As you know, the Government of Turkey requested, at the Council meeting of 25 October 1972, an extension of the Decision of 24 August 1969 to allow it to continue to apply the stamp duty. The Council decided to refer Turkey's request for an extension of the waiver to the Committee on Balance-of-Payment Restrictions for examination, in consultation with the International Monetary Fund.

I particularly want to indicate now some changes that happened since 1969 on the application of stamp duty. Article 2 of Law 828 concerning the import stamp duty had been amended in 1969 so as to increase the maximum stamp duty from 15 per cent to 25 per cent ad valorem on all imports, except certain very exceptional cases where the rate has increased to 100 per cent.

The Government of Turkey adopted a new decree dated 10 August 1970 in which the rate of the stamp duty has been reduced from 25 per cent to 10 per cent. On 1 September 1971, the date at which the Interim Agreement between Turkey and the European Economic Community entered into force, the rate of the stamp duty was lowered from 10 to 9 and 9.5 per cent on imports from EEC, according to Article 7 of the afore-mentioned Agreement.

The Government of Turkey has continued to keep the operation of the stamp duty under constant review in the light of the balance-of-payments situation and the overall development of the Turkish economy. The stamp duty has had no adverse or restrictive effects beyond maintaining the development of imports at a level commensurate with external payments possibilities. Imports have continued to rise, increasing from $685 million in 1967 to $764 million in 1968, and again from $801 million in 1969 to $903 in 1970, and finally to $1,170 million in 1971. Total imports in 1972 are estimated to reach $1,450 million. By the end of September 1972 Turkish imports reached $1,117 million for a nine months period. In the same period of 1971 the import figure was $901 million.
With your kind permission, I would like to indicate some other points. Income from the stamp duty was necessary in view of Turkey's development plans. The major preoccupation of the Turkish authorities is to achieve development in stability and all the measures introduced are geared to this consideration.

The stamp duty is levied to permit Turkey to pursue its economic development while maintaining economic stability and also to assist the creation of savings for investment purposes. Further reasons for applying the stamp duty are to avoid regression in the balance-of-payments situation and to maintain internal prices at a stable level, so as to contain inflationary tendencies.

During the application of the Second Five-Year Plan, Turkey's imports had increased by 11.8 per cent annually while the plan's anticipated growth for imports had only been 7.4 per cent. The growth of exports had been less than expected in the plan, and the deficit in the trade balance had continued to increase. The trade deficit amounted to $268 million in 1968 and increased to $494 million in 1971; at the end of the first nine months of 1972, the balance of commerce deficit was $533 million. Therefore, my Government decided to maintain the application of the stamp duty until the end of the Third Five-Year Plan, the terminal date of which is 31 December 1977.

Finally, I wish also to reiterate the fact that this is an across-the-board measure applying to all imported commodities. There is no discrimination whatsoever against any country or any commodity; also, it is not designed to protect domestic production. As I mentioned earlier, the rate of the stamp duty had been reduced with respect to the EEC member States. The Turkish Government is now elaborating legal provisions so as to be able to apply, as from 1 January 1973, the same reduction to imports from all contracting parties.

This meeting is not held for a full consultation on the Turkish economy, therefore I am not going to give more explanations on the stamp duty application and on other import restrictions applied by the Turkish Government.