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International Trade 2025

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Turkey: Law and Practice & Trends and Developments
M Fevzi Toksoy, Bahadır Balki, Ertuğrul Can Canbolat
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ACTECON



TURKEY

Law and Practice

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ACTECON provides advisory services to its local and international clients in the areas of competition rules, international trade and regulations. **ACTECON**'s practice in competition rules is focused on antitrust investigations, leniency applications, merger control, competition compliance programmes, and providing day-to-day competition rules advice to its clients. **ACTECON** works especially with multinationals located in Turkey, assisting them with corporate compliance and international service standards. In this respect, the firm implements competition rules compliance through its custom-made Com-

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TURKEY LAW AND PRACTICE

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1. Trade Agreements

1.1 World Trade Organization

Membership or Plurilateral Agreements

Türkiye was a founding member of the WTO on 26 March 1995 and has been a member of the General Agreement of Trade and Tariffs since 17 October 1951. Türkiye is a member of the Information Technology Agreement. Türkiye is also an observer of the Committee on Trade in Civil Aircraft and an observer of the Committee on Government Procurement.

1.2 Free Trade Agreements

Türkiye has 24 free trade agreements (FTAs) currently in force. These agreements are between Türkiye and the following countries/parties: Albania (2008), Bosnia and Herzegovina (2003), Chile (2011), Egypt (2007), the European Free Trade Association (EFTA) (1992), the Faroe Islands (2017), Georgia (2008), Israel (1997), Kosovo (2019), Malaysia (2015), Mauritius (2013), Moldova (2016), Montenegro (2010), Morocco (2006), Macedonia (2000), Palestine (2005), Serbia (2010), Singapore (2017), South Korea (2013), Tunisia (2005), Ukraine (2024), the UK (2021), the UAE (2023) and Venezuela (2020).

The FTA between Türkiye and Syria was suspended on 6 December 2011 and the FTA signed with Jordan was repealed on 22 November 2018. Currently, the FTA between Türkiye and Israel is not in force and not implemented, as trade with Israel is completely suspended. The FTAs in force with Bosnia and Herzegovina, EFTA, Serbia and Montenegro were revised with additional protocols. Also, protocols extending the FTAs with Georgia and Malaysia were signed and will enter into force following the domestic ratification processes. The FTAs negotiated with Sudan, Lebanon and Qatar are in the ratification

process and are expected to enter into force in the near future.

Furthermore, the FTA between Türkiye and Ukraine signed on 3 July 2022, was approved by the President of the Republic of Türkiye and entered into force after being published in the Official Gazette on 4 October 2024.

Türkiye has also enacted preferential trade agreements (PTAs) that grant lower customs duties on goods originating from its partners. In this context, Türkiye has PTAs with Iran (2015), Azerbaijan (2021), Uzbekistan (2023) and Pakistan (2023). An additional protocol, which would extend the scope of the PTA with Azerbaijan, is currently waiting for domestic ratification processes. Moreover, there are currently ongoing negotiations with Mauritania for a PTA.

1.3 Other Trade Agreements

Türkiye has been administering a Generalised System of Preferences since 2002, through which it grants preferential access in three categories: developing countries, least-developed countries, and countries benefiting from special incentives.

In this regard, the Communiqué on the Generalised System of Preferences (Imports: 2024/6), dated 31 December 2023, outlines the provisions that serve as the basis for determining the goods and countries eligible for tariff concessions under the Generalised System of Preferences within the Import Regime Decree, enacted by Presidential Decree No 3350, dated 31 December 2020.

1.4 Future Trade Agreements

The FTAs negotiated with Sudan, Lebanon and Qatar are in the ratification process and are expected to enter into force in the near future.

Türkiye is currently conducting active FTA negotiations with three countries: Japan, Indonesia, and the Gulf Cooperation Council (GCC).

The first round of negotiations for the FTA between Türkiye and the GCC was conducted within the framework of the joint declaration signed in March 2024, covering chapters on trade in goods, rules of origin, and service trade – including sectors such as contracting, tourism and healthcare – as well as investment facilitation. Türkiye and the GCC completed the first round of negotiations for the FTA in July 2024. During the initial negotiations, discussions focused on enhancing bilateral trade, fostering private sector collaboration, and prioritising key sectors such as agriculture, technology, infrastructure and health services, to maximise mutual economic benefits. The parties agreed to continue the negotiations.

1.5 Key Developments Regarding Trade Agreements

The FTA between Türkiye and Ukraine, signed on 3 July 2022, was approved by the President of the Republic of Türkiye and entered into force after being published in the Official Gazette on 4 October 2024.

1.6 Pending Changes to Trade Agreements

Türkiye aims to modernise its customs union agreement with the EU, which requires Türkiye to align its trade policy with the EU. The customs union agreement that has been in force since 1995 is considered insufficient to address contemporary policy issues. Türkiye aims to find solutions to the systemic problems encountered under the customs union and to extend preferential trade and economic relations with the EU to new areas such as agriculture, public procure-

ment, services and e-commerce with the modernisation of the agreement.

Apart from that, protocols extending the FTAs with Georgia and Malaysia have been signed and will enter into force following the domestic ratification processes.

Additionally, preparations are in place to initiate negotiations for updating the FTA with the UK. The UK's formal exit from the EU on 31 January 2020 led to new trade agreements, including the FTA between Türkiye and the UK, which took effect on 20 April 2021. Following a review in 2022 aimed at expanding and updating the FTA in line with expanding trade scope and integrating comprehensive horizontal rules, both parties issued a joint declaration on 18 July 2023 and made an announcement on 14 March 2024, confirming their intention to begin negotiations.

2. Customs

2.1 Authorities Governing Customs

Law No 4458 on Customs (the “Customs Law”), which lays down the general framework of customs legislation, is enacted by the Grand National Assembly of Türkiye. The secondary legislation that clarifies and enforces these rights and obligations is enacted by the Turkish Ministry of Trade. All regulations, communiqués, decisions, directives and guidelines must comply with the provisions of the Customs Law.

2.2 Enforcement Agencies Enforcing Customs Regulations

The Customs Law is enforced by the customs administration spread around the entry and exit points of Türkiye, such as borders, airports and ports. As per Article 3 of the Customs Law, the central administration (the General Directorate

of Customs established under the Turkish Ministry of Trade) is also a customs administration responsible for administering and enforcing the Customs Law. Additionally, the General Directorate of Customs Protection ensures border security and combats smuggling through inspections, risk analysis, and collaboration with law enforcement. Furthermore, Customs and Foreign Trade Regional Directorates oversee operations, enforce laws, and support anti-smuggling efforts within their regions.

2.3 Legal Instruments

Apart from the trade remedies regime of Türkiye, which is summarised in **5. Anti-Dumping and Countervailing (AD/CVD)**, Türkiye does not have a comprehensive regime to address the negative impacts of other jurisdictions' trade practices. Domestic companies can report these barriers to the Turkish Ministry of Trade through its [website](#). Findings from these investigations are published by the Turkish Ministry of Trade, giving information regarding the reasons for any measures imposed. Currently, Türkiye enforces multiple anti-dumping and countervailing measures across sectors such as steel, textiles, glass, chemicals, etc.

2.4 Key Developments in Customs Measures

The recent amendment to the Customs Law, published on 6 August 2024 and effective as of 21 August 2024, reduces the value threshold for international purchases via mail or express cargo from EUR150 to EUR30. Purchases exceeding this limit will now be subject to a revised tax structure: goods from EU countries are taxed at 30% and those from other countries at 60%. Additionally, an extra 20% tax will apply to items under List IV of the Special Consumption Tax Law No 4760.

2.5 Pending Changes to Customs Measures

Türkiye frequently amends its customs legislation – predominantly the secondary legislation enacted by the executive brands – to address contemporary issues. However, the general framework of the Customs Law, which was enacted in 1999 and has been revised various times, is not expected to drastically change in the near future.

3. Sanctions

3.1 Sanctions Regime

To combat terrorist financing and proliferation financing, Türkiye implements UN targeted financial sanctions (TFS) regimes.

In the context of TFS for terrorist financing, Türkiye has implemented UN Security Council Resolutions (UNSCR) 1267/1989/2253 sanctions against ISIL, Da'esh and Al-Qaida, as well as the 1988 sanction regime for the Taliban. These sanctions regimes impose stringent measures, including an arms embargo, a travel ban, and asset freezes for individuals and entities. The asset freeze extends to trade in various goods, including petroleum products, natural resources, chemical and agricultural products, weapons and antiquities.

Furthermore, concerning TFS for proliferation financing, Türkiye has implemented UNSCR 1718 and subsequent resolutions targeting economic and financial sanctions against the Democratic People's Republic of Korea. This regime involves various measures such as arms embargoes, nuclear and ballistic missile embargoes, sectoral sanctions on specific goods, jurisdiction restrictions on access to crude oil and petroleum products, financial sanctions, travel bans,

and asset freezes for designated individuals and entities.

3.2 Legal or Administrative Authorities Imposing Sanctions

The Turkish president has the authority to impose embargoes. Customs-related sanctions are to be implemented by the customs administration.

Türkiye's sanctions framework is primarily based on the UN International Convention for the Suppression of the Financing of Terrorism, Law No 6415 on the Prevention of the Financing of Terrorism and Law No 7262 on Preventing the Financing of Weapons of Mass Destruction.

Furthermore, Türkiye enforces UN sanctions against North Korea with additional measures. These include Prime Ministerial Circulars (numbered 2006/36 and 2009/17) and Council of Ministers Decisions (numbered 2017/9950 and 2018/11480), which mandate financial sanctions and asset freezes under various UN Security Council Resolutions targeting North Korean entities.

3.3 Government Agencies Enforcing the Sanctions Regime

The Ministry of Foreign Affairs has the authority and responsibility to propose individuals and entities for designation to both the 1267/1989 Committee and the 1988 Committee. The president of Türkiye serves as the competent authority to designate persons and entities in accordance with UNSCRs.

The Financial Crimes Investigation Board (*Mali Suçlar Araştırma Kurulu*, or MASAK) is in charge of processing incoming foreign requests. Requests may also be submitted to the Ministry of Foreign Affairs or the Ministry of Justice, and will then be forwarded to MASAK for fur-

ther examination. The assessment commission responsible for freezing assets evaluates proposals for designations.

3.4 Persons Subject to Sanctions Laws and Regulations

Those subject to Türkiye's sanctions laws and regulations include government agencies, financial institutions, and designated non-financial businesses and professions.

3.5 List of Sanctioned Persons

Türkiye maintains lists of sanctioned individuals and entities under Council of Ministers Decisions numbered 2017/9950 and 2018/11480, focusing on sanctions for North Korea. The Ministry of Foreign Affairs proposes individuals or entities to relevant UN committees, while the president of Türkiye handles the designation process under UN Security Council resolutions. MASAK reviews and processes foreign designation requests. The Assessment Commission – comprising members from various ministries and agencies – reviews proposals for sanctions. Once approved, designations are published in the Official Gazette, and the relevant bodies, including financial institutions, government agencies, and registries, are notified to enforce the sanctions.

3.6 Sanctions Against Countries/Regions

Other than North Korea, Türkiye has imposed a ban on the export and import of all products to and from Israel since 2 May 2024, as explained in detail in **3.14 Key Developments Regarding Sanctions**. Türkiye follows the UN in adopting sanctions against sanctioned countries.

3.7 Other Types of Sanctions

Türkiye does not maintain any other types of sanctions.

3.8 Secondary Sanctions

Türkiye does not apply or threaten sanctions in connection with transactions that have no nexus with Türkiye.

3.9 Penalties for Violations

Terrorist Financing Sanctions

Article 15 of Law No 6415 on Prevention of the Financing of Terrorism stipulates that individuals who do not comply with, or neglect or delay adhering to, asset-freezing decisions made in accordance with UNSCR 1267/1988/1989 may face imprisonment ranging from six months to two years, or be liable for a judicial fine corresponding to the respective imprisonment term. If these individuals hold positions of responsibility within legal entities – for example, directors or representatives – or act on behalf of the entity, their inaction may result in a heavy administrative fine, which may amount to as much as TRY100,000 for the legal entity.

Persons who solicit funds or offer financial services to individuals, entities or organisations subject to an asset freeze decision are liable to imprisonment for one to three years, or may incur a judicial fine corresponding to the relevant imprisonment term. In cases where these individuals have roles of responsibility within legal entities (eg, directors, representatives, or those acting on behalf of the entity), these individuals may face an administrative fine of up to TRY2 million.

Proliferation Financing Sanctions

Article 5 of Law No 7262 on the Prevention of Proliferation of Weapons of Mass Destruction specifies that individuals not adhering to financial sanctions may face imprisonment lasting from one to five years or a judicial fine corresponding to the respective jail term. Individuals not in compliance with the prohibition on procur-

ing materials may be subjected to imprisonment ranging from two to eight years or a judicial fine aligned with the applicable jail term.

Individuals not abiding by or neglecting/delaying compliance with asset-freezing decisions may be imprisoned for a period ranging from six months to two years or may be liable for a judicial fine in line with the respective jail term.

If these individuals hold positions of responsibility within legal entities (such as that of a director or representative) or act on behalf of the entity, their inaction may result in administrative fines of up to TRY2 million for the legal entity. The legal entity may also be subject to security measures.

3.10 Sanctions Licences

The licences specified in the UNSCRs are applicable.

3.11 Compliance

Law No 5549 on the Prevention of Laundering Revenues of Crime, along with the Regulation on Compliance Programmes for the Prevention of Laundering Revenues of Crime and the Financing of Terrorism mandates certain obliged institutions (including banks, capital markets intermediary institutions, insurance and pension companies, financing and factoring companies, portfolio management companies, precious metal dealers, electronic payment systems, and payment institutions) to establish compliance programmes tailored to sector-specific risks.

The required compliance programme must encompass:

- the development of institutional policies and procedures for compliance;
- the formulation of a risk management policy;

- the establishment and execution of monitoring and control mechanisms;
- the appointment of a compliance officer and the establishment of a compliance department;
- conducting internal audits; and
- the provision of training for personnel.

3.12 Sanction Reporting Requirements

Within a seven-day timeframe, individuals, financial institutions and designated non-financial businesses and entities – as well as designated institutions and organisations – must promptly report to the competent authorities any assets linked to listed individuals or transactions within the scope of UNSCRs.

3.13 Adherence to Third-Country Sanctions

Türkiye does not have any blocking statutes, anti-boycott regulations or other restrictions that prohibit adherence to other jurisdictions' sanctions.

3.14 Key Developments Regarding Sanctions

The Turkish Ministry of Trade announced a strict ban on the export of 1,019 products in 54 product groups to Israel on 9 April 2024. Later, on 2 May 2024, this ban was expanded to include exports and imports of all products without exemption. Furthermore, the origin of goods would be scrutinised in transactions facilitated through other countries.

As part of this measure, the system for making/registering a customs declaration before Turkish customs does not allow the registration of any export or import of products destined for or originating in Israel. Moreover, on 15 December 2024, the Turkish Ministry of Trade announced its [“Information Note on Türkiye’s Trade Sus-](#)

[pension Process with Israel”](#). Consequently, all import and export activities with Israel are now completely prohibited.

3.15 Pending Changes to Sanction Regulations

One of the significant issues related to sanctions for Türkiye is the ongoing challenge of CAATSA sanctions (a US law enacted in 2017 that imposes sanctions on countries engaged in significant transactions with Russia’s defence and intelligence sectors) imposed due to Türkiye’s acquisition of the S-400 air defence system. This affects Türkiye’s defence sector, particularly its exclusion from the F-35 programme. Türkiye and the USA are working on diplomatic efforts to resolve these sanctions.

4. Exports

4.1 Export Controls

Turkish export legislation in the broad sense consists of the Customs Law, foreign exchange legislation, the Legislation on the Türkiye Exporters’ Assembly and Exporters’ Unions, relevant international conventions, Central Bank circulars, and the communiqués and circulars based on these legislations.

Export legislation in the narrow sense includes the Export Regime Decree and Export Regulation, which regulate the general principles to be complied with in export transactions, and the Inward Processing Regime Decree, Outward Processing Regime Decree, and Export Communiqués on the basis of the Export Regime Decree.

4.2 Administrative Authorities for Export Controls

Pursuant to the Export Regime Decree, the Turkish Ministry of Trade is the competent authority for exports. Public institutions and organisations are obliged to consult the Turkish Ministry of Trade when preparing laws and decrees for the restriction or prohibition of exports in terms of quantity or period.

4.3 Government Agencies Enforcing Export Controls

The relevant regulations specify both the regulatory authorities responsible for overseeing the control of goods and the authorities responsible for granting approval for their exportation. Accordingly, the main authorities managing export control are the Ministry of Defence for military supplies and equipment, the Ministry of Agriculture and Forestry for live animals and some agricultural products, the Turkish Atomic Energy Authority for nuclear and nuclear dual-use materials, and the Turkish Ministry of Trade for other dual-use materials.

Generally, the inspectorates of standardisation for foreign trade have the authority to perform conformity assessments on exported products to verify their compliance with the required standards, technical regulations, and quality specifications.

4.4 Persons Subject to Export Controls

For goods requiring prior export authorisation, compulsory standard and commercial quality controls, or specific documentation, customs procedures are carried out in accordance with the procedures and principles set forth in the relevant legislation, as stipulated by special laws or other regulations. For example, the products listed in Appendix 1 and 2 of the “Regulation on

Goods Subject to Export Prohibition and Pre-Authorization” fall within this scope.

The following products are subject to export control:

- military equipment, weapons, war tools, explosive materials, and military technologies (Communiqué setting out the List regarding War Tools and Equipment, Weapons, Ammunitions and Spare Parts thereof, Military Explosive Materials and Technologies thereof established based on the Law No 5201);
- cultural and historical artifacts, certain animals, wood, certain agricultural products such as tobacco seeds and cannabis sativa, racehorses, and sugar (Communiqué No 96/31 on the Goods whose Export is Prohibited or Subject to a Pre-Authorisation; Communiqué No 2006/7 on the Goods whose Export is Subject to Registration); and
- nuclear and nuclear dual-use goods (Communiqué No 2007/1 on the Warning List regarding Nuclear Transfer and the List of Nuclear Dual-Use Goods).

4.5 Restricted Persons

Türkiye does not have any export restriction or prohibition scheme. However, Türkiye adheres to the lists of sanctioned individuals and entities as defined by the UN.

4.6 Sensitive Exports

Specific certificates and analyses may be necessary, especially for plant and livestock exports. For unprocessed agricultural product exports, a phytosanitary certificate is required to confirm that the shipment complies with phytosanitary export standards, in accordance with the 1951 Treaty of Rome. Additionally, all agricultural products must have a health certificate that aligns with the regulations of the purchas-

ing country. The assessment of the inspection report and analysis results is based on either the purchasing country's requirements or the Turkish Food Codex.

Additional procedures are also in place, such as the EU's requirement for an analytical report and a health certificate to confirm acceptable aflatoxin levels when exporting nuts and dried fruit, or the need for a radiation analysis to demonstrate that radiation levels are within acceptable limits for mushroom exports.

Türkiye is also a participant in several international agreements and groups aimed at controlling the export of materials and technology that could be used for developing weapons of mass destruction, including the Wassenaar Arrangement, the Chemical Weapons Convention, the Missile Technology Control Regime, the Australia Group, the Zangger Committee, and the Nuclear Suppliers Group.

4.7 Other Export Controls

Türkiye does not implement other export controls.

4.8 Penalties

Article 235/2 of the Customs Law provides for the consequences of violating export controls. Accordingly, where the exportation of a good is prohibited by an administrative act, an administrative fine of double the customs value may be imposed. Exporting goods that require a licence, meeting certain conditions, or obtaining approval may lead to an administrative fine worth 10% of the customs value.

In addition, pursuant to Article 3 of Law No 5607 on Anti-Smuggling, any person who exports goods where this is prohibited by law will be imprisoned from one to three years and will face

a judicial fine of up to 5,000 days, unless the act constitutes another offence requiring a heavier penalty.

4.9 Export Licences

There are three main licensing institutions in Türkiye:

- the Ministry of National Defence deals with the export control of military material and equipment;
- the Turkish Atomic Energy Authority deals with the export control of nuclear and nuclear dual-use material; and
- the Ministry of Economy deals with other dual-use material's export control.

Export controls of dual-use and sensitive materials are carried out by the Ministry of Economy in accordance with the provisions of the Communiqué on Export Control of Dual-Use and Sensitive Substances numbered 2003/12 and the Communiqué on Export of Chemical Substances Annexed to the Chemical Weapons Convention numbered 2002/12. Within the scope of the application, the exporter company applies to the General Secretariat of Istanbul Mineral and Metals Exporters' Associations (IMMIB) for a licence.

For the export controls applied in transit trade, within the scope of the circular issued by the Central Bank of the Republic of Türkiye:

- in requests for transit trade of goods subject to the Missile Technology Control Regime, it is necessary to submit a form with a note from the IMMIB regarding the registration of the relevant sale;
- in requests for transit trade of chemical substances other than the substances included in the Annexes of the Chemical Weapons Convention from the substances included in

the Australian Group Chemical Precursors List, the IMMIB's letter stating that the sale has been registered must be submitted; and

- in requests regarding the transit trade of substances included in the annexes of the Chemical Weapons Convention, a letter of conformity/permission of the IMMIB must be submitted.

4.10 Compliance

There is no separate regulation on export control compliance in Türkiye. Exporting companies are required to comply with export legislation in the broad sense. If companies are subject to export restrictions for the products they are exporting, they must also comply with specific regulations on these restrictions.

4.11 Export Reporting Requirements

There is no separate export reporting requirement.

4.12 Key Developments Regarding Exports

Significant developments at the legislative level in the last 12 months are as follows.

- The Communiqué dated 26 December 2023 and numbered 2023/59 on the Export List of Natural Flower Bulbs for 2023 established the list of flower bulbs that are forbidden to be collected from nature and exported, or whose production is limited by quota for the year 2024.
- With the Communiqué dated 31 December 2023 and numbered 2024/21 on the Commercial Quality and Control in Export and Import of Some Agricultural Products, procedures and principles have been established for conducting commercial quality inspections of specified agricultural products based on

risk analysis where necessary, as part of both export and import processes.

Also, on 29 January 2024, Canada revoked the temporary suspension on Group 2 exports to Türkiye, which had been implemented in April 2020 due to military activities in Syria. Under the updated framework, all export permit applications, including Group 2 items (ie, controlled goods and technology, particularly those related to military and defence items), will undergo individualised assessments according to Canada's risk evaluation protocols and the criteria outlined in the Arms Trade Treaty. Enhanced end-use assurances are mandated, particularly when Turkish government agencies are the designated recipients.

4.13 Pending Changes to Export Regulations

There are no pending significant changes pertaining to export controls on the horizon in Türkiye in the next 12 months.

5. Anti-Dumping and Countervailing (AD/CVD)

5.1 Authorities Governing AD/CVD

The Board of Evaluation of Unfair Competition in Imports (the "AD/CVD Board") evaluates the outcome of the AD/CVD investigations conducted by the General Directorate of Imports and decides whether a measure will be imposed. Similarly, the Board of Evaluation of Safeguard Measures in Imports (the "Safeguards Board") evaluates the outcome of safeguard investigations conducted by the General Directorate of Imports, and decides on whether a measure will be imposed.

5.2 Government Agencies Enforcing AD/CVD Measures

Customs authorities administer and enforce AD/CVD duties and safeguard measures at the point of importation.

5.3 Petitioning for a Review Trade Remedy Regulation

The Regulation on the Prevention of Unfair Competition in Imports (the “Trade Remedy Regulation”) allows domestic companies to request a review of existing measures on the following grounds.

Interim review investigation

After the lapse of the first year of a measure, domestic industry can request an interim review provided that the existing measure is not (or is no longer) sufficient to counteract the dumping or subsidy that is causing injury. During the course of this investigation, it is possible to examine whether the circumstances regarding the dumping or subsidy and injury have changed significantly or whether the existing measures are achieving the intended results in removing the injury previously established.

Expiry review investigation

Before the expiry of measures (AD/CVD measures are generally enacted for five years, whereas safeguard measures are enacted for three years), domestic industry can request an expiry review by providing sufficient evidence that the expiry of the measures would be likely to result in a continuation or recurrence of dumping or subsidy and injury.

Reopening of an investigation

If definitive duties were neutralised owing to a fall in export prices, domestic industry can request the reopening of an investigation by providing sufficient evidence showing that measures have

led to no movement or insufficient movement in sales prices of the product subject to measures in the Turkish market.

A new exporter review investigation

If a new exporter or producer has not exported the product to Türkiye during the investigation period, they can request an individual dumping margin determination. The applicant must prove that it has no affiliation with those subject to duties and demonstrate its intent to export significant quantities. This process begins after considering comments from domestic producers.

5.4 Ad Hoc and Regular Reviews

The review investigations can be initiated on an ex officio basis. Domestic industry can submit petitions if the conditions provided in the Trade Remedy Regulation and/or time limitations are fulfilled. However, investigations are generally initiated pursuant to a request from domestic industry.

5.5 Non-Domestic Company Participation

Exporting producers, industry associations, and government bodies of the country subject to the investigation can participate in investigations. Other non-domestic parties can participate if they can show a legitimate interest in the case.

5.6 Investigation and Imposition of Duties and Safeguards

An AD/CVD investigation is usually initiated pursuant to a complaint/petition from domestic companies fulfilling the representativeness test. Safeguard investigations can also be requested by professional organisations and chambers representing interested parties.

AD/CVD Investigations

For new AD/CVD investigations, a representativeness test exists to ensure that the investigation has sufficient support from domestic industry producing the subject product. At least 25% of total domestic production must support the complaint/request and domestic producers representing more than 50% of the domestic production must not express opposition.

Following a complaint or ex officio review in AD/CVD investigations, the General Directorate of Imports should complete its review in 45 days and refer the case to the AD/CVD Board to decide whether initiation of an investigation is necessary. If the AD/CVD Board decides to initiate an investigation, it is published in the Official Gazette with a communiqué providing the details of the investigation, such as the countries concerned, the product scope, and the procedure of the investigation. Interested parties are given 37 days to submit their responses to the questionnaire and become interested parties. After the submission of the questionnaires, the General Directorate of Imports evaluates the information and documents provided by the interested parties and may conduct verification visits. Based on its evaluations and the comments provided by the interested parties, the General Directorate of Imports prepares a final notice containing its determinations and suggestions to the AD/CVD Board and invites interested parties to submit their views/comments. Interested parties can also request a public hearing to submit their arguments orally. The investigation process should be completed within a year but can be extended for six months under special circumstances. After the conclusion of the investigation phase, an investigation report is prepared by the General Directorate of Imports to be submitted to the AD/CVD Board for the final evaluation. Based on the information contained therein, the

AD/CVD Board decides whether a measure can/should be imposed and publishes its decision via a communiqué in the Official Gazette.

Safeguard Investigations

For safeguard investigations, the Safeguards Board conducts a preliminary analysis based on the information provided in a complaint or by the General Directorate of Imports in ex officio cases, and decides whether initiation of a safeguard investigation is necessary. If the Safeguards Board decides to initiate an investigation, the decision is published in the Official Gazette with a communiqué inviting interested parties to fill out the questionnaire within 40 days in order to be considered as interested parties. Similar to the AD/CVD investigations, the General Directorate of Imports evaluates the information and comments provided by the interested parties and may conduct verification visits. The investigation phase should be completed within nine months, although this can be extended for another six months. The final decision of the Safeguards Board is published in the Official Gazette with a communiqué, which recommends that the president impose specific measures. Pursuant to the communiqué and usually in line with the recommendations of the Safeguards Board, a presidential decree imposing a safeguard measure is published in the Official Gazette.

5.7 Publishing Reports

The reports of the General Directorate of Imports summarising the findings of the investigations are published as annexes of the implementing legislation. The final disclosure reports in the context of the investigations are also published on the Turkish Ministry of Trade's website.

5.8 Jurisdictions with No Imposition of Duties and Safeguards

In principle, AD/CVD duties and safeguard measures can be imposed against any jurisdiction and can cover any product.

5.9 Frequency of Reviews

AD/CVD duties can be implemented for a maximum of five years and lapse after the expiry of this period. Domestic industry may request an expiry review for the extension of existing measures.

Safeguard measures may last up to four years. Where they exceed three years, they must be reviewed at mid-term and can be extended once for up to a maximum of ten years in total against the members of the WTO.

5.10 Review Process

Upon request from domestic industry three months before the expiry of the measure or at the discretion of the Turkish Ministry of Trade, an expiry review for the extension of the existing measures can be initiated, provided that there is sufficient evidence demonstrating that the expiry of the measures would be likely to result in a continuation or recurrence of dumping or subsidy and injury. The process and timeline that applies vis-à-vis initial investigations is also applicable to expiry reviews.

5.11 Appeal Process

As per Article 24 of Law No 2575 on the Council of State, annulment of presidential decisions (covering decrees implementing safeguard measures) and legislations enacted by the administrative authorities with nationwide application (covering communiqués implementing AD/CVD measures) can be requested within 60 days of their publication.

5.12 Key Developments Regarding AD/CVD Measures

Türkiye is a notable user of trade remedies and is expected to remain so during the current global protectionist tendencies. The Turkish Ministry of Trade has been actively initiating and concluding investigations with the aim of protecting the interests of domestic industry. Indeed, as of October 2024, 246 anti-dumping and anti-subsidy and ten safeguard measures (nine definitive and one provisional) have been applied by Türkiye. Within the framework of the WTO dispute settlement procedure, Türkiye has initiated six cases as a complainant, while 13 cases have been brought against it.

5.13 Pending Changes to AD/CVD Measures

The FTA signed between Türkiye and Ukraine aims to improve economic co-operation by reducing trade barriers between the two countries, and to promote economic growth by liberalising trade. Accordingly, the termination or amendment of anti-dumping measures will serve this purpose. Therefore, it is possible that changes to anti-dumping measures concerning Ukraine may occur in the near future to align with these objectives.

6. Investment Security

6.1 Investment Security Mechanisms Legal Framework

The primary legal framework with regard to foreign direct investment in Türkiye includes international treaties, the Foreign Direct Investment Law No 4875 (the “FDI Law”), and the Regulation on the Implementation of the Foreign Direct Investment Law (the “FDI Regulation”).

Under the FDI Law, investors need to:

- notify the Ministry of Treasury and Finance of their investment (eg, greenfield investment, share transfer or otherwise);
- notify the amount of foreign capital brought to Türkiye; and
- register certain information (such as shareholding structure, share transfers and/or increase or decrease in the share capital) on an online platform – namely, the Electronic Incentive Application and Foreign Investment Information System (“E-TUYS”).

The FDI Law stipulates principles such as the freedom to invest, valuation of non-cash capital and the employment of foreign personnel. Foreign investors can freely establish an entity, open a branch and/or acquire shares of an existing company and conclude know-how/technical assistance agreements with domestic companies. Companies with a foreign shareholding, that are established in line with the Turkish Commercial Code, are treated equally to companies with a local shareholding.

Bilateral and Multilateral Investment Treaties

Aside from its FDI Law, Türkiye has entered into numerous bilateral and multilateral investment treaties. As of November 2024, Türkiye has entered into bilateral investment treaties (BITs) with 98 countries. However, Türkiye is a dualist country, where an international treaty has to be ratified and promulgated in order to become part of the national legal system. In this regard, 86 BITs have so far come into effect.

The participating nations encompass all EU member states (excluding Ireland) and all OECD member countries, with the exception of Iceland, Canada, Norway, and New Zealand. Türkiye is actively engaged in a programme both to establish new BITs and revise existing ones to align with evolving developments. On 12 January

2024, Türkiye and the UK signed an agreement for the Joint Economic and Trade Committee and a memorandum of understanding with the aim of enhancing co-operation with other nations.

Apart from domestic legislation and BITs, Türkiye is actively pursuing engagement in various multilateral investment treaties to enhance economic co-operation with other nations. In this context, Türkiye is a participant in the Agreement on Trade-Related Investment Measures within the WTO, the UN Convention on Contracts for the International Sale of Goods, and the Energy Charter Treaty.

6.2 Agencies Enforcing Investment Security Measures

According to the FDI Law, certain information related to foreign investors must be reported to the Ministry of Industry and Technology by foreign companies through the Incentive Implementation and Foreign Capital Directorate.

The Ministry of Industry and Technology is authorised to take precautions, make regulations in line with the provisions of the implementation of the FDI Law, examine and conclude special and obligatory situations, resolve potential disputes through administrative means, and address issues arising from technical reasons in implementation.

6.3 Transactions Subject to Investment Security Measures

Foreign capital (foreign-partnered) companies and their branches in Türkiye are required to make notifications.

6.4 Mandated Filings/Notifications

In Türkiye, foreign direct investments have become liberalised, transitioning from a system

requiring approval and/or permission to a notification system.

6.5 Exemptions

Companies that are entirely domestically owned and fall outside the scope of the FDI Law become subject to notification if a foreign investor participates in the company or if a capital increase is made with the participation of a foreign investor outside the company.

6.6 Penalties and Consequences

There are no penalties or consequences applicable for failure to file necessary notifications.

6.7 Fees

There is no fee to be paid when submitting the notification.

6.8 Key Developments Regarding Investment Security

There has not been a recent significant development in the investment security regime of Türkiye, as it already adopts a lenient regime.

6.9 Pending Changes to Investment Security Measures

The Turkish treasury and finance minister announced new regulations to attract more international capital into Türkiye's start-up ecosystem. This regulation allows venture capital funds to invest in foreign start-ups, as long as the majority of their investments are directed towards Türkiye. This initiative appears to be part of a broader strategy to encourage international investment in Türkiye and enhance cooperation with global investors, aligning with the Action Plan of the Coordination Council for the Improvement of the Investment Environment. Although primarily focused on facilitating investment, the regulation supports investment secu-

rity by fostering a more stable and favourable climate for international investors.

7. Other Measures Affecting Production and Trade

7.1 Subsidy and Incentive Programmes for Domestic Production

Decision No 2012/3305 on State Aids in Investments (the "State Aids Decision") and its secondary legislation govern the general framework government incentives in Türkiye, which aim to decrease trade deficit, support high and medium-high technology investments, promote development in least developed areas/ cities, and increase the efficiency of investments. The State Aids Decision employs the following incentives programmes, each of which is subject to different types of incentives.

Incentives Programmes

Regional investment incentive scheme

The State Aids Decision provides a list dividing regions of Türkiye into six separate categories based on the development level of these areas and provides various incentives in varying amounts based on the amount of the investment and its location.

Priority investment incentive scheme

The scheme is provided for high technology investments, such as:

- pharmaceuticals;
- office, accounting and computing machinery;
- radio, TV and communications equipment;
- medical, precision and optical instruments;
- and
- aircraft and spacecraft.

These investments benefit from the incentives provided for Region 5 regardless of their location.

Strategic investment incentive scheme

The scheme provides specific incentives for investments to be made for the production of intermediate or final products of which more than 50% are supplied through imports. Energy investments and investments approved by the Technology Focused Industry Movement Programme are also considered as strategic investments.

General investment incentive scheme

Regardless of the location of the investment, the scheme is available for all investments that fall outside the scope of the aforementioned schemes, provided that the investment meets the minimum fixed investment thresholds (which differ based on the location).

Subsidies

Depending on the type of the applicable incentive scheme and the location of the investment, the following subsidies are available, with varying rates in the context of the State Aids Decision:

- VAT exemption;
- customs duty exemption;
- tax deduction;
- social security premium support (employee and employer shares);
- interest/profit-share support;
- land allocation; and
- VAT refund.

In addition to the incentives provided by the State Aids Decision, the Scientific and Technological Research Council of Türkiye (*Türkiye Bilimsel ve Teknolojik Araştırma Kurumu*) and the Small

and Medium Industry Development Organisation (*Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi*) can provide project-based incentives for smaller investments.

7.2 Standards and Technical Requirements

Law No 7223 on Product Safety and Technical Regulations governs the main principles in the application of standards and technical specifications, and provides the main responsibilities of manufacturers, importers and distributors. Said law, which was renewed in 2020 to align Turkish legislation with that of the EU, is clarified and enforced through product-specific regulations that lay down the specific requirements.

7.3 Sanitary and Phytosanitary Requirements

Law No 5996 on Veterinary Services, Plant Health, Food and Feed and its secondary legislation, enacted in line with the Codex Alimentarius, form the basis of sanitary and phytosanitary requirements. To the best of the authors' knowledge, there is no requirement in these regulations that aims at reducing imports and/or encouraging domestic production.

7.4 Policy and Price Controls

There is no de jure price control policy and regulation in Türkiye. However, surveillance measures adopted by the Turkish Ministry of Trade with communiqués pursuant to the Decision on Surveillance Measures in Imports provide a base price level for imports whereby importers of goods falling below specified prices must obtain a surveillance licence from the Turkish Ministry of Trade.

7.5 State and Privatisation Measures

There is no privatisation measure employed by Türkiye that aims to reduce imports and/or encourage domestic production.

7.6 “Buy Local” Requirements

Article 63 of Law No 4734 on Public Procurement grants preference to local companies in that a 15% price advantage can be granted to these companies in the event of a tender.

7.7 Geographical Protections

Pursuant to Article 33 of Law No 6769 on Industrial Property, food, agricultural, mining, handi-craft and industrial products that are formed with natural and anthropic elements in Türkiye can qualify for geographical indications.

8. Other Significant Issues

8.1 Other Issues or Developments

There have been no significant issues or developments in Turkish international trade law in 2024.

Trends and Developments

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ACTECON

ACTECON provides advisory services to its local and international clients in the areas of competition rules, international trade and regulations. ACTECON's practice in competition rules is focused on antitrust investigations, leniency applications, merger control, competition compliance programmes, and providing day-to-day competition rules advice to its clients. ACTECON works especially with multinationals located in Turkey, assisting them with corporate compliance and international service standards. In this respect, the firm implements competition rules compliance through its custom-made Com-

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Bahadır Balki of ACTECON is known for his excellent work ethic, together with his intriguing and effective defences. In the past ten years, he has been involved in virtually every

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TURKEY TRENDS AND DEVELOPMENTS

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Legislative Landscape

The economic landscape of Türkiye underwent a significant transformation in the 1980s, prompted by the economic contraction and foreign exchange challenges of the preceding decade. This is when Türkiye embarked on a journey towards economic liberalisation, shifting from its import-substitution industrialisation policy to one centred around export-led growth. This transition necessitated the suppression of barriers, including import authorisations and foreign exchange controls. With a strong need to protect its domestic industries, Türkiye adopted the first legislation providing for trade defence instruments in 1989. These instruments were designed not only to protect domestic industries but also to counter actions impacting its exports. To progress its aims, Türkiye advanced its liberalisation efforts by entering into a customs union with the EU in 1995, involving the adoption of the EU's common external tariff and mandatory alignment with the EU's Common Trade Policy.

As a member of the WTO, Türkiye is bound by various agreements, including the General Agreement on Tariffs and Trade ("GATT 1994"), the Agreement on Subsidies and Countervailing Measures, the Anti-Dumping Agreement, and the Agreement on Safeguards. Türkiye has emerged as a prominent user of trade defence instruments within the WTO framework. In fact, it ranks among the top WTO members applying anti-dumping measures. The year 2021 saw Türkiye take third position globally in terms of the number of anti-dumping investigations initiated and measures imposed, primarily targeting imports of plastics, rubber, textiles and base metals.

Currently, Türkiye enforces a substantial number of trade defence measures, including 246 anti-

dumping and anti-subsidy measures, along with ten safeguard measures.

Global Challenges Shaping Trade Policy

The evolving global trade landscape, characterised by the weakening of the multilateral trade system and increased protectionist measures, has compelled Türkiye to respond dynamically. The COVID-19 pandemic, along with tensions between the USA and China, and the war in Ukraine, as well as in Gaza, have further complicated international trade. For example, as of March 2023, Türkiye has implemented a ban on exporting certain sanctioned goods originating in the EU, the USA, and the UK to Russia. Also, as of 2 May 2024, Türkiye has implemented a ban on the imports and exports of all products to Israel. Türkiye is adapting to global trade challenges through decisive actions, such as imposing export bans and trade restrictions to maintain its strategic position in the evolving landscape.

Modernisation of the EU–Türkiye Customs Union

A crucial aspect of Türkiye's trade policy is the ongoing modernisation of the customs union with the EU. Despite the freeze in accession negotiations, officials from both sides are engaged in discussions to revive talks.

On 29 July 2024, the Türkiye Foreign Direct Investment Strategy for 2024–2028 was published in the Official Gazette. It is centred on high-value-added service sectors, the green transformation, sustainability, and digitalisation. It emphasises the importance of reshaping global value chains through near-shoring and friend-shoring trends, while addressing the challenges posed by protectionism arising from trade and technology wars. The strategy highlights the increasing role of mega projects, with Türkiye positioned as a leading destination for

investments in food-agriculture, manufacturing, and expansion-type projects. Additionally, investments in technology start-ups are gaining prominence, contributing to Türkiye's emergence as a significant production and export hub in the region.

On 5 September 2024, the Medium-Term Programme for 2025–2027 was introduced. It is focused on strengthening macroeconomic and financial stability, maintaining fiscal discipline, achieving price stability by reducing inflation to single digits, enhancing R&D and innovation, fostering technological transformation with an emphasis on transitioning to a green and digital economy, optimising the labour market, improving the business and investment environment, and reducing informality in the economy.

The costing of these reforms and their alignment with current guidance were determined through workshops involving institutional stakeholders, conducted in collaboration with the Presidency of the Republic of Türkiye, the Presidency of Strategy and Budget, and the Centre of Excellence in Finance (CEF).

Developments Caused by the EU's New-Generation Trade Agreements

Challenges have arisen due to the widening qualitative gap between the existing customs union agreement and the EU's "new-generation" trade agreements. In a notable development, Türkiye embraced the EU Green Deal on 16 July 2021. The "Green Deal Action Plan" outlined in a presidential decree aligns Türkiye with sustainable and green economic practices, ensuring compatibility with the EU Green Deal within the Türkiye-EU customs union framework. This plan encompasses 32 objectives and 81 actions, addressing areas such as carbon border adjustments, the green and circular economy,

green finance, clean energy supply, sustainable agriculture, smart mobility, climate change mitigation, green diplomacy, and information and awareness-raising activities.

As part of the Green Deal Action Plan, Türkiye contemplates a carbon pricing mechanism and support mechanisms for domestic sectors facing rising costs. The evaluation of monitoring systems for greenhouse gas emissions, in line with the EU's methodology, is on the agenda. The Ministry of Trade also aims to assess the impact of the EU's carbon border adjustment mechanism (CBAM) on Türkiye's sectors and formulate strategies to incentivise emission reduction in energy-intensive sectors. According to the results of the study by the Turkish Ministry of Environment, Urbanisation and Climate Change in March 2023, it is estimated that the iron and steel sector would be the most affected by CBAM, and the cement sector will be the second most-affected sector in Türkiye.

Highlights of Trade Disputes

Türkiye also faces trade disputes with major partners, notably the EU and the USA. The WTO published the results of one dispute in "Türkiye – Additional Duties on Certain Products from the United States" (DS561). In its ruling dated 19 December 2023, the WTO determined that Türkiye's imposition of additional duties on specific imports from the United States was inconsistent with Articles I and II of GATT 1994, which governs most-favoured-nation treatment and concessions schedules.

The dispute originated from Türkiye's reaction to US tariffs on steel and aluminium imposed under Section 232 of the Trade Expansion Act of 1962, leading to a wave of complaints and countermeasures among WTO members. The US contested Türkiye's actions, accusing the

country of violating GATT 1994 principles, specifically Articles I:1, II:1(a), and II:1(b), by exclusively imposing higher duty rates on US imports.

After unsuccessful consultations between the two sides, Türkiye stood by its position, leading to the formation of a WTO Panel to resolve the issue. Türkiye contended that GATT 1994 did not apply in this case, as the Agreement on Safeguards suspended its provisions due to the absence of safeguard measures among other WTO members. However, the panel dismissed this claim, ruling that Türkiye's additional duties violated both Articles I and II of GATT 1994. The panel found that Türkiye failed to extend the same benefits to US products as those from other countries, violating Article I:1. Additionally, Türkiye imposed tariffs beyond its agreed limits, resulting in less favourable treatment for US imports compared to other trading partners, breaching Article II:1(b) and, by extension, Article II:1(a). The panel advised Türkiye to adjust its measures to align with its GATT 1994 obligations.

On 26 January 2024, Türkiye appealed specific legal points and interpretations from the panel's report to the appellate body. However, since there were no appellate body members available to hear the appeal, Türkiye decided to wait for further guidance on the next steps. Additionally, Türkiye reserved the option to either submit an appellant submission or treat its notice of appeal as the submission itself.

Anti-Dumping Measures

On 10 January 2024, the EC imposed definitive anti-dumping duty on imports of steel bulb flat products originating in the People's Republic of China and Türkiye. The anti-dumping duty is

valid for a duration of five years. This decision followed an investigation initiated in November 2022. The EC imposed a dumping margin of 13.6% on the import of the relevant products from Türkiye.

On 6 May 2024, the EC extended the definitive countervailing duties on imports of stainless-steel cold-rolled flat products consigned from Taiwan, Türkiye and Vietnam, whether declared as originating in Taiwan, Türkiye and Vietnam, or not. The extended duty is the countervailing duty of 20.5% applicable to all other Indonesian companies.

On 13 May 2024, the EC extended the definitive anti-dumping duty on imports of birch plywood originating in Russia to imports of birch plywood consigned from Türkiye and Kazakhstan, whether declared as originating in Türkiye and Kazakhstan, or not. The extended duty is the anti-dumping duty of 15.8% applicable to all companies in Russia.

Conclusion

In conclusion, Türkiye's trade policy has undergone a transformative journey, evolving from import-substitution to export-led growth. The nation actively utilises trade defence instruments, positioning itself as a significant player in global trade. The integration of sustainability goals, as evident in the Green Deal Action Plan, demonstrates Türkiye's commitment to aligning its economic practices with contemporary environmental standards. However, ongoing trade disputes and challenges in the customs union's modernisation underscore the dynamic nature of Türkiye's trade policy, as it navigates the complexities of the global economic landscape.

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