

Doing Business in Turkey

Expert knowledge means success

Contents

1. Introduction
2. UK - Turkey trade
2. Reasons to do business in Turkey
3. Economy
3. Population
4. Geography
5. Climate
4. Government Structure
5. Establishing a Business in Turkey
7. Taxation
8. Exporting
9. Importing
9. Customs Duties
9. Customs Duties
9. Terms of Payment
10. Advertising and Marketing
10. Business Hours
10. Business Etiquette
11. Transport and Travel
12. Travel Advice
12. Passports and Visas
12. Useful Contacts
13. Country Data
14. Further Information

Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

Introduction

This publication is focused on doing business in Turkey.

The economy of Turkey is defined as an emerging market economy by the IMF and is largely developed, making Turkey one of the world's newly industrialized countries. The country is among the world's leading producers of agricultural products; textiles; motor vehicles, ships and other transportation equipment; construction materials; consumer electronics and home appliances. In recent years, Turkey had a rapidly growing private sector, yet the state still plays a major role in industry, banking, transport, and communications¹.

Turkey is located at the intersection point of the European, African and Asian continents. It is a bridge between East and West having close ties with the former Soviet Union countries and the advantage of geographical proximity to Middle East and is a potential base for foreign companies for future expansion to Caucasus, Central Asia, Middle East and North Africa.

In recent years, Turkey has made a number of changes aimed at enhancing its attractiveness for foreign investors. It has oriented its political and economic structure towards the West, becoming a member of NATO and the Council of Europe, and signing an association agreement with the then European Community (1963). A customs union with the EU took effect in 1996. EU accession negotiations were opened in October 2005 but have made slow progress.

The two main challenges ahead will be reversing the decline in popular support in Turkey for EU accession and altering popular perceptions of Turkey in the EU. The earliest date that Turkey could enter the EU is 2013, the date when the next six-year EU budget will come into force (2013–2019). Ankara is currently aiming to comply with EU law by this date but Brussels has refused to back 2013 as a deadline. It is believed that the accession process will take at least fifteen years.

Turkey is a member of:

- The United Nations
- The World Trade Organization (WTO)
- The Organization for Economic Cooperation and Development (OECD)
- The International Bank of Reconstruction and Development (World Bank- IBRD)
- The International Monetary Fund (IMF)
- The European Bank of Reconstruction and Development (EBRD)
- NATO

Turkey is in the top 10 emerging markets after the 'BRIC' countries (Brazil, Russia, India and China).

The Turkish Government considers foreign capital as an essential factor in its efforts to rank among the top economic powers of the world.

Turkey is the world's 15th and Europe's 6th largest economy. Turkey's GNP is expected to surpass Australia's in 2008 and it is predicted that Turkey will be one of the world's 10 largest economies by 2050.

Flexible foreign investment policies have been introduced as a part of the liberalisation of Turkish economy. The foreign investment legislation provides a secure environment for foreign capital via support from several bilateral and multilateral agreements and organisations, granting such capital the same rights and obligations as local capital, while guaranteeing the transfer of profits, fees and royalties, and the repatriation of capital. At present, there are more than 4600 enterprises with foreign partnership in operation in various sectors.

Turkey's dynamic economy is a complex mix of modern industry and commerce along with modern traditional agriculture that still accounts for nearly 40% of employment. It has a strong and rapidly growing private sector, yet the state still plays a major role in basic industry, banking, transport, and communication. The most important industry - and largest exporter - is textiles and clothing.

Ankara is the capital of Turkey and seat of the government. Although traditionally a town of civil servants and politicians, it is increasingly becoming an industrial centre.

There are three organised industrial zones. The industries are mainly in the secondary



Turkey Business Guide

UKTI provides a useful guide to doing business in Turkey at www.ukti.gov.uk/export/countries/europe/southern/europe/turkey/doingbusiness.html

and tertiary sectors. A number of Turkey's largest private construction companies are based in Ankara, as are several trade and industrial associations including the Union of International Contractors and the Union of Chambers of Commerce of Turkey. Istanbul is the largest city and the centre of European Turkey. The commercial centre of the Turkish Republic and former capital of three successive empires, Istanbul honours and preserves the legacy of its past while looking forward to its future. Istanbul owes its commercial importance to its favourable geographic location, acting as an intersection for sea and land trade routes. It is the financial centre of the country and is also responsible for approximately 20 per cent of Turkey's industrial workforce.

Izmir is the second largest port and home of the Izmir International Fair. Izmir, which is the major city of the Aegean region, plays an important role in the Turkish economy. A considerable amount of Turkish exports are shipped from the Port of Izmir, which is the second most highly utilised port in Turkey. The volume of trade activities in Izmir has improved with the establishment of the Aegean Free Zone several years ago, and the city offers to be one of the most promising trade centres in the Middle East.

UK-Turkey trade

The UK/Turkey relationship is a strong one with a long history of co-operation, through NATO, reinforced by Turkey's EU candidacy. Britain and Turkey have close contact in all sectors of society and politics. Not least through people-to-people contacts, nearly 1m Britons holiday in Turkey every year, while 100,000 travel to the UK for business or pleasure.

There are eight sectors that UKTI have designated as either priority or opportunity sectors: these are:

- Agriculture
- Airports
- Education & Skills
- Environment
- Financial Services
- ICT
- Ports
- Water

Reasons to do Business in Turkey

Turkey is identified with its democratic parliamentary regime and is one of only two Middle East countries governed democratically. It has a stable growing economy within its region: placing Turkey among the highest growing OECD countries.

The General Directorate of Foreign Investments lists several reasons to do business in Turkey.

- Unique geographical location - Turkey enjoys a very special location at the crossroads between East and West, overlapping Europe and Asia geographically. The proxy to the new emerging markets in Middle East and Central Asia creates unique business opportunities.
- A strong international investment record - The experience of more than 4000 foreign capital establishments, including 104 of the Fortune Top 5000 companies, confirms Turkey as a predominant investment location.
- A huge domestic market - With a population of over 70 million and an increasing consumer purchasing power, Turkey offers a huge and dynamic domestic market to investors.
- High-skilled, competitive labour - The Turkish labour force is highly skilled and competitive labour rates offer cutting edge labour for industries.
- High quality standards - The new quality oriented generation in both manufacturing and services sectors ensures high quality levels; evidenced by Turkish companies winning various quality awards.
- The gateway of energy resources - Turkey is located at the gateway of the Middle East and Caspian petroleum and Central Asian natural gas to the west, which are regarded as the future energy reserves of the world.
- A state of art telecommunications network - Turkey has a relatively "young" telecommunications network with the latest technology, which can easily compete with the developed countries.
- Strong ties with Caucasasia and Central Asia - Turkey is the leading investor in Caucasian and Central Asian Turkic Republics. Due to her strong cultural and historic ties, Turkey provides privileged access and a perfect base to develop business with these countries.

Why should you do business in Turkey?

- Average growth rate is 7.3% since 2004 - top three strongest growth in the OECD
- Turkey is the world's 17th and Europe's 6th largest economy. GDP (Purchasing Power Parity) was \$791bn in 2007
- Turkey's GNP is expected to surpass Australia in 2008 and become one of the top 10 economies in the world by 2050
- FDI inflow was \$21.9bn in 2007
- Turkey is one of the world's biggest markets with a population around 72 million of which 40% are under 22. Turkey has the world's 13th largest urban population (about 50 million)
- Existence of a highly dynamic private sector
- Springboard to Central Asia & Northern Middle East
- Ongoing EU Accession Negotiations, which are the key driver for change in Turkish business environment, give rise to a lot of business opportunities in Turkey

Source: UK Trade & Investment

- International Arbitration - A new legislation enacted into law in August 1999 permits international arbitration for disputes encountered by foreign investors.

Financial incentives

The Turkish government views the encouragement and protection of investment as a fundamental element in the development strategy of the nation. To support this aim the government offers a number of incentives to enhance investment. Local and foreign investors are treated equally; foreign companies can benefit from all the incentives and allowances granted to local companies. This equal treatment is guaranteed by law and by treaties for the reciprocal protection and promotion of investments. To qualify for investments foreign investors must receive an incentive certificate from the General Directorate of Foreign Investment.

Foreign investment

Since the 1980s Turkey's practice has been an outward-oriented and market based economic policy. This policy change has increased productivity and competitiveness and provides overall flexibility of the economy. Liberalising foreign investment legislation as well as relaxing bureaucratic formalities by the Turkish government has been undertaken to attract foreign investment.

There are now no restrictions on foreign investment, in fact Turkey has entered into a number of investment agreements with countries from all over the globe. This trend can be expected to continue as the economy expands and as Turkey's relationship with the European Union develops.

The transfer of profits abroad does not attract any penalty.

Financial assistance

The Turkish banking system has grown sharply since the 1980s. Rapid growth of the economy, a rise in the demand for financial services and the expansion of foreign trade relations followed legislative change and the deregulation of the financial system. Change has also led to increased competition in the financial system.

Domestic banks have gradually adapted to the increased competition with new services and products. The arrival of foreign banks in the early 1980s prompted quicker

modernisation, switching to fully computerised systems from manual working.

Both Turkish and foreign banks now offer a full range of services. In addition to commercial bank loans, there are various forms of state aids in the current investment regime available both to local and foreign investors at a national and regional level.

Grants and loans available from national and regional authorities the following incentives customs relief, investment allowance, tax duty and credit charges exemption, energy subsidy, land allocation and subsidised credits. The Under-Secretariat of the Treasury in Ankara can provide more information on available schemes.

Economy

Turkey's dynamic economy is a complex mix of modern industry and commerce along with a traditional agriculture sector that still accounts for about 30% of employment. It has a strong and rapidly growing private sector, yet the state remains a major participant in basic industry, banking, transport, and communication. The largest industrial sector is textiles and clothing, which accounts for one-third of industrial employment; it faces stiff competition in international markets with the end of the global quota system. However, other sectors - notably the automotive and electronics industries - are rising in importance within Turkey's export mix.

Real GDP growth has exceeded 6% in many years – for the latest data, go to:
www.google.co.uk/publicdata/explore?ds=d5bncppjof8f9_&met_y=ny_gdp_mktc_cd&idim=country:TUR&dl=en&hl=en&q=gdp+turkey

GDP - per capita (PPP) is \$12,300 (2010 est.)²

Despite the strong economic gains from 2002-07, which were largely due to renewed investor interest in emerging markets, IMF backing, and tighter fiscal policy, the economy is still burdened by a high current account deficit and high external debt.

Population

Turkey's population of 72.8 million (2010 Source: World Bank) is concentrated in the west and along the coastal areas. Ankara is

the capital, and both it and Istanbul have populations of over 12.5 million.

Turkey's per capita income may be a mere 31% of what an ordinary European takes home in a year, but there is a sub-group of the population that has similar purchasing power to its counterparts in more affluent European countries. Income distribution has improved in recent years, but is still worse when compared to an average European country.

Staffing

Turkey has a large number of skilled and semi-skilled workers. However, labour costs are generally low.

Turkey ranks well in overall competitiveness and international surveys, as her labour force is receptive to learning new techniques as well as skills. Most people are employed in the agricultural sector.

The most common method of recruitment in Turkey is through word of mouth search as well as newspaper advertisements. Another alternative is through recruitment agencies, which primarily serve foreign companies in Turkey, and which do not have sufficient market information on Turkey. They also help medium and small-scale companies that lack ample in-house recruitment techniques. Head-hunters are also becoming increasingly popular for recruitment purposes.

Turkey's young population (averaging at 29 years old) is an important source for labour growth. About 730,000 students graduate every year from high schools in Turkey, including one third with vocational, technical and professional qualifications, a trend that is expected to rise.

Geography

Turkey is roughly rectangular in shape and has a land area of 770,760 sq km and is located in Southwest Asia, with a small European presence around the city of Istanbul.

It is bounded by water: to the north lies the Black Sea; to the south, the Mediterranean, and to the west, the Aegean. European and Asian Turkey are divided by the Bosphorus and the Dardanelles, two narrow straits connecting the Black Sea to the

Mediterranean via the Sea of Marmara. Turkey's eastern boundary is mountainous and inhospitable; its highest point Mount Ararat (5,166 m) and its largest lake (Lake Van) are found here.

Turkey has 81 provinces:

Adana; Adiyaman; Afyonkarahisar; Agri; Aksaray; Amasya; Ankara; Antalya; Ardahan; Artvin; Aydin; Balikesir; Bartin; Batman; Bayburt; Bilecik; Bingol; Bitlis; Bolu; Burdur; Bursa; Canakkale; Cankiri; Corum; Denizli; Diyarbakir; Duzce; Edirne; Elazig; Erzincan; Erzurum; Eskisehir; Gaziantep; Giresun; Gumushane; Hakkari; Hatay; Icel (Mersin); Igdır; Isparta; Istanbul; Izmir (Smyrna); Kahramanmaraş; Karabuk; Karaman; Kars; Kastamonu; Kayseri; Kilis; Kirikkale; Kirklareli; Kirsehir; Kocaeli; Konya; Kutahya; Malatya; Manisa; Mardin; Mugla; Mus; Nevsehir; Nigde; Ordu; Osmaniye; Rize; Sakarya; Samsun; Sanliurfa; Siirt; inop; Sirnak; Sivas; Tekirdag; Tokat; Trabzon (Trebizond); Tunceli; Usak; Van; Yalova; Yozgat; and Zonguldak.

Key UK investors in Turkey

Aviva
Cadbury Schweppes
Vodafone
HSBC
BP
Shell
Unilever
Tesco
BAT
Arcadia
Thames Water
Corus
Marks & Spencer

Source: UK Trade & Investment

Climate

Turkey has both Mediterranean and Steppe climates, with huge variations in rainfall and temperature between areas. The climate is generally temperate with hot, dry summers and mild, wet winters. The climate is harsher in the interior.

Government Structure

Turkey is a secular democratic state governed under the 1982 constitution. The country's multiparty system established in the 1940s has been interrupted by three periods of military rule, the most recent and longest of which was in 1980-83. The military also



played an instrumental role in the resignation of the Islamist Prime Minister, Necmettin Erbakan, in June 1997. The 550-seat Meclis (parliament) is elected every five years and in turn elects the president. The government is based on a prime ministerial system. In October 2007, Turkish voters approved a referendum package of constitutional amendments including a provision for direct presidential elections.

The President is elected by the National Assembly for one seven-year term; the Prime Minister is appointed by the President from among members of parliament. The present President (and past ones), are listed at:

http://en.wikipedia.org/wiki/List_of_Presidents_of_Turkey

The present Prime Minister (and past ones) are listed at:

http://en.wikipedia.org/wiki/List_of_Prime_Ministers_of_Turkey

Legal Structure

The Turkish legal system is derived from the various continental European legal systems. The Turkish Civil Code and family law are based primarily on the Swiss system, the Turkish Commercial Code on the German system, administrative law on the French system and criminal law on the Italian system.

The judiciary is independent of both legislative and executive bodies. There are separate tribunals depending on the subject matter of the case - such as administrative, criminal, civil and commercial courts and depending on the amount that is being claimed, cases are held in either courts of first instance or peace courts.

The highest legal body in the country is the Constitutional Court which decides on constitutional matters, tries high public officials and bans political parties where necessary.

The Council of State is the highest administrative court and would decide whether certain contracts constitute a "concession" and should be blocked.

The Court of Appeals is the highest judicial body. The Court of Accounts is responsible for controlling all financial contracts involving the state and tender awards are not valid, nor can payment be made until this approval is obtained.

Unless a lawsuit is subject to the compulsory public rules of Turkey, submission to foreign courts is effective and enforceable.

Establishing a Business in Turkey

Turkey's regulatory environment is extremely business-friendly. You can establish a business in Turkey irrespective of nationality or place of residence. The registration and establishment of a company in Turkey can be completed in one day. The process is handled by one ministry, which acts as the co-ordinator between all authorities.

The Turkish Commercial Code recognises two distinct types of business enterprise:

- Partnerships
- Corporations

The legal differences between the two concern the allocation of liability and the legal identity of the entity. Corporations established by foreign joint venture partners with or without a Turkish partner are treated as Turkish corporations and are entitled to all rights available to Turkish companies under the Turkish commercial code.

Foreign investors may establish a corporation in either of these two forms:

- Limited Liability Company (Limited Sirket - Ltd. Sti.)
- Joint Stock Company (Anonim Sirket - A.S.)

These business types exist as separate legal entities and offer their shareholders limited liability. The most common type of business entity in Turkey is the joint stock company and generally foreign investors establish such corporations for doing business in Turkey. Branch offices and liaison offices may also be suitable legal entities.

Joint Stock Company

A joint stock company is defined as a corporation having its own trade name and a predetermined amount of capital divided by shares. The liability of the shareholder is limited to their capital.

The structure and organisation of joint stock companies are subject to regulation by the Turkish Commercial Code. However, the founders of joint stock companies are afforded significant flexibility in drafting the

Owning Assets

Although foreign nationals may own property in Turkey, there are some restrictions - for example:

- The acquisition of real estate by foreigners within the borders of villages is restricted.
- Foreigners may also own land under a decree issued by the Council of Ministers.
- Restrictions apply to both Turkish nationals and foreigners in the acquisition of real estate in prohibited areas.

As they are considered as Turkish companies, there are no restrictions placed on companies established in Turkey by foreigners. Equity or loan capital invested in Turkey by foreign investors may be repatriated freely.

articles of association, thereby serving the needs of the specific venture. Capital Market Board regulations also apply to joint stock companies whose shareholders' number at least 250, or who have issued bonds or whose shares are quoted on the Istanbul Stock Exchange.

A minimum of five shareholders, who may be either real persons or legal entities, are required for the formation of a joint stock company. The overall share capital must be a minimum of 5 billion TL and the minimum capital contribution by each foreign shareholder is US \$ 50,000.

The capital of a joint stock company is divided into shares of equal value which are treated as negotiable commercial paper. The shares may be issued in either registered or bearer form. Registered shares are freely transferable subject to approval by the board of the company, unless prohibited by the company's articles of association. Bearer shares are freely transferable under the Code of Obligations, unless otherwise agreed by the parties.

Decision making in a joint stock company is by majority vote; but the Turkish Commercial Code includes certain provisions to protect minority interests. Minority shareholders may also request the appointment of a special auditor on their behalf.

Limited Liability Company

Limited liability companies may be composed of real persons or legal entities and must consist of at least 2 and no more than 50 partners. The overall share capital must be a minimum of 500 million TL and the minimum capital contribution by each foreign shareholder is the TL equivalent of US \$ 50,000. All partners are personally liable for the debts of the company up to a maximum of their contribution, however, partners are not held liable for the unpaid portions of others' contributions. They are also more directly exposed to the tax liabilities of the company, limited however to their own shares.

Shares held in a limited liability company are non-negotiable and may be transferred only with the approval of the other partners. Transfers must be approved by at least a 75% majority vote, with at least 75% of the total capital represented. Limited liability companies are also prohibited from engaging

in banking or insurance business. A limited liability company differs from the joint stock company in that its capital is not divided into shares of stock nor represented by share certificates. There is no board of directors for a limited company. Instead, the appointed manager has authority to run the company.

The following steps need to be taken to establish a limited or joint stock company in Turkey.

First step

Submit the following documents to the General Directorate of Foreign Investments (GDFI):

(A) For legal entities residing abroad:

- Certificate of Activity (certified by the related Turkish Consulate or in accordance with the provisions of the Abolition of the Requirement for Approval of Foreign Official Documents Agreement)
- Previous year Activity Report.

(B) For persons residing abroad:

- Copy of passport (certified by the notary public)
- Detailed commercial and industrial background and verifying documents.

(C) Letter of intent stating that each foreign partner will bring at least 50,000 USD to Turkey as company capital.

(D) Draft articles of the company to be established.

(E) Power of attorney given by shareholders to the person who will be the contact person in course of the application procedure.

(F) Application form prepared in accordance with the attached sample.

Second Step

For publishing the establishment of the company, you must apply to the Ministry of Industry and Trade.

Third Step

For endorsing permission certificate (red paper), apply the GDFI with the following documents:

- Original of the permission certificate
- Trade Registry Gazette in which the establishment of the company is published.

If the foreign exchanges brought as foreign capital are converted in to Turkish Lira, a

Foreign Exchange Purchase Receipt or related bank document (if they are kept in a foreign exchange deposit account), should be submitted. (Foreign Exchange Purchase Receipt or relating bank documents should include the name of the foreign capital company and foreign partner, the country from which the foreign exchange transferred, currency amount, USD equivalent, TL equivalent and state that the currency was brought as company capital.)

Branches and Liaison Offices

Foreign companies may also operate through liaison offices or branches providing they are established in accordance with the relevant legislation. The income of a branch derived in Turkey is taxed in the same way as resident corporations.

Liaison offices may be used to establish a presence in Turkey, but may not carry on any commercial activity and must be funded by the parent company outside Turkey.

Taxation

Income taxes in Turkey are levied upon the income, both domestic and foreign, of individuals and corporations resident in Turkey. Non-residents earning income in Turkey through employment, ownership of property, carrying on a business or from other activities giving rise to income are also subject to tax, but only on their Turkish derived income.

The limited tax liability covers trade or business income from a permanent establishment, salaries for work done in Turkey (regardless of where paid or whether or not remitted to Turkey), rental income from real property in Turkey, Turkish derived interest, and income from the sale of patents, copyrights and similar intangible assets.

You find a list of tax rates at:

www.taxrates.cc/html/turkey-tax-rates.html

Income Tax

Turkish residents are taxed on worldwide income, but they can receive a tax credit for taxes paid abroad. Personal taxes on income from foreign countries may be deducted from taxes due in Turkey on the same income, but only up to the amount of the Turkish taxes assessed.

The income of non-residents is taxed at the same rate as residents, but non-residents are not entitled to deduct the general allowance and receive no credit for foreign taxes.

Corporation Tax

For tax purposes, companies are grouped as limited liability companies (corporations and limited companies) and personal companies (limited and ordinary partnerships).

Corporation tax applies to limited liability companies.

State economic enterprises and business entities owned by societies, foundations and local authorities are also subject to corporation tax.

Liability to full or limited tax liability depends on the status of residence of the company:

- A company whose statutory domicile or place of management is established in Turkey will have full tax liability - worldwide income is taxable but credit is given for foreign tax payable in respect of income from foreign sources (up to the amount of Turkish corporate income tax).
- If a non-resident company conducts business through a branch or a joint venture, it will have limited tax liability - that is, fully liable to corporate tax on profits earned in Turkey on an annual basis.
- If there is no presence in Turkey, withholding tax will generally be charged on income earned; for example, for services provided in Turkey. However, if there is a double tax treaty in place, reduced rates of withholding may apply.

Withholding taxes apply on a wide range of types of income received by Turkish resident individuals and corporations.

From the non-resident's point of view, many payments abroad including those for professional services and technical assistance, royalties and rentals are subject to withholding tax. In this regard, countries having double tax treaties with Turkey have considerable advantages. These countries can, in general, benefit from a reduction of withholding taxes in certain circumstances. Royalty agreements including know-how and patent licences must be registered by the General Directorate of Foreign Investments.

Capital Gains Tax

The rate of Capital Gains Tax for an individual is identical to the rate of normal income tax on the income of an individual. A capital gain from the sale of Turkish securities that were held by the vendor for at least 1 year before the date of sale is exempt from tax.

When calculating capital gains for companies, the purchase price of the asset sold is adjusted in line with the rise in the index from the date of purchase to the date of sale. Capital gains tax is calculated only on the real profit. On the sale of a depreciable asset, if the assets are held for more than 2 years the capital gain is exempt from tax.

Value Added Tax (VAT)

Details of the rates of VAT and exemptions can be found at:
www.worldwide-tax.com/turkey/tur_other.asp

Exporting

UK Trade and Investment encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit www.uktradeinvest.gov.uk

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmrc.gov.uk

Export licences (from UK)

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to export to Turkey. There are a number of licensing requirements, relevant to exports. These include:

- Common Agricultural Policy (CAP) Licences;
- Department for Business, Innovation and Skills (BIS);
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- Department of Culture, Media and Sports (DCMS) Licences.

An export licence is mandatory if you are exporting certain products. If a licence is required and is not presented at the time of export, the consignment will not be able to leave. For further information, visit:
www.hmrc.gov.uk.

The BIS's Export Control Organisation is the first point of contact for information on export controls. They provide advice on many issues, including how to establish whether or not specific goods need an export licence, the different types of export licences, how to complete export licence application forms and how long they take to process. They are also the point of contact for Export Control Organisation publications and licence application forms. For further information visit:

www.berr.gov.uk/europeandtrade/strategic-export-control/index.html

The Defence Export Services Organisation (DESO) can provide information concerning the export of defence related equipment. For further information visit www.deso.mod.uk

For information concerning export controls on antiques and works of art, please visit the Department for Culture, Media and Sport website. For further information visit www.culture.gov.uk

Import licences

Control certificates are required for the following imports into Turkey:

- Crude oil and oil products
- Telecommunications equipment
- Lorries, buses and vehicles (plus parts)
- Organic chemicals
- Materials used in food processing
- Cosmetics and cleaning agents
- Vaccines
- Serums
- Live animals
- Food
- Agricultural products

For further details contact the British Embassy Ankara and Consulate-General Istanbul who hold details of the current annual import regime at www.britishembassy.gov.uk/turkey.

Note that temporary importation of goods to Turkey (e.g. commercial samples) is possible. For the temporary importation of goods a temporary admission declaration or ATA Carnet should be used.

Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK

exporters of capital goods and projects. They can also provide contacts for private sector insurance for UK exporters of consumables. For more information on how ECGD may be able to help you visit the ECGD website at www.ecgd.gov.uk or contact their helpline: Tel: +44 (0)20 7512 7887.

Export Documentation

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. It manages the UK Aligned Series of Export documents, and licenses a network of approved suppliers to provide them. The series now contains nearly 70 standard commercial, transport, banking, insurance and official forms. Further information can be found at: www.sitpro.org.uk

Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements.

THE produces a wide range of publications and provides a special updating service of information in some product fields. THE can supply detailed information on foreign regulations; identify, supply and assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice. Fees vary according to the amount of work involved.

For further information visit the British Standards Institution (BSI) website at: www.bsi-global.com/Technical+Information or e-mail: THE@bsi-global.com

Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit www.hmrc.gov.uk

Import licenses

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to import goods from Turkey. There are a number of licensing requirements, relevant to imports.

These include;

- Common Agricultural Policy (CAP) Licences,
- Department for Business, Innovation and Skills (BIS);
- Department for Environment, Food & Rural Affairs (DEFRA) Licences,
- European Commission Licences,
- Forestry Commission Licences and
- Radio Communications Agency (RDA) Licences.

If a licence is needed and is not presented at the time of importation, the goods will not be allowed to enter the country.

Customs Duties

The EU and Turkey established a Customs Union on 1 January 1996, and many goods from Turkey no longer attract customs duty, but excise duty and import VAT still apply. Note that the excise duty on alcohol is significantly higher than in the rest of Europe.

There is no limit on the amount of foreign currency that may be brought into Turkey, but not more than \$5,000 worth of Turkish currency may be brought into or taken out of the country.

Terms of Payment

Turkish importers may agree with the foreign supplier to pay by Letter of Credit (L/C), Cash against Documents (CAD), Cash against Goods (CAG) or Bankers Draft. According to Turkish law, ownership of goods is transferred to the buyer by the issue of invoice/shipping documents and delivery of the goods to the carrier. Therefore, if possible pre-payment or L/Cs should be preferred because of potential problems with CAD and CAG terms if the buyer refuses to pay. Goods benefiting for zero rated customs duties due to the Customs Union Agreement, must be accompanied by fully completed ATR forms issued by Chambers of Commerce and Industry.



Advertising and Marketing

Local representation

Unless a firm's interests are large enough to warrant opening an office in Turkey, the most effective way of introducing and developing the sale of its products is to secure the services of a reliable and qualified local representative working on a commission basis. Careful enquiries regarding the standing and possible conflicting interest of any prospective agents should be made before agreements are signed. There are no barriers to setting up agency agreements.

Advertising

Most leading advertising agencies have started media-only business in Turkey. British exporters are advised to consult their advertising agents, before embarking on an advertising campaign.

Direct mail is a small but growing marketing strategy in Turkey. It is more generally associated with the youth market and is generally regarded as ideal for promoting fresh and innovative products.

Street signs and posters exist in both large cities and smaller towns. Sites are managed by Local Government authorities who licence sites to private companies.

Turkey has one of the lowest readership per capita figures in Europe. Average daily circulation is four million copies. The main newspaper publishing groups are Dogan Group and Sabah Group. There is one English Language newspaper, the Turkish Daily News that is available countrywide.

The Internet is growing in popularity and 'cyber cafes' are beginning to spring up around the larger cities. Many Turkish companies have their own websites and some local supermarkets offer 'shopping on the web'.

Business Hours

Government Offices

Monday-Friday 9:00-12:00, 13:00-18:00
Saturday-Sunday (closed)

Banks

Monday-Friday 9:00-12:00, 13:00-18:00
Saturday-Sunday (closed)

Shops

Monday-Saturday 9:30-13:00, 14:00-19:00
Sunday (closed), although some shopping malls remain open.
Istanbul Covered market: Monday-Saturday 8:00-19:00, Sunday (closed).

During summer months, the government offices and many other establishments in the Aegean and Mediterranean Regions are closed in the afternoon. These fixed summer hours are determined by the governing bodies of the provinces.

Business Etiquette

Face to face contact with potential customers will often help to speed up your entry into the market when doing business in Turkey. It is a good idea to both fax and phone when making an appointment and be aware that times may be flexible.

Men should generally dress for business as in the UK, i.e. a suit or equivalent (with shirt and tie). In very hot weather there would be no objection to a short-sleeved shirt. Similarly, women should wear normal UK business wear in larger conurbations, e.g. Istanbul, Ankara and Izmir, but should dress more modestly, i.e. long-sleeved blouses and longer-length skirts and dresses for travel outside these areas (especially to the South-East region). Turkey has previously had a female Prime Minister and women occupy significant positions in society (50% of doctors are female).

The traditional hospitality of the Turks determines business etiquette. Although appointments should be made wherever possible, most executives will receive visitors without an appointment if they are able to do so. Turks also prefer to communicate directly so you are advised to phone rather than write to contacts.

Intellectual Property

Intellectual Property Rights are territorial, that is they only give protection in the countries where they are granted or registered. If you are thinking about trading internationally then you should consider registering your IP rights abroad.

Patents

Decree Laws allow most inventions to be patented and provide a standard period of protection of twenty years. Utility models, for instance car bodies, are patentable for ten years. Exporters should be aware that despite these laws no courts exist to administer patent disputes. Non-residents must be represented by patent attorneys listed in the Turkish Patent Institute Register.

Trademarks and Service Marks

Trademarks are renewable every 10 years. They must be registered in order to be legally established. Failure to use trademarks within five years of registration or in any subsequent five-year period will lead to cancellation.

Copyright

Turkey, like the UK is a party to the main international copyright convention - the Berne Convention -, which sets minimum standards of protection for literary and artistic works. Works of UK nationals, residents or works first published in the UK are entitled to the same protection in Turkey as Turkey grants to its own nationals.

For more information visit www.turkpatent.gov.tr/portal/default.jsp

Personal relationships are highly rated, and no visitor should come straight to the business in hand without exchanging a few friendly words first. Business cards should also be exchanged. Every visitor will immediately be offered coffee or tea. It is impolite to refuse.

Note that Turks say yes by nodding their head forward and down and say no by nodding their head up and back while lifting their eyebrows. Wagging your head from side to side doesn't mean "no" in Turkish, it means "I don't understand".

Transport and Travel

Air

British Airways runs two daily flights to Istanbul's Ataturk Airport departing from Heathrow, and daily connecting flights to Glasgow. Easyjet also run flights to Istanbul departing from Luton. Istanbul Airlines runs scheduled flights from Heathrow, Gatwick and Stansted, as well as Manchester to Istanbul. Turkish Airlines operates three daily flights from Istanbul to Heathrow and three weekly flights to Istanbul from Manchester.

The majority of Turkey's international flights arrive at Ataturk. Other international airports are at Ankara, Izmir, Adana, Antalya and Dalaman. Neither Turkish Airlines nor British Airways fly direct to Ankara, and connection is required through Istanbul.

There is an extensive network of internal flights by Turk Hava Yollari (THY-Turkish Airlines) and the private Istanbul Airlines.

By Sea

Several foreign shipping companies have regular services to the ports of Trabzon, Samsun, Istanbul, Dikili, Izmir, Çesme, Kusadasi, Bodrum, Marmaris, Antalya, Alanya, Mersin and Iskenderun.

There are also car ferries for tourists who wish to take their cars while sightseeing: Venice, Ancona, Brindisi, Bari, Istanbul, Izmir, Cesme, Kusadasi, Marmaris, Antalya.

Rail

Train journeys can be made to Istanbul directly from and via some of the major cities in Europe.

Most major cities and towns are linked by regular rail services. Turkish State Railways offers sleeping cars, restaurants, and lounge cars offering first and second class service. Trains are very busy and you should buy tickets well in advance.

When travelling intercity by train you are advised to take only ekspres or mototren trains as other services tend to be cramped, smoky and slow (it is often quicker with the improvement in the road system to travel by coach). Turkish train timetables indicate stations not cities. For instance, Istanbul's two stations, Haydarpasa and Sirkeci, but not Istanbul will appear on timetables.

Roads

Roads are generally good but local driving can be erratic.

Hire cars are available at main hotels, airports and travel agents but are expensive. An International drivers licence is preferred, but most foreign licences are accepted. It is probably best to use public transport, rather than hire a car. In Istanbul and other major cities traffic congestion and the lack of parking spaces can delay your journey considerably.

Metered taxis in cities are cheap and plentiful in most places. The meter is running at night rate when it shows two red lights. Tipping is not expected but a small sum is usual for special courtesies. It is advisable to write down the full address of your destination. Taxi drivers have been known to drop passengers "near" their destination before disappearing. Also available are the much cheaper 'Dolmus' taxis, which have fixed routes and carry up to eight passengers.

When planning your trip, you should be aware that journeys, in large cities, may be delayed by traffic conditions. Your schedule should be as loose and flexible as possible, to counter inevitable delays.

Hotels

The expansion of the tourism industry has led to a steady increase in both the number of tourist facilities and bed capacity. Hotels are rated by a five category system ranging from luxury (HL or deluxe) through first class hotels (H1) to fourth class (H4).

Travel Advice

The Travel Advice Unit provides up-to-date advice on problems that may arise owing to political unrest, violence, natural disasters and epidemics. Travel advice is available from the Foreign and Commonwealth Office at www.fco.gov.uk

Health Advice

It is essential to take out full medical insurance when visiting Turkey, as there are no reciprocal healthcare agreements between Turkey and the UK.

Private health facilities and dentists are very good. Public health facilities, hospitals and dentists are adequate. No special vaccinations are required before entering Turkey but if you intend to travel to eastern Turkey you are advised to have hepatitis vaccinations and anti-malarial tablets before you go. Visitors are not required to produce vaccination certificates, except when travelling from an infected area.

You are advised to drink bottled spring water, which is widely available.

Passports and Visas

UK passport holders visiting Turkey require a visa. It is not necessary to obtain this in the UK. Three-month visas are obtainable at border posts for £10. Payment is accepted in sterling only. Work permits should be obtained from the Turkish Consulate in London. For visits of less than three months single entry visas can be obtained at the point of entry and cost £10 (in Bank of England Sterling notes only).

For further information on visas contact:

Turkish Consulate-General
Rutland Lodge, Rutland Gardens
LONDON, SW7 1BW, UK
Tel: 020 7591 6900
(0891) 347348 (recorded visa information)
turkishconsulate@btconnect.com

If a visit of more than three months, or employment is intended then a visa must be obtained from the Turkish Embassy or Consulate prior to arrival in Turkey. It is advisable to carry a form of identification while in Turkey, preferably your passport. An exit permit is not required but residence permits must be given up on departure.

Useful Contacts

British Embassy Ankara
www.fco.gov.uk/en/about-the-fco/embassies-and-posts/find-an-embassy-overseas/europe/embassy-ankara

Caspian and Turkey Business Information Group (CATBIG)
Turkey is one of the countries covered by the Caspian and Turkey Business Information Group. The group meets at the Department for Business, Innovation and Skills (BIS) in London two or three times a year and provides an opportunity for business people to hear about recent developments in the market and to exchange market information. If you would like further details, please contact +44 (0)20 7215 4741.

The CIA World Factbook
www.cia.gov/cia/publications/factbook

Turkish British Chamber of Commerce and Industry
The Turkish British Chamber of Commerce and Industry can help you to start or promote your business in Turkey.
Website: www.tbcci.org

Turkish Government Departments

- Ministry of Justice
www.adalet.gov.tr
- Ministry of Interior
www.icisleri.gov.tr
- Ministry of Foreign Affairs
www.mfa.gov.tr
- Ministry of Finance
www.maliye.gov.tr
- Ministry of National Education
www.meb.gov.tr
- Ministry of Public Works and Housing
www.bayindirlik.gov.tr
- Ministry of Health
www.saglik.gov.tr
- Ministry of Transportation
www.mt.gov.tr
- Ministry of Agriculture and Rural Affairs
www.tarim.gov.tr
- Ministry of Labour and Social Security
www.calisma.gov.tr
- Ministry of Industry and Trade
www.sanayi.gov.tr
- Ministry of Energy and Natural Resources
www.enerji.gov.tr
- Ministry of Culture
www.kultur.gov.tr

- Ministry of Tourism
www.turizm.gov.tr
- Ministry of Forestry
www.orman.gov.tr
- Ministry of Environment
www.cevre.gov.tr

Turkish Tourist Office

1st Floor, 170-173 Piccadilly, LONDON, W1V 9DD, UK

Tel: +44 (0)20 7734 8681/355 4207

E-mail: tto@turkishtourism.demon.co.uk

UK Trade & Investment Contacts

UK Offices

If there is a particular inquiry about the Turkish market and to which you cannot find an answer, then the Turkey Trade desk may be able to help. Overseas staff will be pleased to deal with enquiries about any aspect of trading in Turkey. They can also provide a Market Menu which is a brief overview of the type of advice and practical support available from UK Trade & Investment and contains details of free literature on a range of topics.

Information available for Turkey includes general trade background, political, promotional and other market information.

UK Trade & Investment

Turkey Trade Unit

Kingsgate House, 66-74 Victoria Street, LONDON SW1E 6SW, UK

Website: www.uktradeinvest.gov.uk

Overseas Offices

The Consulate-General in Istanbul is Britain's lead trade promotion Post in Turkey and is where the Director of Trade Promotion is located. All trade-related enquiries should be addressed to the Consulate-General in the first instance.

British Consulate General, Istanbul

UK Trade & Investment Department

Mesrutiyet Cad No 34, Tepebasi, Beyoglu-Istanbul

Tel: +90 212 334 6580

E-mail: commercial.istanbul@fco.gov.uk

British Embassy

UK Trade, Investment

Sehit Ertan Caddesi , 46/A, 06680 Cankaya, Ankara

Tel: +90 312 455 3344 (Switchboard)

+90 312 455 3246 (General Commercial enquires)

E-mail: ankara-tradeandinvestment@fco.gov.uk

Country Data

Feature	Country Data
Local time	GMT+2 hours (April-September) GMT+2 hours (October-March)
Population	Turkey's population is 72.8 million (2010 Source: World Bank)
Major cities	Istanbul 12.5 million, Ankara (capital): 3.8 million, Izmir: 3.7 million, Adana: 2 million.
Language/Religion	Language: Turkish Ethnic groups: Turkish 99%, 1% other Religions: Muslim 98%. Other - Gregorian, Jewish, Catholic, Protestant and other Christian sects: 2%.
Area	The actual area of Turkey inclusive of its lakes is 814,578 sq km of which 790,200 are in Asia and 24,378 are located in Europe.
Climate	Three climate zones: Mediterranean (hot and dry summers, mild and wet winters), continental (hot and dry summers, cold and harsh winter), Black Sea: (temperate and wet all year long).
Public / Statutory holidays	Details of holiday dates in Turkey can be found at: www.turkeytravelplanner.com/WhenToGo/IslamicHolidays.html Note: Muslim festivals are timed according to local sightings of various phases of the moon and the dates given above are therefore approximations.
International dialling code from UK	0090 + area code
Local currency	Turkish lira
Weights and measures	In common with other European countries Turkey uses the metric system and temperature is measured in degrees Celsius.
Natural resources	Oil, coal, iron, ore, copper, uranium, manganese, antimony, chromium, mercury, borate, sulphur, zinc, borax, and meerschaum.
Electricity supply	220 volts AC/50 Hz. all over Turkey. (Industrial: 380 V) Plug: European round/ 2-prong plug.

Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

References & Acknowledgement

¹ Source: http://en.wikipedia.org/wiki/Turkish_economy

² Source: CIA World Factbook: www.cia.gov/cia/publications/factbook

³ Some of the information in this publication has been derived from Crown Copyright material and Crown copyright © therein is therefore acknowledged.

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