

Country (Region) Guides for Outward Investment Co-operation

Istanbul

(2022 edition)

International Trade and Economic Co-operation Research Institute, Ministry of Commerce
Economic and Commercial Division, Embassy of China in Turkey
Foreign Investment and Economic Co-operation Department, Ministry of Commerce

forewo rd

The report of the twentieth CPC National Congress points out that it is important to promote a high level of opening up to the outside world, to enhance the quality and level of trade and investment cooperation, to accelerate the building of a strong trading nation, to promote the high-quality development of the "One Belt, One Road", to participate deeply in the division of labour and cooperation in the global industry, and to safeguard a diversified and stable international economic pattern and economic and trade relations.

Guided by Xi Jinping's thought of socialism with Chinese characteristics in the new era, the Ministry of Commerce comprehensively implements the spirit of the 20th CPC National Congress, and in accordance with the principle of "government-guided, enterprise-led, and market-orientated operation", it encourages and supports strong, reputable and internationally competitive enterprises to go out to carry out outward investment and cooperation in a steady and orderly manner, and actively participate in the construction of the "Belt and Road". The "Belt and Road" guiding and serving Chinese enterprises to actively integrate into the global industrial chain and supply chain, and continuously improving the quality and level of outward investment and cooperation. In 2021, China's outward foreign direct investment flow reached USD 178.82 billion, an increase of 16.3% over the previous year, ranking second in the world; 79 Chinese enterprises were listed in the Engineering News Record (ENR) 2022 "Top 250 International Contractors" list, and continued to top the list. Chinese-funded enterprises are making rational and effective use of resources in overseas markets, actively engaging in international cooperation and competition, contributing to the economic and social development of host countries, and injecting vitality into the recovery of the global economy.

In order to better help enterprises understand and familiarise themselves with the local business environment, and effectively prevent and mitigate various risks, the Institute of International Trade and Economic Cooperation of the Ministry of Commerce and the business agencies of embassies and consulates abroad have compiled the 2022

edition of the "Guide to Countries (Regions) for Outward Investment Cooperation" (hereinafter referred to as the "Guide"). The Guide covers 129 countries and regions, reflecting comprehensively and objectively the macroeconomic situation, laws and regulations, economic and trade policies, business environment and other matters of concern to enterprises going abroad in the countries (regions) where OFDI co-operation takes place, as well as paying further attention to relevant policies and regulations, current development situation and international co-operation on digital economy and green development in the relevant countries (regions), and adjustments in economic and trade policies since the epidemic.

We hope that the 2022 edition of the Guide will be helpful to enterprises that intend to go global and carry out outbound investment and cooperation, and we welcome criticisms and valuable opinions from all walks of life. At the same time, we will seriously absorb the useful suggestions, continuously improve our work, and make the Guide better and better, so as to play a greater role in enhancing the ability and level of enterprises' international operation, responding to various types of risks and challenges, and promoting the high-quality development of outward investment and cooperation.

We will be based on the new stage of development, complete, accurate and comprehensive implementation of the new development concept, serve to accelerate the construction of a new development pattern, focus on promoting high-quality development, and innovate in the preparation of the Guide, so as to more accurately and efficiently provide high-quality information services for enterprises going abroad, and to help them go abroad steadily and make progress.

Office for the Preparation of Country
(Regional) Guides for Outward Investment
Co-operation

March 2023

Message from the Counsellor

Turkey is a country of rich culture, favourable geographical location and natural beauty. It is a country where the remains of ancient Greece and Rome converge, where the earliest human writing appeared, where the continents of Asia and Europa are divided, and where the Black Sea, the Aegean Sea and the Mediterranean Sea surround the country. It is a magical country that combines classical and modern, East and West, developed and evolving. Over the past 20 years, Turkey has become more and more favoured by foreign investors due to its overall political and social stability, rapid economic development and increasingly improved investment environment. Turkey's advantages in absorbing foreign investment are mainly in the following areas:



First, the political system and institutions are more stable and mature, and the legal system and institutions are more sound and standardised.

Secondly, the socio-economic foundation is good. Turkey has a complete range of industries, including agriculture, industry and services, and a sound infrastructure, including ports, airports, roads, railways and oil and gas pipelines.

Thirdly, the domestic market is large. 2021 Turkey's total population of 84.68 million, per capita GDP of about 9,539 U.S. dollars, the level of development is similar to that of China, the people's consumption ability is strong, the concept of consumption is more advanced, the domestic market space is vast.

Fourthly, the regional radiation effect is obvious. Turkey has a unique location advantage, a customs union with the European Union and free trade agreements with 28 countries and regions, with a high degree of market freedom. Turkey has become an important distribution centre for goods, services, personnel, capital and technology in the neighbouring regions, and it can also become an important channel for Chinese enterprises to enter the huge potential market with a population of 1.3 billion, a

combined GDP of US\$25.5 trillion and an international trade volume of US\$7.9 trillion.

Following the outbreak of the new coronavirus epidemic in Turkey in March 2020, its consumption, trade, investment, tourism and employment suffered a severe impact, and the growth rate of gross domestic product (GDP) turned from positive to negative in the second quarter. While strengthening epidemic prevention and control, the Turkish government has continued to introduce fiscal, financial and industrial policies to protect foreign trade, employment and livelihoods and promote economic recovery. Since the third quarter of 2021, with the epidemic situation under effective control, the Turkish economy has rebounded significantly, achieving economic growth of 11 per cent for the year. 2022, after a brief rebound in the epidemic situation in Turkey has gradually improved, the economic situation has continued to improve, and the economic growth rate reached 7.3 per cent in the first quarter.

China and Turkey are located at the eastern and western ends of the Asian continent, the starting and ending points of the ancient Silk Road and the Maritime Silk Road in Asia, and natural partners in the construction of **the** Belt and Road Initiative. Since President Xi Jinping put forward the “Belt and Road” initiative, Turkey has actively supported and participated in the co-operation, and the Chinese and Turkish governments signed the relevant co-operation memorandum on the sidelines of the 2015 G20 Antalya Summit under the witness of the leaders of both sides. Under the framework of “One Belt, One Road”, the scale of China-Turkey economic and trade cooperation has been growing rapidly, the fields are expanding, the methods are becoming more and more rich, and the results of cooperation are remarkable.

State Councillor and Foreign Minister Wang Yi visited Turkey and agreed with President Erdogan to push forward the “Belt and Road” initiative and the “Middle Corridor” programme, deepen cooperation in the areas of connectivity, infrastructure construction, investment, 5G, artificial intelligence and big data, digital economy, and steadily push forward cooperation on large projects to achieve mutual benefits and win-win results.

In the economic and trade cooperation between China and Turkey, China can give full play to its first-class technological capabilities and practical experience in the fields of infrastructure, energy, finance, telecommunication, Internet and digital economy, etc., and promote the development of Turkey in the relevant fields, especially high-speed railways, new energy power generation, electric vehicles, communication networks and e-commerce, and upgrade the corresponding technological capabilities and industrial levels, so as to contribute to the economic and social development and the well-being of the local people. We believe that under the joint leadership of the leaders of the two countries It is believed that under the joint leadership of the leaders of the two countries, China and Turkey will further deepen their cooperation, work hand in hand to write a more brilliant new chapter for the construction of the "Belt and Road", and create a better future for economic and trade cooperation between the two countries.

The Economic and Commercial Section of the Chinese Embassy in Turkey warmly welcomes Chinese enterprises and individuals to invest and co-operate in Turkey and will wholeheartedly provide relevant services!

Liu Yuhua, Minister Counsellor for Economic and
Commercial Affairs, Chinese Embassy in Turkey

June 2022

table of
contents
table of
contents

INTRODUCTION	What will this guide tell you?
1	
1. Country profile	2
1.1 Brief history of development	2
1.2 Natural environment.....	2
1.2.1 Geographic location	2
1.2.2 Natural resources.....	3
1.2.3 Climatic conditions.....	3
1.3 Population and administrative divisions	3
1.3.1 Population distribution	3
1.3.2 Administrative divisions.....	4
1.4 Political environment.....	4
1.4.1 Political system.....	4
1.4.2 Main parties.....	5
1.4.3 Government agencies.....	6
1.5 Socio-cultural.....	6
1.5.1 Nation.....	6
1.5.2 Language.....	7
1.5.3 Religion and customs.....	7
1.5.4 Science, education and medicine.....	7
1.5.5 Trade unions and other non-governmental organisations	8
1.5.6 Major Media	8
1.5.7 Social Security	9
1.5.8 Holiday.....	9
2. Economic overview	11
2.1 Macroeconomics.....	11
2.2 Focus/Speciality Industries.....	12
2.3 Infrastructure	15
2.3.1 Highway.....	15
2.3.2 Railway	15
2.3.3 Air transport.....	16
2.3.4 Water transport.....	17
2.3.5 Correspondence.....	17
2.3.6 Electricity.....	18
2.3.7 Digital Infrastructure	18
2.4 Price level.....	19
2.5 Development Planning.....	19
3. Trade and Economic Cooperation	23
3.1 Economic and Trade Agreements	23
3.2 Foreign trade.....	23
3.3 Two-way Investment.....	24
3.4 Foreign aid.....	25
3.5 China-Turkey Economic and Trade	25
3.5.1 Bilateral agreements	25
3.5.2 Bilateral trade	28

3.5.3 Chinese investment in Turkey	28
3.5.4 Contractual engineering and labour cooperation	29
4. Investment Environment.....	30

4.1 Investment Attractiveness.....	30
4.2 Financial Environment.....	30
4.2.1 Local Currency.....	30
4.2.2 Foreign exchange management.....	30
4.2.3 Banks and insurance companies.....	31
4.2.4 Financing Channels.....	32
4.2.5 Credit Card Usage.....	33
4.3 Securities Market.....	33
4.4 Factor costs.....	33
4.4.1 Water, electricity, gas and oil prices.....	33
4.4.2 Labour wages and supply and demand.....	34
4.4.3 Land and house prices.....	35
4.4.4 Construction Costs.....	35
5. Regulations and Policies.....	36
5.1 Trade Laws and Policies.....	36
5.1.1 Trade authorities.....	36
5.1.2 Trade Legal System.....	36
5.1.3 Relevant provisions on trade regulation.....	36
5.1.4 Import and export product inspection and quarantine.....	38
5.1.5 Customs Administration Regulations.....	39
5.2 Foreign Investment Regulations.....	42
5.2.1 Investment authorities.....	42
5.2.2 Foreign Investment Laws and Regulations.....	42
5.2.3 Foreign Investment Incentives.....	42
5.2.4 Investment Industry Regulations.....	42
5.2.5 Provisions on investment patterns.....	43
5.2.6 Provisions for Security Clearance.....	43
5.2.7 Provisions of the Infrastructure PPP Model.....	44
5.3 Policies and regulations related to the digital economy.....	45
5.4 Policies and regulations related to the green economy.....	45
5.5 Corporate Taxation.....	45
5.5.1 Tax systems and regimes.....	45
5.5.2 Major taxes and rates.....	46
5.6 Special economic zone provisions.....	48
5.6.1 Special Economic Zone Regulations.....	49
5.6.2 Introduction to Special Economic Zones.....	50
5.7 Provisions of the Labour and Employment Act.....	51
5.7.1 Labour Law Core.....	51
5.7.2 Provisions for foreigners working locally.....	53
5.8 Regulations for Foreign Enterprises Acquiring Land/Forestry in Turkey.....	54
5.8.1 Key elements of land law.....	54
5.8.2 Provisions for the acquisition of land by foreign enterprises.....	54
5.9 Regulations on the Participation of Foreign Enterprises in Local Securities Exchanges.....	55
5.10 Environmental Management.....	55
5.10.1 Environmental Management.....	55
5.10.2 Major environmental laws and regulations.....	55
5.10.3 Basic points of environmental laws and regulations.....	55
5.10.4 Environmental Impact Assessment Regulations.....	56
5.11 Anti-Commercial Bribery Provisions.....	57
5.12 Provisions for local works by foreign enterprise contractors.....	58
5.12.1 Licensing system.....	58
5.12.2 Prohibited areas.....	60
5.12.3 Bidding method.....	60

5.13 Provisions for the protection of intellectual property rights	61
5.13.1 Laws and regulations on the protection of intellectual property rights	61
5.13.2 Penalty provisions relating to intellectual property rights infringement	61
5.14 Principal means of resolving business disputes and applicable law	61
6. Procedures for Investment Co-operation in Turkey	63
6.1 Procedures required for investment in registered businesses	63
6.1.1 Forms of establishment of a business	63
6.1.2 Receiving organisations for registered businesses	63
6.1.3 Main procedures for registering a business	64
6.2 Procedures for Undertaking Engineering Projects	64
6.2.1 Getting information	64
6.2.2 Bidding and tendering	65
6.2.3 Licensing Procedures	65
6.3 Patent and Registered Trademark Applications	66
6.3.1 Patent applications	66
6.3.2 Registered Trademarks	68
6.4 Procedures related to corporate tax returns	70
6.4.1 Tax filing time	70
6.4.2 Tax Channels	70
6.4.3 Tax Return Procedures	70
6.4.4 Tax Return Information	70
6.5 Work Permit Processing	70
6.5.1 Competent authorities	70
6.5.2 Work permit system	71
6.5.3 Application Procedures	71
6.5.4 Contributions	71
6.6. Organisations able to advise Chinese companies on investment co-operation	72
6.6.1 Economic and Commercial Sections of the Chinese Embassy and Consulates in Turkey	72
6.6.2 Turkish Chamber of Commerce for Chinese Enterprises	72
6.6.3 Turkish Embassy and Consulates in China	72
6.6.4 Turkish Investment Promotion Service	73
7. Issues to be noted for Chinese enterprises to carry out investment and co-operation in Turkey	75
7.1 Offshore investments	75
7.2 Foreign contracted projects	77
7.3 Foreign labour cooperation	77
7.4 Protecting against the risks of investment co-operation	78
8. How Chinese companies can build harmonious relationships in Turkey	80
8.1 Managing the relationship with government and parliament	80
8.2 Properly managing relations with trade unions	80
8.3 Closer ties with the local population	80
8.4 Respect for local customs and traditions	80
8.5 Protecting the ecosystem in accordance with the law	80
8.6 Taking on the necessary social responsibility	81
8.7 Knowing how to deal with the media	81
8.8 Learning to Deal with Law Enforcement	81
8.9 Spreading Chinese Traditional Culture	82
8.10 Other	82
9. How Chinese companies/personnel can seek help in Turkey	83
9.1 Seeking legal protection	83
9.2 Seeking help from local authorities	83
9.3 Obtaining protection from the Chinese Embassy (Consulate) in Turkey	83

9.4 Establishment and activation of contingency plans	83
9.5 Other response measures	83
10. Turkey's New Crown Pneumonia Epidemic Prevention and Control and Economic	
Recovery Policy Measures	84
10.1 Current status of the new crown pneumonia outbreak	84
10.2 Epidemic Prevention and Control Measures	84
10.2.1 Status of Immigration Controls in Turkey	84
10.2.2 Status of control of movement of persons and goods within the country	84
10.3 Economic policy in the post epidemic period	84
10.3.1 Financial and Tax Policy	84
10.3.2 Financial policy	85
10.3.3 Industrial Policy	85
10.3.4 Trade policy and foreign investment policy	85
10.4 Special Note for Chinese Enterprises	85
Appendix 1 List of Turkish Government Departments and Related Institutions	87
Appendix 2 List of Turkish Chinese Chambers of Commerce, Associations and Major	
Chinese Enterprises	89
Postscript	93

INTRODUCTION What will this guide tell you?

Do you know enough about the investment and co-operation environment in the Republic of Türkiye (hereinafter referred to as "Turkey") before you prepare to invest and co-operate there? What is the political, economic, social and cultural environment? What sectors are suitable for investment co-operation? Are the business costs of investment and co-operation in Turkey competitive? What are the procedures to be followed? What are the local laws and regulations governing foreign investment cooperation? What should I pay special attention to when investing and cooperating in Turkey? What should I do if I encounter difficulties? How to deal with the local government, parliament, trade unions, residents, media and law enforcement? Turkey" in the series of "Country (Regional) Guides for Foreign Investment Co-operation" will provide you with basic information and serve as a guide to Turkey.

1. Country profile

1.1 A Brief History of Development

Turkey was called Turkic in history. Turkey joined the Allied Powers in the First World War and was semi-colonial as a result of its defeat in 1918; in 1919, Kemal launched a war of national liberation, and on 29 October 1923, the Republic of Turkey was established and Kemal was elected as its first President.

Turkey is an important Islamic country, a member of NATO and a candidate for the European Union, a founding member of the Organisation for Economic Co-operation and Development (OECD) and a member of the Group of Twenty (G20). Turkey is one of the fastest growing countries in the world, ranking 19th in terms of GDP in 2021, with a high growth rate of nearly 11%. In recent years, Turkey has been deeply involved in hotspot issues such as the Russian-Ukrainian conflict, Syria, Iraq, Libya, the Eastern Mediterranean issue and the territorial dispute between Azerbaijan and Armenia in order to enhance its influence and shaping power over regional affairs.



Turkish Monuments and Sites - Ephesus

1.2 environment

1.2.1 geographic location

Turkey is located in the westernmost part of Asia, straddling the two continents of

Europe and Asia. It has a land area of 783,600 square kilometres, 97 per cent of which is located on the Asia Minor Peninsula (also known as the Anatolian Peninsula) in Asia, and 3 per cent of which is located on the Balkan Peninsula in Europe, known as Eastern Thrace. Turkey is surrounded by sea on three sides, the Black Sea in the north, the Aegean Sea and the Sea of Marmara in the west, and the Mediterranean Sea in the south, with sea

The length of the coastline is 7,200 kilometres. Turkey is bordered by eight countries in Asia and Europe, with a land border of 2,648 kilometres. It has Georgia, Armenia, Azerbaijan and Iran in the east; Iraq and Syria in the south-east; Bulgaria and Greece in the west; Romania, Russia and Ukraine across the sea in the north; and Cyprus across the sea in the south.

Ankara, the capital of Turkey, belongs to the Eastern 3 zone, which is 5 hours behind Beijing time, with no daylight saving time.

1.2.2 natural resources

[Mineral resources] Turkey is rich in mineral resources, mainly marble, boron, chromium, thorium and coal, with a total value of more than \$4 trillion. Turkey's "Main Economic Indicators of the Mining Sector in 2020" shows that Turkey's natural stone and marble reserves account for 33 per cent of the world's reserves, with the variety and quantity ranking first in the world. Out of 132 countries and territories in the world, Turkey ranks 10th in terms of production capacity of mineral resources and 10th in terms of diversity of mineral resources. Turkey has 60 mined mineral resources out of about 90 minable mineral resources in the world. Boron trioxide reserves of 948,700 tonnes account for 72 per cent of the global total; thorium reserves account for 22 per cent of the global total; and chromite reserves of 744,000 tonnes are among the highest in the world. In addition, the reserves of gold, silver and coal are 1,486 tonnes, 7,927 tonnes and 19.32 billion tonnes respectively.

Turkey is poor in oil and gas resources, with proven gas reserves of 540 billion cubic metres in Black Sea waters.

[Water Resources] Turkey is rich in rivers and lakes, with the famous Tigris and Euphrates rivers originating in the country.

[Forest Resources] Turkey is also rich in forest resources, covering an area of 231,000 square kilometres, with the highest forest cover in the Middle East.

1.2.3 climatic conditions

The western and southern coasts of Turkey have a typical Mediterranean climate, with hot summers and little rain and mild, rainy winters. The northern coast has a mild and rainy climate throughout the year. The non-coastal areas in the centre and east have a

continental plateau climate, with hot, dry summers and cold, rainy winters with large temperature differences. The average temperature in the inland areas is below 0°C in January, and the average temperature throughout the year is 16-22°C. The average annual rainfall is 200-400 mm; the annual rainfall in the coastal areas is 500-700 mm. Extreme summer temperatures reach 40°C in the southern coastal areas. Extreme winter temperatures in the eastern region reach minus 40°C.

1.3 Population and administrative divisions

1.3.1 Population distribution

According to data released by the Turkish Statistical Institute (TURKSTAT), Turkey's population will be 84.68 million by the end of 2021, an increase from 2020

1.065 million people, with an annual population growth rate rising from 5.5 per thousand in 2020 to 12.7 per thousand in 2021. Of this population, 50.1 per cent are men.

The female population is 49.9 per cent; 93.2 per cent are urban and 6.8 per cent rural. The proportion of people of working age between 15 and 64 years is 67.9 per cent, between 0 and 14 years 22.4 per cent, and over 65 years 9.7 per cent.

The five most populous provinces in Turkey (including resident foreigners) are: Istanbul with a population of 15.84 million, accounting for 18.71 per cent of the country's population; Ankara with a population of 5.75 million; İzmir with a population of 4.43 million; Bursa with a population of 3.15 million; and Antalya with a population of 2.62 million. The above provinces are also areas with a relatively high concentration of Chinese.

1.3.2 administrative subdivision (e.g. of provinces into counties)

Turkey is divided into provinces, cities (districts) communes and villages. There are 81 provinces in the country, with the largest province being Konya in the centre and the smallest province being Yalova in the west.

[Capital] Ankara, the capital, is the political centre and the second largest city in the country, located in the middle of the Anatolian Plateau. Ankara is divided into two parts, the Old City and the New City, the Old City still retains the appearance of the Ottoman era, with the ancient city ④ on a hill as the centre. The New City surrounds the Old City to the east, west and south, with the Grand National Assembly and the main government departments concentrated in the south.

[Major Economic Cities] Istanbul is the industrial, trade, financial and cultural centre and the largest city in the country. It is located on both sides of the Bosphorus Strait, and is the gateway to the Black Sea and the Sea of Marmara, making it a regional transport hub.

Izmir, the third largest city in the country, is located on the southwestern Aegean Sea coast and is a tourist resort.

1.4 political climate

1.4.1 political system

[Political system]

According to the constitutional amendment adopted on 16 April 2017, Turkey has embarked on a presidential republic.

[Constitution]

The Turkish legislative system follows the European model. The present Constitution, which entered into force on 7 November 1982, is the third Constitution of the country. The Constitution stipulates that Turkey is a national, democratic, secular and law-based State.

[President]

The President is the Head of State and Supreme Commander of the Armed Forces and serves for a five-year term, renewable for a maximum of one term. The current president is Recep Tayyip Erdoğan, who is in office until 2023. On 24 June 2018, Turkey held an early presidential election in which Erdoğan won 52.55% of the vote, a plurality of votes, and became the first president since the introduction of the presidential system. Erdoğan is the head of state and government, may continue to serve as president of a political party, has the right to appoint vice presidents, ministers and judicial officials, may issue decrees and declare a state of emergency without parliamentary approval, and may dissolve parliament.

[Parliament]

The Grand National Assembly of Turkey (GNAT) is the highest legislative body in Turkey. It is elected by universal direct suffrage, and its members are elected in proportion to the population of each province, with the right to vote enjoyed by citizens over the age of 18. Only parties with more than 10 per cent of the national vote can hold parliamentary seats. On 24 June 2018, Turkey held early parliamentary elections, which increased the number of parliamentary seats to 600 and extended the term of office to five years. The current distribution of parliamentary seats is 286 for the ruling Justice and Development Party (AKP), 135 for the Republican People's Party (CHP), 56 for the Peoples' Democratic Party (HDP), 47 for the National Action Party (NAP), and 37 for the Betterment Party (BP). The election for the Speaker of the Grand National Assembly of Turkey was held for the second half of the term on 7 July 2020, and Sincan was reelected for a second term, which lasts until July 2023. The election was held for the second half of the term.

[Judicial]

The courts at the central level in Turkey are the Constitutional Court, the Court of Appeals, the Court of Administrative Matters, the Court of Judicial Differences, the Court of Accounts, and so on. Among them, the Constitutional Court has fully independent judicial power to overturn unconstitutional parliamentary resolutions.

[Army]

The Turkish Armed Forces, with an active strength of 385,000, comprise the Army, the Navy (including the Naval Air Force and the Marines) the Air Force, the Coast Guard and the Gendarmerie. The President is the Supreme Commander of the Armed Forces. The Supreme Military Council is the highest decision-making body in the internal affairs of the Armed Forces. The General Staff is the highest operational command body of the armed forces. The National Security Council is the highest decision-making body for national defence. The Ministry of Defence is the highest administrative body cooperating with the General Staff. Compulsory military service is carried out, and the age of service is 20 years of age or older, and the duration of service is 6-12 months. According to regulations issued in 2019, the duration of compulsory service was reduced from 12 months to 6 months, and those who have reached the age of 20 are exempted from military service through the payment of 43,100 liras and are only required to undergo 21

days of basic training. Measures for the professionalisation of the army were introduced, including the downsizing of the command structure, the civilianisation of technical military personnel, and the introduction of a contract system for officers and technical military personnel. In 1952, Turkey joined NATO. NATO has an Allied Command for Southeast Europe and a Tactical Air Command in Turkey. The United States maintains 16 military bases and facilities in Turkey. Turkey has about 40,000 troops in Cyprus.

1.4.2 Main parties

Since the introduction of a multi-party system in Turkey in 1945, the country has a wide range of political parties, the main ones being:

(1) Justice and Development Party (JDP): the first major party in Parliament, founded on 14 August 2001, is a right-wing political party with a moderate Islamic religious background, headquartered in Ankara. Currently chaired by Recep Tayyip Erdoğan.

(2) Republican People's Party (CHP): Opposition party, second largest party in Parliament. Founded on 9 September 1923 by **Kemal** Atatürk, the founder of the Republic. Currently chaired by Kemal Kılıçdöğlü.

(3) People's Democratic Party (PDP): Opposition party, third largest party in Parliament, founded in 2012 and based in Ankara. Mainly represents Kurdish interests. Current co-chairs are Mithat Sanjar and Perveen Bourdan.

(4) National Action Party (NAP): the fourth largest party in Parliament. It ran in the June 2018 parliamentary elections in a coalition with the Justice and Development Party (AKP). It was formed in 1958 through the merger of the Republican National Party (RNP) and the Turkish Peasants' Party (TPP), and is a nationalist far-right party. The current chairperson on behalf of the

Fleet Bakhtcheli.

(5) Parti Belle Époque: opposition party, fifth largest party in Parliament. founded in 2017 by some opposition members who had left the National Action Party (PAN). Currently chaired by Meral Aksener.

Other political parties include the Democratic Left Party, the Democratic Party, the Freedom and Unity Party, the Great Unity Party, the Patriotic Party, the Youth Party, the Democratic Progressive Party, the Future Party, the Happiness Party, and the Victory Party.

1.4.3 government organisation

With the introduction of a presidential system in Turkey, cabinet ministers are appointed directly by the President. On 9 July 2018, Turkey formed its first government after the presidential reform, the 66th Government of Turkey.

The institutional set-up of the Turkish Government is as follows: the Presidency, 17 ministries. Among them, the main economic ministries are:

Ministry of Finance and Treasury: The former Ministry of Finance and the Treasury Department of the Prime Minister's Office were merged and are responsible for the management and execution of the Government's budget, the formulation of foreign investment policy and external borrowing;

Ministry of Trade: Formed by the merger of the former Ministry of Economy, Customs and Trade, it is responsible for foreign trade, foreign investment, foreign economic co-operation, domestic trade and customs affairs;

Ministry of Family and Social Services: responsible for social welfare, etc;

Ministry of Labour and Social Security: responsible for employment, social security, approval of work permits for foreigners, etc.; Ministry

of Transport and Infrastructure: responsible for railways, roads, ports, aviation, telecommunications, etc;

Ministry of Energy and Natural Resources: responsible for oil, gas, hydro, coal, nuclear, solar, wind, geothermal and mineral resources;

Ministry of Industry, Science and Technology: responsible for industrial production, registration of the industrial sector, formulation of industrial policy, management of industrial products, formulation of technical regulations, support and incentives for

industrial research, development and innovation, improvement of the competitiveness of the science sector, formulation of metrology policy, etc.

Ministry of Environment, Cities and Climate Change: the competent national ministry responsible for managing the environment, public works, urban planning and the fight against climate change in Turkey.

1.5 sociocultural

1.5.1 nation

Turkey's population is 80 per cent Turkish and 15 per cent Kurdish (mainly in the east and south-east) with Arab, Armenian and Greek minorities.

The number of Chinese settling in Turkey is relatively small and they are mainly engaged in small commodities, tourism industry and catering industry. Turkey's own

The residents of the land are more friendly to the Chinese.

1.5.2 multilingualism

The official language of Turkey is Turkish, while Kurdish, Arabic, Armenian and Greek are spoken by minorities. The main popular foreign languages include English, Russian, French, German and Spanish. In recent years, with the rapid development of Sino-Turkish strategic cooperation relations, especially economic and trade relations, Chinese has also become one of the main foreign languages in vogue.

1.5.3 Religion and customs

The vast majority of the inhabitants of Turkey believe in Islam, 85 per cent of whom belong to the Sunni sect and the rest to the Shia sect; the rest follow the Orthodox Church, the Catholic Church, Judaism and so on. The religious atmosphere in Turkey is relatively relaxed, very different from other Islamic countries in West Asia, and there are no special taboos on shaking hands between men and women, drinking alcohol, etc., but pork is forbidden.

Turkish society is relatively pluralistic and open, and due to its geographical location, historical roots, and application for membership in the European Union, the local people are used to seeing themselves as Europeans rather than Asians. Clothing is also a mixture of Western-style clothing and traditional Islamic clothing. Most people, especially the highly educated and young people, wear Western-style clothing, and most women do not wear headscarves or burkas. Formal Western clothing is appropriate for business occasions, and sleeveless clothing is not recommended for women.

1.5.4 Science, education and medicine

[Technology]

In recent years, Turkey has emphasised on science and technology as a nation and the share of research and development (R&D) expenditures as a percentage of gross domestic product (GDP) has been increasing year by year.

[Education]

In March 2012, the Turkish Parliament reformed the compulsory education system by extending compulsory education from 8 to 12 years in favour of a 4-year primary

school, 4-year middle school and 4-year high school model. As of September 2020, there are 67,125 schools of all types of education in Turkey, with approximately 18,085,000 students and 1,112,000 teachers in kindergartens, primary schools, middle schools and high schools. There are 208 universities. Famous institutions of higher learning include Middle East Technical University, Channel University, Istanbul University, Ankara University, Bilkent University, Aegean University, Hacettepe University, etc. In 2021, the education budget of Turkey is 211.4 billion liras, and in 2022, the education budget of Turkey is 273.5 billion liras.

[Medical]

Healthcare in Turkey is relatively good, with well-established hospitals, clinics and emergency facilities in all cities, and treatment is predominantly in the form of Western medicine. Health insurance covers most towns and cities. Access to public hospitals is almost free of charge for those who are covered by health insurance.

Appointments take longer. There are many private hospitals or clinics, but they charge high fees. In 2020, Turkey's healthcare expenditure amounted to 249.93 billion liras, accounting for 5 per cent of GDP. There are currently no foreign-aided medical teams sent by the Chinese Government in Turkey.

1.5.5 Trade unions and other non-governmental organisations

According to Turkish law, workers are free to form trade unions with the restriction that trade unions must have 10 per cent of the workers in the sector and enterprise unions must have 50 per cent of the workers in the enterprise. Non-governmental organisations (NGOs) are also free to be formed, subject to the approval of the Ministry of the Interior. Rallies, marches, strikes, etc. are more common in Turkey, but are subject to authorisation. Under police control, these activities are largely peaceful. The police are also very strong in banning illegal marches.

[Strike]

In 2019-2021, there were no mass strikes in Turkey.

1.5.6 Main media

[News Agency]

Anadolu and Ankara News Agencies are the largest news agencies in Turkey and are semi-official. The Economic News Agency (ENA) is an unofficial news agency that caters to the banking and real estate sectors.

[Radio and television]

There are 71 radio stations and 97 television stations of various types in Turkey. The largest radio and television broadcaster is the Turkish Radio and Television Organisation (TRT).

(TRT, a parastatal) with the main internal radio stations being Ankara, Istanbul, Radio Izmir, etc.; external broadcasts in 16 languages.

[Newspaper]

Turkey publishes 2,337 newspapers, of which only 6.5 per cent are national newspapers, and 3,148 magazines. *Freedom, Nation* and *Morning* are the three largest unofficial newspapers in Turkey; *Republic* represents the position of the Republican People's Party (CHP); *Spokesman* and *Turkey* have fundamentalist and pan-Turkic overtones; and the most

widely circulated English-language newspaper is the Daily Morning News, while other English-language newspapers include the Daily News, the Business Times, and the Times, among others.

[Online media]

Turkish online media are mostly official websites of news agencies, radio and television broadcasters and newspapers. Among them, Haber7 is the most well-known local Turkish news website, which mainly covers national and international news, covering a wide range of topics such as sports, economy and politics. International online media such as Facebook, Twitter, Instagram, Jitterbug and Youtube are also popular in Turkey.

[Public opinion on China]

Turkish media reports on China generally follow Western perspectives and views. China's economic, social and cultural

The development achievements of Xinjiang are reported positively, but not often.

Reports on Uyghur issues in Xinjiang are mostly negative. Chinese companies should actively communicate with the media when carrying out investment and cooperation in Turkey to avoid unnecessary trouble caused by misunderstandings.

1.5.7 public security

Although residents of Turkey can legally possess firearms, the society is generally stable and law and order is relatively good. In recent years, as a result of the wars in neighbouring Syria and Iraq, there has been a large influx of refugees into Turkey and a surge in the mobile population in the main cities, which has a complex composition and increases the risk of security.

There are three main terrorist forces in Turkey. The first is the Kurdish separatist group, which has long been engaged in anti-government armed activities in the southeastern region; the second is religious extremist groups such as the Islamic State (IS); and the third is the Gülen Movement (GUM), which was classified as a terrorist organisation by the Turkish government after the attempted military coup on 15 July 2016. "After 2015, the Turkish government's intensified crackdown triggered a strong backlash against terrorist forces. Terrorist attacks in the largest city of Istanbul, the capital Ankara, and the southeastern region have been frequent, reaching a peak in 2016. On the night of 28 June 2016, a series of suicide bombings at Turkey's Istanbul Atatürk International Airport resulted in 42 deaths and 239 injuries. The security situation has improved since 2017, with no terrorist attacks in the major cities so far. with no terrorist attacks to date.

In 2015, due to the incitement of the "East Turkistan" forces and local media speculation and other factors, there were a number of anti-Chinese activities in Turkey, which threatened the safety of the Chinese diaspora and increased the risk of investment and cooperation of Chinese enterprises. In 2019-2021, there were no similar situations in Turkey.

According to the data published by the General Directorate of Judicial Registration and Statistics of the Turkish Ministry of Interior, the total number of criminal offences in Turkey in 2021 was 3.29 million.

1.5.8 holidays

Public holidays in

Turkey are: New Year:

1 January;

National Sovereignty and

Children's Day: 23 April;

International Labour Day: 1

May;

Founders' Day, Youth and Sports Day: 19 May;

Day of Democracy and National Unity

(anniversary of the coup d'état): 15 July

anniversary of the victory: 30 August;

Republican Memorial Day: 29 October;

Eid al-Fitr, a three-day religious holiday on 1 October AH;

Eid al-Adha (Eid al-Adha) 10 December AH, is a four-day religious holiday. The working week is five days, with Saturdays and Sundays as public holidays.

2. Economic overview

2.1 macro-economic

Turkey is a booming emerging economy after the BRICS countries of China, Russia, India, Brazil and South Africa, and has become a member of the "Economic Council" (ECOSOC) and the "Group of Twenty" (G20), which is the most important international organisation in the world. It has become a member of the Group of Twenty (G-20), the "Economic Council".

[Economic growth rate]

Turkey's GDP growth rate is 11 per cent in 2021. The economic growth rates for the four quarters were 7.0 per cent, 21.7 per cent and 7.5 per cent, respectively and 9.1 per cent. GDP per capita was \$9,539.

[Industrial structure]

World Bank data show that Turkey's primary, secondary and tertiary sectors will account for 5.65 per cent, 31.07 per cent and 52.74 per cent of GDP, respectively, in 2021, continuing to show an economic structure dominated by the services sector.

[Fiscal balance]

In January-December 2021, total budget revenues were 1.4 trillion lire, an increase of 36.8 per cent year-on-year; total budget expenditures were 1.59 trillion lire, an increase of 32.9 per cent. The budget deficit was 192.2 billion lire.

[Government debt]

By the end of 2021, Turkey's government debt as a percentage of that year's GDP will be 42 per cent.

[External debt]

At the end of 2021, Turkey's external debt balance was \$441.1 billion, with a net external debt of \$221 billion.

[Inflation rate]

In 2021, the inflation rate in Turkey is 36.08 per cent.

[Unemployment rate]

In 2021, the national unemployment rate in Turkey will be 12 per cent.

[Domestic market size]

The increase in final consumption expenditure of households in 2021 was 15.1 per cent, and the share of consumption expenditure of households in GDP was 55.1 per cent.

[Sovereign credit rating]

The international rating agency Fitch downgraded Turkey's sovereign credit rating from BB- to B+ on 12 February 2022, with a negative outlook for Turkey. S&P affirmed Turkey's long-term foreign currency credit rating at "B+" and downgraded Turkey's long-term local currency credit rating from BB- to B+ on 2 April 2022, and maintained its outlook on Turkey's credit ratings at "negative".

Table 2-1. Economic growth and GDP per capita in Turkey, 2016-2021

vint age s	GDP (trillions of lire)	Economic growth rate (per cent) ^[1]	GDP per capita (current US\$) ^[2]
2016	2.6	3.3	10895
2017	3.1	7.5	10590
2018	3.7	3.0	9453
2019	4.3	0.9	9127
2020	5.0	1.8	8538
2021	7.2	11	9539

Source: TURKSTAT, World Bank; where [1][2] data are from the World Bank; World Bank data downloaded on 30 July 2022, below.

2.2 Focus/Speciality Industries

[Textiles and clothing]

Turkey's textile and clothing industry is among the world's leaders in terms of technological level. Carpets, home textiles, leather goods, T-shirts and pullovers are the most distinctive and important product categories of the Turkish textile and clothing industry. The textile and clothing industry plays a significant role in the Turkish economy. Turkey is the 8th largest textile and clothing exporter in the world. the value of Turkish textile and clothing exports in 2021 was 12.9 billion USD, an increase of 33.2 per cent compared to the same period of the previous year.

[Automotive Manufacturing]

Turkey is the world's 15th largest automobile manufacturer. Under the dual impetus of the Turkish government's policy of introducing a large number of whole-vehicle manufacturing and localised production, a large number of foreign automobile manufacturers such as Fiat, Renault, Mercedes-Benz, Ford, Toyota and Hyundai have set up factories in Turkey or engaged in technological co-operation with Turkish parts factories. Foreign-funded car companies have brought advanced technology and management experience, effectively promoting the improvement of the overall level of

Turkey's auto parts industry. Due to the rapid development, the automobile industry is gradually replacing the textile industry as the new leading industry in Turkey. According to the statistics of Turkish Automobile Manufacturers' Association (OSD), there are 14 large automobile manufacturers in Turkey, creating nearly 52,200 jobs. Turkey's car penetration rate (161 cars per 1,000 people) lags far behind the European average (569 cars) and the low car ownership rate means that Turkey's car sales have the potential to grow in the coming years.

[Agriculture]

As the world's 7th largest agricultural region and 9th largest producer of agricultural products, Turkey has a good agricultural base and is basically self-sufficient in major agricultural products such as grain, cotton, oil and sugar. The major agricultural products with large outputs are tobacco, cotton, rice, olives, sweeteners and other agricultural products.

vegetables, citrus, livestock, etc., and is also a major producer of dried figs, hazelnuts, small raisins/raisins, dried apricots and honey. Turkey ranks first globally in the production of hazelnuts, cherries, figs and apricots; second globally in the production of watermelons, sour cherries, cucumbers and chickpeas; third globally in the production of oranges and apples; fourth globally in the production of pistachios and strawberries, fourth globally in the production of chestnuts, walnuts and lentils, fifth globally in the production of sugar beets, sixth globally in the production of lemons and grapes and seventh globally in the production of seed cotton. In recent years, the degree of mechanisation of agriculture has increased and the area of mechanised farming has been expanding. Turkish agriculture employs 17.2% of the country's labour force and earns 5.6% of the country's GDP. As part of the agricultural sector's industry goals for 2023, Turkey aims to become one of the top five producers in the world.

[Tourism]

Turkey is extremely rich in tourism resources, with the three major historical sites of Ancient Greece, Eastern Rome and the Ottomans converging here, and the four beautiful oceans of the Black Sea, the Sea of Marmara, the Aegean Sea and the Mediterranean Sea encircling the country. The main tourist cities are Istanbul, Izmir, Antalya, Bursa, Konya, Bodrum, etc., and the main scenic spots are the ancient ruins of Troy, Efes, etc., as well as the Cotton 4 and Cappadocia karst landscapes. Tourism is one of the most important sources of foreign exchange earnings in Turkey. Germany, Russia and the UK are the most important sources of foreign tourists in Turkey. In the last two years, Turkey's tourism industry has suffered a serious impact due to the frequent occurrence of violent and terrorist attacks, the economic crisis suffered by Russia and the deterioration of relations between Turkey and Russia. According to data released by the Turkish Ministry of Culture and Tourism, the number of foreign tourists travelling to Turkey was 30.038 million in 2021, an increase of 88.08% year-on-year. Turkey's tourism industry will generate revenues of \$24.482 billion, an increase of 103 per cent year-on-year. According to the "Vision 2023" issued by the Turkish government, Turkey is expected to receive 50 million foreign tourists annually by 2023 and generate tourism revenues of USD 50 billion.

[Steel]

The Turkish steel industry started in the 1930s and developed in tandem with its

industry. Since the beginning of the 21st century, Turkish steel production has grown relatively rapidly. Turkey has become the world's 7th and Europe's 1st largest steel producer, with 26 electric furnace steel mills, 8 induction furnace steel mills and 3 oxygen converter steel mills, with an average annual crude steel production capacity of 54.2 million tonnes. In 2021, Turkey's steel production was 40.4 million tonnes, an increase of 12.7% year-on-year.

[Building materials]

Turkey is one of the world's leading producers and exporters of building materials, including construction steel, cement, ceramics and glass products. In 2021, Turkey's building materials exports totalled \$30.88 billion, with export markets in more than 200 countries and regions around the world.

[Chemical]

The Turkish chemical industry, with its high modern technological content and wide range of products, is an important part of the Turkish industrial system.

Gate. Turkey has 62,000 chemical companies employing 375,000 people and the main products include petrochemicals, inorganic and organic chemicals, fertilisers, paints, pharmaceuticals, soaps and detergents, synthetic fibres, essential oils, cosmetics and personal care products. Turkey is the 7th largest producer of plastics in the world and the 2nd largest producer of plastics in the European region and the 5th largest producer of paints in the European region. In addition, Turkey has the largest soda ash plant in the Middle East with a capacity of up to 2.7 million tonnes per year.

[Machinery Manufacturing]

Machinery manufacturing is one of the main growth engines of the Turkish economy, and the sector has played a crucial role in the development of its larger manufacturing industry. Machinery manufacturing is an important area for Turkey in attracting foreign direct investment. The Turkish machinery manufacturing sector is known to be R&D-intensive, with more than 450,000 engineers graduating each year in Turkey, and R&D expenditures on machinery manufacturing account for about 10 per cent of Turkey's total R&D expenditures. The sector's export/import ratio is 94 per cent, and local sourcing accounts for about 85 per cent of inputs at all levels of production. The Turkish machinery sector's exports reached \$23 billion in 2021.

[Shipbuilding]

Turkey is the 5th largest shipbuilding country in the world, with 84 shipyards, shipbuilding capacity of 4.65 million dwt, ship repair of 25 million dwt, and the ability to build 180,000 tonnes of ships. Shipbuilding and repair industry can bring 3 billion US dollars income for the Turkish economy every year and create more than 50,000 jobs. The main products include: oil carriers, chemical carriers, container ships, bulk carriers, general cargo ships, tugs, barges, yachts, fishing boats, speedboats and military vessels.

[Digital economy]

The Turkish Information Industry Association (TUBISAD) released the Digital Transformation Index Report for Turkey 2021. The report shows that Turkey's public digital transformation is faster, but the digital economy is slower. Turkey's Digital Transformation Index is 2.94, 3.06, and 3.24 in 2019, 2020, and 2021, respectively (with a minimum value of 1 and a maximum value of 5). According to the FT-Omdia Digital Economy Index, which was published on 31 January 2022 by Omdia in conjunction with the Financial Times,

Turkey is included in the top 20 digital economies and ranked 19th globally. The Turkish government is making a strong push for the digital economy, including the introduction of a digital lira and a digital banking licence.

[Green Economy]

Turkey has set the goal of carbon neutrality by 2053, and as a result, various sectors are focusing on green and sustainable development. In the construction sector, for example, the Turkish Housing Development Administration (TOKI) has made zero-waste practices and the use of renewable energy sources mandatory in the houses it builds. In industry, the Turkish Exporters' Assembly (TİM) has launched the "Textile Sector Sustainability **Adım Planı**", in which the textile sector will take concrete measures on a number of important issues, such as recycling of wastewater, reduction of energy consumption, and utilisation of recycling, in order to comply with the European Union's green transition requirements.

[Mergers and acquisitions project]

The largest M&A project in Turkey in 2021 will be the acquisition of the 25-year operating rights of Antalya Airport by TAV Airports Holding and Frankfurt Airports for \$8.21bn, according to a report released by KPMG Turkey.

[Top 500 enterprises]

Turkey's KOC Group is listed on the 2022 Fortune 500 list, rising to 357th place from 467th the previous year. KOC Group is one of Europe's top five home appliance producers, with the famous brands ARCELIK and BEKO. The KOC Group's products cover almost all home appliance segments, including white goods, such as air conditioners, refrigerators, washing machines and dishwashers; black goods, such as colour TVs and audiovisuals; IT products, such as PCs and laptops; and small home appliances, such as vacuum cleaners and toasters. colour TVs, audiovisuals and other black goods; IT products such as PCs and laptops; and small appliances such as hoovers and toasters. In 2021, the company's revenue was US\$39.014 billion, with a net profit of US\$1.71 billion.

2.3 infrastructure

2.3.1 motorway

Turkey's investments in the transport system are focused on land transport. In recent years, the road network in Turkey has developed rapidly and as of 1 January 2022, the total length of roads is 69,000 km (3,532 km of motorways, 31,000 km of national motorways and 34,000 km of provincial roads). Turkey has also developed one of the largest road transport fleets in Europe. Currently, 95 per cent of passengers and 90 per cent of goods are transported by road.

2.3.2 railways

As of the end of 2020, the total length of railways throughout Turkey will be 13,000 kilometres, of which 1,213 kilometres, or 9.3 per cent, will be high speed railways. The total railway traffic is 123 million passengers and 38 million tonnes of freight.

Currently, 90 per cent of Turkey's railway lines are one-way and 75 per cent are non-electric and unsignalled. Of these, 30 per cent of the railway lines have been in service for more than 27 years and are in an idle state, with grossly inadequate maintenance and renewal. Currently, 3 per cent of passenger traffic and 5 per cent of cargo traffic in

Turkey is carried by rail.

In recent years, the Turkish government has made a strong effort to build railways, with plans to connect coastal ports to a number of important provinces by rail. In October 2017, the Kars-Tbilisi-Baku railway, which was jointly built by Turkey with Georgia and Azerbaijan, was put into operation. The railway has a total length of 838 kilometres. Trains from Turkey can travel through Georgia and Azerbaijan to reach Central Asia and China, and the transport time can be reduced to 12-15 days. In addition, the Marmara Undersea Railway Tunnel at the mouth of the Bosphorus Strait, which opens on 29 October 2014, connects the railways of Europe and Asia.

The first high-speed railway in Turkey: Ankara-Istanbul High Speed Railway Phase I (Ankara-Eskisehir) was opened to traffic on 13 March 2009 with a length of 249 km, a speed of 250 km/h and a running time of 80 minutes. The second high-speed railway: Ankara-Konya High-Speed Railway opened on 23 August 2011, with a length of 301 km, a speed of 250 km/h, and a running time of

90 minutes. Construction of the Çerkezköy - Kapıkule section of the Edirne to Istanbul Railway Project started in June 2019 and is expected to be completed in 2023 after completing 50 per cent of the progress as of January 2022. Upon completion, the time for freight travelling from Istanbul to the Turkish-Bulgarian (Galia) border will be reduced to 3.5 hours and passenger travelling time will be reduced to 1 hour and 35 minutes. The high speed railway from Ankara to Sivas is expected to be completed by the end of 2022.

On 25 July 2014, the second phase of the Ankara-Istanbul high-speed railway (Eskişehir to Gayve), which was built with the participation of Chinese enterprises, was completed and opened to traffic, with a total length of 158 kilometres, a design speed of 250 kilometres per hour, and a total investment amount of 1.27 billion United States dollars.

2.3.3 airfreight

Turkey has 56 civil airports, 24 of which are open to international flights. Turkish Airlines is one of the fastest growing airlines in Europe, with the highest volume and capacity growth in Europe. As of 2021, Turkish Airlines will fly to 328 destinations, including 50 domestic cities and 278 foreign cities in 128 countries and territories, making it the world's leading airline. 2011-2021, Turkish Airlines has been consecutively recognised as "Europe's Best Airline" (Skytrax World Airline Award). From 2011 to 2021, Turkish Airlines has been recognised as "Europe's Best Airline" (Skytrax World Airline Award)

According to the General Directorate of Turkish Aviation, the number of domestic passengers travelling on Turkish airlines in 2021 rose to 68,711,000; the number of international passengers rose to 59,676,000, representing a 57.4% year-on-year increase in the number of domestic and international passengers. The number of domestic flights is 741,300 and the number of international flights is 464,600.



Turkey's famous airport - Istanbul New International Airport

Atatürk International Airport officially ceased all passenger flight operations on 6 April 2019 and passenger flights of all airlines, including Turkish Airlines, were transferred to the new Istanbul Airport. Prior to the New Crown Pneumonia outbreak, Turkish Airlines (Air China signed a code-share co-operation agreement with Turkish Airlines for this non-stop route) launched Istanbul-Beijing,

Round-trip flights to Shanghai, Guangzhou and Hong Kong, a round-trip flight between Istanbul and Xi'an will be launched in 2019, China Southern Airlines has launched round-trip flights between Beijing, Wuhan and Istanbul, and Sichuan Airlines has launched round-trip flights between Chengdu and Istanbul. In addition, connecting flights to China via third countries are mainly operated by Etihad Airways, Emirates, Qatar Airways, Singapore Airlines, Azerbaijan Airlines, Aeroflot and Korean Air.

On 13 November 2019, Beijing Capital Airport and Istanbul New Airport signed the Memorandum of Conclusion of Sister Airport between Beijing Capital International Airport Co. and Istanbul Airport Management Company to formally establish sister airport friendly cooperation.

2.3.4 waterborne transport

Turkey is surrounded by the sea to the north, west and south, namely the Black Sea, the Sea of Marmara, the Aegean Sea and the Mediterranean Sea, as well as the Dardanelles and the Bosphorus Straits, and has a 7,200-kilometre-long coastline, which gives it a competitive advantage in maritime transport.



Turkey's famous marina - Istanbul KUMPORT
Marina

2.3.5 correspond (by letter etc)

Turkey has a well-developed postal system with post offices in every city (county), and its services include domestic and foreign mail, express delivery, remittances, Western Union remittances, collection of invoices for utilities and telephone bills, telegrams, and sale of various types of telephone cards, in addition to online postal services.

Turkey's telephone facilities are relatively well developed and almost every village is connected to the telephone. Currently, fixed-line telephone services are mainly operated by the National Electricity Company (NEC).

Telecom operates and there are three main mobile service providers, Turkcell, Turk Telekom and Vodafone Mobile Communications. As of the end of 2021, Turkey had 12.31 million fixed lines and 86.288 million mobile phones.

Turkey's Internet is more mature and broadband Internet access is more common. By the end of 2021, there were 88.164 million Internet users.

2.3.6 electrical power

As of the end of 2021, there are 10,457 power plants (including unlicensed plants) in Turkey. The total installed capacity has reached 99,800 MW, of which 26.01 per cent is natural gas-fired, 31.55 per cent is hydropower, 30.72 per cent is coal-fired power stations and 10.63 per cent is wind power.

In 2020, Turkey will generate 331.4 billion kWh of electricity and consume 329.6 billion kWh, an increase of 8.1 per cent over the previous year. In order to meet the growing demand for electricity, Turkey is currently making great efforts to develop traditional electricity, such as coal and hydropower, and to accelerate the development of non-polluting electricity, such as nuclear, solar, wind and geothermal power.

2.3.7 digital infrastructure

[Basic network capacity]

Turkey has a good Internet information base and a well-developed telecoms infrastructure, and mobile Internet has been popularised with 4.5G networks. According to the Statistical Bulletin of the Turkish Electronic Communications Sector by Province (2021 Edition) published by the Turkish Telecommunications Regulator (BTK) Turkey initiated the full-scale deployment of the evolution from 3G networks to 4.5G networks in 2015. Following the auction of the 4.5G spectrum in August 2015, the three Turkish mobile operators launched the construction of 4.5G networks on a large scale by the end of 2015. In 2020, Turkey saw a significant increase in the number of broadband subscribers and data communications traffic, as well as a rapid penetration of 4.5G networks. In 2020, both the number of broadband subscribers and data communications traffic saw significant growth and rapid penetration of 4.5G networks. In 2021, the number of broadband subscribers in Turkey increased by 8.2 per cent year-on-year to 88.164 million. Of these, 18,135,000 were fixed broadband subscribers and 70,029,000 were mobile broadband subscribers.

[Application infrastructure development]

No official data centre statistics have been released by the Turkish government.

According to the data information published on the Cloudsecene website, there are 33 data centres in Turkey, including 24 in Istanbul, 4 in Ankara and 5 in other regions. The largest data centre operators: Turk Telekom International, Equinix, Turkcell Superonline, Sağlayıcı Teknoloji, Teknel Telecommunication

Top data centre ecosystem: Equinix, Teknotel Telecommunication, Turkcell Superonline, Turk Telekom International, TI Sparkle

Service providers: Turk Telekom International, Vodafone, DE-CIX, Turkcell Superonline,

Cogent Communications

[Commercial infrastructure development]

The Turkey E-Commerce Ecosystem Report 2021 shows that retail e-commerce sales in Turkey accounted for 4.5 per cent of GDP and 17.6 per cent of total retail sales in 2021; and e-commerce transactions amounted to 381.5 billion liras, an increase of 69 per cent year-on-year. The main e-commerce websites are:

Hepsiburada is Turkey's largest B2B online retailer with more than 5,000 vendors and 500,000 products, which is called the "Amazon of Turkey". It sells 1 million items per month, including books, cosmetics, home furnishings and household appliances. The platform has four large warehouses, and 70 per cent of customers receive their goods within one day after ordering.

Founded in 2010, Trendyol is now the second largest e-commerce platform in Turkey and an online retailer of apparel that uses social networking sites to do business. In 2018, Alibaba acquired a majority stake in Trendyol for \$750 million and promised to leverage Alibaba's advanced technology and various competencies in e-commerce marketplaces, mobile payments, and logistics to help Trendyol achieve greater growth.

GittiGidiyor is a famous auction site within Turkey, now acquired by eBay, with a similar range of products covering clothing, jewellery, shoes, toys, homeware and more.

Founded in 2012, N11 is a fast-growing Turkish e-commerce platform established in co-operation with South Korea's SK Group. The platform's main product categories are electronics, textiles, furniture and traditional Turkish handicrafts.

Founded in 2006 and with Amazon as one of its shareholders, Ciceksepeti sells flowers, jewellery, gourmet food, toys and more to consumers throughout Turkey and offers same-day delivery in most major cities.

2.4 price level

At the end of June 2022, the price level of basic commodities in Turkey was: rice 20.5 liras/kg, pasta 15 liras/kg, tomatoes 15 liras/kg, cucumbers 10 liras/kg, sunflower oil 34.5 liras/litre, beef 110 liras/kg, eggs 27.9 liras/carton, chicken breasts 97.7 liras/kg, milk 19.5 liras/litre.

2.5 development project

[Centennial Vision 2023]

In 2009, the Government of Turkey formulated the Development Plan 2023. The Plan states that by 2023, the 100th anniversary of the founding of the Republic, it will be achieved, among other things, that the economy will be among the top 10 economies in the world in terms of total economic output. Under the influence of this plan, some sectoral authorities have issued detailed development plans. Turkey will hold presidential elections in 2023, after which a new development plan is expected.

[Medium-term Economic Plan - New Economic Programme (2022-2024)]

On 5 September 2021, the Turkish government released the Medium-Term Economic Plan - New Economic Plan (2022-2024) which mainly consists of policies, principles, objectives and related indicators for economic development, aiming to further enhance the stability of the macroeconomy with the private sector as the engine of growth. Website: <https://www.sbb.gov.tr/orta-vadeli-programlar/>

[Economic Reform Action Plan]

On 12 March 2021, Turkish President Erdoğan announced an economic reform programme. According to the programme, the Turkish Government will achieve sustainable, strong and high-quality growth based on investment, production, employment and exports by tapping growth potential through improving productivity, developing the national economy by expanding exports of high-value-added products and reducing imports, and strengthening macroeconomic stability in the post-epidemic period. The core of the programme is macroeconomic and structural policy reforms, covering a wide range of areas such as optimising public finances, curbing inflation, increasing financial support, reducing current account deficits, improving institutional structures, encouraging investment, promoting domestic trade facilitation, improving competition policy, and strengthening market regulation. Website:

<https://www.hmb.gov.tr/ekonomi-reformlari-eylem-planı>

[Infrastructure development planning]

According to the Turkey Transport and Logistics Master Plan 2053, the Turkish government plans to invest a total of 189.33 billion euros in the period 2019-2053, of which 36.25 billion euros are to be invested in road engineering projects, 63.93 billion euros in railway engineering projects, 21.39 billion euros in maritime engineering projects, 3.92 billion euros in air transport engineering projects and 3.92 billion euros, and investments in the communications sector amounted to 63.84 billion euros. Website: <https://www.uab.gov.tr/bakanlik-yayinlari>

(1) Highways. 5,527 km of motorways by 2053.

(2) By 2053, 8,554 kilometres of railways will have been built. Of these, the total length of new express railway routes will be 6,196 kilometres, new conventional routes will be 1,474, high-speed railway routes will be 622 kilometres, and locomotive railway

routes will be 262 kilometres. In 2053, the share of railways in the country's total passenger traffic will have increased from 0.96 per cent to 6.20 per cent, and the share of freight transport will have risen from 5.08 per cent to 21.93 per cent.

(3) Ports. Turkey currently has 217 ports, which will increase to 255 in 2053. In addition, four dry ports will be built in Tekirda, Mersin, Iskenderun and Kocaeli provinces.

(4) Airports. There are 56 civil airports in Turkey and the number of airports will be increased to 61 in 2053.

[Energy development planning]

According to the "Strategic Plan 2019-2023" of the Ministry of Energy and Natural Resources of Turkey, Turkey plans to achieve the target of 38.8 per cent share of renewable energy in total electricity generation, with the installed capacity of solar energy increasing to 10GW, wind energy increasing to 11.8GW, hydropower increasing to 32GW, geothermal energy and biomass increasing to 2.88GW. installed capacity to 32GW, geothermal energy and biomass capacity to 2.88GW, Turkey

The first unit of the Akkuyu nuclear power plant will be operational in 2023. In order to achieve the 2053 carbon neutrality target, Turkey will in 2022

A more ambitious new energy development plan was launched in September.

Website: https://sp.enerji.gov.tr/ETKB_2019_2023_Stratejik_Plan.pdf

[Digital Economy Development Plan]

The Government of Turkey has repeatedly emphasised the acceleration of the development of new infrastructures. The term "new infrastructure" has become a high-frequency term and a hot topic of social concern. The new digital infrastructure encompasses not only sensor terminals, 5G networks, big data centres and the industrial Internet, but also the digitization, networking and intelligent transformation and upgrading of traditional infrastructures such as transportation, energy, ecology and industry using new-generation information technologies such as the Internet of Things (IoT), edge computing and artificial intelligence.

On 20 August 2021, Turkey issued a presidential proclamation on the National Artificial Intelligence Strategy (2021-2025) which is designed around six strategic priorities, namely, "training of AI specialists and increasing employment in the field", "supporting research, entrepreneurship and innovation", "acquiring high-quality data and technological infrastructure", "making arrangements to accelerate socio-economic adaptation", "strengthening international cooperation", and "promoting the development of AI in Turkey". "Support for research, entrepreneurship and innovation" "Access to high-quality data and technological infrastructure" "Arrangements to accelerate socio-economic adaptation" "Strengthening of international co-operation" and "Accelerating the transformation of the electricity system and enterprises". The 2025 targets set in the strategy include the AI sector contributing 5 per cent to gross domestic product (GDP) and employing at least 50,000 people.

Website: <https://cbddo.gov.tr/uyzs>

[Green economy development plan]

On 7 October 2021, the Turkish Parliament ratified the adoption of the Paris Climate Agreement, announcing that it will achieve zero coal power generation by 2030 and a carbon-neutral target by 2053. In response, the Turkish Government has prepared a series of development plans.

(1) Medium Term Economic Plan - New Economic Programme (2022-2024)

The programme **incorporates** elements related to the "green transition". The main measures include: support for investments in improving efficiency and limiting greenhouse gas emissions, especially in recycling technologies. Enhancing export compliance with climate change policies in the area of international trade. Research and development will be supported to facilitate the green transition. Completing the certification system for green industrial zones and accelerating the creation of environmentally friendly and sustainable industrial and circular economy zones. Improve the financial regulatory framework to promote green transformation of industries. Expand zero-waste practices to households and reduce imports of waste from key production areas. Prepare guidelines in line with international standards and encourage the issuance of green bonds and sukuk to finance environmentally friendly investments, etc. Website: <https://www.sbb.gov.tr/orta-vadeli-programlar/>

(2) Green Economy Action Plan. The plan was launched by the Turkish Ministry of Trade to strengthen export competitiveness, maintain value chain position, expand foreign investment attraction and align with the EU Green Deal through green transformation.

Website:

<https://ticaret.gov.tr/data/60f1200013b876eb28421b23/MUTABAKAT%20YE%C5%9E%C4%B0L.pdf>

(3) Turkey's Green Development Revolution. The plan was released by the Communications Directorate of the Turkish Presidency and includes the International Processes and

Sustainable Development, Green Development, Green Growth and Green Economy, Global Warming, Climate Change and International Agreements, Sustainable Development Goals and Turkey, Climate Change and Turkey, and chapters on Turkey's Green Development Vision 2053.

Website:

https://www.iletisim.gov.tr/images/uploads/dosyalar/Turkiyenin_Yesil_Kalkinma_Devrimi.pdf

3. Economic and trade cooperation

3.1 trade agreement

[Multilateral trading system]

Turkey joined the GATT in 1951 and in March 1995 became a founding member of the World Trade Organisation. The trade-weighted most-favoured-nation (MFN) tariff rate for 2022 is 4.7 per cent, but the trade-weighted MFN tariff rate for agricultural products is as high as 21 per cent. Turkey has not yet acceded to the World Trade Organisation Agreement on Government Procurement.

[Regional economic organisations]

Turkey is a member of the Organisation for Economic Co-operation and Development (OECD), the Group of Twenty (G20), the Black Sea Economic Co-operation (BSEC), the South East European Co-operation Initiative (SECI), a candidate country of the European Union (EU), an associated country of the Western European Union (WEU), a member of the Australia Group, the Zangger Committee, and an observer of the Organisation of American States.

[Free Trade Agreement]

The Turkey-EU Customs Union Agreement entered into force in January 1996 and the EU is currently Turkey's number one trading partner. To date, Turkey has 22 FTAs in force with the European Free Trade Association (EFTA), Israel, the Northern Mariana Islands (NM) and the European Union (EU).

Signed by Chittenden, Bosnia and Herzegovina, Palestine, Tunisia, Morocco, Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Mauritius, South Korea, Malaysia, Moldova, Faroe Islands, Singapore, Kosovo, Venezuela, and the United Kingdom. (Turkey's FTA with Syria was suspended in 2011; the FTA with Jordan expired in 2018.)

Turkey has three FTAs pending ratification, with Lebanon, Qatar and Sudan.

Turkey is in the process of negotiating 17 FTAs, including five priority FTAs with Indonesia, Japan, Somalia, Thailand and Ukraine.

Turkey has started exploring the feasibility of negotiating bilateral FTAs with nine countries and territories: the United States, Canada, India, Vietnam, Algeria, Libya, South Africa and others.

The countries in which Turkey is negotiating preferential trade agreements are: Azerbaijan, Iran and Uzbekistan.

3.2 foreign trade

[Trade in goods]

According to the Turkish Statistical Institute (TURKSTAT), Turkey's trade in goods in 2021 was \$225.4 billion in exports, up 32.9 per cent year-on-year; \$271.4 billion in imports, up 23.6 per cent year-on-year; and a trade deficit of \$45.9 billion.

(1) Trade product mix

Turkey's top three export categories are automobiles, the chemical materials and products sector and iron and steel, with exports valued at \$29.3 billion, \$25.3 billion and \$22.4 billion in 2021, respectively. The top three import categories are mineral fuels, machinery and equipment and iron and steel, with imports of \$50.58 billion, \$30.997 billion and \$27.631 billion respectively in 2021.

(2) trading partner

In 2021, the top five export markets accounted for 31.2 per cent of Turkey's total exports, including \$19.321 billion to Germany, \$14.722 billion to the United States, \$13.704 billion to the United Kingdom, \$11.475 billion to Italy and \$11.133 billion to Iraq. In the same year, the top five sources of imports accounted for 38 per cent of Turkey's total imports, of which \$17.859 billion was imported from Russia, \$32.24 billion from China, \$28.959 billion from Russia, \$21.757 billion from Germany and \$13.151 billion from the United States.

[Trade in services]

Turkey has a comparative advantage in the field of trade in services such as air transport, telecommunications and finance. According to the Turkish National Statistics, Turkey's services trade exports in 2021 will be \$56.7 billion and imports will be \$31.7 billion.

3.3 two-way investment

According to UNCTAD's World Investment Report 2022, the size of Turkey's foreign direct investment (FDI) and outward foreign direct investment (OFDI) flows and stocks in the last five years are shown in the table below.

Table 3-1. Scale of Two-Way Investments in Turkey, 2017-2021

(in billions of United States dollars)

vint age s	absorb foreign capital		external investment	
	flux	rese rves	flux	rese rves
2017	111.13	1974.72	26.26	458.47
2018	125.73	1472.68	36.58	448.75
2019	95.94	1649.06	29.66	477.54
2020	78.21	1883.24	32.29	524.87

2021	125.3	1207.00	49.79	573.56
------	-------	---------	-------	--------

Source: UNCTAD Organisation Database and World Investment Report 2022.

According to the Central Bank of Turkey, Turkey's foreign direct investment (FDI) inflows increased by 31 per cent year-on-year to \$7.59 billion in 2021. Sixty per cent of the foreign direct investment that Turkey attracts comes from Europe, 24 per cent from Asia and 16 per cent from the United States.

Countries. In terms of the distribution of countries of origin, the United Kingdom, the United States, the Netherlands, Switzerland, the United Arab Emirates, Germany, Luxembourg,⁴ the Republic of Korea, Japan and Ireland ranked among the top ten. The main investment sectors were wholesale and retail trade, manufacturing, information and communications technology, financial services and transport.

The main multinational companies investing in Turkey include: 3M, BASF, Bayer, BNP Paribas, Bosch Group, Cargill, Cisco, Coca-Cola, Ford, General Electric, GlaxoSmithKline, Hitachi, Hyundai, Huawei, Industrial and Commercial Bank of China (ICBC), Mann Group, MANGO, Nestlé, ZTE, Siemens, Unilever, Toyota, and Schneider Electric.

3.4 foreign aid

Turkey's foreign aid is centrally managed by the International Cooperation and Development Agency (TIKA) under the Ministry of Culture and Tourism, with a focus on the neighbouring and African regions, mainly on emergency humanitarian aid. TIKA's report shows that Turkey's foreign aid will total \$8.8 billion in 2020, of which official development assistance (ODA) will be \$8.12 billion.

Following the global outbreak of the new coronary pneumonia epidemic, Turkey has provided medical supplies to more than 150 countries and international organisations, delivered 1 million doses of Koxing vaccine to 11 countries, including Bosnia and Herzegovina, and implemented more than 200 assistance programmes in total, directly benefiting more than 2.12 million people.

3.5 China-Turkey economic and trade relations

3.5.1 bilateral agreement

[Bilateral Economic and Trade Agreements] Since May 1981 to the present, China and Turkey have signed a total of 34 bilateral economic and trade agreements, please refer to the table below for details:

Table 3-2 List of China-Turkey Bilateral Economic and

serial number	Name of the document	Date of signature
---------------	----------------------	-------------------

7	Agreement between the Government of the People's Republic of China and the Government of the Republic of Turkey on Mutual Cooperation in Customs Matters	2002.4
8	Memorandum of Understanding on Agricultural Cooperation between the Ministry of Agriculture of the People's Republic of China and the Ministry of Rural Affairs of the Republic of Turkey	2002.4
9	Memorandum of Understanding between the Ministry of Information Industry of the People's Republic of China and the Ministry of Transport of the Republic of Turkey on Cooperation in the Field of Information Technology	2002.4
10	Memorandum of Understanding between the Ministry of Water Resources of the People's Republic of China and the Ministry of Environment and Forestry of the Republic of Turkey on Technical Cooperation in the Field of Water Resources	2008.10
11	Memorandum of Understanding between the National Energy Administration of China and the Ministry of Energy and Natural Resources of Turkey on the Development of Nuclear Power Plant Projects in Turkey and the Local Nuclear Power Industry	2009.6
12	Memorandum on Co-operation Mechanisms for Trade Remedies	2010.4
13	Framework Agreement on Financial Co-operation between the China Development Bank and the Turkish State Treasury	2012.2
14	Agreement between the People's Bank of China and the Central Bank of Turkey on the Bilateral Local Currency Swap Agreement between China and Turkey	2012.2
15	Agreement between the Government of the Republic of Turkey and the Government of the People's Republic of China on Cooperation in the Peaceful Uses of Nuclear Energy	2012.4
16	Agreement on Mutual Cooperation and Mutual Assistance in Customs Matters between the Government of China and the Government of Turkey	2014.06
17	Agreement on Turkey's Participation in the Asian Infrastructure Investment Bank	2015.1
18	Agreement between the People's Republic of China and the Republic of Turkey on the Mutual Promotion and Protection of Investments (as amended)	2015.7
19	Medium- and Long-term Development Plan for Economic and Trade Cooperation between China and Turkey	2015.7

20	Memorandum of Understanding between the National Development and Reform Commission and the Ministry of Transport, Communications and Communications of Turkey on Strengthening the Construction of the Online Silk Road	2015.11
21	Agreement between the People's Bank of China and the Central Bank of Turkey on the Bilateral Local Currency Swap Agreement between China and Turkey (as amended)	2015.11
22	Memorandum of Understanding on the interface between the Belt and Road and the Middle Corridor initiatives	2015.11
23	Agreement on Co-operation in the Field of Railways	2015.11
24	Protocol between the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Ministry of Food, Agriculture and Livestock of the Republic of Turkey on Phytosanitary Requirements for Turkish Cherries Exported to China	2015.11
25	Protocol between the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Ministry of Food, Agriculture and Livestock of the Republic of Turkey on the Animal Hygiene and Public Health Conditions for Dairy Products Exported from Turkey to China	2015.11
26	Agreement on Strengthening Cooperation in Electronic Commerce	2015.11
27	Memorandum of Understanding between the Ministry of Energy and Natural Resources of Turkey and the National Energy Administration of China on Cooperation in Civil Nuclear Energy	2016.6
28	The General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Republic of Turkey Food, Agricultural and	2016.9

	Protocol on Phytosanitary Requirements for Turkish Pistachio Nuts Exported to China by the Ministry of Animal Husbandry	
29	Plan of Action on the Promotion of Trade and Investment Co-operation between the two countries	2016.11
30	Agreement between the Government of the People's Republic of China and the Government of the Republic of Turkey on International Road Transport of Passengers and Goods	2017.5
31	Memorandum of Understanding on Technical Cooperation on Pesticide Management between the Pesticide Certification Institute of the Ministry of Agriculture and Rural Development of China and the Food Safety Administration of the Ministry of Food, Agriculture and Livestock of Turkey	2018.6
32	Memorandum of Understanding between the General Administration of Customs of the People's Republic of China and the Ministry of Agriculture and Forestry of Turkey on Plant Quarantine	2018.10
33	Agreement between the People's Bank of China and the Central Bank of Turkey on the Bilateral Local Currency Swap Agreement between China and Turkey (Revised)	2019.5
34	Protocol between the General Administration of Customs of the People's Republic of China and the Ministry of Agriculture and Forestry of the Republic of Turkey on the Inspection, Quarantine and Veterinary Hygiene Requirements for Fish Products Exported from Turkey to China	2019.9

Source: Collated by the Economic and Commercial Section of the Chinese Embassy in Turkey.

[Investment Co-operation Protection Agreement]

In November 1990, China and Turkey signed the Agreement between the People's Republic of China and the Republic of Turkey on Mutual Promotion and Protection of Investments, which was amended in July 2015, and in May 1995, China and Turkey signed the Agreement between the People's Republic of China and the Republic of Turkey on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and the Protocol thereto.

[Currency swap agreement]

In 2012, the People's Bank of China (PBC) and the Central Bank of Turkey (CBT) signed the "Agreement between the People's Bank of China (PBC) and the Central Bank

of Turkey (CBT) on the Bilateral Local Currency Swap Between China and Turkey", with the swap size of CNY 10 billion/TRY 3 billion. In 2015, the two sides renewed their Local Currency Swap Agreement, with the size of the swap being enlarged to CNY 12 billion/TRY 5 billion with a validity period of three years. On 30 May 2019, the two sides renewed the agreement with a size of 12 billion RMB/10.9 billion TL. On 13 June 2021, the two sides renewed the currency swap agreement with a total amount of 46 billion TL/35 billion RMB.

[Infrastructure cooperation agreements]

The Ministry of Water Resources of China signed the Memorandum of Understanding between the Ministry of Water Resources of the People's Republic of China and the General Directorate of State Hydraulic Works of the Ministry of Energy and Natural Resources of the Republic of Turkey on Co-operation in the Field of Water Resources and the Memorandum of Understanding between the Ministry of Water Resources of the People's Republic of China and the Ministry of Environment and Forestry of the Republic of Turkey on Technical Co-operation in the Field of Water Resources with the General Directorate of State Hydraulic Works of the Ministry of Energy and Natural Resources of Turkey in 1997 and 2008 respectively. In 2009, China and Turkey signed the Memorandum of Understanding between the National Energy Administration of the People's Republic of China and the Ministry of Energy and Natural Resources of Turkey on the Development of Nuclear Power Plant Projects in Turkey and the Local Nuclear Power Industry. In 2015, China and Turkey signed the Agreement on Cooperation in the Field of Railways.

[Agreements or mechanisms for cooperation in the field of culture]

In 1993, China and Turkey signed the Agreement on Cultural Cooperation between the People's Republic of China and the Republic of Turkey in the fields of education, social sciences, academic exchanges, culture and arts, mass media, youth and sports, and the Annual Implementation Plan is signed every four to five years within the framework of this Agreement.

3.5.2 bilateral trade

In 2021, China-Turkey bilateral trade in goods was \$34.23 billion, up 42.2 per cent year-on-year. Of this, Chinese exports US\$ 29.19 billion, a year-on-year increase of 43.5 per cent, and imports of US\$ 5.04 billion, a year-on-year increase of 35.1 per cent. China is the second largest trading partner, the first source of imports and the fifteenth largest export market of Turkey.

Table 3-3. Bilateral trade in goods between China and Turkey, 2017-2021

(Amount: US\$ billion)

vintages	import and export		Chinese exports		Chinese imports	
	sum of money	Year-on-year (%)	sum of money	Year-on-year (%)	sum of money	Year-on-year (%)
2017	219.1	12.5	181.2	8.6	37.8	35.8
2018	215.5	-1.6	177.9	-1.8	37.6	-0.6
2019	208.1	-3.4	173.2	-2.7	34.9	-6.9
2020	240.7	15.6	203.6	17.5	37.2	6.3
2021	342.3	42.2	291.9	43.5	50.4	35.1

Source: General Administration of Customs, China

3.5.3 Chinese investment in Turkey

According to China's Ministry of Commerce, Chinese companies invested \$225 million in direct investment in Turkey in 2021, a year-on-year decline of 42.4 per cent; China's stock of direct investment in Turkey is \$1.921 billion at the end of 2021.

Table 3-4. Chinese Direct Investment in Turkey, 2017-2021

(in US\$ million)

vintages	2017	2018	2019	2020	2021
annual flow	19,091	35,282	2,883	39,126	22,544
Year-end stock	130,135	173,368	186,786	215,187	192,136*

Source: Ministry of Commerce, National Bureau of Statistics and State Administration of Foreign Exchange, China's Outward FDI Statistical Bulletin 2021 Note: "*" indicates that this end-2021 stock data includes adjustments to previous historical data.

3.5.4 Contractual engineering and labour cooperation

According to China's Ministry of Commerce, in 2021, Chinese enterprises signed 52 new engineering contracting contracts in Turkey, with a new contract value of US\$2.53 billion, a year-on-year decline of 44.9 per cent; the turnover of US\$1.16 billion was completed, a year-on-year increase of 26 per cent. A total of 1,732 labourers of various types were dispatched, with 2,451 labourers in Turkey at the end of the year.

4. Investment environment

4.1 investment appeal

Currently, the political situation in Turkey is generally stable and the investment environment is improving. Turkey's geographical location is increasingly favoured by foreign investors, especially European investors, due to the impact of the new coronary pneumonia and the Russian-Ukrainian conflict. In general, Turkey's investment and cooperation environment has the following comparative advantages:

- (1) The economy is larger. in 2021, Turkey jumped to the 19th largest economy in the world.
- (2) The economic outlook is promising.2021 Turkey is one of the fastest growing economies among the member countries of the Organisation for Economic Co-operation and Development (OECD) and the Group of Twenty (G20).
- (3) The advantages of location continue to be highlighted. Being at the crossroads of three continents - Asia, Europe and Africa - Turkey has become a distribution centre for goods, services, people, capital and technology.
- (4) The local market is expanding day by day. The Turkish population has a high spending power and is ahead of its time in terms of consumerism.
- (5) Overseas markets are becoming broader by the day. Turkey is a member of the EU Customs Union and has signed free trade agreements with 25 countries and territories, with several free trade agreements still under negotiation.
- (6) The labour force is in good supply and of good quality.

According to the World Economic Forum's Global Competitiveness Report 2019, Turkey is ranked 61st out of the 141 most competitive countries and territories in the world. Turkey is ranked 33rd out of 190 economies in the World Bank's Doing Business 2020 ranking. According to the Global Innovation Index 2022 published by the World Intellectual Property Organisation, Turkey is ranked 37th out of 132 countries and territories in the composite index.

4.2 financial environment

4.2.1 Local currency

The name of the Turkish currency is Turkish lira. Turkey has a floating exchange

rate system.

In recent years, the lira has been weakening against the United States dollar, with an average exchange rate of 5.677.01 and 8.89 against the dollar over the past three years.

In 2021, the lira had depreciated by almost 40% against the dollar. on 31 March 2022, the lira was worth

14.65:1 and 16.31:1. The RMB and lira can be settled directly, and the exchange rate of the lira to the RMB on 31 March 2022 was

2.29:1.

4.2.2 Foreign exchange management

There are no exchange controls in Turkey and residents are free to hold foreign currencies in banks, authorised organisations, post offices and precious metals.

Brokerage institutions purchase foreign exchange and access foreign exchange in Turkish and foreign banks. Turkish residents can receive foreign exchange payments directly from non-residents of Turkey. Residents and non-residents of Turkey can freely transfer foreign currency up to US\$ 50,000 abroad in a single transaction through banks, which are required to inform the State-designated institutions of foreign currency transfers out of the country (including transfers from foreign currency savings accounts) within 30 days from the date of the transfer.

Foreign investment enterprises may open foreign currency accounts in Turkey. Foreign currency may be deposited in foreign currency accounts and must be converted into lira only when it becomes registered capital. Profits, fees, royalties and repatriation of capital can be freely transferred in cases where liquidation or sale is guaranteed. It is not difficult to obtain foreign currency and there are no restrictions on remitting or transferring funds.

As a result of increased pressure on foreign exchange liabilities in recent years, the Turkish government has introduced measures to encourage the use of the lira and increase foreign exchange monitoring. In 2018, the Turkish government issued Decree No. 32, which placed restrictions on local businesses and individuals without foreign exchange income from applying for foreign exchange loans. According to a new policy in November 2021, locals or foreigners exchanging local currency for foreign currency at a foreign currency exchange location must present a resident's ID card or passport to verify the information and must record the date, time, and amount of the transaction, which the foreign currency exchange location is obligated to keep. In June 2022, the Turkish Ministry of Finance required that a resident's ID card or passport be presented to verify information for exchange transactions of more than 85,000 Turkish lira. The Turkish government has also introduced new measures to encourage the use of lira or passport for information verification. Travellers are free to take foreign currency notes out of the country, but not more than US\$5,000.

4.2.3 Banks and insurance companies

[National bank]

Turkey has a well-developed banking sector with about 50 banks. The main local commercial

banks are IS BANK, Garanti Bankasi, Eximbank, Akbank and others.

[Foreign banks]

The main foreign banks are HSBC, Citibank and Fortis. Among the local banks that work closely with Chinese banks are Guaranty Bank and Industrial Bank, both of which have offices in Shanghai.

[Chinese banks]

Industrial and Commercial Bank of China (ICBC) successfully acquired Turkish Textile Bank (Tekstilbank) in 2015 and established ICBC Turkey (ICBC Turkey). This is the first time for a Chinese bank to set up an operating organisation in Turkey. Headquartered in Istanbul, ICBC Turkey has 39 branches dedicated to corporate and commercial lending and trade finance.

In addition, Bank of China invested US\$300 million to set up a wholly-owned sub-branch in Turkey, which has officially opened for business in 2018.

[Insurance company]

The Turkish insurance industry is small in terms of assets. The life insurance industry in particular is still in its infancy. Influenced by Islamic beliefs.

Overall acceptance of the insurance sector in Turkey is low, and historically high levels of inflation and volatile financial markets have significantly affected the long-term savings behaviour of Turks. Purchasing commercial insurance for high-value fixed assets such as cars is common. In 2021, there were 63 insurance companies in Turkey. On 28 September 2019, the Turkish Ministry of Treasury and Finance announced the establishment of Turkish Reinsurance Company Limited, which absorbed and merged Turkish Agricultural Insurance, Turkish People's Insurance, Turkish Sun Insurance, and Turkish Agricultural Private Pensions to become Turkey's largest insurance company. In addition, insurance companies with a large market share include Axa, Anadolu, Ak, Alliance, Yapı Kredi, and others, most of which contain a foreign component.

[Opening of bank accounts by foreign enterprises]

Foreign companies opening an account in a local bank in Turkey must first apply to the local tax authorities to obtain a tax identification number. The documents required to apply for a tax identification number include the articles of association, a standard application form and the registered address of the company. Subsequently, the foreign company submits the tax identification number, account manager information and other required documents to the bank and applies for the opening of an account. From 1 May 2021, bank customers will be able to open bank accounts digitally without having to visit a branch for a physical signature.

4.2.4 Financing channels

Turkey encourages the free flow of financial resources. Foreign investors have access to credit from the local market. The legal and fiscal system is transparent and in line with international standards.

Borrowing costs for commercial loans in Turkey are high, and in June 2022, the Central Bank of Turkey maintained a benchmark interest rate of 14 per cent. At 14 per cent, investors are mostly looking for international financing.

Chinese companies can now use RMB for cross-border trade and investment co-operation in Turkey.

[Green Finance]

In 2016, the Turkish Industrial Development Bank (TSKB) issued its first "Green Bond" in Turkey with a maturity of 5 years and an issue size of USD 300 million,

which attracted the attention of a large number of investors in the international market. In 2017, YDA Group became the first private "Green Bond" issuer in Turkey. In 2017, YDA Group became the first private issuer of "Green Bonds" in Turkey. As of March 2021, Turkey's "green bond" issuance volume has reached USD 836 million, accounting for 27 per cent of the total bond issuance volume. TSKB) YapıKredi and Turkish Development and Investment Bank (TKYB) were among the eight local banks that signed the Declaration on Sustainable Finance, committing to consider the environmental and social principles identified in the United Nations Global Compact in the financing of all projects with new investments of more than \$10 million, and to prioritise and encourage all kinds of resource-efficient investments, renewable energy investments.

On 10 November 2021, the European Bank for Reconstruction and Development (EBRD) granted its first green loan to Arçelik, a Turkish white goods company, to support the sustainable development of its businesses. The UK Export Credit Organisation (UKEF) granted a green loan to Turkey's Kalyon Group.

Pound 217 million financing loan for the construction of a solar power station by the Mission. Standard Chartered Bank granted a Euro 1.24 billion green syndicated loan to the Ministry of Finance for the construction of the Banderma-Osmaneli high-speed railway project.

4.2.5 Credit Card Usage

The use of debit and credit cards (credit cards) is widespread in Turkey. According to the Turkish Interbank Card Centre (BKM) data, the number of credit cards and bank debit cards in Turkey totalled 291 million in 2021, of which 150 million were debit cards and 83.8 million were credit cards. in 2021, Turkey was among the European leaders in terms of the total number of bank cards. in 2021, the total value of transactions paid with credit cards and debit cards amounted to TL 1. 71 trillion.

China UnionPay cards issued in China can be used at Garanti Bankası and withdrawn from the bank's ATMs, which have Chinese language pages.

4.3 financial market

The origins of the Turkish stock market can be traced back to the 1850s and was initially used mainly for bond trading. 1985 saw the official launch of the Istanbul Stock Exchange (ISE), which has gradually grown to become one of the world's 5 largest stock exchanges. On 3 April 2013, the Istanbul Stock Exchange (BIST) was established, which integrates the ISE, the Istanbul Gold Exchange and the Turkish Derivatives Exchange, which are currently the only stock exchanges in Turkey. Foreign funds entering Turkey to invest in the stock market are exempt from VAT and income tax, among others. The exchange's operational mechanisms and structure are fully compliant with EU standards and provide foreign investors with an environment of favourable services, free trading and transparent information sharing. In 2013, BIST signed a strategic alliance agreement with the Nasdaq Stock Exchange in the U.S. to hold shares in each other. On 26 September 2018, the Nasdaq shareholding was zeroed out after Nasdaq withdrew its shareholding from BIST, and the Turkish Sovereign Fund's ownership was increased to 80.6 per cent.

4.4 factor cost

4.4.1 Water, electricity, gas and oil prices

The prices of industrial water and gas in US dollars are as follows:

Table 4-1 Reference prices for industrial water in Turkey

(in United States dollars per cubic metre)

Type of consumer	purified water	wastew ater treatme nt	VAT (%)
General industrial water	1.72	included	8
Integrated Industrial Zones (OIZs)			
Eskisehir Industrial Park	0.09	0.1	8

Antalya Industrial Park	0.14	-	8
-------------------------	------	---	---

Source: Istanbul Water and Sewerage Authority (IWSA), Eskişehir Water and Sewerage Authority (EWSA) and Antalya Water and Sewerage Authority (AWSA).

Note: 8.7 Turkish liras per United States dollar (exchange rate as at 1 July 2021)

Table 4.2 Cost of natural gas for industrial use in Turkey

(Industrial users with natural gas sales agreements with BOTAS)

	US\$/kWh	US\$/standard cubic metre
Less than 300,000 standard cubic metres	0.13985846	1.488094
Integrated Industrial Zones (OIZ)	0.19178609	2.040604
Over 300,000 standard cubic metres	0.19274972	2.050857

Source: Turkish Petroleum Pipeline Company (BOTAS) (excluding VAT and special excise taxes) Note: Methodology for calculating the value of natural gas unit consumption:

Consumption (Sm³) x (unit price per Sm³ + 0.023 TL * + transport tariff per Sm³**) x 1.18 ***

**Transportation rate/system usage rate (refer to the website of the relevant gas distribution company) VAT rate of 0.18 per cent

4.4.2 Labour wages and supply and demand

Turkey's human resources are relatively abundant, cheap and of high quality, but due to its proximity to Europe, the market is more competitive, with a shortage of mid-range talent and a scarcity of high-end talent in some sectors.

Table 4.3. Calculation of Minimum Monthly Salary and Employer Costs in Turkey, 2022

	Amount (lire)
Net minimum monthly salary	4,253.40
Total minimum monthly salary	5,004.00
Social security contributions (14 per cent)	700.56
Unemployment insurance contributions (1 per cent)	50.04
Total Chargeback Amount	90.13

Total cost to employer	5,879.70
*** For premiums paid on time, a deduction of 5 percentage points (from 20.5 per cent to 15.5 per cent) is granted as an incentive.	

Source: Turkish Ministry of Labour and Social Security

4.4.3 Land and housing prices

The price of land and housing varies greatly from one region to another in Turkey. Even in the same city, the price of land and housing varies greatly and can be tens of times different from one location to another.

4.4.4 construction cost

In May 2022, the price of steel reinforcement in Turkey was TL 7,170 per tonne, up 121.3% year-on-year; the price of cement was TL 21.8 per package, up 59.12% year-on-year; and the price of ready-mixed concrete was TL 280 per cubic metre, up 87% year-on-year. According to the Turkish Statistical Institute (TURKSTAT), in May 2022, Turkey's total construction cost index rose by 3.97 per cent year-on-year and 105.73 per cent year-on-year.

5. Regulatory policy

5.1 Trade regulations and policies

5.1.1 Trade authorities

The Ministry of Trade is the competent trade authority in Turkey and is responsible for formulating, implementing and coordinating foreign trade policies, taking measures to attract foreign direct investment, protecting domestic industries, carrying out trade remedy investigations in accordance with the actual situation, and collecting and collating opinions and suggestions on trade issues from other ministries and institutions in the country and submitting them to the legislature for consideration. The current Minister is Mehmet Mush.

5.1.2 Trade legal system

[Trade regulation system]

The Turkish trade regulation system mainly consists of the tariff system, import regulation, export regulation and trade remedies.

[Trade laws and regulations]

The main Turkish trade laws and regulations are the Foreign Trade Law, the Customs Law, the Import Processing Mechanism, the Administrative Law on Quotas and Tariff Quotas, the Law on the Protection of Unfair Competition in Imports, the Law on Value Added Tax, the Law on Free Economic Zones, the Tariff Measures for Export Promotion, the Statute of the Export Mechanism and the Law on the Export Processing System.

5.1.3 Relevant provisions on trade regulation

[Import regime]

Turkey's import regime is based on the obligations of WTO members, the Turkish-European Customs Union Agreement, the GSP principle and the country's development needs. There are 50 inspection stations for foreign trade products under the Ministry of Economy of Turkey distributed in 8 regions. These stations test and issue certificates for imported and exported agricultural products in accordance with the standards.

Inspection of Turkish industrial products is carried out by the Turkish Standards

Institute (TSE). If the importer has obtained EU standards (e.g. CE marking, E marking, e marking) and the products can be sold freely within the EU countries, the importer can obtain an exemption certificate from the Standards Agency. In order to protect the environment, public safety, health and public morals and to comply with international conventions, Turkey prohibits the import of the following products: drugs, chemical weapons, fuels that are harmful to health, etc.

Turkey has a transparent and open trade regime. Since 2009, Turkey has marked its import tariff rates for different countries and all products are classified according to six main catalogues. These are Agricultural Products (Catalogue I) Industrial Products (Catalogue II) Agro-processed Products (Catalogue III) Fish and Fishery Products (Catalogue IV) Suspension Lists (Catalogue V) and ~~Products~~ Used for Civil Aviation Exempted from Customs Duties (Catalogue VI) The new import regime was published in the Official Gazette on 31 December 2008 under No. 27097 and in 2009 under No. 27097, with the exception of the new import regime.

The 2009 revised import regime has been implemented since 1 January 2009, with the following main amendments:

(1) Tariff rates for agricultural and fishery products. In the Free Trade Agreements and Preferential Trade Agreements that Turkey has signed with other countries, the tariff rates for agricultural and fishery products are reflected in the additional catalogue of the import regime, and are generally treated as exceptions and not committed. Processed agricultural products are excluded.

(2) Revision of tariff rates for industrial goods. Under the Turkish-European Customs Union (TECU), industrial goods are subject to essentially zero tariffs between Turkey and the EU, and the EU external harmonised tariff is applied to third countries. On the basis of the Turkish-European Customs Union, Turkey is moving forward with the negotiation of an FTA, which applies more favourable tariff rates to its FTA partners than the EU external harmonised tariff.

(3) Import Processing Regime (IPR) As an alternative to the export support system, IPR enables Turkish producers/exporters to acquire raw materials, intermediate and semi-finished products for the production of export products without paying customs duties under the commercial policy measures, and after the granting of an authorisation under IPR, the authorisation holder has the right to import the goods stipulated in the authorisation, to process them and then to re-export them. The basic idea of the import processing regime is to maintain the international market price of raw materials and the competitiveness of Turkish exporters. The import processing mechanism consists mainly of a tariff suspension system and a duty drawback system.

(4) Tariff Suspension System. Producer-exporters/exporters can import raw materials for production and processing for re-export without paying import duties and VAT at the time of import. Under this system, beneficiaries of the import processing system must submit a letter of guarantee or a bond covering all duties and VAT. The authorisation holder receives a discounted margin rate if the export behaviour meets the margin discount criteria. Producer-exporters under the Import Processing Regime can withdraw 1 per cent, 5 per cent or 10 per cent of the total value of customs duties and VAT as a security deposit if they have exported more than US\$1 million or US\$500,000 over a period of four years, or if they belong to a company with a special classification. Equivalent

products: Under the moratorium regime, a producer-exporter/exporter can substitute imports with equivalent products by stating this on the authorisation. Equivalence is a procedure that allows the free circulation of substitutes in place of the imports on the authorisation. It is important to emphasise that the equivalent must be a raw material or intermediate semi-finished product, not a finished product. The equivalent product must be of the same quality and have the same properties as the imported product.

(5) Duty drawback system. Taxes and duties paid on the import of products are refundable upon fulfilment of export commitments. Under the tax refund system, the products are allowed to enter Turkey in free circulation and are subject to import duty and VAT. When the finished product is exported, the VAT and import tax can be refunded.

(6) Application for and evaluation of authorisation certificates. Enterprises submit the necessary documents to the Ministry of Economy through the Secretariat of the Exporters' Union and submit a request for an authorisation certificate to the Ministry of Economy. These documents include the Import Processing Project Form, the Raw Material Form, the Signature Notice, the Application Form, the Trade Registration Publication, the Capacity Report and some other special technical documents. The application will be evaluated on the basis of the economic indicators listed in the Import Processing Facility. The company holding the certificate of authorisation may import and export products without paying any duties and fees for the period of the grant indicated, which will not exceed 12 months. For some special production facilities

The time limit for granting the authorisation can be relaxed to 24 months. On the basis of force majeure, the time limit indicated on the authorisation may be extended by up to half. The execution period starts from the entry of the first shipment, but this period may not exceed 3 months. The execution period is extended when the company is facing an economic crisis or a natural disaster.

(7) Trade remedies. The legal basis for the implementation of anti-dumping and countervailing measures is the WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement) and the Import Unfair Competition Protection Act (IUCPA), which entered into force in 1989, as well as related decrees and regulations; and for the implementation of safeguard investigations is the WTO Safeguard Agreement (SA) and the Import Protection Measures Statute (IPM Statute) and Import Protection Measures Implementing Regulation (IPM Implementing Regulation), which entered into force in 2004.

Since 2022, Turkey has imposed trade remedy measures on imports from China of tempered or laminated safety glass, hinges, fan coils, sodium formate, and "chillers".

[Export regime]

Exporters are defined under the revised export regime: natural or legal persons with a tax code; joint ventures; and consortia.

Export means the export of products outside the customs control zones or free economic zones of Turkey in compliance with the export rules and customs rules in force, or any other way of exit that can be accepted as an export by the Foreign Trade Agency (FTA). The types of export include: registered export, export under a pre-licence, export on consignment, export without profit, barter trade, lease trade (subject to customs regulations)

All products can be freely exported within the framework of the regulations of the export regime, except when prohibited by laws, regulations and international agreements. Within the framework of the WTO rules, when the market is disrupted, the Earth Club, for reasons of protection of public safety, morality, health, etc., will be able to export all products.

By, restricting or prohibiting the export of scarce products, flora and fauna, the environment and products of artistic, historical and archaeological value.

5.1.4 Import and export product inspection and quarantine

[Inspection and quarantine system]

Legislation related to import and export inspection and quarantine in Turkey includes the Health Law, the Agricultural Quarantine Law, and the Animal Health Inspection Law.

The Decree on Production, Consumption and Inspection of Food Products, the Law on Fish Products and the Turkish Food Pharmacopoeia Regulations. An inspection certificate issued by the Ministry of Agriculture and Forestry is required for the import of agricultural products and foodstuffs, and an inspection certificate issued by the Ministry of Health is required for the import of pharmaceutical products, cosmetics and detergents.

In order to obtain the above-mentioned test certificates, the importer has to submit the following documents to the relevant authorities mentioned above: health certificates, certificates of analyses, lists of contents of products, certificates of animal descent and radiation analyses (certificates are different depending on the product), the relevant authorities in the country of production, as well as pro forma invoices. The above mentioned documents must be original documents of the exporting country with Turkish translation. Importers are required to obtain the above certificates prior to importation and declare them to the Customs at the time of importation. The validity period of the certificates depends on the product and is generally 4-12 months. The Turkish government is constantly adjusting its sanitary and phytosanitary laws and regulations to comply with the requirements of the European Union.

Some of them are even directly copied from the EU regulations, such as the EU regulations on packaging materials and foods with special nutritional value.

[China-Turkey Sanitary and Quarantine Agreement]

On 24 January 2006, China and Turkey signed in Beijing the Agreement on Cooperation between the Governments of China and Turkey on Animal Quarantine and Animal Health. According to the Agreement, the two sides will take measures to prevent the transmission of zoonotic and parasitic diseases from the territory of one of the contracting parties to that of the other as a result of the cross-border transport of animal-related quarantines and objects that may carry pathogens. China hopes to strengthen cooperation between the two sides in sanitary and quarantine technology and information, and to enhance exchanges of professional and technical personnel, laws and regulations, international standards, and management systems between the two sides.

[Technical barriers to trade]

Turkey requires imported toys, medical devices, machinery, low-voltage equipment, electromagnetic interchanges and other products to be labelled with the European standard marking - CE marking, but for the same products labelled with this marking, products from the EU have immediate access to the Turkish market, while products from other countries have to go through additional testing, a practice which in This creates unfair competition between EU products and products from other countries entering Turkey. In November 2012, Turkish Customs introduced new regulations to tighten spot checks on Chinese finished shoes, bags and toys.

Turkey imposes onerous testing and certification requirements for the import of porcelain tableware. Porcelain tableware must pass mandatory tests and certification by the Turkish Standards Institute (TSE), which can sometimes take months and be very expensive. In addition, importers must provide a health report from the local veterinarian's office and a list of product ingredients from the local chamber of commerce, respectively. The multiple regulations and cumbersome tests imposed on porcelain tableware by Turkey have in fact caused unnecessary harm to the import of porcelain tableware.

The international standard for wooden packaging (ISPM No. 15) implemented since 1 January 2006 in Turkey. All shipments packed in logs to Turkey must be fumigated

and have the bark removed, and a valid fumigation certificate must be provided, otherwise the goods will be returned or destroyed.

5.1.5 Customs administration regulations

[Import management system]

The Turkish import management system includes the following elements:

(1) Customs procedures

On 5 February 2000, the new Turkish Customs Law No. 4458 was enacted to replace the previous Law No. 1615, with the following adjustments: (i) imported products can be subject to a temporary import procedure for a maximum period of 24 months (previously 12 months); (ii) temporary imports can be subject to a partial (previously full) reduction or exemption of import duties; and (iii) the abolition of Customs

monopoly of warehouses; iv) there will no longer be a limit on the time that imported products can remain in customs warehouses (previously 5 years) v) a single customs declaration will be used for road, air, and sea transport (previously separate) and vi) a new, more convenient system for customs declarations will be used. The Turkish Customs Security Inspection System (GUMSIS) was put in place in November 2001, and the Instant Clearance System was inaugurated in 2002 (BILGE)

Special provisions of customs procedures: 45 days after the arrival of imported goods, if the importer does not take delivery of the goods and the exporter does not apply for an extension, the goods will be confiscated by Customs and the confiscated goods will be put up for auction; without the consent of the importer, Customs may not agree to return the goods to the port of origin upon the exporter's application. Many unscrupulous importers take advantage of this loophole to maliciously fail to take delivery of the goods, and then bid for the goods at a low price to make excessive profits after Customs confiscates the goods.

(2) Rules of origin

Turkey applies two different rules of origin: non-preferential rules of origin and preferential rules of origin. According to articles 17 and 21 of the Turkish Customs Law No. 4558, the non-preferential rules of origin are mainly applied to imports whose origin is "the place where the final substantial change in the product and the important production stages take place". Preferential rules of origin are mainly applied to imports from countries with which Turkey has concluded free trade agreements or preferential trade agreements, and the rules of origin set the processing and value-added criteria for the products concerned.

(3) Import restrictions, quotas and licences

Turkey restricts the import of narcotics, cannabis, opium, ozone-depleting substances, eggs of silkworms and any kind of soil, stems, leaves, poles, natural fertilisers used in agriculture, as well as game consoles, products violating the International Convention for the Protection of Industrial Property Rights, and other products in 11 categories for the sake of the environment, public safety, health and other factors. According to the Turkish Gazette of Foreign Trade Standards 2005, Turkey implements import licences for the following products: agricultural products such

as fresh and dried fruits and vegetables, pulses, edible vegetable oils and cotton, solid fuels, wastes, scrap metals, pharmaceutical products, medicines, detergents, foodstuffs, agricultural and animal products, veterinary products, certain chemicals, tobacco and products, and alcoholic beverages. In 2004, Turkey has enacted

The Decree-Law on the Enforcement of Import Controls and the Regulation on the Enforcement of Import Controls serve as the legal basis for the enforcement of control over imported products. When the import of a product poses a threat of damage to domestic producers of the same or directly competing products, and when the import of such a product is necessary in the national interest, the Directorate General of Imports of the Turkish Foreign Trade Agency (TÜBİTAK), upon application or on its own initiative, decides on the regulation of a product, which is imported under the supervision of an import licence issued by the Directorate General of Imports, in addition to the documents stipulated in the Customs Regulations.

As a result of the delayed Russian-Ukrainian conflict, Turkey issued a new presidential resolution in June 2022 to adjust the tariffs on imports of sunflower, rapeseed, safflower, maize, soybeans and palm oil to zero tariffs by 31 December 2022, in order to encourage imports and ensure security of supply and price stability of basic foodstuffs.

[Export Management System]

Turkish exporters are required to register as members of the Exporters Union and the local Chamber of Commerce and pay the appropriate membership fees.

Turkey prohibits the export of the following products: historical and cultural works and natural fauna, hashish, tobacco plants, Ankara goats, all wild and game animals (except those on the list of permitted exports) certain plants such as walnut, mulberry, cherry, plum, yew, cenote, elm, linden, products listed in the Vienna Convention for the Protection of the Ozone Layer, bulbs of flowering plants prohibited for export, firewood and charcoal, Asian sumac, certain chemicals, etc.

下列产品出口时需要进行登记：向支持价格稳定基金（SPSF）支付货款的产品、根据土耳其与俄罗斯双边协议进口后复出口的天然气、受到国际制裁的产品、根据1994年12月18日在官方公报上颁布的《使用生态方法生产的动植物管理规定（第22145号）》的产品、列于第88/ Export Bulletin No. 29, some electronic equipment, products such as centrifuges under the Wassenaar Agreement, products under the Missile Technology Control Regime (MTCR), unprocessed olive oil, processed barrels of olive oil, unprocessed bags of olive oil, licorice root, raw seafoam, live cows and live sheep. Exporters who are regularly engaged in trade with EU countries and have no bad record in customs can obtain a special certificate called A.TR issued by the Turkish Customs Administration. However, this certificate is currently not available for export operations to newly joined Eastern European countries such as Hungary, Lithuania, Czech Republic, Slovenia, Estonia, Latvia, Slovakia, Poland and Croatia.

As a result of the delay in the Russian-Ukrainian conflict, Turkey has banned the export of wheat, among other things, to ensure food security in the country.

[Import and export tariff rates for major products]

Turkey imposes five types of taxes and duties on imported products: (1) customs duties; (2) ~~excise duties~~; (3) the Popular Housing Fund Tax (for fish products); (4) the Special Consumption Tax (SCT); (5) the Value Added Tax (VAT). Its tariff structure is divided into five types: ad valorem, ad valorem, mixed, composite and formal rates. The most favoured nation (MFN) rate is applied to all trading partners (including non-WTO members) and does not include seasonal rates. 2020 additional customs tariffs were temporarily increased on imports during the New Crown epidemic.

However, since May 2015, the Turkish Council of Ministers has issued a number of regulations raising tariff rates on some products from non-EU countries such as China, as well as from other countries and regions with which Turkey does not have a free trade agreement. The main products known to be subject to tariff increases include bags, wire ropes, sitting furniture, medical furniture, office furniture, bedding, lighting equipment, hoovers, specialised household appliances, electric water heaters, and many other varieties of products. The regulations stipulate that the tariff rates of the above products will be increased by 10 to 50 per cent from the previous rates. This tariff increase is not a part of any duty imposed as a result of trade remedy investigations, such as anti-dumping and countervailing investigations and safeguard measures.

5.2 Foreign investment regulations

5.2.1 Investment authorities

Foreign direct investment in Turkey is under the authority of the Ministry of Industry and Science.

5.2.2 Foreign investment regulations

Turkey's foreign investment legislation consists mainly of the Law on Encouragement of Investment and Employment, No. 5084, the Law on Foreign Direct Investment, No. 4875, the Law on Regulations of Foreign Direct Investment, multilateral and bilateral investment conventions, various laws and relevant regulations for the promotion of investment in the sector.

5.2.3 Foreign investment incentives

The Turkish Law on Foreign Direct Investment defines foreign investors and foreign direct investment and explains the important principles of foreign direct investment. Foreign-invested companies are treated equally with local companies and enjoy the same rights and derogations as domestic companies operating in the same field. At the same time, foreign and domestic companies have the same obligations and there are no pre-entry or pre-establishment auditing requirements. Foreign companies establishing business activity organisations in Turkey may choose any type of organisation that complies with the provisions of the Commercial Code. For statistical purposes, foreign companies are required to file with the Ministry of Treasury and Finance upon their establishment. Foreign investors may own 100 per cent of the shares of all types of companies or acquire 100 per cent of Turkish businesses, except for a few industries governed by special laws.

Rights of foreign investors: Foreign investors are free to transfer abroad all kinds of funds, including net profits, dividends, all or part of the sales proceeds or settlement proceeds of any investment project, payments of a compensatory nature, funds covered by an operating licence agreement, a management agreement or a similar agreement, as well as funds for the repayment of interest incurred on borrowings from foreign banks or special financial institutions. Commercial companies are free to purchase property or limited rights in rem through a legal entity established by or with the participation of a foreign investor, subject to ensuring that Turkish citizens enjoy the same acquisition

rights. In response to investment disputes, foreign investors may file complaints with local courts or domestic or international arbitration institutions. Non-cash capital is valued in accordance with the relevant provisions of the Turkish Commercial Code, and if the shares or securities of a foreign company are used as foreign capital of a foreign investor, their value may be assessed by the relevant authorities in the home country, or by an expert appointed by a court in the home country, or by any international institution engaged in valuation activities.

Foreign companies may open liaison offices on the condition that they do not engage in commercial activities in Turkey. Specific regulations can be found at: www.invest.gov.tr

5.2.4 Investment industry regulations

[Open area]

Turkish investment legislation is in line with international standards and there are no restrictions on the participation of foreign capital, which enjoys the same treatment (national treatment) as local companies in terms of investment sectors. All sectors open to private capital in Turkey are open to foreign investment. Foreign companies are allowed to employ foreign managers and technicians.

[Restricted Industries]

There are restrictions on foreign investment in certain sectors in Turkey. These restrictions are, firstly, dependent on Turkey's WTO accession commitments on trade in services and, secondly, on the provisions of its domestic legislation. The main sectors of restriction are broadcasting, petroleum, aviation, maritime transport, finance and real estate. Restrictions are in the form of investment bans, share ratio restrictions, import licences, number of acquisitions, etc. The establishment of enterprises in the financial services (including banking and insurance) and petroleum sectors requires special government approval. Foreign equity is limited to 20 per cent in broadcasting; 49 per cent in air and maritime transport. Foreign investment is limited to 25 per cent in semiconductors and television sets and 51 per cent in postal services, telecommunications and telegraphy. A foreign investment in Turkey cannot have a major stake in an entity if the scope of its operations includes a State monopoly.

5.2.5 Provisions for investment modalities

Turkey allows foreigners to establish representative offices, branches, subsidiaries and limited liability companies. However, representative offices are not allowed to carry out any commercial activities, but only to conduct market research and follow up on projects.

5.2.6 Provisions for security clearances

[Foreign mergers and acquisitions security review foreign state-owned enterprises investment review]

Turkey does not have a special vetting procedure for investments by foreign state-owned enterprises (SOEs). For example, Bank of China Turkey and Huawei Turkey are 100 per cent Chinese-owned enterprises.

[Review of anti-monopoly and anti-concentration of operators, etc.]

The laws on antimonopoly and concentration in Turkey are the Commercial Code and the Competition Law. The Turkish Competition Authority (TCA) is the competent authority. The Turkish Competition Law and its secondary legislation are largely harmonised with the EU Competition Law.

[Mergers and acquisitions by Chinese enterprises]

In recent years, individual Chinese enterprises have gradually attempted to carry out M&A business in Turkey, encountering fewer obstacles. In 2015, China COSCO formed a consortium with China Merchants and others to acquire a 65 per cent stake in Turkey's third-largest terminal, the Istanbul Kumburgaz Terminal, for US\$940 million, and gained master control of the operation. The project is the first terminal project successfully invested by Chinese enterprises in Turkey, and the project amount also set a new record for China's direct investment in a single project in Turkey.

Industrial and Commercial Bank of China (ICBC) successfully acquired Turkish Textile Bank (Tekstilbank) in 2015 with a capital contribution of US\$316 million

75.5 per cent. Since then, ICBC has further increased its stake in Turkish Textile Bank and changed its name to ICBC Turkey. Currently, ICBC Turkey has 39 branches and holds commercial banking, investment banking and asset management licences to provide comprehensive financial services including corporate banking, SME banking, retail banking, securities brokerage, investment banking, asset management, etc. ICBC Turkey has been widely recognised by rating agencies, peers, clients and the market.

In June 2018, Alibaba Group acquired a 75 per cent stake in Turkish e-commerce company Trendyol for US\$728 million, the largest investment within Turkey's internet investment sector. In April 2021, Alibaba added an additional US\$350 million investment for an 86.5 per cent stake.

5.2.7 Provisions of the infrastructure PPP model

Turkey has a mature PPP model of investment and is the 3rd largest country in Europe and the 13th largest in the world in terms of the effective use of the PPP model. As of January 2022, Turkey has signed contracts for 262 PPP projects with a total value of USD 159,408 million, including USD 28,080 million for road projects, USD 21,960 million for airport projects, USD 19,900 million for energy sector projects, USD 11,880 million for health facilities, USD 2,308 million for harbour projects, USD 1,370 million for yacht marinas and tourism facilities, and also including railway facilities, cultural and tourism facilities, industrial facilities and customs facilities. There are four main types of PPPs in Turkey, including the Build-Operate-transfer (BOT) operating right transfer, build-lease-transfer and build-transfer, with the first two accounting for the majority.

[BOT mode]

Since the 1970s, the Turkish government has used the BOT model for infrastructure development and has achieved certain results in the fields of energy, transport and ports. As the first country in the world to propose and use the BOT model for the construction of traditional infrastructure projects (Act No. 3096, enacted on 4 December 1984) domestic BOT projects in Turkey are mainly concentrated in energy, transport, public and local government investment projects, and the concession period usually ranges from 10 to 50 years.

[PPP model]

The PPP model has a deep legal basis in Turkey, where Article 47 of the Turkish Constitution allows the government to contract with the private sector to carry out certain public service projects. In practice, the earliest application of the PPP model in Turkey was in the health sector. Private sector concessions in PPP projects can last up to 49 years. However the concession period for most PPP projects is generally 5 to 25 years. For example, the concessions for Zonguldak, Antalya, and Gazipasa airports are for 25 years. At the end of the concession period, the PPP project must be transferred to the government without compensation, in good operating condition and without other conditions.

The main government departments responsible for the infrastructure PPP model in Turkey are the Ministry of Transport and Infrastructure (MOTI), the Ministry of Energy and Natural Resources (MENR), etc., and other competent ministries according to the area of infrastructure involved. For example, in the case of the transport PPP model, the General Directorate of Infrastructure Investment (GDI) and the General Directorate of Railways (TCDD) under the Ministry of Transport and Infrastructure act as the owners of specific projects, respectively.

The tendering and organisation of the implementation. The Ministry of Treasury and Finance of Turkey, which is the financing ministry for government procurement projects in Turkey, is responsible for negotiating the terms of the loan with the financier and arranging the loan repayment programme.

Currently, foreign companies carrying out BOT/PPP projects in Turkey are mainly from developed countries such as the United States, Japan, Germany, France and Italy. Some of the more successful BOT/PPP projects are Istanbul Atatürk Airport, Istanbul Undersea Tunnel, Istanbul Third Cross-Sea Bridge, Ankara-Istanbul High-Speed Railway, 1915 Çanakkale Bridge, and Pine-Sakura City Hospital.

Chinese-funded enterprises have been mainly engaged in EPC projects. At present, more and more Chinese-funded enterprises have begun to consider or try to invest in projects, such as the \$1.7bn EMBA power station invested by CLP Power and AVIC International. Zhuqi-MNG, a joint venture between CSR Zhuqi and Turkey's MNG Group, went into production in 2014, producing trains for a number of metro lines in Turkey.²⁰²¹ Chinese brands such as Vivo/OPPO and Xiaomi invested in factories in Turkey.²⁰²² Kexing Vaccines invested in the construction of a vaccine production plant with a local partner in Turkey.²⁰²³ Chinese companies have also invested in a number of other EPC projects, such as the EMBA power station, which is being built with the help of a Chinese company. There are also some companies that intend to use BOT/PPP to undertake projects, but they have not yet been formally implemented.

5.3 Policies and regulations related to the digital economy

In 2016, Turkey enacted the Personal Data Protection Law. The law is the first comprehensive law in Turkey to establish standard practices and procedures for personal data processing in the internet age and establishes the Data Protection Authority (DPA). Turkey is currently in the process of rolling out a mandatory registration system for data processing. As of 1 October 2018, a number of data processors are required to register with Turkey's Data Control Registration Information System (DCRIS), including Turkish-resident businesses with more than 50 employees and an annual turnover of more than 25 million Turkish Liras (TL), as well as businesses that process specific categories of data. Data processors residing outside Turkey whose activities have an impact on Turkey must also register. Data controllers

located outside Turkey must appoint and register a data protection representative in Turkey. The representative must be a Turkish citizen or a Turkish company residing in Turkey who must liaise with the Turkish Data Protection Authority on behalf of the data controller. Failure to appoint and register may mean a fine of 1 million Turkish Liras.

5.4 Policies and regulations related to the green economy

No relevant content.

5.5 Corporate Taxation

5.5.1 Tax systems and regimes

Turkey has one of the most competitive corporate tax regimes among OECD countries, with a territorial tax code.

The tax system, which is combined with the personal tax code, allows foreign investors to pay taxes on the same basis as local companies and natural persons in Turkey. The Turkish tax system is divided into 3 main categories: income tax, consumption tax and property tax. Among them, there are 2 types of direct taxes, including personal income tax and corporate income tax, i.e. income tax and company tax; and 12 types of indirect taxes, including value-added tax (VAT), stamp duty, transport tax, financial and insurance transaction tax, betting tax, inheritance and gift tax, real estate tax, property tax, communications tax, education contribution fee, customs duty, and special excise tax.

5.5.2 Main taxes and rates

[Income tax]

In Turkey, all incomes are subject to income tax, including incomes of domestic as well as foreign individuals and companies in Turkey. Income generated in Turkey by non-residents of Turkey through work, property ownership, business transactions or any other activity is also subject to income tax.

In April 2021, the Turkish Parliament approved an increase in the applicable corporate income tax rate for 2021 from 20 per cent to 25 per cent.

The applicable corporate income tax rate for 2022 is 23 per cent, and the personal income tax rate rises from 15 per cent to 40 per cent.²⁰²¹ In December 2021, the Turkish government provided up to 18.5 million workers and civil servants with partial exemptions from income tax and stamp duty equal to the minimum wage.

[Consumption tax]

There are mainly the following taxes:

(1) Value Added Tax (VAT): VAT rates are 1, 8 and 18 per cent. VAT is payable on commercial, industrial, agricultural and personal products and services, products and services imported into the country and other goods delivery and service activities (The amount of relief can vary from 1 per cent to 8 per cent.) On 28 March 2022, VAT on basic necessities and food and beverages was reduced from 18 per cent to 8 per cent. The VAT rate for catering services is set at 8%. VAT will be levied at 8 per cent on dwellings with a net area of up to 150 square metres and 18 per cent on the above.

(2) Special excise duties: There are four major product categories that are subject to special excise duties at different rates: petroleum products, natural gas, lubricating oils, solvents and derivative solvents; automobiles and other motor vehicles, motorbikes, aeroplanes, helicopters and yachts; tobacco and tobacco products and alcoholic beverages; and luxury goods.

(3) Banking and Insurance Transaction Tax (BITT): Transactions between banks and insurance companies remain exempt from VAT, but are subject to BITT. This tax applies to all income earned by banks, such as interest on loans. The rate is usually 5 per cent, while interest on deposit transactions between banks is taxed at 1 per cent and sales of foreign exchange transactions are taxed at 0.1 per cent. After 2008, the levy on foreign exchange sales was abolished.

(4) Stamp duty: Stamp duty applies to all types of documents, such as contracts, agreements, bills payable, capital contributions, letters of credit, guarantees, financial statements and payrolls. Stamp duty is levied as a percentage of the value of the document at rates ranging from 0.189 per cent to 0.948 per cent. Stamp duty is also levied on certain documents at a fixed value.

[Property Taxes]

There are three types of property taxes: inheritance and gift tax, real estate tax and car tax. Real estate tax is levied on all buildings and land in Turkey at a rate of 0.1-0.6 per cent. Motor vehicle tax is levied annually at a fixed price determined by the age and engine capacity of the vehicle. Inheritance and gift taxes are levied at a rate of 1-30 per cent.

Table 5-1 Major Taxes in Turkey

tax types	tax base	duty rate
corporate income tax	Net capital	25 per cent
Prepaid corporate tax	growth net taxable income	25 per cent
personal/income tax		All sources of income, including wage income
Value Added Tax (VAT)		18 per cent
Routine Financial leasing services	sales value	Depends on the VAT of the leased item
Basic foodstuffs, textiles and certain agricultural products		8%
		1%
Banking and Insurance		5%
Transaction Tax		1%
Routine		1%
Interbank		1%

Petroleum products motor vehicles Alcoholic beverages and tobacco products luxury good	Value per litre, per kilogram, etc. and engine displacement Value, retail price of tobacco products fig. values (ethical, cultural etc)	special 45 per cent-220 per cent 25-65.25 per cent and total 3-25 per cent
Special traffic tax Mobile communication services satellite or cable Other telecommunication services	service fee	7.5 per cent 7.5 per cent 25 per cent
motor vehicle tax	Model, engine, weight	Specified amount, revised annually
Major Council Taxes and Local Taxes Property Tax Buildings Land Entertainment tax Traffic tax Electricity and Gas Excise Duty environmental protection tax	taxable value Charge on tariff, gross sales value By residence and business premises	0.1-0.4 per cent 0.1-0.6 per cent Specific, 0-20 per cent 1 per cent 1.5 per cent Specified amount, revised annually

Source: Turkish Ministry of Treasury and Finance

[Digital Services Tax]

Turkey taxes gross income from digital services at a rate of 7.5 per cent. Digital services include:

Advertising services provided through digital platforms (including advertising control and performance measurement services, as well as user-related data transmission and management services, and technical services for the provision of advertising)

The sale of auditory, visual or digital content on digital platforms (including computer programmes, apps, music, videos, games, in-game apps, etc.), and services provided on digital platforms for listening to, viewing, or playing the content, or downloading the content to an electronic device, or using the content through an electronic device;

Services related to the provision and maintenance of user exchanges on digital platforms (including services that enable the sale of goods or services between users)

Digital service providers are also subject to digital service tax on their intermediary services on digital platforms.

5.6 Special economic zone provisions

5.6.1 Special Economic Zone Regulations

With a view to expanding exports, investments and production, accelerating the introduction of foreign capital and technology, raising economic incomes and enhancing the utilisation of trade opportunities, Turkey adopted the Law on Free Economic Zones (Act No. 3218) in 1985.

There are three main types of special economic zones in Turkey, namely Technology Development Zones, Organised Industrial Zones and Free Zones.

[Main incentives]

(1) Technology Development Zone. Until 31 December 2023, profits derived from software development, R&D and design activities are exempt from income tax and corporation tax; sales of application software produced within the development zone are exempt from VAT; remuneration of R&D, design and support staff employed within the zone is exempt from income tax; the government will pay 50 per cent of the employer's share of social security costs; and imports within the scope of R&D, design and software development projects are exempt from customs duties and applicable documents are exempt from stamp duty.

(2) Organised industrial zones. Existing infrastructure provided by industrial zones, including roads, water, gas, electricity, communications, waste disposal and other services; no value-added tax on land acquisition; exemption from real estate taxes for five years from the date of completion of plant construction; low water, gas and communications rates; exemption from municipal taxes for plant construction and use; exemption from municipal solid-waste taxes; and no taxes on consolidation of detached parcels.

(3) Free zones. Turkey's free economic zones offer favourable investment policies for foreign investors, including 100 per cent capital repatriation and 100 per cent foreign operation. Turkey's free economic zones treat national and foreign companies equally and offer the same favourable policies.

Turkey's free economic zones offer favourable investment policies for foreign investors, including 100 per cent capital repatriation and 100 per cent foreign operation. Turkey's free economic zones treat domestic and foreign companies equally and offer the same preferential policies. Specific incentives include:

① Within the free economic zone, income derived from various economic activities is exempted from any taxes, including income tax, corporation tax, value-added tax and special consumption tax;

② No personal income tax is levied on the employee's income (but social security payments are required)

(iii) No customs duties are levied on products purchased from abroad in the free economic zone;

(iv) Exemption from customs duties;

Products stored in ⑤ can be delivered quickly without cumbersome and lengthy procedures;

(vi) Exemption from customs duties on the production and processing of raw materials and intermediate products, while reducing the cost of wages for employees as no personal income tax is charged;

(vii) Companies can transfer profits from the free zones to foreign countries without restriction, and there are no controls on foreign exchange;

(viii) Goods may remain in the free zone indefinitely;

The currency used in the free economic zone may be any freely convertible currency accepted by the Central Bank of Turkey;

⑩ The Free Economic Zones of Turkey are subject only to the Free Economic Zones Law and municipal laws, passport laws and all other legal provisions are not applicable here.

5.6.2 Introduction to Special Economic Zones

There are three main types of special economic zones in Turkey, namely Technology Development Zones, Organised Industrial Zones and Free Zones.

(1) Science and Technology Development Zones (STDs), which are designed to support R&D activities and attract investment in high-tech sectors, have a total of 84 STDs across the country, of which 63 are operational and 21 have been approved and are currently under construction.

(2) Organised industrial zones. The aim is to enable companies to operate in areas with existing infrastructure and social facilities. Currently, there are 353 organised industrial zones in Turkey, 258 are in operation and 95 are under construction.

(3) Various activities are permitted in Turkey's free zones, including production, storage, packaging, general trade and banking. Investors can create their own facilities without any constraints, and the free zones also provide investors with office space, production plants or warehouses, which is a very favourable policy for investors. All areas of activity in the zones are open to both Turkish and foreign companies. Currently, there are 19 free zones in Turkey, of which 18 are in operation and one is under construction (West Aegean Free Trade Zone). The free zones are strategically located to provide fast access to the EU and Middle East markets through Mediterranean, Aegean and Black Sea ports.

Currently, the existing free zones in Turkey are summarised in the table below.

Table 5-2 Overview of free zones in Turkey

(in square metres)

Name of the economic zone	Year of establishment	area (of a floor, r,	Priority industries
---------------------------	-----------------------	----------------------	---------------------

Adana Yumurtalek	1992	4,500,000	Chemical, petrochemical, energy, terminal plants, etc.
Istanbul Industry and Trade	1992	460,000	Electronics, hardware, chemicals, etc.
Samsun	1995	73,150	Furniture, medicine, video, electronics, etc.
European	1996	2,000,000	Textile, chemical, electronics, automotive, machinery, etc.
Rize	1997		Food, chemical, electronics, etc.
Kayseri (volcanic island in the Arabian Peninsula)	1997	6,905,000	Textile, automotive, furniture, construction, etc.
Izmir (city in Uzbekistan)	1997	1,630,000	Leather, chemical, electronics, textile, etc.
Gaziantep (name)	1998	1,414,300	Textile, food, chemical, plastic, machinery, etc.
Turkish Council for Scientific and Technological Research - Marmara	1999	620,000	Technology, software, design, research, etc.
Denizli	2000	540,000	Textile, chemical, etc.
Bursa	2000	825,000	Automotive, machinery, textile, etc.
Kocaeli, capital of Rwanda	2000	798,000	Ships, machinery, automobiles, etc.

Source: Collated by the Economic and Commercial Section of the Chinese Embassy in Turkey.

5.7 Provisions of the Labour and Employment Act

5.7.1 Core labour law

The Turkish Labour Law regulates the working conditions of workers, the rights and obligations between the employer and the worker, the conclusion and termination of the labour contract, the remuneration, etc.

[Conclusion of labour contract]

A written labour contract is mandatory for the establishment of a labour relationship of one year or more. There is no fixed format for an employment contract,

unless the law requires otherwise. The types of labour contracts are divided into short-term (up to 30 days) and long-term contracts, fixed-term and open-ended contracts, part-time and full-time contracts, collective contracts, and labour contracts with a probationary period (a probationary period of up to two months, which may be extended by agreement to a maximum of four months)

[Dismissal]

The termination of the contract by both parties during the probationary period does not require prior notice and does not provide any compensation. At the end of the probationary period, either party to the labour contract must give the other party advance notice of its intention to terminate the contract, with two weeks' notice for less than six months' service, four weeks' notice for six months' to one and a half years' service, six weeks' notice for one and a half to three years' service and eight weeks' notice for more than three years' service. Any violation of the regulations by either party shall require the other party to

Payment of wages equivalent to the statutory notice period as compensation. If the employer terminates the contract early, the employer must notify the other party in writing and must state the reasons clearly and precisely. If the employer violates the notice period, he/she is required to pay the worker compensation equal to three times the wages of the notice period. The Labour Law reserves the right of the employer to terminate the employment contract early in case the worker has acted improperly, maliciously or immorally.

[Wages]

Payment must be made in lire. Wages may be paid on a monthly basis and remuneration may be paid on a weekly basis, as agreed by the parties in the labour contract. The legal statute of limitations on wages is five years. The Labour Code establishes a system of minimum wages, the limits of which are adjusted annually by the Ministry of Labour and Social Security through the Minimum Wages Commission.

[man-hours]

Statutory working time is a maximum of 45 hours per week. By mutual agreement, the daily working time may take different forms, but the daily working time shall not exceed 11 hours, and this shall not exceed two months, and may be extended to four months by mutual agreement. If the working hours are lower than normal due to force majeure, the employee's own reasons, or around national or public holidays, the employer may ask the employee to perform compensatory work within two months afterwards, which is not considered overtime, but may not exceed three hours per day and may not exceed a maximum daily working time of 11 hours.

[Overtime]

An employer who requests overtime work shall obtain the consent of the worker. Under normal circumstances, if a worker's working hours exceed 45 hours per week, the employer shall pay overtime wages at the rate of one and a half times the hourly wage, and at the rate of two times the hourly wage on weekends and holidays; if, after negotiation, the worker does not receive his or her wages, he or she may be paid an offset of one hour of his or her normal working hours. If a worker is unable to work for more than one week because of force majeure, the employer shall pay the worker one week's wages at half the daily wage. The total number of overtime hours may not

exceed 270 per year.

[Social Security Benefits]

Social insurance in Turkey is regulated in detail by the Social Insurance Law, the Unemployment Insurance Law and the Labour Law. Employers are obliged to entitle their employees to social insurance from the moment they start working. Contributions are based on the actual income of the employee and are paid by the employer and the employee separately. Unemployment insurance is mandatory and employees are required to pay their own unemployment insurance premiums.

Table 5-3 Social Insurance in Turkey

Types of social insurance	Employee contribution (per cent)	Employer contribution rate (per cent)	Total share of pre-tax wages (%)
Short-term risks	-	2	2
Long-term risks	9	11	20

medical insurance	5	7.5	12.5
unemployment insurance	1	2	3
(grand) total	15	22.5	37.5

Source: Turkish Social Insurance Law

5.7.2 Provisions for foreigners to work locally

The Turkish Law on Foreigners and International Protection, which entered into force on 11 April 2014, stipulates that foreigners entering Turkey should ensure that their passports or other travel documents are valid for more than 60 days after the expiry of the validity period of their Turkish visa, residence permit or visa-free entry stay, failing which they will be denied entry. This provision came into force on 1 January 2015.

[Work permit system]

According to the Turkish Law on Work Permits for Foreigners, foreigners are required to obtain a work permit in order to work in Turkey. In order to apply for a work permit, a foreigner must obtain a work visa and a residence permit beforehand. There are two types of work permits for foreigners: those with a fixed term and those without a fixed term, as well as independent work permits and turquoise cards.

Work permits with a definite duration: for the first time, the permit is valid for a maximum of one year, and after one year it may be extended for a maximum of two years if the person continues to perform the same work in the same workplace or company, and it may be renewed again for a maximum of three years.

Work Permit of Undetermined Duration: Foreigners who have been holding a permanent residence or working legally in Turkey for eight years may obtain a work permit of undetermined duration without any restriction on the foreigner's establishment, occupation, place of work, etc.

[Employment available]

Foreigners can work in Turkey in agriculture, industry, services, special positions in civil and geological fields, etc. According to the relevant Turkish laws, foreigners are prohibited from working in the fields of public health, lawyers, auditors, etc., specifically

in the professions of doctors, dentists, veterinarians, nurses, pharmacists, notaries, agents, certified public accountants, lawyers, customs counsellors, crew members, private security guards and tour guides.

[Market Demand Test Conditions]

The relationship between the capacity of the local labour market and the market environment, the general economic environment and the areas in which foreigners can work, as a condition for the market demand test.

[Main processes for the introduction of foreign labour]

(1) Foreigners whose place of residence is not in Turkey can apply to the Turkish Embassy or Consulate in the country/region where they reside or in the country/region where they are nationals, and the applicant is required to provide the Turkish Embassy or Consulate with his/her passport, the application for a work visa, a photograph, and a copy of his/her labour contract. If all the documents submitted are accurate and complete, upon approval, the Embassy or Consulate will

The applicant is notified by telephone or e-mail. Once the work permit has been issued and the application for a work visa has been approved by the Turkish Ministry of Labour and Social Security, the applicant can enter Turkey with a work visa and start working.

(2) Foreigners who have a valid residence permit (with a minimum validity of 6 months, except for residence permits for the purpose of education) can apply directly to the Turkish Ministry of Labour and Social Security by submitting a work permit application which includes an application form for foreigners, a notarised copy of the passport translated into Turkish, a notarised copy of the graduation diploma translated into Turkish, a resume, a written application for a work permit issued by the employer's institution and a balance sheet of the previous year certified by the tax authorities. application for a work permit issued by the employer's institution, and a balance sheet and profit and loss account for the previous year certified by the tax authorities. For FDI, the original or a copy of the Turkish Trademark Registration Notice certified by the organisation itself showing the recent capital and shareholding structure of the organisation is also required. If the applicant is an engineer or architect, the Turkish Ministry of Family, Labour and Social Services submits the application to the Council of Higher Education and the Union of Engineers and Architects for approval.

5.8 Regulations on the Acquisition of Land/Forestry by Foreign Enterprises in Turkey

5.8.1 Main elements of the land law

Turkey published Regulation No. 6302 on 18 May 2012 in the Official Gazette. The regulation significantly amends the previous Turkish real estate law and regulates the conditions that must be met by foreign individuals who plan to acquire and own real estate in Turkey.

Website: <https://www.resmigazete.gov.tr/eskiler/2012/05/20120518-1..htm>

5.8.2 Provisions for the acquisition of land by foreign-owned enterprises

The newly amended law of 2012 has the following provisions for foreign nationals:

(1) Each foreign citizen may not purchase more than 30 hectares of land in Turkey, and this limit may be doubled if authorised by the Council of Ministers.

(2) The sale of land to foreigners/companies in each municipality cannot exceed

10 per cent of the land area of the district.

(3) The sale of land to foreigners should be in designated areas, and foreigners are not allowed to buy land in militarily sensitive and other security zones.

(4) Remove the requirement for bilateral reciprocal land purchases.

(5) The purchase of undeveloped land is subject to the submission of a construction plan to the Turkish Ministry of Environment, Urban Planning and Climate Change within two years and the construction is to be completed within the timeframe determined by the Ministry.

The provisions of the newly amended law for foreign legal persons are as follows:

(1) The purchase of immovable property by foreign shareholders owning 50 per cent or more of the shares requires the written consent of the Governor.

Less than 50 per cent is not required.

(2) When a foreign investor has 50 per cent or more of the shares in a company or has the right to appoint or dismiss a majority of the Turkish directors on the board of directors, it is reported to the Ministry of Industry and Science, which informs the General Directorate of Land Registry and Cadastre of the change and the Directorate General, in coordination with the host provincial government, assesses whether it is appropriate for the company to hold the immovable property. If the immovable property is located in a militarily sensitive or secure area, the company may be requested to sell the property.

(3) Foreign investors whose land is involved in oil exploration and exploitation, tourism development and industrial zones are required to submit their construction plans to the Turkish Ministry of Environment, Urban Planning and Climate Change within two years from the date of purchase and to complete the construction within the time frame determined by the Ministry.

(4) There are special restrictions on the purchase of land by foundations, associations, etc.

5.9 Provisions for Foreign Enterprises to Participate in Local Securities Trading

Turkey has no special rules for foreign companies to participate in local securities trading.

5.10 environmental authority

5.10.1 Environmental Management

The Ministry of Environment, Urban Planning and Climate Change is responsible for matters related to environmental protection in Turkey, including environmental management, environmental assessment, land use, natural resources protection, conservation of animal and plant species, pollution prevention and control, environmental protection promotion, formulation of environmental protection policies and development strategies, as well as co-operation with local environmental protection authorities, national and international organisations, environmental protection data collection, and issuance of environmental protection permits.

Website:

<https://csb.gov.tr/>电话:
0090-3124101000

5.10.2 Major environmental laws and regulations

The main laws and regulations on environmental protection in Turkey are the Environment (Protection) Law, the Forestry Law, the Regulation on Air Quality Control, the Regulation on Water Pollution Control, the Regulation on Noise Control, the Regulation on the Control of Solid Waste, the Regulation on Environmental Impact Assessment, the Regulation on the Control of Medical Wastes, the Regulation on the Control of Toxic Chemical Substances and Products, the Regulation on the Control of Hazardous Wastes and so on.

The above laws and regulations can be accessed at www.bayindirlik.gov.tr

5.10.3 Basic points of environmental laws and regulations

[Forest protection]

The protection of forests in Turkey is aimed at achieving sustainable development in laws and regulations such as the Constitution and the Forestry Law. Encroachment on forests is strictly prohibited and the reduction of forest land under various names is strictly prohibited; the installation of facilities and the construction of projects in forest land are not permitted except when required in the public interest; the risk of fire in forests is strictly controlled; and the Government encourages the planting of forests by natural and legal persons, and the Government is obliged to provide tree species free of charge.

[Atmospheric protection]

Turkey's Air Quality Control Regulation requires natural or legal persons to reduce emissions of soot, smoke, dust, toxic gases, suspended particles, etc. The Regulation sets limits for the concentration of pollutants in exhaust gases, and in particular, power plants are required to take measures to reduce the concentration of sulphur dioxide in exhaust gases, with an upper limit of 1,000 mg/standard cubic metre for emissions from thermal power stations. For the use of equipment that is harmful to health or hazardous, an emission permit is applied for.

[Protection of water bodies]

The Turkish Regulation on the Control of Pollution of Water Bodies establishes technical and legal principles for the protection of water bodies. The Regulation delineates the boundaries of protected areas and establishes strategies for the use of land in reservoirs and lakes used for drinking water; it also establishes the principles for discharging effluents into surface water and groundwater and how to treat the effluents. At the same time, surface water is divided into four classes and groundwater into three classes.

[Pollution Incident Handling]

Provisions related to the handling of pollution accidents in Turkey are scattered in laws and regulations such as the Constitution, the Civil Code and the Environment (Protection) Law. Maintaining the environment and preventing environmental pollution is an obligation of the state and all citizens, and any subject who discovers an act or accident that pollutes the environment and damages the environment can request (apply) to the administrative authorities to stop such acts, and the administrative

authorities can penalise any natural and legal person who violates the environmental protection laws and regulations, pollutes the environment, imports poisonous wastes, creates noise, and pollutes the sea, and the specific measures taken are the stoppage of the production, cessation of the infringement, Restitution and fines.

[Criteria for compensation]

The subject who caused the pollution incident must bear the corresponding liability, which is determined by the amount of damage caused by the pollution incident and the cost of restoring the status quo ante. If the responsible party fails to take any action to prevent the occurrence or expansion of the pollution incident, the administration is obliged to take appropriate measures to eliminate or reduce the damage caused by the pollution incident, and the costs incurred are to be borne by the administration, which then has the right to recover compensation from the responsible party.

5.10.4 Environmental Impact Assessment Regulations

Turkey attaches great importance to the protection of the environment and its Environment Law was enacted in 1983 and has been amended and supplemented several times since then, and the Environmental Impact Assessment (ÇED - Çevresel Etki Değerlendirmesi) regulation was introduced in 1993. Turkey has a large number of monuments and therefore environmental impact assessments are required prior to the implementation of projects, whether they are public or private investment projects.

Assessment. Project assessment requires submission of ÇED application, ÇED report and project description, and the project shall not be subject to any form of bidding or financing, etc., without a positive ÇED opinion or a Certificate of Exemption from Environmental Assessment.

The EIA can be divided into six categories according to the nature and field of the project: chemicals, petrochemicals, pharmaceuticals and waste; industrial equipment; agriculture, forestry, aquaculture and foodstuffs; transport, infrastructure, coastal construction; energy, tourism, accommodation; and minerals. The details under each category can be found in the Turkish Official Gazette No. 26939, Çevresel Etki Değerlendirmesi Yönetmeliği, at www.resmigazete.gov.tr.

As a rule, the Turkish Ministry of Environment, Urbanisation and Climate Change does not accept self-applications for EIAs for large-scale projects due to the cumbersome nature of the professional documentation and procedures required, which can be handled by professional consulting firms. The duration and cost of the EIA varies from project to project, usually 3 to 6 months, and the cost ranges from TL 20,000 to TL 40,000 depending on the type and size of the project. EIAs are carried out by the Directorate General of Environmental Impact Assessment, Licensing and Inspection of the Ministry of Environment, Urbanisation and Climate Change.

Tel: 0090-312-4240460, 0090-312-4186435

Fax: 0090-312-4192192

Website: <https://www.ced.csb.gov.tr/>

5.11 Provisions against commercial bribery

In 1990, the Turkish Parliament adopted the Law on Property Declaration, Combating Bribery and Corruption, which regulates the declaration of property, updating of declarations, supervision of property, receipt of unlawful property or declaration of irregularities by public officials, and on the basis of which the courts hear and pass judgement on cases of irregularities and breaches of discipline.

[Legally bound]

Public officials of the management staff of the General Command and Centre of the Turkish Air Force Association and its branches; public officials of the General Directorate of Flying of Turkey and its branches; public officials of the Headquarters of the Red

Moon Association of Turkey and its branches; public officials of the General Budget and Budget Increase Administration; public officials of the Provincial Special Administrations, the Municipal Administrations, and their subsidiaries and affiliates; public officials of the State Enterprises (State Controlled Enterprises and Wholly Government Owned Corporations) Public officials of state enterprises (state-controlled enterprises and companies wholly owned by the government) and their branches, joint ventures with state enterprises and joint ventures; public officials of institutions established by special law, public service institutions and their subordinate units and commissions; public officials other than handymen of other public administration and supervisory bodies; chairpersons of political parties, managers of foundations, chairpersons of co-operative societies and trade unions, and members of the top management of the above-mentioned institutions, members of the middle management, accountants, executives and supervisors of public associations Supervisors; owners of newspapers, members of their corporate management and supervisory bodies, managers, editors-in-chief and commentators.

The above persons are required to declare their assets on a regular basis, and those who are required to do so under a special law are also required to do so under this law.

[Definition of offences]

The above-mentioned public officials may receive, in accordance with the principles of protocol or friendship between the two countries, a letter from a foreign government, an international organisation, an international organisation or its member states, or from the Government of a foreign country.

(b) Gifts from other state legal organisations, non-Turkish individuals or legal persons. If the value of the gifts received exceeds the total amount of ten months' salary, they are to be handed over to their organisations within one month. Exceptions are made for signed commemorative picture frames given by persons of foreign nationality or representatives of interstate institutions.

[Penalties]

Failure to declare property during the term of office of the above-mentioned public officials within the prescribed period is punishable by three months' imprisonment. Failure to provide proof of the declaration of property after the receipt of the letter of enquiry shall be punishable by imprisonment for a period of between three months and one year.

If the investigation reveals a failure to make the declaration on time, but the amount does not fall within the scope of the criminal law, the penalty shall be imprisonment for six months to three years. If the investigation reveals the receipt of unlawful property, but the amount does not fall within the scope of the criminal law, the penalty shall be imprisonment for a period of three to five years.

and a fine of 5 million lire.

5.12 Provisions for local works by foreign enterprise contractors

5.12.1 licensing scheme

[Policies and regulations]

Turkish legislation regulating foreign contractors contracting for works in Turkey consists mainly of the Public Procurement Law and the Law on Procurement of Public Contracts, among others. Turkey's Public Procurement Law provides for a 15 per cent price preference for locally established corporate bidders over foreign joint ventures, a provision that constitutes discrimination against foreign bidders, but which is generally not applied to large-scale projects in the interest of fairness. At the same time, the qualification for participation in government procurement requires certification, which is expensive and complicated, resulting in many companies being unable to participate in the bidding process because of difficulties in obtaining certification in a timely manner, which reduces the fairness of the bidding process. Turkey is also a large engineering

contracting country, according to 2021 US ENR (Engineering News Record), the number of Turkish companies selected as the world's 250 largest international engineering contractors is 40 (78 mainland Chinese companies) As a result, the Turkish government or private owners do not usually choose foreign contractors on equal terms. As a matter of practice, foreign companies are largely unable to participate in civil engineering projects in Turkey.

[Application Requirements]

Foreign contractors are required to provide the following documents and information when contracting works in Turkey:

- (1) Bidders are required to submit bank references showing their financial standing;
- (2) Bidder's balance sheet;
- (3) Be able to demonstrate the bidder's track record in the field of the project and the turnover already achieved in the relevant field;
- (4) Bidders are required to submit documents on their production capacity, R&D capability and quality control system;
- (5) Bidders are required to submit their business registration documents;

(6) Bidders are required to submit at least 3 per cent of the bid price as a security deposit;

(7) A bidder whose bid is significantly lower than that of other bidders is required to explain in writing the reasons for its low bid within a specified period of time before its bid is determined;

(8) Before signing the contract, the successful bidder is required to submit a security deposit (usually a performance bond) equal to 6 per cent of the contract price, which will revert to the State Treasury without any legal proceedings if the successful bidder is unable to fully meet its obligations. In the event that the successful bidder is unable to fulfil its obligations in full, the awarding party shall determine that the second-ranked bidder shall be awarded the contract, and this shall be postponed.

If the successful bidder is a joint venture, the contract will need to be signed by all partners.

[Eligibility requirements]

The main provisions of Turkey's restrictions on the qualifications of foreign contractors contracting for works in Turkey are:

(1) The bidder is required to have 15 years of experience in the field of the project to be bid;

The executive manager of the project is required to submit documents proving that he or she has at least five consecutive years of experience in the execution of projects of this type;

(2) Submit the status of the bidder's organisational structure, demonstrating that it has sufficient, or is about to employ sufficient, professional staff;

(3) Be able to demonstrate that the bidder has adequate equipment and facilities to complete the project to be bid;

(4) Partners or shareholders of a company may not participate directly or indirectly in the bidding, but members of the board of directors of a non-stock company or those holding no more than 10 per cent of the shares may do so.

(5) Proposed bidders with one of the cases of bankruptcy, frozen assets, suspension of business practices, etc., are prohibited from bidding;

(6) Enterprises established in Turkey or other countries that have not fully paid their social security funds are prohibited from bidding;

- (7) Enterprises established in Turkey or other countries that have not fully met their tax obligations are prohibited from bidding;
- (8) A person who has been found guilty by a court of a professional offence in this field within five years prior to the bidding period is prohibited from bidding;
- (9) Bidding is prohibited if there is evidence of misleading behaviour contrary to the guidelines or ethics of work in the field within the five years preceding the bidding period;
- (10) Prior to the bidding period, a person who has been declared by the relevant Chamber of Commerce organisation to be prohibited from engaging in professional conduct in the field is prohibited from bidding;
- (11) Individuals and enterprises that have been recognised by the relevant bodies as having been involved in pseudo-bankruptcy cases are prohibited from participating in tenders, either directly or indirectly;
- (12) Natural persons or their spouses, close relatives up to the third generation, in-laws up to the second generation, or adopted children who are employed by the tender-issuing party shall not be permitted to participate in the tender directly or indirectly;

In addition, since 2018, the Turkish government has adopted an electronic registration bidding system (EKAP) bidding on state-funded projects. As China has not joined the Hague legal system, tender documents need to be quadruple-certified by the Chinese and Turkish Ministries of Foreign Affairs, which has resulted in the bidding of Chinese companies

Technical barriers. However, local and European and American companies are not affected.

Due to the requirements of business performance and qualifications, foreign natural persons are not allowed to undertake contracting projects in Turkey, but foreign natural persons may set up or participate in a legal person to undertake contracting projects.

[Relevant provisions for construction]

Project builders should provide safe buildings and prohibit low-quality, unplanned and uncontrolled construction, which should follow national standards, be subject to supervision and inspection, and be required to pay compensation for damage to persons or property caused by problems with the quality of the construction. The executing party of the construction should comply with the scientific regulations, and in the construction process should be supervised by civil engineers and architects, and different standards of supervision are required for different levels of floor area, with the highest level being for a floor area of more than 360,000 square metres but not more than 600,000 square metres, and should be supervised by at least five civil engineers or architects for civil engineering, at least three structural engineers for design, at least three mechanical engineers and at least two electrical engineers for civil engineering. Engineers and at least 2 Electrical Engineers for Installation Design Supervision, at least 20 Civil (Architectural) Engineers and 10 Mechanical Engineers and 5 Electrical Engineers as Supervising Engineers, and so on for other classes. The Supervisor will supervise all construction materials and frames of the project. All construction materials used by the executing party of the project should have TSE certificate and also, before using certain construction materials, a designated laboratory is required to test the construction materials. The labourers employed shall be trained for the job and hold the post, and the Supervising Party shall supervise all of the above. The executing party should take the initiative to request an overall inspection of the project and take the initiative to eliminate any hidden problems in the project based on the inspection report.

5.12.2 Prohibited areas

The relevant Turkish laws do not restrict the areas in which foreign contractors can

contract works in Turkey, i.e. there are no mandatory regulations, and conditions are set for contractors only in individual projects.

5.12.3 Bidding method

The main methods of tendering in Turkey are open tendering, limited tendering, consultative tendering and negotiated tendering. Open tendering means that all bidders may participate in the tender. Limited tendering means that the tenderer presets the minimum qualifications of the bidders, and only the bidders invited by the tenderer may submit tenders, which may be no more than five, but no less than three bidders. Negotiated tendering, i.e., under the conditions stipulated by law, negotiated tendering may be used, whereby the issuing party negotiates with the bidders on technical details, execution procedures, and the contract price under certain conditions, and the number of bidders cannot be less than three. Negotiated tendering, i.e., under special provisions of the law, the tenderer invites the bidders to negotiate technical conditions, prices, etc., and the bidders can be only one.

Accordingly, the method of bidding can be divided into the above methods.

The issuing party shall establish a bidding committee with a minimum of five members and an odd number of members, including at least two

Specialist in the project, a finance officer.

In the case of open tendering, a notice of issuance shall be published not less than 40 days prior to the submission of tenders; in the case of limited tendering, the pre-qualification shall be announced 14 days prior to the deadline for bidders to apply for pre-qualification; and in the case of negotiated tendering, a notice inviting specific candidates to participate in the tendering shall be published not less than 25 days prior to the submission of tenders. The successful bidder is required to provide a performance bond of 6 per cent of the bid price within 10 days of the notice.

Tender website: <https://ekap.kik.gov.tr/EKAP/Default.aspx?ReturnUrl=%2fEKAP%2f>

5.13 Provisions for the protection of intellectual property rights

5.13.1 Laws and regulations on the protection of intellectual property rights

[Legal system]

Turkey was one of the early countries to have intellectual property laws with the enactment of the first Patent Act in 1879. However, it was not until 1994 that the Turkish patent law system was further regulated, and in 1995, a series of intellectual property laws and regulations such as the Patent Law (replacing the original Patent Law according to the Turkish Government's Proclamation No. 551) the Trademark Law, the Regulation on the Protection of Industrial Designs, and the Copyright Law were enacted, laying down a modern legal framework for the protection of intellectual property rights in Turkey. 2004 saw the adoption of the Plant Variety Rights Protection Act and the Layout Protection of Integrated Circuits Act, basically providing a complete and unified system of intellectual property legislation. In 2004, Turkey also passed the Plant Variety Rights Protection Act and the Layout Protection of Integrated Circuits Act, which basically provide a complete and unified legislative system for intellectual property rights.

5.13.2 Penalties for intellectual property infringement

The Turkish Trademark Law stipulates that the unauthorised transfer of a registered trademark from the original product to other products and packaging is punishable by 1-3 years' imprisonment and a fine of 5,000 liras, and the unauthorised use of a registered trademark or the transfer of a registered trademark is punishable by 1-3 years' imprisonment and a fine of 20,000 liras;

According to the Turkish Patent Law, infringement of a patent right may, in accordance with legal procedures, require the cessation of the infringement; compensation for material and moral damages to the patentee; confiscation of infringing products produced or imported by the infringer; and publication of the decision on the penalty to the public, among other things.

5.14 Main ways of resolving business disputes and applicable law

The Agreement on Mutual Promotion and Protection of Investments (MPPI) was signed between the Governments of China and Turkey on 13 November 1990, in which Articles 7 and 8 provide for "investment disputes" and "disputes between the contracting parties". If an investor encounters an investment dispute with the Turkish Government, he or she may seek redress in accordance with the relevant provisions of the Agreement. In 2015, the Governments of China and Turkey agreed to amend the Agreement on the Mutual Promotion and Protection of Investments, which has now entered into force.

In case of disputes arising out of investment co-operation in Turkey, they may be resolved by applying Turkish domestic law. International arbitration may also be sought as a remedy if international arbitration has been agreed upon in the contract. Since Turkey has signed and ratified the New York ~~C~~e., the Convention on the Recognition and Enforcement of Foreign Final Awards of 1958) arbitral awards rendered by international arbitral institutions are binding on Turkey. For example, a Chinese enterprise cooperated with a Turkish enterprise to develop a mine, and due to a dispute between the two parties in the process of equipment leasing, the Chinese enterprise has sued the Turkish enterprise to international arbitration. At present, the arbitral tribunal has not yet rendered an arbitral award. For example, a third-country enterprise failed in a bidding process with a Chinese enterprise and maliciously sued the Chinese enterprise in Turkey. The Chinese enterprise took the initiative to seek support from various parties and actively responded to the lawsuit, which it eventually won.

In addition, in 2015, Turkey established the Istanbul Arbitration Centre (IAC) to provide arbitration and mediation services for the resolution of commercial disputes between Turkey and foreign countries, with expedited arbitration being applied to disputes where the economic value of the claims and counterclaims does not exceed 300,000 liras. Website: <https://istac.org.tr/en/> .

6. Procedures for investment co-operation in Turkey

6.1 Procedures required for investing in a registered business

6.1.1 Forms of establishment of enterprises

Turkey allows foreigners to establish enterprises in the form of representative offices, branches, limited liability companies and joint stock companies. The requirements are respectively:

(1) Joint Stock Company (JSC) The capital of the company is divided into shares and the liability of the shareholders is equal to the number of shares they own. The New Commercial Code reduces the minimum number of promoters required for a partnership from five to three (natural or legal persons) the minimum number of board members from three to one, and the authorised capital limit of not less than 50,000 lire.

(2) Limited Liability Company (LLP) Under the New Commercial Code, the limitation on the number of persons required to establish a limited company, which was 2 or more, has been removed and 1 person can also establish a limited liability company. In this case, the company will need to be registered and publicised within 7 days and published on the company's website. In addition, the new law increases the minimum registered capital of a limited company from 5,000 to 10,000 lire. Specific regulated industries, such as certain financial services industries, cannot operate as limited liability companies.

(3) Branch. All foreign companies may set up a branch in Turkey, but they may not carry out activities in the field of energy, etc. through a branch. The establishment of a branch does not require the approval of the Turkish government, but only a resolution of the board of directors of the company's head office and registration with the local commercial registry. At least one representative of the branch is appointed and there is no restriction on nationality.

(4) Representative Office (Liaison Office) The Liaison Office is not allowed to carry out any commercial activities, but only to conduct market research and follow up on projects.

6.1.2 Receiving organisations for registered businesses

The documents required for the registration of all types of businesses in Turkey are basically the same, only slightly adjusted depending on the type of business. According to the current legislation, all the documents and formalities for setting up a company in Turkey have to be submitted to the Business Registration Office (Ticaret Sicili Müdürlüğü), an organisation under the Chamber of Commerce where the business is located. In the Istanbul region, for example, the regional business registration office is located in the Istanbul Chamber of Commerce building and has branches in three locations: Kadikoy, Perpa and Istoc. The Business Registration Office has the right to reject registration requests that do not comply with the law. After receiving approval and registration, all business registration information is recorded and a unique registration number is given and operations can begin. The forms of the documents required for the establishment of a company, such as the declaration, the application for establishment and the letter of commitment, can be found on the website of the Istanbul Chamber of Commerce or can be obtained from the Chamber and its branches at www.ito.org.tr

An application for the establishment of a representative office should be made to the Ministry of Industry and Science and Technology of Turkey and, if approved, the licence is valid for a period of three years, which can be extended for another three years. The representative office is required to submit a report on its activities during the past year to the Ministry of Industry and Science by May every year.

6.1.3 Main procedures for registering a business

- (1) Submit the articles of association in MERSIS (Central Registration System) to obtain the organisation code, website:

<https://mersis.gtb.gov.tr>

- (2) Obtaining a tax code. Documents required by the tax office: registration application form; contract; copy of the lease agreement showing the company's registered address; if the process is carried out through an agent, a power of attorney on behalf of the company must be issued

- (3) Application for registration with the Commercial Register includes: application for registration; notice of incorporation in four copies; company contract (one original and four copies) signed by all founders in the presence of a staff member of the Commercial Register or a notary public; proof of deposit of 0.04 per cent of the company's capital with the Competition Commission; signed statement of authorisation to represent the founders of the limited company
(two copies) original statement of incorporation; Chamber of Commerce registration form; bank receipt for full payment of minimum capital deposit (at least 25 per cent of the subscribed capital)

In the case of contributions in kind, it is also necessary to submit an expert report on the capital in kind, a statement that there are no encumbrances on the capital in kind, a statement that the assets in kind have been accounted for to the relevant authorities, a written contract between the founders of the company, other persons and the company concerning the establishment of the company.

If the foreign partner is a natural person, the following documents are also required: two copies of the passport of each shareholder, a notarised translation of the passport, a notarised residence permit if residing in Turkey, and a tax ID number obtained from the tax office.

If the foreign partner is a juridical person, the following documents are also required: firstly, a certificate issued by the relevant authority in the country/region where the investor is located, which should contain information on the current status of the company and information relating to signature rights. Secondly, a decision of the company agreeing to the establishment of the legal person shareholder; if there are any special conditions for the establishment of the company (name of the company, field of business, etc.) these conditions should be stated in the decision to ensure the transparency of the decision. Thirdly, if the proposed company is to appoint the legal person as a member of the board of directors, the actual name of the person acting on behalf of the legal person and the scope of his or her duties should be identified in the same decision or in a separate decision. If the process is to be carried out by an agent, a notarised copy of the power of attorney is required.

All necessary documents issued and signed outside Turkey need to be notarised or approved by the Turkish Embassy or Consulate in the issuing country. Official translations of original documents issued, notarised and apostilled must be certified by a Turkish notary.

6.2 Procedures for Undertaking Engineering Projects

6.2.1 Access to information

According to a survey of companies carrying out contracting work in Turkey, the main methods of contracting work projects in Turkey are:

Information on new engineering projects through the established customer base; frequent visits to target customers; subscription to TEBA Engineering Consultancy Magazine; participation in various specialised exhibitions in Turkey or the Middle East; and establishing contacts with relevant local associations for information on new engineering projects.

6.2.2 tenders and bids

[Mode of solicitation]

There are 2 main ways of tendering for engineering projects in Turkey:

(1) Tenders (including open, limited and negotiated tenders) In principle, all eligible suppliers may participate by purchasing a tender to participate in the bidding.

(2) Negotiated Bids. The Owner, based on its experience, identifies a select group of qualified bidders in the industry, and only this select group is eligible to participate in the bidding process.

In the above 2 ways, bidders must first complete the pre-qualification process, and after passing it, they need to purchase the tender from the owner and understand the owner's requirements. Before the bidding deadline, the bidding documents must be completed in accordance with the owner's request for proposals, with technical conditions and commercial prices quoted, and a bid bond must be submitted, with a minimum guarantee of 3 per cent of the bid price.

[Bidding requirements]

Turkey's bidding requirements for foreign companies are mainly:

- (1) The subject must fulfil the technical conditions and quality requirements set by Turkey;
- (2) The subject should meet the corresponding international standards, Turkey generally requires Chinese suppliers to meet the European standards, such as

DIN standard;

- (3) The subject is to meet Turkish safety, environmental and labour protection standards;
- (4) The subject should meet the owner's own company standards;
- (5) The supplier must have passed the corresponding internationally required ISO

certifications, e.g. ISO 9000/14000/18000 standards;

(6) Chinese enterprises participating in the bidding must have an in-depth understanding of international standards, master the international rules, in the bidding price, contract preparation, design, manufacturing, equipment packaging, surface painting, civil installation and construction, equipment production and operation, the quality of the future product specifications and other aspects of the international standards, including the user's factory standards or company standards, should be understood, used and satisfied. Most of the equipment delivered to Turkey requires a CE certificate.

6.2.3 Licensing procedures

In principle, companies bidding in Turkey must have a track record in the industry related to the subject matter and be pre-qualified by the users. For some special industries or special types of work, the company or skilled workers are required to have the appropriate qualification certificate at the time of construction.

Book.

6.3 Patent and Registered Trademark Applications

6.3.1 Patent application

Turkish Patent Law (1995) regulates the protection of patent rights for inventions and utility models authorised after examination or non-examination (non-examined), patentability criteria (novelty, inventiveness and utility) disclosure of the application, third party oppositions, term of patent protection, conversion of invention and utility model applications, employee inventions, infringement damages and other protection matters. The term of patent protection for inventions granted after examination in Turkey is 20 years, for non-examination granted inventions is 7 years and for utility models is 10 years. An applicant may delay the entry into actual examination by seven years by obtaining patent protection for non-examined inventions.

[Areas in which patents are not granted]

The Turkish Patent Law provides for the non-granting of patents on the following subjects:

- (1) Scientific discoveries, scientific theories and mathematical methods; plans, methods, programmes and rules for intellectual activities, management of business and trade activities and games;
- (2) Literary and artistic works, scientific works and creations of an aesthetic character; computer programmes;
- (3) Methods used for the collection, management, provision or presentation and dissemination of information or data without technical elements;
- (4) Therapeutic, surgical and diagnostic methods for use in human or animal bodies, excluding the products and compositions used in said methods and manufacturing processes themselves;
- (5) Inventions contrary to public order or social morality;
- (6) Species of animals and plants and farming methods that are largely dependent on biological factors.

[Requirements for application]

The Turkish Patent Law provides that the act of disclosing an invention within 12 months (including the grace period) before the filing date/priority date does not affect the

novelty of a patent application that is subsequently filed by it, subject to the following conditions:

- (1) Disclosure by the inventor;
- (2) Information disclosed by the agency and contained in another application submitted by an inventor that is not disclosed by the agency, or an application submitted by a third party who has been informed of the content of the invention directly or indirectly from the inventor, without the inventor's knowledge or consent;
- (3) A third party who is informed, directly or indirectly, of the content of the invention from the inventor's side.

The Turkish Patent Law defines inventiveness as "going beyond the prior art", in short, if the relevant field of technology

The result of an act that cannot be achieved by a professional in obvious reliance on the prior art is considered to be inventive. There is no inventiveness requirement for utility model patent applications in Turkey.

In 2006, a new Patent Law was published on the official website of Turkey. The key amendments of the new Patent Law are the addition of biotechnological inventions and the abolition of the non-examined-patent system. In addition, the pre-grant third-party opposition system will be abolished and replaced by a post-grant opposition system, although third parties will still have the right to submit written observations on pending applications. At the same time, the third party will be entitled to request a novelty search report from the opposed utility model application.

[Receiving agency]

The Turkish Patent and Trademark Office (Turk Patent ve Marka Kurumu) is the receiving authority. The TPI is under the Ministry of Industry and Science and is the only governmental institution responsible for the protection of industrial property rights. The highest decision-making body is the Board of Management, which consists of seven members, including the Director General, who is also the Chairman of the Board, and the top officials of the Turkish Patent Institute (TPI), in addition to those from the Ministry of Industry and Science, the Ministry of Finance and the Ministry of Justice, etc. The TPI has a Reexamination and Evaluation Board, which hears oppositions to granted patents and requests for invalidation.

[Patent application]

The way to file a patent application with the Turkish Patent and Trademark Office is:

- (1) Regular Application;
- (2) European patents granted under the EPC with a designation of Turkey as the country of designation through the PCT route to the national phase. Patent applications should be filed in Turkish. The patent specification and the claims may be filed in English and Turkish at the time of filing the application.

The application must be in the form of a translation into Turkish, French and German, provided that the translation into Turkish is submitted within one month from the date of filing. Applicants who do not have a residence or office in Turkey must appoint a registered patent agent to file the application.

[Patent examination]

Since 2005, the Turkish Patent and Trademark Office (TPTO) has been undertaking searches and examinations in a number of fields of technology, which were previously undertaken by its consortium partners, the EPO (searches only) the Swedish, Danish, Russian and Austrian Patent Offices. Turkey does not have an accelerated examination system, and the Austrian Patent Office can handle the examination on its behalf, subject to payment of a fee. There are three types of examination reports in Turkey: the actual examination report, the notice of opinion and the grant or refusal report. If the TPI

The results of the examination may be appealed to the Turkish Intellectual Property Court on the basis of sufficient grounds and evidence. Since therapeutic, surgical and diagnostic methods for use on human or animal bodies are not patentable in Turkey, neither pharmaceutical patent applications nor therapeutic method claims are recognised, and if the claims are reformulated as Swiss-type claims, the decision will be made subject to the opinion of the examination report. In addition, a divisional application may be filed at any time before the original application is granted or rejected.

[Approval Process]

A patent in Turkey usually takes four to five years to be granted from the time of filing and is usually subject to the procedures described below:

- (1) Formal review (1 to 3 months)
- (2) Novelty search (filed within 15 months from filing date/priority date)
- (3) Application for disclosure (18 months from the date of application/priority)
- (4) Search reports are publicly available (1 year from the time of request)
- (5) Patent type selection decision (patent for an invention examined with 20 years of protection, or patent for an invention unexamined with 7 years of protection)
- (6) Substantive review and further review (up to 3 reviews)
- (7) Granted or denied.

It is not feasible to challenge a granted patent without a decision by the TPI that the application is not unitary, novel or inventive unless it does not meet the formal requirements. Invalidation of a granted patent is usually possible by instituting legal proceedings. A third party may only file an opposition to a patent application with the TPI during the examination of the application (prior to grant) within six months from the date of publication of the search report, by submitting the relevant documents, which will be taken into account by the Examiner during the examination process.

6.3.2 registered trademark

[Applicant qualifications]

A prior applicant in Turkey enjoys the right to register and exclusively use the applied-for trade mark. However, a prior user of a trademark that has been used and is well known in the Turkish market may prove his or her right of prior use within six months from the date of registration of the trademark or within six months from the date when the trademark registrant started to use his or her trademark, or at the latest within three years from the date of publication of the registration of the trademark. Foreigners may enjoy the same rights as Turkish nationals on the basis of multilateral treaties, bilateral treaties or the principle of reciprocity, but foreigners may not submit an application for registration directly, but must appoint an agent residing in Turkey to handle the registration of the trade mark.

[Receiving agency]

The competent authority for the registration of trademarks in Turkey is the Patent and Trademark Office of the Ministry of Industry and Science.

[Registrable Trade Marks]

Product trademarks, service marks, collective marks, certification marks.

[Period of protection

for trademark

registration] 10 years

from the date of

application

[Registration procedure]

The following procedures are included:

- (1) Apply to the Trademark Office of the Ministry of Industry and Technology and submit the required information;
- (2) The Ministry of Industry and Technology accepts applications for trade mark registration and then conducts a formal examination. If a trade mark application is found to be incomplete or in need of additional clarification, the Registrar of Trade Marks will give the trade mark applicant a period of not less than three months in which to make corrections, which may be extended once by applying for an extension of one month. The time limit for responding to the official opinion is the same as the time limit for correcting the trade mark application documents. If the trade mark owner wishes to expand the product lines for which the trade mark has been applied, a new application will need to be filed;
- (3) After a trade mark application has passed the formal examination, it will enter the substantive examination. Substantive examination examines whether the trade mark is registrable under the law and whether the words and graphics of the trade mark are descriptive and deceptive. The Examiner will also conduct an official search of the trade mark application to confirm whether there is any conflict of rights with prior trade mark registrations. If the Examiner of Trade Marks finds that the trade mark application does not comply with the relevant legal provisions, the application for registration of the trade mark will be rejected. The Ministry of Industry and Technology does not accept consents or trademark coexistence agreements between parties;
- (4) Once an application for trademark registration has been examined by the Examiner of the Trademark Registry and has received a preliminary examination and approval, it is published in the Official Gazette of the Ministry of Industry and Technology, which includes the full name of the trademark applicant, the residence or registered address of the trademark applicant, the class of products or services covered by the application for trademark registration, and the designated products/services. Rulings relating to the application for registration of a trade mark, such as the deletion of some of the products or services specified in the application for registration of a trade mark, will also be published in the Official Gazette. The application for registration of a trade mark will again be published in the Official Gazette after the

application for registration has been approved for registration;

(5) If there is no opposition within 3 months after the publication, the certificate of possession of the trade mark is granted and the trade mark registration is established. The Turkish Trademark Law does not provide for opposition. Any person may file an opposition within 3 months after the publication of the trade mark application. All opposition applications must be filed with the court. According to the law, a trade mark must be registered in order to obtain legal protection; otherwise, the trade mark owner cannot accuse others of infringement by using the same trade mark on the same product. Trademark registration grants the trademark owner the right to use the trademark exclusively for the products or services for which the registered trademark is authorised. The trade mark owner has the right to sue for infringement of the trade mark and to file an opposition or cancellation application after the application/registration of the trade mark. The trade mark registrant also has the right to apply to the court for an injunction to stop the infringement. The trade mark registrant also has the right to initiate criminal proceedings if he/she believes that the infringer's behaviour is a criminal offence.

[Submit information]

The information required for a Turkish product/service mark registration application includes:

- (1) Signed and sealed power of attorney (no notarisation or authentication required)
- (2) Application for registration of a trade mark;
- (3) 20 trade mark drawings (between 5cm x 5cm and 8cm x 8cm)
- (4) Certificate of Commercial Activity, which shall specify the applicant's trade and the activity in which he is engaged, by the Ministry of Industry,

Issued by the Chamber of Commerce, the Council of Retailers and Tradesmen of which the applicant is a member, the Trade Register or the Inland Revenue Department (the name of the applicant must be the same as the name on the certificate)

(5) If the trade mark applied for has been registered in another country, the date of registration in that country and the registration number are required;

(6) Priority documents, if priority is claimed;

(7) Proof of payment of registration fee.

[Registration Application Cycle]

If all goes well, the usual time required is 10 months.

[Renewal]

Trademarks may be renewed every 10 years and may be filed no later than 6 months before the expiry of the period of protection. The grace period is 6 months.

[Use]

The registration of a registered trade mark may be cancelled by a court decision if the trade mark is not used within five years from the date of approval of the registration or if it is not used for a period of five consecutive years.

6.4 Procedures related to corporate tax returns

6.4.1 Time to file tax returns

Income tax returns are filed by the end of the second month of each quarter for the previous quarter and remitted at the end of the year.

6.4.2 Channels for filing tax returns

Normally, the enterprises will make their own declaration, and at the end of the year, they are required to issue a special report through the firm when they make the remittance.

6.4.3 Tax filing procedures

The local tax system and specific operations are complex, it is recommended to check the website of the local tax authority for more accurate and detailed information at www.gib.gov.tr (with English interface) or hire a professional accountant.

6.4.4 tax return information

The documents that need to be submitted for business tax returns can also be found at the following website ([www.gib.gov.tr](#))

6.5 Work Permit Processing

6.5.1 competent authorities

Turkey has strict work permit regulations for expatriates living in the country. In order to work in Turkey (as an employee or as a self-employed person) one must first obtain a work permit (commonly known as a "blue card") from the competent ministry.

The department is the Ministry of Labour and Social Security.

6.5.2 Work permit system

According to the Turkish Law on the Work Permit for Foreigners, foreigners are required to obtain a work permit in order to work in Turkey. In order to apply for a work permit in Turkey, a foreigner must have obtained an ordinary residence permit for at least six months before applying for a work visa. Due to the national interest of Turkey or force majeure, a foreigner who enters Turkey with an e-visa can stay there for a period of one month as a business visitor, during which time he/she can apply for a short-term general residence permit. Work permits are divided into work permits for a definite period of time and work permits for an indefinite period of time.

6.5.3 Application Procedures

Applications for work permits can be submitted either inside or outside Turkey: foreigners who have settled outside Turkey must submit their applications to the Turkish Embassy or Consulate in their country of residence or in the country of their citizenship; foreigners who have a legal right of residence in Turkey (valid for at least six months, with the exception of those who have obtained their right of residence for educational purposes) can submit their applications directly to the Ministry of Labour and Social Security (MLSS) in Turkey. Foreigners with legal residence in Turkey (valid for at least six months, except for those who have obtained it for educational purposes) can submit their applications directly to the Ministry of Labour and Social Security. When applying for a work permit, foreigners should submit a labour contract, a letter of appointment or a document stating the status of a partner in the company. Within 10 working days from the date of the foreigner's application to the Turkish Embassy or Consulate, the local Turkish employer must submit the application documents online to the Turkish Ministry of Labour and Social Security. The Turkish Embassy or Consulate and the Ministry of Labour and Social Security will complete the procedure online regarding the application for a work permit abroad. Foreigners whose applications have been approved by the Ministry of Labour and Social Security and those to whom work permits have been issued must enter Turkey within 180 days at the latest.

6.5.4 material provided

To apply for a work permit in Turkey, the following information needs to be submitted to the issuing authority:

- (1) Application;
- (2) A copy of a residence permit valid for more than six months;
- (3) Copy of passport translated into Turkish and notarised;
- (4) Academic certificates and vocational skills certificates translated into Turkish and notarised.

Relevant information can be found on the website of the General Directorate of International Labour, Ministry of Labour and Social Security.

(<http://www.calismaizni.gov.tr/>). The Investment Promotion Agency of the Presidency of Turkey has also launched a special Chinese version of its website (www.invest.gov.tr, where detailed information on work permits can be found in Chinese)

6.6. Institutions able to provide investment co-operation advice to Chinese enterprises

6.6.1 Economic and Commercial Sections of the Chinese Embassy and Consulates in Turkey

(1) Economic and Commercial Section of the Chinese Embassy in Turkey

Address: FERİT RECAİ ERTUĞRUL CAD. NO: 18 ORAN / ANKARA/Turkey

Tel: 0090-312-4900660

Fax: 0090-312-4464248

E-mail: tr@mofcom.gov.cn

(2) Exchange and Co-operation Section, Chinese Consulate General in Istanbul

Address: Ahi Celebi Cobancesme Sok No. 4 Tarabya/Istanbul

Tel: 0090-212-2992631

Fax: 0090-212-2992632

E-mail: istanbul@mofcom.gov.cn

6.6.2 Turkish Chamber of Commerce for Chinese Enterprises

Tel: 0090-312-2870613

Fax: 0090-312-2870613

E-mail: zhongziqiyeshanghui@gmail.com

6.6.3 Turkish Embassy and Consulates in China

(1) Turkish Embassy in China

Address: No. 9, Sanlitun East

5th Street, Beijing, 100600, P.R.

China

Tel: 010-65321715

Fax: 010-65325480

E-mail: embassy.beijing@mfa.gov.tr

(2) Turkish Consulate General in Shanghai

Jurisdiction: Shanghai, Zhejiang, Jiangsu, Anhui

Address: Room 806-808, Tower A, SOHO Zhongshan Plaza,

No.1055 West Zhongshan Road, Changning District, Shanghai

200051, P.R.C.

Tel: 021-64746838

Fax: 021-64719896

E-mail: consulate.shanghai@mfa.gov.tr

(3) Turkish Consulate General in Guangzhou

Jurisdiction: Guangdong, Guangxi, Fujian, Hainan

Address: 23A, Development Centre, No. 3 Linjiang Avenue,
Zhujiang New Town, Tianhe District, Guangzhou, Guangdong
Province, China Postal Code: 510623

Tel: 020-37853093

Fax: 020-37853496

E-mail: consulate.guangzhou@mfa.gov.tr

(4) Consulate General of Turkey in Hong Kong

Jurisdiction: Hong Kong and Macao Special Administrative Regions

Address: Room 301, Sino Plaza, 255-257 Gloucester
Road, Causeway Bay, Hong Kong Tel: 00852-
25721331

Fax: 00852-28931771

E-mail: consulate.hongkong@mfa.gov.tr

6.6.4 Turkish Investment Promotion Service

(1) Turkish Investment Promotion Agency (HQ)

Address: Cumhurbaşkanlığı Çankaya Köşkü Yerleşkesi
Ziur Rahman Caddesi No: 1 Çankaya/ANKARA 06700

Tel: 0090-312-4138900

Fax: 0090-312-4138901

Website: [https://www.invest.gov.tr/en/pages/home-
page.aspx](https://www.invest.gov.tr/en/pages/home-page.aspx)中国国家顾问: Tang Guozhong

tang.guozhong@invest.gov.tr

Tel: 0086-13161167325

(2) TIPA Istanbul Branch Address:

Muallim Naci Caddesi

No:73 OrtaköyBesiktas/ISTANBUL 34347

Telephone: 0090-212-468 69 00

Fax: 0090-212-468 69 69

7. Issues to be noted in investment cooperation between Chinese enterprises in Turkey

7.1 offshore investment

[Political risk and regional security risk]

Turkey is a secular and democratic Muslim country with a high level of development and low political risk, and is considered one of the most peaceful and secure countries in the Middle East. However, Turkey is home to the headquarters of a number of "East Turkistan" organisations, and "East Turkistan" elements hold numerous demonstrations in front of the Chinese Embassy and Consulate in Turkey every year. In recent years, Turkish extremist organisations and "East Turkistan" forces have often created false rumours and made trouble out of nothing, and on July 5, 2015, Chinese restaurants in Istanbul such as Happy China and Jingyatang were vandalised by extreme right-wing organisations in Turkey, and some tourists (including Korean tourists) were killed. On 5 July 2015, Chinese restaurants such as "Happy China" and Jing Ya Tang in Istanbul were vandalised by extreme right-wing groups in Turkey. Chinese enterprises planning to invest in Turkey should take safety precautions.

Turkey neighbours the Middle East region to the east. The Kurdish issue is a sensitive one in the Middle East, and there has long been a lack of mutual trust between the Turkish and Kurdish communities in Turkey. Although the Turkish Government and the Kurds have reached a "peace process" in the past few years, there are still some difficulties in moving forward. Violent terrorist activities have occurred from time to time in the Kurdish-populated areas along Turkey's borders with Iraq and Syria. As a result of the spillover effects of the Syrian civil war, the number of Syrian refugees entering Turkey from the Turkish-Syrian border has reached 3.67 million so far. The influx of Syrian refugees has not only increased the economic burden on the Turkish Government, but has also created a security risk.

[Economic risk]

Inflation has been on the rise, and at 36.08 per cent in 2021, Turkey's inflation rate is higher than the Government's medium-term inflation target of 16.2 per cent. Continuing high levels of inflation constrain the Central Bank's ability to stimulate the

economy through monetary policy, which has a negative impact on economic growth.

The current account deficit remains large. Turkey, which has long relied on low-cost foreign capital to fill its deficit gap, is unusually sensitive to global liquidity. The bulk of foreign capital inflows are speculative short-term investments into financial markets, which adds to the volatility of financial markets and the vulnerability of the economy. Currently, Turkey's current account deficit is showing clear signs of narrowing, suggesting that the Turkish economy is undergoing a structural adjustment.

Turkey's economy grew by 11 per cent in 2021 as the recovery continued. In the last two years, Turkey has suffered a currency crisis, with the Turkish currency, the lira, plummeting in exchange rates, triggering a slowdown in investment and consumption, and a surge in consumer goods and energy prices. The Medium-Term Economic Plan-New Economic Plan (2022-2024) projects Turkey at 5.0 per cent in 2022, 5.5 per cent in 2023 and 5.5 per cent in 2024.

The credit rating outlook has been downgraded, which will have a negative impact on Turkey's ability to attract foreign investment.

[Exchange rate risk]

In recent years, the lira has been weakening against the United States dollar, with an average exchange rate of 5.67, 7.01 and 8.89 against the dollar over the past three years.

In 2021, the Turkish lira has depreciated by almost 40 per cent against the US dollar. For trade and investment enterprises, the volatility of the lira's exchange rate has caused

The operating costs of cooperation with Turkish enterprises settled in US dollars have increased significantly, coupled with the shortage of Turkish cash currency, the risk of delayed or even refused payment has increased, making it difficult for Chinese-funded enterprises to pay back on time. For enterprises whose marketing revenues are denominated in lira, the actual profit is lower than expected, and the time for capital recovery is prolonged. For engineering enterprises, the market for Turkish engineering is shrinking, and it is more difficult to contract projects, and it is difficult to guarantee the return of revenues.

[Natural Disasters]

Turkey, located in the North Anatolian Fault between the Eurasian and African tectonic plates, is an earthquake-prone region, with earthquakes of magnitude 6.0 or higher occurring in 1999, 2002, 2003, 2006, 2010, 2011, 2020 and 2021. In 1999, an earthquake of magnitude 7.4 hit the west-central region, killing 18,000 people.

In case of natural disasters, you can concentrate on Ankara, Istanbul, Izmir, Antalya, Adana, Kayseri, Van, Zonguldak, and pay attention to the relevant information on the website of the Chinese Embassy in Turkey, where the Chinese Embassy and Consulates in Turkey will organise the necessary assistance and evacuation activities.

Chinese enterprises that are willing to invest should pay attention to the following points:

(1) Comprehensive knowledge of Turkish policies and laws. Turkey has many departments and laws related to investment management, and the relevant provisions are reflected in the Commercial Code, Foreign Direct Investment Law, Foreign Trade Law, Customs Law, Law on the Prevention of Unfair Competition in Imported Products, Law on Free Economic Zones, Law on Tax Measures of the Government for the Promotion of Exports, and the Framework Decree on Foreign Investments, among other documents. Chinese companies must fully understand local investment laws and policies and consult local lawyers, accountants and other professionals before making investments in Turkey.

Stamp duty, which is the most common issue in current tax practice in Turkey, is widely applied in Turkey to contracts, agreements, bills payable, asset donations, letters of credit, letters of guarantee, financial statements and payroll entries, etc., and is usually collected at percentages ranging from 0.189 per cent to 0.948 per cent on the basis of the

amount (value) stated on the documents and official papers. According to Chinese enterprises, the amount of stamp duty payable under Turkish law when signing a contract in Turkey is much larger than the tax paid domestically. Therefore, Chinese enterprises can save money by agreeing with the Turkish side to choose the place of contract signing in China.

(2) Make every effort to do market research. In particular, do a good market access survey and choose the right sectors to invest in. Currently, Turkey still imposes restrictions on foreign investment in some sectors, including broadcasting, aviation, shipping, ports, fisheries, accounting and auditing, finance, oil, mining, real estate, electricity, education and private employment. The main forms of investment restrictions include investment ratio restrictions, prohibition of operations and issuance of special licences. Restrictions on the proportion of investment: According to the Turkish Law on Radio and Television Broadcasting and Establishment, the proportion of foreign investment may not exceed 25 per cent; furthermore, according to the Law on Aviation and the Law on Maritime Transport, the proportion of foreign investment may not exceed 49 per cent. Prohibition of operations: According to the Fisheries Law, foreigners cannot obtain a fishing licence and are prohibited from registering a fishing vessel in Turkey unless the ownership of the vessel is predominantly Turkish; in addition, according to the Aviation Law and the Maritime Transport Law, foreign investment is limited to 25 per cent.

Air Law and Maritime Law, air and maritime transport licences can only be issued to enterprises whose main decision-making power is with the Turkish side.

(3) Pay attention to the language issue. The official language of Turkey is Turkish, English is not popular in Turkey, Chinese enterprises should fully consider the language communication problem when they go to Turkey to carry out investment and co-operation, and it is recommended to hire professional Turkish interpreters (there are local Chinese students who can be competent) so as to avoid the obstacles caused by the language barrier.

7.2 Foreign contracted projects

Contracting companies in Turkey should be aware of the following points:

(1) Timely processing of work permits. It is difficult to apply for a work permit and the processing period is long. Turkey is strict in approving work visas for Chinese employees, and even some Chinese employees who have lived in Turkey for a long period of time find it difficult to get approval for work visas. Another consequence of the difficulty in applying for work visas is that some legitimate Chinese employees in Turkey are accused of illegal labour in the country, and are detained and repatriated, which has a greater impact on the business of Chinese enterprises in Turkey. Therefore, if a Chinese enterprise has a Turkish partner, it is recommended to explicitly request the Turkish party to be responsible for handling this matter in advance in the contract, with the Chinese party bearing the necessary costs. If this is not possible, it is advisable to handle the matter through local organisations in order to save time and avoid unnecessary trouble.

(2) (c) Greater preference for co-operation with local enterprises. As mentioned above, Turkish law stipulates that bidders from locally established enterprises enjoy a 15 per cent price preference for some projects compared to bidders from foreign enterprises. As a result, it is difficult for foreign companies to participate in some of the contracting projects in which local companies in Turkey specialise, such as industrial and civil buildings, roads and bridges.

Some Chinese-funded enterprises **have created a** new model of "investment + **contracting**", for example, AVIC International Complete

Equipment Co. Ltd. and Shanghai Electric Power Co., Ltd. of the State Power Investment Group have established a joint venture with EMBA Power Generation Company of Turkey, with 90 per cent of the shares held by the Chinese side and 10 per cent of the shares held by the Turkish side. The Chinese side is involved in the construction and operation of two 660MW ultra-supercritical coal-fired thermal power units, with a total investment of more than US\$1.7 billion. The project is a new success story in the context of "Belt and Road" construction and capacity cooperation. In addition, China Tianchen Engineering Co., Ltd. has adopted the "EPC+F" method to contract the Cazan natural alkali project of Turkey's Gina Group, with a contract value of about USD 1.1 billion, and the Chinese banking syndicate provided project financing loans. In 2019, the project was selected as a typical project of "Belt and Road" international cooperation.

7.3 foreign labour cooperation

According to Turkish laws and relevant policies, combined with the specific situation of Chinese-funded enterprises conducting business in Turkey in recent years, Chinese labour services entering Turkey may face the following policy risks:

- (1) The entry of foreign labourers into the Turkish market is subject to the condition that the employer hiring a foreign labourer must also hire a foreign labourer.

Provision for the use of five local labourers;

(2) Holders of ordinary passports on official business are not able to obtain work visas for Turkey;

(3) Chinese labourers are faced with the problem of double payment of social insurance in China and Turkey. According to the Turkish Government, citizens who pay social insurance in their home country/region are not required to pay social insurance in Turkey if their home country/region has signed a social insurance agreement with Turkey. Since China has not yet signed such an agreement with Turkey, Chinese labourers are obliged to pay Turkish social insurance.

Labour assistance agencies and contact details:

(1) Confederation of Turkish Trade Unions (TURK-IS)

Tel: 0090-312-4333125

Fax: 0090-312-4336809

Website: www.turkis.org.tr

(2) Confederation of practical trade union (DISK)

Tel: 0090-212-2910005

Fax: 0090-212-2342075

Website: www.disk.org.tr

(3) Confederation of Public Laboratory's Unions (KESK)

Tel: 0090-312-4367111

Fax: 0090-312-4367470

Website: www.kesk.org.tr

(4) hak-is konfederasyonu

Tel: 0090-312-4178002

Fax: 0090-312-4250552

Website: www.hakis.org.tr

7.4 Protecting against investment co-operation risks

In the process of investment, trade, contracting and labour cooperation in Turkey, Chinese-funded enterprises should pay special attention to investigating, analysing and assessing the relevant risks beforehand, as well as avoiding and managing the risks during the process, so as to effectively protect their own interests. This includes

investigation and assessment of the creditworthiness of project or trade clients and related parties, analysis and avoidance of political and commercial risks in the project location, and feasibility analysis of the project itself. Relevant enterprises should actively use insurance, guarantee, banks and other insurance financial institutions and other professional risk management institutions to protect their own interests. Including trade, investment,

Credit insurance for contracted works and labour, property insurance, personal safety insurance, etc., factoring and forfaiting business of banks, various types of guarantee business (government guarantees, commercial guarantees, letters of guarantee), etc.

It is recommended that Chinese enterprises use credit risk protection products including political and commercial risks provided by China Export and Credit Insurance Corporation (CECIC), China's policy-based insurance institution, in the course of their outward investment and cooperation in Turkey; they may also use commercial guarantee services provided by policy banks such as the Export-Import Bank of China (Exim Bank of China).

China Export and Credit Insurance Corporation (CECIC) is a state-owned policy insurance company funded by the State, supporting China's foreign economic and trade development and co-operation, with the status of an independent legal person, and is the only financial institution in China that undertakes policy-oriented export credit insurance business. The company's insurance products to support Chinese enterprises' foreign investment and cooperation include short-term export credit insurance, medium- and long-term export credit insurance, overseas investment insurance and financial guarantee, etc. The company provides risk protection against economic losses caused by nationalisation levies, exchange restrictions, wars and political riots, breach of contract, and other political risks of the countries (regions) where the investments are made. To learn more about the services, please visit the company's website at: www.sinosure.com.cn

If a risk loss occurs without effective risk avoidance, it is also necessary to recover the loss as soon as possible through its own or related means, depending on the circumstances of the loss. In the case of business underwritten through a credit insurance institution, the credit insurance institution will determine and underwrite the claim and compensate for the risk loss, and the relevant organisation will assist the credit insurance institution in recovering the loss.

8. How Chinese companies can establish harmonious relations in Turkey

8.1 Managing relations with the Government and Parliament

The main economic ministries of the central government of Turkey are: the Ministry of Trade (responsible for domestic and foreign trade, foreign economic cooperation affairs, customs affairs, etc.) the Ministry of Labour and Social Security (responsible for employment, social security, approval of work permits for foreigners, etc.) the Ministry of Transportation and Infrastructure (responsible for railways, highways, ports, airlines, telecommunication, etc.) the Ministry of Energy and Natural Resources, the Ministry of Treasury and Finance (responsible for the administration and execution of the government budget, foreign borrowing, etc.), and the Ministry of Finance. (responsible for government budget management and execution, foreign borrowing, etc.), etc. Local governments are mainly responsible for local labour and taxation. The Grand National Assembly is the highest legislative body.

In order to pursue long-term development in Turkey, Chinese companies need to establish good relations with the economic departments of the central government, local governments and the Parliament, pay attention to their elections, follow their policy directions, understand the responsibilities and competences of the economic departments of the central government and local governments, and understand the focus and hot issues deliberated by the specialised committees of the Parliament.

8.2 Proper management of relations with trade unions

The main function of trade unions in Turkey is to discuss with the employers' federations to decide on the terms of employment, conditions of dismissal, wage levels, etc. in order to protect the legitimate rights and interests of workers. Compared with European countries, Turkish trade unions are weak. Chinese companies should join local trade associations and keep in touch with trade unions to understand what their employees think and feel in order to ensure the smooth running of their business.

8.3 Closer ties with the local population

The Turkish people are generally friendly to the Chinese people. When conducting

business in Turkey, Chinese-funded enterprises should have moderate interactions with local residents, hire as many local employees as possible, participate in local activities (especially public welfare activities) and try to integrate into the local society, so as to win the respect and goodwill of the local people and increase the popularity of the enterprises themselves.

Huawei's localisation strategy has been very successful. The company officially registered its branch office in Ankara in 2002, and after several years of hard work, it has developed into a high-tech communications enterprise with more than 1,500 employees (more than 90 per cent of whom are local Turkish employees), and a well-known supplier of equipment and solutions in the Turkish communications industry.

8.4 Respect for local customs

Chinese people working and living in Turkey need to respect local customs and habits. The main things that should be noted are: not to drink alcohol in restaurants next to mosques; to pay attention to politeness when interacting with women, especially women wearing headscarves; and to take off one's shoes before entering a local house as a guest. Sweets are sent on traditional Turkish festivals, such as Eid al-Fitr, and legs of lamb are given on Gurbangui.

8.5 Protecting the ecological environment in accordance with the law

Chinese enterprises should comply with the laws and regulations on environmental protection in Turkey and understand the emission standards of various industries. In the planning and design stages of investment or contracting projects, they should take environmental protection issues into account and make the necessary financial budgets and solutions.

Case] Aksaray Salt Lake in Turkey is a natural lake in Turkey, and the water level has been dropping for years due to climate and environmental reasons. China Tianchen Engineering Co., Ltd. undertook the construction of the underground natural gas storage project at the salt lake in Turkey, and conducted a strict assessment beforehand to ensure that the project complied with environmental standards. During the construction process, fresh water is used to dissolve, pump out and filter the underground salt before discharging it into the salt lake, and the whole change is a physical process without any pollution. At the end of the contract period in 2019, it will also ensure that the water level rises by about 8 centimetres.

8.6 Assumption of necessary social responsibilities

After entering Turkey, Chinese-funded enterprises should, within their capacity, assume social responsibility, including: actively participating in various public welfare and charitable activities; attaching importance to the protection of the legitimate rights and interests of their employees; focusing on the protection of the local ecological environment; operating in accordance with the law, paying taxes in accordance with the law, and promoting the development of the local economy.

Case Study] As a representative of Chinese enterprises in Turkey, the Chamber of Commerce of Turkish Enterprises (TCCT) called on Chinese enterprises in Turkey, overseas Chinese and international students to donate medical supplies to local medical institutions during the new Crown Pneumonia outbreak, and donated to the "Karanzan Foundation for the Environment" in Antalya after the Antalya Hill Fire in July 2021. Purchased tree seedlings.

8.7 Know how to deal with the media

Turkey has free public opinion and strong media influence. In previous years, due to the serious trade friction between China and Turkey, the local media had more

negative reports on China. In recent years, with the increase of high-level exchanges between China and Turkey, the two countries have actively established a consensus to carry out economic and trade co-operation and properly resolve trade frictions, and the attitude of local media towards China has changed. Chinese-funded enterprises should make timely preparations to deal with the media, take the initiative to communicate with the local media and regularly release relevant information to them. Especially when carrying out major M&A projects or touching on sensitive social issues, they should actively guide the media to make objective and fair reports on the enterprises.

8.8 Learning to deal with law enforcement

Turkey is a country governed by the rule of law, and the soundness of the legal system and the standardisation of law enforcement are high. In view of the differences between the legal system and tax system and that of the country, Chinese enterprises are advised to hire local senior or lawyers with good relations with the government as consultants when entering the country, in order to provide legal counselling and co-ordinate with law enforcement departments. After entering the country, they should operate in accordance with the law, make friends in the legal profession and deal with law enforcement inspections rationally. The Economic and Commercial Affairs Department of the Chinese Embassy in Turkey guides enterprises to establish long-term cooperative relationships with local law firms and accounting firms, which will act as permanent legal and tax advisors to handle general company affairs, while their

Drafting and reviewing the text of contracts to avoid risks has begun to bear fruit.

8.9 Dissemination of traditional Chinese culture

Chinese traditional culture is an important part of the world's cultural blossoming garden, with the pace of Chinese enterprises out of the Chinese enterprises in Turkey to carry out investment and cooperation process should focus on the promotion of traditional Chinese culture. 2021, Turkey, the Chamber of Chinese enterprises in Turkey held the 50th anniversary of the establishment of diplomatic relations between Turkey and the economic, trade and cultural development forum, resulting in good results, and fully demonstrated the going out of the enterprise consciously promote the traditional culture of the sense of responsibility. Sense of Responsibility.

8.10 the rest

Some of the major trade associations in Turkey are highly influential. It is important for Chinese companies to maintain good relations with them to help them do business in Turkey.

9. How Chinese-owned enterprises/personnel can seek help in Turkey

9.1 Seeking legal protection

In Turkey, enterprises should not only register and operate in accordance with the law, but also defend their rights and interests and resolve disputes through legal means. It is best to hire a local legal adviser on a long-term basis, but also in the event of a dispute, you can urgently seek the assistance of lawyers. However, in Turkey, lawsuits are time-consuming and costly, and enterprises should be prepared for this.

9.2 Seek help from local authorities

When Chinese-funded enterprises encounter difficulties and problems in their operations in Turkey, they can also ask the local government authorities to coordinate and solve them.

9.3 Obtaining protection from the Chinese Embassy (Consulate) in Turkey

Before going to Turkey to carry out trade, investment or engineering contracting business, Chinese enterprises should communicate with the Economic and Commercial Section of the Chinese Embassy in Turkey or the Exchange and Cooperation Section of the Chinese Consulate General in Istanbul in a timely manner to learn about the precautions to be taken and to avoid unnecessary problems; during the period of carrying out business in Turkey, they should accept the guidance and coordination of the Economic and Commercial Section (Office) at any time; in case of any major disputes, they should truthfully reflect them to the Economic and Commercial Section (Office) and Seek its assistance.

Economic and Commercial Section of the Chinese Embassy in Turkey Email:

tr@mofcom.gov.cn

Exchange and Co-operation Section of the Chinese Consulate General in Istanbul

Email: istanbul@mofcom.gov.cn

9.4 Establishment and activation of contingency plans

Before carrying out trade, investment or engineering contracting business in

Turkey, Chinese enterprises should fully conduct research in all aspects and formulate contingency plans for various emergencies, especially for terrorist attacks, traffic accidents, construction accidents, labour disputes and other emergencies. After an emergency occurs, the emergency plan should be activated quickly and resolved in a timely manner.

9.5 Other response measures

The Chamber of Chinese Enterprises in Turkey was officially established in October 2010 and upgraded to the Chamber of Chinese Enterprises in Turkey in June 2019 in accordance with the requirements of the Ministry of Commerce and with the promotion of the Economic and Commercial Section of the Embassy in Turkey. Chinese enterprises can also seek assistance from the Chamber for general problems they encounter in Turkey.

Emergency recourse:

First aid: 112; fire: 110; police: 155

10. Policy measures for the prevention and control of the new coronavirus epidemic and economic recovery in Turkey

10.1 Status of the New Crown Pneumonia Outbreak

According to the World Health Organization, as of 31 December 2022, the cumulative number of cases of new coronavirus infections in Turkey is 17004677, the cumulative number of deaths is 101419, the number of doses of vaccine per 100 people is 165.58, and the rate of full basic immunity is 60.93 per cent, and the rate of booster immunity is 33.54 per cent.

In 2020, Chinese vaccine developer Kexing Holding Biotechnology Co. conducted phase III clinical trials of the Neocoronavirus vaccine in Turkey and was granted an emergency use licence at the end of that year. The company supplied Turkey with more than 80 million doses of the new coronavirus vaccine. In addition, the company and its Turkish partners jointly invested in the construction of a vaccine production plant, which is expected to be completed in September 2022 and put into operation in early 2023.³

In the face of this serious epidemic, China and Turkey have always understood each other, supported each other, and cooperated heart to heart, hand in hand, in response to the epidemic, which is a good example of the international community's solidarity in the fight against the epidemic, and puts into practice the concept of a community of human health and wellness. The good anti-epidemic cooperation fully reflects the resilience and high level of China-Turkey relations. Leaders, scientists, doctors and other participants in the fight against the epidemic in China and Turkey have acted with great responsibility and speed, bravely declaring war on the virus, and demonstrating a spirit of respect for life, humanism, science and cooperation.

The Turkish Ministry of the Interior issued a circular on 1 June 2022 stating that the requirement to wear masks on public transport will be abolished in Turkey and that masks will still be required only in hospitals and healthcare facilities.

10.2 Epidemic prevention and control measures

10.2.1 Current status of immigration control in Turkey

As of 1 June 2022, according to the Turkish Government, it will not be necessary to present a nucleic acid test certificate to enter the country.

10.2.2 Status of control of movement of persons and goods within the country

Turkish President Recep Tayyip Erdoğan announced on 26 April 2022 that the mandatory wearing of masks indoors would be abolished, while the requirement to wear masks in healthcare settings and on public transport would be retained.

10.3 Economic policy in the post epidemic period

10.3.1 fiscal policy

(1) The establishment of the Economic Coordination Committee, headed by the Vice-President, and the Financial Stability Committee, headed by the Minister of Treasury and Finance, respectively, to enhance the transparency, forward-looking and coordinated nature of economic and financial policies;

- (2) (c) Strengthening fiscal discipline and management of government expenditure, debt, tax regulations, procurement and tendering, public-private partnerships and State-owned enterprises;
- (3) Reduce the proportion of foreign currency debt in the debt stock to protect against external risks;
- (4) To economise on government expenditure and control the costs of car rental and hospitality;
- (5) Reduced government borrowing costs, with borrowing and disbursements made mainly in lire;
- (6) Establishment of the Digital Tax Office and exemption of 850,000 self-employed persons from income tax and tax reporting obligations.

10.3.2 financial policy

- (1) Explore the issuance of electronic money and create the basic conditions in economic, technical and legal terms;
- (2) Issuing green bonds and encouraging investment in low-carbon emission industries such as renewable energy, clean drinking water, electricity or hybrid vehicles;
- (3) Establishment of a bond guarantee fund to encourage enterprises in the real sector of the economy to issue bonds at a lower cost and stimulate investment demand.

10.3.3 industrial policy

- (1) Support the green transformation of industry, improve the investment climate for the energy industry, reduce dependence on external energy sources and close the current account gap;
- (2) Establishment of an early warning system for the food industry to smooth the flow of industrial data, support government decision-making and improve market efficiency;
- (3) Establishment of contract farming mechanisms to improve the forward-looking nature of agricultural production and to protect against the risk of price fluctuations in agricultural products;
- (4) Establishment of a health and wellness industry management agency to plan and manage the competitive development of the industry and the production of strategic goods such as drugs, vaccines, medical equipment and biotechnology

products;

(5) Establishment of a management body for the software and hardware industry, improvement of the competitiveness of software technology, and strengthening of the capacity to analyse and apply data.

10.3.4 Trade and foreign investment policies

- (1) (c) Developing laws on public-private sector cooperation and establishing a simple and complete legal system for investment;
- (2) Revise existing double taxation agreements to address tax issues faced by international investors.

10.4 Special tips for Chinese enterprises

As passenger flights between the two countries have not yet returned to the pre-epidemic level, it is difficult to cater for business visits by local Chinese enterprises,

Practical needs such as negotiation and exchange of people.

It is recommended that local Chinese enterprises prevent the risk of epidemic and do a good job in production and construction in the following aspects: first, strictly do a good job in epidemic prevention and control, strengthen personnel safety and protection, and do a good job in workplace prevention and control; second, steadily and orderly push forward the production and construction, strengthen the management and guidance through remote on-line office, and increase the efforts of localisation of labour; third, do a good job in supporting the support of production and construction, and appropriately deal with the commercial disputes arising from the epidemic, and strengthen the safety and security. Thirdly, we will do a good job in supporting production and construction, properly respond to commercial disputes arising from the epidemic and strengthen security.

Appendix 1 List of Government Departments and Related Institutions in Turkey

1. Ministry of Foreign Affairs (MFA) at www.mfa.gov.tr
2. Ministry of Treasury & Finance (MOTF) at www.maliye.gov.tr
3. Ministry of Justice (MOJ) at www.justice.gov.tr
4. Ministry of Health (MOH) at www.saglik.gov.tr
5. Ministry of Environment and Urban Planning, website:
<http://www.csb.gov.tr/>
6. Ministry of National Education (MNE) at www.meb.gov.tr
7. Ministry of Culture & Tourism (MCT) at www.turizm.gov.tr
8. Ministry of Agriculture & Forestry (MAF) website: www.tarimorman.gov.tr
9. Ministry of Industry & Technology (MIT) at www.sanayi.gov.tr
10. Ministry of Transport & Infrastructure (MOTI) at www.udhb.gov.tr
11. Ministry of Energy & Natural Resources (MENR) at www.enerji.gov.tr
12. Ministry of Family & Social Services (MFSS) at www.aile.gov.tr/
13. Ministry of Labour and Social Security, website:
www.csgeb.gov.tr/
14. Ministry of Trade (MOT) at www.trade.gov.tr
15. Privatisation Administration (PA) at www.oib.gov.tr
16. Turkish Patent & Trademark Office, website:
www.turkpatent.gov.tr
17. General Directorate of Railways (TCDD) at www.tcdd.gov.tr
18. Post Office (PTT) at www.ptt.gov.tr
19. General Directorate of State Airports Authority (GSA) at www.dhmi.gov.tr
20. The Union of Chambers & Commodity Exchanges of Turkey, Tel: 0090-312-4177700, Fax: 0090-312-4183268, Website:

www.tobb.org.tr

21. Foreign Economic Relations Board (FERB), Tel:

0090-212-3395000, 0090-212-2703092, email: info@ferb.org.tr, website: www.deik.org.tr

22. The Medium Industry Development Organisation, email:

kos@kosgeb.gov.tr at www.kobinet.org.tr

23. Ankara Chamber of Commerce e-mail:

info@atonet.com, website: www.atonet.com

24. Ankara Chamber of Industry e-mail:

aso@aso.org.tr, website: www.aso.org.tr

25. Istanbul Chamber of Commerce (Istanbul Chamber) e-mail:

disiliskiler@tr-ito.com, website: www.ito.org.tr

26. Istanbul Chamber of Industry (Istanbul Chamber of

Industry) website: www.iso.org.tr

27. Turkish Industrialists' and Businessmen's Association (TIBA) at www.tusiad.org.

28. Izmir Chamber of Commerce.

Tel: 0090-232-4417777 (10 lines) Fax: 0090-232-4837853

29. Aegean Chamber of Industry (Aegean Chamber of

Industry) at www.ebso.com.tr

30. Aegean Exporter's Association [food, textile and clothing, minerals, wood products and tobacco] email: eib01@egenet.com.tr, at www.egebirlilik.org.tr.

31. Mediterranean Exporters' [food, fresh vegetables, fruits, metals, chemicals, textiles and clothing], e-mail, website: . clothing] e-mail arge@akib.org.tr, Web site www.akib.org.tr.

32. Southeast Anatolia Exporters' Association (textiles, food) [textile, food] e-mail gaib@gaib.org.tr, Web site www.gaib.org.tr

33. Antalya Exporters' Association (vegetables, fruits, textiles) [vegetable, fruit, textile] e-mail: aib@antnet.net.tr, Web site: www.aib.org.tr

Appendix 2 List of Chinese Chambers of Commerce, Associations and Major Chinese Enterprises in Turkey

1. Turkish Chamber of

Chinese Enterprises Tel:

0090-312-2870613 Fax:

0090-312-2870613

E-mail: zhongzhiqiyeshanghui@gmail.com

2. Istanbul Chinese

Enterprises Association Tel:

0090-212-8015155

Fax: 0090-212-8015157

E-mail: zhongzhiqiyexiehui2016@gmail.com

3. Turkish Chamber of

Chinese Private Enterprises

Tel: 0090-535-6595678

E-mail: newlimuzi@gmail.com

4. Directory of Selected Chinese Enterprises in Turkey

serial number	Name of Chinese enterprises	telephones	telex
1	China Tianchen Turkey	0090-312-2870613	0090-312-2870613
2	COSCO Shipping Turkey	0090-212-2494926	0090-212-2511648
3	Industrial and Commercial Bank of China Turkey Sub-branch	0090-212-3355335	0090-212-3281328
4	China CNR Zhuzhou Automobile Works (Turkey) Co.	0090-312-2678260	0090-312-2671497

5	China Road & Bridge Turkey Branch	0090-312-4965636	0090-312-4965639
6	Huawei's Turkish subsidiary	0090-312-4548800	0090-312-4548888
7	ZTE's Turkish subsidiary	0090-312-4363545	0090-312-4363509
8	China Railway Construction Turkey	0090-312-4911129	0090-312-4911187
9	China National Machinery Import & Export Corporation Turkey	0090-312-4405718	0090-312-4409318
10	China Machinery & Equipment Engineering Turkey	0090-312-4907133	0090-312-4907143

11	General Technology Group Turkey Representative Office	0090-312-4398869	0090-312-4398870
12	China Electric Power Technology and Equipment Co.	0090-530-3155268	for the time being
13	Dongfang Electric Turkey Representative Office	0090-312-4463806	0090-312-4463866
14	Bank of China Turkey Sub-branch	0090-212-2608888	for the time being
15	Ningbo KOKO Lighter Group	0090-531-2704728	for the time being
16	Harbin Electric Turkey Representative Office	0090-312-2382916	0090-312-2382916
17	AVIC International Turkey Representative Office	0090-212-3450672	0090-212-3450673
18	Tongfang Nuctech Co.	0090-312-4727472	0090-312-2851042
19	Sinosteel Turkey Representative Office	0090-216-3380128	0090-216-3380069
20	Wuhan Fiberhome International Technology Co.	0090-216-3268654	0090-312-4900322
21	TISCO Turkey Chrome	0090-212-2583589	0090-212-2586650
22	National Development Bank Working Group on Turkey	0090-212-2691584	0090-212-2691585
23	China Energy Guangdong Institute Turkey Representative Office	0090-312-2192042	0090-312-2193010
24	Shenzhen Myriad's Turkish subsidiary	0090-212-4820877	0090-212-4820878
25	Aerospace Mechatronics Turkey	0090-216-5047273	for the time being
26	Zhejiang Guomao Dongfang Electromechanical Turkey Representative Office	0090-533-5140567	for the time being
27	China Southern Airlines	0090-212-4653443	for the time being
28	State Power Investment Group	0090-312-4460095	for the time being
29	Shandong Yirui Petroleum Equipment Co.	0090-312-2854026	for the time being
30	New Hope Turkey Industry and Trade Co.	0090-322-4585560	for the time being
31	China Electric Construction Group East China Academy	0090-212-3667200	for the time being
32	Sinomachinery International Engineering Co.	0090-531-4903988	for the time being
33	China Energy Construction Heilongjiang	0090-532-1362228	for the time being

	Thermal Power Third Engineering Co.		
34	China Energy Gezhouba Group International Engineering Corporation (CEGIC)	0090-312-4918132	0090-312-4918132
35	China Hydropower Construction Group	0090-212-3667200	for the time being
36	Xuzhou Construction Machinery Group Co.	0090-552-4680076	for the time being
37	China Huaxin Postal and Telecommunications Economic Development Centre	0090-507-7149118	for the time being
38	Shanghai Zhenhua Heavy Industry Group Co.	0090-216-5719090	0090-216-4635363
39	China Electric Construction Shandong Electric Power Construction First Engineering Co.	0090-212-3667200	for the time being

40	China Telecom Corporation Limited	0090-532-1597819	for the time being
41	Zhejiang Dahua Technology Co.	0090-539-8631873	for the time being
42	Sinoma International Engineering Co.	0090-531-6516383	for the time being
43	Xinjiang Goldwind Technology Co.	0090-535-8402420	for the time being
44	Langfang Poly Geotechnical Turkey Branch	0090-312-2175023	0090-312-2175023
45	CNBM International Equipment Co.	0086-13910697735	for the time being
46	Jereh Group	0090-534-9219535	for the time being
47	Yu Mining Mediterranean Mining & Trading Co.	0090-505-0362399	for the time being
48	Hainengda Communications Co.	0090-216-3058080	0090-216-3058090
49	China Railway Company Limited	0090-543-8413395	for the time being
50	China Overseas Security Group (Hong Kong) Limited	0090-5365917367	for the time being
51	Sino-Turkish Business Consulting	0090-536-5917367	for the time being
52	State Power Investment Group Shanghai Energy Science and Technology Engineering Co.	0090-533-0222100	for the time being
53	Taiyuan Iron and Steel Group		for the time being
54	Jiangsu Fengshang Intelligent Technology Co.	0090-5324606611	for the time being
55	Rainbow Textile Group Limited	0090-5539999200	for the time being
56	Shenzhen Yadi Building Materials Co.	0090-5315576679	for the time being
57	China Coal Mine Construction Group Limited Liability Company	0090-5538891667	for the time being
58	Shanghai Power EMBA Corporation	0090-5522878865	for the time being
59	China Electronics Technology Group Corporation (CETC)	0090-5346849815	for the time being
60	Tianjin Shih Tai Group Tianjin TTX Stainless Steel Kitchenware	0090-5392077796	for the time being
61	Richema (Bossu) Mineral Resources Ltd.	0090-5334076628	for the time being
62	CMT Coking Resistance	0090-5397759418	for the time being
63	Greenford International Logistics	0090-5467767562	for the time being
64	Tonghui Law	0090-5441682778	for the time being

65	Yuncheng plate making	0090-5445005402	for the time being
66	Baosteel Laser Splicing & Welding Turkey Ltd.	0090-5455887050	for the time being
67	China Construction Huazhong Construction Industry & Trade Co.	0090-5370630868	for the time being
68	MasterCard Turkish Food Trading Company	0090-535-6595678	for the time being

69	OPPO mobile phone	0090-53500504704	for the time being
70	Xinghai Seafood	0090-552-2099887	for the time being

The Turkey Guide to Foreign Investment Co-operation Countries (Regions) provides an objective introduction to the investment and co-operation environment that Chinese enterprises, especially SMEs, are generally concerned about when they go to Turkey to carry out investment and co-operation business, and gives hints on various problems that may arise when Chinese enterprises go to Turkey to carry out business. It is hoped that this Guide will be an introductory guide for Chinese enterprises to enter Turkey. However, due to the limited space and the different information required by different investors, the information provided in this Guide is only for the readers' reference and is not to be taken as a full basis for investment decision-making by enterprises.

The Department of Foreign Investment and Economic Cooperation of the Ministry of Commerce organised and coordinated the preparation of this Guide. The Guide was prepared by the Economic and Commercial Section of the Chinese Embassy in Turkey with the participation of Minister Counsellor Liu Yuhua and Attaché Zhang Rendongrui of the Economic and Commercial Section of the Chinese Embassy in Turkey, as well as the Secretariat of the Chamber of Chinese Enterprises in Turkey and the Vice-Chairman of the Industrial and Commercial Bank of China (ICBC) Turkey. Researchers from the Institute of Foreign Investment Co-operation of the Research Institute of the Ministry of Commerce made additions, adjustments and modifications to the Guide. Comrades from the Asia Department of the Ministry of Commerce provided valuable comments on the relevant contents of the text.

Due to the time constraints and our limited level of competence, criticisms and corrections are welcome if there are any improprieties.

author

December 2022