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**GOVERNMENT QUESTIONNAIRE –**  
**REPUBLIC OF TURKEY**

**PRODUCT CONCERNED:**            **STEEL REINFORCING BAR**

**INVESTIGATION PERIOD:**       **1 OCTOBER 2017 TO 30 SEPTEMBER 2018**

**RESPONSE DUE BY:**            **24 DECEMBER 2018**

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**Anti-Dumping Commission website:** [www.adcommission.gov.au](http://www.adcommission.gov.au)

**Return completed  
questionnaire to:**

Preferably via email to:

[operations3@adcommission.gov.au](mailto:operations3@adcommission.gov.au)

OR mail to:

Anti-Dumping Commission  
GPO Box 2013  
Canberra 2601  
Australia

Attention: Director Investigations 3

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## SECTION A: BACKGROUND AND GENERAL INSTRUCTIONS

### 1. Background

On 16 November 2018, following an application by Liberty OneSteel (Newcastle) Pty Ltd (Liberty Steel), the Commissioner of the Anti-Dumping Commission (the Commissioner) initiated a dumping and countervailing investigation in respect of steel reinforcing bar (rebar) exported to Australia from the Republic of Turkey (Turkey).

Liberty Steel alleges that the Australian industry has suffered material injury caused by rebar exported to Australia from Turkey at dumped and subsidised prices. Further, or in the alternative, Liberty Steel alleges a threat of material injury from such exports.

Anti-Dumping Notice (ADN) No. 2018/175 outlining the details of the investigation and the procedures to be followed during the investigation was published on 16 November 2018 on the Anti-Dumping Commission's (the Commission) website at [www.adcommission.gov.au](http://www.adcommission.gov.au).

### 2. Product concerned

The goods under consideration (the goods) i.e. the goods exported to Australia, allegedly at dumped prices and/or in receipt of subsidies, are:

*The goods are hot-rolled deformed steel reinforcing bar whether or not in coil form, commonly identified as rebar or debar, in various diameters up to and including 50 millimetres, containing indentations, ribs, grooves or other deformations produced during the rolling process. The goods include all steel reinforcing bar meeting the above description regardless of the particular grade, alloy content or coating.*

Goods excluded from this application are plain round bar, stainless steel and reinforcing mesh.

The goods are normally classified to the following tariff subheadings of Schedule 3 to the *Customs Tariff Act 1995*:

Tariff classification ( <i>Schedule 3 of the Customs Tariff Act 1995</i> ) <sup>1</sup>			
Tariff code	Statistical code	Unit	Description
7213.10.00	42	tonne	Rebar Coil
7214.20.00	47	tonne	Rebar Straights
7227.90.10	69	tonne	Rebar Coil – Other Alloy

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<sup>1</sup> Turkey is classified as a Developing Country under Part 4 to Schedule 1 of *Customs Tariff Act 1995*.

Tariff classification ( <i>Schedule 3 of the Customs Tariff Act 1995</i> ) <sup>1</sup>			
7227.90.90	42 <sup>2</sup>	tonne	Rebar Coil – Alloy
7227.90.90	01, 02, 04 <sup>3</sup>	tonne	Rebar Coil – Alloy
7228.30.10	70	tonne	Rebar Straights – Other Alloy
7228.30.90	40	tonne	Rebar Straights – Alloy
7228.60.10	72	tonne	Rebar Straights – Other Alloy

### 3. Investigation period

The existence and amount of any dumping and subsidisation in relation to rebar exported to Australia from Turkey will be determined on the basis of an investigation period of 1 October 2017 to 30 September 2018 (the investigation period).

The Commission will examine details of the Australian market from 1 October 2014 for injury analysis purposes.

### 4. Purpose of this questionnaire

The purpose of this questionnaire is to assist the Commission to obtain information from the Government of Turkey (GOT) it considers necessary for the investigation into countervailable subsidies received by exporters of rebar from Turkey.

Please note that the subsidy/countervailing sections of this questionnaire focus on the programs alleged in the application. The Commission may also investigate any additional subsidy program(s) if additional information becomes available.

Any additional questions will be posed to the GOT using supplementary questionnaires.

A separate questionnaire has been sent to identified exporters of rebar from Turkey. The exporter questionnaire also requests information on subsidies.

### 5. Response to this questionnaire

The GOT may elect not to respond to and complete the questionnaire.

However, if the GOT does not respond the Commission may be required to rely on information supplied by other parties (possibly information supplied by the Australian industry).

Therefore, it may be in the GOT's interests, and the interest of Turkish exporters of rebar, to provide a complete response.

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<sup>2</sup> Operative until 31 December 2014.

<sup>3</sup> Operative from 1 January 2015.

If the GOT elects to respond to this questionnaire, the response is due by **24 December 2018**.

## **6. If you decide to respond**

Should the GOT elect to provide a response to this questionnaire, please note the following.

### Confidential and non-confidential versions

If the GOT elects to respond to this questionnaire, you are required to lodge a confidential and a non-confidential version of your submission by the due date.

In submitting these versions, please ensure that each page of the information you provide is clearly marked either “**IN-CONFIDENCE**” or “**NON-CONFIDENTIAL**” in the header and footer.

All information provided to the Commission in confidence will be treated accordingly. The non-confidential version of your submission will be placed on the Public Record, which all interested parties can access.

Your non-confidential submission must contain sufficient detail to allow a reasonable understanding of the substance of the confidential version. If, for some reason, you cannot produce a non-confidential summary, contact the investigation case officer (see contact details on Page 1 of this questionnaire).

### Declaration

You are required to make a declaration that the information contained in the GOT's response is complete and correct. You must return the signed declaration of an authorised GOT official at Section D of this questionnaire with the GOT's response.

### Coordination of responses

In completing the questionnaire, if a question requires information from other authorities (e.g. provincial or local governments, state owned entities, etc.) please forward the questions to the correct source.

However, it is the responsibility of the GOT to ensure that a full and complete response to all sections of the questionnaire is submitted, and that responses from all levels of governments, agencies and/or other applicable entities are collated and coordinated in the one response.

### Consultants/parties acting on your behalf

If you intend to have another party acting on your behalf please advise the Commission of the relevant details.

The Commission will generally require a written authorisation from the GOT for any party acting on its behalf.

### Provision of documents

Numerous documents are requested from the GOT throughout this questionnaire. In many cases, the titles or description of these documents within the questionnaire may not correlate to the official title that the GOT has granted each document, but is rather a descriptor of the document to the best of the Commission's knowledge.

If the listed title is unknown to the GOT but a document that appears to be similar to the requested document, relates to a similar topic area, or otherwise would be considered to contain useful information is identified by the GOT, please provide this document.

Further, when providing requested documents, please indicate whether the documents:

- are current/in force;
- were current/in force during the investigation period; or
- have been repealed, revised or superseded.

Where the documents have been repealed, revised or superseded, where applicable:

- indicate when this revision occurred;
- provide any notice of repeal;
- provide the revised version;
- provide the document that supersedes the requested document; and
- indicate whether the revised version was in force during the investigation period.

### Lodgement

You may lodge your response by mailing it to the address for lodgement shown on the front cover of this questionnaire.

Alternatively you are welcome to lodge your response by email. The email address for lodgement is shown on the front cover of this questionnaire. If you lodge by email you are still required to provide a confidential and a non-confidential version of your submission by the due date.

In completing any lists of names and addresses requested throughout this questionnaire, electronic responses in a Microsoft Excel spreadsheet would be preferred. If lodging your response in hard copy, please include these lists in electronic format.

## General matters

Responses to questions should:

- be as accurate and complete as possible, and attach all relevant supporting documents,<sup>4</sup> even where not specifically requested in this questionnaire;
- be in English (with fully translated versions of all requested and other applicable documents submitted);
- list your source(s) of information for each question;
- identify all units of measurement used in any tables, lists and calculations;
- show any amounts in the currency in which they were originally denominated.

Please note that references throughout this questionnaire to companies benefiting from a particular program should be read as including any parent and associated companies, and, if the company has been subject to merger or acquisition, any former associated companies or former parent companies.

Please note that answers such as "Not Applicable", or an answer that only refers to an exhibit or an attachment without any explanation, may be considered to be inadequate by the Commission. We therefore suggest that in answering the questions you outline the key elements of your response in the primary submission document, and not merely refer to supporting documents the relevance and reliability of which has not been explained in your answer.

## **7. Clarification**

If you have any difficulties in completing the questionnaire, or require clarification on any questions asked, contact the case manager as soon as possible (contact details are provided on Page 1 of this questionnaire).

## **8. Future questions and verification**

The Commission may decide to visit the GOT to examine records and to verify the information provided. It is common practice for Commission officers to visit Government officials, exporters and manufacturers of the subject goods, in order to verify the information submitted. You will be contacted in advance of such a meeting in order to make arrangements.

A complete response, including all of the documentation requested, must be submitted to the Commission before a verification meeting will be considered.

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<sup>4</sup> This includes, but is not limited to, any laws, decrees, regulations, statements of policy, or other administrative guidelines. In each case, include any legislative history as well as other descriptive materials and explanations of the criteria underlying the decisions relating to each of the programmes mentioned in this questionnaire. If applicable, a sample of each of the applications that a company must complete to participate in each of the programs should also be included.

If a verification visit is undertaken the key Government officials involved in preparing the response, and those who have knowledge of the source documentation and the information contained therein, should be available to meet with Commission officers and to provide additional clarification and explanation, as required.

If verification meetings are unreasonably delayed, cancelled, or otherwise hindered by the GOT, the assessment of a particular market situation and the assessment as to the amount of countervailable subsidy may be based on the facts available to the Commission.

The purpose of the verification meeting will be to verify the information provided in your questionnaire response. It is not intended to be a second opportunity for the GOT to provide new or additional information. Accordingly, it is important that your response be as complete and accurate as possible.



## SECTION B: GENERAL QUESTIONS

- B1** Identify the administration co-ordinating the response to this questionnaire and provide the names and contact details of the official(s) (including email addresses). Please note that the Commission may have further inquiries concerning the questionnaire response and a contact must be available to respond to any further information requests.

### ANSWER:

Ministry of Trade is responsible for coordination of response to this questionnaire. The names and contact details of the officials are below:

- |  |  |
|--|--|
| i. Ayşegül ŞAHİNOĞLU YERDEŞ  | Directorate General of Exports   |
| Head of Department   | Ministry of Trade  |
| Directorate General of Exports   | Telephone: +90 312 204 87 60   |
| Ministry of Trade  | Fax: +90 312 204 86 32   |
| Telephone: +90 312 204 52 37   | E-mail: <a href="mailto:aydogmush@ticaret.gov.tr">aydogmush@ticaret.gov.tr</a>   |
| Fax: +90 312 204 86 32   |  |
| E-mail: <a href="mailto:yerdesa@ticaret.gov.tr">yerdesa@ticaret.gov.tr</a>     | iv. Ümit Mert ERKOYUNCU  |
|  | Assistant Trade Expert   |
| ii. Fatih Bahadır HASPOLAT   | Directorate General of Exports   |
| Trade Expert   | Ministry of Trade  |
| Directorate General of Exports   | Telephone: +90 312 204 87 68   |
| Ministry of Trade  | Fax: +90 312 204 86 32   |
| Telephone: +90 312 204 8756  | E-mail: <a href="mailto:erkoyuncum@ticaret.gov.tr">erkoyuncum@ticaret.gov.tr</a> |
| Fax: +90 312 204 86 32   |  |
| E-mail: <a href="mailto:haspolatf@ticaret.gov.tr">haspolatf@ticaret.gov.tr</a> |  |
| iii. Hüseyin AYDOĞMUŞ  |  |
| Trade Expert   |  |



**B2** Describe the nature and structure of the rebar industry and market sector in Turkey.

Without limiting your response, include information concerning the size and output (value and quantity) of these industries, the extent of vertical integration in the industries, the extent of the reliance on imported raw material inputs, and Government involvement at each level of the industry, the extent of any restrictions, quotas or limits for the production volumes in these industries.

**ANSWER:**

There are 34 crude steel manufacturers in Turkey. There are three oxygen blown converters in steelmaking, one of them is producing rebar, two of them produce flat steel products. 25 are electric arc furnace (EAF) based and 6 use induction furnaces. The capacity utilization rate of the EAF plants is 67%, while the utilization of integrated facilities is 94% and 77% at induction furnace facilities. Most of these companies are family companies. Almost 70% of the scrap used in the electric arc furnaces for steel production is imported. The rest is provided domestically. Also, graphite electrodes and some ferroalloys are imported as well. GoT does not partially or wholly own a company operating in steel markets. In the current situation, domestic production is increasingly directed towards meeting domestic demand, which shows an upward trend. With the privatization of public institutions, the steel sector has become a completely private sector, which operates under free market conditions, and there are no restrictions, quotas or limits. Turkish steel market follows international market conditions.

**B3** Are any of the companies listed in **Appendix A** located in an area or economic zone which entitles them to preferential tax or other preferential policies provided by the GOT including those provided by regional, provincial or municipal authorities? <sup>5</sup>

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<sup>5</sup> Refer to this questionnaire's Glossary of Terms for a definition of the GOT.

If so identify which particular zone or area the company under investigation is located in.

**ANSWER:**

Among the companies in Appendix A, only Yücel Boru İhracat İthalat ve Pazarlama A.Ş is operating in an Organized Industrial Zone related with the production of the subject merchandise. Yücel Boru İhracat İthalat ve Pazarlama A.Ş is operating in Osmaniye Organized Industrial Zone (OIZ). None of the other companies in Appendix A operated in a particular economic zone or area during investigation period related with the production of the subject merchandise.

**B4** Provide a list of all manufacturers/producers of rebar in Turkey that produced rebar during the investigation period. If possible, please provide this listing in Microsoft Excel format in the attached spreadsheet at worksheet B-4. Please see the GOT Questionnaire spreadsheet provided with this questionnaire.

This listing will be referred to as 'your response to Question B4' throughout this questionnaire.

Within this list, indicate the following:

- the business' address (including the city/town and province);
- the function and type of business;
- the ownership structure of the business, including indirect ownership through associated companies (i.e. State Invested Enterprises (SIE)<sup>6</sup>, private, co-operative, Foreign Invested Enterprise (FIE)<sup>7</sup> or joint venture);
- if the business is not an SIE, whether it is otherwise associated with the GOT;
- whether the business is a manufacturer of rebar and whether it produces steel billet;
- total production quantity of rebar by the business during the investigation period;
- Is the GOT a shareholder in the business? If so, the percentage of GOT holdings;
- If there is GOT representation in the business; and
- The value of total benefit received annually.

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<sup>6</sup> Refer to this questionnaire's Glossary of Terms for a definition of the SIE

<sup>7</sup> Refer to this questionnaire's Glossary of Terms for a definition of the FIE

For all companies that are SIEs, indicate the percentage ownership held by the GOT during the investigation period.

For all companies that are otherwise associated with the GOT, explain this association as it was during the investigation period.

**ANSWER:**

Please find the list of all manufacturers/producers of rebar in Turkey in **Exhibit 1**.

**B5** It is the Commission's understanding that within Turkey there are various zones, areas, or other regions that encourage the operations of industries/enterprises located within that region and/or entitle/facilitate entities to access differential treatment (this may include preferential tax programs or other preferential policies).

Provide:

- a listing of the names of all such zones, areas, or other regions in Turkey;

**ANSWER:**

The only economic zone or area that companies exporting the subject product to Australia are located in is "Organized Industrial Zones". Therefore please see **Exhibit 2** for the list of Organized Industrial Zones (OIZ) in Turkey.

- an explanation of each such type of zone, area or other region in Turkey;

**ANSWER:**

The only economic zone or area that companies exporting the subject product to Australia are located in is "Organized Industrial Zones (OIZ)". OIZs are established anywhere in Turkey regardless of the geographic location with the aim of gathering the industrial facilities in a well-coordinated manner with necessary infrastructures.

The Article 4 of the Law No. 4562 regulates the establishment and selecting the location of OIZs. Articles 6-10 of the Law No. 4562 clarify bodies of OIZs, how they are selected and their duties. See **Exhibit 3** for the related articles of the Law No. 4562.

OIZs are located countrywide, they are not established in a specific region. Currently there are 311 OIZs located in almost all provinces of Turkey. See **Exhibit 2** for the list of OIZs in Turkey.

- a listing and explanation of what location in each zone makes businesses eligible for (including any GOT assistance or differential treatment).

**ANSWER:**

According to Paragraph m Article 4 of the Law No. 1319 as of 2017.07.01 companies operating in OIZs are exempted from property tax. Questions regarding this program are responded on Subsidies section “8. *Exemption from Property Tax*” below.

**B6** Are any of the entities listed in **Appendix A** located in an area, zone or other region listed in your response to B5 above? If so identify which entities and which particular zone or area the entity is located in.

**ANSWER:**

Among the companies in Appendix A, only Yücel Boru İhracat İthalat ve Pazarlama A.Ş is operating in an Organized Industrial Zone related with the production of the subject merchandise. Yücel Boru İhracat İthalat ve Pazarlama A.Ş is operating in Osmaniye Organized Industrial Zone (OIZ).

**B7** Provide the names and addresses of all national, provincial and regional producer organisations that represent the interests of rebar and rebar manufacturers and traders in Turkey.

**ANSWER:**

Turkish Steel Producers Association is located in Mahadma Gandhi Cad. No:24 GOP / Çankaya – ANKARA.

Turkish Steel Exporters’ Association is located in Çobançeşme Mevkii, Sanayi Caddesi Dış Ticaret Kompleksi, A Blok 34197 Yenibosna / İSTANBUL

**B8** Specify and provide supporting documentation for the standard corporate tax rate during the investigation period for:

- (a) companies that manufacture rebar;
- (b) companies that trade in rebar;
- (c) companies that manufacture steel;
- (d) companies that trade in steel.

**ANSWER:**

Corporate tax rate is 20% in the first sub-clause of Article 32 of Law No:5520. But according to the Provisional Article 10 of this Law, the corporate rate shall be applied as 22% for the taxation periods 2018, 2019 and 2020. There is no sector or region distinction for the corporate tax rate. See **Exhibit 4** first sub-clause of Article 32 of Law No:5520 and the Provisional Article 10 of this Law.

**B9** Specify and provide supporting documentation for the corporate tax rates applicable in all provincial or local jurisdictions in Turkey for those types of companies listed in (a) to (d) of Question B8 above.

**ANSWER:**

Please see response to B8 above.

## SECTION C: SUBSIDIES

### INTRODUCTION

In the application, the applicant alleged the existence of a total of 32 programs, based on the findings of previous investigations undertaken by the US Department of Commerce (USDOC).

The Commission notes that there was minimal detail in the application for some of the 32 programs. In the limited time available to examine the application, the Commission had regard to the information provided by the GOT in its consultation submission and the GOT *New and Full Notification Pursuant to Article XVI:1 of the GATT 1994 and Article 25 of the Agreement on Subsidies and Countervailing Measures*.

The Commission observed that there appeared to be some duplication in the programs listed in the application.

Based on available information, the Commission has limited its investigation to the following programs. If further information comes to hand during the course of the investigation, the Commission may choose to investigate further programs. In this event, the Commission may issue a supplementary questionnaire.

The following are programs that the Commission is currently investigating:

Program Category	No.	Program name
Provision of goods	1	Natural Gas for Less than Adequate Remuneration
	2	Land for Less than Adequate Remuneration
	3	Electricity for Less than Adequate Remuneration
	4	Provision of Lignite for Less than Adequate Remuneration
Preferential tax policies	5	Deductions from Taxable Income for Export Revenue
	6	R&D Income Tax Deduction
	7	Withholding of Income Tax on Wages and Salaries
	8	Exemption from property tax
	9	Exemption from Income Tax on Wages Paid to Workers
Tariff & VAT Exemptions	10	Import duty rebates/drawbacks under Article 22 of Turkey's Domestic Processing Regime (RDP) Resolution 2005/839 (RDP duty drawback program)
	11	Investment Encouragement Program VAT and Import Duty Exemptions
	12	Inward Processing Certificate Exemption Program
	13	Pre-shipment Turkish Lira Export Credits
	14	Pre-shipment Foreign Currency Export Credits

Program Category	No.	Program name
Preferential Loans / Financial Arrangements	15	Pre-export Credits
	16	Short-term Export Credit Discounts
	17	Rediscount Program
	18	Foreign Trade Company Export Loans
	19	Investments Provided under Turkish Law No. 5746
	20	Turkish Development Bank Loans
Direct Funds	21	Industrial R&D Projects Grant Program
Other	22	Assistance to Offset Costs Related to AD/CVD Investigations
	23	Social Security Premium Support (Employer's Share)
	24	Social Security Premium Support (Employee's Share)
	25	Investment Incentive Program

**Table C-1 Subsidy Programs**

*Note: the above titles of programs are to the best of the Commission's knowledge and in some cases may simply be descriptions of the program. Consequently, the below titles may not exactly reflect any official titles that the GOT has in place.*

## **PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

### **1. Natural Gas for Less than Adequate Remuneration**

#### **ANSWER:**

There is no special support program called “Natural Gas for Less Than Adequate Remuneration”. However, in order to fully cooperate with the investigating authority, GOT hereby fills out the relevant questions for the general aspects and working of natural gas market in Turkey.

**C1.1** Provide details of the program including the following.

- a) Title of the program.



- b) Policy objective and/or purpose of the program.
- c) Legislation under which the subsidy is granted.
- d) Nature or form of the subsidy.
- e) When the program was established.
- f) Duration of the program.
- g) How the program is administered and how it operates.
- h) To whom and how the program is provided.
- i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Natural gas market in Turkey has been regulated according to the provisions of Natural Gas Market Law No. 4646 (“the Law No. 4646”) which was promulgated in the Official Gazette on May 2, 2001. The Law No. 4646 covers import, transmission, distribution, storage, marketing, trade and export of natural gas and the rights & obligations of all real and legal persons related to these activities. In this sense, legal entities are obliged to obtain necessary licenses from “Energy Market Regulatory Authority” (EMRA) to engage in natural gas market activities pursuant to Article 4 of the Law No. 4646. Among other entities; the only public entity importing and providing natural gas in the market in Turkey is “Boru Hatları ile Petrol Taşıma A.Ş.” (BOTAŞ). However, as stipulated in the Law No. 4646; free market principles prevail in Turkish natural gas market and BOTAŞ conducts natural gas provision activities as a market player. Therefore, all of the market players including BOTAŞ are totally free to set their prices. Accordingly, the actual sales are realized with a contract between BOTAŞ and its customers. The terms of the contract and price of the natural gas are determined between BOTAŞ and the customer and therefore, GOT does not exercise any control on BOTAŞ’s price policy. Any enterprise in any industries or sectors regardless of its geographical region can purchase natural gas from BOTAS.

Thus, there is not a policy or subsidy program aiming provision of natural gas at less than fair market value.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

There is not a program called “Natural Gas for Less Than Adequate Remuneration”. Please find attached a copy of the Law No. 4646 regulating Natural Gas Market in Turkey at **Exhibit 5**.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see answer to Question C1.2 above.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

There is not a program called “Natural Gas for Less Than Adequate Remuneration”. Please see GOT’s response to Question C1.1 above.

BOTAŞ is located at Bilkent Plaza A - II Blok, Bilkent / 06800 ANKARA.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

BOTAS keeps databases regarding the purchase and sales of natural gas.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

Habaş Sınai ve Tıbbi Gazlar İstihsal Endüstrisi A.Ş. (Habas) purchased natural gas from BOTAS during the investigation period.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER:**

Companies will apply directly to BOTAS with;

- Application Form
- Copy of the Title Deed or Lease Contract
- Certificate of Activity of the Plant

Please find attached a blank copy of the application form at **Exhibit 6**.

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER:**

BOTAS analyzes the sufficiency of the documents submitted by the companies and decides accordingly.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

Please see our response to question C1.7(b) above.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

BOTAS does not keep any specific documents in case of no sale situation.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**

No. There is no relation between sales of BOTAS and exports of its customers.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No. There is no relation between sales of BOTAS and use of domestic over imported goods of its customers.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

Any customer regardless of its geographical region can purchase natural gas from BOTAS.

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

Any customers in any industries or sectors can purchase natural gas from BOTAS.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER:**

The supply of natural gas by BOTAS to the companies depends on the demand of the companies.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see answer to Question C1.2 above.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

Any enterprise can be the customer of BOTAS. The actual sales are realized with a contract between BOTAS and the customers. The terms of the contract are determined between BOTAS and the customer.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

BOTAS makes its natural gas sales in accordance with Law No. 4646.

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

HABAŞ's contract with BOTAS during the investigation period is provided in **Exhibit 7**.

**C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

Please see **Exhibit 8** for the list by industry and region of the companies that bought natural gas from BOTAS in each of the years 2016, 2017 and for the first three quarters of 2018.

**C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017

and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

Please see **Exhibit 8** for the number of companies that bought natural gas from BOTAS in each of the years 2016, 2017 and for the first three quarters of 2018. On the other hand, none the companies, which requested to buy natural gas from BOTAS, was rejected in each of the years 2016, 2017 and for the first three quarters of 2018.

**C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

There are no anticipated changes in the operations of BOTAS.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

- a) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- b) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- c) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.
- d) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- e) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- f) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the

investigation period (and for each year in which the assistance was provided).

- g) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- h) What are the core activities and functions of each entity that provided the assistance under the program?
- i) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**ANSWER:**

There is no government entity providing natural gas other than BOTAS.

**PART C3 – SPECIFIC QUESTIONS LESS THAN ADEQUATE REMUNERATION PROGRAMS (PROGRAMS 1 TO 4)**

**C3.1** Complete the attached spreadsheet at worksheets C-3.1.1, C-3.1.2 and C-3.1.3 (using Microsoft Excel format) listing all electricity providers, natural gas providers and lignite providers who service those entities identified in Appendix A including the following details:

- a. name of the business entity
- b. location of the business entity
- c. type of business (e.g. State invested enterprise (SIE), Foreign invested enterprise (FIE), private enterprise or other (please specify))
- d. whether GOT is a shareholder in the business, and if so the percentage of GOT holdings
- e. whether there is GOT representation in the business, and if so the type of representation (e.g. on the Board of Directors), the authority responsible, and indicate any special rights provided to the representative (e.g. veto rights)

**ANSWER:**

Please find attached spreadsheet at worksheets C-3.1.2 at **Exhibit 9**.

**C3.2** How does the government regulate electricity prices, natural gas prices and lignite prices at national, provincial or local levels?

- (a) Provide names of all the agencies in each region, province or special economic zone responsible for electricity, natural gas and lignite price regulation.
- (b) How does the government's policy apply to or promote the rebar industry?

**ANSWER:**

The pricing of natural gas is determined in Turkey as follows:

Wholesale companies, which are authorized to sell natural gas in Turkey, sign sale contracts with import and export companies, eligible consumers or distribution companies. The prices for such contracts are determined freely among the parties. With the Board Decision of EMRA dated December 12, 2007 and numbered 1439/2; the wholesale price implemented by BOTAS and other wholesale companies are set free starting from 2008. The Board continued the implementation of determining the wholesale tariffs freely among the parties by the decisions taken after 2008.

There is no special government's policy apply to or promote the rebar industry as to other industries.

**C3.3** Provide full details of the programs including the following:

- (a) legislation under which the subsidy is granted
- (b) nature or form of the subsidy
- (c) when the program was established
- (d) duration of the program
- (e) how the program is administered and explain how it operates
- (f) to whom and how is the program provided
- (g) the eligibility criteria in order to receive benefits under the program

**ANSWER:**



There is no special support program called “Natural Gas for Less Than Adequate Remuneration”.

Natural gas market has been regulated in Turkey according to the provisions of Natural Gas Market Law No. 4646 (“the Law No. 4646”) which was promulgated in the Official Gazette on May 2, 2001. The Law No. 4646 covers import, transmission, distribution, storage, marketing, trade and export of natural gas and the rights & obligations of all real and legal persons related to these activities. In this sense, legal entities are obliged to obtain necessary licenses from EMRA to engage in natural gas market activities pursuant to Article 4 of the Law No. 4646. Among other entities; the only public entity importing and providing natural gas in the market in Turkey is BOTAŞ. However, as stipulated in the Law No. 4646; free market principles prevail in Turkish natural gas market and BOTAŞ conducts natural gas provision activities as a market player. Therefore, all of the market players including BOTAŞ are totally free to set their prices. Accordingly, the actual sales are realized with a contract between BOTAŞ and its customers. The terms of the contract and price of the natural gas are determined between BOTAŞ and the customer and therefore, GOT does not exercise any control on BOTAŞ’s price policy. Any enterprise in any industries or sectors regardless of its geographical region can purchase natural gas from BOTAS.

Thus, there is not a policy or subsidy program aiming natural gas for less than adequate remuneration.

**C3.4** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports published since 1 January 2015 pertaining to the programs.

**ANSWER:**

Please find attached a copy of the Law No. 4646 regulating Natural Gas Market in Turkey at **Exhibit 5**.

**C3.6** In relation to Programs 1 to 3 please detail in the attached spreadsheet at worksheet C-3.6 the benefits provided by the companies listed at question C3.1 to those companies listed at Appendix A.

**ANSWER:**

Please see **Exhibit 9** for the worksheet.

## **Program 2. Land for Less than Adequate Remuneration**

### **ANSWER:**

Land Allocation Support was provided pursuant to Law Concerning Incentives on Investments and Employment and on the Amendment of Certain Laws (the Law No. 5084) dated February 6, 2004. The support was provided to companies operating in provinces defined in Article 2 of the Law No. 5084. See **Exhibit 10** for the Law No. 5084 and the list of provinces. The program, set forth in the Provisional Article 1 of this Law, aims to promote investment and employment in provinces where the development level is relatively low.

According to Provisional Article 1, the non-allocated parcels in the Organized Industry Zones (OIZs) located in the provinces subject to clause (b) of Article 2 of Law No. 5084 can be allocated to real or legal entities provided that the competent bodies of the OIZ decide accordingly. In OIZs under this program, parcels were allocated to the companies that employ at least ten employees. Land allocations are automatically cancelled if the investors do not start production in two years or the company fails to meet the minimum employment criteria.

The implementation of the program was initiated on February 06, 2004, and remained in force until the end of the validity period mentioned in paragraph 4, Provisional Article 1 of the Law No. 5084. Therefore, the program has not been in force since February 06, 2010.

The authority responsible for administering the program is Ministry of Industry and Technology, Directorate General of Industrial Zones. It is located at Eskisehir Yolu 7. km. No. 154 06100 ANKARA / TURKEY. The implementation of the program is carried out by competent bodies of OIZs.

None of the respondent companies used this program. Therefore, remaining questions are not responded.

**Program 3. Electricity for Less than Adequate Remuneration (Energy Support under the Law No: 5084)**

**PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

j) Title of the program.

**ANSWER:**

Title of the program is energy support.

k) Policy objective and/or purpose of the program.

**ANSWER:**

The main objective of the measure is to reduce inter-regional disparities and to increase employment.

l) Legislation under which the subsidy is granted.

**ANSWER:**

This program is provided within the context of "Law No. 5084 on Encouragement of Investments and Employment and Amendment of Certain Laws" which is attached at **Exhibit 10**. The program, set forth in the Article 6 of this Law.

m) Nature or form of the subsidy.

**ANSWER:**

The nature of the subsidy is to rebate of a portion of energy expenditures.

n) When the program was established.

**ANSWER:**

The program was established when Law No: 5084 took into effect dated February 6, 2004.

o) Duration of the program.

**ANSWER:**

Energy Support was provided between years 2004-2012 since Law No. 5084 was abrogated as of December 31, 2012.

p) How the program is administered and how it operates.

**ANSWER:**

The support was provided for 49 provinces which have a GDP per capita equal to or less than 1,500 US \$ (as determined by the State Institute of Statistics as of 2001) or which have a negative socioeconomic development index value (as determined by the State Planning Organization for 2003).

Enterprises, operating or investing in these provinces, could be eligible for the support at the rates ranging from 20% to 50% of the cost of electricity energy consumption according to their existing employment levels and the number of new recruitment. In order to benefit from the energy support:

a) Undertakings should operate in animal husbandry (including aquaculture and poultry), organic and biotechnological agriculture, mushroom cultivation and composting, greenhouse production, certificated seed production, cooling warehouse, manufacturing industry, mining, tourism accommodation, education and health sectors.

b) Undertakings should have at least 10 employees.

Energy support rate was applied as 20% of energy cost of the undertaking. Support rate increased 0.5 point;

a) for each additional employee above 10 employees hired by newly established undertakings which started business as of 01.04.2005.

b) for each additional employee above 10 employees who were hired after the date set by the Law for operating undertakings which started business before 01.04.2005.

Energy support shall not exceed 50 % of the electricity costs of the undertakings operating in Organized Industrial Zones or Industry Zones and 40 % of these costs for the undertakings operating in other areas.

q) To whom and how the program is provided.

**ANSWER:**

Please see the response to the Question C1.1.g.

r) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Please see the response to the Question C1.1.g.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see the response to the Question C1.1.c.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see the response to the Question C1.2.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

The authority responsible for administering the program is Ministry of Economy - Directorate General of Incentives Implementation and Foreign Investment. The address is Inonu Bulvari No:36 06510 Emek/ ANKARA.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

Since the program was terminated at the end of 2012, there is no record kept by the GOT since 2012.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

None of the respondent companies have benefited from this program during investigation period because it was terminated on December 31, 2012. Therefore the remaining questions in this Part and the questions in Part C3 are not responded .

#### **Program 4. Provision of Lignite for Less than Adequate Remuneration**

##### **ANSWER:**

There is no special program called “Provision of Lignite for Less Than Adequate Remuneration”.

Turkish Coal Enterprises (TKI) was established on May 25, 1957 and is responsible for the sale of lignite coal. According to the Article 3 Paragraph 1 of the Articles of Incorporation which is provided in **Exhibit 11**, TKI is a state-economic enterprise.

TKI utilizes its reserves efficiently in the framework of contemporary mining principles. However, from the 1990s onwards, the decisions which were made in the direction of reducing the share of state economic enterprises in the economy and generating a competitive market with the freely determined prices, TKI transferred its operations on several mining zones. Moreover, some of the mining zone operations have been transferred to private sector.

According to Article 4 of TKI’s Articles of Incorporation, TKI utilizes its resources for meeting the countrywide requirements and making maximum contribution to the country’s economy. Any customer regardless of its geographical region can purchase lignite coal from TKI.

TKI keeps databases regarding the sale of lignite coal. None of the companies listed in Appendix A purchased lignite from TKI during investigation period. For this reason, remaining questions are not responded.

#### **Program 5. Deductions from Taxable Income for Export Revenue**

### **PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

a) Title of the program.

**ANSWER:**

The title of the Program is Deduction from taxable income for export revenue.

b) Policy objective and/or purpose of the program.

**ANSWER:**

According to Article 40, Clause 1 of Income Tax Law No. 193 dated January 6, 1961, which was amended by Law No. 4108 dated June 2, 1995, all taxpayers may have an additional deduction of a lump sum amount from their gross income resulting from exports, construction, maintenance, assembly and transportation activities abroad. This amount may not exceed 0.5 % of the proceeds they earned in foreign exchange from such activities. This deduction is presumed to cover the expenditures without documentation but incurred from exports, construction, maintenance, assembly and transportation activities abroad.

c) Legislation under which the subsidy is granted.

**ANSWER:**

Article 40, Clause 1 of the Income Tax Law No. 193 is provided in **Exhibit 12**.

d) Nature or form of the subsidy.



**ANSWER:**

This support is an additional deduction of a lump sum amount from the gross income resulting from exports, construction, maintenance, assembly and transportation activities abroad.

- e) When the program was established.

**ANSWER:**

Please see response to the Question C1.1(b)

- f) Duration of the program.

**ANSWER:**

The law related to this program is still in force.

- g) How the program is administered and how it operates.

**ANSWER:**

All taxpayers can receive this assistance provided that they generate an income resulting from exports, construction, maintenance, assembly and transportation activities abroad. However, the deduction amount may not exceed 0.5 % of the proceeds they earned in foreign exchange from such activities.

- h) To whom and how the program is provided.

**ANSWER:**

All taxpayers can receive this assistance provided that they generate an income resulting from exports, construction, maintenance, assembly and transportation activities abroad. However, the deduction amount may not exceed 0.5 % of the proceeds they earned in foreign exchange from such activities.

- i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

All taxpayers can receive this assistance.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Article 40, Clause 1 of the Income Tax Law No. 193 is provided in **Exhibit 12**.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see response to Question C1.2.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

Ministry of Treasury and Finance is responsible for the administration of this program.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

There is no record kept by the Government, but this is shown in taxpayer's accounting records.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

Since no record is kept by the Government, this information can be obtained from the respondent companies.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER:**

There is no special application or approval process for this program. The deduction is indicated on tax returns. Tax returns are filed annually whereas the advance tax returns are filed quarterly.

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER:**

Please see the response to Question C1.7(a).

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

Please see the response to Question C1.7(a).

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

Please see the response to Question C1.7(a).

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**

The amount of the deduction is contingent upon the income resulting from export, construction, maintenance, assembly and transportation activities in abroad. There are not any criteria with regard to export performance.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No. The eligibility for or actual use of this program is not contingent upon the use of domestic goods over imported goods.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

No. The eligibility for the deduction is not limited to the enterprises or industries located within certain region.

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

No. It is not limited to any enterprise or group of enterprises, or to any industry or group of industries.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER:**

All taxpayers can receive this assistance provided that they generate an income resulting from exports, construction, maintenance, assembly and transportation activities abroad. However, the deduction amount may not exceed 0.5 % of the proceeds they earned in foreign exchange from such activities.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see the response to Question C1.2.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

If the conditions as listed in the Law are met, an applicant automatically receives the assistance.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

The amount of the assistance provided is determined by the Law. Pursuant to the Law; the amount of benefit is limited with the 0.5 % of the proceeds companies earned in foreign exchange from exports, construction, maintenance, assembly and transportation activities abroad.

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

There is not any agreement.

**C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

There is no record kept by the GOT.

**C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017 and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

There is no record kept by the GOT.

**C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

There are no anticipated changes in the program.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

- j) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- k) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- l) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.
- m) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- n) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- o) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the investigation period (and for each year in which the assistance was provided).

- p) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- q) What are the core activities and functions of each entity that provided the assistance under the program?
- r) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**ANSWER:**

Please see response to C1.4.

## **PART C2 – SPECIFIC QUESTIONS PREFERENTIAL TAX POLICIES (PROGRAMS 5 to 9)**

In addition to the general questions at C1 above, please answer the following specific questions in relation to any tax programs.

If any of the companies listed in **Appendix A** used the program to take deductions from taxable income, to receive credit towards taxes payable, to take exemptions from taxes owed, to reduce the tax rate, to defer payment of taxes, to carry forward losses from previous tax years, to use accelerated depreciation, or to benefit from other tax advantages on the tax return filed during the investigation period, please respond to the following questions.

- C2.1** Explain whether the assistance is a deduction from taxable income, a credit towards taxes payable, an exemption from taxes owed, a reduction in the tax rate, a deferral of taxes, a loss carry-forward from previous tax years, accelerated depreciation, or other tax benefit.

**ANSWER:**

The program represents a deduction from gross income. This amount of deduction is limited to 0.5 % of the hard currency income earned from exports, construction, maintenance, assembly and transportation activities abroad.

- C2.2** How do companies using this program calculate the tax benefit they claim? Please be specific and provide a sample calculation using a blank tax form.



**ANSWER:**

*Example:*

Hard currency gross income from export, construction, repair, installation and transportation = 600.000

Expenditures without receipt = 4.500 (600.000 x 0,005= 3.000 is the maximum lump-sum deductible amount)

Expenditures with receipts = 2.500

Total expenditures = 7.000

Deductible expenditures (with receipt + lump-sum expenditure) = 2.500 + 3.000 = 5.500

Net income = 600.000 – 5.500 = 594.500

Without the deduction, the taxpayer pays (597.500 \* Corporate tax rate). With the deduction, the taxpayer pays (594.500\*Corporate tax rate). So the net benefit from this pays (597.500 \* Corporate tax rate) - (594.500 \* Corporate tax rate) which is equal to (3.000 \* Corporate tax rate).

**C2.3** If the company carried forward a loss from prior years and used that loss to offset taxes due on the tax return filed during the investigation period, demonstrate that this loss was not generated by use of any countervailable tax program.

**ANSWER:**

The company can carry forward the losses for 5 years as defined in Article 9, Paragraph 1 of Corporate Tax Law No. 5520 that is effective from the date of January 1, 2006. See **Exhibit 13**.

**C2.4** If the program involves a deferral of taxes owed, please provide the amount and length of the deferral, and the details of any interest charged on the deferral.

**ANSWER:**

This is not a tax deferral.

**C2.5** If the tax assistance results in negative income for tax purposes, for example through accelerated depreciation, is the company able to carry forward this loss?

**ANSWER:**

See response to the question C2.3 above.

**C2.6** For a program that provides a reduction in the tax rate or an exemption from taxes payable, please report the tax rate that was paid under the program and the tax rate that would have applied in absence of the program.

**ANSWER:**

This program does not provide a reduction in the tax rate; however, it provides a deduction from the gross income which is subject to taxation.

**Program 6. R&D Income Tax Deduction**

**ANSWER:**

Relevant information regarding this program are provided under Program No.19 Investments Provided under Turkish Law No. 5746.

**Program 7. Withholding of Income Tax on Wages and Salaries**

**PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

a) Title of the program.

**ANSWER:**

The title of the program is Law 5084 – Withholding of Income Tax on Wages and Salaries.

b) Policy objective and/or purpose of the program.

**ANSWER:**

This program aims to increase investments and employment opportunities in some provinces of Turkey by canceling the income tax calculated on the wages and salaries of the workers.

c) Legislation under which the subsidy is granted.

**ANSWER:**

This program is provided within the context of Law No. 5084 which is provided at **Exhibit 10**.

d) Nature or form of the subsidy.

**ANSWER:**

The nature of the subsidy is withholding the income tax calculated on the wages and salaries of the workers.

e) When the program was established.

**ANSWER:**

The program was established when Law No. 5084 took into effect dated February 6, 2004.

f) Duration of the program.

**ANSWER:**

This program was provided between years 2004-2012 since Law No. 5084 was abrogated as of December 31, 2012.

g) How the program is administered and how it operates.

**ANSWER:**

The support was provided for 49 provinces which have a GDP per capita equal to or less than 1,500 US \$ (as determined by the State Institute of Statistics as of 2001) or which have a negative socio-economic development index value (as determined by the State Planning Organization for 2003). The list of abovementioned provinces is attached at **Exhibit 10**.

The tax incentive program principally included:

- 100 % cancellation of income tax calculated on the wages of all workers who have been hired by income or corporate tax payers hiring at least 10 workers and whose premises are established in Organized Industrial Zones or Industrial Zones located in 49 provinces.

- 80 % cancellation of income tax calculated on the wages of all workers who have been hired by income or corporate tax payers hiring at least 10 workers and whose premises are located at other areas of the 49 provinces.

The total amount to be cancelled could not exceed the sum determined on the basis of the above mentioned rates calculated on the value to be obtained by multiplying the number of employees and the income tax payable for the minimum wage.

- h) To whom and how the program is provided.

**ANSWER:**

Please see the response to the Question C1.1(g).

- i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Please see the response to the Question C1.1(g).

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see the response to the Question C1.1(c).

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see the response to the Question C1.1(c).

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

The authority responsible for administering the program is Ministry of Finance.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

Since the program was terminated at the end of 2012, there is no record kept by the GOT since 2012.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

None of the companies listed Appendix A have benefited from this program during POI because it was terminated on December 31, 2012. Therefore the remaining questions in this Part and the questions in Part C3 are not responded.

**Program 8. Exemption from property tax:**

**C1.1** Provide details of the program including the following.

a) Title of the program.

**ANSWER:**

Title of the program is “Property tax exemption under the law No. 1319”.

b) Policy objective and/or purpose of the program.

**ANSWER:**

The aim of the program is to provide property tax exemption for the buildings which are in the organized industrial zones.

c) Legislation under which the subsidy is granted.

**ANSWER:**

Turkish and English versions of paragraph (m) of Article 4 of Property Tax Law No. 1319 are provided at **Exhibit 14**.

d) Nature or form of the subsidy.

**ANSWER:**

This is an exemption from property tax.

e) When the program was established.

**ANSWER:**

The subparagraph (m) of Article 4 (permanent exemptions) of Law No. 1319 has been amended by the Article 10 of Law No. 7033 from the date of 1 July 2017 and it is still in force.

f) Duration of the program.

**ANSWER:**

The law related to this program is still in force.

g) How the program is administered and how it operates.

**ANSWER:**

The local municipalities administer this program. Companies wishing to benefit from this program must notify the related municipality when they first build or acquire a building in an organized industrial zone. The municipality then refrains from assessing the relevant building for property tax.

h) To whom and how the program is provided.

**ANSWER:**

Owners of buildings located in the types of areas covered by this law (e.g. organized industrial zones) are eligible for the exemption under this program. Owners, not renters, who are responsible for paying property taxes can benefit from the building tax exemption under this program.

i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Owners of buildings located in the types of areas covered by this law (e.g. organized industrial zones) are eligible for the exemption under this program. Owners, not renters, who are responsible for paying property taxes can benefit from the building tax exemption under this program.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see Exhibit **14**.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see Exhibit **14**.



**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

Municipalities and the Ministry of Finance is responsible for administering the program. The Ministry of Finance is located in Devlet Mah. Merasim Cad. 9/1 06450, Çankaya, Ankara/TURKEY.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

Since the municipalities refrain from assessing the relevant building for property tax once the companies wishing to benefit from this program notify them there is no record kept by the GOT.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

Among the companies in Appendix A, only Yücel Boru İhracat İthalat ve Pazarlama A.Ş is operating in an Organized Industrial Zone for its production of the subject merchandise. Since the municipalities refrain from assessing the relevant building for property tax once the companies wishing to benefit from this program notifies them there is no record kept by the GOT. Therefore information whether the company benefited from exemption from property tax can be obtained from respondent companies.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER:**

Companies wishing to benefit from this program must notify the related municipality when they first build or acquire a building in an organized industrial zone. The municipality then refrains from assessing the relevant building for property tax.

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER:**

Please see response to C.1.7 (a) above.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

Please see response to C.1.7 (a) above.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

Please see response to C.1.7 (a) above.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**

No. The use of this program is not contingent upon export performance.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No. The use of this program is not contingent upon the use of domestic over imported goods.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

Organized industrial zones are not established in a specific region, but located countrywide.

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

No.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER:**

The property tax for the building(s) was 0.2% during the investigation period.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see **Exhibit 14**.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

Yes.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

Please see response to C1.9 (a).

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

There is no such contractual agreement between the GOT.

- C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

There is no record kept by the GOT.

- C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017 and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

There is no record kept by the GoT.

- C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

There is no anticipated changes in the program.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

**ANSWER:**

Please see response to Question C1.4 above.

- a) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- b) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- c) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.
- d) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- e) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- f) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the investigation period (and for each year in which the assistance was provided).
- g) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- h) What are the core activities and functions of each entity that provided the assistance under the program?
- i) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**PART C2 – SPECIFIC QUESTIONS PREFERENTIAL TAX POLICIES (PROGRAMS 5 to 9)**

In addition to the general questions at C1 above, please answer the following specific questions in relation to any tax programs.

If any of the companies listed in **Appendix A** used the program to take deductions from taxable income, to receive credit towards taxes payable, to take exemptions from taxes owed, to reduce the tax rate, to defer payment of taxes, to carry forward losses from previous tax years, to use accelerated depreciation, or to benefit from other tax advantages on the tax return filed during the investigation period, please respond to the following questions.

**C2.1** Explain whether the assistance is a deduction from taxable income, a credit towards taxes payable, an exemption from taxes owed, a reduction in the tax rate, a deferral of taxes, a loss carry-forward from previous tax years, accelerated depreciation, or other tax benefit.

**ANSWER:**

The program represents an exemption from property tax.

**C2.2** How do companies using this program calculate the tax benefit they claim? Please be specific and provide a sample calculation using a blank tax form.

**ANSWER:**

According to Property Tax Law, property tax is 0.2 % of the value of the building which is not located in residential areas. The principles for the determination of the value of buildings are specified by Ministry of Finance and Ministry of Environment and Urban Planning collectively.

**C2.3** If the company carried forward a loss from prior years and used that loss to offset taxes due on the tax return filed during the investigation period, demonstrate that this loss was not generated by use of any countervailable tax program.

**ANSWER:**

There is not any relationship between this exemption and tax loss situation.

**C2.4** If the program involves a deferral of taxes owed, please provide the amount and length of the deferral, and the details of any interest charged on the deferral.

**ANSWER:**

This exemption does not involve a deferral of taxes.

**C2.5** If the tax assistance results in negative income for tax purposes, for example through accelerated depreciation, is the company able to carry forward this loss?

**ANSWER:**

There is not any relationship between this exemption and tax loss situation.

**C2.6** For a program that provides a reduction in the tax rate or an exemption from taxes payable, please report the tax rate that was paid under the program and the tax rate that would have applied in absence of the program.

**ANSWER:**

According to Property Tax Law, property tax is 0.2 % of the value of the building which is not located in residential areas. Under the program, investors in OIZs are granted with exemption of property tax

**Program 9. Exemption from Income Tax on Wages Paid to Workers**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

a) Title of the program.

**ANSWER:**

Exemption from Income Tax on Wages Paid to Workers under Free Zones Law No. 3218.

b) Policy objective and/or purpose of the program.

**ANSWER:**

Free Zones Law No. 3218 dated June 6, 1985 was launched in the mid-1980s as part of the economic liberalization program pursued by the Government. The Law covers issues on the establishment of free zones, the determination of areas and borders and the scope of activities of the free zones, the management and operation of free zones, the establishment of buildings and facilities in the zones.

The purpose of the program is to encourage firms to operate in free zones.

- c) Legislation under which the subsidy is granted.

**ANSWER:**

Turkish and English versions of Free Zones Law No. 3218 are provided at **Exhibit 15**. This program is implemented pursuant to Provisional Article 3 of the Free Zones Law No. 3218.

- d) Nature or form of the subsidy.

**ANSWER:**

The program is provided as exemption from income tax on wages paid to workers.

- e) When the program was established.

**ANSWER:**

Please see response to Question C1-1(b).



f) Duration of the program.

**ANSWER:**

As it is stated in Provisional Article 3 of the Free Zones Law No. 3218, this program will be in effect to be implemented until the end of the taxation year including the date Turkey becomes a full member of the European Union.

g) How the program is administered and how it operates.

**ANSWER:**

Free Zones Law No. 3218, which was published on Turkish Official Gazette on June 15, 1985, was launched in mid-1980s as part of the economic liberalization program pursued by GoT. There were 19 free zones in Turkey during POI. They are not established in a specific region, but located countrywide.

Real persons or legal entities who intend to engage in operations in the Free Zone may submit their Operating License Application Form which is provided in **Exhibit 16** to the Ministry of Economy by way of the Zone Directorate in order to obtain an Operating License.

Operating License application is evaluated by taking into consideration the request of the applicant, the type of activity to be conducted, the amount of the investment.

According to the provisions of Provisional Article 3 of the Free Zones Law No. 3218, until the end of the taxation year including the date Turkey becomes a full member of the European Union, the earnings generated through the sales of the goods produced in the free zones by users holding an Operating License on production are exempt from income or corporate taxes.

For free zone users that obtained an Operating License for an activity other than

production before February 6, 2004, the income or corporate tax exemption continues only until the end of the period specified on their Operating License as of February 6, 2004.

h) To whom and how the program is provided.

**ANSWER:**

All companies with a valid Operating License for production in a free zone may use this program. There is no special application or approval process for this program for operating license holders. The operating license holder should apply to the registered tax office.

i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

There are no specific criteria governing the eligibility for this program. Any company with a valid Operating License for production in a free zone may benefit from the corporate tax exemption.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see response to Question C1-1(c).

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see response to Question C1-2.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

The administration of free zones is under the responsibility of Ministry of Economy (MoE). Implementation of the measure is carried out by the Ministry of Finance.

The address of MoE is Söğütözü Mah. 2176. Cad. No: 63, 06530 Çankaya/ANKARA, TURKEY. The address of Ministry of Finance is Dikmen Cad. No: 2 Dikmen, Ankara/TURKEY.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

There is no record kept by the GoT, but this is shown in taxpayer's accounting records.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

Since none of the companies listed in Appendix A operate in free zones, remaining questions are not responded.

**Program 11. Investment Encouragement Program VAT and Import Duty Exemptions**

**ANSWER:**

Investment Incentive Program (IEP) is designed and implemented by the Ministry of Economy and is currently based on the provisions of the Council of Ministers' Decree No. 2012/3305 which has been in force since June 15, 2012, which is provided in **Exhibit**

The government policy behind IEP is to steer savings into high added value investments, to boost production and employment, to encourage regional, large scale and strategic investments with high research and development content for increasing international competitiveness, to increase foreign direct investments, to reduce regional development disparities, to promote investments for clustering, environment protection and R&D.

IIP consists of 4 separate incentive schemes: “Regional Investment Incentive Scheme” (RIIS), “Large Scale Investment Incentive Scheme” (LSIIS), “Strategic Investment Incentive Scheme” (SIIS) and “General Investment Incentive Scheme” (GIIS).

A company should hold an investment incentive certificate granted by Ministry of Economy to have a support under IEP. The data about all of the incentive encouragement certificates are kept by Ministry of Economy.

The scope of each incentive scheme under the Decree No. 2012/3305 varies with different aspects of support measures which are provided in the table below:

	<b>Support Measures</b>	<b>General Investment Incentive Scheme</b>	<b>Regional Investment Incentive Scheme</b>	<b>Large Scale Investment Incentive Scheme</b>	<b>Strategic Investment Incentive Scheme</b>
1	Customs Duty Exemption	✓	✓	✓	✓
2	VAT Exemption	✓	✓	✓	✓
3	Interest Support		✓		✓
4	Social Security Premium Support (Employer's Share)		✓	✓	✓
5	Tax Reduction		✓	✓	✓
6	Land Allocation		✓	✓	✓
7	VAT Refund				✓
<b>Below is Only For Least Developed Region (Region 6)</b>					
8	Social Security Premium Support (Employee's Share)		✓	✓	✓
9	Income Tax Withholding Support	✓	✓	✓	✓

According to the Annex IV of the Decree No 2012/3305, the iron and steel products are excluded from all incentive schemes unless they meet the conditions provided

in Article 1.B.7 of the Annex IV (See **Exhibit 17**. When the investments on iron and steel products meet all the criteria in Article 1.B.7 of the Annex IV (the total shares of one or more legal entities or state institutions and organizations in the shareholding structure not being equal to or more than 25 %; not owning 25 % or more of another company's capital; having less than 250 employees, annually; and having less than 50 million Euro annual net sales revenue), they can only benefit from General Investment Incentive Scheme (GIIS). Therefore, the producers of rebar, if they meet those criteria, can only benefit from GIIS' support measures, which are as follows; "customs duty exemption", "value-added tax (VAT) exemption" and "income tax withholding support" (only for region 6).

Since neither of the companies listed in Appendix A have benefited from "General Investment Incentive Scheme" during the investigation period, the pertinent questions are not responded.

**Program 10. Import duty rebates/drawbacks under Article 22 of Turkey's Domestic Processing Regime (RDP) Resolution 2005/839 (RDP duty drawback program)**

**ANSWER:**

Relevant information regarding this program are provided under Program 12. Inward Processing Regime.

**Program 11. Investment Encouragement Program VAT and Import Duty Exemptions**

**ANSWER:**

Investment Incentive Program (IEP) is designed and implemented by the Ministry of Economy and is currently based on the provisions of the Council of Ministers' Decree No. 2012/3305 which has been in force since June 15, 2012, which is provided in **Exhibit 17**.

The government policy behind IEP is to steer savings into high added value investments, to boost production and employment, to encourage regional, large scale and

strategic investments with high research and development content for increasing international competitiveness, to increase foreign direct investments, to reduce regional development disparities, to promote investments for clustering, environment protection and R&D.

IIP consists of 4 separate incentive schemes: “Regional Investment Incentive Scheme” (RIIS), “Large Scale Investment Incentive Scheme” (LSIIS), “Strategic Investment Incentive Scheme” (SIIS) and “General Investment Incentive Scheme” (GIIS).

A company should hold an investment incentive certificate granted by Ministry of Economy to have a support under IEP. The data about all of the incentive encouragement certificates are kept by Ministry of Economy.

The scope of each incentive scheme under the Decree No. 2012/3305 varies with different aspects of support measures which are provided in the table below:

	<b>Support Measures</b>	<b>General Investment Incentive Scheme</b>	<b>Regional Investment Incentive Scheme</b>	<b>Large Scale Investment Incentive Scheme</b>	<b>Strategic Investment Incentive Scheme</b>
1	Customs Duty Exemption	✓	✓	✓	✓
2	VAT Exemption	✓	✓	✓	✓
3	Interest Support		✓		✓
4	Social Security Premium Support (Employer's Share)		✓	✓	✓
5	Tax Reduction		✓	✓	✓
6	Land Allocation		✓	✓	✓
7	VAT Refund				✓
<b>Below is Only For Least Developed Region (Region 6)</b>					
8	Social Security Premium Support (Employee's Share)		✓	✓	✓
9	Income Tax Withholding Support	✓	✓	✓	✓

According to the Annex IV of the Decree No 2012/3305, the iron and steel products are excluded from all incentive schemes unless they meet the conditions provided in Article 1.B.7 of the Annex IV (See **Exhibit 17**. When the investments on iron and steel products meet all the criteria in Article 1.B.7 of the Annex IV (the total shares of one or more legal entities or state institutions and organizations in the shareholding structure not being equal to or more than 25 %; not owning 25 % or more of another company's capital;

having less than 250 employees, annually; and having less than 50 million Euro annual net sales revenue), they can only benefit from General Investment Incentive Scheme (GIIS). Therefore, the producers of rebar, if they meet those criteria, can only benefit from GIIS' support measures, which are as follows; "customs duty exemption", "value-added tax (VAT) exemption" and "income tax withholding support" (only for region 6).

Since neither of the companies listed in Appendix A have benefited from "General Investment Incentive Scheme" during the investigation period, the pertinent questions are not responded.

## **Program 12. Inward Processing Regime**

**C1.1** Provide details of the program including the following.

a) Title of the program.

### **ANSWER:**

The title of the program is "Inward Processing Regime (IPR)".

b) Policy objective and/or purpose of the program.

### **ANSWER:**

The government policy behind this program is to give the Turkish industry access to raw materials at the world market prices and the opportunity to compete in the international markets.

c) Legislation under which the subsidy is granted.

### **ANSWER:**

Resolution Concerning Inward Processing Regime ("The Resolution No. 2005/8391").

d) Nature or form of the subsidy.

### **ANSWER:**

IPR is a system allowing Turkish manufacturers/exporters to obtain raw materials, intermediate unfinished goods that are used in the production of the exported goods

without paying customs duty including Value Added Tax and being subject to commercial policy measures if any.

The inward processing regime is not a subsidy. Turkey has a system in place to confirm which inputs, and in what amounts are consumed in production of the exported products under Inward Processing Regime (IPR).

e) When the program was established.

**ANSWER:**

Inward Processing Regime was established on 31 December 1995.

f) Duration of the program.

**ANSWER:**

There is not any specific determined duration for this program.

g) How the program is administered and how it operates.

**ANSWER:**

IPR Certificates allow manufacturer –exporters /exporters to obtain inputs that are used in the production of exported goods without paying any import duty and VAT. Inputs subject to relief could be either in the form of raw materials or intermediate unfinished final goods. Manufacturer-exporters or exporters initially apply for IPR Certificate to the Ministry of Economy by providing the information required to evaluate the case. Decisions (acceptance or rejection) are based on whether a set of possible legal conditions and economic criteria are fulfilled. Having been granted IPR Certificate by Ministry of Economy, the holder of the Certificate can import goods stated on the certificate with the obligation to export the final goods within a certain time period stated on the certificate.

Inward Processing Regime can be classified into two main types of systems.

## **1. THE SUSPENSION SYSTEM**



The Suspension System provides tax exemptions to Turkish manufacturer-exporters/exporters by permitting manufacturer-exporters/exporters to import raw materials which are used in the production process and export final goods without being subject to import duties and value added tax (VAT) during importation.

Under this system, beneficiary of IPR has to submit letter of guarantee or deposit money covering total amounts of all duties and VAT to the customs authorities at the importation.

## **2. THE DRAWBACK SYSTEM**

The import charges of the goods paid during importation can be subject to tax reimbursement after the export commitments are fulfilled. Under the drawback system, import duty and VAT have to be paid when the goods enter free circulation into Turkey. Reimbursement of VAT and import duty can be claimed when the compensating products are exported.

h) To whom and how the program is provided.

### **ANSWER:**

Please see response to question C.1.1.g of this Section.

i) The eligibility criteria in order to receive benefits under the program.

### **ANSWER:**

Please see response to question C.1.1.g of this Section.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

### **ANSWER:**

Please see **Exhibit 18** for Turkish and English versions of the Resolution Concerning Inward Processing Regime (“The Resolution No. 2005/8391”).

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see the response to C.1.2 of this section.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

The authority administering the Inward Processing Regime (IPC) is Ministry of Trade. It is located at Söğütözü Mah. 2176. Cad. No:63 06530 Çankaya, Ankara/TURKEY.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

The Ministry of Economy keeps the application documents of the companies related to the Inward Processing Regime through an electronic database.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

[ ] holds inward processing licences during the investigation period.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER:**

Companies should apply to Ministry of Economy electronically with their e-signature to register the IPR System. After registration, necessary documents such as Inward Processing Project Form, capacity report providing information about the production facilities, information about the goods intended to be exported and information about the raw materials to be imported (appropriate to the kind and amount of the good to be exported) trade registration journal, signature circular should be submitted via the IPR database.

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER:**

Decisions on acceptance or rejection are based on whether a set of legal conditions and economic criteria are fulfilled. Companies are subject to heavy sanctions in case of noncompliance with the relevant IPR legislation.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

As the application is deemed appropriate, an IPC is issued, showing names, customs classifications, amounts and values of the good to be exported and the raw materials to be imported.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

Please see the response to C1.7 (b) of this section.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**

Any firm operating under Turkish Commercial Law can be eligible for use of the Regime. Once the IPC is issued, holder of the IPC can benefit from the Regime without expecting to satisfy any additional conditions other than export commitment.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No, the use of domestic over imported goods is not an eligibility criterion.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

No, the eligibility for this program is not limited to enterprises or industries located within designated regions.

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

No, the eligibility for this program is not limited to any enterprise or group of enterprises, or to any industry or group of industries.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided

**ANSWER:**

IPR is a system allowing Turkish manufacturers/exporters to obtain raw materials, intermediate unfinished goods that are used in the production of the exported goods without paying customs duty including Value Added Tax and being subject to commercial policy measures if any. As explained in SQ.1 (d) the inward processing regime is not a subsidy. Turkey has a system in place to confirm which inputs, and in what amounts are consumed in production of the exported products under Inward Processing Regime (IPR).

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see the response to C1.2 of this section.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

Yes, if the eligibility criteria are met the applicant will always be issued an inward processing certificate.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

Please see the response to C1.9 (a) of this section.

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

No contractual agreement is mandated between GOT and the companies.

**C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

There is no anticipated changes.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

**ANSWER:**

Please see response to C1.4.

- a) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- b) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- c) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.
- d) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- e) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- f) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the

investigation period (and for each year in which the assistance was provided).

- g) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- h) What are the core activities and functions of each entity that provided the assistance under the program?
- i) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

### **13. Pre-shipment Turkish Lira Export Credits**

#### **ANSWER:**

“Pre-Shipment Export Credit Program” covers both “Pre-shipment Turkish Lira Export Credits” and “Pre-shipment Foreign Currency Export Credits”. Therefore, below answers are applied for both credits.

“Pre-Shipment Export Credit Program” is administered by Turk Eximbank (TE), located at Saray Mah. Ahmet Tevfik İleri Cad. No:19 34768 Ümraniye / İSTANBUL.

Short-Term Export Credits offered by TE are designed to provide financial support to Turkish exporters, manufacturer-exporters and manufacturers supplying exporters, from the early stages of production against commitments that they will make definite exportation, for free exchange, comprising goods of Turkish origin. The facilities aim to increase the competitiveness of Turkish exporters in foreign markets.

Short-Term Export Credits are extended to the exporters both directly and indirectly using selected Turkish commercial banks as intermediaries.

TE allocates short-term cash (TL and FX) and non-cash (FX) credit limits to intermediary banks and participation banks through a detailed risk evaluation process. This process includes an in-depth financial analysis of each bank through the application of internationally accepted financial analysis approaches and periodical review of other factors such as ownership structure, field of activities, strategies and future outlooks. In addition, developments in financial markets and bank activities are constantly monitored

and reported.

Considering financial soundness as a key principle in allocating limits, the effective utilization of TE credit limits, high shares of export credits in total credits portfolio and high proportions of export credits financed through the banks' and participation banks' own resources are also regarded as important determinants of future increases in credit limits.

Pre-Shipment Export Credits (PSEC) are extended via intermediary commercial banks, which are allocated credit lines by TE. Eligible applicants are exporters, manufacturer-exporters and manufacturers supplying exporters and Sectoral Foreign Trade Companies (SFTCs). Commercial banks are responsible for the default risk of borrowers and TE bears the bank's risk.

If the committed production or exportation or part thereof cannot be performed within the term of the credit, the benefit provided is taken back to the extent of non-performance and penalty interest rates are applied. The penalty interest rate is calculated as the highest of the current interest rate applied to PEC multiplied by a coefficient of 1.2.

PSEC-TL credit program was established in 1989.

PSEC-FX credit program was established in 1994.

The main types of records maintained in the organization are;

- Credit Committee Reports.
- Detailed information about export credits extended to companies.
- Export information databases.
- Credit risks and export commitments of borrowers.
- Credit lines and the balance of the credit limits belonging to commercial banks.
- Accounting records.

Since respondent companies have not benefited from this program during the investigation period questions under PART C1 - GENERAL QUESTIONS are not answered.

#### **14. Pre-shipment Foreign Currency Export Credits**



**ANSWER:**

Please see response to “13. Pre-shipment Turkish Lira Export Credits”.

**15. Pre-export Credits**

**ANSWER:**

“Pre-Export Credit Program” program is designed to meet the working capital needs of manufacturers supplying exporters, manufacturers-exporters and exporters, except Foreign Trade Corporate Companies and Sectoral Foreign Trade Companies without requiring any past export performance. PEC-TL credit program was established in 1997 whereas PEC-FX credit program was established in 1994.

It is administered by the Export Credit Bank of Turkey located at Saray Mah. Ahmet Tevfik İleri Cad. No:19 34768 Ümraniye / İSTANBUL.

The respondent companies did not use this program during investigation period. Since respondent companies have not benefited from this program during the investigation period questions under PART C1 - GENERAL QUESTIONS are not answered.

**16. Short-term Export Credit Discounts**

**ANSWER:**

“Short Term Export Credit Discount Program” was established on October 15, 1996. In 2012, this program was revised as Post-Shipment Rediscount Credit Program in order to enable to finance deferred export receivables within the limit underwritten by Turk Eximbank Short-Term Export Credit Insurance policies in the framework of the Export Rediscount Credit Practice Guideline of The Central Bank of Republic of Turkey (CBRT).

“The Post-Shipment Rediscount Credit Program” is a post-shipment finance facility, aiming at increasing the competitiveness of Turkish exporters in international

markets by enabling them to sell Turkish goods on deferred payment terms and eliminating overseas risks; thereby encouraging them to enter into new and target markets.

It is administered by the Export Credit Bank of Turkey located at Saray Mah. Ahmet Tevfik İleri Cad. No:19 34768 Ümraniye / İSTANBUL.

The respondent companies did not use this program during investigation period. Since respondent companies have not benefited from this program during the investigation period questions under PART C1 - GENERAL QUESTIONS are not answered.

## **17. Rediscount Program**

### **PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

a) Title of the program.

#### **ANSWER:**

The title of the program is “Rediscount Credit Program”

b) Policy objective and/or purpose of the program.

#### **ANSWER:**

Rediscount Program (RP) is a pre-shipment financing facility. The purpose of RP is to provide financial support to exporters, manufacturer-exporters and export – oriented manufacturers and companies engaged in foreign currency earning services in the preparatory stage of their exports. The program aims at increasing the competitiveness of Turkish exporters in foreign markets.

c) Legislation under which the subsidy is granted.

**ANSWER:**

A copy of TE's Law, Principles and Articles of Association and "Implementation Principles for Rediscount Program" are provided in **Exhibit 19** and **Exhibit 20**. Central Bank of Republic of Turkey (CBRT)'s Export Credit Rediscount Operation Instructions also includes terms and conditions regarding the credit process in addition to the Implementation Principles.

Please also find attached a copy of "Circular on Export and Foreign Exchange Earning Services Rediscount Credits" of CBRT dated October 4, 2016 at **Exhibit 21** for the RP which were in effect during investigation period.

d) Nature or form of the subsidy.

**ANSWER:**

Under RP, funds, which are provided by CBRT, are allocated to Foreign Trade Corporate Company (FTCC), Sectoral Foreign Trade Companies (SFTC), exporters, manufacturer-exporters, export – oriented manufacturer and companies engaged in foreign currency earning services at the pre – shipment stage.

e) When the program was established.

**ANSWER:**

The program was established on October 12, 1999.

f) Duration of the program.

**ANSWER:**

No particular duration is mandated for the program.

g) How the program is administered and how it operates.

**ANSWER:**

Promissory notes/ transferrable guarantee letter issued on behalf of TE, which have the acceptance (aval) of a bank operating in Turkey having a short term letter of guarantee

limit determined by TE, are discounted under this program. In this program, export transactions based on letter of credit, cash against documents, or cash against goods are covered. This program provides pre-shipment finance in foreign currency (FX) and starting from June 2011 in Turkish Lira (TL).

Collateral is required in the form of transferrable guarantee letter which have the acceptance (aval) of a bank operating in Turkey since credit is directly disbursed to the firms. The guarantee letter can be promissory notes prepared by companies or promissory notes issued on behalf of TE which have the acceptance (aval) of a bank operating in Turkey. In addition, the accepting bank should also have a short term letter of guarantee limit with TE.

On the other hand, for TL based credits, to cover foreign exchange risk, additional collateral is required which is calculated as 15 % of credit amount. Foreign exchange risk arises from the disbursement operation. That is, CBRT extends credit amount to TE's account in FX at the disbursement date, TE converts this amount into TL by using its buying exchange rates and extends it in TL to the firm's account at the same day. This additional collateral can be in the form of additional promissory notes, guarantee letter or between 2,50-5,50% of the credit amount for FX credits and 15% of the credit amount for TL credits which is blocked by TE.

Besides, with CBRT's Circular dated October 4, 2016 the requirement for minimum of three signatures (the firm, a commercial bank and TE) on the bills to be accepted for rediscount was reduced to two signatures (the firm and a commercial bank or TE). Therefore, from that date on promissory notes issued on behalf of commercial banks are also discounted under this program which means firms can also use this program via commercial banks without applying TE or via TE without involvement of commercial banks.

h) To whom and how the program is provided.

**ANSWER:**

The exporters, export-oriented manufacturers or manufacturer-exporters and companies engaged in foreign currency earning services could benefit from the program in return of the export commitment of the goods originating in Turkey.

- i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

The companies that have no payment problems with TE and the companies whose credibility is approved by both CBRT and TE could benefit from the RP.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see answer to Question C1.1.(c) of this section.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see answer to Question C1.1.(c) of this section.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

It is administered by the Export Credit Bank of Turkey (Türk Eximbank-TE), located at Saray Mah. Ahmet Tevfik İleri Cad. No:19 34768 Ümraniye / İSTANBUL.

On the other hand, as of October 4, 2016 it is also administered by commercial banks which apply to the CBRT. CBRT located at Anafartalar Mah. İstiklal Cad. No:10 06050 Ulus Altındağ Ankara, Turkey.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

The main types of records maintained in the TE are;

- Credit Committee Reports.
- Detailed information about export credits extended to companies.

- Export information databases.
- Credit risks and export commitments of borrowers.
- Analysis reports including financial data of the last 3 years.
- Credit lines and the balance of the credit limits belonging to firms.
- Accounting records.

The main types of records maintained in the CBRT are;

- Accounting records
- Application forms
- Credit extension and repayment data

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

[ ]  
received benefits under RP during investigation period.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER:**

Application process with TE is as follows;

The companies directly apply to TE with the following documents;

- Credit Application Form
- The original copies of financial tables, balance sheets and income statements for the last three years, which are approved by legal authorities (certified public accountants).
- Tax Identification Number and Certified Production Capacity Report
- List of authorized signatures of the company

- Notarized copies of identification cards of shareholders' that own 25 % of the company or more
- Fax agreement (certified by notary or signed in the presence of TE officials)
- (If the applicant company is a manufacturer) A certification from the relevant exporter stating that the same export transaction shall not be financed under RP
- Collateral (Letter of Intent /Letter of Guarantee and/or T-Bills and Government Bonds, Contract of bailment provided by Credit Guarantee Fund)
- Distribution of Export Commitment Table including type of delivery type, type of payment, type of good, country of destinations
- SME Declaration Form
- Annual Statement of Accounts, originals of the balance sheet and profit and loss statements/income statements for the last three years.
- Trade Registry Gazette related to the establishment, activity subject, representation, partnership structure and the last changes in the company and the corporate body exceeding 25%.

Blank copy of Credit Application Form and Approval Process Flow Chart are provided in **Exhibit 22 and 23**.

(b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER:**

The companies will apply directly to TE with application forms included in the Implementation Principles. After all of the application documents are submitted by the company, Analysis Division prepares company financial analysis report of the borrower.

Then the Credit Department evaluates the report and decides credit allocation. During the evaluation of credit applications, all risks, which TE might be exposed to, are taken into consideration. The ownership structure, management quality, industry characteristics and competitive position within the industry, financial strength of companies are evaluated together.

Credit proposals including relevant collateral structure is submitted to the Credit Committee.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

If the Credit Committee approves applications, borrower will receive an approval notification by fax which specifies the amount for which the “credit agreement” and “firm’s commitment letter” should be prepared and also the disbursement date. After that, companies bring transferrable guarantee letter/promissory notes before disbursement day. One working day before specified disbursement day, disbursement list submitted to CBRT for approval. On the disbursement day, transferrable guarantee letter / promissory notes are submitted to CBRT for discount. Interest amount has been received at the beginning and then remaining amount has been extended in TL to the firms. Credit in FX is converted to TL by using exchange rates quoted by TE.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

If the application is disapproved, a notification including the reasons of credit disapproval is sent to the relevant company. TE does not keep the records of disapproved applications.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**



The credited company is obliged to fulfill its export commitment within the credit period and hence, the program is contingent upon export commitment. However, past export performance is not an eligibility criterion.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No, the use of domestic over imported goods is not an eligibility criterion.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

No, the eligibility for this program is not limited to enterprises or industries located within designated regions.

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

No, the eligibility for this program is not limited to any enterprise or group of enterprises, or to any industry or group of industries.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER:**

The credit line is determined in parallel with the amount requested in the application and the credibility of the applicant company. Moreover, the amount of loan could not exceed the company limit specified in the Implementation Principles. The upper limit for a company is determined as USD 400 million for Foreign Trade Companies and USD 350 million for other companies.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see answer to Question C1.1.(c) of this section.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

The companies matching the criteria set forth in Implementation Principles may benefit from RP.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

The amount of the credit provided determined solely by established criteria found in the Implementation Principles and the creditworthiness of the firm.

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

The prevailing confidentiality requirements in Turkish banking regulations do not allow Turk Eximbank to release the copies of credit agreements between Turk Eximbank and its customers. Hence, the relevant information could be obtained from the respondent companies.

**C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

The table indicating the amount of credits provided by TE under RP to companies, in the years 2016, 2017 and the first three quarters of 2018, by industry and region is provided in **Exhibit 24**.

**C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017 and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

Number of firms received benefit under RP:

- [
- 
- ]

Rejection data is not kept.

**C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

No changes are anticipated or foreseen for the program.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

- s) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- t) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- u) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.

- v) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- w) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- x) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the investigation period (and for each year in which the assistance was provided).
- y) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- z) What are the core activities and functions of each entity that provided the assistance under the program?
- aa) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**ANSWER:**

The entity providing this assistance is CBRT via TE and commercial banks as stated in response to Question C1.1.(g) above.

**18. Foreign Trade Company Export Loans**

**ANSWER:**

In the context of promoting export and diversifying export products and markets, government encouraged Small and Medium Scale Enterprises (SME) to form Sectoral Foreign Trade Companies (SFTC) (which are comprised of at least 10 SMEs in normal regions and 5 SMEs in priority development regions). Besides, companies which have an export performance of at least USD 100 million or above in the previous year and paid in capital 2 million TL or above qualify for Foreign Trade Corporate Company (FTCC) status in the following year.

FTCCs and SFTCs benefit from Foreign Trade Companies Short-Term TL and FX credit programs (FTC-TL and FTC-FX) that aim to meet the export financing needs of

foreign trade companies. All companies that qualify for FTCC and SFTC status are eligible for credits in their TL and foreign currency credit limits; allocated on the basis of previous years export performance and some financial criteria. FTC-FX credit program was established in 1993 and FTC-TL in 1996.

It is administered by the Export Credit Bank of Turkey located at Saray Mah. Ahmet Tevfik İleri Cad. No:19 34768 Ümraniye / İSTANBUL.

The respondent companies did not use this program during investigation period. Since respondent companies have not benefited from this program, questions in the PART C1 - GENERAL QUESTIONS are not answered.

## **Program 19. Investments Provided under Turkish Law No. 5746**

### **PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

- a) Title of the program.

#### **ANSWER:**

The title of the program is Incentives for Research & Development (“R&D”) Activities.

- b) Policy objective and/or purpose of the program.

#### **ANSWER:**

The government policy behind the Law is to support and encourage, through R&D and innovation, the production of technological knowledge, innovation in production processes, enhancement in product quality and standards, increase in productivity, reduction of production costs, commercialization of technological knowledge, development of pre-competition cooperation, acceleration of technology intensive production, entrepreneurship and investments in these areas and inflows of foreign direct investments in R&D and innovation and enhancement of R&D personnel and qualified staff employment for restoring the structure of national economy to become internationally competitive.

c) Legislation under which the subsidy is granted.

**ANSWER:**

R&D Incentives are based on “Law on supporting Research and Development Activities” (Law No. 5746) which has been in force since April 1, 2008. Please see **Exhibit 25** for the pertinent Law.

d) Nature or form of the subsidy.

**ANSWER:**

The program is provided as “R&D Allowance”, “Income Tax Withholding Support”, “Insurance Premium Support”, and “Stamp Tax Exemption”.

e) When the program was established.

**ANSWER:**

Please see response to Question C1-1(c).

f) Duration of the program.

**ANSWER:**

The Law No. 5746 will be in effect to be implemented until December 31, 2023.

g) How the program is administered and how it operates.

**ANSWER:**

The company applies to MoIT by filling out the application report on Ministry of Science, Industry and Technology (MoSIT)'s web portal after being authorized to access the Ministry's web portal. See **Exhibit 26** for the blank copy of official request letter for authorization to access the web portal. The pre-assessment of the application report is made by MoIT's experts. An "assessment and audit commission" composed of one representative from Ministry of Finance, two academicians specialized in subjected technology field, and one representative from Turkish Union of Chambers and Commodity Exchanges (TOBB) is established for the application. The Commission chooses three academicians specialized in the subjected technology field as the arbiters. The arbiters are assigned to inspect the R&D center of the company in its own place and assess its compatibility according to the legislation and prepare a report accordingly. The Commission makes the final decision according to the report. Once the company is found eligible this decision is conveyed to the company, Ministry of Finance and Social Security Institution. Pursuant to Article 4.1 of the Law No. 5746; when one year (up to 13 months) from the approval of company's R&D centre certification elapsed, the company is obligated to submit annual report to MoIT. The assessment procedure, just as the application process, restarts in order to examine whether the company meets the conditions stated in the Law No. 5746.

h) To whom and how the program is provided.

**ANSWER:**

Technology centres, R&D centres, and some pre-competition cooperation projects are able to benefit from the support measures under the Law No. 5746 by applying the MoSIT. The support measures provided under the Law No. 5746 are “R&D Allowance”, “Income Tax Withholding Support”, “Insurance Premium Support”, and “Stamp Tax Exemption”.

- i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Export performance or the use of domestic goods over imported goods are not the criteria for eligibility. The eligibility is not limited to certain enterprises, sectors and or regions.

Pursuant to Article 2 of the Law No. 5746; in order to be accepted as an R&D centre by MoIT and accordingly being eligible to receive support measures under the Law; the below mentioned requirements are required to be met.

- Employing at least 15 full-time equivalent R&D personnel,
- Performing of R&D activities in Turkey,
- Having R&D management capability and capacity regarding to technological assets, R&D human resources, intellectual property, project and information resources,
- Performing R&D and innovation projects of which subject, duration, budget and human resources needs have been defined.”

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.



**ANSWER:**

Please see response to Question C1-1(c).

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see response to Question C1-2.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

This program is administered by Ministry of Finance and Ministry of Science, Industry and Technology.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

MoSIT maintains the records on R&D activities of the company, R&D personnel number, date of the certification, patent file applications and number of patents.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

None of the companies listed in Appendix A applied for, accrued, or received benefits under this program during POI. Therefore, remaining questions are not responded.

**20. Turkish Development Bank Loans**

**ANSWER:**

The Development and Investment Bank of Turkey is carrying out lending activities including "Kalkınma Investment Loans" and "Kalkınma Working Capital Loans" to support companies in the industry, tourism, education, health and energy sectors operate in their core activities by eliminating their financing needs and contributing to the country's economy by providing continuity to both their activities and their legal personality. On the other hand, depending on the agreements between the Development Bank of Turkey and the Islamic Development Bank, World Bank, European Investment Bank; the Development and Investment Bank of Turkey provides loans to companies.

The Development Bank of Turkey is located at Necatibey Cad. No: 98 06100 Yenışehir/ANKARA TURKEY.

Since none of the respondent companies have benefited from this program during the POI, questions in the PART C1 - GENERAL QUESTIONS are not answered.

## **Program 21. Industrial R&D Projects Grant Program**

### **PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

- a) Title of the program.

#### **ANSWER:**

The title of the program is Industrial R&D Projects Grant Program.

- b) Policy objective and/or purpose of the program.

**ANSWER:**

The purpose of the program is to increase research-technology development capability, innovation culture and competitiveness of companies. The program supports R&D projects aiming to i) develop or improve new products, ii) develop new techniques to diminish the cost and/or raise the quality and standard of a product and iii) develop new production technologies.

- c) Legislation under which the subsidy is granted.

**ANSWER:**

Please see **Exhibit 27** for The Scientific and Technological Research Council of Turkey (TUBITAK)'s Implementation Principles for the program.

- d) Nature or form of the subsidy.

**ANSWER:**

The program is provided as grants.

- e) When the program was established.

**ANSWER:**

The program was established in 1995.

- f) Duration of the program.

**ANSWER:**

There is no duration set for the program.

- g) How the program is administered and how it operates.

**ANSWER:**

The company applies to TUBITAK by filling out a pre-assessment (project application) form on TUBITAK's web page. An expert assigned by TUBITAK examines the application. After the expert examination; the referees assigned to the project by TUBITAK visit the company and review the project applied for, independently and give an evaluation report to TUBITAK. The TUBITAK expert then reviews the evaluation report and presents the project to the Technology Group Committee at which the application is under process for evaluation. The decision of approval or rejection of the project proposal is taken by the Committee at a meeting, whose members are professors from Turkish universities or researchers from R&D Institutions. If the project is deemed worthy of support, then one of the referees is assigned to follow up the project with on-site visits in six-month increments, with all expenses audited by an independent auditor. The project monitoring referee gives a report to TUBITAK, and the latter reviews the project and the expenses, and pays the amount to the company.

- h) To whom and how the program is provided.

**ANSWER:**

Any company established in Turkey may apply to the program through the online application system.

- i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Any project which is worthy of support can be supported. There is not any eligibility criteria based on region, sector or scale of a company. The projects are evaluated based on three criteria: i) the project's R&D content and technological-innovative aspects; ii) the project plan and the company infrastructure; iii) economic and social benefits expected from the outcomes.

The export performance or the use of domestic goods over imported goods are not eligibility criteria. The eligibility is not limited to certain enterprises, sectors and or regions.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see response to Question C1.1(c).

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see response to Question C1.2.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

The Scientific and Technological Research Council of Turkey (TUBITAK) is responsible for administering the program.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

TUBITAK maintains the documents obtained during the application, evaluation and monitoring phases as well as the information related to the support amount provided to the applicant.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

None of the companies listed in Appendix A applied for, accrued, or received benefits under this program during POI. Therefore, remaining questions are not responded.

**Program 22-Assistance to Offset Costs**

GOT does not have such a support program. Turkish Steel Exporters' Association, which is a non-profit business and trade association provide assistance to its members through its own budget. To be fully co-operative with the investigating authority GOT asked the Turkish Steel Exporters' Association to respond to Part C-1. The responses of TSEA is provided below.

**C1.1** Provide details of the program including the following.

- a) Title of the program.
- b) Policy objective and/or purpose of the program.

**ANSWER:**

According to TSEA, exporters' associations are non-profit business and trade associations and uses its budget, which basically consists of membership fees to solve the problems of its members face at home and abroad, provides contact between members and foreign importers in order to ease the export processes, to serve up to date domestic and global market news, reports and analysis. Thus, once a trade policy investigation is initiated against Turkish exports, TSEA may contribute to such expenditures. However, this is not a support program since TSEA transfers the money to the exporters that it has already collected as membership fees.

c) Legislation under which the subsidy is granted.

**ANSWER**

According to TSEA it evaluates each request based on the provisions of "Procedures and Principles Regarding the Supports Provided to Companies for Advocacy and Legal Counselling Services Purchased in Trade Remedy Investigations and Generalized System of Preferences Practices" (Procedures and Principles), which is provided in **Exhibit 28**.

d) Nature or form of the subsidy.

**ANSWER**

According to TSEA, 50% of consultancy fees, not exceeding 100.000 USD may be contributed by the exporters' association.

e) When the program was established.

**ANSWER**

According to TSEA the "Procedures and Principles" are in force since 2015.

f) Duration of the program.

**ANSWER**

According to TSEA, there is no duration of the program.

g) How the program is administered and how it operates.

**ANSWER**

According to TSEA, companies should make an application to TSEA within 3 months following the closing date of an investigation. There is not an application form. The company should only provide a copy of the invoice issued for the payment and bank receipt payment.

h) To whom and how the program is provided.

**ANSWER**

According to TSEA, companies that are members of the exporters' association can benefit from the assistance.

i) The eligibility criteria in order to receive benefits under the program.

**ANSWER**

According to TSEA, the applicant company is required to be a member of the exporters' association and to realize at least 500.000 USD export within two calendar years prior to the initiation of the investigation.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER**

Please see **Exhibit 28**.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER**

Please see **Exhibit 28**.



**C1.4** Identify the GOT department or agency administering the program.

**ANSWER**

There is no GOT department or agency governing such a program.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER**

According to TSEA, it keeps the invoices and bank receipts.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER**

According to TSEA, among the companies listed in Appendix A [ ] have received the assistance.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER**

According to TSEA, companies should make an application to TSEA within 3 months following the termination date of an investigation. There is not an application form. The company should only provide a copy of the invoice issued for the payment and bank receipt payment.

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER**

According to TSEA, based on its budget, which is composed of its members' contributions, it is up to the relevant exporters' associations' discretion to accept or reject

a member's application to receive assistance.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER**

According to TSEA, there is no approval document.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER**

Please see response to C1.7(b) of this Section.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER**

According to TSEA, the applicant company is required to be a member of the exporters' association and to realize at least 500.000 USD export within two calendar years prior to the initiation of the investigation.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER**

According to TSEA, eligibility is not contingent upon the use of domestic over imported goods.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER**

According to TSEA, eligibility is not limited to enterprises or industries located within designated regions?

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER**

According to TSEA, eligibility is not limited to any enterprise or group of enterprises, or to any industry or group of industries by law.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER**

According to TSEA, 50% of consultancy fees, not exceeding 100.000 USD can be contributed by the exporters' association.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER**

Please see **Exhibit 28**.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER**

Based on its budget, which is composed of its members' contributions, it is up to the relevant exporters' associations discretion to accept or reject a member's application to receive assistance.

- (c) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

According to TSEA, the amount of assistance is exclusively determined in accordance with the procedures and principles provided in **Exhibit 28**.

- (d) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

According to TSEA, there is no such agreement.

- C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

According to TSEA, its members are steel producers but there are other exporters' association in Turkey whose members are composed of companies operating in diversified industries.

- C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017 and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

According to TSEA, [ ] companies received benefit in 2016, 2017 and the first three quarters of 2018 and it does not keep records of refusals.

- C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

TSEA does not anticipate any such change.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

- a) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?

**ANSWER:**

Exporters' Associations are non-profit business and trade associations.

- b) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;

**ANSWER:**

Exporters' Associations are organized under the jurisdiction of Turkish Exporters' Assembly (TEA), which were established by the Law No 5910 "Regarding the Establishment of Turkish Exporters' Assembly and Exporters' Associations" (the Law No 5910).

- c) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.

**ANSWER:**

Article 3.(3).(a) of the Law No. 5910 sets out the duties of the exporters' union and stipulates that exporters' associations carry out activities to defend the interests of their members. Please see **Exhibit 29** for Law No. 5910.

- d) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.

**ANSWER:**

The income sources of exporters' associations, including TSEA, are defined under Article 18 of the Law No 5910. GOT does not make a financial contribution to the exporters' associations. GOT does not entrust or direct exporters' associations to make

financial contributions to their members.

- e) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.

**ANSWER:**

Please see response to C1.1 (c) of this section.

- f) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the investigation period (and for each year in which the assistance was provided).

**ANSWER:**

According to Law No 5910, the board of directors comprises of one chairman and ten permanent members, who are elected by the general assembly of the exporters' association among the members having the qualifications specified in the regulation. The list of board of directors of TSEA during the investigation period is provided in **Exhibit 30**.

- g) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.

**ANSWER:**

According to TSEA, the annual report is not available for the year the assistance was provided.

- h) What are the core activities and functions of each entity that provided the assistance under the program?

**ANSWER:**

Article 3.(3).(a) of the Law No. 5910 sets out the duties of the exporters' union and stipulates that exporters' associations may carry out activities to defend the interests of their members.

- i) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**ANSWER:**

GOT does not entrust or direct exporters' associations to assist companies for advocacy and legal counselling services purchased in trade remedy investigations.

**Program 23. Social Security Premium Support (Employer's Share)**

**ANSWER:**

The Law No. 5084 which was stipulating "Incentive for Employer's Share in Insurance Premiums" was terminated on December 31, 2012. However, records of Social Security Institution showed that Habaş Sınai ve Tıbbi Gazlar İstihsal End. A.Ş. had social security premium benefits during the investigation period from a support program namely "Social Security Premium Incentive under the Law 6486" of which details are provided below.

**Law 6486: Social Security Premium Incentive**

**C1.1** Provide details of the program including the following.

- a) Title of the program.

**ANSWER:**

Title of the program is Social Security Premium Incentive under Law 6486.

- b) Policy objective and/or purpose of the program.

**ANSWER:**

This program aims to increase productions and employment level in some provinces of Turkey by reducing costs of insurance premiums to the employers and intends to reduce the unregistered employment.

- c) Legislation under which the subsidy is granted.

**ANSWER:**

The program is established by the Law No. 6486, which added a provision to the Law 5510 on May 21, 2013.

d) Nature or form of the subsidy.

**ANSWER:**

According to Article 81 (a) of the Social Security and Universal Health Insurance Law (the Law No. 5510) the rate of invalidity, old - age and survivors insurance premiums is 20% of the earnings subject to premium of the insurance holder. 9 % of the 20 % rate is employee's share and 11 % is employer's share.

According to the paragraph (ı) of Article 81 of the Law 5510; 5% of the employer's social security premium share (11% in total) is financed by the Treasury if employers submit service documents and pay the residual part of the premiums which are employee's share (9%) and the rest of the employer's share (6%) within the statutory periods. This incentive is an across the board application regardless of sector or region. With the additional paragraph (appended provision) of the Article 81, remaining 6% of employers' social security premiums are also covered by the Treasury if these employers are operating in the provinces that are determined by the Council of Ministers. Therefore, employers operating in these provinces do not pay employers' share of the long term social security insurance premiums (11% in total) for specified periods depending on regions.

e) When the program was established.

**ANSWER:**

Program was established pursuant to the appended provision of Article 81 of the Law No. 5510, which was appended by the Law No. 6486, dated May 21, 2013.

f) Duration of the program.

**ANSWER:**

The companies that operate in provinces in List I could benefit from the program until December 31, 2016. Decree Law No. 2016/9728 dated December 29, 2016 amended the last date for the province List I as December 31, 2017.



Decree Law No. 2018/11190 dated January 1, 2018 amended the last date for the province Lists I and II as December 31, 2018.

Companies that operates in provinces in List I, II and III can benefit from the program until December 31, 2018. Please see **Exhibit 31** for the Council of Ministers' Decision, Decree Law No. 2016/9728 and 2018/11190.

g) How the program is administered and how it operates.

**ANSWER:**

Employers who fulfilled the conditions stated in Clause (1) and additional paragraph of the Article 81 of the Law No. 5510 could benefit from the support after an activation operation by the local offices of the Institution.

All employers should also document that they do not owe any premium, administrative fine, default fine and late fees to the Institution. If they have already received a deferment, installment or restructuring of debt decision they should submit the decision to the local offices of the Institution.

After activation operation by the local offices of the Institution, without any further approval due, the employers can electronically file their status. The portal calculates the support amount and informs the employer about the remaining amount of monthly insurance premium liability to be paid to bank accounts of the Institution before its monthly due date. The Treasury is informed by the Institution about the support amount that will be transferred to the Institution.

h) To whom and how the program is provided.

**ANSWER:**

Please see response to question C1.1. (g) above.

i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Employers who fulfilled the conditions stated in Clause (1) and additional

paragraph of the Article 81 of the Law No. 5510 could automatically benefit from the support until the time which were specified in response to Question C.1.1.(f) above.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see **Exhibit 31**.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see **Exhibit 31**.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

Social Security Institution (Institution) is responsible for administering the program. It is located at Mithatpaşa Cad. No: 7 Sıhhiye, Ankara/TURKEY.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

Institution maintains records on whether a company gets the support at a certain period of time and the actual amount of support provided.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

“Habaş Sınai ve Tıbbi Gazlar İstihsal Endüstrisi A.Ş.”, received benefits under the program.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER:**

There is no specific application or approval process for this program. Please see response to question C.1.1.(g) above.

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER:**

Please see response to question C.1.1.(g) above.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

Please see response to question C.1.1.(g) above.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

Please see response to question C.1.1.(g) above.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**

No. The support is not contingent upon export performance.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No. The support is not contingent upon the use of domestic goods over imported goods.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

All employers operating in the provinces determined by the Council of Ministers can benefit from this program. (See **Exhibit 31** for the list of provinces.)

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

No.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER:**

Please see response to C.1.1.(d) above.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see response to C.1.2. above.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

Yes.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

Yes.

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

There are no contractual agreements between the GOT and the companies.

- C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

Please see **Exhibit 32** for the list of companies by NACE Code.

- C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017 and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

Please see **Exhibit 32** for the number of companies benefited. There is no record kept for the rejected companies.

- C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

There are no anticipated changes in the program.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

- j) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- k) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- l) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.
- m) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- n) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- o) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the investigation period (and for each year in which the assistance was provided).
- p) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- q) What are the core activities and functions of each entity that provided the assistance under the program?
- r) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**ANSWER:**

N/A

**Program 24. Social Security Premium Support (Employee's Share)**

This scheme is part of the Investment Incentive Program. This scheme allows for the

Ministry to cover the employee's share of the social security premium paid by the investor to the Social Security Institution in the amount corresponding to the legal minimum wage, for additional personnel recruited for new investments in Region 6. This support is available for Regional, Large Scale and Strategic investments in Region 6 only and for 10 years. Since companies listed in Appendix A have not benefited from this support during the investigation period, the pertinent questions are not responded.

## **Program 25. Investment Incentive Program**

### **ANSWER:**

Please see response to "11. Investment Encouragement Program VAT and Import Duty Exemptions" above.

## **ANY OTHER PROGRAM NOT PREVIOUSLY ADDRESSED**

If the GOT, any of its agencies, or any other authorised non-Governmental body, provides any other assistance programs not previously addressed (including market development assistance programs or any domestic support programs related to the manufacture of subject goods) to manufacturers of rebar in Turkey, identify these programs.

Such assistance programs are those that constitute a subsidy as defined in the Glossary of Terms.

Please provide the information requested in the following Section C-1 for each program identified above and any additional programs you have identified. In addition, please respond to the program-specific information requested.

### **1. Export Oriented Working Capital Credit**

## **PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

a) Title of the program.

**ANSWER:**

The title of the program is “Export-Oriented Working Capital Credit Program” (WCP).

b) Policy objective and/or purpose of the program.

**ANSWER:**

WCP was established with the aim of financing raw materials, intermediate goods, machinery and equipment purchases and other financial needs of companies. Manufacturers, manufacturer-exporters and firms engaged in foreign currency earning services which are established in Turkey and which produce export oriented Turkish products are eligible to apply for this credit program. Purchasing of raw materials and intermediate goods are financed based on completed procurement within the framework of invoices. The maturity for this program is 3 years.

c) Legislation under which the subsidy is granted.

**ANSWER:**

A copy of TE’s Law, Principles and Articles of Association and “Implementation Principles for Export-Oriented Working Capital Credit Program” (WCP) are provided in **Exhibit 19** and **Exhibit 33**, respectively.

d) Nature or form of the subsidy.

**ANSWER:**



Manufacturers and manufacturer-exporter firms which are established in Turkey and which produce export oriented Turkish products are eligible to apply for this credit program. Purchasing of raw materials and intermediate goods are financed based on completed procurement within the framework of invoices. The maturity for this program is 3 years.

e) When the program was established.

**ANSWER:**

The program was established on January 1, 2012.

f) Duration of the program.

**ANSWER:**

No particular duration is mandated for the program.

g) How the program is administered and how it operates.

**ANSWER:**

The companies will apply directly to TE with the relevant documents, including credit application form (a blank copy is provided at **Exhibit 34**), a list of completed procurement (approved by certified public accountants) attached with copies of related documents, a letter of consent from exporter (if the applicant firm is manufacturer) stating that the same export transaction shall not be financed by the WCP, tax identification number and production capacity report, authorized signature samples of the company, fax agreement, income statements, balance sheets and other financial documents of the last 3 years, which are approved by legal authorities (certified public accountants), notarized copies of identification cards of shareholders that own 25% of the company or more and collateral (Letter of Intent /Letter of Guarantee and/or T-Bills and Government Bonds, Contract of bailment provided by Credit Guarantee Fund)

Loans are extended under the program can be denominated in USD or EUR. There is no application fee charged by the government agency or authority. In the evaluation process of credit applications, copy of the documents submitted by an applicant are sent to Analysis Department for the preparation of a financial analysis report on applicant firm. The financial analysis reports include detailed information about its ownership structure, management quality, industry characteristics and competitive position within the industry, and financial strength and structure (liquidity, leverage, profitability etc.).

After analyzing and evaluating the financial analysis reports of the applicant firms, credit applications are submitted to the Credit Committee. After the Credit Committee approval, firms have to submit written Firm Commitment and General Credit Agreement Contract (certified by notary/or signed within the presence of TE officials) and Letter of Guarantee / Contract of Bailment provided by Credit Guarantee Fund in order to use the loan.

h) To whom and how the program is provided.

**ANSWER:**

Manufacturers, manufacturer-exporters and firms engaged in foreign currency earning services which are established in Turkey and which produce export oriented Turkish products are eligible to apply for this credit program.

i) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

The companies that have no payment problems with TE and the companies whose credibility is approved by TE could benefit from the WCP.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see response to Question C1.1.(c) above.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see response to Question C1.1.(c) above.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

The program is administered by Turk Eximbank, located at Saray Mah. Ahmet Tevfik İleri Cad. No:19 34768 Ümraniye / İSTANBUL.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

The main types of records maintained in the organization are:

- Credit Committee Reports.
- Detailed information about export credits extended to companies.
- Export information databases.
- Credit risks and export commitments of borrowers.
- Analysis reports including financial data of the last 3 years.
- Credit lines and the balance of the credit limits belonging to firms.
- Accounting records.

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

Diler Dış Ticaret A.Ş. received benefits under WCP during investigation period.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER**

The companies will apply directly to TE with the relevant documents, including credit application form (a blank copy is provided at **Exhibit 34**), a list of completed procurement (approved by certified public accountants) attached with copies of related documents, a letter of consent from exporter (if the applicant firm is manufacturer) stating that the same export transaction shall not be financed by the WCP, tax identification number and production capacity report, authorized signature samples of the company, fax agreement, income statements, balance sheets and other financial documents of the last 3 years, which are approved by legal authorities (certified public accountants), notarized copies of identification cards of shareholders that own 25% of the company or more and collateral (Letter of Intent /Letter of Guarantee and/or T-Bills and Government Bonds, Contract of bailment provided by Credit Guarantee Fund)

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER**

In the evaluation process of credit applications, copy of the documents submitted by an applicant are sent to Analysis Department for the preparation of a financial analysis report on applicant firm. The financial analysis reports include detailed information about its ownership structure, management quality, industry characteristics and competitive position within the industry, and financial strength and structure (liquidity, leverage, profitability etc.).

After analyzing and evaluating the financial analysis reports of the applicant firms, credit applications are submitted to the Credit Committee.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

After the Credit Committee approval, firms have to submit written Firm Commitment and General Credit Agreement Contract (certified by notary/or signed within the presence of TE officials) and Letter of Guarantee / Contract of Bailment provided by Credit Guarantee Fund in order to use the loan.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

If the application is disapproved, a notification including the reasons of credit disapproval is sent to the relevant company. TE does not keep the records of disapproved applications.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**

The credited company is obliged to fulfill its export commitment within the credit period and hence, the program is contingent upon export commitment. However, past export performance is not an eligibility criterion.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No, the use of domestic over imported goods is not an eligibility criterion.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

No, the eligibility for this program is not limited to enterprises or industries located within designated regions.

- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

No, the eligibility for this program is not limited to any enterprise or group of enterprises, or to any industry or group of industries.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER:**

The credit line is determined in parallel with the amount requested in the application and the credibility of the applicant company. Moreover, the amount of loan could not exceed the company limit specified in the Implementation Principles. The upper limit for a company is determined as USD 50 million.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see response to Question C1.1.(c) of this section.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

The companies matching the criteria set forth in Implementation Principles may benefit from WCP.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

The amount of the credit provided determined solely by established criteria found in the Implementation Principles and the creditworthiness of the firm.

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

The prevailing confidentiality requirements in Turkish banking regulations do not allow Turk Eximbank to release the copies of credit agreements between Turk Eximbank and its customers. Hence, the relevant information could be obtained from the respondent companies.

**C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

The table indicating the number of companies, in the years 2016, 2017 and 2018 (up to September 30), by industry and region under TE's credit programs is provided in **Exhibit 35**.

**C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017 and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

Number of firms received benefit under WCP:

- [
- 
- ]

Rejection data is not kept.

**C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the

program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

No changes are anticipated or foreseen for the program.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

- bb) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- cc) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- dd) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.
- ee) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- ff) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- gg) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the investigation period (and for each year in which the assistance was provided).
- hh) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- ii) What are the core activities and functions of each entity that provided the assistance under the program?
- jj) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**ANSWER:**



The only entity providing this assistance is the TE.

## **2. Short Term Export Credit Insurance**

### **PART C1 - GENERAL QUESTIONS**

For **each program** identified above in Table C-1, and any other additional programs that the GOT identifies, answer the following questions.

*Note: In responding to the questions in this part you are required to provide information on each program, regardless of the year the benefit was granted by the GOT or the year that the benefit was received by the recipient company, as well as those further identified by the GOT, where the program benefits impact on the production and sale of rebar during the investigation period.*

**C1.1** Provide details of the program including the following.

j) Title of the program.

#### **ANSWER:**

The title of the program is “Export Credit Insurance Program” (ECIP).

k) Policy objective and/or purpose of the program.

#### **ANSWER:**

The Short Term Export Credit Insurance Program (ST – ECIP) is a non-cash program of Turk Eximbank (TE) offered to the manufacturer exporters, exporters, overseas investors/contractors and companies engaged in foreign currency earning services.

It provides Turkish exporters with one-year blanket insurance cover for exports purchased on short term credits. The percentage of cover is up to 90 % for losses due to the political and commercial risks for the shipments to be paid up to 360 days. Main objectives are to increase the market share of Turkey in international trade, enhance the competitiveness of Turkish exporters and contractors as well as to create opportunities in newly emerging markets.

l) Legislation under which the subsidy is granted.

**ANSWER:**

A copy of TE's Law, Principles and Articles of Association and "Implementation Principles for Short-Term Export Credit Insurance" are provided in **Exhibit 19** and **Exhibit 36**.

m) Nature or form of the subsidy.

**ANSWER:**

ST – ECIP provides insurance cover to exporters for all future shipments, having a fixed term not exceeding 360 days, in a year.

n) When the program was established.

**ANSWER:**

ST - ECIP was established in August 1987.

o) Duration of the program.

**ANSWER:**

No particular duration is mandated for the program.

p) How the program is administered and how it operates.

**ANSWER:**

ST – ECIP is a post-shipment facility since the liability of TE will arise only if the loss occurs on or after the date of shipment. ST – ECIP also enables exporters to obtain funds from commercial banks.

The commercial and political risks covered by the program are as follows:

- Commercial Risks:
  1. Insolvency of the debtor
  2. Protracted defaults (up to 4 months)
  3. Repudiation of the goods
- Political Risks
  1. Transfer risks/limitations
  2. Non-payment due to social turmoil such as war, civil war, rebellion, etc.,
  3. Import restrictions
  4. The cancellation of import permits
  5. Seizure
  6. Non-payment of public debtor.

Risks such as; failure of the exporter to fulfill the terms of the sales contract or any negligence on his part, default, lack of foresight or insolvency of any agent of the exporter or the corresponding/advising/collecting bank (acting on behalf of the exporter), reclamation stemmed from the quality claims are not covered under this program.

By the 10th day of each calendar month, policyholders should declare all the shipments realized in the previous month. On the other hand shipments, which are wholly or partly unpaid in each calendar month, should also be declared during the subsequent month.

The waiting period for the loss being ascertained is 4 months after the occurrence of loss. After or in (for insolvency cases waiting period is stopped on the presentation of receivable registration form within the so-called four months) the waiting period, the insured is obliged to fill out a special claim form designed by TE and return it with any necessary documents attached to it and upon request completes all other proceedings. Then, the necessary steps are taken for subrogation. Any amount collected after payment of an indemnity shall be shared between TE and the policyholder according to the coverage ratio after deduction of expenses incurred for collection.

The percentage of cover is up to 90 % of losses.

q) To whom and how the program is provided.

**ANSWER:**

The manufacturer-exporters, exporters, exporters, overseas investors/contractors and companies engaged in foreign currency earning services could benefit from the program.

The pertinent companies directly apply to TE with the following documents:

- Application Form
- The copies of commercial registry gazette
- Notarized copies of identification cards of shareholders
- Authorized signature samples of the company
- A receipt substantiating that the fee incidental to preparation of the policy has been paid
- Company Information Form
- The letter of undertaking
- Application Form of the Recipient/Buyer Limit
- Fax agreement

r) The eligibility criteria in order to receive benefits under the program.

**ANSWER:**

Please see responds to C1.1.(d) and (h) of this section. ST – ECIP is a post-shipment facility since the liability of TE will arise only if the loss occurs on or after the date of shipment.

**C1.2** Provide translated copies in English of the decrees, laws and regulations relating to the program and any reports pertaining to the program published during or since the investigation period. Specify the sections that govern the program.

**ANSWER:**

Please see response to Question C1.1.(c) above.

**C1.3.** Provide copies together with translations in English of all legislative, regulatory, administrative and public documents relating to this program.

**ANSWER:**

Please see response to Question C1.1.(c) above.

**C1.4** Identify the GOT department or agency administering the program.

**ANSWER:**

The program is administered by Turk Eximbank, located at Saray Mah. Ahmet Tevfik İleri Cad. No:19 34768 Ümraniye / İSTANBUL.

**C1.5** Identify and explain the types of records maintained by the relevant Government or agency (e.g., accounting records, company-specific files, databases, budget authorisations, etc.) regarding the program.

**ANSWER:**

The main types of records maintained in the organization are:

- Detailed information about the firm such as name and contact address of the firm, owners, board of directors, general manager and assistant general manager(s), copies of Company Registration Gazette containing latest amendments to the

company's articles of association, list of authorized signatories (notarized), tax identification number, its subsidiaries and financial indicators (sales, earnings before taxes and balance sheet volume)

- Reports and documents related to its buyers (buyer limit approval etc.)
- Monthly Shipment Declaration Form

**C1.6** Indicate which of the companies listed in **Appendix A** applied for, accrued, or received benefits under the program during the investigation period.

**ANSWER:**

[ ] and [ ]  
have been provided with the Short Term Export Credit Insurance service of TE during the POI.

**C1.7** Answer the following questions regarding the application process:

- (a) Describe the application process (including any application fees charged by the Government agency or authority) for the program and provide a blank copy of the application form (translated, if necessary).

**ANSWER**

The exporter company pays the application fee and fills in the Application Form which will be the basis of the Policy to be issued, then submit them to TE.

The documents that must be enclosed to the Application Form are:

- Copies of Company Registration Gazette containing latest amendments to the company's articles of association
- List of authorized signatories (notarized)
- Information Form of the firm
- Letter of Undertaking
- Tax liability record
- Application Form and Contract of Internet Banking

Upon the examination and review of the Application Form and its appendices by TE, the terms and special conditions of the Policy together with the countries covered are determined and sent to the exporter with an Acceptance Form. The exporter who accepts

the terms and conditions stated on the Acceptance Form shall sign the form and send one copy back to TE within 30 days. The Policy shall be deemed to be in force immediately upon the receipt of the exporter's signed Acceptance Form. The Insurance Policy is then signed by TE and sent to the exporter (Policyholder).

- (b) After an application is submitted, describe the procedures by which an application is analysed and eventually approved or refused.

**ANSWER**

Upon the examination and review of relevant application documents by TE officials, the terms and special conditions of policy are determined and sent to the exporter with an Acceptance Form in two copies. The exporter, who accepts the terms and conditions stated on the Acceptance Form, shall sign the form and send one copy back to TE. After that, the policy shall be deemed to be in force.

- (c) If the application is approved, provide the approval documents together with any conditions or criteria subject to which the approval is made.

**ANSWER:**

The policyholder is obliged to declare all the shipments realized within the duration of policy. In this context, by the 10th day of each calendar month, the policyholder should notify TE of all the shipments realized in the previous month.

Within the framework of this program, the rates of premium differ for all shipments according to the risk classification of buyer's country, payment terms and credit periods and the type of the buyer (private/public). In calculating the premiums, the official exchange rate of Central Bank of Turkey is used. The exchange rate is the last date of the previous month, which the monthly shipment declaration is submitted.

In the operation; premiums are calculated as soon as the monthly shipments are entered into computer system. The premium forms are signed by TE and sent to the policyholder. The policyholder must crosscheck the form with his Monthly Shipment Declaration and contact with TE if it notices any discrepancies. The premium amount must be paid within the 5 working days as from the notification date.

TE officials send the letter of notification regarding unpaid premium debts to the exporters. If premiums are not paid in 3 months, then the firms are forbidden to use export credits. The notification letters are sent to the exporters by the operators in order to inform that their insurance policies will expire in 30 days. Besides this letter, they also send the documents for renewal. TE concedes 70% of the commercial risks assumed under its Short Term Export Credit Insurance Program to re-insurance companies.

- (d) If the application is refused, provide the refusal documents together with the reasons for refusal.

**ANSWER:**

Applications of all companies with the required documents are approved. If an exporter does not handle the obligations, TE cancels out the policy.

**C1.8** Answer the following questions regarding eligibility for and actual use of the benefits provided under this program.

- (a) Is eligibility for, or actual use of this program contingent, whether solely or as one of several other conditions, upon export performance? If so, please describe.

**ANSWER:**

No, the program is not directly contingent upon export commitment and past export performance is not an eligibility criterion.

- (b) Is eligibility for this program contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods? If so, please describe.

**ANSWER:**

No, the use of domestic over imported goods is not an eligibility criterion.

- (c) Is eligibility for the subsidy limited to enterprises or industries located within designated regions? If so, specify the enterprises or industries and the designated regions.

**ANSWER:**

No, the eligibility for this program is not limited to enterprises or industries located within designated regions.



- (d) Is eligibility limited, by law, to any enterprise or group of enterprises, or to any industry or group of industries? If so, describe and specify the eligible enterprises or industries.

**ANSWER:**

No, the eligibility for this program is not limited to any enterprise or group of enterprises, or to any industry or group of industries.

**C1.9** Respond to the following questions regarding the criteria governing the eligibility for and receipt of any benefit under this program.

- (a) Describe the criteria governing the size of the benefit provided.

**ANSWER:**

The amount of covered shipment is determined on the basis of the type of the buyer, risk classification of the buyer's country and the payment terms of the shipment. The percentage of cover is up to 90 % of losses.

- (b) Provide a copy of any law, regulation or other official document detailing these criteria.

**ANSWER:**

Please see response to Question C1.1.(c) of this section.

- (c) If the eligibility criteria as listed in the applicable law, regulation or other official documents are met, will the applicant always receive a benefit or is final approval contingent upon the Government agency or authority that administers the program?

**ANSWER:**

If any of the statements in the Proposal is defective, untrue or false, TE shall be authorized to withdraw from this contract unilaterally. In such event, the premium already paid by the insured shall not be reimbursed by TE.

- (d) Is the amount of the benefit provided exclusively determined by established criteria found in the law, regulation or other official document or does the Government agency or authority that administers the program determine the benefit amount?

**ANSWER:**

The amount benefit is determined by the established criteria. Please see respond to C1.9.(a) of this section.

- (e) Provide any contractual agreements between the GOT and the companies that are receiving the benefits under the program (e.g., loan contracts, grant contracts, etc.).

**ANSWER:**

The prevailing confidentiality requirements in Turkish banking regulations do not allow Turk Eximbank to release the copies of credit agreements between Turk Eximbank and its customers. Hence, the relevant information could be obtained from the respondent companies.

**C1.10** Provide a list by industry and by region of the companies that have received benefits under this program in the year the provision of benefits was approved and in each of the years 2016, 2017 and for the first three quarters of 2018.

**ANSWER:**

Please see **Exhibit 37** for total amounts of covered shipments, sectoral distribution of exports insured and the number of policy holders under ECIP for the years 2016, 2017 and the first three quarter of 2018.

**C1.11** How many applicants have received financial assistance/benefit and how many applicants have been rejected in the year the financial assistance/benefit was approved and in each of the years 2016, 2017 and for the first three quarters of 2018? Provide the main reasons why applicants have been rejected.

**ANSWER:**

Please see **Exhibit 37** for the number of policy holders under ECIP for the years 2016, 2017 and the first three quarter of 2018. On the other hand, no record is kept for rejections by GoT.

**C1.12** Describe any anticipated changes in the program. Provide documentation substantiating your answer. If the program has been terminated, state the last date that a company could apply for or claim benefits under the program. When is the last date that a company could receive benefits under the program?

**ANSWER:**

No changes are anticipated or foreseen for the program.

**C1.13** If assistance under the program was provided by an entity other than a national, state or local Government entity, please respond to the following questions:

- kk) What is the legal status of the entity e.g. is it a separately incorporated entity and/or a Government corporation, Government lending institution, commercial entity?
- ll) Please explain how the entity was established and whether the entity operates pursuant to statutes, decrees and/or regulations. Please explain the relevant statute, decrees and regulations under which the entity was established and operates;
- mm) What is the legal basis that governs the entity's provision of assistance under the program? Please provide translated copies of the relevant legal measures.
- nn) Has the entity received any direct or indirect funding or support from a Government entity? Please specify if the Government provided any such direct or indirect funding for the purpose of providing assistance under this program.
- oo) Did the entity provide assistance under the program pursuant to specific guidelines and/or criteria under this program? Please describe those guidelines and/or criteria.
- pp) Please provide the ownership structure of each such entity and specify the amount of any direct or indirect Government ownership during the investigation period (and for each year in which the assistance was provided).
- qq) Please provide the translated annual report during the investigation period (and for each year in which the assistance was provided) for each such entity.
- rr) What are the core activities and functions of each entity that provided the assistance under the program?
- ss) Explain why the assistance under this program was provided by this entity rather than directly by the Government.

**ANSWER:**

The only entity providing this assistance is the TE.

## SECTION D - DECLARATION

### DECLARATION

The undersigned certifies that all information supplied herein in response to the questionnaire (including any data supplied in an electronic format) is complete and correct to the best of his/her knowledge and belief.

January 23, 2019



Özgür Volkan AĞAR

On Behalf of the Minister

Director-General

Directorate General for Exports

## APPENDIX A

YUCELBORU IHRACAT ITHALAT VE PAZARLAMA A.S
DUFERCO SA
DILER DIS TICARET
DUFERCO ASIA PTE LTD
MACROMET METAL VE DIS TICARET LTD STI
MMT ULUSLARARASI DIS TICARET LTD. STI.
HABAS SINAI VE TIBBI GAZLAR I.E.A.S.
COLAKOGLU DIS TICARET A.S.
DILER DIS TICARET A.S.
HABAS SINAI VE TIBBI GAZLAR ISTIHSAL ENDUSTRISI A.S.