The following report is submitted by the delegation of Turkey to the Council of Representatives in compliance with paragraph 3 of the terms and conditions of the Decision of 3 July 1973 regarding Turkey's Stamp Duty.\textsuperscript{1}

1. Change-over to Value Added Tax and improvement of the Tax System

In accordance with the measures that have taken place both in the Third Five-Year Plan and the 1974 Programme, tax improvement studies and activities have started and gained momentum.

The Value Added Tax Bill has been given its final form by the Ministry of Finance and is ready to be submitted to the Government. Naturally, as it has been the experience of other countries, time is needed for the Bill to go through the Parliamentary procedure and to be put into effect gradually.

2. Removal of quantitative restrictions

(a) Breakdown of 1974 Programme Imports by allocation and financial resources is shown below in comparison with the previous year.

\begin{tabular}{lrr}
\hline
       & 1973 & 1974 \\
\hline
Programmed Imports & 1,285 & 2,586 \\
   - Liberalized List & (720) & (1,250) \\
   - Quota List & (450) & (1,236) \\
   - Bilateral agreement & (115) & (100) \\
Auto-financed imports & 315 & 450 \\
Total Programmed Imports & 1,600 & 3,036 \\
\hline
\end{tabular}

\footnote{\textsuperscript{1}BISD 208/32}
(b) As can be seen from the table above, in 1973 Import Programme, Liberalized Imports were estimated at $720 million where it is expected to reach the level of $1,250 million in 1974, which represents a 73.6 per cent increase with respect to the previous year.

(c) Liberalization of Imports has been one of the main objectives of the Government and as foreign exchange reserves became increasingly available, implementation of this policy has been developed in this direction. As a matter of fact, the share of Liberalized Imports in total Imports which has been around 40-50 per cent for several years, has been registered at the level of 55.5 per cent in 1973 where Liberalized Imports were $1,161 million out of total Imports of $2,097 million.

(d) On the other hand, for the period of January-March 1972, 1973 and 1974 this rate was 43.2 per cent, 46.6 per cent and 62.7 per cent, respectively.

(e) Moreover, measures that were designed to facilitate Imports in 1973 have also taken place in 1974 Import Regime. In addition to these general provisions,

(i) Import deposits for List I goods have been reduced to 20 per cent, and

(ii) for such goods like iron and steel products and tyres and tyre tubes in List II, deposits have been lowered down to 1 per cent.

3. Recent unfavourable developments in Europe concerning General Prices, Employment, International Trade, Production, and the substantial oil price hikes have been adversely affecting the Turkish economy and her International Reserves and they seem to be continuing for a while. Considering these developments, it should be remembered that our liberalization efforts have great importance and weight for Turkey in an environment where international trade relations are being restricted from time to time.