

WORLD TRADE ORGANIZATION

RESTRICTED

G/STR/Q1/TUR/3

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(97-2812)

Working Party on State Trading Enterprises

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Replies to Questions Posed by the UNITED STATES¹ Concerning
the Article XVII Notification of TURKEY²

The following communication, dated 30 June 1997, has been received from the Permanent Mission of Turkey.

Q1. We note that Turkey did not include a number of State Economic Enterprises in its Article XVII notification, such as Turkish Sugar Factories, Tea Industry Corporation, Turkish Agricultural Supply Corporation and the Meat and Fish Organization. We understand that these entities enjoy "special or exclusive rights or privileges" in the meaning of the Understanding on the Interpretation of Article XVII of the GATT 1994.

Could Turkey explain why these entities were not included in the notification?

Reply

The enterprises in question do not have any special or exclusive rights or privileges in the meaning of Article XVII:4(a) of the GATT 1994 and Paragraph 1 of the Understanding on the Interpretation of Article XVII of the GATT 1994.

Since they do not have any special or exclusive rights or privileges, the activities of these enterprises in question were not included in Turkey's Article XVII notification.

Q2. We note that Turkey did not include tobacco under its notification of TEKEL in its Article XVII notification. we understand that this entity enjoys "special or exclusive rights or privileges" for tobacco in the meaning of the Understanding on the Interpretation of Article XVII of the GATT 1994.

Could Turkey explain why this product was not included in the notification?

Reply

Turkish State Monopoly (TEKEL) does not enjoy any special rights or privileges for tobacco in the meaning of Article XVII:4(a) of the GATT 1994 and Paragraph 1 of the Understanding on the Interpretation of Article XVII of the GATT 1994.

¹G/STR/W/10.

²G/STR/N/1/TUR.

Furthermore, under the framework of the Law for Tobacco and the Monopoly of Tobacco, the import of this product was fully liberalized.

Since there is no special or exclusive right or privilege for this product, tobacco was not included under the activities of TEKEL in Turkey's Article XVII notification.

Q3. We note that for the Turkish Grain Board, Turkey did not provide any specific information under Description of the Functioning of the State Trading Enterprise, part 3 of the 1960 Questionnaire. Turkey made the following report in its notification:

"Turkish Soil Product Office (Turkish Grain Board) was established in 1938 with state capital to administer purchases for wheat, coarse grains and other commodities under its responsibility; to sell these commodities on domestic markets and when authorized by the Government to augment domestic supplies with imports and to export surpluses. The Office is excepted from the Mass Housing Fund Levy in its imports of the goods listed above in Section I:A according to current Import Regime."

- (a) Could Turkey report on the specific activities used by the Turkish Grain Board, such as the mechanisms the Turkish Grain Board uses to make purchases (both domestic and imports), what its purchasing criteria are, and how prices for imported products compare to domestic prices?**
- (b) In addition, could Turkey report on the relation of the Turkish Grain Board with private traders?**

Reply

With the entry into force of the Customs Union between Turkey and the EC on 1 January 1996, Turkey made important legal and practical arrangements on a very wide variety of fields particularly in commercial and competition policies.

The comprehensive measures taken by Turkey were published in the Official Gazette dated 31 December 1995 (No. BIS 22510) with the Import Regime of Turkey. The special and exclusive rights and privileges granted to public enterprises and state monopolies of commercial nature, by the Import Regime, were terminated. In this context, the exclusive right granted to the Turkish Grain Board (Turkish Soil Product Office) to import some products free of mass housing fund levies was abolished. In relation to this, I would like to inform you that we shall provide our updating notification as soon as possible.

However, detailed information about the specific activities of the Turkish Grain Board is provided under the following paragraphs.

The Turkish Grain Board is an institution responsible for purchasing and selling of cereals and other commodities with determined prices, providing and maintaining necessary stocks for the products under its responsibility and by this way maintaining the stability in the market for these products.

In case of necessity, the Turkish Grain Board can export and import the products.

Other functions of the Board are: preserving, drying, cleansing, disinfecting and classifying the products under its responsibility, operating depots and silos, establishing undertakings or organizations

in the domestic or foreign markets, renting buildings necessary for the use of the Board and renting the Board's properties.

The Turkish Grain Board considers and evaluates the world production figures and prices of the products under its responsibility.

The Turkish Grain Board makes quality determination for the products subject to importation to Turkey. The Board determines selling prices of these products by considering the quality criteria and import costs.

Import and export activities of the Board are done by international public tender. In this context, I would like to state that there is no limitation nor discrimination between the local and foreign firms to participate in this public tender.