners

Best Oteli - **** - Ataturk Bul. 195

Tel: 167-0880; Telex: 46670; AMEX, Diners, VISA

Istanbul

Sheraton Oteli - ***** - Taksim

Tel: 131-2121; Telex: 22729 SHER TR; AMEX, Diners, VISA

Hilton Oteli - ***** - Cumhuriyet Cad.

Tel: 131-4646; Telex: 27027 ISHI TR; AMEX, Diners

Istanbul Marmara - ***** - Taksim

Tel: 151-4696; Telex: 24137; AMEX, Diners

Divan Oteli - ***** - Cumhuriyet Cad., Taksim

Tel: 131-4100; Telex: 22402 DVAN TR; AMEX, Diners

Pera Palas Oteli - *** - Mesrutiyet Cad. 98

Tel: 145-2230; Telex: 22029 PERA TR; AMEX, Diners

Macka Oteli - **** - Eytem Cad. 35, Tesvikiye

Tel: 140-1053; Telex: 28002 MAKO TR; AMEX, Diners

Izmir

Buyuk Efes Oteli - ***** - Gaziosmanpasa Bul. 1

Tel: 114-4300; Telex: 52341 EFES TR; AMEX, Diners

Etap Izmir Oteli - **** - Cumhuriyet Bul. 138

Tel: 144-4290; Telex: 52463 ANER TR; AMEX

Antalya

Talya Oteli - ***** - Fevzi Cakmak Cad.

Tel: 15600; Telex: 56111 TATA TR; AMEX, Diners

Club Sera - ***** - Lara Mevkii

Tel: 28377; Telex: 56070

Mersin (Icel)

Hilton Mersin - ***** - Adana Menderes

Bulvari 33/110 Tel: 741-65000; Fax: 741-65050;

Telex: 67070 MEHI TR

Mersin Oteli - *** - Gumruk Meydani

Tel: 21640; Telex: 67180 MRS TR; Diners

Atlihan Oteli - **** - Istiklal Cad. 168

Tel: 24153; Telex: 67374

Bursa

Celik Palas - ***** - Cekirge Cad. 79

Tel: 61900; Telex: 32121 CEPA TR; AMEX, Diners

VI. *FEDERAL EXPORT ASSISTANCE*

Export Development Corporation (EDC)

EDC is a Canadian Crown corporation whose objective is to facilitate and develop Canadian exports. Its mandate is to provide guarantees, loans and other types of financial aid which allow Canadian exporters to meet international competition.

EDC offers export insurance programs to:

- protect Canadian exporters against non-payment by foreign buyers;
- protect Canadian companies' investments overseas; and
- protect members of a Canadian export consortium against losses caused by a non-performing partner.

With export financing, EDC enables foreign buyers to purchase Canadian products. EDC pays the Canadian exporter directly in cash. Also, the Corporation makes it easier for exporters to secure private-sector financial backing by providing loans, performance and bid bond guarantees to the financial institution providing the direct support.

Canadian International Development Agency (CIDA)

CIDA provides official Canadian international development assistance to some 100 countries. CIDA's Industrial Co-operation Program assists Canadian firms seeking opportunities for investment, joint ventures and transfers of proven technology in Asia, Latin America and the Caribbean, Africa and the Middle East.

CIDA's Industrial Co-operation Program offers financial incentives to Canadian firms to develop long-term arrangements for business co-operation and to carry out project definition studies in developing countries. Support is also available for building contacts and identifying opportunities through visiting missions and seminars.

CIDA Programs Applicable to Turkey

Although Turkey is not a country that is eligible to receive Canadian aid, CIDA's Industrial Co-operation Program (ICP) does apply.

ICP supports the efforts of developing countries to achieve self-sustainable development by encouraging the participation of the Canadian private sector in their industrial development and growth. ICP uses financial incentives to support Canadian private-sector initiatives in long-term business co-operation arrangements and in project definition studies in developing countries. Support is also provided for making contacts and for identifying opportunities through seminars and investment missions. Unlike other government programs, ICP has not been intended for market identification trips or project bidding.

The principal means for Canadian technology transfer to a developing country is through involving Canadian business in viable long-term business co-operation arrangements. In most countries, foreign companies must establish some form of joint venture in order to maintain a long-term foothold in the market. Joint ventures are defined as co-production or production-sharing agreements; assembly operations; licensing agreements; and various forms of equity participation (any long-term collaboration venture going further than short-term sales of goods and services). While providing technology transfer skills, import substitution, job creation, increased export potential, and other assistance to the developing country, joint ventures are a worthy marketing tool to enable Canadian companies to penetrate markets that may otherwise be inaccessible due to high freight costs, severe international competition or local foreign trade regulations.

The Industrial Co-operation Program recognizes that investment is only one of the ways in which Canadian technology and know-how can be transferred to the Third World. In addition to the activities in support of long-term co-operation agreements, the program provides support to Canadian firms to undertake project definition studies:

ICP has been designed so as to complement other programs and services provided by EAITC and Industry, Science and Technology Canada (ISTC), as well as those of the Export Development Corporation and the provincial governments.

The Program assists Canadian firms in assessing long-term business opportunities. The Program acts primarily in response to initiatives taken by the Canadian private sector. Under the general principle of risk sharing, the contribution available is weighted against a series of criteria, the applicant's own efforts and the level of risk assumed by all parties.

General information on supplying goods and services for CIDA projects as well as on CIDA's Industrial Co-operation Program is available from:

Canadian International Development Agency
Consultant and Industrial Relations Directorate
200 Promenade du Portage
Hull, Quebec
K1A 0G4
Tel: (819) 997-7775

Canadian Commercial Corporation (CCC)

CCC is a Crown corporation which acts as the prime contractor when foreign governments and international agencies wish to purchase goods and services from Canadian sources on a government-to-government basis.

Contact:

Canadian Commercial Corporation
50 O'Connor Street, 11th Floor
Ottawa, Ontario
K1A 0S6
Tel: (613) 996-0034
Fax: (613) 995-2121

Program for Export Market Development (PEMD)

PEMD is External Affairs and International Trade Canada's principal export promotion program. It supports a variety of activities to help Canadian companies expand into export markets.

PEMD funds up to 50 per cent of eligible expenses, which must be requested in advance. A portion must be repaid if the activity generates export sales.

Funded activities include:

- participation in recognized trade fairs and visits to identify markets outside Canada;

- visits by foreign buyers and foreign sales agents to Canada;
- project bidding, or proposal preparation at the precontractual stage;
- establishing permanent sales offices abroad;
- participation in trade fairs and seminars by non-profit industry associations on behalf of their member companies; and
- innovative marketing initiatives that do not fall under the above.

To apply or obtain further information, contact the nearest International Trade Centre (see Chapter IX).

International Finance Corporation (IFC)

IFC is the largest multilateral organization that provides financial assistance in the form of loan and equity to the private sector of developing countries. Its fundamental purpose is to promote the economic development of its member countries through support of the private sector.

IFC makes its investment decisions on the basis of a thorough technical, financial and economic appraisal of the proposed project.

The total capital cost of its operations to date amounts to more than US\$40 billion.

Contact:

International Finance
Corporation
1818 H Street Northwest
Washington, D.C.
20433 U.S.A.

Tel: (202) 477-1234
Telex: III 440098
RCA 248423
WJ 64145
Cable: CORINTFIN
Fax: (202) 477-8164

African Development Bank (ADB)

ADB provides concessionary loans and grants mainly for agriculture, industry and infrastructure. It also invests in regional and certain national African development banks.

ADB's main objective is to promote and support the economic development and social progress of its regional members, primarily by providing technical assistance and loans.

Procurement of goods and services under ADB financing is normally by international competitive bidding. ADB encourages the use of African manufacturers and consultants.

Loans and grants approved by ADB in 1988 amounted to C\$2.18 billion.

Contact:

African Development Bank
Avenue Joseph Anoma
P.O. Box 1387
Abidjan 01
Côte d'Ivoire

Tel: (225) 32-07-11
(225) 32-50-10
Telex: 23717/23498/23263
Cable: AFDEV Abidjan

World Bank (WB)

The WB promotes the economic development of member countries by making loans to governments. It also provides technical assistance on matters relating to the member countries' economic development.

The Bank also encourages co-financing with official agencies and commercial banks.

The largest share of lending is to finance investments in agricultural and rural development projects.

Finally, the WB plays a key role in the implementation of structural adjustment programs of many countries.

Contact:

The World Bank
1818 H Street Northwest
Washington, D.C.
20433 U.S.A.

Tel: (202) 477-1234
Cable: INTBAFRAD

VII. TURKISH MINISTRIES AND AGENCIES

Ministries

Ministry of Agriculture, Forestry and Rural Affairs — MAFRA (Tarım, Orman ve Koyisleri Bakanligi)

Akay Caddesi No. 3, Ankara

Telex: 44116 KHGM TR

MAFRA controls the production, development, sales and exports of all food, agricultural and animal products; it sets import and export rules and regulations for agricultural and food products, controls state production farms, animal and poultry development, and meteorology, and co-operates closely with the Faculty of Agriculture. MAFRA also controls fertilizer imports.

Ministry of Industry and Trade (Sanayi ve Ticaret Bakanligi)

Gazi Mustafa Kemal Bulvari 128, Ankara

Telex: TAAP TR

This Ministry controls the establishment of all private and state industrial and commercial enterprises, the quality of production and sale prices, the imports and exports of industrial products, new technological development and many state industrial plants.

Ministry of Energy and Natural Resources (Enerji ve Tabii Kaynaklar Bakanligi)

Konya Yolu, Ankara

Telex: 43287 ENER TR

This Ministry is responsible for the production and distribution of power for mining research, the exploration for and the production of petroleum and coal, and the setting of energy prices.

Ministry of Public Works and Settlement (Bayindirlik ve Iskan Bakanligi)

Vehaletler Caddesi, Ankara

Telex: 43432 BBHT TR

This organization is responsible for the construction of highways, dams and irrigation facilities and for the upkeep of highways.

**Ministry of Communications
(Ulastirma Bakanligi)**

Gar, Ankara

Telex: 42220 CAD TR

This Ministry is responsible for the construction and distribution of telephone networks, for telegraph installations, for the control of all land, sea and air transportation, and for the construction of airports, ports and railways. It also controls all prices and schedules for railways, maritime lines and airlines. It is responsible for civil aviation, point-to-point radio networks, airport operations, sea ports and railway, microwave networks, telephone switching, postal services and satellite communications.

**Ministry of Defence — MOD
(Milli Savunma Bakanligi)**

Mudafaa Caddesi, Ankara

Telex: 44165 MSB TR

The MOD controls the Turkish Armed Forces, the construction of military airports and pipelines, the construction of naval vessels and the detailed mapping of Turkey.

**Ministry of Finance and Customs
(Maliye ve Gumruk Bakanligi)**

Vekaletler Caddesi, Ankara

Telex: 42285 MLYE TR

This Ministry is responsible for the collection of almost all taxes and for all customs rules and regulations. It controls the manufacturing of cigarettes, tea and some liquor, the purchase of related equipment, and the import of whisky and other alcoholic beverages that are not manufactured locally.

**Ministry of Health and Social Aid
(Saglik ve Sosyal Yardim Bakanligi)**

Mithatpasa Caddesi, Ankara

Telex: 42770 SSYB TR

This Ministry controls all hospitals and clinics (except university and military hospitals and private clinics). It purchases and distributes vaccines, issues permission to import pharmaceuticals and raw materials to manufacture medicines, and purchases medical, laboratory and research equipment on behalf of all public hospitals.

**Ministry of Culture and Tourism
(Kultur, Turizm ve Tanitma Bakanligi)**

Bakanliklar, Ankara
Telex: 42448 TTB TR

This Ministry controls touristic sites, hotels, motels and holiday villages and is responsible for cultural education.

**Ministry of Education, Youth and Sports
(Milli Egitim Genclik ve Sport Bakanligi)**

Bakanliklar, Ankara
Telex: 42903 MEB TR

This Ministry is responsible for the construction and operation of all schools and universities, the control of all private schools, and the purchases of all necessary tools, machinery, training aids, laboratory equipment and audio-visual products to support these institutions.

Note: Various other Ministries of State are responsible for economic planning as well as for the operation of some state economic enterprises, such as the Turkish Petroleum Corporation, the Turkish Petroleum Refineries Corporation, the National Oil-Gas Pipelines Corporation, and Etibank.

Autonomous and Semi-Autonomous Agencies

State Planning Organization (SPO)

Necatibey Caddesi 108, Ankara
Telex: 42110 DPT TR

The SPO is responsible for the preparation of short- and long-term economic development plans and sectoral development plans. It allocates funds from the national budget for projects proposed by ministries and other state agencies and by municipalities. The SPO also confirms the feasibility of proposed projects of state agencies.

Merkez Bankasi (Central Bank)

Ulus, Ankara
Telex: 43289 MBAO TR

The Central Bank is responsible for all foreign currency transfers.

Turkish Electricity Authority (TEK)

Bahcelievler, Ankara
Telex: 42245 TEK TR

TEK is responsible for the production and distribution of power, the construction of thermal and nuclear power stations, and the purchase of all related equipment and plants.

State Hydraulic Works (DSI)

Yucetepe, Ankara
Telex: 62161 DSIA TR

DSI is responsible for seismic studies and for the exploration of hydro-power dam sites. It also purchases all related equipment and carries out irrigation, geophysical and geological surveys.

Mineral Research and Exploration (MTA)

Eskisehir Yolu Uzeri, Ankara
Telex: 42040 MTAD TR

MTA is responsible for all mineral research exploration, including oil and uranium, and for the purchase of related equipment.

Mechanical and Chemical Industries

Association (MKEK)

Tandogan Meydani, Ankara
Telex: 42223 MKGA TR

MKEK is responsible for heavy machinery, small arms, artillery, ammunition, missiles and explosives needed by the Turkish armed forces. It is also responsible for graders, lathes, industrial chemicals, prefabricated houses and jeeps.

Turkish Maritime Operations, Turkish Shipbuilding Industry Inc.

Inkilap Sokak 4/4, Ankara
Telex: 42323 ADZB TR

This organization is responsible for the construction of all types of ships, up to 75 000 DWT in its shipyards, for the docking of all types of vessels up to 35 000 DWT, for the repair and maintenance of ships, and for the manufacturing of ship engines up to 31 000 BHP under licence. It also operates both passenger and cargo ships and purchases related equipment.

Turkish Airlines (THY)

Ataturk Havalimani, Istanbul
Telex: 23692 XATK TR

THY is responsible for the operation of the national airline and for the purchase of aircraft, ground handling and aircraft repair equipment.

Post-Telephone-Telegraph (PTT)

Ulus, Ankara

Telex: 42400 PTT TR

The PTT is responsible for the installation of telephone equipment and for the provision of telephone, telex, telegraph and postal services and satellite communications. It is also responsible for setting up telecommunication plant, co-axial networks and microwave networks.

Etibank

Sihhiye, Ankara

Telex: 43125 EBANK TR

This organization is responsible for the production from certain mines, for the setting up of production plants, for some further exploration for new mines, for the sale of mine output and for the import of required raw materials and equipment.

Turkish Iron and Steel Works

Cankiri Caddesi 57, Ankara

Telex: 43174 SDC TR

This organization is responsible for the production of iron and steel, for the purchase of raw materials, for the expansion of the existing plants, for the construction of new mills and for purchases of coking coal.

Eregli Iron and Steel Mills

Ataturk Bulvari 127/512, Ankara

Telex: 42428 ERANK TR

This organization manufactures flat steel products, purchases raw materials and machinery, and enters into long-term agreements for coal and iron ore. It is also responsible for the expansion of the existing mill. (This firm is reasonably autonomous, since the Turkish government owns only 49 per cent of its equity.)

Black Sea Copper Concentrates

(Karadeniz Bakir Isletmeleri)

Kutlular Koyu Surmen, Trabzon

Telex: 83355 DAB TR

This organization produces copper concentrates and is responsible for geophysical and geological studies and for exploration for new copper ore bodies on its holdings. It also purchases related equipment.

General Directorate of Monopolies

(Tekel Genel Mudurlugu)

Unkapani, Istanbul

Telex: 22642 MTKL TR

Tekel is responsible for the production of cigarettes, liquor and tea and for the purchase of related equipment, production plants, cigarette papers and filters.

Turkish Cement Industries (Turkiye Cimento Sanayii)

Eskisehir Yolu, Ankara

Telex: 44522 CISA TR

This organization is responsible for the operation of 26 cement mills and for the export of cement. It also purchases related equipment and complete mills.

Turkish Petroleum (TPAO)

Milli Mudafaa Caddesi 22, Ankara

Telex: 42044 TPAN TR

TPAO is responsible for the exploration and production of oil, for the purchase or lease of equipment and rigs, and for related seismic, geophysical and geological studies.

Soil Products Office (TMO)

Milli Mudafaa Caddesi, Ankara

Telex: 42668 TMO TR

TMO is responsible for the purchase and sale of wheat, barley, lentils and rice. It also sets floor prices, constructs and operates grain storage facilities, and purchases grain handling equipment.

Turkish Coal Works (TKI)

Hipodrom Yolu, Ankara

Telex: 44335 TKI TR

TKI is responsible for the operation of all coal mines, with the exception of hard coal, which is the responsibility of another state agency. It also purchases related equipment and machinery, conducts exploration studies, sets coal prices, and provides coal and lignite to thermal power plants, to iron and steel companies and to the public for heating purposes.

Petrol Ofisi

Bestekar Sokak, Ankara

Telex: 44405 POGM TR

This organization is the marketing arm of TPAO. It is responsible for the marketing of oil products and it operates gasoline stations and tankers and purchases related equipment.

**State Pulp and Paper Corporation
(Seluloz ve Kagit Isletmeleri — SEKA)**

SEKA Genel Mudurlugu, Izmit
Telex: 33156 SEIZ TR

SEKA is responsible for the construction and production of pulp, paper and newsprint mills. It also imports newsprint, required equipment, machinery and complete mills.

**The General Directorate of Rural Affairs
(Koy Hizmetleri Genel Mudurlugu)**

Ulus, Ankara
Fax: (90-4) 213-2228

This Directorate is responsible for the construction and maintenance of rural roads. It also provides water and electricity to villages and purchases related equipment and machinery.

Turkish State Railways (TCDD)

Gar, Ankara
Fax: (90-4) 312-3215

TCDD is responsible for the operation and maintenance of the railways and for the manufacture of diesel electric locomotives. It also purchases locomotives rails, signaling equipment and other equipment and machinery.

Sugar Factories (Turkiye Seker Fabrikalari A.S.)

Mithatpasa, Ankara
Telex: 42422 ATSF TR

This organization is responsible for the construction and production of sugar plants. It also purchases related equipment and machinery, and buys quality cattle. Special responsibilities include the production of milk, the purchase of tractors, and the importation and re-sale of fertilizer products.

Sumerbank

Ulus, Ankara
Telex: 43231 SBGM TR

This organization is responsible for the manufacture of various types of textiles, industrial chemicals, shoes and ceramics. It also purchases related equipment, machinery and raw materials.

Turkiye Gubre Fabrikalari A.S. Gen. M.D.

Konya Yolu 70, Ankara 06330

Telex: 42336 TUGS AR

Fax: (90-4) 222-4835

This organization is responsible for the production of nitrogen and other fertilizers and for the purchase of related equipment, machinery and complete mills.

Petkim

Aliaga, Izmir

Telex: 53950 PETE TR

This organization is responsible for the construction of petrochemical complexes and for the production of petrochemical products. It also purchases related equipment and machinery, complete mills and raw materials.

Turkish Radio-Television Corporation (TRT)

Ataturk Bulvari 181, Ankara

Telex: 42192 TRAN TR

TRT is responsible for all radio and television broadcasting, for the setting up of new broadcasting stations, for the purchases of related equipment and machinery, and for the construction of stations and radio links.

State Airports Administration (DHMI)

Konya Yolu, Etiler, Ankara

Telex: 44083 DHMI TR

DHMI is responsible for the operation of all airports. It also purchases aircraft servicing equipment and machinery, air traffic control equipment and radars.

Turkish Agricultural Supply Organization (TZDK)

Etilik, Ankara

Telex: 44245 ZDGM TR

TZDK is responsible for the importation, purchase and distribution of fertilizers and for the production and purchase of tractors.

VIII. BIBLIOGRAPHY

Barber, Noel. *Lords of the Golden Horn*.
London: McMillan, 1973.

Foreign Investment Directorate (SPO). *Foreign Investment Regulations and Application Forms*. May 1989.

Government of Turkey. State Statistics Institute. *Statistical Pocketbook of Turkey 1988*. Ankara, Turkey, 1989.

Gokalp, Ziya. *Turkish Nationalism and Western Civilization*.
London: George Allan and Urwin Ltd., 1959.

Kinross, Lord. *Ataturk: The Rebirth of a Nation*.
London: Weidenfeld and Nicolson, 1964.

Ramsaur, E.E., Jr. *The Young Turks, Prelude to the Revolution of 1908*. Princeton, N.J.: Princeton University Press, 1957.

Republic of Turkey, Prime Ministry State Planning Organization. *Fourth Five-Year Development Plan, 1989-1993*. Ankara, 1989.

Turkish Daily News. *Almanac of Turkey 1989*. 1989.

Turkish Free Zones Administration (SPO). *Free Trade Zones in Turkey*. August 1988.

U.S. Bureau of International Commerce. *Marketing in Turkey*. Overseas Business Report (OBR 89-02). Washington, D.C.: Government Printing Office, 1972.

Webster, Donald E. *The Turkey of Ataturk, Social Process in the Turkish Reformation*. Philadelphia: The American Academy of Political and Social Science, 1939.

IX. USEFUL ADDRESSES

In Turkey

Canadian Embassy

Nenehatun Caddesi 75
Gaziosmanpasa, Ankara
Tel: (90-4) 136-1275
Telex: (607) 42369 (DCAN TR)
Cable: DOMCAN ANKARA
Fax: (90-4) 146-44-37

Honorary Consul for Canada

Buyukdere Caddesi 107, Bengun Han
Gayrettepe, Istanbul
Tel: 170 0780

In Canada

Western Europe Trade, Investment and Technology Division (RWT)

External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario
K1A 0G2
Tel: (613) 995-6439

Embassy of the Republic of Turkey

197 Wurtemberg Street
Ottawa, Ontario
K1N 8L9
Tel: (613) 232-1577

The Canadian Council for Turkish Trade

c/o Mr. Les Cox
Assistant Vice-President, International Marketing
Northern Telecom
8200 Dixie Road
Bramalea, Ontario
L6V 2M6
Tel: (416) 451-9150
Telex: 06-97869 NECO BMTN
Fax: (416) 451-9150-X5901

International Trade Centres

If you have never marketed abroad, please contact External Affairs and International Trade Canada's International Trade Centre (ITC) in your province. ITCs are co-located with the offices of Industry, Science and Technology Canada, except in the Northwest Territories and the Yukon.

British Columbia

900-650 West Georgia Street
P.O. Box 11610
Vancouver, British Columbia
V6B 5H8
Tel: (604) 666-0434
Telex: 04-51191
Fax: (604) 666-8330

Alberta

Canada Place
Suite 540
9700 Jasper Avenue
Edmonton, Alberta
T5J 4C3
Tel: (403) 495-2944
Telex: 037-2762
Fax: (403) 495-4507
Suite 1100
510-5th Street S.W.
Calgary, Alberta
T5P 3S2
Tel: (403) 292-6660
Fax: (403) 292-4578

Saskatchewan

6th Floor
105-21st Street East
Saskatoon, Saskatchewan
S7K 0B3
Tel: (306) 975-5925
Telex: 074-2742
Fax: (306) 975-5334
4th Floor
1955 Smith Street
Regina, Saskatchewan
S4P 2N8
Tel: (306) 780-6108
Telex: 071-2745
Fax: (306) 780-6679

Manitoba

8th Floor
330 Portage Avenue
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Tel: (204) 983-8036
Telex: 07-57624
Fax: (204) 983-2187

Ontario

Dominion Public Building
4th Floor
1 Front Street West
Toronto, Ontario
M5J 1A4
Tel: (416) 973-5053
Telex: 065-24378
Fax: (416) 973-8161

Quebec

Stock Exchange Tower
800 Victoria Square
Suite 3800
P.O. Box 247
Montreal, Quebec
H4Z 1E8
Tel: (514) 283-8185
Telex: 055-60768
Fax: (514) 283-8794

New Brunswick

Assumption Place
770 Main Street
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
Tel: (506) 851-6452
Telex: 014-2200
Fax: (506) 851-6429

Nova Scotia

1801 Hollis Street
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-7540
Telex: 019-22525
Fax: (902) 426-2624

Prince Edward Island

Confederation Court Mall
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown
Prince Edward Island
C1A 7M8
Tel: (902) 566-7400
Telex: 014-44129
Fax: (902) 566-7450

**Newfoundland and
Labrador**

P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Tel: (709) 772-5511
Telex: 016-4749
Fax: (709) 772-2373

Industry, Science and Technology Canada

As noted above, the offices of Industry, Science and Technology Canada are co-located with the International Trade Centres, and are also situated in the following locations:

Business Centre

Industry, Science and
Technology Canada
235 Queen Street
Ottawa, ON
K1A 0H5
Tel: (613) 995-5771

Yukon

Suite 301
108 Lambert Street
Whitehorse, Yukon
Y1A 1Z2
Tel: (403) 668-4655
Fax: (403) 6 -5003

Northwest Territories

10th Floor
Precambrian Building
4922-52nd Street
Yellowknife
Northwest Territories
X1A 2R3
Tel: (403) 920-8568
Fax: (403) 873-6228

Notes

Tel: (03) 396-6103
Fax: (03) 396-6573

Notes

LIBRARY E A/BIBLIOTHEQUE A E



3 5036 20073652 1

MAIN HF 1010 .G85T9 1991
Turkey, a guide for Canadian
exporters 15234041

Storage
HF 1010 .G85T9 1991 STORAGE
Turkey, a guide for Canadian
exporters. --
15234041





External Affairs and
International Trade Canada

Affaires extérieures et
Commerce extérieur Canada