DR. FT REPORT ON THE CONSULTATION UNDER ARTICLE XVIII.12(b) WITH TURKEY AND EXAMINATION OF THE TURKISH STAMP DUTY

1. In their Decision of 30 January 1973, extending the Turkish Stamp Duty waiver, the CONTRACTING PARTIES expressed the desirability of having the request for a further extension of the waiver examined in the Committee on Balance-of-Payments Restrictions in the context of the 1973 consultation with Turkey. The Committee has examined the measure in conjunction with the regular consultation with Turkey on its balance-of-payments import restrictions, which took place on 1 and 2 May 1973. Part I of the present report summarizes the main points on the discussion in the course of the regular consultation. Part II sets forth the Committee's views concerning the Stamp Duty, together with a draft decision attached.

2. The Committee had before it a basic document supplied by the Turkish authorities (BOP/129, Adds.1-4), and a Supplementary Background Paper on Recent Economic Developments supplied by the International Monetary Fund dated 3 April 1973. It generally followed the plan for such consultations (see BISD, 18th Supplement, pages 52-53).

Consultation with the International Monetary Fund

3. Pursuant to the provisions of Article XV of the General Agreement, the International Monetary Fund had been invited to consult with the CONTRACTING PARTIES in connexion both with the regular consultation with Turkey and with regard to the Stamp Duty. The representative of the Fund made a statement concerning the position of Turkey as follows:

"The Fund invites the attention of the CONTRACTING PARTIES to the supplementary background information on Recent Economic Developments dated April 3, 1973."
Turkey had a substantial basic surplus in her balance of payments in each year during 1970-72 and a cumulative surplus of about US$700 million during this period. This favorable outcome rested mainly on two developments: a remarkably sharp growth in workers' remittances and the buoyancy of commodity exports. These developments in turn were due primarily to the comprehensive exchange reform of 1970 and to favorable external factors, including particularly the sustained high level of employment in Western Europe and the realignment of exchange rates among the major currencies. The growth in receipts was accompanied by large increases in imports, which in 1972 were in U.S. dollars terms nearly twice the level of 1969 and 33 per cent greater than in 1971. The trade deficit rose steadily and was US$678 million in 1972; however, the current account strengthened and was in virtual balance in 1972. International reserves climbed sharply, growing in 1972 by US$640 million, in part due to a large inflow under the convertible lira accounts (sight and time deposits arising largely from Euro-money borrowings by Turkish enterprises). Even after adjusting for the convertible lira account liabilities of US$464 million, reserves at the end of 1972 stood at US$937 million or equal to about 7 months' imports; without such an adjustment, they equalled about 11 months' imports.

The large increase in imports in 1972 reflected buoyant economic activity and rising prices but also a more liberal administration of the restrictive system. The rate of price increase abated somewhat in 1972 but still was about 15 per cent and a further improvement in this respect remains an objective of high priority. A favorable development in 1972 was a notable improvement in the fiscal performance as the budget moved from a large deficit in 1971 to near balance in 1972. A further strengthening of the fiscal position is important for containing inflation and thereby creating conditions more conducive to the achievement of the sharply increased investment goals of the Third Five-Year Plan.
"Turkey's Third Five-Year Plan seeks to effect a major restructuring of the economy designed to raise living standards while reducing unemployment, both open and disguised. A steady and substantial liberalization of the external trade and payments system would contribute to a better allocation of resources and help in the achievement of greater price stability. The Government reviewed the restrictive system at the beginning of 1973 and adopted certain liberalization measures. However, given the continuing strength of the basic balance of payments and the comfortable level of reserves, further liberalization measures are feasible and should be introduced. Given the importance of improving the fiscal position and achieving greater price stability, a temporary continuation of the stamp duty may be warranted. In view of this consideration, liberalization measures may be directed towards other features of the restrictive system such as increasing the scope of Liberalized List I and thereby assuring a progressive increase in the share of imports under that list in total imports. It is hoped, however, that the Turkish authorities will soon be in a position to phase out the stamp duty and to replace it with other fiscal revenue measures."

I. Consultation on Import Restrictions

Opening statement by the representative of Turkey

4. The representative of Turkey made an opening statement, the full text of which is reproduced in Annex I, in which he explained the relationship between the Turkish import programme and Turkey's Five-Year Development Plan. He also explained the methods used in controlling imports and supplied details on the types of goods affected by the various measures. In particular, he stressed the fact that commodities affected by restrictions were primarily consumer goods. He went on to describe his authorities' efforts to move towards liberalization of imports while keeping within the limits of external payments possibilities. The rate of the Stamp Duty had been lowered and was at present 9 and 9.5 per cent for all contracting parties. Following the 1970 devaluation, a prompt payment system
for importers' application was introduced in order to meet foreign exchange application without delay. Customs duties, mainly on investment goods and raw materials had been reduced, in some cases to zero; and in view of various exemptions granted as tax incentives for investment promotion, one third of total imports were virtually duty free. Consular formalities had been abolished in 1973, and the rates of advance guarantee deposits had been reduced. He analyzed several aspects of the balance-of-payments situation of Turkey, and in particular of the current account which was expected to continue to show a deficit until the end of the Third Development Plan ending 1977. In concluding, he stated that the ultimate objective of the Third Five-Year Plan was to achieve self-sustained growth and development with stability. He also stated that complete liberalization of trade was an important objective but would have to be achieved in gradual stages.

I. Balance-of-payments position and prospects and alternative measures to restore equilibrium

5. Members of the Committee thanked the Turkish delegation for the comprehensive information given in the basic document and in the statement. It was asked whether details on the balance-of-payments situation were available for the first months of 1973, in particular with regard to the level of reserves and the share of these reserves attributable to convertible TL accounts; and within the convertible TL accounts, how much was held by foreign banks and other international investors, and how much attributable to Turkish workers' remittances from abroad.

6. The representative of Turkey recalled that as recently as 1969 Turkish reserves had been very low, and that the improvement had started after the 1970 devaluation of the TL, and was helped by loans granted by members of the Turkish Consortium and drawings on the IMF, as well as the growth of foreign workers' remittances and export proceeds. Also, there had been a change in 1969 in the accounting system for foreign reserves. At the time convertible TL accounts were encouraged in order to attract funds for investment. By the end of 1972 these funds had grown from zero to $465 million, creating excess money supply in the economy, and hence distorting prices. Gross reserves at the end of 1972 were of the order of $1,312 million. Latest data indicated reserves as of 14 April 1973 of $1,615 million, which reflected inter alia the effects of the February
currency realignments. Of this, $488 million were convertible TL accounts; the part attributable to workers' remittances was negligible, in the order of $20 million. He added that new regulations had been introduced and that convertible TL accounts would now only be accepted for investment purposes on a two-to three-year basis. Accounts not meeting these regulations would be refunded. These measures had been adopted to dampen the excess money supply thus created.

7. Balance-of-payments figures for the first three months of 1973 showed exports at $312 million ($50 million more than for the same period in 1972); imports at $463 million ($100 million more than for the same period in 1972); workers' remittances at $198 million (some $70 million more than for the same period in 1972); and finally tourism, with some $10 million.

8. In reply to a question on short- and medium-term forecasts for the current account and for the volume of workers' remittances, the representative of Turkey pointed out that the target of the Third Five-Year Plan was to achieve balance in the current account by the end of 1977. A reasonable forecast for imports for 1977 could be obtained by compounding adjusted 1972 import figures by 7.1 per cent per annum. The present trade deficit was more than compensated by workers' remittances and net income from tourism. However, there was considerable uncertainty attached to the future level of workers' remittances, as these depended on a number of economic and social factors outside the control of the Turkish authorities. For this reason remittances were not to be considered as reliable a source of income as export receipts.

9. In reply to questions asked as to the effects of the February currency realignment on Turkey's trade expectations for 1973, the representative of Turkey explained that the 1973 Import Programme had been drawn up on the basis of 1971 prices, in terms of US dollars. Since then the dollar had been devalued by 8 per cent and the Deutschmark and other major currencies had appreciated by some 3 to 4 per cent; for example, Turkish trade with the Federal Republic of Germany would have to be recalculated with upward adjustments made for imports in terms of
US dollars. On average, import figures as forecast in the Development Plan were expected to be adjusted by some 12 per cent for this reason. One estimate put final 1973 imports, after readjustment for the parity changes and other factors, at over $2,000 million.

10. The question was asked why a deficit of $55 million was expected in 1973 on inflows on convertible LT accounts, whereas this item of the balance of payments had shown a steady growth over the past two years. The representative of Turkey explained that this was expected to result in part from the new regulations introduced recently to discourage such accounts unless destined for investment.

11. Some members of the Committee pointed out that further reserve accumulation would create problems for domestic monetary management. In this context and noting that the IMF representative's statement had stressed the need to achieve price stability, members of the Committee asked what measures were being adopted to fight inflationary pressures and why no additional taxes were being envisaged. The representative of Turkey explained that all domestic taxable sources had been exhausted and that the present level of taxation in Turkey was over 18 per cent of GNP, which was high for a country at that stage of development. Increased revenue from taxes could only result now from a reform of the fiscal system and its administration. This was being envisaged, but the Committee could readily understand that any such reform was a long-term effort.

12. In response to questions on the development of prices, the representative of Turkey explained that price levels in Turkey had grown alarmingly and were expected to rise by a further 8 to 10 per cent in 1973. Wholesale prices had risen faster than consumer prices, but the latter were expected to catch up in the course of the year. The Government had moved to co-ordinate the various official agencies to set up price controls.
13. Some members of the Committee commented on the importance their own authorities attached to trade liberalization measures as anti-inflationary tools. One member pointed out that recently his Government had made broad-ranging tariff cuts to deal with domestic inflation. The question was asked whether the Turkish Government was adopting measures in this field. The representative of Turkey said that his authorities were aware of the importance of trade liberalization as a means to fight inflation. He recalled that tariff rates had been lowered and about one third of imports were now entering the country duty free; also quota limits had been relaxed on a number of items.

14. One delegation asked whether quotas had been relaxed on producer goods or on consumer goods, which were more likely to have an impact on prices. The representative of Turkey said that quotas were relaxed very selectively and only if the product in question was in shortage. This had occurred for different foodstuffs, and larger imports had helped maintain prices at a more stable level. Noting that price normally balanced supply and demand, one delegation asked how the Turkish authorities determined the existence of a shortage requiring relaxation in quotas.

II. System and methods of restrictions

15. One delegation asked what was the percentage of 6-digit Turkish customs tariff item numbers (a) appearing in Liberalized List No. 1 (BOP/129/Add.1), (b) appearing in Liberalized List No. 2 (BOP/129/Add.2), (c) explicitly appearing in the List of Import Goods subject to allocation (i.e. covered by quota item numbers 1-423, 501 and 502 in BOP/129/Add.3). It was recognized that goods covered by other tariff item numbers could be imported, if they qualified for inclusion in one of the basket quotas (i.e. quota items 424-500 in BOP/129/Add.3). It was felt that this information would serve as a useful benchmark for future examination of the Turkish import control system. The representative of Turkey pointed out that while the exact information was not at hand, an indicative set of figures could be given. The Liberalized List No. 1 contained some 993 6-digit Turkish customs tariff item numbers, corresponding to some 40 per cent of total items; List No. 2 contained some 375 items, corresponding to 15 per cent of total items; the List of Goods
subject to Allocations contained some 423 items corresponding to over 16 per cent of total items. Total 6-digit Turkish customs tariff items amounted to 2,538, and those enumerated above amounted to 1,791 a little over 70 per cent of the total tariff. The Liberalized List consolidated to the European Communities had an additional 13 items. The representative of Turkey added that the Turkish list of prohibited imports, such as weapons and certain drugs, appeared in the Tariff Law. These were legal under Articles XX and XXI of the General Agreement.

16. In reply to a question concerning the share of imports from the European Community, the representative of Turkey informed the Committee that imports from the EEC had amounted to $456 million in 1971 and $653 million in 1972, thus showing an increase of 43.2 per cent. Their share in total imports, which amounted to $1,171 million in 1971 and $1,563 million in 1972, were respectively 38.9 per cent and 41.7 per cent.

17. One delegation referred to the list of items, appearing on pages 18-22 of BOP/129, which had been transferred to the Liberalized Lists in 1973, and enquired what the total trade value of these commodities had amounted to in 1972. The representative of Turkey replied that the 120 new items transferred to Liberalized Lists in 1973, had had a trade value of $62.6 million in 1971; the estimated value for 1972 was of the order of $84 million. Taking into account the transfer of investment imports (mentioned in paragraph 14) from the Quota List to the Liberalized Lists in 1973, the total value of trade in goods transferred to Liberalized Lists was of the order of $200 to $250 million.

18. In reply to a question as to the average time needed to obtain import licences under the three categories of imports, the representative of Turkey stated that for goods in Liberalized List I, licences were processed daily and could be obtained in twenty-four hours; licences for goods in Liberalized List II, if recently placed on that List would require one or two days to be obtained; and licences for quota list goods, for which applications were accepted twice a year, could also be obtained in two days at the most.
19. In response to queries on import charges, the representative of Turkey gave the following explanations:

(a) **Customs duty**

He explained that the Turkish customs tariff was based on the Brussels Tariff Nomenclature. It contained twenty-one sections, ninety-nine chapters, and some 1,200 tariff divisions. These were sub-divided into sub-positions and statistical sub-positions, according to administrative statistical needs. The tariff consisted of three columns. The first, the legal rate; the second, the most-favoured-nation rate; and the third, the preferential tariff for the EEC. Customs tariffs varied between 0-150 per cent ad valorem, and the arithmetic average of the rates was a little more than 20 per cent. However, exemptions granted under Law 474 reduced this average to some 12 per cent. Since 1964, customs duties had been calculated on an ad valorem basis. The valuation system was based on the Brussels standard of valuation, which was an integral part of the Turkish customs law.

(b) **"Municipality share" (surcharge)**

This was a tax which had existed in Turkey since 1933 and which was earmarked for municipalities. The rate was 15 per cent of the applicable customs duty. When Turkey acceded to the GATT in 1953 under the Torquay Protocol, this "surcharge" had already been in force for some twenty years and it should be considered that it was part of the negotiations, as the basis for this "surcharge" was the customs duty itself. This charge could be considered legal and fair from the point of view of the General Agreement, and particularly under the relevant provisions of Article II:2.

(c) **Quay duty**

The quay duty was a tax which had been in force since 1936. The rate, which was at the time 1 per cent, was raised to 2.5 per cent in 1957 and today was of the order of 5 per cent. The tax was levied to cover services rendered by port authorities, who were the sole beneficiaries. There was no flag discrimination involved in the application of the tax, and its rate was limited to the cost of services rendered. The tax was in conformity with the GATT - in particular with reference to paragraph 2(c) of Article II and 1(a) of Article VIII.
(d) **Production tax**

This tax had been in force since 1933. It underwent some modification in 1957, but the rates had remained unchanged. This tax, which was in conformity with the relevant provisions of Article II:2, had as its objective the affording of a measure of compensation to national products which were subject to a production tax during their manufacture. For example, the domestic production of the following products was taxed as follows: cement 12.5 per cent, copper 30 per cent, iron 20 per cent, rubber 30 per cent. For the similar products imported, the rates of production tax were as follows: cement 10 per cent, copper 25 per cent, iron 18 per cent, rubber 25 per cent.

20. The members of the Committee thanked the delegation of Turkey for the detailed information supplied. With reference to the surcharge, or municipal tax, it was pointed out that Schedule XXXVII - Turkey contained no mention of this charge. The representative of Turkey stated that the existence of the "surcharge" pre-dated Turkey's accession to GATT, that it was certainly known to the contracting parties at the time, even if not mentioned in Turkey's Schedule. He confirmed that the 15 per cent of the Municipality share was levied over and above the bound duty rates listed in Schedule XXXVII.
21. In reply to a question, the following example of the application of Turkish import taxes was given:

If the c.i.f. value of commodities (except petroleum) is TL 100, taxes would be:

\[
\begin{array}{l}
\text{100} \\
20 \text{ per cent customs duty} & 20.0 \\
15 \text{ per cent municipalities share on customs duty} & 3.0 \\
\text{Base of port tax} & 123.0 \\
5 \text{ per cent port taxes} & 6.15 \\
\text{Base of production tax} & 129.15 \\
18 \text{ per cent production tax} & 23.25 \\
\text{152.40} & 152.40 \\
9 \text{ or 9.5 per cent stamp duty} & 9.00 \\
\text{161.40} & 161.90 \\
\end{array}
\]

The incidence is therefore 61.4 per cent or 61.9 per cent.

As already explained in paragraph 19(a) above, however, incidence of total import taxes decreased with exemptions granted under Law 474, the reductions being of the following order: customs duties from 20 per cent to 12 per cent, municipalities share from 3 per cent to 1.8 per cent, production tax from 18 per cent to 11.2 per cent, stamp duty from 9.5 per cent (or 9 per cent) to 6.4 per cent, and port tax from 6.15 per cent to 5.7 per cent.

The incidence of total import tax had dropped from 61.4 per cent (or 61.9 per cent) to 37.1 per cent. These figures applied only to goods imported by sea. Imports other than by sea were not subject to the port tax. Therefore the incidence of total import tax for 1972 had been 33.7 per cent.

22. It was asked what criteria were used to allocate goods between Liberalized List I or List II, and why the rates of prior import deposits mentioned on page 4 of BOP/129 were higher for List II items. The representative of Turkey explained that goods placed in List II were subject to the relevant Ministries'
control as to quality and real requirement on the domestic market. Items in List I were usually more technically complex, such as pharmaceutical products, and prior approval by the relevant Ministry was required in order to ensure that importation of these items responded to a justifiable demand. The higher rate of prior deposit for List I goods was designed to avoid speculative importation. The import deposit requirement was applied without discrimination as to source of supply.

23. Asked how the quality control of imports was enforced through the licensing system, the representative of Turkey ........

24. Referring to the provisions of the General Agreement as regards balance-of-payments restrictions, several delegations raised the question of the elements of discrimination in the administration of quantitative restrictions in Turkey. It was recalled that this subject had been discussed at the Working Party on the Agreement of Association between the EEC and Turkey (Additional Protocol) and that the report of that Working Party (L/3750) recorded divergent views on the subject. Several delegations reiterated their statements made at the time and urged the Turkish authorities to remove all elements of discrimination. The other views, expressed in the Working Party's report, were also reiterated. The representative of Turkey, while reserving his authorities' legal position, stated that his Government was prepared to examine with great care all representations made to it on this question. Some delegations noted with satisfaction that the Turkish authorities had moved in 1973 to substantially reduce the degree of this discrimination.

25. The question was asked whether domestic manufacture of any item in List II precluded its importation. The representative of Turkey explained that customs tariff items in List II included some products manufactured in Turkey: when these were judged to be of adequate quality, no import licence was granted for the foreign product. This was left to the judgement of the relevant Ministry, based on carefully collected information. There was no similar control for goods in List I.
II. Stamp Duty

Statement by the representative of Turkey

26. The representative of Turkey made a separate statement, the full text of which is reproduced in Annex II. He explained that the principal aims of the Stamp Duty were to reduce the pressure on the balance of payments; to contribute to the financing of the Third Development Plans; and to help maintain internal price stability. In regard to the balance-of-payments aspect, he stressed that although it was the policy of the Turkish Government to strive for a continuing relaxation of import restrictions, with a view to complete liberalization, it was nevertheless necessary to act with caution and due deliberation. Regarding the internal revenue aspect of the problem, he drew the Committee's attention to the fact that his Authorities had decided to carry out a complete reform of the taxation system and to eventually substitute the present Turnover Tax by a Value-Added Tax. At that time the Stamp Duty would be abolished. However, he pointed out that such a fundamental change in the taxation system would require a lengthy transitional period for its realization. Lastly, the Stamp Duty contributed to price stability by syphoning off excess purchasing power and so containing inflationary pressures. In view of the above explanations, the representative of Turkey asked the Committee to recommend that the current waiver be extended for an additional period of five years.

27. Members of the Committee commended the Turkish authorities for the elimination of the discriminatory elements in the application of the Stamp Duty. In reply to a question, the representative of Turkey confirmed that the Stamp Duty would continue in the future to be applied on a non-discriminatory basis. The reductions in the rate of the Stamp Duty, in 1976, provided for in the Agreement of Association with the European Community (Additional Protocol) would be extended to the contracting parties on a non-discriminatory basis.
28. Some members of the Committee referred to the statement made by the representative of the IMF concerning the Stamp Duty, and noted that the Stamp Duty contributed only a small part to Government revenue. Furthermore, one member recalled that, according to the Turkish authorities, the Stamp Duty had no price effect on imports. The representative of the IMF explained that it was the Fund's view that, given the importance at present of achieving greater price stability in Turkey, a temporary continuation of the Stamp Duty could be warranted. The Stamp Duty could not be considered as an anti-inflationary measure per se; however, in a period when greater price stability had such a high priority, its removal would make the task of combating inflation more difficult. He recalled that the Stamp Duty was a not insignificant source of revenue for the Turkish Government; were that revenue to be eliminated the Government might have to rely on deficit financing by borrowing from the Central Bank. This alternative could well create further inflationary pressures. He drew attention to that part of his statement which called for liberalization of imports in other ways as desirable measures in the context of Turkey's present situation.

Conclusion - (a) balance of payments

29. The members of the Committee welcomed the continuous improvement over the past three years in the Turkish balance-of-payments situation, and noted with satisfaction the strength of the basic balance and the comfortable level of reserves at the end of 1972, and the generally good prospects for the future. They also commended the Turkish authorities for efforts made towards the removal of restrictions, in particular the addition of a number of import items of Liberalized List I, the reduction of certain tariff duties and of the rates of prior import deposits, the reduction in the rate of the Stamp Duty and its non-discriminatory application. Several members of the Committee invited the Turkish authorities to undertake substantial liberalization and restrictive trade measures which, moreover, could be advantageous as an additional tool for combating inflation. They expressed the hope that the Turkish authorities would achieve
complete liberalization at an early date, particularly in view of its favourable balance-of-payments situation and comfortable level of reserves. Other members of the Committee expressed the hope that the situation would be such as to allow the Turkish authorities to achieve at an early date further progress towards liberalization.

Several members of the Committee invited the Turkish authorities to remove any remaining discriminatory elements in the application of quantitative restrictions. Finally, the Turkish authorities were urged to review some of the import measures and take further steps towards their simplification.

(b) **Stamp Duty**

30. The members of the Committee commended the Turkish authorities for the recent removal of the discriminatory element in the application of the Stamp Duty. They noted that the purpose of the Stamp Duty was primarily, at present, to raise revenue destined to finance the Development Plan. They also noted the view expressed by the IMF that, given the importance of improving the fiscal position of Turkey and of achieving greater price stability, a temporary continuation of the Stamp Duty could be warranted. While the Stamp Duty was not considered to be necessary to protect the Turkish balance-of-payments situation or its level of reserves, the members of the Committee were sympathetic to the explanation given by the Turkish delegation that time was needed to undertake the necessary fiscal reforms, such as the introduction of a value-added tax system which would lead to the elimination of the Stamp Duty. In view of these considerations, the members of the Committee agreed to recommend to the CONTRACTING PARTIES to grant a waiver for the application of the Stamp Duty, according to terms contained in the draft decision attached in Annex III.
ANNEX I

I. Consultation on Import Restrictions

Opening Statement by the Representative of Turkey

ANNEX II

II. Stamp Duty

Opening Statement by the Representative of Turkey
ANNEX III

DRAFT DECISION

TURKEY - STAMP DUTY

Considering that the CONTRACTING PARTIES, by decisions dated 20 July 1963\(^1\), 11 November 1967\(^2\), 24 August 1969\(^3\), and 30 January 1973\(^4\) waived, subject to specified terms and conditions, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Turkey to maintain as a temporary measure, the Stamp Duty not exceeding a specified ad valorem rate, on imports into Turkey of products included in Schedule XXXVII, until 31 May 1973;

Considering that the Government of Turkey has requested an extension of the waiver to enable the maintenance of the Stamp Duty until the end of the Third Five-Year Development Plan on 31 December 1977;

Considering that the Government of Turkey has, as from 1 January 1973, removed all discriminatory elements in the administration of the Stamp Duty so that uniform rates are applied to imports from the territories of all contracting parties, and has undertaken to continue to apply the Stamp Duty on a non-discriminatory basis to contracting parties;

Taking note of the view of the I.F that, given the importance under present circumstances of improving the fiscal position of Turkey and thereby contributing to the achievement of greater price stability, a temporary continuation of the Stamp Duty could be warranted;

Taking note of the statement made by the Government of Turkey that its objective was to achieve gradually complete liberalization of trade;

\(^1\)BISD, Twelfth Supplement, page 55.
\(^2\)BISD, Fifteenth Supplement, page 90.
\(^3\)BISD, Seventeenth Supplement, page 28.
\(^4\)L/3814
Taking note that the Government of Turkey had assured the contracting parties that its objective was to take the necessary steps which would enable it to eliminate the Stamp Duty at the end of its Third Five-Year Development Plan;

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5, of Article XXV of the General Agreement and in accordance with the procedures adopted by them on 1 November 1956,

Decide to waive, subject to the terms and conditions specified hereunder, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Turkey to maintain, as a temporary measure, on imports into Turkey of products included in Schedule XXXVII a Stamp Duty.

Terms and conditions

1. The rate of the Stamp Duty shall not exceed 10 per cent of the value of the imported goods as assessed for the imposition of the customs duty, and shall be lowered progressively, as circumstances permit.

2. The continued application of the Stamp Duty shall, if present balance-of-payments trends continue, be accompanied by commensurate efforts by the Government of Turkey to remove progressively quantitative restrictions on imports.

3. The progress made toward substituting other fiscal measures for the Stamp Duty and in the removal of quantitative restrictions on imports will be reviewed in the context of the 1975 balance-of-payments consultation with Turkey.

4. This Decision shall be valid until the removal of the Stamp Duty or until 30 June 1975, whichever date is earlier.

5. If any contracting party considers that the effect of the Stamp Duty maintained under this Decision is unduly restrictive and that damage to its trade is caused or threatened thereby, it may make representations to the Government of Turkey, which shall accord sympathetic consideration to such representations and afford that contracting party adequate opportunity for consultation.
6. If such consultation does not lead to satisfactory results the contracting party concerned may request the CONTRACTING PARTIES to invite Turkey to enter into consultations with them. If, as a result of these consultations with the CONTRACTING PARTIES, no agreement is reached and if they determine that the effect of the Stamp Duty is unduly restrictive and that serious damage to the trade of the contracting party initiating the procedure is threatened or caused thereby, the latter will be released from its obligations to apply to the trade of Turkey concessions initially negotiated with Turkey to the extent that the CONTRACTING PARTIES determine to be appropriate in the circumstances.