

WORLD TRADE ORGANIZATION

G/STR/N/7/TUR
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Working Party on
State Trading Enterprises

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STATE TRADING

Updating Notification Pursuant to Article XVII:4(a)
of the GATT 1994 and Paragraph 1 of the Understanding on
the Interpretation of Article XVII

TURKEY

The following communication, dated 12 March 2003, has been received from the Permanent Mission of Turkey.

STATE TRADING (G/STR/N/7/TUR)

New and Full Notification Pursuant to Article XVII:4(a) of the GATT and Paragraph 1 of the Understanding on the Interpretation of Article XVII

TURKEY

I. ENUMERATION OF STATE TRADING ENTERPRISES

A. TURKISH STATE MONOPOLY (TEKEL)

HS Code	Description of Goods
22.03	Beer made from malt
22.04	Wine of fresh grapes, including fortified wines; grapes must other than that of heading No. 20.09 (excluding 2204.10 and 2204.30)
22.05	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances
22.06	Other fermented beverages (for example, cider, perry, mead) mixtures of fermented beverages and non-alcoholic beverages not elsewhere specified or included
22.07	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher; ethyl alcohol and other spirits, denatured, of any strength
22.08	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 per cent vol.; spirits, liqueurs and other spirituous beverages (excluding 2208.30)

B. TURKISH RED CRESCENT

HS Code	Description of Goods
1211.90.95.00.14	Cinchona bark
2827.60.00.30.00	Potassium iodide
2939.21.29	Alkaloids of cinchona and their derivations

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING STATE TRADING ENTERPRISES

A. TURKISH STATE MONOPOLY (TEKEL)

1. The main purpose of the Enterprise is to reduce the negative consequences of alcohol consumption by controlling the flow of alcoholic beverages and spirits. The Enterprise which has a monopoly right does not seek profit on behalf of the Government. Its purchase policy is maintained by taking into consideration the domestic demand. Also, the most important function of the Enterprise is to prevent illegal trade and illegal profits by effectively controlling the trade of alcohol and alcoholic beverages.

2. The enterprise (TEKEL) has exclusive rights with regard to importation and domestic sale of certain spirits and beverages containing alcohol and ethyl alcohol (liquors and other spirituous beverages, wine and fruit wine, beer and ethyl alcohol) and production of some alcoholic beverages

other than beer, wine and fruit wine. On the other hand, TEKEL does not have monopoly rights on the importation of whisky and natural sparkling wine (Law No. 4250 of 1942).

B. TURKISH RED CRESCENT

1. The purpose of the exclusive rights granted to the TRCS to import certain goods listed in section I.B is to enable the institution to fight against the diseases of Malaria and Syphilis.

2. TRCS which is a voluntary, non-profit aid organization in the field of health has exclusive rights to import cinchona bark, potassium iodide and alkaloids of cinchona and their derivations into Turkey (Law No. 2767 on the Drugs for Malaria and Syphilis of 1935).

III. DESCRIPTION OF THE FUNCTIONING OF STATE TRADING ENTERPRISES

A. TURKISH STATE MONOPOLY (TEKEL)

- The only privilege granted to TEKEL is stated in Section II.
- This Enterprise does not have any privilege in its commercial activities compared with other private firms.
- The importation of natural sparkling wine and whisky by importers and the exportation of malt and wine by their producers are free (Law No. 4250).
- The volume of import/export is determined with respect to the domestic/foreign demand.
- The export prices are determined by TEKEL according to:
 - The cost of production and;
 - The customs duty and tax rates on alcoholic beverages in the importing countries.
- The domestic sale prices of imported goods are determined by TEKEL according to:
 - The c.i.f. price of imported beverages;
 - The customs duty and tax rates on these products;
 - The domestic sale prices of like products for certain beverages.
- TEKEL does not have any long-term contractual obligations. There is no governmental influence on the import and export level of this Enterprise.

B. TURKISH RED CRESCENT (TRCS)

- TRCS is a voluntary aid organization which has been functioning for 130 years. Its activities are subject to the commercial provisions of private law. TRCS carries out certain humanitarian and health missions during ordinary or extraordinary circumstances.
- TRCS has no further privileges other than those cited in Section II.
- The volume of importation is determined according to the domestic needs.

- The domestic sale prices of imported goods are determined by TRCS as the sum of cost price and a reasonable amount of profit.

IV. STATISTICAL INFORMATION

See attached tables.

ANNEX I

TABLE I.A

State Trading: The Turkish State Monopoly (TEKEL)

STATISTICAL INFORMATION: IMPORTS

Description of product(s) (including HS number(s))	Total quantity imported (Thousand l.)			Total quantity imported by state trading enterprise (Thousand l.)			Average import price (US\$/L.)			Average representative domestic sales price (US\$/L.)			National production (Thousand l.)		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
22.03 Beer	478	743	576	478	743	576	1.2	1.2	0.9				685.779	675.960	689.349
22.04 Wine	210	105	216	210	78	216	2.1	2.3	1.6				34.463	25.993	23.311
22.05 Vermouth etc.	53	10	32	53	10	32	3.0	2.5	2.2	14.4	28.7	19.5	254	253	12
22.06 Other fermented beverages															
22.07 Alcohol	4.046	24	38	4.014	22	38	0.7	3.4	1.6	2.0	1.6	1.6	5.338	4.857	4.774
22.08 Other alcoholic drinks	416	769	521	413	343	521	0.3	5.6	9.5	11.1	36.0	8.5	93.617	94.513	80.053

TABLE I.B

State Trading: Turkish Red Crescent Society (KIZILAY)

STATISTICAL INFORMATION: IMPORTS

Description of product(s) (including HS number(s))	Total quantity imported			Total quantity imported by state trading enterprise			Average import price (FOB)			Average representative domestic sales price		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
1211.90.95.00.14 Cinchona bark												
2827.60.00.30.00 Potassium iodide	10,454 kg	70,640 kg	51,219 kg	10,454 kg	70,640 kg	51,219 kg	22,38 US\$/kg	20.83 US\$/kg	19,36 US\$/kg	21 US\$/kg	27.45 US\$/kg	28.50 US\$/kg
2939.21.11.00.00 Quinine NCL										54 US\$/kg		
2939.21.90.00.00 Quinidine Sulfate	350 kg	100 kg	230 kg	350 kg	100 kg	230 kg	217 DM/kg	239 DM/kg	1930 FFR/kg	300 DM/kg	300 DM/kg	3190 FFR/kg
2939.29.00.00.11 Quinidine Phenyethyl Bertiturate	100 kg	30 kg		100kg	30 kg		1,400 FFR/kg	1,400 FFR/kg		1,800 FFR/kg	2,417 FFR/kg	

TABLE II

State Trading: The Turkish State Monopoly (TEKEL)*STATISTICAL INFORMATION: EXPORTS*

Description of product(s) (including HS number(s))	Total quantity imported (Thousand l.)			Total quantity imported by state trading enterprise (Thousand l.)			Average import price (US\$/L.)			Average representative domestic sales price (US\$/L.)			Average export price			National production (Thousand l.)		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
22.03 Beer	33.638	25.447	25.734													685.779	675.960	689.34
22.04 Wine	4.659	4.240	5.836	1.297	894	5.692	0.50	0.51	0.70	3.07	4.11	2.56	0.36	0.36	0.27	34.463	25.993	23.31
22.05 Vermouth etc.	1	0	0		0			0.85			5.99			0.02		254	253	1
22.06 Other fermented beverages	0	3	0															
22.07 Alcohol	13	906	10	13	24	10	0.81	0.81	0.60	1.70	1.62	1.55	0.73.	0.73	0.74	5.338	4.857	4.77
22.08 Other alcoholic drinks	2.196	2.560	2.716	1.746	19	1.654	1.38	1.61	1.50	7.14	12.32	8.14	3.00	2.98	2.92	93.617	94.513	80.053

TABLE III

State Trading: The Turkish State Monopoly (TEKEL)

STATISTICAL INFORMATION: DOMESTIC ACTIVITIES

Description of product(s) (including HS number(s))	Domestic purchases by State trading enterprise (Thousand l.)			National production (Thousand l.)			Domestic sales by State Trading Enterprise (Thousand l.)			National consumption (Thousand l.)		
	1998	1999	2000	1998	1999	2000	1998	1999	2000	1998	1999	2000
22.03 Beer				685.779	675.960	689.349	12.040	12.850	9.365	725.865	686.450	654.040
22.04 Wine				34.463	25.993	23.311	12.476	10.076	6.864	21.362	29.850	30.871
22.05 Vermouth etc.				254	253	12	266	217	39	266	217	39
22.06 Other fermented beverages												
22.07 Alcohol				5.338	4.857	4.774	6.487	5.013	4.967	6.487	5.013	4.967
22.08 Other alcoholic drinks				93.617	94.513	80.053	89.427	87.024	79.475	89.427	87.024	79.475

STATE TRADING - UPDATING NOTIFICATION OF 2002 (G/STR/N/8/TUR)**New and Full Notification Pursuant to Article XVII:4(a) of the GATT and Paragraph 1 of the Understanding on the Interpretation of Article XVII****I. ENUMERATION OF STATE TRADING ENTERPRISES****A. TURKISH STATE MONOPOLY (TEKEL)**

HS Code	Description of Goods
22.03	Beer made from malt
22.04	Wine of fresh grapes, including fortified wines; grapes must other than that of heading No. 20.09 (excluding 2204.10 and 2204.30)
22.05	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances
22.06	Other fermented beverages (for example, cider, perry, mead) mixtures of fermented beverages and non-alcoholic beverages not elsewhere specified or included
22.07	Undenatured ethyl alcohol of an alcoholic strength by volume of 80 per cent vol. or higher; ethyl alcohol and other spirits, denatured, of any strength
22.08	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80 per cent vol.; spirits, liqueurs and other spirituous beverages (excluding 2208.30)

B. TURKISH RED CRESCENT

HS Code	Description of Goods
1211.90.95.00.14	Cinchona bark
2827.60.00.30.00	Potassium iodide
2939.21.29	Alkaloids of cinchona and their derivations

II. REASON AND PURPOSE FOR INTRODUCING AND MAINTAINING STATE TRADING ENTERPRISES**A. TURKISH STATE MONOPOLY (TEKEL)**

1. The exclusive and special rights of TEKEL on the production, importation and exportation of the goods listed in Section IA have been terminated by the Laws No. 4619 and 4733.

2. By the promulgation of the Law No. 4619 (Official Gazette of 20 January 2001, No. 24293), the production, trade, distribution and fixing price of alcohol and alcoholic beverages are set free on certain conditions. According to this Law, firms can freely fix prices and continue their business activities provided that their annual production, sale or importation of alcoholic beverages must not be less than the level designated in the Provisional Article 1 of the Law No. 4619.

3. In addition to this, a new autonomous board, namely "Tobacco, Tobacco Products and Alcoholic Beverages Market Monitoring Board" has been established by the Law No. 4733 (Official Gazette of 9 January 2002, No. 24635) for monitoring and supervising of the production, sale and trade of alcoholic products.

B. TURKISH RED CRESCENT

1. There have been no changes in the activities of the Turkish Red Crescent (KIZILAY) since the previous notification. The statistical information about the imports of KIZILAY is included in Annex tables.

III. DESCRIPTION OF THE FUNCTIONING OF STATE TRADING ENTERPRISES

A. TURKISH STATE MONOPOLY (TEKEL)

- TEKEL does not have any right or privilege in its production, marketing and other commercial activities compared with other private firms.
- The volume of import/export is determined with respect to the domestic/foreign demand.
- Like other firms, TEKEL takes into account the domestic and foreign market conditions, the cost of raw materials, prices of labour and rates of taxes when determining the level of production, the quantity and prices of imported and exported goods.
- Currently, TEKEL is the sole producer in high alcoholic beverages market and its shares in wine and beer markets are 23 per cent and 1,5 per cent respectively.

IV. STATISTICAL INFORMATION

See attached tables.

ANNEX II

TABLE I.A

State Trading: The Turkish State Monopoly (TEKEL)

STATISTICAL INFORMATION: IMPORTS

Description of product(s) (including HS number(s))	Total quantity imported (Thousand l.)			Total quantity imported by state trading enterprise (Thousand l.)			Average import price (US\$/L.)			Average representative domestic sales price (US\$/L.)			National production (Thousand l.)		
	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001
22.03 Beer	743	576	154	743	576	101	1,2	0,9	0,1				675.960	689.349	771.823
22.04 Wine	105	216	143	78	216	56	2,3	1,6	1,1				25.993	23.311	28.234
22.05 Vermouth etc.	10	32	34	10	32		2,5	2,2		28,7	19,5		253	12	
22.06 Other fermented beverages															
22.07 Alcohol	24	38	30	22	38		3,4	1,6		1,6	1,6		4.857	4.774	4.665
22.08 Other alcoholic drinks	769	521	440	343	521	44	5,6	9,5	5,5	36,0	8,5	16,5	94.513	80.053	79.709

TABLE I.B

State Trading: Turkish Red Crescent Society (KIZILAY)

STATISTICAL INFORMATION: IMPORTS

Description of product(s) (including HS number(s))	Total quantity imported			Total quantity imported by state trading enterprise			Average import price (FOB)			Average representative domestic sales price		
	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001
1211.90.95.00.14 Cinchona bark												
2827.60.00.30.00 Potassium iodide	70,640 kg	51,219 kg	15,815 kg	70,640 kg	51,219 kg	15,815 kg	20.83 US\$/kg	19,36 US\$/kg	18.03 US\$/kg	27.45 US\$/kg	28.50 US\$/kg	25.15 US\$/kg
2939.21.11.00.00 Quinine NCL			250 kg			250 kg			140 US\$/kg			164 US\$/kg
2939.21.90.00.00 Quinidine Sulfate	100 kg	230 kg	159,3 kg	100 kg	230 kg	159,3 kg	239 DM/kg	1930 FFR/kg	179 EUR/kg	300 DM/kg	3190 FFR/kg	250 EUR/kg
2939.29.00.00.11 Quinidine Phenyethyl Bertitrate	30 kg			30 kg			1,400 FFR/kg			2,417 FFR/kg		

TABLE II

State Trading: The Turkish State Monopoly (TEKEL)*STATISTICAL INFORMATION: EXPORTS*

Description of product(s) (including HS number(s))	Total quantity imported (Thousand l.)			Total quantity imported by state trading enterprise (Thousand l.)			Average import price (US\$/L.)			Average representative domestic sales price (US\$/L.)			Average export price			National production (Thousand l.)		
	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001
22.03 Beer	25.447	25.734	27.505													675.960	689.349	771.823
22.04 Wine	4.240	5.836	4.799	894	5.692	4.714	0,51	0,70	0,50	4,11	2,56	1,41	0,36	0,27	0,25	25.993	23.311	20.234
22.05 Vermouth etc.	0	0	5	0			0,85			5,99			0,02			253	12	
22.06 Other fermented beverages	3	0	0															
22.07 Alcohol	906	10	2.068	24	10	10	0,81	0,60	0,66	1,62	1,55	1,32	0,73	0,74	0,56	4.857	4.774	466.4
22.08 Other alcoholic drinks	2.560	2.716	3.093	19	1.654	1.811	1,61	1,50	1,16	12,32	8,14	6,40	2,98	2,92	3,04	94.513	80.053	79.709

TABLE III

State Trading: The Turkish State Monopoly (TEKEL)

STATISTICAL INFORMATION: DOMESTIC ACTIVITIES

Description of product(s) (including HS number(s))	Domestic purchases by State trading enterprise (Thousand l.)			National production (Thousand l.)			Domestic sales by State Trading Enterprise (Thousand l.)			National consumption (Thousand l.)		
	1999	2000	2001	1999	2000	2001	1999	2000	2001	1999	2000	2001
22.03 Beer				675.960	689.349	771.823	12.850	9.365	12.707	686.450	654.040	692.300
22.04 Wine				25.993	23.311	28.234	10.076	6.864	7.729	29.850	30.871	26.755
22.05 Vermouth etc.				253	12		217	39	23	217	39	23
22.06 Other fermented beverages												
22.07 Alcohol				4.857	4.774	4.664	5.013	4.967	4.717	5.013	4.967	4.717
22.08 Other alcoholic drinks				94.513	80.053	79.709	87.024	79.475	76.197	87.024	79.475	76.197
