

TURKEY REPEALS SAFEGUARD MEASURES ON IMPORTATION OF CHINESE GOODS

TAX BULLETIN



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The Cabinet Decree No. 2003-5567 Introduced Safeguard Measures on the Importation of Goods Originated in the People's Republic of China

This cabinet decree, considering international obligations, covered the principles and procedures for the adoption of safeguard measures which were applicable:

- ◆ In the case that
 - ◆ Increases in the imports of Chinese origin good, or
 - ◆ the conditions of the importation of these goods

leads to market disruption on domestic producers producing similar or directly competitive goods, or

- ◆ In the case that
 - ◆ the People's Republic of China ("PRC") or a member country of World Trade Organization ("WTO")

leads to a major trade diversion in the practice of preventing or eliminating the market disruption caused by Chinese origin goods.

List of Safeguard Measures

Under the repealed Cabinet Decree, the safeguard measures included:

- ◆ Increases in Custom Duty,
- ◆ Additional financial obligations,
- ◆ Application of quota or tariff quota, or
- ◆ Combination of these safeguards.

Actions on Temporary Safeguard Measures

In critical situations where delay could cause irreparable damage, temporary

safeguard measures may have been taken based on this cabinet decree.

Per this Cabinet Decree, the period of temporary safeguard measures would not exceed 200 days.

Actions on Safeguard Measures

If one of threats stated above was determined within the scope of an investigation, this cabinet decree allowed Turkish Government to take safeguard measures against Chinese goods.

The period of safeguard measures would not exceed 4 years.

The Cabinet Decree No. 2017-9898 Repeals Safeguard Measures on the Importation of Chinese Goods

Through the Cabinet Decree No. 2017-9898 dated 18.03.2017, the Cabinet Decree No. 2003-5567 has been repealed.

Thanks to removal of the former cabinet decree, Turkish importers now may import Chinese goods easily without additional financial obligations and taxes even if the possibility of market disruption or major trade diversion occurs due to importation of Chinese goods to Turkey.

Market Disruption

As a result of abolishing of former Cabinet Decree, even if market disruption or a possible threat of market disruption on domestic producers occurs due to;

- ◆ The volume of the import,
- ◆ The effect of this import on the prices of similar or directly comparable goods,
- ◆ The impact of this import on domestic producers producing similar or directly competitive goods

aforsaid safeguard measures, both temporary and permanent ones, will not



be applied to importation of Chinese origin goods.

Major Trade Diversion

Even if a major trade diversion, or a possible threat of major trade diversion, determined in the light of following conditions:

- ◆ the nature and/or dimension of the measures taken or proposed by The PRC or a member country of WTO;
- ◆ The actual or probable increase in the volume of the importation of the relevant Chinese origin goods due to the measure taken or proposed by The PRC or a member country of WTO;
- ◆ Actual or probable increase in the market share of imports of the Chinese origin goods,
- ◆ Domestic market supply and demand conditions in relation to the Chinese origin goods;
- ◆ The size of the exports made to the member countries of WTO which imposed temporary measure or safeguard measure of the Chinese origin goods;

occurs due to a practice by the PRC or a member country of WTO to prevent or deal with market disruption, aforesaid safeguard measures, both temporary and permanent ones, will not be applied to importation of Chinese origin goods.

Conclusion

Producers in the PRC have enjoyed price advantage thanks to low cost labour for years. In order to prevent market domination by Chinese products, Turkey had taken some safeguard measures as mentioned in the previous sections.

Now, Turkey has repealed the safeguard measures, which enables Turkish importers

to import cheaper products from the PRC even if the trade may cause a major trade deficit or market disruption in Turkey. In addition, this may also enable Turkish importers to import high volume goods from the PRC.

Within this situation, volume of trade will likely increase in Turkey, and purchasing power of households of Turkey may increase thanks to possible decreases in prices as a result of products imported from the PRC.

Consequently, we believe that repealing of safeguard measures for Chinese goods will also bring in potential sales opportunities for Chinese companies.

Please contact us for the further details on the Cabinet Decree repealing safeguard measures on the importation of Chinese goods.



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