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TRADE AND DEVELOPMENT BOARD

**GENERALIZED SYSTEM OF PREFERENCES**

**Scheme of Turkey**

The UNCTAD secretariat has received the following communication from the Government of Turkey:

“... to transmit, herewith, the text of the Turkish regulation concerning the application of the generalized system of preferences in respect of certain products originating in developing and least developed countries ...”.

The full text of the communication will be made available shortly in the form of a handbook.

**TURKEY'S GSP**  
**(Generalized System of Preferences)**

May 2002

**EXPLANATORY NOTES**

Generalised System of Preferences (GSP) aims at contributing to the economic development of developing countries. GSP provides benefits to developing countries by enabling qualified products to enter the markets of preference - giving countries changing rates from duty free to reductions in the MFN rate.

On the other hand, Turkey applied for association with the European Economic Community in 1959, one year after the enforcement of the Treaty of Rome. The Ankara Agreement of 1963 and the Additional Protocol of 1970 are two important documents, which identify modalities and calendars ensuring the future customs union and confirms the ultimate aim of full membership.

The customs union covering industrial products and processed agricultural products which came into force on 1 January 1996 with Decision No 1/95 of The Turkey - EC Association Council was an outcome of these calendars.

Article 16 of Decision No 1/95 of the Association Council states that "With a view to harmonising its commercial policy with that of the EC, Turkey shall align itself progressively with preferential customs regime of the EC within five years as from the date of entry into force of this decision. This alignment will concern both autonomous regimes and preferential agreements with third countries."

Within this context, Turkey initiated a Generalised System of Preferences by harmonising with EC's GSP on 1 January 2002.

**BENEFICIARIES**

Turkey grants preferential treatment to selected countries and territories which are classified as developing countries in Worldbank statistics in line with EC

Beneficiary countries are announced annually in Annexes of The Import Regime Decree.

**PRODUCT COVERAGE**

Preferences are granted for selected industrial products. Turkey adapted the GSP system of the EC only for the raw materials and semi-products in which those items account for approximately 2.500 Turkish Customs Tariff Numbers. (12 digit-Turkish Statistical codes based on HS Codes) 2.500 products are approximately 15-20 % of the total Turkish Customs Tariff Number. These products were generally selected from the Chapters 28, 29, 37, 38, 82, 84, 85 and some products from other Chapters as well.

Preferences aren't granted for agricultural products.

## DEPTH OF TARIFF CUTS FOR GSP PRODUCTS

Preferences are differentiated according to the sensitivity of the products fully in harmony with the EC's. It is sufficient to differentiate between two product categories, namely non-sensitive and sensitive products for the developing countries.

Tariff duties on non-sensitive products are suspended, while duties on sensitive products are subject to a tariff reduction.

As for the least developed countries, tariff duties are suspended.

Finally, Turkey adopted the same tariff duties with the EC, neither higher nor lower, for GSP products.

Turkey has reserved the right to suspend preferential treatment for GSP products under certain circumstances.

## GRADUATION MECHANISM (Country/Sector)

Turkey applied graduation mechanism for concerned list in line with EC's application.

## RULES OF ORIGIN UNDER THE TURKISH GSP SCHEME

In the context of Generalised System of Preferences, Turkey has granted tariff preferences to the beneficiary countries as from 1 January 2002 as a result of the customs union between Turkey and the European Community which is based on Association Council Decision No 1/95 between Turkey and the European Community.

The rules of origin are regulated by "*Decision on Determination of Origin of Goods Benefiting from Preferential Regime for the Purposes of the Generalised System of Preferences No. 2001/3485*" (Hereinafter referred to as "Decision") which is published on the Turkish Official Gazette on 30 December 2001.

The Decision regulates the procedures and principles on determining the origin of goods benefiting from the preferential regime at trade with Turkey for the purposes of the Generalised System of Preferences. The provisions of Decision are in accordance with the ones of the "Commission Regulation No 1602/2000 amending Regulation No. 2454/93 laying down provisions for the implementation of Council Regulation No 2193/92 establishing the Community Customs Code"

*Goods to benefit from preferential treatment under the Turkish GSP scheme must meet the following main three requirements:*

- 1- *Exporting country must be designated as beneficiary country;*
- 2- *The product must be eligible for the GSP treatment;*
- 3- *The product must meet the origin criteria*

Concerning the origin criteria, goods exported from beneficiary country to Turkey must comply with the requirements of rules of origin if they are to benefit from the preferential tariff treatment provided that they are under the GSP scheme. Goods not complying with the rules of origin requirements will be denied preferential treatment and the normal duty rate will apply to these goods.

*The rules of origin under Turkish GSP scheme comprises the following elements;*

- (1) *Origin Criteria*
- (2) *Direct Consignment*
- (3) *Documentary Evidence*

### *(1) Origin Criteria*

Article 3, 4, 6 and 7 of Decision refers to the conditions of products to be considered as originating in Turkey or in a beneficiary country. Article 5 concerns cumulation with Norway, Switzerland and the European Community. Article 13 sets out the provision with Regional Cumulation.

*-Wholly Obtained Products*  
(Article 6)

The following shall be considered as wholly obtained in Turkey or in a beneficiary country:

- (1) mineral products extracted from its soil or from its seabed;
- (2) vegetable products harvested there;
- (3) live animals born and raised there;
- (4) products from live animals raised there;
- (5) products obtained by hunting or fishing conducted there;
- (6) products of sea fishing and other products taken from the sea outside its territorial waters by its vessels;
- (7) products made on board its factory ships exclusively from the products referred to in subparagraph (6);
- (8) used articles collected there fit only for the recovery of raw materials;
- (9) waste and scrap resulting from manufacturing operations conducted there;
- (10) products extracted from the seabed or below the seabed which is situated outside its territorial waters but where it has exclusive exploitation rights;
- (11) goods produced there exclusively from products specified in subparagraphs (1) to (10)."

*-Products which have undergone sufficient working or processing*  
(Article 7)

Products which are not wholly obtained are considered to be sufficiently worked or processed when the conditions set out in the list in Annex II of the Decision are fulfilled.

On the other hand, non-originating materials may be used in the manufacture of a product provided that (a) their total value does not exceed 10 per cent of the ex-works price of the product; (b) any of the percentages given in the list for the maximum value of non-originating materials are not exceed through the application of this paragraph.

*-Bilateral Cumulation*  
(Article 4)

Materials originating in Turkey shall be considered as materials originating in a beneficiary country when incorporated into a product obtained there. It shall not be necessary that such materials have undergone sufficient working or processing; provided they have undergone working or processing going beyond the operations referred to in Article 8 of the decision.

*-Insufficient Working or Processing  
(Article 8)*

The following operations shall be considered as insufficient working or processing to confer the status of originating products

- (a) operations to ensure the preservation of products in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);
- (b) simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;
- (c) changes of packing and breaking-up and assembly of packages, simple placing in bottles, flasks, bags, cases, boxes, fixing on cards or boards, etc., and all other simple packaging operations;
- (d) affixing marks, labels and other like distinguishing signs on products or their packaging;
- (e) simple mixing of products, whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in this Decision to enable them to be considered as originating in the Republic of Turkey or in a beneficiary country;
- (f) simple assembly of parts to constitute a complete product;
- (g) a combination of two or more of the operations specified in subparagraphs (a) to (f);
- (h) slaughter of animals.

*-Cumulation with Norway, Switzerland and the European Community  
(Article 5)*

Article 5 lays down the provision with cumulation with Norway, Switzerland and EC. However, this Article will not be applicable till necessary agreements will be made between these countries.

*-Regional Cumulation  
(Article 13)*

According to the Article 13 of the decision, regional cumulation is applicable which means that products originating in any of the countries of that regional group and used in further manufacture in another country of the group shall be treated as if they originated in the country of further manufacture.

Four regional economic groups may utilize the Turkish GSP Scheme. *These are;*

- (a) the Association of South-East Asian Nations (ASEAN) (Brunei-Darussalam, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam)
- (b) the Central American Common Market (CACM) (Costa Rica, Honduras, Guatemala, Nicaragua, Panama, El Salvador);
- (c) the Andean Community (Bolivia, Colombia, Ecuador, Peru, Venezuela);
- (d) the South Asian Association for Regional Cooperation (SAARC) (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka).

On the other hand the provisions relating to the regional cumulation shall be applied provided that these rules, as between the countries of the regional group, are identical to those laid down in this Decision and each country of the regional group has undertaken to comply or ensure compliance with the terms of this Decision and to provide the administrative cooperation necessary both to Turkey and to the other countries of the regional group in order to ensure the correct issue of certificates of origin Form A and the verification of certificates of origin Form A and invoice declarations.

*This undertaking shall be transmitted via diplomatic channels to Turkey.*

*(2) Direct Consignment:*

According to the Article 22 of the Decision, preferential treatment shall only be applied to the products fulfilling the requirements of this Decision and transported directly between Turkey and the beneficiary country.

This requirement aims at to ensure that goods shipped from a beneficiary country are the same goods as those presented at the port of entry in to Turkey and that they have not been manipulated or further processed in third countries during shipment.

*(3) Documentary Evidence*

*(a) Products originating in the beneficiary country shall benefit from the Generalised System of Preferences on importation to Turkey on submission of either Certificate of Origin Form A or Invoice Declaration.*

*-Certificate of Origin Form A*

Originating products within the meaning of the Decision shall be eligible, on importation into the Republic of Turkey to benefit from the preferential regime on submission of a certificate of origin Form A which is issued by the customs authorities or by other competent governmental authorities of the beneficiary country.

*-Invoice Declaration*

An invoice declaration may be made out if the products concerned can be considered as originating in Turkey or in a beneficiary country and fulfil the other requirements of the Decision. The invoice declaration may be either made out by an approved exporter of the Republic of Turkey or by any exporter for any consignment consisting of one or more packages containing originating products whose total value does not exceed EUR 6000.

*-Certificate of origin Form A issued retrospectively and duplicated*

A certificate of origin Form A may be exceptionally issued after exportation of products in the following cases.

-it was not issued at the time of exportation because of errors and involuntary omissions or special circumstances

-It is demonstrated to the satisfaction of the competent governmental authorities that a certificate of origin Form A was issued but not accepted at importation for technical reasons.

In the event of the theft, loss or destruction of a certificate of origin Form A, the exporter of a certificate of origin Form A, the exporter may apply to the governmental authorities which issued it for a duplicate to be made out on the basis of the export documents in their possession.

*(b) On exportation from Turkey to the beneficiary countries in order to benefit from bilateral cumulation for goods originating in Turkey and fulfilling the other requirements of the Decision, evidence of the originating status of products shall be furnished by either an EUR 1 movement certificate or an invoice declaration.*

The procedures and principles of use of EUR 1 Movement Certificates issued and invoice declarations are laid down in the "Regulation on Movement Certificate of EUR 1 and Invoice Declaration To Be Issued On Exportation Under The Generalised System of Preferences of Turkey" which is published on the Turkish Official Gazette numbered 24704 on 23 April 2002.

*-Non commercial Products*

Products sent as small packages from private persons not exceed the value of which does not exceed EUR 500 and ones forming part of traveller's personal luggage the total value of which does not exceed EUR 1200 shall be admitted as originating without requiring the submission of proof of origin.

*-Validity of Proof of Origin*

A proof of origin shall be valid for ten months from the date of issue in the exporting country and shall be submitted within the said period to the customs authorities of the importing country.



*-Subsequent Verification*

The information provided on certificates of origin Form A and invoice declarations may be verified at random or whenever the customs authorities of Turkey have reasonable doubt as to the authenticity of the document or the accuracy of the information regarding the origin of the goods.

When an application for subsequent verification has been made, such verification shall be carried out and its results communicated to Turkey within a maximum of six months. If in cases of reasonable doubt there is no reply within the six months or if the reply does not contain sufficient information to determine the authenticity of the document in question or the real origin of the products, a second communication shall be sent to the competent authorities. If after the second communication the results of the verification are not communicated to the requesting authorities within four months, or if these results do not allow the authenticity of the document in question or the real origin of the products to be determined, the requesting authorities shall, except in exceptional circumstances, refuse entitlement to the preferential regime.

*-Validity*

The Decision shall enter into force as from 1 January 2002.

## ANNEX II

## Beneficiary countries and territories of Turkey's scheme of Generalised System of Preferences

A-Developing Countries (DCs)			
Countries	Chapters Excluded	Countries	Chapters Excluded
United Arab Emirates		India	50;53;59
Antigua and Barbuda		British Indian Ocean Territory	
Anguilla		Iraq	
Netherlands Antilles		Iran (Islamic Republic of)	
AQ Antarctica		Jamaica	
Argentina		Jordan	
American Samoa		Kenya	
Aruba		Kyrgyzstan	
Azerbaijan		St Kitts and Nevis	
Barbados		Kuwait	
Bahrain		Cayman Islands	
Bermuda		Kazakhstan	7202.50.00;7202.70.00; 7202.91.00;7202.99.30; 7202.99.80; 75; 81
Brunei Darussalam		Lebanon	
Bolivia		St Lucia	
Brazil	65,67,86	Sri Lanka	
Bahamas		Libyan Arab Jamahiriya	
Bouvet Island		Morocco	
Belarus		Moldova (Republic of)	
Belize		Marshall Islands	
Cocos Islands (or Keeling Islands)		Mongolia	
Congo		Macao	
Côte d'Ivoire		Northern Mariana Islands	
Cook Islands		Montserrat	
Chile		Mauritius	
Cameroon		Mexico	
People's Republic of China	28,29,32,33,38,65,67,68; 7202.50.00;7202.70.00; 7202.91.00; 7202.99.30; 7202.99.80;75,81,94,95,96	Malaysia	39; 85.04; 85.05; 85.18; 85.22; 85.23; 85.29; 85.31; 8540.11; 8540.12
Colombia		Namibia	
Costa Rica		New Caledonia	
Cuba		Norfolk Island	
Christmas Islands		Nigeria	
Dominica		Nicaragua	
Dominican Republic		Nauru	
Algeria		Niue Island	
Ecuador		Oman	
Egypt		Panama	
Fiji		Peru	
Falklands Islands		French Polynesia	
Federated States of Micronesia		Papua New Guinea	
Gabon		Philippines	
Grenada		Pakistan	50;53;59
Georgia		St Pierre and Miquelon	
China		Pitcairn	
Gibraltar		Palau	
Greenland		Paraguay	
South Georgia and South Sandwich Islands		Qatar	
Guatemala		Russian Federation	7202.50.00; 7202.70.00; 7202.91.00; 7202.99.30; 7202.99.80; 75; 81
Guam		Saudi Arabia	
Guyana		Seychelles	
Heard Island and McDonald Islands		Santa Helena	
Honduras		Senegal	
Indonesia	65,67	Suriname	
El Salvador		Ukraine	
Syrian Arab Republic		United States Minor outlying islands	
Swaziland		Uruguay	
Turks and Caicos Islands		Uzbekistan	
French Southern territories		St Vincent and Northern Grenadines	
Thailand	39,65,67,94,95,96	Venezuela	
Tajikistan		Virgin Islands (British)	
Tokelau Islands		Virgin Islands (USA)	
Turkmenistan		Viet Nam	
Tunisia		Wallis and Futuna	
East Timor		Mayotte	
Trinidad and Tobago		South Africa	
		Zimbabwe	

**B-Least Developed Countries (LDCs)**

Afghanistan	Madagascar
Angola	Malawi
Bangladesh	Maldives
Benin	Mali
Bhutan	Mauritania
Botswana	Mozambique
Burkina Faso	Myanmar
Burundi	Nepal
Cape Verde	Niger
Djibouti	Central African Republic
Chad	Rwanda
Equatorial Guinea	Samoa
Eritrea	São Tomé and Príncipe
Ethiopia	Sierra Leone
Gambia	Solomon Islands
Guinea	Somalia
Guinea-Bissau	Sudan
Haiti	Tanzania (United Republic of)
Cambodia	Togo
Kiribati	Tonga
Comoros	Tuvalu
Democratic Republic of Congo	Uganda
Lao People's Democratic Republic	Vanuatu
Lesotho	Yemen
Liberia	Zambia