

U.S. Country Commercial Guides



Turkey 2020

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Doing Business in Turkey

Market Overview

Turkey has experienced a series of economic challenges over the last few years, most recently exacerbated by the COVID-19 pandemic. Currently the 19th largest economy (in nominal terms), Turkey's ambitions to become a top ten economy by 2023 (the 100th anniversary of the Republic) will continue to be stymied by a decrease in consumer demand, a weakening currency, fluctuating unemployment and an increase in protectionist and populist measures, including import tariffs and localization efforts. However, given its location at the crossroads of Europe and the Middle East, Turkey still presents opportunities for American firms. In addition to its advantageous geographical position, Turkey has a large middle class, a youthful population (median age is 31), and a strong sense of entrepreneurship. Nearly 1,900 American firms, including some of the United States' largest and most recognized brands, are active in Turkey; many have been in the market for decades. Moreover, more than 60 U.S. companies have established offices in the country.

According to Turkish government statistics, the Turkish economy grew 0.9% in 2019, a marked decrease from prior years' growth, which was boosted by public and private infrastructure projects, including airports, highways and new housing developments. Now, the weight of large public and corporate debt (much of which is denominated in dollars or euros), along with financial market concerns about the near-term health of Turkey's economy, has led to a further loss in value of over 20% in the Turkish lira against the dollar so far in 2020 (as of September 1). For 2020, the economy is expected to contract for the first time in over a decade, with economists' estimates varying from 3% to 5%, before recovering to up to 5% in 2021.

U.S.-Turkish trade in goods reached \$20.7 billion in 2019, a figure that has remained relatively consistent over the last few years. The balance, however, shifted from annual surpluses to a roughly \$600 million trade deficit in 2019. In 2019, according to Turkish government statistics, U.S. goods represented 5.6% of total Turkish imports and the United States was Turkey's 4th largest source of imports (behind Russia, Germany and China). An increase in tariffs in 2018 and 2019 on a range of U.S. products may put some U.S. exporters at a disadvantage to European exporters due to Turkey's Customs Union with the European Union. Nevertheless, U.S. brands overall continue to enjoy widespread favorability and recognition among Turkish consumers.

For several decades, the United States and Turkey have enjoyed a strong political and military relationship. Both countries partner closely on a range of regional and international concerns. A NATO member since 1952, Turkey has supported missions around the world, including Afghanistan, Iraq, the Balkans. Turkey is an ally in the fight against the Islamic State (ISIS). Notably, Turkey provides significant assistance with the related humanitarian crisis and hosts over 3.4 million refugees from Syria, Iraq and other countries, making it the world's largest host for refugees. That said, in recent years, there has been a marked increase in geopolitical divergences, which have impacted the commercial sphere.

American firms, many with the assistance of the U.S. Commercial Service in Turkey (CS Turkey), continue to pursue energy, aerospace, defense, infrastructure, transportation and health care and ICT projects throughout the country. Furthermore, often with the assistance of the U.S. Government's SelectUSA Program, Turkish companies continue to look at investing in the United States, in part to act as a potential buffer against the weakening Turkish economy. In 2018, Turkish Foreign Direct Investment (FDI) stock in the United States totaled \$2.4 billion; roughly half the \$4.7 billion the United States has invested in Turkey.

To map out the opportunities and to better understand the challenges of doing business in Turkey, American firms, both large and small, are encouraged contact CS Turkey for market information, updates on regulatory issues, major projects and business developments. With offices in Ankara, Istanbul and Izmir, we encourage business visitors to meet with our multilingual, sectoral-focused business development teams for individualized market consultations. For more information, visit the CS Turkey [website](#) and the U.S. Embassy in Turkey [website](#).

Market Challenges

Turkey offers a promising but often complex and challenging market, requiring adaptability, persistence and patience. U.S. exporters may face many of the same challenges that exist in other semi-developed markets, such as instances of inconsistent or contradictory policies, regulations and documentation requirements; tariff increases on a wide range of products; localization requirements in various industries; lack of transparency in tenders, as well as difficulties with the public procurement process, including price preference for Turkish companies and burdensome documentation; and a time-consuming, unpredictable judicial, legal and regulatory framework. Furthermore, Turkey has been experiencing an economic downturn since 2018, exacerbated by the COVID-19 crisis. Companies may find weakened demand throughout 2020 and into 2021. Burdensome debt levels (much of which is denominated in dollars and euros), a weakening Turkish lira, and volatile unemployment all weigh heavily on foreign or domestic firms' ability to sustain, much less grow, its operations in country. Furthermore, Turkey is running current account and capital account deficits, and the central bank's 8.25 percent interest rate is lower than inflation, resulting in a lira that is under constant pressure to devalue. Much of the private sector borrowing in Turkey has been via foreign exchange-denominated loans, which become harder to service if the lira's value drops. The most effective method to address these obstacles is to work with a Turkish partner to obtain local insights and determine potential solutions. Careful planning and patience are the keys to success in Turkey. While success can never be guaranteed, CS Turkey is here to help U.S. business navigate the Turkish business environment.

Market Opportunities

The Government of Turkey has undertaken numerous infrastructure projects, which have, until recently, presented substantial opportunities for U.S. firms. However, due to the marked slowdown in the Turkish economy, several previously slated infrastructure projects have been put on hold. That said, opportunities remain for U.S. products and services in both the government and consumer spheres. The civilian aerospace sector has grown over 200% in the last decade. Project opportunities are chiefly in maintenance and repair operation (MRO) facilities, air traffic control systems and commercial space projects. In the energy sector, LNG exports to Turkey will offer major opportunities as Turkey plans to diversify its suppliers. Offshore oil and gas exploration will continue in the Mediterranean Sea and the Black Sea. License tenders for renewable energy, in particular solar, will continue in order to lessen dependency on oil & gas imports. Both the public and private sectors continue to invest substantially in advanced manufacturing, information and communication technologies and healthcare, among other sectors.

Turkey's movement toward membership in the European Union, though frozen, nevertheless created momentum to adopt many European business regulations and standards in the country, ultimately making it easier to sell and conduct business in this market than in previous years. Despite economic uncertainty, Turkey still has numerous opportunities for U.S. products and services and the CS Turkey team is ready to assist.

Market Entry Strategy

While many opportunities remain for U.S. companies in Turkey, there are also challenges to entering or expanding in the market. Any market entry strategy for Turkey should begin with a thorough understanding of the costs and benefits of doing business in the country. In most cases, it is essential to visit the market to establish relationships with Turkish partners. Investing in these relationships early and often will increase the likelihood of a more successful venture.

Before entering the Turkish market, U.S. companies should consider their own resources, previous export or business experience abroad and long-term business strategy. For many companies, representation in Turkey by a Turkish agent, distributor, liaison office or partner will be key to their success. A local partner can provide knowledge of the local regulatory framework, language assistance and valuable business contacts. As business develops, companies may establish subsidiaries and make further local investments to expand their market share.

CS Turkey offers numerous programs and services to assist U.S. businesses in establishing a presence in this market and developing appropriate contacts. Staffed with experienced Commercial Specialists with dozens of years of collective industry and sector expertise, the CS Turkey team can tailor your business approach to the right audience

and provide advice on your business strategy in Turkey. To find out more about how the U.S. Commercial Service can assist you in entering this important market, please visit the CS Turkey [website](#).

For more market information related to Turkey, consult the U.S. Commercial Service's Market Intelligence [library](#).

Leading Sectors for U.S. Exports and Investment

Civilian Aerospace Technology & Equipment

Overview

Turkey is an emerging aerospace hub for markets in Europe, the Middle East, the Caucasus and North Africa. Given its proximity to developed and emerging markets (over 50 countries are within a three-hour flight from Istanbul), its growing economy and population base, Turks have come to rely increasingly on domestic and international air service over the past decade. Due to the expansion of private airlines, the number of domestic and international flights has increased significantly in recent years, leading to a surge in total passenger and cargo traffic.

The Turkish civil aviation sector continued its steady growth in 2019 as well, with total passengers reaching 209 million. 100 million passengers flew domestically while the remaining 109 million flew to international destinations. Total cargo traffic was around 2.3 million tons. A major milestone for the aviation sector was the grand opening of the new Istanbul Airport in April 2019 and the closing of Atatürk Airport after decades of service. Total combined passenger traffic at Atatürk Airport and subsequently İstanbul Airport in 2019 reached 68.5 million, continuing as Europe's fifth busiest airport with respect to direct, indirect and hub connection passengers. In terms of hub connections, Istanbul Airport ranks ninth globally. Sabiha Gokcen, Istanbul's other airport, served 35.4 million passengers in 2019, bringing the city's total passenger count to over 100 million. With completion of the second runway at Sabiha Gokcen in early 2021, the airport is expected to reach an annual passenger capacity of 66 million. The Istanbul Airport, once all phases are complete, will have a 90-million passenger capacity and is expected to be the largest airport in the world. With three runways now operating, the airport has triple simultaneous take-off and landing capability, which only a few airports have globally. By 2033, Istanbul is expected to host more than 50,000 long-haul passengers per day.

New private airlines, including low cost airlines, have emerged or have grown. According to a Turkish Exporters Assembly report, Turkey was the third largest service exporter in aviation, generating \$11.2 billion in service exports in 2018, following the United States and UAE. Furthermore, in 2019, five of the top ten service exporters in Turkey were aviation companies. There has also been growth in maintenance, repair and overhaul (MRO) activities, with new MRO centers being established in Istanbul. Turkish HABOM, based in Istanbul at Sabiha Gokcen Airport, is a large MRO facility consisting of a THY Technic joint venture for wide- and narrow-body aircraft repair and maintenance. Sabiha Gokcen also hosts an engine repair shop and various other MRO facilities of varying size and scale. Growth in the aviation sector also brought a significant increase in the number of flight destinations, reaching 56 domestic destinations from seven hubs and 328 international destinations in 126 countries in 2019. Turkish Airlines (THY) flies to the most destinations nonstop from a single airport. There are more than 55 countries within narrow-body reach, which makes Istanbul a natural global hub for aviation. THY currently has 360 aircraft and holds 2% of the global market. In March 2018, the Boeing Company signed a contract with THY for 25 Dreamliners (787 aircraft) with an option to purchase an additional five.

Turkish MRO companies like THY Technic, Pegasus Technic and others are also competing to increase their share of the MRO market and expand their customer portfolios. According to aviation industry experts, 12% of the airline industry costs pertain to aircraft maintenance, which provides significant opportunities for MRO companies.

Overall growth in the aviation market has also been buoyed by the private jet market. While markedly impacted by the financial crises in 2001 and 2008, demand for private jets since then has been on an upward trajectory, more than doubling since 2009. As a result, Turkey is now one of the fastest growing markets in private jet usage.

The government has made the aviation sector a priority, evidenced by a variety of incentives to attract both customers and airlines. Low-cost airlines have become more popular, regulations pertaining to fares have been revised and discounts in airport service, landing and passenger fees and tax reductions for ticket fares and jet fuel have been implemented. THY is now over 50% publicly traded, bilateral service agreements have been signed, the Civil Aviation Authority has become more active in the international arena and construction of new airports, including the new Istanbul Airport, have been completed or have begun.

Space Programs

The Turkish Space Agency was established in December 2018 to develop technologies for rocket launches and space exploration. The agency will also coordinate all commercial space activities. Although the agency reports to the Ministry of Industry and Technology, it has financial and administrative autonomy and its own budget. It will coordinate space efforts for relevant Turkish entities by streamlining their activities and serving as the main point of contact for international organizations. The Turkish Government already funds several space research centers and the new agency will coordinate their activities as well as those of Turkish Aerospace Industries (TAI), Roketsan (Turkey's leading rocket producer), and Turksat (semi-private satellite organization).

Turkey's total budget allocated to space programs has reached \$1 billion. Turksat 6A, the first telecommunications satellite, to be designed and manufactured locally, has been allocated \$546 million. It is expected to be completed in 2020-2021. With the completion of Turksat 6A, Turkey will join the league of 10 countries with communication satellite production capabilities.

Turkey's involvement in the space sector has been primarily in the realm of satellites. Turkey has also engaged in mission software development, ground station technologies, and integration and testing of satellites. It is generally seen as an untapped market with significant opportunities for U.S. companies, as it is heavily import-reliant, specifically at the component level. Although Turkey has some design capability, it relies on imports for smaller components such as chips, circuits and heat-resistant materials. U.S., Canadian, European and Asian (particularly Korean) companies are the leading suppliers of these components.

Turkey currently has three communication (Turksat 3A, 4A and 4B) and three reconnaissance satellites (RASAT, GOKTURK 1 and 2) in orbit and actively in service. The latter serve the Turkish Military and various government agencies. Tubitak Space and Turksat also have ongoing satellite projects of various types and scale.

Given Turkey's lack of experience in the space sector, it is an untapped market, expected to grow in multiple dimensions.

Leading Sub-Sectors

- Aircraft / aircraft parts
- MRO activities
- Satellites and launch services
- Civil aviation and air traffic control systems

Opportunities

The Turkish aerospace market is heavily import-reliant, particularly for air platforms and related equipment. U.S. companies have the largest share of this market (followed by their European and Japanese competitors), providing a wide range of aircraft, helicopters and other air platforms as well as subassemblies, aircraft parts/components, landing systems, radar systems, x-ray and scanning equipment, ground control equipment, safety/security systems, communications equipment, runway and landing lighting, automated landing systems, avionics and more. The preferred model for airport development in Turkey is the Build-Operate-Transfer (BOT) model. The State Airports Authority (DHMI) remains the largest procurement authority for air traffic control (ATC) equipment, navigation aids (such as Automatic direction finder (ADF), inertial navigation, compasses, radar navigation, VHF omnidirectional range (VOR) and GNSS), airport infrastructure and airport security systems.

Web Resources

- General Directorate of State Airports Authority (DHMI) – www.dhmi.gov.tr
- Turkish Airlines (THY) – www.thy.com
- Directorate General of Civil Aviation – www.shgm.gov.tr
- Ministry of Transport and Infrastructure – www.uab.gov.tr

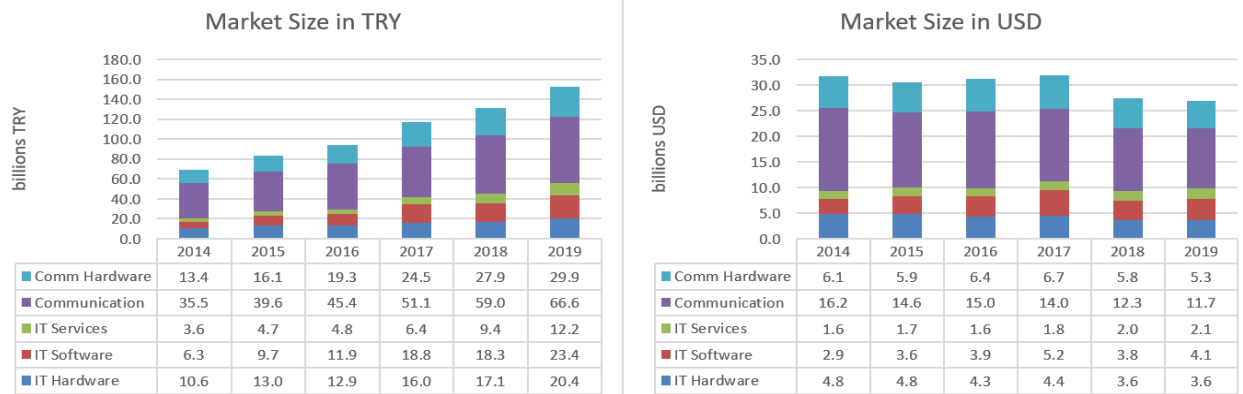
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Information and Communication Technology

Overview

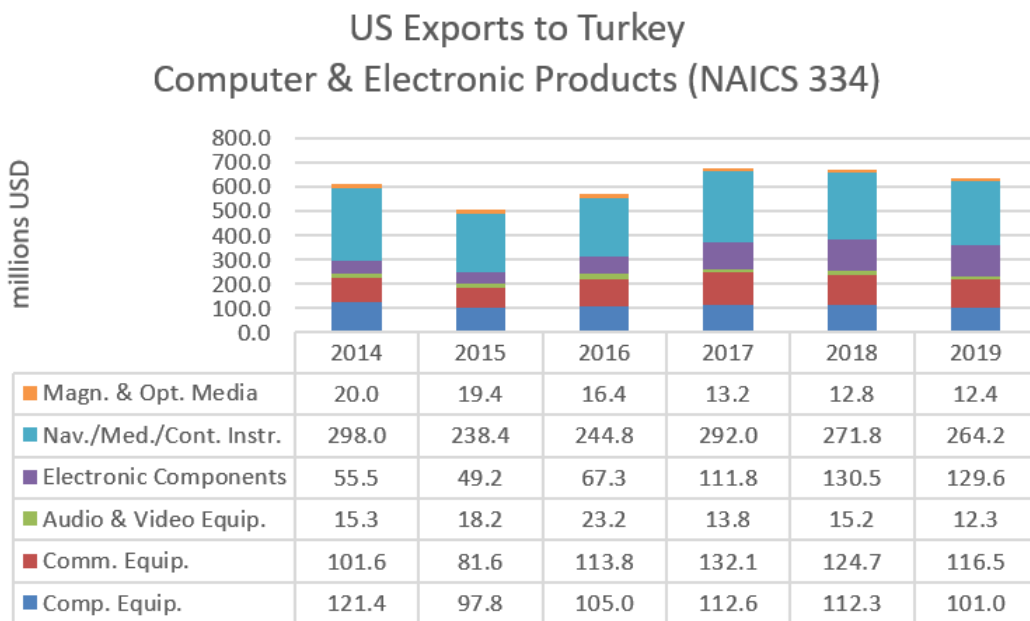
Market size estimates for the ICT sector*:



source: www.tubisad.org.tr

* Due to devaluation of the lira, while the size of the domestic market increased in lira terms, in dollars terms, a slight decrease is indicated.

U.S. exports of computer and electronic products to Turkey:



source: <https://usatrade.census.gov>

Foreign vendors find it increasingly difficult to operate due to a new digital services tax, local content requirements, and restrictions on social media platforms. That said, Turkey’s young population (expected to increase further in coming years) planned large-scale projects, the government’s 2019-2023 strategic plan, 5G initiatives, and a greater focus to meet expanding consumer expectations all support continuing opportunities in this sector.

The ICT market totaled \$26.8 billion in 2019, with \$17 billion spent on communication technologies and \$9.9 billion on information technologies (hardware, software, IT services). The sector employs 143,000 and, Turkey exported \$1.1 billion in related products and services in 2019. With a large domestic market and sizeable potential, spending in the ICT sector is expected to grow.

The Turkish government's commitment to support the development of the sector is a major advantage, with plans to

accelerate the country's digital transformation and improve ICT infrastructure. 5G trials are underway, with cloud solutions, services and devices in sectors such as banking, healthcare and media, set to benefit from the development of 5G technology. Integration and alignment with EU standards and regulations as well as exposure to industry best practices are driving Turkey to employ top-of-the-line IT solutions. Local telecom operators are speeding up IoT solutions and smart city projects. Cybersecurity will also offer opportunities in the medium term as Turkey is in a high-risk region for cyber threats, which raises the possibility of a high-impact attack on critical infrastructure.

Data Infrastructure

88% of households have access to broadband internet, with internet usage among individuals aged 16-74 at 75%. About 12 million households reach the internet through fixed broadband and 87% via mobile broadband. The penetration rate of mobile phone users is nearly 100%, with 60 million mobile subscriptions for broadband and an average of 3 GB data usage per month (higher than OECD average).

Social Media Use

Turkey has 54 million active social media users (64% of the population) – an increase of 2 million over last year. The primary social media platform is YouTube, followed by Instagram and Facebook. On August 6, 2020, Parliament passed legislation that could significantly restrict access to platforms (those with more than 1 million daily users in Turkey) that are non-compliant with official requests to remove content deemed offensive. The law seeks to define social media providers and one of the requirements is that those providers have at least one representative in the country.

IT Hardware and Software

IT hardware spending, like most retail spending, fell somewhat last year, attributable somewhat to the cannibalization of tablet sales by smartphones. Software and services spending proved more resilient, with some areas seeing strong growth such as cloud computing, as cloud vendors expanded their presence and the solutions on offer and Turkish businesses became more aware of the benefits of migrating to the cloud. The main software categories were enterprise resource planning (ERP) and customer relationship management (CRM) and the largest contributors to traditional IT services sales were systems integration, consulting and computer programming.

Key sectors and areas for ICT spending:

- Financial services (online, mobile banking payments, e-commerce platforms)
- Insurance sector (Insuretech)
- 5G technology-IOT services, network and support systems
- Cloud services
- Healthcare, mobile-health
- Mobility
- Manufacturing (advanced automation technologies)
- Data centers and disaster recovery areas

Telecommunications

The Turkish telecom market is highly developed, yet still has room to grow. In the mobile market, with nearly 100% penetration, growth in terms of subscriptions has not been high, but there is a strong demand for highspeed data services. Among the 81.6 million mobile phone users, 90% already use smartphones and ownership continues to increase rapidly. 4G will continue to grow until 5G begins to take over in 2022. The major GSM cellular operators in Turkey are Turkcell (41% market share), Vodafone (30%) and Turk Telekom/Avea (29%). 4.5G (LTE) technology came into use in 2016 and the number of subscribers reached 81 million (92% of the data market) in 2019. Due to 4.5G deployment, e-commerce, mobile broadband, mobile banking services and mobile television services increased, creating favorable business opportunities for investors. New technology investments and efforts to transition to 5G technology will accelerate sector expansion.

As they transition to 5G technology, operators are investing in advanced networks and partnering with providers such

as Nokia, Ericsson and Huawei. Turkey wants to be an early adopter of 5G, so telecoms are preparing their infrastructure for future uses, such as smart city projects and the Internet of Things (IoT). With the introduction of LTE, IPTV, online services, content and media services, e-business, personalized services, music downloads, games, multi-play, video services, and other mobile entertainment, this segment has been developing rapidly, creating new business areas and revenues.

In Turkey, smartphone users regularly exchange their cell phones for new models, sustaining consistent growth in the handset market. Samsung has the lead in the mobile and wireless market; however, Apple's iPhone has been extremely successful in recent years, followed by Huawei, Oppo and Vivo. GSM cell phone sets suitable for video downloading and livestreaming equipped with broadband internet access will contribute to growth in this sector.

ZTE, Nokia, Northel Telecom, Alcatel, Siemens, Ericsson and NEC supply most fixed line switches, trans-multiplexers and other telephony equipment. Nokia, Ericsson and Huawei are major network providers in Turkey. U.S. companies can be competitive in software programs required for customer databases, emergency call services, corporate management and intelligent network operation centers. Cisco, Motorola, Nokia, Ericsson and Siemens are the main GSM switch and base station suppliers. U.S. companies can be competitive in new software products required by GSM cellular operators to provide new services to their clients and improve corporate and client management.

Leading Sub-Sectors

- Communication Technologies/5G-related tech and services/Fiber optic solutions
- M2M communication/IoT
- Edge Computing Systems
- Cloud/Data Centers
- Cybersecurity solutions
- Public Investments & e-Government
- Consumer electronics
- e-sports
- Gaming
- Robotics supported by Artificial Intelligence/Augmented Reality applications
- e-Commerce
- Blockchain solutions
- Wireless equipment and services
- Internet Protocol Television (IPTV)

Opportunities

5G

5G, a priority for the Turkish Government, is attracting investments in the telecommunications market. In 2019, the government allocated \$5 billion of its ICT budget for this purpose. 5G commercialization will not start until early 2021 and will have few subscribers its first year, but steady growth will follow. Operators will initially look to move consumers in the major cities of Izmir, Istanbul, Ankara and Antalya to 5G while 4G will remain prominent elsewhere. The primary industries of focus for 5G will be automotive, media & entertainment, energy, health and agriculture.

The Information and Communication Technologies Authority (BTK), the authority and main entity leading 5G efforts in Turkey, formed the 'New Generation Mobile Communication Technologies Turkey (5GTR) Forum', comprised of government, universities, manufacturers, operators and NGOs, to provide a platform for meeting 5G requirements in the market. A goal is to enhance localization and collaboration among vertical sectors. Private companies and associations such as Ericsson, Huawei, ZTE, Vestel, Vodafone, Turkcell, Turk Telekom, Ulak Communication, the Telecommunications Businessmen Association and the Technology Development Foundation of Turkey, participate in working groups.

Fiber Optics

Fiber optic solutions are gaining market access as Turk Telekom, TTNNet and other ISPs make infrastructure investments. Turkey's regulator is also keen to ensure greater broadband access as stated in its 2019-2023 strategic plan. The broadband market currently has 16 million subscriptions, but this is expected to climb to 23 million within 10 years.

Cybersecurity

Network security against attack and viruses, email and web security, cyber governance, identity and certificate governance, mobile security, system security, data and application security are the top priorities in the market. The government has increased expenditures on hardware and software to battle cyber threats. To implement these defenses, BTK, the Ministry of Transport and Infrastructure, Ministry of Justice and Interior, the Turkish National Police, and the Turkish military will continue to update their cybersecurity technologies. The Ministry of Transport and infrastructure formed SOMEs (Cyber Incident Response Teams), which are present within all state organizations and institutions to protect them from cyber-attacks.

Consumer Electronics,

New Technologies

The young population of Turkey continues to drive sales of PCs, tablets, cell phones, consumer electronics, and cellular voice and data services. The audiovisual market is expected to rise further as smart buildings are constructed with audiovisual and control room installations and support entertainment consumer goods and services such as IPTV. The application of new emerging technologies such as Machine-to-Machine (M2M) connections, AI, blockchain and robotics will also continue to grow, underpinned by the development IoT and Industry 4.0.

Web Resources

- TUBISAD (Informatics Manufacturers' Association of Turkey): www.tubisad.org.tr
- BTK (Information and Communication Technologies Authority): www.btk.gov.tr
- TBD (Informatics Association of Turkey): www.tbd.org.tr
- Fitch Solutions: www.fitchsolutions.com
- GFK: www.gfk.com/tr
- Invest in Turkey (Presidency of the Republic of Turkey Investment Office): www.invest.gov.tr/en-US
- Bthaber (IT news): www.bthaber.com
- IS'TE KOBİ: www.istekobi.com.tr
- Turkish Telecom Group Investor Relations: www.ttinvestorrelations.com
- Turkish Statistical Institute: www.turkstat.gov.tr
- KPMG report on Telecom sector (*in Turkish*): <https://assets.kpmg/content/dam/kpmg/tr/pdf/2019/04/sektorel-bakis-2019-telekomunikasyon.pdf>
- TEDER (Telecommunication, Internet and Information Technologies Association): www.teder.org.tr

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 Commercial Specialist
 U.S. Commercial Service Turkey
gokce.tuncer@trade.gov
www.export.gov/turkey

Medical Technologies & Health IT

Overview

	2018	2019	2020 (est.)	2021 (est.)
Total Local Production	778	929	667	676
Total Exports	494	543	597	656

Total Imports	1,605	1,501	1,483	1,504
Imports from the U.S.	377	300	296	300
Total Market Size	1,889	1,877	1,854	1,880

(total market size = (total local production + imports) - exports)

Unit: USD (millions)

With a population of 83 million, Turkey is a growing market for medical technologies and healthcare services. The Ministry of Health (MoH) is responsible for planning and implementing the country's healthcare policy and is also the largest healthcare service provider. Turkey spends 4.5% of its GDP on healthcare; \$30 billion in 2018. This rate is relatively low compared to the 8.8% OECD average and indicates room for growth in healthcare spending. Turkey is a major importer of medical technologies, with imports accounting for 85% of medical devices, 20% of which come directly from the United States. The Government of Turkey (GoT) has been able to manage currency losses, an issue since 2018, and an increasing demand for healthcare services, by maintaining steady reimbursement prices for medical devices. This, however, has caused problems for foreign firms as they must contend with these low and steadily decreasing rates (when accounting for inflation and currency fluctuations).

The GoT's goal is to increase the country's skill set and knowledgebase to manufacture medical devices domestically. To realize this, Parliament passed a law giving procurement guarantees to products purchased from medical device companies that partially or wholly manufacture in Turkey. The first group of products subject to this procurement model were MRI, CT, digital x-ray, ultrasound devices and patient monitors. The winner of this tender would receive a five-year procurement guarantee in return for sourcing local parts initially, partially manufacturing in the second year, and then gradually increasing local content. The GoT has encouraged partnering with a Turkish company to form a consortium. However, after seven cancellations and no new tender date announced, there is a general sense of uncertainty surrounding this procurement. The GoT's objective to increase local production is expected to continue, but the means of incentivizing it may change.

The MoH is responsible for the construction, management, and medical operations of public hospitals, where 90% of the population receives medical care. Patients who can afford private healthcare are covered under private insurance plans. Those with social security insurance may also be treated in private hospitals that have agreements with the Social Security Institute (SGK).

Healthcare expenses of social security beneficiaries treated at public hospitals are reimbursed by the SGK if medical equipment and pharmaceuticals used are included in the reimbursement (SUT) list. Medical equipment manufacturers who want to be part of the reimbursement system must ensure that their equipment is included in this list. Private hospitals do not necessarily follow this listing and manufacturers deal with these hospitals on an account basis.

Ownership distribution of hospitals in Turkey:

Type	2002				2018				Growth %	
	Hospitals	%	Hospital Beds	%	Hospitals	%	Hospital Beds	%	Hospitals	Hospital Beds
Min Health	774	67%	107,394	65%	889	58%	135,651	61%	14.8%	26.3%
University	50	4%	26,341	16%	68	5%	42,066	17%	36%	59.6%
Private	271	23%	12,387	8%	577	37%	50,196	21%	129%	305%
Other	61	6%	18,349	12%	0	0%	0	0%	-100%	-100%
Total	1,156		164,471		1,534		231,913		32.6%	41%

The MoH is the largest investor in and operator of healthcare facilities. However, there is a strong privatization trend. With more private hospitals, there are increased sales opportunities and, compared with MoH hospitals; the procurement requirements are less complicated and the payment terms are shorter.

The MoH also uses the Public-Private-Partnership (PPP) model to build new public hospitals, which are known as ‘city hospitals’ or ‘health campuses.’ The MoH planned to build 18 such hospitals by the end of 2021; 11 are operational and the remaining seven will be open in 2021. These hospitals will replace and renew about 50,000 beds in the current hospital bed stock. These PPP investments stipulate that the winning contractor will finance the construction and operate it for 25 years against guaranteed annual lease payments from the MoH. Each campus has 500 to 4,000 beds and houses several general and specialized hospitals and labs with accompanying recreational areas. These projects constitute business opportunities for U.S. medical device companies.

Another major transformation in the Turkish healthcare system is the introduction of first-level healthcare services, known as the Family Practitioner System. In December 2010, a nationwide system was initiated whereby every Turkish citizen was assigned a family practitioner for primary and preventative medical care. This service has already increased demand for pharmaceuticals and preventative medical solutions and devices for management of chronic illnesses such as obesity, diabetes, and many others where U.S. companies have solution offerings.

Medical tourism is a rapidly developing sector in Turkey. Increasingly, patients from Europe and the Middle East travel to Turkey for medical treatment as high-quality healthcare services are offered at economical prices. In 2018, 750,000 international patients visited Turkey and the MoH expects this number to reach 1,500,000 by 2023. Not including the United States, Turkey has the third highest number (46) of Joint Commission International (JCI)-certified hospitals. The most popular procedures are cosmetic, dental and ophthalmology procedures. Turkey also has a good reputation in cardiology, endocrinology, gastroenterology, rheumatology, nephrology, oncology, neurology, dermatology, gynecology/obstetrics, orthopedics, organ transplantation, and otolaryngology (ear, nose and throat). As some of these surgical procedures have long waiting lists in European countries, Turkey is an attractive country for medical procedures.

Despite the financial burden that the COVID-19 pandemic has placed on the Turkish economy, the GoT has not indicated a slowdown in healthcare investments. In fact, they accelerated the opening of the largest (3,000+ beds) health campus in Istanbul, inaugurating it in May 2020 with Japanese investment. The MoH has also contracted construction of two epidemic hospitals in Istanbul, which will be used not only for COVID-19 cases, but also for any other natural disasters. Each has 1,000 beds and is fully equipped with advanced diagnostics and imaging devices.

Turkey has taken a very progressive approach towards utilizing health IT solutions in the country’s healthcare structure. The MoH employs software developers for many of the health IT tools it launches; it also works with software companies on a contractual basis. Every citizen’s healthcare information (doctor visits, diagnostics, treatments, prescriptions, etc) is recorded in an Electronic Health Record (EHR). The system produces e-prescriptions to be filled at pharmacies, also making it possible for pharmacies to claim receivables from the Social Security Institute online. Data collected throughout the country is centrally stored on MoH servers. The MoH’s ‘e-pulse’ application grants citizens access to their healthcare record, gives privileges to healthcare professionals to access a patient’s EHR and connects some remote monitoring devices. The MoH uses this data to forecast population health management and to analyze illness patterns. The MoH has additional initiatives to reduce diagnostic errors, support telemedicine, and assess public hospitals.

For a U.S. company to market its medical equipment and health IT solutions in Turkey, it should find representatives in the Turkish market with strong business development capabilities. Turkey adopted the EU’s CE Mark and medical device directive, which require that medical devices bear the CE Mark in order to enter the Turkish market. U.S. company representatives in Turkey must register products in the National Data Bank (UTS) that tracks all medical equipment marketed in Turkey. To learn more about registering in this data bank, e-mail the CS Turkey Commercial Specialist indicated below. If the product is under the reimbursement system, it should also be registered with the Social Security Agency.

Leading Sub-Sectors

Approximately 6,000 companies operate in the medical device and disposables market in Turkey. Local manufacturers primarily manufacture disposables, orthopedic implants, surgical tools, stents, prosthetics, surgical gowns, masks and drapes and hospital furniture. In early May 2020, after the pandemic hit, a Turkish consortium led by technology

company Biosys launched the first local mechanical ventilator which was immediately installed in new health campuses. Development and manufacturing of laboratory reagents is also growing in Turkey; now close to ten Turkish diagnostics companies have developed COVID-19 tests. In general, all major categories of medical equipment are present in the market, both in private and public hospitals. At this point, they seek state-of-the-art and innovative medical equipment and solutions. Turkey imports the following medical equipment and devices:

- Advanced pre-screening and diagnostics devices
- Advanced imaging equipment
- Advanced point-of-care devices
- Advanced surgical devices
- Cancer treatment systems
- Wound management devices
- Dental equipment
- Robotic surgery equipment
- Radiation oncology devices
- Mechanical ventilators
- Health IT solutions, especially for critical decision-making processes
- Remote patient monitoring devices
- Telemedicine systems
- Contact tracing systems
- Facial Recognition Software for Contactless Patient Experience

Opportunities

Total bed capacity in Turkish hospitals exceeds 200,000. Privatization and transformation of the healthcare system with the establishment of new healthcare facilities under the PPP model, and ongoing MoH hospital projects present opportunities for U.S. companies involved in medical technologies and services. As Turkey continues to expand the number of private and public hospitals, purchases of advanced medical equipment will continue. With the onset of the COVID-19 pandemic, large private hospital chains have adopted telemedicine and virtual care solutions. This trend is expected to continue in the coming years. Given the prevalence of chronic illnesses in the society, and as a result of the pandemic, remote monitoring solutions to track patients will gain importance.

Web Resources

- Ministry of Health www.saglik.gov.tr
- Healthcare Products Manufacturers' and Representatives' Association (SADER) www.sader.org.tr
- Health Industry Employers' Association (SEIS) www.seis.org.tr
- Leading Industry Expo: expoMED Eurasia and LabtekMED Eurasia, November 5-7, 2020
www.expomedistanbul.com/en
- HIMMS20 Eurasia, October 26-28, 2020: www.himms Eurasia.com/en
- IDEX – International Istanbul Dental Equipment and Materials Exhibition, September 10-13, 2020
(<http://cnridex.com>)

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Smart City Technologies and Equipment

Overview

Smart City projects in Turkey are fewer in number than in European countries and in the United States. Therefore, there is room for growth and opportunities for new projects with U.S. exports. Limited funding and qualified human resources are the main obstacles. A lack of Global Information Systems (GIS) infrastructure is another challenge; only 3% of municipalities have completed their GIS investments or implemented GIS systems. Many cities have introduced smart applications, particularly in transport and urban services.

Accessing services through electronic channels and e-government is the most popular application among municipalities. However, smart applications in the fields of energy and water management are much needed and, on their way, with Supervisory Control and Data Acquisition (SCADA) and GIS applications, particularly by electric utilities, water and sewage administrations in major cities. Smart metering is still in the early stages. To facilitate the development of smart cities in Turkey, the Ministry of Environment and Urbanization (MinEnv) as the responsible institution and MinEnv established a new Smart Cities and Geospatial Technologies Department under the Directorate General of Geospatial Informatics, Planning and Coordination, Application and Development. This department has developed a National Smart City Strategy and Action Plan 2019-2022 and leads all national smart city applications, such as city information system software and 3D data modeling development software, both of which will be used by all municipalities and central government organizations. The Strategy is still awaiting final approval, but it can be accessed at www.akilisehirler.gov.tr.

Leading Sub-Sectors

Smart Energy

Smart grid systems deployment has begun in Turkey, and the stages of implementation vary from one electric distribution company (DisCo) to another. Most have deployed SCADA and GIS systems. DisCos utilize smart grid deployment to decrease losses, increase reliability and quality. The Turkey Smart Grid 2023 (TSG'2023) Vision and Strategy Roadmap sets some targets for full smart grid system implementation in Turkey. TSG'2023 will be implemented during and after the 3rd Tariff Implementation Period (2016-2020) and is aimed at providing a road map to DisCos for the 2035 smart grid vision in the short and medium term (3rd and 4th Tariff Implementation Periods) by highlighting priorities. Several DisCos have approval to implement different types of energy storage pilot projects to understand the benefits of energy storage in electric distribution. DisCos are also planning for electric vehicle charging stations. The Turkish Government intends to replace 30% of street lighting (there are currently 7.5 million streetlights) with smart LED lighting systems by 2023. This change is estimated to bring a savings of \$40 million, with an increase to \$130 million with further LED conversion between 2023-2033.

Smart Mobility

Intelligent Transportation Systems (ITS) are being installed in many Turkish cities. However, other than in major cities such as Istanbul, Izmir, and Ankara, the majority are in the early stages. The Ministry of Transport & Infrastructure stated in its 2013-2023 Action Plan that all cities will implement smart traffic light systems according to traffic density; green wave systems where cars, after encountering one red light, pass through subsequent green lights when maintaining a specific speed; digital traffic signs; and solar powered bus stops with digital arrival time boards.

Currently, all smart transportation projects are planned and realized by local municipalities; however, while some use their own resources, others use local or foreign funding resources. Since there is no central ITS institution, it is not possible to obtain the total amount of spending or planned spending for all projects in Turkey.

Some implementations are as follows: Ankara has smart bus stops, an online traffic density map, and an online tracking system for fire department vehicles. In 2018, Izmir implemented the most advanced ITS system in the country - the Fully Adaptive Traffic Management System – and continues to upgrade it. This system includes fully adaptive intersections; online traffic density maps for passengers/drivers; special traffic lights, such as talking lights, for the

disabled; and an enforcement system to track speed/parking/lights, fully automated parking system etc. E-payment cards are used on all modes of transportation, including ferries, busses, trains, and metros. Istanbul has an intelligent signalization system, electronic enforcement system, traffic congestion and emergency management center, talking roads and talking vehicles (connected vehicles), an automated parking system with unmanned payment points, e-payment cards, smart bus stops, and special info points at bus stops for the disabled via cards. Other cities have shared bicycle systems (Antalya, Izmir, Erzincan, Kocaeli, Yalova). E-cards are used in both highly populated (e.g., Istanbul) and smaller (e.g., Mardin) cities. ITS systems are utilized partially in Eskisehir, Konya, Mardin, Kahramanmaraş, Gaziantep, Sakarya, Yalova, Kars, Edirne and Manisa.

At the beginning of 2020, Gaziantep completed an ITS system called “Bluetooth Technology” to predict and analyze neighborhood-based arrival times by sharing messages, and signs with the drivers. The Izmir Metropolitan Municipality launched its minute car rental service, with 200 vehicles, that operates with an application downloaded to smart phones and offers the opportunity to rent a car.

Smart Infrastructure

Turkey's accession process to the European Union, though currently frozen, has been a major impetus for large-scale environmental remediation and implementation of new environmental standards. Local municipalities play an important role in recycling, water purification, waste-sewage treatment, environmental remediation and solid waste management.

Preventing water loss is a priority for Turkish municipalities. The water authorities of some large and industrialized cities have implemented SCADA systems to identify water losses and network failures. However, this system needs to be expanded to less developed regions of Turkey as well. Restoration of the sewage network and treatment of sewage sludge are also important. Moreover, the textile, cement, iron/steel, chemical, food processing and automotive sectors will need to make investments in wastewater treatment.

With respect to waste management and recycling, Turkey is mostly in line with European legislation; however, it lacks source separation recycling. Although not an EU member, Turkey's candidacy requires harmonization of environmental regulations with EU standards. Alignment with EU standards creates an environmental infrastructure and technologies market that will ultimately be worth \$96 billion. Such alignment should be complete by 2024. Although there are recycling facilities, more development of regional solid waste processing and recycling facilities and sanitary landfills is needed. The government also plans to remediate and upgrade existing unsanitary landfills. With an initiative of President Erdogan's wife, Emine Erdogan, government buildings, including the public schools and hospitals, are expected to switch to source separation recycling, which will advance the whole system when fully implemented. In some major cities, waste-to-energy systems are being implemented. Private sector companies and organized industrial zones are also among potential buyers.

Regarding the air pollution controls subsector, Turkey has made great strides in improving the monitoring of air quality and has instituted a national air pollution monitoring program. The main sources of ambient air pollution in Turkey are thermal energy generation through coal-fired power plants, home heating units, motor vehicles and industrial sources. The government is requiring the installation of flue gas desulfurization (FGD) units on all new and existing power plants, opening high-value projects in the air pollution control market.

Opportunities

In 2016 and 2018, the World Bank approved loans (\$133 million and \$91.5 million, respectively) for the Sustainable Cities I and II Projects in Turkey. This program aims to improve the economic, financial, environmental and social sustainability of Turkish cities by enabling interested municipalities to access financing for their investments and to deliver improved services to their citizens. In May 2019, when all prior funds had been committed, an additional \$560 million was approved to scale up projects in the program. The funds are assisting cities by financing investments in infrastructure needed to meet service delivery requirements in the water and wastewater systems, public transport, waste management, and energy services and other areas. U.S. companies can participate in these projects as vendors to the municipalities.

The semi-government owned Turkish telecom company, Turk Telekom, and one of its affiliated companies, Innova, have a smart city management platform where all smart applications operating in the city are managed by a single operations center. Together, they have completed two smart city pilot projects with the municipalities of Karaman and Kars. They have also moved on to the second phase of the municipality of Antalya's smart city infrastructure project and have similar projects in the pipeline with the municipalities of Kirsehir and Mersin. U.S. companies can integrate their technology to this platform. As Turk Telekom has broadband fiber infrastructure in every city in Turkey, it could act as an integrator for U.S. companies while reaching out to Turkish municipalities.

Web Resources

- Ministry of Environment and Urbanization - www.csb.gov.tr
- World Bank in Turkey - www.worldbank.org/en/country/turkey
- Environment Protection and Packing Wastes Utilization Foundation: www.cevko.org.tr
- Turkish Green Building Institute – www.cedbik.org
- Turkish Informatics Foundation - www.tbv.org.tr/en
- Novusens Innovation & Entrepreneurship Institute - www.novusens.com/en
- Turk Telekom - www.turktelekom.com.tr/en
- Innova - www.innova.com.tr

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Advanced Manufacturing

Overview

Turkey's sizeable population of 83 million (average age: 31), dynamic entrepreneurial class and advantageous geographic position as a bridge between Europe, Asia and Africa has made the country an important manufacturing and distribution hub. Turkey positions itself in the global value chain by leveraging its logistical advantage, offering lower labor costs and flexible production capabilities. Manufacturing's share of GDP has been 16.5% in the last decade and Turkey aims to boost it to 21% by 2023 through its 2023 Industry and Technology Strategy.

Advanced manufacturing technologies are increasingly implemented across Turkey, with international companies leading the way. The early adaptive industries are automotive and aviation manufacturing, both dominated by major international companies with many local suppliers who must meet the latest standards and technological requirements. In addition, durable consumer goods, electronics, chemicals, machinery, steel, construction, textiles, energy and mining industries are focused on implementing advanced manufacturing technologies to remain competitive.

Turkey needs to take concrete steps in digitalization and advanced manufacturing to move to a more innovative economy based on high productivity. Through more advanced manufacturing technologies, Turkey can move further up the global value chain, ensure its future global competitiveness as well as boost a currently weakening economy. Currently, 36% of Turkey's manufacturing exports consists of medium-tech products and 3% high-tech products. The country aims to increase the former to 44% and the latter to nearly 6% by 2023. In line with the target of turning Turkey's economy into an economy with high added value, the government supports technology initiatives and major procurements, creating new opportunities for international technology companies. Based on the size of the economy, over the next decade, Turkey is expected to invest about \$1-\$1.5 billion annually to integrate industry 4.0 solutions into the manufacturing process. The digitalization progress will necessitate further investment to upgrade the country's technological infrastructure, such as in fixed and mobile broadband services as well as fiber optics. It will also require transforming the education system to prioritize Science, Technology, Engineering and Math (STEM) skills. If Turkey fully adapts the industry 4.0 concept, it could save \$10 billion/year in current manufacturing costs. This analysis is based on a 4-7% estimated increase in productivity, considering total production costs.

In 2019, the Ministry of Science, Industry and Technology announced Turkey's 2023 Industry and Technology Strategy, "National Technology Move," detailing the roadmap and incentives for R&D and digital transformation of industrial enterprises. Investments related to over 300 product groups in the machinery, semiconductor, aerospace, defense, transportation technology, software, electronics, chemistry, and pharmaceutical industries will be supported. Incentives will be provided for the development of new technologies involving artificial intelligence, 5G, big data and data analytics, IOT, blockchain, robotics and autonomy, UAV's, biotechnology, nanotechnology, cybersecurity, additive manufacturing, quantum computing, agritech and energy technologies. Digital Transformation Centers piloting new technologies will be established within the organized industrial zones and technology development zones (technoparks). Due to Turkey's Customs Union with the European Union and accession talks for EU membership, it has access to the EU Horizon2020 Industry 4.0 funds. These funds provide \$0.5-\$2.5 million in support for private sector projects in various Industry 4.0 headings.

Leading Sub-Sectors

Innovative Materials / Technical Textiles

Innovative materials/technical textiles are used in sectors such as aviation, agriculture, construction and infrastructure, medical, energy, transportation, marine and defense. Turkey's total imports in this category (including composites) is around \$2.5 billion. The market is expected to grow between 4-7% annually.

Additive Manufacturing

The automotive, aerospace and defense, household appliances, machinery, jewelry and medical/dental industries started to use additive manufacturing in Turkey in 2014. SMEs seek additive manufacturing primarily for the molding process and typically outsource this service. Turkey accounts for 1.3% of global additive manufacturing use as of

2019. Over 500, mostly polymer-based, 3D printers are used in manufacturing. There is growing demand for advanced 3D printers and CAD and CAM programs, advanced printing materials (including biomaterials) and large-scale additive production capabilities.

Industrial Automation

According to the Industrial Automation Association (ENOSAD), the industrial automation market in Turkey was valued at \$1.5 billion in 2019, with an annual growth rate of over 10%. It is expected to reach \$2.5 billion within the next five years.

Many international companies present in Turkey also serve Russia, the CIS, the Middle East and North African markets, with an annual regional business volume of around \$2.5 billion. (2019)

IIOT / Big Data and Analytics

Some of the solutions used by Turkish companies include:

- Supply chain and warehouse management processes – real-time tracking of demand, order fulfillment, manufacturing flow, returns, etc.
- Production lines – real-time control of performance, product durability and safety
- Predictive maintenance – real-time monitoring of industrial manufacturing devices allowing companies to predict when maintenance is required

Industry analysts estimate that the Turkish market size will reach a cumulative amount of \$50 billion between 2017-2022, including sensors, optronics, M2M software and hardware, Artificial Intelligence, modeling and simulations, cloud services and cybersecurity applications.

Robotics

There are 14,000 operational industrial robots in Turkey, with about half in the automotive industry. According to 2019 statistics, countries with robotics in manufacturing use on average 80 robots per 10,000 workers. This average for all industries combined is just 20 in Turkey, leaving significant potential growth opportunities for robotics in manufacturing. The most robots in Turkey are used in the automotive industry, with over 200 robots per 10,000 workers, making it a top ten global market for robots used in automotive. Turkey is also a growing market for secondhand robots. Germany and the United States are the main sources of secondhand models, as countries that replace their industrial robots at regular intervals.

Augmented and Virtual Reality

The use of AR- and VR-based systems in manufacturing in Turkey is still in its infancy; however, there is great interest in the market to adopt these technologies. In the aviation, defense, automotive, electronics, durable goods and textile industries, a number of large companies use AR and/or VR to select parts in their respective warehouses, transmit repair instructions over mobile devices, simulate products and production processes and train workers.

Opportunities

Turkey ranks 16th among markets for U.S. manufacturing technology exports, according to the U.S. Department of Commerce's [International Trade Administration](#). In Turkey, companies with the greatest demand for advanced manufacturing technology solutions are those active in the automotive, aviation, defense, durable consumer goods, electronics, chemical, machinery, steel, construction, textile, food processing, energy and mining industries.

For industry 4.0 applications, emerging opportunities can be seen in information and material flows, supplier integration, product simulation and modeling and production process in the design phase, advanced materials, flexible production, big data analytics, enhanced cybersecurity and smart product and production lines to increase predictability. In addition, there is a significant need for qualified solution partners and systems integrators.

A 2018 report by the Turkish Informatics Foundation indicates that 50% of manufacturers in Turkey plan to invest in industry 4.0 within the next three to five years, 20% still do not have any knowledge/strategy and the remaining 30%

plan investments in five to ten years. In a 2018 survey conducted by the Scientific and Technological Research Council of Turkey (TUBITAK), the technologies that Turkish SMEs considered most important for their industry were automation and control systems, advanced robotics, and additive manufacturing.

Web Resources

Organizations

Ministry of Industry and Technology: www.sanayi.gov.tr

Scientific and Technological Research Council of Turkey (TUBITAK): www.tubitak.gov.tr/en

Turkish Machinery Federation (MAKFED): www.mib.org.tr/en

Turkish Industrial Automation Association (ENOSAD): www.enosad.org.tr

Turkish Composites Manufacturers Association: www.kompozit.org.tr/en/home

Trade Events

Robot Investments Forum and Exhibition: www.robotyatirimlari.com/en

Process Automation Forum and Exhibition: <https://prosesotomasyonu.com/>

Eurasian Composites Show: www.eurasiancomposites.com

ANKIROS-ANNOFER-TURKCAST: www.ankiros.com/home-en

MAKTEK Eurasia: www.maktekfuari.com/en

WIN Eurasia: www.win-eurasia.com/en

Smart Future Expo: www.smartfutureexpo.com

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Transportation Technology & Equipment

Overview

Turkey's transportation and logistics sector has been one of Turkey's fastest growing industries, tripling in value since 2002, with an average 20% annual growth rate. This growth, combined with Turkey's strategic location as a bridge between East and West, is creating new opportunities for U.S. exporters of transportation and intelligent technologies. Turkey is not only a major transit country, but also a key freight destination. Given Turkey's increasing population – now over 80 million – and inward migration to larger cities from rural areas, traffic has become a crucial issue, compelling local municipalities to invest heavily in Intelligent Transportation Systems (ITS). As a result, Turkey has doubled its transportation industry investment budget from 20% to 40% and invested more than \$60 billion over the last decade. This sector is dependent on critical foreign technologies such as ITS, thus providing opportunities for U.S. firms.

Turkey's Customs Union with the EU and its frozen application for full EU membership is pushing the transportation industry to consider new investments in Turkey. Turkey's current transportation network is below EU-27 standards. Even if EU accession does not occur in the near term, Turkey has an ambitious goal to comply with all EU rules and regulations, as most of its foreign trade is with Europe.

U.S. firms have a comparative advantage in high-tech products; therefore, they are encouraged to take advantage by forming supplier agreements for specialized technologies.

The transportation sector's influence is expected to increase over time, as many highway, railway, and other transportation-related projects are either underway or expected in order to accommodate the needs of an increasingly industrialized country. "Combined transportation" may have a big share in the transportation industry and, due to an increase in public-private partnerships, marine and railway freightage may play a larger role in cargo transport. Turkey has committed to new investments in this sector to keep up with future demand, expected to reach the following targets in 2023, the centennial of the Turkish Republic:

- Foreign trade volume to reach \$5.2 billion, with \$227 billion in exports and \$293 billion in imports.
- GDP to reach \$2 trillion
- Transported cargo to reach 625 billion tons.

However, with Turkey's current economic situation, these goals are too ambitious. The government has typically used the Build-Operate-Transfer (BOT) type of funding for earlier and ongoing transportation projects, and it seems that with the limited resources for foreign funding for the country, BOT is the only way to realize upcoming major transportation projects, including the following:

- Canakkale 1915 Bridge: to be completed by 2023 on a BOT basis with the budget of \$2.8 billion, it will be the longest bridge in the world (3623m), exceeding the Japanese Akashio Bridge rail plus motorway.
- The Grand Istanbul Tunnel: tender expected to be announced in 2020; \$3.5 billion; 110m (361 ft) below sea level; 6.5 km (3.7 miles) long and three floors; two roads and one metro line. The project is expected to be completed in 2022.
- Canal Istanbul: planned to connect the Marmara Sea with the Black Sea; an alternative route to the Bosphorus Strait to decrease traffic congestion; \$15 billion; 45km (nearly 28 miles) long and 145-150m (492 ft) wide on the surface and 125m (410 ft) wide on the floor; 25m (82 ft) deep to allow large ships access to the sea. As a result, Istanbul will be two peninsulas and an island. The project is controversial and there is no clear timeline for when or if construction will start.

Leading Sub-Sectors

Rail

The Turkish Government has prioritized improvements in the rail sector as follows:

- Liberalization of the rail system with the state maintaining ownership, but transportation companies able to transport cargo in private wagons. Three private companies have begun operations in the rail system, and more are expected.
- Increased passenger railroad transportation to 10% and cargo railroad transportation to 15%.
- Total rail length expected to reach 25,208km in 2023, including additional 11,700km high-speed rail, 8,500km rapid rail and 1,000km conventional rail.
- 8,000km of existing rail to be restored and modernized with new signal systems.
- Electrification and signal systems along with renovation of existing lines.
- New metro lines/light rail systems/trams in larger cities.

Roads & Highways

- 26,642km of existing divided roads with plans to increase to 29,514 km
- 3,779km of highway construction to be completed by 2023
- 9,000 bridges/viaducts with total length of almost 600km to be completed

Marine Transportation

- “Three Big Ports along the Three Big Seas” project on the Aegean, Black Sea and Mediterranean aiming for three transfer ports in every sea surrounding the country:
 - West on Aegean Sea - Candarli port
 - North on Black Sea - Filyos port (expected to be completed in 2020)
 - South on Mediterranean Sea - Mersin port expansion
- Container transportation capacity expected to reach 32 billion TEU
- Liquid cargo expected to reach a capacity of 350 billion tons and dry cargo, 500 billion tons
- Turkey is expected to rank among the top ten countries that receive revenue from maritime transportation
- Increased combined/multimodal/intermodal types of transportation
- Marina capacity expected to increase to 35,000 ships
- Planned construction of seven new cruise ports
- Increased emphasis on sustainability and efficiency through projects like “Green Port”

Opportunities

All high-technology systems, products, equipment in all modes of transportation, including those related to ITS are in great demand. Below are some examples:

- Traffic engineering, management, measurement, control and signal systems
- Electronic detection, and camera and security systems
- Variable message, communication and digital information systems
- Lighting systems
- Tunnel SCADA, vehicle tracking and fleet management, data management
- Marine technology: port superstructure, vessel tracking systems, oil spill detection and contingency preparedness, underwater mapping

Web Resources

- Ministry of Transport, Maritime Affairs and Communications: www.ubak.gov.tr
- Ministry of Transport Directorate General of Merchant Marine: <http://denizcilik.uab.gov.tr>
- General Directorate of Highways (KGM): www.kgm.gov.tr
- General Directorate of State Railways (TCDD): www.tcdd.gov.tr
- Turkish Statistical Institute: www.turkstat.gov.tr

Trade Events

- Eurasia Rail Turkey – Konya, April 03-05, 2021, www.eurasiarail.eu
- Intertraffic Istanbul, May 2022, www.intertraffic.com/en/istanbul

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Oil & Gas Equipment – LNG/ LNG Terminals, Upstream, Downstream, Midstream

Overview

	2017	2018	2019	2020 estimated
Total Local Production	1,269	896	910	850
Total Exports	2,284	1,578	1,560	1,200
Total Imports	3,482	2,407	2,580	2,300
Imports from the US	139	94	135	120
Total Market Size	2,467	1,725	1,930	1,950
Exchange Rates	3.81	5.26	5.94	6.00

(total market size = (total local production + imports) - exports)

Units: \$ millions

Source: Ministry of Energy and Natural Resources, State Institute of Statistics.

Note: Above figures do not include LNG and Natural Gas Imports (just the equipment)

Oil and Gas

Turkey is a net importer of oil & gas with potential prospects in the Thrace basin, offshore Mediterranean and Black Sea. Turkey spends over \$40 billion every year on imports of energy resources such as oil, natural gas and coal. Local oil production meets only 7% of demand, so Turkey imports approximately 260 million barrels of oil every year. Shale gas has not been widely explored. Although Turkey, with a population of over 80 million and approximately \$800 billion GDP, is a major consumer of oil and gas, it is also an important transit country for natural gas produced in Azerbaijan and Russia with prospects from other countries in the region. Other resources which have been discovered in recent years in the Eastern Mediterranean (if a political solution is found) could be transported through pipelines from Turkey to Europe.

National oil and gas exploration and production company Turkish Petroleum (TP) conducts the majority of oil and gas explorations in Turkey. TP is also active in other countries either on its own or in joint ventures with national and international companies. TP is a major buyer of upstream equipment for both onshore and offshore explorations. Other private sector producers operating in Turkey procure their own equipment usually from U.S., Chinese or European companies. Engagement with state-owned petroleum pipeline corporation BOTAS for LNG and piped gas will be important in the first quarter of 2021 as several long-term piped gas agreements will expire.

Domestic gas production is concentrated in the European part of Turkey (Thrace), while oil prospects are in southeast Turkey and the Eastern Mediterranean. Exploration in the Black Sea has so far yielded little success; however, when compared to explorations in the United States and elsewhere, Turkey's resources have not been sufficiently explored.

Liquefied Natural Gas (LNG)

For decades, Turkey has relied on pipeline gas from its neighbors - Russia, Iran and Azerbaijan - to meet its needs. Just four years ago, pipeline gas accounted for 84% of Turkey's total imports, 63% of which came from Russia. Turkey now intends to import compatible LNG rather than long-term pipeline gas. Turkey imports approximately 45 bcma of natural gas every year and is expected to remain an important natural gas consumer. In 2019, due to the attractiveness of compatible LNG prices, the percentage of pipeline gas and LNG to total imports was 73% and 27%, respectively. BOTAS is the main importer of LNG, but other private firms also possess import licenses. However, unless the market is fully liberalized, these private sector importers will not be market players. Turkey has two LNG terminals and two FSRU facilities. LNG is supplied from Algeria, Nigeria, the United States and Qatar as spot LNG.

Turkey is currently the 10th largest global purchaser of U.S. LNG and the second largest in Europe. U.S. LNG offers Turkey advantages in terms of quality, reliability, supply security, and the possibility of upstream investment. Increasing purchases of U.S. LNG will strengthen Turkey's purchasing position vis-à-vis alternative suppliers. BOTAS owns and operates the gas transmission system and most of Turkey's gas storage facilities, and accounts for

nearly 80% of gas sales. BOTAS, on behalf of the Turkish Government, has had long-term agreements with Russian Gazprom, Iran's national gas company IGC, and Azerbaijan's national oil company SOCAR. BOTAS has a large LNG facility in Ereğli, for which it imports LNG from Nigeria and Algeria. A large-scale terminal owned and operated by Egegaz is a private facility supplying LNG to the Turkish market. In recent years, the Turkish Government has taken steps to increase private-sector participation in the natural gas market. Kolin Group's Egri Liman facility, with its floating storage and regasification unit (FSRU), has been supplying spot LNG to Botas at peak demand times. The second FSRU is in Dortyol, Hatay, owned and operated by BOTAS. Another FSRU is planned to be constructed at the Soros Bay.

Turkey has signed long-term take-or-pay agreements with Russia, Iran, Azerbaijan, Algeria and Nigeria. Some of these agreements will conclude in 2021 and 2022 and Turkey will be seeking new suppliers. One handicap Turkey had with these long-term agreements is that the prices were indexed to oil prices rather than current market prices for NG. Therefore, Turkey is planning to have shorter term spot LNG agreements depending on the demand and supply situation.

Natural Gas Commodity Market: The Turkish Government established, under EXIST, a natural gas commodity market to trade natural gas supplies. However, trade at this commodity market will remain very limited until BOTAS' long-term agreements terminate, and more liberalized market conditions are established. The Turkish Government also intends to establish an energy hub in Istanbul for gas trading with European countries.

Natural Gas Storage: MENR is targeting 20% natural gas storage capacity. For this purpose, BOTAS is increasing the existing 1 bcm storage capacity at the Salt Lake (Tuz Golu) to 5.4 bcm. The capacity at the Silivri storage facility will also be increased to 4.6 bcm.

TANAP/Trans Anatolian Natural Gas Pipeline Project (Southern Gas Corridor): The TANAP NG Pipeline, starting at the Georgia-Turkey border and extending to the Turkey-Greece border, with a total length of 1,850 km, is part of the Southern Gas Corridor (SGC), which will bring Azeri gas to the European Union. The SGC consists of three pipelines: South Caucasus Pipeline Extension from Shah Deniz, which will transport the gas via Azerbaijan and Georgia, the TANAP pipeline via Turkey, and the Trans-Adriatic Pipeline (TAP), which starts in Greece and will take the gas across Albania and then via an offshore section in the Adriatic to Italy. The first gas is expected to flow via SGC to Europe in 2021. A branch is expected to take Azeri gas from Greece to Bulgaria and further north.

Leading Sub-Sectors

- LNG Supply to Turkey
- Small LNG facilities for supply of gas to rural areas
- FSRUs (Floating Storage Regasification Unit)
- Natural gas storage equipment and services
- Natural gas pipeline compressors, pumps, valves, pumps and other pipeline-related equipment and services
- Refinery upgrade opportunities
- Sulfur recovery units
- Refinery energy efficiency studies and equipment
- Membrane bio-reactors (MBR) for wastewater treatment
- Communications and data management, energy storage and renewable energy systems integrated into refineries
- Waste heat recovery systems for refineries
- Organic rankine cycle (ORC) implementations at refineries
- Carbon capture at refineries
- Artificial intelligence, data analytics and automation systems for refineries

Opportunities

Expansion projects for refinery and petrochemical facilities, FSRU and local LNG equipment supply projects will be major opportunities.

The U.S. Trade & Development Agency, U.S. Export-Import Bank and U.S. International Development Finance Corporation (DFC) would consider potential projects for financing in Turkey. U.S. suppliers should contact the relevant representatives of the subject U.S. Government agencies or U.S. Commercial Service Turkey.

Web Resources

- Ministry of Energy and Natural Resources: www.enerji.gov.tr
- PETFORM (Petroleum and Natural Gas Platform Association): www.petform.org.tr/en
- GAZBIR (Natural Gas Distribution Companies Association of Turkey): www.gazbir.org.tr/en
- MAPEG (Mining and Petroleum Affairs General Directorate): www.mapeg.gov.tr
- Energy Market Regulatory Agency: www.epdk.gov.tr

For project financing, see:

- U.S. EXIM Bank: www.exim.gov
- U.S. International Development Finance Corporation: www.dfc.gov
- U.S. Trade & Development Agency: www.ustda.gov
- World Bank Country Page: www.worldbank.org/en/country/turkey
- International Finance Corporation: www.ifc.org
- European Bank for Regional Development Country Page: www.ebrd.com/turkey.html
- TSKB Development and Investment Bank: www.tskb.com.tr/en
- Kalkinma Development Bank of Turkey: english.kalkinma.com.tr

For further information on the energy sector, contact:

Serdar Cetinkaya
Energy and Mining Leader
U.S. Commercial Service
U.S. Embassy, Ankara, Turkey
Serdar.Cetinkaya@trade.gov
www.export.gov/turkey

Agriculture

Overview

Turkey's agricultural economy is among the top ten in the world, with half of the country consisting of agricultural land and nearly a quarter of the population employed in agriculture. Turkey is a major producer of wheat, sugar beets, milk, poultry, cotton, tomatoes, and other fruits and vegetables, and is the top producer in the world for apricots and hazelnuts. Turkey imports oilseeds, including soybeans and meals, as well as grain products as inputs for animal feed for its meat and rapidly growing poultry sector. Turkey also imports additional cotton as an input for its advanced textile sector and inputs for its food processing and bakery sector.

Turkey is an important tourism destination with opportunities for U.S. exporters in the HRI (Hotel, Restaurant, Institutional) sector. The Turkish retail food sector continued to grow in 2019, with the organized retail sector split evenly between traditional small grocery stores and modern retail chains, developing a new emphasis on deep discount stores. The young and growing population provides opportunities for growth and new product introductions. Turkey has a well-developed food processing sector that is producing for the Turkish market and exporting regionally.

Agriculture, Aquaculture, and Forestry

	2017	2018	2019	2020 estimated
Total Local Production	51,781	42,177	43,310	43,500
Total Exports	17,245	18,048	18,342	18,525
Total Imports	15,741	15,340	15,033	15,634
Imports from the U.S.	1,808	1,620	1,136	1,249
Total Market Size	50,277	39,469	40,000	40,600
Exchange Rates (TL/\$)	3.65	4.80	5.67	6.90

(total market size = (total local production + imports) - exports)

Notes: Units are in \$ millions of USD; 2020* is an estimation;

2018 local production actually increased from 2017 in Turkish Lira terms, but in USD terms is lower than 2017

Source: Turkish Statistical Institute and Trade Data Monitor:

http://www.tuik.gov.tr/PreIstatistikTablo.do?istab_id=2513, <http://www.bumko.gov.tr/TR,150/doviz-kurlari.html>

Leading Sub-Sectors

Cotton for the textile sector as well as tree nuts are the key export opportunities for U.S. exports. Turkey's textile industry remains vital to its economy in terms of investment, employment and exports; however, demand is expected to decrease and the industry to contract in 2020 due to the fall in retail clothing sales as an effect of the COVID-19 pandemic. U.S. cotton has a very good reputation in Turkey, which is reflected in the continued high U.S. market share. Turkey is expected to remain a significant importer in the coming years due to the quality of U.S. cotton. Total Turkish imports of U.S. cotton were valued at \$648 million in 2019.

Turkey is a large consumer of tree nuts, especially importing almonds and walnuts from the United States. Nuts and dried fruit are commonly consumed as snacks in Turkey, but a large volume of nuts is also used in confectionary products and sweets to produce value-added products domestically. The U.S. exported \$340 million of tree nuts to Turkey in 2019.

There are also opportunities in supplying rice, pulses, and hardwood lumber products, as well as consumer oriented and functional food products. Turkey is a major importer of raw materials for animal feed, such as soybeans, but its restrictive biosafety law has limited imports of these products from the United States in recent years.

Opportunities

For opportunities to enter the Turkish market, it is recommended that exporters review reports in the relevant sectors produced by the USDA Foreign Agricultural Service (FAS) Office in Turkey, noted below. Turkey's young and growing population, as well as regional exports of textiles and processed food provide opportunities for U.S. exporters to provide inputs. All reports can be found on the FAS Global Agricultural Information Network [search page](#).

Web Resources

For additional information on accessing opportunities in the Turkish food and agriculture sector, the USDA Foreign Agricultural Services produces helpful reports with market information and details. Start with the Exporter Guide to Turkey, as well as the Turkish Retail Food Sector Report, Food Processing Ingredients Report, and Hotel, Restaurant and Food Service Sector Report. The latest versions of these reports as well as sector-specific reports on commodities, such as grain and feed, livestock and poultry, tree nuts and cotton can always be found on the FAS Global Agricultural Information Network [search page](#).

Turkey can be a complex market for food and agricultural products, so it is imperative to understand import requirements and have a reliable and experienced partner in Turkey. Additional information can be found in the latest FAS Food and Agriculture Import Regulations and Standards Country Report for Turkey available on the FAS Global Agricultural Information Network [search page](#), and by contacting the USDA Foreign Agricultural Service in Turkey. Turkey's Foods Foreign Trade Association (TUGIDER) may be contacted to get information on potential local representatives in Turkey as it represents the major food importers in Turkey. Food trade shows in Turkey can be helpful to visit, such as Anfas Food Products, World Food Istanbul, and Food Ingredients Fi Istanbul, to meet importers and assess the market before trying to enter.

Foreign Agricultural Service
U.S. Embassy Ankara
agankara@fas.usda.gov

Customs, Regulations and Standards

Trade Barriers

Turkey and the EU formed a Customs Union in 1995, which covers industrial products and processed agricultural goods. Turkey adopted the EU's common external tariff (CET) for most industrial products and for industrial components of agricultural products. Both the EU and Turkey agreed to eliminate all customs duties, quantitative restrictions and charges with equivalent effect on their bilateral trade. Turkey's adoption of the EU's CET also resulted in lower duties for imports from third countries, including the United States. The Customs Union allows for zero duty rates and no quotas for non-agricultural items of EU and European Free Trade Association (EFTA) origin. Turkey and the EU have expressed interest in modernizing the Customs Union to cover additional sectors such as services and agricultural goods, though political concerns have delayed discussions.

The Turkish government estimates that, as a result of the European Customs Union, the average duty rate for imports from the EU and EFTA countries dropped from approximately 10% to zero. Turkey has reserved some exempted categories for sensitive products with tariffs on these items generally much higher than the Common Customs Tariff (CCT). Some agricultural goods remain protected by steep tariffs.

Turkey is a member of the WTO and regulates its customs in line with General Agreement on Tariffs and Trade (GATT) requirements. While generally in compliance with the WTO agreement, Turkey often fails to notify the WTO of changes to import requirements. When this occurs, companies' views are often not considered, nor are they given ample time to comply and adapt to changes in how they do business. These changes to import requirements can serve as non-tariff barriers such as implementation of reference price systems, lack of control certificates, new burdensome documentation requirements, and unnecessary and intrusive inspections. Even though customs legislation is a direct translation of EU legislation, there may be differences in how they are interpreted and, therefore, implemented.

The Government of Turkey adheres to a 'reference pricing' model for pharmaceuticals whereby the pharmaceutical prices in France, Spain, Italy, Portugal and Greece are referenced and prices are determined based upon the lowest reference price available in those markets. If a product is an original, the price is set at 100% of the lowest price among those five countries. However, if it is a generic product, it is set to 60%. As reimbursement is determined by prices denominated in euros, the TRY-EUR exchange rate is vital to the feasibility of pharmaceutical products in the Turkish market. Since 2015, at the beginning of each year, the GOT announces a fixed TRY-EUR rate for use that year. In 2015, this rate was determined by taking 70% of the previous year's average TRY-EUR exchange rate. It was amended in early 2019 to 60% of the previous year's average. This policy has been problematic for U.S. and other non-Turkish pharmaceutical companies' ability to remain viable in the Turkish market. Consequently, a number of new, innovative pharmaceutical products have either been delayed or even left out of the market altogether.

Agricultural trade is subject to tariff quotas and price regulation and thus a significant degree of protection. The agricultural and pharmaceutical sectors, are particularly under a number of protectionist measures, such as localization, which have also extended to other industries such as apparel and medical devices. Moreover, the Turkish procurement system remains prone to opaque and lengthy tendering processes, onerous terms and conditions and substantial delays, which can hamper a bidder's ability to effectively engage and compete.

Import Tariffs

The EU and Turkey have been linked by a Customs Union agreement since 1995 and Turkey has been a candidate country to join the EU since 1999 and is a member of the Euro-Mediterranean Partnership.

Turkey applies the Customs Union Common External Tariff (CET) to industrial goods, and its Most-Favored Nation (MFN) tariffs for non-agricultural products are low, on average 5%. However, this relative openness is not reflected in Turkey's WTO commitments as it has left 66% of its non-agricultural tariff lines unbound. Tariff protection is high for agricultural products. The Customs Union with the EU and free-trade agreements provide duty-free access for many of Turkey's most important trading partners. In addition, Turkey has the possibility to open tariff-rate quotas for non-agricultural goods, its investment incentive programs provide for duty and tax concessions on imports, exporters

benefit from an inward-processing scheme, and a "suspension list" enables manufacturers to import certain raw materials and intermediary inputs at low or duty-exempt rates.

During the COVID-19 pandemic, the Turkish Government increased import tariffs on approximately 4,000 products to up to 50% until the end of September 2020, after which tariffs are due to decrease, but for many, not back to the prior levels.

Customs surcharges include a value-added tax (VAT) levied on most imported, as well as domestic, goods and services. The importer is responsible for paying VAT. VAT is calculated on a Cost Insurance Freight (CIF) basis plus duty rate and any other applicable charges levied before the goods clear customs. VAT for most agricultural products (basic food) ranges from 1% to 8% and can reach up to 18% for some processed products. Capital goods, some raw materials, imports by government agencies and state-owned enterprises, and products for investments with incentive certificates are exempt from import fees.

Turkey typically relies on internal taxes on goods and services rather than trade taxes such as customs duties to raise government revenue. Together, VAT and SCT provide over half of the government's revenue. In principle, Turkey's VAT and the Special Consumption Tax (SCT) make no distinction between imported and domestically produced goods. However, the SCT on alcoholic beverages varies considerably depending on the type of product and 2018 saw a marked increase in import tariffs on certain U.S. alcohol products. Overall, the tax system has the potential to favor the consumption of some products relative to others. Other products impacted by the SCT include petroleum products, motor vehicles, aircraft, vessels and durable consumer goods.

Both imports and exports are subject to certain border measures in Turkey, including outright prohibitions, licensing, controls and restrictions. Eleven categories of goods require an import license and 26 require an export license. On the export side, Turkey adheres to international agreements for the prohibition or control of strategic goods and has provisions for export quality control checks of certain agricultural products.

Import Requirements & Documentation

Import Licenses

An importer needs only a tax number to import all but restricted items, which include firearms, hazardous materials, and other products that may be imported by authorized establishments only or for which approval from relevant Turkish government agencies are required. Control Certificates are required only for animals, animal products, and certain plants such as seeds, seedlings, saplings and flower bulbs.

Import Documentation

Turkish documentation procedures require that a commercial invoice and bill of lading or airway bill accompany all commercial shipments. Depending on the type of product, importers may be required to submit a Certificate of Origin. Import licenses and phytosanitary certificates are necessary for food and agricultural commodity imports.

Conformity Compliance (CE Mark)

Companies selling to the Turkish market must submit evidence of conformity compliance (CE Mark) either by providing a conformity certificate from a notified body or a manufacturer-issued declaration of conformity, which declares compliance with all relevant standards and directive annexes. The declaration of conformity must mention the applicable directive(s), the name of the manufacturer or its authorized representative, the name of the notified body (if involved), product information and reference to harmonized standards. If the notified body is also involved in the process, the type of examination certificate should also be submitted.

The technical file is a dossier, which includes a user manual, product specifications, technical drawings and standards applied per the appropriate directives and corresponding annexes. Although it may not be enforced by the Turkish government for every imported product with a CE marking, manufacturers are assumed to have prepared a technical file. Several U.S. companies have reported difficulties when submitting a technical file after their products were shipped to Turkey. Other companies have had intellectual property rights (IPR)-related concerns and have been reluctant to provide drawings or in-depth information about the technical specifications of their product(s). In order

to avoid customs delays, the importer should be knowledgeable about relevant procedures and required documentation.

Commercial Invoice

The commercial invoice must be submitted in triplicate, including the original copy and must contain a complete description, quantity, unit cost, HS code, delivery method of the goods and country of origin as well as all required payment terms and letters of credit, if the transaction was actualized through this payment method.

Certificate of Origin

A Certificate of Origin is required by certain foreign countries for tariff purposes, certifying the country of origin of specified goods. The certificate of origin is to be prepared in duplicate. No corrections are permitted on this document, and it should be in English. A Certificate of Origin is usually prepared by the exporter or the freight forwarder and notarized and attested to by a local Chamber of Commerce or a World Trade Center. The Turkish Embassy or Consulate in the United States must certify the Certificate of Origin. One copy of the document must be surrendered to customs authorities at the time of importation.

Bill of Lading/Airway Bill

Details in the bill of lading should correspond exactly to those given in other shipping documents. The original bill of lading should be submitted along with three copies.

Proforma Invoices

The pro forma invoice must not be more than six months old at the time of application. The words “pro forma” must be included on the document. It must contain an unexpired option (if appropriate), indicate freight and insurance charges separately, and bear the importer's name as well as the description, unit price, quantity and delivery/payment method of specified goods. Products falling under the EU New Approach Directives must be accompanied by either a self-declaration of conformity or a notified body’s issued certificate of conformity to be allowed entry into the Turkish market. See the Standards and CE Mark section below.

Health Certification

Special health certificates are required for imports of plants, seeds, live animals and animal products. Plants, including fruits and vegetables, must be substantially free from pests and diseases and must have been grown in an area substantially free from prohibited pests and diseases. Additional information may be obtained from the U.S. Department of Agriculture’s Animal and Plant Health Inspection Service (APHIS). APHIS inspects and certifies that plants, plant products and live animals and animal products conform to health and sanitary/ phytosanitary requirements as required by Turkish regulations. U.S. exporters are encouraged to obtain information from the importer prior to shipment because of the complexity of sanitary and phytosanitary regulations.

Special Import Requirements

Alcohol can be imported by the private sector by obtaining license and permission from the Tobacco Products and Alcoholic Drinks Market Regulatory Authority (TAPDK), an independent regulatory body. Inspection of imported products is regulated by the Communiqué on Import Inspection of Tobacco, Tobacco Products, Alcohol and Alcoholic Beverages (Regulation on Product Safety and Inspection: 2018/19). Nevertheless, non-tariff barriers, arduous documentation requirements, and high duty rates continue to limit trade in alcoholic beverages. Cigarettes can only be imported by cigarette producers, which are granted permission by the government under special decree.

Importation of Precious Metals/Stones

Precious metals (e.g., gold and platinum) may only be imported by members of the Istanbul Precious Metals Exchange operating under Borsa Istanbul (Istanbul Stock Exchange). The Istanbul Stock Exchange consists of domestic or foreign banks, precious metals companies, currency offices, precious metals producing and marketing companies and precious metals refineries. Turkey officially became a member in 2007 of the Kimberley Process Certification Scheme,

the joint government, international diamond industry and civil society initiative to stem the flow of conflict diamonds. See [information](#) on regulations pertaining to the importation of precious metals and stones.

Importing products such as pharmaceuticals; organic chemicals, especially those used to produce medicines and medical products; vaccines for both humans and animals; chemicals used in cleaning and the food industry; live animals and plants; grains and plant seeds; and hormones require control certificates from the Ministry of Health and Ministry of Agriculture. Upon entry of specific food and agricultural products, the importer should be prepared to present the approved Control Certificate (if required) together with originals of invoice, ingredient list, Certificate of Origin, veterinary health certificate or plant health certificate, etc., as well as other import documentation such as the bill of lading. Imports of food products into Turkey are permitted only if they conform to regulations related to import controls and the [Turkish Food Codex](#). Turkey is harmonizing its food import regulations and Turkish Food Codex Regulation with those of the EU. If the product in question is not covered by the Turkish Food Codex, officials can refer to international regulations such as International Organization for Standardization (ISO), Codex Alimentarius or relevant EU Directives if it is not harmonized yet, on a case-by-case basis.

All documents must be obtained from and/or approved by the relevant authorities in the country of origin. Documents must be submitted in the original language with a translation into Turkish. Control certificates must be presented to customs authorities upon import.

Products requiring after-sales service such as motor vehicles, household electrical goods, office equipment and computers, cash registers, TV and video equipment, heaters, gas-fired burners, industrial machinery, automobiles, and wireless equipment require an import permit from the Ministry of Trade. To obtain such a permit, importers must guarantee that they will provide service and spare parts either by establishing offices or by signing agreements with existing service/parts firms. The number of maintenance facilities throughout the country depends on the type of product. Some product groups, including vehicles, require a widespread network of maintenance facilities in each of Turkey's seven geographic regions. For vehicles, the existing import regime instructs an importer to provide services and to maintain necessary parts for at least 10 years, following the importation of the last vehicle.

Type-approval is no longer needed for imported telecommunications equipment. Under the framework of the EU Customs Union, telecommunications equipment that meets certain conditions such as harmonized frequencies in Turkey can be imported without the approval of the Telecommunications Regulatory Authority. There is a national frequency plan if the equipment's frequency is not harmonized (which it typically is) then it is necessary to apply to the Authority for approval.

Importers are required to obtain a control certificate from the Ministry of Environment for materials considered detrimental to the environment. Such materials include hard coal, lignite, pet coke, petroleum, arsenic, mercury, lead sulfides and carbonates, fluorocarbons, other chemicals and scrap metals.

Risk-Based Trade Control System (TAREKS)

The Ministry of Trade launched a Risk-Based Control System (TAREKS)" in 2010 to carry out safety and quality checks on exported and imported goods electronically and on a risk basis. Designed to be accessible online using an e-signature, the main purpose of this control system is to increase the efficiency of foreign trade, to provide safe and quality products to consumers and firms by controlling the entry of "risky" products and traders to the market and to reduce waiting times at customs.

TAREKS encompasses goods like toys, medical devices, telecommunication products, personal protective equipment, machinery, electrical equipment, gas appliances, and some industrial raw materials and agricultural products.

Labeling/Marketing Requirements

All packages, cases, and bales must bear shipping marks, numbers, dimensions and the merchandise gross weight.

Packages along with accompanying bills of lading for goods to be shipped through Turkey must be marked "In Transit." All goods entering Istanbul or any other port of entry in Turkey (Ankara, Iskenderun, Izmir, Antalya, Mersin, Sinop, Samsun, and Trabzon) are cleared through customs, and full payment of duty is required upon clearance unless

the packages and bills of lading are marked "In Transit". Goods marked "In Transit" may be cleared for entry and reshipment.

For certain goods, specific labels might be needed, *i.e.*, some products may need to be cleared by the Ministry of Agriculture and Forestry (<https://www.tarimorman.gov.tr/>), and some by the Turkish Standards Institute (TSE) (www.tse.org.tr). Labelling requirements are outlined on the websites of the relevant institutions.

Although Turkey is not an EU member, it has fully implemented many of the European CE marking directives.

US Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of

the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

Goods may be temporarily imported into Turkey without duties or tax if they are to be used in the production of a product that is to be exported. The necessary permits for goods subject to temporary entry can be received from customs offices. The Customs Regime with Economic Impact Application Forms should be submitted along with one or two of the following documents:

Pro forma invoice and two copies of translated invoice, catalog and/or technical documents describing technical features of goods – if needed, contract between sender and receiver firms regarding the purpose of shipment and length of stay of the goods – if available, value of the shipment and translation of the contract.

Upon exportation of the finished product, the guarantee is remitted. Temporary admission of goods intended for re-export in their original form is permissible, free of import duties and taxes with the approval of the Ministry of Trade. Turkey is a signatory to the International Convention to Facilitate the Importation of Commercial Samples and Advertising Material. Samples of no commercial value are admitted duty-free. Other samples are assessed duties and taxes at the time of import, but these are refunded if the samples are re-exported within six months from the date of import. A letter of guarantee will be provided to Turkish Customs for a temporary import, with the guarantee being returned at the time of re-export. Samples should be listed on an invoice. Books, newspapers, magazines, catalogs, pamphlets, brochures and similar advertising materials are exempt from customs duty. Goods not allowed temporary entry include:

1. Prohibited Products
2. Consumable Products
3. Goods that cannot be subjected to sameness detection
4. Goods that can create economic impediments

U.S. traders may also wish to consider a more simplified procedure in the form of an "ATA Carnet." Carnets are international customs documents permitting the holder to temporarily import products as samples without paying customs duties or posting bonds. Virtually all goods, personal and professional, including commercial samples, professional equipment, goods intended for use at trade shows and exhibitions, computers, tools, cameras and video equipment, industrial machinery, automobiles, apparel and jewelry are covered under a carnet.

The reader may wish to check the "General List" to see if the goods are covered by [ATA Carnet guidelines](#) or call the Carnet-Help-Line at (800) 5-DUTYFREE.

In the United States, carnets are sold by the U.S. Council for International Business, [Roanoke Trade Services](#) and [Bommerang Carnets](#). Once the application is submitted online, standard processing is two business days. Rush and same-day services are available for an additional charge. Carnets are valid for one year.

Prohibited & Restricted Imports

The Ministry of Trade issues the list of prohibited and restricted imports into Turkey. It has been significantly updated in 2020 after the COVID-19 outbreak in line with the Import Communique issued on December 31, 2019.

There are three product groups whose import into Turkey is prohibited:

- Certain waste regulated by "Regulation for Product Safety and Inspection 2020/3"
- Certain chemicals regulated by "Regulation for Product Safety and Inspection 2020/6"
- Metal scrap regulated by "Regulation for Product Safety and Inspection 2020/23"

In cases where these commodities can be imported, the importer can only be an industrial entity intending to use these materials in its own manufacturing process. The importing entity must obtain a license from the Ministry of Trade. For products other than those falling into the groups above, there are no sales limitations.

Importation of certain other products are not prohibited, but restricted, if they do not meet the requirements set to protect humans, animals and the environment. For example, importation of electronic devices is not prohibited; however, if these devices are not compliant with the technical standards established by the [Turkish Standards Institution](#), they may not be imported. Similarly, food products that are not compliant with the requirements set by the Ministry of Agriculture and Forestry cannot be imported into Turkey.

There is also a different group of products, including unprocessed precious metals, metal scrubs, gasoline, etc., which, due to their nature, can only be imported by certain organizations and designated individuals.

Customs Regulations

Turkey's customs regulations are governed by the Ministry of Trade (<https://www.trade.gov.tr/>). Customs legislation pertains to 8 customs regimes in effect and the related regulations. These are

- Entry to free circulation
- Transit regime
- Customs and warehouse regime
- Inward processing regime
- Processing under customs control
- Temporary admission
- Outward processing
- Export regime

Each of the above listed regimes has a separate set of rules and related procedures.

Turkey is a party to the Customs Union with the EU and has the obligation to approximate its laws to the EU acquis in competition, intellectual property and common trade policy areas as well as free movement of goods area. The Turkey-EU Customs Union covers only industrial products and processed agricultural products. Certain association council decisions are applied to agricultural products and for coal and steel products a preferential agreement is applied. The Customs Union agreement not only covers abolition of customs duties and all other measures having equivalent effect and adoption of Common Customs Tariff of the Community, but also stipulates the abolition of all distortive mechanisms that result in an unfair advantage over the other.

Standards for Trade

Overview

Products tested and certified in the United States to U.S. regulations and standards are likely to have to be retested and re-certified to Turkish requirements. Because of Turkey's Customs Union agreement with the EU and efforts to adapt all EU regulations, the approach to the protection of the health and safety of consumers and the environment is somewhat different.

The CE Mark was established by the EU to ensure the free circulation of products in Europe. The directives that entered into effect were established to ensure health, safety, consumer and environmental protection. Annexes to the various EU directives specify levels of risk and types of products that must be certified either by a notified body or by the manufacturer as conforming to the particular directive(s). The EU's laws and regulations make it compulsory to comply with the directives when goods are sold in the EU territory and the European Economic Area (EEA). Companies must show evidence of product compliance by maintaining or presenting a technical file that includes product specifications, technical drawings, and standards applied per the appropriate directives and corresponding annexes. Regarding post-market surveillance, the relevant authority in charge of product safety inspections depends on the type of product in question.

Both U.S. companies and Turkish Government officials have acknowledged that products of EU origin bearing the CE mark, regardless of point of origin, are not subject to inspection and, therefore, Turkish customs authorities sometimes unfairly single out U.S. products. In some cases, U.S. products, despite their CE Marks, have been subjected to additional tests. In certain cases, parts and components of final equipment which, according to EU

regulations, would not be subject to CE marking, were held at Customs after Turkish Standards Institution (TSE) inspections due to a lack of CE marking. Manufacturers have been required to demonstrate compliance with related standards or provide technical proof that they would not fall under the related New Approach Directives. TSE has argued that this policy is necessary because Turkey does not have an after-market monitoring system in place to ensure consumer protection.

Standards

TSE, the sole authorized body for standardization in Turkey, is a public institution founded in 1960. To execute the duties accorded by law, all TSE units are structured in a way that ensures financial and administrative independence.

TSE is an active member of the world standardization community; with full membership in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) since 1956, in the Standards and Metrology Institute for Islamic Countries (SMIIC) since 2010, in the European Committee for Standardization (CEN), and in the European Committee for Electrotechnical Standardization (CENELEC) since 2012.

TSE provides standards aimed at enabling companies to produce goods and provide services in compliance with rules, laws, codes and standards applicable in global markets. As a notified body, TSE enables clients to gain access to the European and Gulf markets by ensuring their products meet all CE mark requirements according to EU directives/regulations and all G mark requirements according to GSO regulations. Inspection and surveillance, testing, certification, calibration, CE marking and standards services are among the services provided by TSE.

Testing, Inspection and Certification

Conformity assessment is a mandatory step for a manufacturer to comply with specific EU harmonized legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, and to facilitate acceptance of the final product. Products meeting the definition within the directive that Turkey implemented for a product to conform to EU technical regulations must have proof of meeting requirements either through verified laboratory testing conducted by an EU-approved notified body or by manufacturer's self-declaration (if the directive dictates). Companies selling to the Turkish market must submit evidence of conformity (CE Mark) either by providing a notarized conformity certificate from a notified body or a manufacturer's issued certificate of conformity, which declares compliance with all relevant directives. Conformity assessment bodies in Turkey can be found [here](#).

Additionally, within the scope of the Communiqué on Import Inspections for Certain Products that Should Bear CE Marking (No 2017/9), TSE is the relevant authority for import inspections. Within this framework, inspections on products that fall under certain communiques are carried out electronically through the Risk-Based Control System in Foreign Trade, also known as "TAREKS." This electronic surveillance system enables instant information sharing on the outcome of inspections and tracks products/manufacturers that do not meet required safety thresholds.

For products falling outside of the scope of the EU directives and where the Government of Turkey has established a directive or standard, the current standard or directive would apply. At this point, certification of compliance with TSE standards would be required.

TSE issues a letter of conformity when a "Declaration of Conformity" is submitted prior to import. However, TSE may still request the technical file and test the products, if required, to confirm that the certificates and/or marks (CE mark) were issued in accordance with the relative regulations.

Publication of Technical Regulations

The "Decree on the Regime of Technical Regulations and Standardization for Foreign Trade" conforms to the requirements laid down in the WTO Agreement on Technical Barriers to Trade. It prohibits discrimination among trading partners and ensures that imported products comply with the requirements for protection of human health and safety, animal or plant life or health, or the environment. The Regime has been amended regularly since 2004 to harmonize with EU technical legislation.

TSE publishes all standards and directives in the [Official Gazette](#) daily. Official Gazette documents are available online.

Contact Information

WTO Members are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. [Notify U.S.](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Turkish Standards Institution (Turk Standartlari Enstitusu)

Necatibey Caddesi 112

Standart Hazirlama Baskanligi

06100 Bakanliklar

Ankara, Turkey

Tel: +90-312-416-6200

Fax: +90-312-416-6611

<https://en.tse.org.tr>

Ministry of Trade

Sogutozu Mh. 2176. Sk. No:63

06530 Cankaya

Ankara, Turkey

Phone: +90-312-204-7500

Call Center: +90-312-444-8482

<https://www.trade.gov.tr>

Trade Agreements

Turkey, as a party to the WTO General Agreement on Tariffs and Trade (GATT), conducts Free Trade Agreements in line with Article XXIV of GATT 1947. According to this Article, Turkey may grant favorable treatment to its trading partners within a customs union or a free trade area without extending such treatment to all WTO Members, subject to certain conditions.

Without prejudice to WTO provisions, the Turkey-EU Customs Union constitutes the major legal basis of Turkey's free trade agreements (FTA). Under the Customs Union, Turkey aligns its commercial policy with the EU's Common Commercial Policy. This alignment concerns both autonomous regimes and preferential agreements with third countries. Turkey negotiates and concludes free trade agreements with third countries in parallel with the EU. Together with the EU Common Customs Tariff, the preferential trade regimes constitute the most important part of the trade policy applied towards third countries.

Turkey has concluded FTAs with 36 countries; however, 11 were repealed upon their accession to the EU. The remaining 20 FTAs in force are with EFTA, Israel, Macedonia, Bosnia-Herzegovina, Palestine, Tunisia, Kosovo, Morocco, Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Mauritius, South Korea, Malaysia, Moldova, Faroe Islands, Singapore and Kosovo. Additional FTAs signed with Lebanon, Sudan, Qatar, Ghana and Venezuela have not yet been ratified. Turkey has also updated and deepened the scope of its existing FTAs with EFTA, Serbia, Bosnia and Herzegovina and Montenegro. Negotiations to do the same with Georgia and Malaysia are ongoing.

Lastly, Turkey and the United Kingdom established a Working Group following the latter's withdrawal from the EU to sustain the current bilateral market access structure in the short term, and to establish a deep and comprehensive FTA in the medium to long term.

The Turkey-EU Customs Union eliminated custom duties, quantitative restrictions and measures having an equivalent effect in the trade of industrial goods to ensure the free movement of goods. As a result of the Customs Union, Turkey opened its internal market to EU and third-country competition, while guaranteeing its exporters free access to the EU market. In addition, Turkey has undertaken to align itself to the preferential regimes that the EU applies to third countries and to harmonize its legislation with the EU's *acquis communautaire* in a wide spectrum of areas, including standards and technical legislation, as well as competition policies. Trade in agricultural products, however, is managed in the framework of the preferential system between the Parties; while trade in iron and steel products is governed by the Free Trade Agreement between Turkey and the European Coal and Steel Community.

While negotiations to update the Customs Union were launched several years ago, talks are stalled by ongoing political tensions.

A Tax Treaty Agreement between the United States Government the Government of Turkey for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, together with a related Protocol, was signed in 1996. See the full tax treaty [here](#).

Licensing Requirements for Professional Services

There are no specific licensing requirements to set up a professional services company in Turkey. Standard conditions of establishing a company are registration at the Trade Registry Office, certification of legal books by a notary public and obtaining a tax identity number. To open a legal services company, one needs to have a law degree and be a member of the Bar Association. For more information on establishing a business in Turkey, please visit <https://www.invest.gov.tr/en/InvestmentGuide/Pages/establishing-a-business.aspx>.

Selling US Products and Services

Distribution & Sales Channels

Overview

Istanbul and the greater Marmara region are at the center of most distribution in Turkey. The Port of Istanbul is the largest port for imported products. Most distribution channels and head sales offices are in Istanbul and radiate out to the rest of the country and many neighboring countries. However, distributors in other cities may also be qualified to distribute throughout the country. For some sectors, such as medical technologies, the cities of Ankara and Izmir are becoming clusters with their own distribution centers that can serve the whole country. Depending on the location of consumers and end-users, most distributors have a dealer network throughout the country or in areas where the product is most used. In the case of several industrial sectors, a dealer/repair network may be required. On the other hand, commissioned representatives/agents periodically visit their customers together with their American principals to maintain strong personal contacts, which is an important marketing tool in Turkey. Truck-based distribution of goods is common; air and rail shipment, however, are also developing.

Using an Agent or Distributor

Unless a U.S. firm has the staff and resources to open its own office in country, the most effective means of selling in Turkey is through a reliable and qualified local representative. Personal contacts are extremely important in Turkish business, in both the private and public sector. When dealing with government tenders, an agent is an absolute necessity to help with bureaucratic procedures and the language barrier.

An American firm should carefully investigate the reputation and any possible conflicting interests of a prospective representative or agent before signing a contractual agreement. U.S. Commercial Service Turkey (CS Turkey) can conduct a background check on a selected company with the International Company Profile (ICP) due diligence report, which can be a useful tool to help evaluate a potential agent or distributor candidate.

Agency agreements under Turkish law are private contracts between two parties and their stipulations vary according to mutual needs. There are no fixed commissions. It is recommended that a sole manufacturer, representative and/or distributor be appointed for the entire country as well as other countries in the region. Agency agreements can be established for a period of a year, especially for a new contract, with a renewal option for a longer period, depending on agent performance. In cases where a large volume of government business is expected, it is essential to appoint a firm, either headquartered or with a branch office in Ankara, the capital.

Establishing an Office

The 2003 Foreign Direct Investment (FDI) Law was passed to “encourage FDI; protect the rights of foreign investors; to define ‘investment’ and ‘investor’ in line with international standards; to liberate the foreign investment climate based on equal treatment and free expatriation, to establish a notification-based system for FDI rather than screening and approval system which is abolished; and thus regulate the principles to increase FDI through established policies.” Legally, foreign-invested companies or foreign subsidiaries established in Turkey are treated as Turkish companies (though in practice, politics and policy concerns may lead to a less than even playing field).

The FDI law establishes the following treatment to be applied to FDI:

- No FDI-related screening or approval procedures to set up a business (company or branch) and share transfers, except in certain critical sectors.
- Conditions for setting up a business and share transfers are the same for comparable local investors.
- No pre-approval requirements for most transactions – capital increase, change of business activity, etc. - foreign investment companies and foreign capital companies follow the same procedures as local companies.
- No requirements to register licenses, know-how, royalty and technical assistance agreements.
- No minimum capital requirements.

- Foreign investors may form partnerships and any form of company included in the Turkish Commercial Code.
- Valuations by international credit agencies as well as courts or competent authorities of the investor's country will be accepted in determining share value for marketable securities that are contributed as capital in-kind.
- Foreign investors can freely establish an entity.

The law also confirms foreign investors' existing rights:

- Based on the principle of equal treatment for domestic and foreign investors; foreign investors have the same privileges and obligations as domestic capital and enjoy free transfer of profits, dividends, proceeds from sale or liquidation of an investment, fees and royalties and interest payments on foreign loans.
- National or international arbitration is allowed for disputes arising from contracts involving government concessions as well as for disputes arising from private agreements, provided that the required conditions are met.
- Foreign capital entities may employ foreign personnel in Turkey, provided that work permits (also deemed as residence permits) are obtained from the Ministry of Family, Labor and Social Services.

Liaison offices are special offices whose main activity is to conduct market research and feasibility studies and to research investment opportunities in Turkey. They are not permitted to carry out commercial activity. A liaison office may also be an effective vessel for following investment opportunities in Turkey. Foreign investors are required to obtain permission from the General Directorate of Free Zones, Foreign Investment and Services under the Ministry of Trade to open a liaison office in Turkey. Initial permission is valid for three years and may be extended for another three years quite easily depending on prior activities and future plans.

A foreign company is free to choose between a corporation (Anonim Şirket--A.S., or "Societe Anonym" type Corporation), limited liability company, establishment of general partnerships (Kollektif Şirket), limited partnership (Komandit Şirket), or branch office for its operations in Turkey. The "A.S." structure is more suitable for larger enterprises, as corporations may attract a large number of shareholders. A limited liability company structure is typically more appropriate for establishing sales and distribution entities.

The Presidency of the Republic of Turkey Investment Office [website](#) outlines the steps for registering and establishing a company. According to the Investment Office, the process can typically be completed in one day.

CS Turkey recommends retaining an attorney or other relevant expert to obtain additional information as well as handle the application process and entity formation. Use of an accountant for tax planning is also highly recommended. Listings of some American and Turkish lawyers in major Turkish cities are available [here](#).

Franchising

The Turkish National Franchising Association, Ulusal Franchising Dernegi (UFRAD), a member of the International Franchising Association (IFA), is traditionally the first point of contact for new market entrants and is a meeting point for prospective franchisors and franchisees. While franchising has experienced significantly strong growth in Turkey, a recent weakening of the Turkish economy and thus of consumer demand, coupled with a highly saturated market and availability of local brands could mean significant challenges for new entrants. Foreign franchises in Turkey tend to be concentrated in fast food restaurant and apparel concepts, but other business types are represented as well.

Direct Marketing

Companies wishing to conduct direct marketing must be legally established in Turkey and obtain an operating license from the Ministry of Trade.

In Turkey, the most popular products offered through direct marketing are cosmetics and personal care items as well as housewares and home furnishings. Eighty percent of the 850,000 direct sales representatives are women. The

market is dominated by international companies, many of which are members of the [Turkish Direct Selling Association](#), founded in 1994.

Over the past five years, due to the rise of online retail and the increase in beauty/cosmetics stores across the country, direct marketing has been in decline as a retail channel in Turkey. In 2018, the total market size was estimated as \$260 million, a marked decrease from the year prior.

Joint Ventures/Licensing

International investors may establish any form of company set out in the Turkish Commercial Code (TCC) and are, in theory, treated the same as local investors. Turkish citizens residing abroad are considered foreign investors with the submission of their resident and/or work permits issued by their host country.

There are corporate and non-corporate structures for companies under the TCC, with the following types of establishments under each:

a. Corporate

- Joint Stock Company (JSC)
- Limited Liability Company (LLC)
- Cooperative Company

Despite their structural and financial differences, the procedures for establishing a JSC or an LLC are the same.

b. Non-corporate

- Collective Company
- Commandite Company

JSC and LLC are the most common types chosen both in the global economy and in Turkey.

Procedures for Establishing a Company in Turkey *

- Submit memorandum and articles of association online at MERSIS (Central Registry Record System)
- Execute and notarize company documents
- Obtain potential tax identity number
- Deposit a percentage of capital to the account of the Competition Authority
- Deposit at least 25% of startup capital in a bank and obtain proof thereof
- Apply for registration at the Trade Registry Office
- Certify the legal books
- Follow up with tax office on the Trade Registry Office's company establishment notification
- Issuance of signature circular
- Move certain documents to electronic format / E-TUYS system

*Source: invest.gov.tr

Additionally, branches and liaison offices may be considered as alternative ways to establish a business in Turkey. Liaison offices cannot engage in any commercial activity and are not considered legal entities under Turkish law.

Although 100% foreign ownership is permitted (except in Radio & TV Broadcasting), most U.S. investment in Turkey is in the form of a joint venture or licensing operation. Most Turkish companies prefer to establish joint ventures with U.S. suppliers in order to overcome shipping costs and compete effectively against European counterparts. Since 1996, European-origin goods have been largely duty-free due to Turkey's Customs Union agreement with the European Union. Many U.S. firms have chosen local production to both penetrate and profit from the Turkish market. The sophisticated business infrastructure present in most major Turkish commercial centers (e.g. legal support, financial and consulting services) can greatly assist in forming joint ventures. Several major U.S. accounting/auditing firms, law firms and banks have established branches in Turkey.

Express Delivery

Most major express delivery companies like FedEx, TNT, DHL and UPS are present in Turkey and are commonly used. The most affordable and often the slowest international service is government-owned PTT. Delivery times from the United States to Turkey vary depending on the type of delivery service used. Companies handle customs clearance and offer door-to-door delivery. Local courier services are reliable, fast and affordable, especially for in-country delivery.

The most common are:

Yurtici Courier: www.yurticikargo.com/en

Aras Courier: www.araskargo.com.tr/en

MNG Courier: www.mngkargo.com.tr

Due Diligence

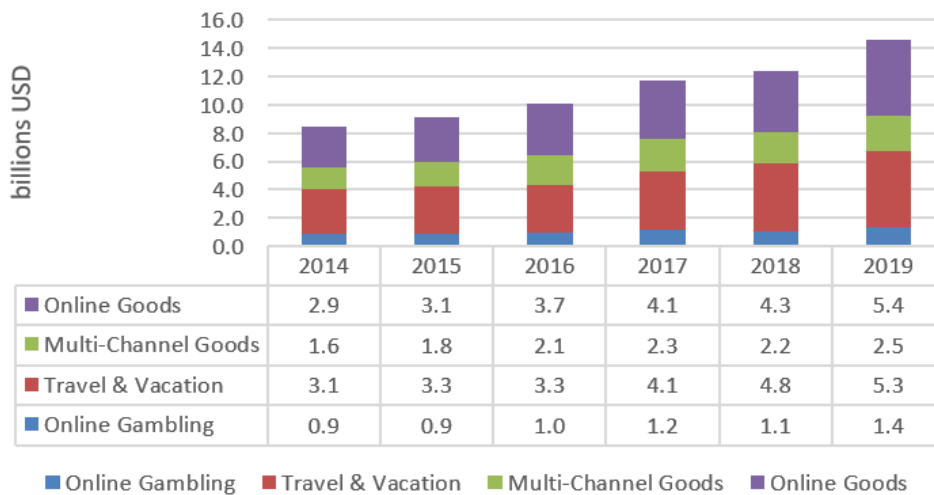
Companies can minimize the risks of doing business with a new or unknown customer or partner in Turkey by utilizing CS Turkey's International Company Profile ([ICP](#)) service. An ICP provides up-to-date background information on potential partners, including bank and trade references, names of principals, key officers and managers, product lines, number of employees, financial data, sales volume, reputation and market outlook, all at a reasonable price.

The U.S. Commercial Service makes every reasonable effort to ensure the accuracy and completeness of the information that it provides to a company. We provide this information as an additional resource for a company to use in the exercise of its business judgment. The company should conduct its own due diligence before entering a business relationship or otherwise relying on this information would be at their own risk and consent. When utilizing the information provided, the company is responsible for complying with all applicable laws and regulations of the United States, including the U.S. Foreign Corrupt Practices Act (FCPA). The ICP service can provide useful information to a company in conducting its own due diligence but does not constitute U.S. Commercial Service certification or assurance of compliance with the FCPA. The U.S. Commercial Service is not liable for the consequences of any business decisions made by a company.

eCommerce

In 2019, the eCommerce market grew over 17%, reaching \$14.6 billion. Online goods were the largest contributing sub-sector with 26% growth in USD and 48% growth in TRY. The average growth rate over the last 5 years has been 13%.

E-Commerce Market Size



Source: <http://www.tubisad.org.tr>

Credits cards are the lead payment method in terms of revenue (71% of revenue, 40% of transactions) when shopping online, and sales are nearly equally divided between Visa and MasterCard. PayPal suspended operations in Turkey due to regulations mandating the payment industry to localize its customer data. Bank transfer (21% of revenue, 48% of transactions) and payment on delivery (7% of revenue, 13% of transactions) are also preferred for smaller orders. According to the Interbank Card Center (BKM) 2.56 million unique cards were used online on Black Friday, and online retail accounted for 30% of total card usage.

In 2020, COVID-19 has changed the online retail landscape. According to BKM, 5 million cards were used online for the first time during March and April, raising the total number of unique cards to 18 million. According to the Ministry of Trade, eCommerce grew 48% through May 2020 compared with the same period in 2019 despite the 75-80% decrease in the tourism sub-sector.

The Ministry of Trade recently introduced ETBIS (eCommerce Information System) through a new platform (www.eticaret.gov.tr), where businesses are required to register and customers can query eCommerce sites. They also introduced an 80% subsidy of membership costs to eCommerce sites in 2020 and 60% thereafter, up to 2 years per membership.

Social media plays a significant role as it is the predominant reason for internet usage in Turkey. Most research prior to purchase is done on mobile devices and mobile purchases recently reached 50% as well. According to Nielsen report, 9 out of 10 users consider promotions and discounts and 68% say they are not loyal to brands when shopping online. More than half of the purchases had shipment included in the price.

Webrazzi (www.webrazzi.com/en) organizes eCommerce summits yearly, bringing various service providers, marketing and the eCommerce sector together.

Selling Factors & Techniques

Overview

When employing a manufacturer's representative or agent in Turkey, an American firm is advised to provide full support regarding literature, technical information, budget and advertising and promotional materials. Potential government buyers and private-sector importers should receive catalogs and other literature clearly indicating the name and address of the local representatives/distributors.

The importance of personal contact in Turkey cannot be overstated. Regular visits to government and private sector customers demonstrate a dedication to the market and U.S. companies are encouraged to support their in-country representatives by joining these meetings whenever possible. Each sector has its peculiarities and challenges, which means it is important for U.S. companies to develop customized marketing strategies to be successful. Some government customers require extensive briefings, demonstrations and trial units, while private sector customers are typically driven by cost and time factors. Some government and military agencies have set guidelines for formal presentations, which require a specific lead time to complete the required procedures. For example, the Ministry of Defense requires companies to apply through its Technical Services Department for official briefings to relevant departments. See the [guidelines](#) for formal briefing applications.

Another common and effective practice is to invite the representative/agent to the United States every year for an annual sales strategy meeting.

In larger Turkish cities, international trade promotion events, such as fairs, exhibitions and seminars, are common methods of sales promotion. These fairs also provide opportunities for U.S. companies to assess and meet existing competition, since most major foreign and local suppliers also participate. Event catalogs serve as 'trade lists' on specific product categories. Currently, there are about 70 international fair and exhibit organizers in Turkey. CS Turkey promotes attendance by prospective Turkish buyers at major trade shows in the United States and Europe. Sector specialists take Turkish business delegations to trade shows in the United States under the Trade Event Partnership Program and counsels U.S. delegations that attend European, and Middle Eastern trade shows. Likewise, the Foreign Agricultural Service (FAS) organizes trade teams to U.S. agriculture and food shows. CS Turkey will continue to coordinate with other U.S. Commercial Service offices and event organizers to facilitate the visits of buyers to these events. The events promoted by CS Turkey are listed on CS Turkey's [website](#).

In wake of the COVID-19 pandemic, when limited travel is expected to continue, CS Turkey recommends that U.S. companies maintain regular contact with their Turkish representatives and clients through virtual platforms as part of an active relationship marketing strategy, which is essential for success in the Turkish Market.

Trade Promotion and Advertising

A variety of trade promotion and advertising channels exist in Turkey, from print to visual ads. U.S. exporters might benefit from various advertising channels according to their marketing strategies. In Turkey, there are dozens of TV channels that can be used for commercial advertising. Additionally, digital media and online ads have become very popular. Newspaper and magazine ads can also be effective trade promotion tools for U.S. exporters.

The leading English language newspapers are the [Hurriyet Daily News](#), [Anadolu Agency](#), [Daily Sabah](#), and [Turkiye Newspaper](#).

Major newspapers in the Turkish language are *Cumhuriyet*, *Dunya*, *Hurriyet*, *Milliyet*, *Sabah* and *Sozcu*. Among these, the country's primary newspaper specializing in commercial/economic issues is *Dunya*. Many companies use *Dunya*'s sectorial appendix for advertising. Major weekly or monthly business periodicals are *Turkish Time*, *Para*, *Economist*, *Capital* and *Fortune Turkey*.

Various business associations and specific sector periodicals such as: *Ambalaj Dunyasi* (packaging), *C4 Defence* (defense), *Dunya Insaat* (construction), *Gas & Power* (oil and gas/electric power generation and distribution), *MetalSan* (iron and steel), *PetroTurk* (oil & LPG), and *Turkdokum* (casting), serve as potential advertising channels.

Most media links are available at: www.gazeteler.com and www.dergiler.com.

The Union of Chambers and Commodity Exchanges of Turkey (TOBB) publishes local trade fairs and shows on its [website](#) annually. In addition, CS Turkey's Business Service Provider [directory](#) is designed to help U.S. companies identify professional service providers to assist them in the assessment, completion and/or financing of an export transaction.

Pricing

Price has traditionally been the most important business consideration, especially in government tenders. Existing public procurement law instructs buyers to procure the product/service with the lowest price and best quality, though there is often, per a July 2017 government decree, a 15% price advantage for products produced domestically. In general, the lowest price wins in public procurement tenders. However, from time to time, life-cycle analysis or best value procurement may be used. Private sector buyers may emphasize quality and the best value, but price remains a negotiation issue. In both public and private sales, creative financing, which reduces upfront cash outlays or extends the terms of payment, can be of great value to Turkish clients.

U.S. firms should consider the recent devaluation of the Turkish lira against the U.S. dollar when making price calculations for their products and services, especially when in competition with local suppliers.

While imports from European Union and European Free Trade Association (EFTA) countries and countries with bilateral free trade agreements with Turkey are exempt from duties, American firms can still be competitive by offering financing alternatives to low-cost, credit-hungry Turkish buyers. The U.S. Export-Import Bank (EXIM), U.S. International Development Finance Corporation (DFC) and the U.S. Trade & Development Agency (USTDA) have a variety of financial vehicles to assist U.S. exporters and investors. All imports of goods and services (except food) as well as contracts are subject to 18% value added tax (VAT) over the Cost Insurance Freight (CIF) price. The subject amount is applicable to all, including domestic, companies.

Financing also includes GSM-102 export credit guarantees, which are available for most agricultural products. CS Turkey urges U.S. exporters to utilize letters of credit and other methods to secure transactions when establishing a new relationship with a Turkish importer.

Sales Service/Customer Support

Proper after-sales service and/or customer support can be critical to success in this market. In certain industries, such as machinery and automotive, service offerings can also be a competitive advantage for U.S. exporters. U.S. suppliers may want to identify local agents and/or distributors with the necessary service and maintenance capability. Depending on the level of business activity, a U.S. firm may also consider establishing an office in Turkey to provide this type of service. In 2014, the Ministry of Customs and Trade issued a [directive](#) to regulate the delivery of after-sales services by manufacturers or importers for a select group of products. According to this regulation, manufacturers or their importers are required to provide after-sales services for this group of products for a certain period as defined for each group. Note that the Ministry of Trade amended the subject directive in February 2020, resulting in a new list of [affected products](#).

Local Professional Services

The Business Service Provider (BSP) [Directory](#) is designed to help U.S. companies identify professional service providers to assist them in the assessment, completion and/or financing of an export transaction in Turkey.

The service providers are selected based on our long-term experience with the type of support that U.S. companies usually seek when doing business in Turkey. English-speaking attorneys specializing in commercial law, investment legislation, joint ventures, corporate law, tax law, bankruptcy law, public finance, banking corporations, criminal and civil law are available for consultation with U.S. business representatives.

U.S. companies will also find large U.S. accounting and financial firms operating in Turkey to assist in establishing a presence in the Turkish market.

If you need additional information or assistance in locating service providers in categories not listed, contact CS Turkey directly: Sema Okurer (sema.okurer@trade.gov).

The BSP directory is not comprehensive and inclusion does not constitute an endorsement or recommendation by the U.S. Government or Commercial Service. Limited due diligence is conducted, but we strongly recommend that you perform your own due diligence and background research on any company. We assume no responsibility for the professional ability or integrity of the providers listed. We also reserve the right not to list a company.

Principal Business Associations

[AmCham Turkey/ABFT](#) - American Business Forum in Turkey

AmCham Turkey/ABFT was established in January 2004 in Istanbul as the “Voice of American Business in Turkey.” AmCham Turkey/ABFT’s primary mission is to act as a bridge between Turkey and the United States to further improve bilateral trade, investment and to support Turkey’s economic development by strengthening the business environment and stimulating FDI. The U.S. Ambassador to Turkey is the Honorary Chair. AmCham Turkey/ABFT has six committees: Public Affairs & Government, Investment Environment, Sustainability, Healthcare & Life Sciences, Digital Economy and Food & Agriculture. As an American Chamber of Commerce in Turkey, AmCham Turkey/ABFT has 110 prominent members, representing an over \$50 billion economic contribution and close to 100,000 jobs in Turkey.

[DEİK](#) - Foreign Economic Relations Board

Upon its establishment in 1985, the Foreign Economic Relations Board of Turkey (DEİK) was designed to organize and manage the foreign economic relations of the Turkish private sector, in particular with respect to foreign trade, international investments, services, contracting and logistics; to analyze investment opportunities at home and abroad; and to help boost the country’s exports as well as coordinate similar business development activities.

There are 139 bilateral, 5 sector-specific and 2 special purpose business councils operating under DEİK. The council for the United States, The Turkey-U.S. Business Council (TAİK), was the first bilateral business council established in Turkey.

[TAİK](#) – Turkey-U.S. Business Council

TAİK, operating under the umbrella of DEİK, was established in 1985 as the first business council in Turkey with the aim of enhancing trade and investment relations between Turkey and the United States. TAİK is the largest of the 146 bilateral business councils operating under DEİK.

TAİK’s mission is to enhance trade and economic relations between Turkey and the United States. TAİK works with American and Turkish companies to bolster their strategic partnerships as well as to promote Turkey’s and the United States’ strengths as a destination for bilateral investment.

[TMB](#) - Turkish Contractors Association

The Turkish Contractors Association (TCA) is an independent, non-profit professional organization based in Ankara. The association was founded in 1952 and represents the leading construction companies in Turkey. Its members’ business makes up nearly 70% of all domestic and 90% of all international contracting work done by Turkish construction companies. Since the early 1970’s, Turkish contractors have completed over 10,000 projects in 126 countries. Their business volume abroad has reached \$402 billion.

In addition to offering contracting services at international standards both within and outside Turkey, most TCA members are also active in various fields ranging from the manufacturing of building materials to investments in the field of energy, tourism, health and transport.

[TOBB](#) - The Union of Chambers and Commodity Exchanges of Turkey

TOBB, established in 1950 in Ankara, is the highest legal entity in Turkey representing the private sector and the largest non-profit organization in the country, encompassing 365 Chambers and Commodity Exchanges. All companies in Turkey are required to be a member of a Chamber of Commerce or a Chamber of Industry. All Chambers of Commerce and Industry must be members of TOBB. In 2004, TOBB established the TOBB Economics and Technology University, which participates in major social and commercial bodies as well as in some private and government organizations in Turkey.

[YASED](#) – International Investors Association

YASED was established in 1980 as the non-governmental organization representing international companies operating in Turkey. YASED’s mission is to enhance the efficiency and profitability of international companies in Turkey and the level of attraction of the country for investors by contributing to the improvement of the business and investment

environment. It represents approximately 85% of all FDI that has come to Turkey since 2000. YASED member companies operate in 25 countries and over 15 sectors. YASED plays a pioneering role in the establishment of sustainable, predictable and competitive legal regulations and legislations in international standards. There are 17 working groups dealing with different business topics.

[TUSIAD](#) - Turkish Industrialists' and Businessmen's Association

TUSIAD, established in 1971, is a voluntary business organization of CEOs and executives from major industrial and services companies in Turkey, including Fortune 500 companies. With around 4,500 member companies, it is often representative of the overall economic activity of the country. TUSIAD is based in Istanbul and has representative offices in Washington D.C., Silicon Valley CA, Brussels, Paris, Berlin, London and Beijing.

Limitations on Selling US Products and Services

Turkey generally follows EU directives in terms of standards that document a product's quality and safety. For example, this applies to the CE Mark (European Conformity). Therefore, if a CE Mark is required for a specific product for the Turkish market and the U.S. manufacturer does not have this required certification, that product cannot be imported into Turkey.

The Ministry of Trade has the right to specify products that may not be imported into Turkey. Currently, due to environmental concerns, certain products regulated by "Regulation for Product Safety and Inspection 2020/3", certain chemicals regulated by "Regulation for Product Safety and Inspection 2020/6" and metal scrap regulated by "Regulation for Product Safety and Inspection 2020/23" may not be imported into Turkey. In cases where these commodities can be imported, the importer can only be an industrial entity intending to use these materials in its own manufacturing process. The importing entity needs to obtain a license from the Ministry of Trade. For products other than those that fall into the groups listed above, there are no sales limitations.

As for professional services, lawyers, notaries and customs brokers that do not hold Turkish citizenship, cannot practice in Turkey. While the same rule applies to dentists, pharmacists and midwives, foreign doctors and nurses can practice in Turkey if they speak Turkish at the required level, have no limitations to practicing their professions in their home country and have their university and professional degrees approved by the Ministry of Health.

Used or refurbished equipment is regulated by a [decree](#) renewed annually. While some products falling under the HS Codes noted in this regulation can only be imported to Turkey with licenses issued by the relevant government agencies, some can be imported with no prior license.

Generally, the importation of used or refurbished equipment is limited to items that will be used by industry to manufacture its own finished products and to sea and air vehicles. There are differing age limitations for each allowed product category.

Trade Financing

Methods of Payment

Traditionally, Turkish corporations have satisfied most of their financing requirements through the banking industry. Corporate/banking relationships are easy to establish. However, given the continuing gap between Turkey's extensive needs and its limited internal resources, external financing for public and private project investment will likely remain necessary in the coming years. Exporters are advised to provide financing for their exports. In addition to short- and medium-term credits available from commercial banks in local and foreign currencies, lower-cost Turkish Lira (TL) credits are also available from the Export Credit Bank of Turkey.

Letters of Credit (LCs) are traditional import instruments for private-sector transactions. LCs should be irrevocable and confirmed by a prime U.S. bank. As Turkish importers develop long-term contacts and prove their creditworthiness, suppliers may be willing to accept documents against payment (d/p) or documents against acceptance (d/a). Deferred payment schedules are not common, except in cases of large transactions where supplier financing plays a role.

Turkish banks continue to see some tightening in their access to international credit, though the major banks borrow internationally. Suppliers should consider unconventional project financing packages (e.g., forfeiting, factoring and utilization of third-country export credits) when bidding on major government infrastructure projects. Exporters should be flexible and try to accommodate the needs of their customers by building any additional associated costs into the offer price.

Firms bidding on Government of Turkey contracts should pay careful attention to the way proposals are prepared and should follow closely the administrative specifications. Financing costs and foreign exchange rate risks, where applicable, should be factored into the bid price. Bids that do not comply with administrative specifications, which include financial criteria, are generally rejected. The validity of a proposal is required to be written in the tender notice. Government tenders often involve bid and performance bonds. Bid bonds cannot be lower than 3% of the value of the tender, while performance bonds are usually equivalent to 6% of the contract value. Bid bonds are not mandatory for consultation services, if it is mentioned in the tender document. Bid bonds are not mandatory for direct supplies. The government only calls these bonds in cases of substantial non-performance. All bonds must be counter-guaranteed by a Turkish national bank.

The contracting authorities may insert some provisions to the tender documents; regarding procurement of services and works, a price advantage would apply to domestic tenderers up to 15%, and in procurement of goods, a price advantage up to 15%, would apply to domestic tenderers who offer products which are accepted as domestic products by the authority.

Several leasing companies operate in Turkey, most of them owned by Turkish banks. They finance purchases of expensive capital goods such as aircraft, auto fleets, construction equipment and other special equipment. Turkish financial leasing in capital expenditures still only accounts for a fraction of capital expenditures in developed countries. The terms of leasing are usually four years, with a balloon payment at the end. Turkish leasing companies are eager to work with U.S. counterparts.

There are 56 Turkish factoring companies (usually spin-offs of banks) and 20 of them are members of the Factors Chain International (FCI) in the Netherlands. Like leasing companies, factoring and forfeiting companies generally suffer from funding difficulties. All U.S. banks active in Turkey deal with at least one of the major leasing and factoring companies.

For more information about the methods of payment and other trade finance options, see the [Trade Finance Guide](#).

Banking Systems

The banking sector plays less of a financial intermediary role than one would expect in an economy of Turkey's size and sophistication. The three state-owned commercial banks plus the nine largest private banks account for 90% of total bank assets. Turkish banks engage in core banking services, securities brokering and other businesses. For a listing of banks licensed in Turkey please visit [here](#).

The Borsa Istanbul (BIST) is the sole exchange entity of Turkey combining the former Istanbul Stock Exchange (ISE), the Istanbul Gold Exchange and the Derivatives Exchange of Turkey under one umbrella. The Capital Markets Board of Turkey, based in Ankara, is responsible for overseeing the activities of capital markets. The Banking Regulation and Supervision Agency (BDDK) and the Central Bank of the Republic of Turkey are responsible for the integrity of the banking system.

BDDK, primarily, supervises bank activities to ensure, among other aspects, that they meet liquidity requirements and enforces banking laws. BDDK is also authorized to give permits to establish and operate a bank in Turkey as well as determine disposition of insolvent banks.

While the Central Bank is primarily responsible for steering the monetary and exchange rate policies in Turkey, the Ministry of Treasury and Finance is responsible for the management of the state treasury.

Foreign Exchange Controls

There is no limit on the amount of foreign currency that may be brought into Turkey, but not more than 25,000 Turkish lira or €10,000 worth of foreign currency may be taken out without declaration. Although the Turkish Lira (TL) is fully convertible, most international transactions are denominated in U.S. dollars or euros due to their universal acceptance. Banks deal in foreign exchange and do borrow and lend in foreign currencies. While for the most part, foreign exchange is freely traded and widely available, a May 2019 government decree imposed a settlement delay for FX purchases by individuals of more than \$100,000. The bank and insurance transaction tax rate on individual foreign exchange purchases, including gold, was raised to 1% from 0.2% in May 2020. Turkey cut the ceiling for FX swaps, forward and option transactions that local banks can conduct with foreign entities from 10% to 0.5% of the lender's equity. In practice, the measure constrains Turkish banks' ability to conduct operations in FX and lend TRY overseas to foreign entities. Turkey also cut the limit on TRY-denominated sell-side FX swaps, forwards and other derivatives with non-residents with a seven-day maturity to 1% of banks' equity; the new limit for these instruments with a 30-day maturity was set to 2%. Under these new rules, the volumes of TRY-denominated swaps that Turkish banks can transact overseas would decrease. Foreign investors are free to convert and repatriate their Turkish Lira profits.

US Banks and Local Correspondent Banks

U.S. and U.S.-affiliated investment and commercial banks present in Turkey include Citibank, Merrill Lynch Investment Bank, JP Morgan Chase, and the Bank of New York Mellon.

Some local correspondent banks include state-owned commercial banks such as Ziraat Bank and Vakif Bank as well as private banks such as Turkish Economy Bank, Akbank, Is Bank and Yapı Kredi Bank.

Protecting Intellectual Property

Turkey remains on the U.S. Trade Representative's Watch List in 2020. Over the last few years, the Turkish government has worked to strengthen its intellectual property (IP) regime, including through continued implementation of the 2016 Industrial Property Law that, among other things, increases criminal sanctions for importing and exporting counterfeit goods and enhances authorities' ability to destroy counterfeit goods. Also, an updated copyright law has been under review for more than a year, as has a five-year, government-wide IP strategy. Despite these positive developments, concerns among right holders regarding overall IP protection and enforcement in Turkey continue.

The United States views with concern Turkey's recent implementation of policies that require localized production of certain pharmaceutical products in order to remain on the government reimbursement list. Additionally, U.S. companies report that Turkey's national pricing and reimbursement policies for pharmaceutical products and medical devices suffer from a lack of transparency and procedural fairness. Also, stakeholders continue to have concerns about certain compulsory licensing provisions in the Industrial Property Law which may inappropriately expand the discretion to consider compulsory licenses. Stakeholders also continue to raise concerns that Turkey does not adequately protect against the unfair commercial use, as well as unauthorized disclosure, of test or other data generated to obtain marketing approval for pharmaceutical products, and has not done enough to reduce regulatory and administrative delays in granting marketing approvals for products. Turkey should establish an effective mechanism for the early resolution of potential pharmaceutical patent disputes.

The United States encourages Turkey to fully implement its obligations under the World Intellectual Property Organization (WIPO) Internet Treaties and develop effective mechanisms to address online piracy. The United States continues to encourage Turkey to require that collective management organizations adhere to fair, transparent, and nondiscriminatory procedures. Turkey remains a significant source of and transshipment point for counterfeit goods across several industry sectors. Levels of pirated products in Turkey remain high. Furthermore, the use of unlicensed software by some government agencies is reported, as are increasing levels of satellite television channel piracy. Enforcement processes are hampered by procedural delays and insufficient personnel, as well as laws that contain lax penalties and inadequate procedures.

In any foreign market, companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

For more information, you may contact the Intellectual Property Attaché covering Turkey, Dorian Mazurkevich at Dorian.Mazurkevich@trade.gov, or ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

Selling to the Public Sector

Selling to the Government

Procurement regulations and practices are explained below. For major infrastructure projects, such as bridges, airports, ports, hospitals, highways, transportation and other public service-type infrastructure, the government has increasingly held tenders on a build-operate-transfer (BOT) or public-private-partnership (PPP) basis. For these types of projects, the government guarantees a certain number of passengers or clients and meets the price difference until the target number is met. Some projects have special conditions for local production or using locally produced materials.

While Turkey has been a WTO member since 1995, the country has yet to sign the WTO Government Procurement Agreement (GPA), but rather has had observer status since 1996. Public Procurement Law No 4734 and Public Procurement Contract Law No 4735 define the tendering procedure for public sector procurement and implementation of new projects. Prequalification and registration of bidders is mostly conducted electronically. In some cases, original documents are required to avoid abuse.

Companies established in Turkey, including foreign companies' subsidiaries, are able to register their company and attach any required documents at the "Electronic Public Procurement Platform" (EKAP for short in Turkish) included in the [EKAP website](#). Documents entered in EKAP under a company name need to be official and scanned. For bids submitted by consortia, work completion certificates from each company are accepted by tender committees. Work completion certificates obtained from previously completed work are valid for 5 years. Foreign documents with apostille or documents approved by Turkish consulates are accepted.

Since e-tendering started in early 2019, thousands of tenders have been conducted through that system. It is expected that the system will be extended to cover medical equipment. There is often a 15% price advantage for local contractors/producers, placing foreign bidders at a disadvantage.

U.S. firms should work closely with a local partner/ representative or legal consultant to analyze public procurement tender specifications not only in terms of technical compliance, but also for required documentation compliance and additional costs involved. The main laws and regulations that regulate government procurement are found at the Public Procurement Authority (KIK) [website](#).

For defense tenders and contracts, the Presidency for Defense Industries (SSB) and the Ministry of National Defense have their own [procurement regulations](#). SSB procurement is financed off-budget, through special taxes, and is not subject to public procurement laws.

KIK approves public tender conditions and evaluates complaints of wrongdoing in public procurement tenders for a certain fee specified by the relevant regulations. Bidders can file objections to tender specifications or tender conditions after procuring the tender documents but before the tender closing date. KIK evaluates the objections and makes decisions in accordance with the regulations. Its decision is final unless a bidder appeals in court. Bidders can also file cases at KIK if they believe there is wrongdoing after the evaluation is finalized but before a bid bond is collected.

For Turkish Government tenders, the proposal must generally be valid 3 to 6 months from the bidding date. Along with the proposal, a bid bond (bank guarantee letter) in the amount of 3% of the bid amount must be submitted. The bid bond must be issued by a Turkish bank, counter-guaranteed by the bidder's bank and valid at least for the period of bid validity, usually 3 months. A bid bond is not required for consultancy tenders. A bid bond is issued by the bidder's bank to the project owner to guarantee that the winning bidder will undertake the contract under the terms at

which they bid. This action is only triggered should the principal who is awarded the contract fail to enter into the contract, as agreed with the project owner.

Once a company is awarded a contract, the bidder then becomes the contractor and must provide a performance bond, which is usually 6% of the contract amount and is valid throughout the delivery or per final acceptance beginning from the contract date. All bonds must be issued by a Turkish bank and counter-guaranteed (confirmed) by the bidder's bank.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information

Financing of Projects

Project financing is available through a multitude of sources including Turkish and foreign commercial banks as well as investment banks. The Export-Import Bank of the United States (EXIM) and the U.S. International Development Finance Corporation (DFC) are two sources for project financing for U.S. investors. Interested U.S. companies should note that American banks active in Turkey are among the leaders in project financing.

While Turkey is also affected by the COVID-19 pandemic, the country continues to offer some major opportunities for U.S. exporters in infrastructure projects. U.S. EXIM Bank financing, along with DFC and United States Trade and Development Agency (USTDA) programs, are available to U.S. suppliers. The European Bank for Reconstruction and Development (EBRD) and the World Bank/International Bank for Reconstruction and Development continue to fund major projects in Turkey. Turkish and U.S. EXIMs have signed a co-financing agreement for projects in third countries in April 2016. U.S. EXIM recently declared that it can be the prime ECA if the main contractor is a U.S. firm including those Turkish contractor firms which have subsidiaries in the United States. U.S. EXIM can co-finance projects with up to three other ECAs.

DFC can provide equity financing, debt financing, political risk insurance and grants for feasibility studies and technical assistance.

Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at the European Bank for Reconstruction and Development and the World Bank, which finance projects in Turkey.

Learn more by contacting the Commercial Liaison Offices to the:

- [European Bank for Reconstruction and Development](#)
- [World Bank](#)

Business Travel

Business Customs

Turkish people take pride in their traditions and culture. However, having ties with Western countries, Turks in major cities have adopted a more internationally minded way of life. A foreigner visiting any one of the large cities in Turkey will find him/herself in an atmosphere similar to that in a contemporary European city. Turks are extraordinarily

hospitable people and visiting businesspeople will do well to offer normal courtesies and respect as well as to take the time to know their Turkish counterparts. In general, a personal relationship is an important basis for a successful business relationship in Turkey. It is usually important to allow time for friendly conversation before commencing with a business agenda. Business cards are almost always exchanged, and visitors are usually offered a glass of tea or a cup of Turkish coffee. It is customary to accept these offers.

Travel Advisory

See the latest [State Department consular information sheet](#) for Turkey.

Visa Requirements

A passport and visa are required for U.S. citizens traveling to Turkey. Foreigners wishing to enter Turkey must carry a passport valid for six months beyond the date of entry.

U.S. citizens should obtain their visa prior to their arrival in Turkey. Visa applications can be submitted at Turkish missions abroad or online through the e-Visa [application system](#).

One exception to the visa requirement applies to U.S. citizens traveling to Turkey by cruise ship. They may enter Turkey without a visa for a maximum of 72 hours, with permission from local security authorities at the port of entry.

For all tourism and commerce-related entries, the traveler is allowed to remain in Turkey for a total of 90 days within a 180-day period.

For additional information, visit the Turkish Ministry of Foreign Affairs [FAQ](#).

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

Currency

The Turkish currency is the Turkish Lira. There are banknotes in 5, 10, 20, 50, 100, and 200 Turkish lira denominations in circulation. There are also coins, of which the highest is 1 Turkish lira, equal to 100 kuruş.

Major foreign currencies such as the U.S. dollar and the euro can be easily changed into Turkish lira at all banks, post offices (PTT), and foreign exchange offices.

ATMs are ubiquitous in Turkish cities and towns. Most banks have ATMs in addition to numerous free-standing ATMs at strategic locations. It is possible to withdraw cash from MasterCard, Visa, or other major international credit cards as well as international debit cards. ATMs operate in the same way as in the United States.

Major credit cards are accepted at almost all hotels, most restaurants, department stores, grocery stores, and big retailers. However, unlike in the United States, Turkish credit cards typically operate with a PIN. Therefore, while most transactions can be done using a U.S. credit card, some transactions, such as those in taxis, may not be authorized without a PIN.

Banking hours in Turkey are 9:00 AM to 5:00 PM, Monday through Friday. It is also possible to find bank branches that are open on weekends in major shopping malls in large cities.

Telecommunications/Electronics

The telephone and cellular phone coverage in Turkey is extensive and nationwide. Turkey's cellular phone operators are Turkcell (900 Mhz), Vodafone (900 Mhz), and Turk Telekom (1800 Mhz). All offer 3G and 4.5G LTE networks. To avoid international roaming costs, travelers and businesspeople are advised to utilize GSM cellular service prepaid cards. However, some U.S. operators allow unlimited data use in Turkey, albeit at much lower (typically 2G) speeds. Please communicate with your current provider prior to coming to Turkey to ensure that your U.S. cell phone is usable in Turkey.

WiFi internet access is common throughout Turkey. Most hotels, restaurants, cafes and businesses as well as transportation hubs offer free WiFi. However, in many cases, WiFi use requires registration with a Turkish cell phone number.

In Turkey, the standard voltage is 220 Volts and the standard frequency is 50 Hz. Outlets are European style so travelers from the United States will need a plug adaptor for their U.S. devices.

Transportation

The national flag carrier, Turkish Airlines (THY), together with its subsidiaries, dominates air passenger service and flies non-stop daily to most major European, Middle Eastern, Asian cities and U.S. gateways. European airlines also have frequent non-stop flights to Turkey. Lufthansa offers service to Istanbul, Izmir, and Ankara from its Star Alliance Frankfurt and Munich hubs. Though THY dominates domestic air travel within Turkey, the Turkish government has liberalized domestic air service, and new airlines also serve the domestic market. Pegasus and Sun Express are among these and they also have direct flights, primarily to European countries, especially during the summer months.

Rail transportation, recently enriched with high-speed train lines, is also available between select major Turkish cities.

Comprehensive networks of long-distance buses operate between many major cities. Car rentals are reasonably priced and in line with European prices. Public transportation is available in major cities; however, businesspeople are advised to use taxis. Metro transportation, though limited to specific routes, is also available in some major cities. Particularly in Istanbul, because of very heavy traffic, using the metro (subway) is strongly recommended on specific routes, like Taksim-Levent, which otherwise might take hours to traverse by vehicle.

Language

The official language spoken by more than 90% of the population is Turkish. Many educated Turks have a command of at least one foreign language, with sufficient fluency to carry out business transactions. Many company executives were educated in Western countries. English is the dominant language for international business, though there is relatively low overall English language penetration in the country.

Health

Medical facilities are available but may be limited outside urban areas. The care provided in Turkish hospitals varies greatly. New private hospitals in Istanbul, Ankara, Izmir, and Antalya have modern facilities and equipment, numerous U.S.-trained specialists and international accreditation.

Anyone coming to Turkey should have comprehensive medical insurance. Useful information on medical emergencies abroad, including overseas insurance programs, can be found at the Department of State's Bureau of Consular Affairs [website](#).

It is strongly recommended to drink bottled water or water that has been filtered and boiled. Bottled beverages are safe to drink.

Vaccinations recommended for Turkey and other health precautions can be viewed at the Center for Diseases Control and Prevention's (CDC) [website](#).

Local Time, Business Hours and Holidays

Time in Turkey is UTC/GMT + 3 hours, and following a decree passed in 2016, this does not change. Therefore, Turkey is 7 hours ahead of U.S. Eastern Daylight Time (spring/summer) and 8 hours ahead of U.S. Eastern Standard Time (fall/winter).

Business hours are typically from 08:30 AM to 5:30 PM, Monday through Friday.

Annual Turkish Holidays:

January 1 – New Year's Day (Yeni Yil)

April 23 – National Sovereignty and Children's Day (Milli Egemenlik ve Cocuk Bayrami)

May 1 – Labor & Solidarity Day (Emek ve Dayanisma Gunu)

May 19 – Ataturk Memorial, Youth & Sports Day (Ataturk'u Anma, Genclik ve Spor Bayrami)

July 15 – Democracy & National Solidarity Day (Demokrasi ve Milli Birlik Gunu)

August 30 – Victory Day (Zafer Bayrami)

October 28 (1/2) & October 29 – Turkish Independence Day (Cumhuriyet Bayrami)

Ramadan Feast (Ramazan Bayrami) – 3.5-day religious holiday at the end of the month of Ramadan (dates vary)

Sacrifice Feast (Kurban Bayrami) – 4.5-day religious holiday beginning 70 days after Ramadan (dates vary)

Please note that the U.S. Mission in Turkey is closed for both U.S. and Turkish holidays. A current list of U.S. and Turkish Holidays can be found at the U.S. Embassy to Turkey [website](#).

Temporary Entry of Materials or Personal Belongings

Travelers entering Turkey on a temporary basis and carrying items such as laptop computers and accessories, display and exhibit materials, catalogs, brochures, pamphlets and similar advertising materials are permitted to bring these items into Turkey duty free. For additional information about temporary entry, please see the Trade Regulations and Standards, Temporary Entry section.

Customs regulations may be found at the Republic of Turkey, Ministry of Trade [website](#).

Investment Climate Statement (ICS)

See State Department's [Investment Climate Statement website](#).

Political Environment

See the State Department's [Countries & Areas](#) website.