

資料 トルコの外資導入政策

『FOREIGN INVESTMENT REGULATION
AND APPLICATION FORMS 1987』抜粋

3. FOREIGN INVESTMENT POLICY

One of the major policy decisions in 1980 was the adaptation of open and flexible foreign investment policies. This policy had been upgraded and strengthened with a new Decree in February of 1986. Some of the basic elements of this policy may be summarized as follows:

3.1 Security of Foreign Capital

Foreign Investment Law and the corresponding Decree provides to foreign capital the same rights and obligations as local capital, and guarantees the transfer of profits, fees and royalties, and the repatriation of capital in the event of liquidation or sale.

3.2 Field of Activity

All fields which are open to Turkish private sector are open to foreign participation and investment.

3.3 No Limitation in Participation Ratio

There is no limitation in equity participation ratio.

3.4 Use of Expatriate as Manager

There is no limitation for assigning expatriate as manager and technical staff.

3.5 No Red Tape-One Stop Agency

To implement these measures effectively, the Government established a Foreign Investment Directorate within the State Planning Organisation of the Prime Ministry. The unit is authorized to;

- guide and assist the foreign investor in exploring investment opportunities in Turkey,
- receive and process foreign investment applications,
- review and approve licence, royalty and management agreements,
- review and approve foreign investment credits for joint-venture companies,

- review and approve working permits to expatriates.
- negotiate bilateral investment protection agreements.

3.6 Generous Incentives

Incentives in Turkey are twofold: Investment Incentives and Export Incentives.

a) Investment Incentives

Investment projects which may be eligible for an Incentives Certificate by the SPO are those whose total investment value is over 50 million TL in Priority Development Regions and over 120 million TL in other regions provided they are not in the list of investments that are not encouraged (see page 14). It is also possible to start an investment by a Permission Certificate (also issued by the Foreign Investment Directorate of the SPO) allowing the investor to make an investment without having use of the incentives. Incentives established by the Council of Ministers Resolutions in line with the Annual Programs may vary depending upon the sector, geographical location and export potential of the project, the major ones may be summarised as follows;

1) Customs Exemption

- 100% custom exemption for all the machines and equipment needed for the investment.
- In addition the SPO can implement export exemption for the importation of raw materials and intermediary goods on the basis of the project for three months requirement of the newly established investments whose total fixed investment value is above 1 billion TL.

2) Investment Allowances

This is a tax incentive granted to investors who invest in Turkey provided that they have an Incentive Certificate, i.e. : an investor who is granted 100% investment allowance means until he recovers his total fixed investment (excluding land, auxillary and used machinery) he is exempted from corporation tax.

The rates of investment allowance over the total amount of the qualified investment are as follows:

Characteristics of the Investment	Investment Allowance Rate
i) In developed regions (All areas within the provincial boundaries of Istanbul and Kocaeli and within the municipal boundaries of Ankara, Izmir and Bursa) In the organised industrial zones of these regions	30 % 40 %
ii) Investments made by capital stock companies and cooperatives in some selected industries and in provinces included in the first priority regions (provided that the total fixed investment is over 1 billion TL, investments in shipbuilding, shipbuilding and repairing facilities, import and administration of Ro/Ro ships, train ferries, ferryboats and full container ships, energy sector, electronics (communications and high technology electronic goods) sector, production of medical instruments, health services, agriculture and animal husbandry and the integrated facilities connected to them, tourism (accomodation facilities and congress tourism facilities integrated to the existing facilities) investments, training investments)	100 %
iii) In provinces included in the second priority regions	60 %
iv) In normal regions and in agricultural investments	40 %
v) Fishery investments, aquatic products	100 %
vi) Scientific research and development investments carried out by capital stock companies, cooperatives and joint ventures	100 %

3) Source Utilisation Support Premium

As the investments are realised, in the investments having the total fixed investment amount over 1 billion TL, Source Utilisation Support Premium may be paid without credit/equity capital distinction from the realised part, the rate of which is given below:

- Investments in animal husbandry and aquatic products in connection with animal husbandry 30 %
- Regions having first priority 20 %
- Regions having second priority and investments in shipbuilding, Ro/Ro ships, train ferries and ferry boats 15 %
- Investments in the normal regions (Investments in the Organised Zones within the developed regions are treated as investments in normal regions) 7 %
- Investments in the developed regions where the location of the investment is compulsorily changed by the decision of the interested Ministry or State Organisation;
 - . to Bakirkoy Ikitelli Industrial Zone and Kartal-Orhanli-Aydin Organised Industrial Zones 10 %
 - . to normal regions 15 %
- Tourism investments in the priority tourism regions:
 - . yacht fleet, yacht repair facilities and yacht port investments 20 %

accommodation investments depending on the equity ratio and bed capacity;

The equity ratio in the total invt. (%)	2000 & over	1500-1999	1000-1499	750-999	500-749	250-499	100-249
40 and over	20	19	18	17	16	15	14
35 - 39	17	16	15	14	13	12	11
30 - 24	14	13	12	11	10	9	8
25 - 29	11	10	9	8	7	7	7
20 - 24	8	7	7	7	7	7	7

For investments with total fixed investment value under 1 billion TL, the said premium is only applicable to the credit and the rate is 7%. This 1 billion TL limit will not be required in the regions having priority and displaced investments.

4) Incentives Premium

A sum equal to 20% of the value of machinery and equipment which the investor purchases from domestic sources may be paid to the investor as an Incentive Premium.

5) Exemption from Taxes, Duties and Charges on Credits

Provided that the below rates of production are committed for exportation for 5 consecutive years after full capacity is reached taxes, duties and charges are exempted from medium and long term domestic investment credits, operating capital credits and foreign credits. The rates of exportation are:

- at least 20% of the annual production for investments in the developed regions
- at least 10% of the annual production for investments in the normal regions
- at least 5% of the annual production for investments in the regions having priority

6) Other Incentives

- i) Exemption from building and construction taxes
- ii) Postponement of Value Added Tax (EDV)

Minimum equity requirements for the financing of investments benefiting from the investment incentives are as follows:

Type of Investment	Minimum Equity Ratio %
- Investments in the regions having priority in development	30
- Investments in normal regions	40
- In normal regions provided the total investment is greater than 5 billion TL.	30
- Investments in developed regions within the boundaries of Istanbul, Kocaeli provinces and the municipalities of Ankara, Izmir and Bursa	50
- Investments in the organised industrial zones of developed regions	40
- Investments in agriculture and animal husbandry including their industrial integrations, aquatic products and tourism industry	25
- All kinds of investments in ships	20
- Shipbuilding	15
- Investments in Rb/Ro ships, train ferries, ferry boats (provided the total investment is greater than 1 billion TL.)	10

b) Export Incentives

1) Exemption from Taxes, Duties and Charges on Credits

Provided that it is utilised to finance the export credits extended by the banks (including the pre-finance and foreign exchange credits) for all the services and transactions rendered by the banks, insurance companies and other organisations in relation with credits are exempted from duties, taxes and fees.

2) Custom Exempted Import Corresponding to Export

Custom exempted import of raw, auxiliary (other than narcotics, weapons and ammunition) and packing material which are in the scope of goods to be exported by themselves and/or by the industrialists dealing with by-products provided it is up to the value of the annual export commitment.

3) Deduction of Foreign Exchange Corresponding to Export

Foreign exchange to be provided by the firms that have committed exportation on project basis may not be brought to Turkey and may be subjected on the account of the foreign exchange needs of the exporters and their subsidiaries determined by the SPO.

4) Tax Rebate in Exports

Direct and indirect taxes in certain sectors and especially within the content of the manufactured goods are repaid to exporters at varying rates (0 % to 8 %).

5) Corporate Tax Exemption

20 % of the export earnings over 250,000 US \$ are deducted from taxable corporate income.

6) Exemption from Value Added Tax (KDV)

Exporters are exempted from value added tax concerning all goods and services exported.

7) Export Premium

For the exportation of certain goods from 4 US \$/ton to 550 US \$/ton premium is paid to the exporter from the Support and Price Stability Fund.

3.7 Applicable Taxes

a) Corporate Tax

The corporation tax rate is 46% of the taxable income. There are some additional charges such as premiums to Defence Industry Fund (3 % of the corporation tax), Social Solidarity Fund (1 % of the corporation tax) and Technical Education Fund (1 % of the corporation tax). Consequently, effective rate on profits is 48.3 %. There is no additional tax in case of dividend distribution.

b) Individual Taxes

Tax Rates

<u>Annual Taxable Income</u>	<u>Rate (%)</u>
First TL 3 million	25
Next TL 3 million	30
Next TL 6 million	35
Next TL 12 million	40
Next TL 24 million	45
More than TL 48 million	50

c) Value Added Tax

Deliveries and import of goods and performance of services are subject to value added tax.

The basic rate for value added tax is 12 %, which covers all deliveries except vital foods. There is additional tax on tobacco, liquors and beverages.

d) Withholding Taxes Applicable to Corporations
(Including Defence Fund Premium)

	Limited ----- TaxPayers -----	Full ----- Taxpayers -----
Salaries	25,75	-
Professional Services	15,45	-
Rent Income on Immovable Assets	20,60	-
Government Bond Interest	-	-
Loan Interest	10,03	-
Deposit Interest	10,03	-
Foreign Exchange Deposit	1,003	-
Patents, Royalties	25,75	-
Loan Interest paid to Companies which are outside of Turkey	-	-
Dividends	-	-
Bond Interest	10,03	10,03
Construction Work which takes more than a calender year	5,15	5,15

PRODUCTION AND INVESTMENT SUBJECTS WHICH ARE NOT
ENCOURAGED

(Excluding Priority Development Regions)

I. AGRICULTURE

a) Animal Husbandry

1. Investments in the raising of non-ruminants with double nails (including regions having priority in development)

II. MANUFACTURING INDUSTRY

a) Food-Beverages

1. Production of pasteurised milk products below the processing capacity of 2500 tons/year.

2. Flour production establishments

3. Animal feed plants (excluding those integrating feed lots, and the meat and milk industries)

4. Completely new fish flour and fish oil establishments

b) Forestry Products

1. Chip board production

c) Rubber

1. Tyre production

d) Chemicals

1. Production of sodium bichromate and sodium sulfide

2. Production of carbon dioxide gas (excluding the production of gas from natural resources and dry ice)

3. Investments of petrochemical establishments producing ethylene below the capacity of 300,000 tons/year or reaching to the final product by means of polymerisation of intermediary products.

4. Investment of azote fertiliser plants below the capacity of 450 tons/day or phosphate fertiliser plants below the capacity of 450 tons/day.

5. Production of ammonium below the capacity of 1000 tons/day.

e) Iron and Steel

1. Wire extrusion and nail production plants

2. Investments in rolling mills (excluding rolling mills intended for the production of continuous long and flat products with capacities of 400,000 tons/year or above)

3. Integrated iron-steel production investments below the blast furnace capacity of 2000 m³.

4. Sponge-iron investments below the capacity of 400,000 tons/year in three shifts

5. Plants for integrated steel production with arc furnaces giving continuous rolling process and liquid steel oriented to long products below the capacity of 500,000 tons/year

6. Plants producing steel and spheroidal cast parts below the capacity of 2000 tons/year in a single shift with plants producing white and grey cast iron parts and temper below the capacity of 3500 tons/year in a single shift

f) Non-Ferrous Metals

1. Aluminum extrusion products
2. Casting plants of metal and metal alloys below the capacity of 500 tons/year

g) Motor Vehicles

1. Production of automobiles
2. Production of tractors
3. Production of trucks, small trucks and minibuses below the capacity of 15,000 units/year in two shifts
4. Production of buses below the capacity of 2000 units/year in two shifts

h) Metalware

1. Connecting elements produced from ordinary steel
2. Production of steel construction below the capacity of 20,000 tons/year
3. Production of steel matting below the capacity of 5000 tons/year

i) Materials made of Baked Clay and Cement

1. Production of lime powder below the capacity of 30,000 tons/year
2. Production of gypsum below the capacity of 10,000 tons/year
3. Production of prefabricated construction elements and constructions below the capacity of 200 houses/year

III. SERVICES

a) Transportation

1. Importation of Ships

- Ships below 5000 gross tons or 7500 DWT
- Ships for special purposes and ships with special designs below 499 gross tons (fishery factory ships, with frigofiric equipment and air cooling units, ships used in the transportation of chemicals, etc)
- Cargo ships, special-purpose and special-design ships older than 9 years of age, and tankers older than 5 years of age.

For the ships to be imported by 85 % foreign credit and the cost of which will be paid by the freight earnings in foreign exchange:

- Ships below 5000 gross tons or 7500 DWT and ships having special design and purpose below 499 gross tons
- Cargo ships, special-purpose and special-design ships older than 12 years of age and tankers older than 8 years

2. Shipbuilding Yards (Shipbuilding and Repairing Facilities)

- Shipbuilding and repairing facilities below the steel processing capacity of 4000 tons/year
- Shipbuilding and repairing facilities below the steel processing capacity of 5400 tons/year
- Shipbuilding, repairing facilities and floating docks below the total capacity of 80,000 DWT/year

Shipbuilding facilities for the construction of ships such as tug boats, fishery ships, touristic ships, similar service ships and marine service vessels for special purposes with shipbuilding yards to be established at Istanbul-Tuzla region are not subject to the above restrictions.

3. Trailer and Hauler Investments
(including regions having priority in development)

4. Investment of transportation vehicles (excluding the investments on the buses for the municipalities and the travel agencies oriented to foreign tourism which undertake to bring 500,000 US \$ foreign exchange earning)

IV. TOURISM

1. Accomodation facilities under the capacity of 100 beds

2. Yatching facilities under the capacity of 45 beds

Eventhough the expansion, modernisation and quality improvement investments related with the existing establishments take place in this list, they may be encouraged subject to examination on the basis of the project.

LESS DEVELOPED REGIONS WHICH HAVE GRANTED PRIORITY IN
DEVELOPMENT EFFORTS

I. Provinces Having First Priority

1. Adiyaman
2. Ağrı
3. Bingöl
4. Bitlis
5. Diyarbakır
6. Gümüşhane
7. Hakkari
8. Kars
9. Mardin
10. Muş
11. Siirt
12. Tunceli
13. Van

II. Provinces Having Second Priority

1. Amasya
2. Artvin
3. Çankırı
4. Çorum
5. Elazığ
6. Erzinca
7. Erzurum
8. Kastamonu
9. Malatya
10. Kahramanmaraş
11. Sinop
12. Sivas
13. Tokat
14. Şanlıurfa
15. Yozgat

— Normal regions are all regions which are not developed nor are priority regions.

4. INVESTMENT OPPORTUNITIES IN TURKEY

Unlike most of the other developing countries, Turkey has natural resources, labour and an expanding market due to its unique location as a natural bridge between Europe and the Middle East. Turkish private enterprises are looking for partners who will bring technology, management and some capital to build the economic bridge between the West and the Middle East and other Islamic World.

Furthermore, Turkey has a growing domestic market with a population of 50 million and 1200 US \$ per capita income. Therefore, in almost any sector Turkey offers a ready domestic market.

Turkey has a large pool of relatively inexpensive, hard-working, and disciplined labour force with a labour union who is promoting healthy working environment with equal pay for equal job principles.

Turkey also has a networks of communications and transportation facilities, coupled with organized industrial parks. The highest priority in our development program has been given to energy, telecommunication and transportation projects.

In addition to being a good site for new investment, Turkey offers some of the best investment opportunities available anywhere in the world today. Based on the analysis of the resource base and market surveys, the following areas demonstrate potential for investment:

4.1 Agro-Industries

Turkey is one of the few countries in the world which is self-sufficient in food and textile commodities and is a major exporter of these products. Considering Turkey's agricultural growth potential in terms of soil, climate, available labour force and proximity to the market from every angle such as culture and consumption habits, Turkey could become the bread basket of the region in medium and long terms with right technology, management and investment. Potential investment opportunities in the agro-industry are:

- Seed industry; to improve the yield and brand of industrial crops, vegetables and forage crops for local and international market.

- Poultry industry; to improve the cost and quality of the commercial broiler and egg production for local and regional demand.
- Livestock industry; to improve the milk and carcass value of domestic livestock; need breeding and meat processing companies.
- Fruit and vegetable industry; need companies with processing, packaging and marketing capabilities.
- Fish hatcheries and fish farming, both inland and shorelines.
- Cut flowers for both local and regional markets.

4.2 Mining and Petroleum

Turkey has many important potential mining projects and petroleum fields which are available for joint-venture and direct foreign investment. Etibank, a Government mining enterprise with responsibility for exploration and mineral extraction, has silver, copper, aluminum, perlite and marble projects open for joint-ventures.

As a national policy, in order to fulfill the petroleum requirements of Turkey, the Government has decided to mobilize all resources, including national and foreign companies, for petroleum exploration. A new law supplementing the existing petroleum 6326, allows the reopening of all fields which previous explorations had found to be inadequate, including those where exploration permits belong to the Turkish Petroleum Corporation and other explorers. The exploring company has the right to export 35 % of the oil that is extracted, and the foreign currency thus obtained may be used for any foreign currency requirements of the company. This also applies to petroleum to be produced by joint explorations of the Turkish Petroleum Corporation and its national or foreign partners.

4.3 Tourism

Turkey has been the site of numerous civilizations during the seven thousand years of human history, and many historical sites remain reflecting Turkey's Hittite, Greco-Roman, Seljuk and Ottoman heritage. Turkey also has more than 4000 kilometers of untouched natural shoreline along the Mediterranean and Aegean Seas, which could become a paradise for tourism. New

legislation for tourism promotion and investment is providing the legal base for the development of resort villages, hotels, motels, private housing for foreign owners, and other entertainment centers.

In addition to touristic resort facilities, there is a need for chain hotels and motels to accommodate the increasing business travel to major cities.

4.4 Manufacturing Industry

Turkey already has a good base in the manufacturing sector which could be utilized for mass production with the right engineering and organization. Recent developments in the truck and the aircraft manufacturing sectors have opened up additional new areas of investment opportunity for parts and components suppliers. Some of the specific manufacturing areas that have potential may be summarized as follows:

- Construction equipment and materials; the Government of Turkey and the Gulf countries have given high priority to housing and infrastructure investment. It is expected that total construction bids in the region will reach 100 billion \$ per year in the coming decade. This sector has a great growth potential for Turkey if one considers the present share and competitiveness of the Turkish contractors in the Middle East market.

- Electronics Industry; Turkey offers excellent opportunities for investments in the electronics industry, considering the availability of good schools, research facilities and a labour pool with low wages. Turkey could be a similar site for Western companies as South Asia is for Japan.

- Garment Industry; Turkey has an excellent textile base to be further developed with modern technology and management. Unprocessed cotton is still one of the main export items. This cotton could be processed in Turkey and coupled with synthetic fibers to develop improved textile products, and subsequently apparel goods for the regional market.

LAW CONCERNING THE ENCOURAGEMENT OF
FOREIGN CAPITAL

Law No.6224

Date:January 18th,1954

OBJECT OF THE LAW

ARTICLE 1. This law shall apply to foreign capital to be imported into Turkey and to loans to be made from abroad with the decision of the Committee for the encouragement of Foreign Capital and the approval of the Council of Ministers, on condition that the business in which investment will be made:

- a) Is useful for the economic development of the country,
- b) Is in a field of activity open to Turkish private enterprise,
- c) Does not entail any monopoly or any special concession.

The Committee for the Encouragement of Foreign Capital provided for in this article and constituted according to article 8 shall be hereinafter referred to as the "Committee."(*)

PRINCIPAL FOREIGN CAPITAL

ARTICLE 2. For the purpose of this law, the term "principal foreign capital" shall mean the total of the values appraised and established as follows:

- a) The following items imported from abroad for the efficient establishment or expansion of an enterprise coming within the scope of the present law, or for putting the same again into activity:

(*) The functions of this Committee were transferred to the State Planning Organization by article 6 of Law No.933.

1. Capital in the form of foreign currency,
2. Machinery, equipment, tools and similar articles, machinery components, spare parts and materials and other necessary commodities to be approved by the Committee,
3. Services and rights over immaterial property such as patent rights, licenses and trade marks,
4. Profits converted into capital by way of reinvestment in pursuance of the provisions of article 3.

b) Experts selected by the Committee shall appraise the value of capital imported in the form of commodities, services and rights over immaterial property, and determine whether they constitute the commodities and assets for the object of the business approved by the Committee.

The value appraised by experts may be re-examined and modified by the Committee.

The appraisal shall be made both in currency of the country of origin and in Turkish currency at the official rate of exchange prevailing at the time of importation.

The decision of the Committee regarding the appraisal shall be final, provided, however, the appeal as per article 8 is reserved.

REINVESTMENT OF PROFITS

ARTICLE 3. The whole or part of the net amount accruing to the owners of the principal foreign capital out of the profits earned by a business coming under the present law, in accordance with the tax laws in force, may be, by decision of the Committee, added to the principal foreign capital or invested in another concern meeting the conditions of article 1.

TRANSFER OF PROFITS AND PRINCIPAL CAPITAL

ARTICLE 4. a) Subject to conditions specified in Paragraph (c) of this article, the following profits and capital funds may be transferred abroad in the currency of the country of origin of the principal foreign capital at the current official rate of exchange:

1. Net profits accruing to the owner of the principal foreign capital out of earnings obtained after 31st December 1953 and determined in accordance with the tax laws in force.
2. In case of a partial or total liquidation of an enterprise coming under the present law, the share accruing to the owners of the principal foreign capital out of the proceeds of the sale made at reasonable prices.
3. The proceeds of the sale at a reasonable price of the whole or part of the principal foreign capital invested in a business founded or working under the terms of the present law.
4. The principal of and interest on a foreign loan concluded in accordance with the provisions of article 6 of this law, which have become due under the terms of the loan agreement.

b) The Ministry of Finance or the Committee may, if they deem it necessary:

1. Order the examination of the accounting books and tax returns of the concern coming under the present law, in order to determine the amount available for transfer under subparagraph (1) of paragraph (a) of the present article.
2. Order an enquiry in order to ascertain whether the sale of shares and of assets and the making of loans are bonafide.

c) The Ministry of Finance shall, upon application, issue the necessary permission for the transfer of profits, proceeds of sale, and principal and interest

of loans, which are to be transferred under the provisions of paragraph (a) of the present article.

TRANSFER OF SHARES

ARTICLE 5. a) The Ministry of Finance shall give, upon request, the guarantee expressed in the following text on the share certificates or provisional receipts representing the principal foreign capital as defined in article 2 and registered on the books of a Turkish Company:

(The dividends on this share of stock shall be immediately transferred upon presentation of the share certificate or provisional receipt to the Central Bank of the Turkish Republic or to its authorized representatives abroad (in foreign currency of origin) at the official rate of exchange prevailing on the date of transfer. The amount accruing to the owner of this share certificate or provisional receipt on the proceeds of sale of this certificate or the proceeds of liquidation shall be transferred in accordance with article 4 of the Law No. 6224 of the Turkish Republic in (foreign currency of origin) at the official rate of exchange prevailing at the time of the transfer.)

The Minister of Finance
or

The Official Authorized by Him

b) Registered share certificates or provisional receipts bearing such guarantees shall be freely transferable between persons of any nationality both in Turkey and abroad. Before the sale of such share certificates or provisional receipts to real or juridical persons established in Turkey, they shall be presented to the Ministry of Finance for the cancellation of the guarantees, whether or not new share certificates or provisional receipts be issued in substitution of the old ones.

GUARANTEE OF LOANS

ARTICLE 6. a) The Ministry of Finance may, by decision of the Council of Ministers, give its guarantee up to an amount of a billion Turkish Liras and against guarantee or surety, for the principal and

interest of a foreign loan to be concluded by a business meeting the conditions provided for under article 1 of the present law.

b) This guarantee shall automatically lapse for the repaid portion of the principal or interest of the loan.

EMPLOYMENT OF ALIENS

ARTICLE 7. a) During the period of survey, foundation and operation of a business founded in accordance with the present law, the conditions and prohibitions set forth by Laws No. 2007 and 2818 shall not apply to aliens investing in such a concern, to alien representatives of such investors, to alien experts, foremen and other skilled personnel, for a period deemed necessary by the Committee for the efficient establishment, expansion or operation of the concern or for its being put again into activity.

b) The above provision shall also apply to alien experts, foremen and other skilled personnel to be employed by local concerns that are certified by the Committee as meeting the conditions provided by article 1 of this law.

c) Aliens employed in accordance with the provisions of this article may, with the permission of the Ministry of Finance obtained in advance, transfer, in the currency of their own country at the current official rate of exchange, such portions of their earnings as specified in their contracts of employment for the purposes of supporting their families or remitting their normal savings abroad.

COMMITTEE FOR THE ENCOURAGEMENT OF FOREIGN CAPITAL

ARTICLE 8. a) For the purpose of carrying out the duties provided for by this law, a Committee under the chairmanship of the General Manager of the Central Bank of the Turkish Republic and comprising the Director General of the Treasury, the Director General of Home Trade, the Director General of Industry, the Head of the Department of Research and Planning of the Ministry of State Exploitations and the Secretary General of the Union of Chambers of Commerce and Industry and Commodity Exchanges of Turkey is hereby constituted. In cases deemed necessary this Committee may consult in an

advisory capacity the representatives of other ministries and institutions. The Committee shall render its decision regarding applications referred to the Committee at the latest within 15 days.

The duties of the Secretary General of the Committee shall be performed by the Director General of Home Trade, and when necessary the Committee shall be convened by the Secretary General.

The remuneration to be paid to the Chairman and members of the Committee shall be fixed by the Council of Ministers.

b) The interested parties may appeal against the decisions of the Committee within 30 days after they are served the decision. The authority to which the appeal shall be addressed shall consist of the Minister of Finance, the Minister of Economy and Commerce and the Minister of State Exploitations. The decision of this authority shall be final (*).

ARTICLE 9. a) The Ministry of Economy and Commerce shall be the responsible authority for the application of this law.

b) The Ministry of Economy and Commerce shall give orders to the Import Customs Office concerned regarding the importation into Turkey of capital in kind in accordance with the decisions of the Committee.

EQUAL TREATMENT FOR NATIONAL AND FOREIGN CAPITAL

ARTICLE 10. All rights, exemptions and privileges granted to national capital and business shall be available under the same conditions to foreign capital and business working in the same field.

ARTICLE 11. a) All rights granted to those who have made investments in accordance with article 31 of Decree No. 13 issued under the authority of Law No. 1567 and by the Laws No. 5583 and 5821, are reserved.

(* According to the amendment in article 6 of Law No. 933, the authority of appeal is the Higher Planning Board.

b) The provisions of this law shall also apply to investment made in accordance with Law No. 5821, between August 1, 1951 and the date of the coming into force of this law.

REPEAL OF THE FORMER LAW

ARTICLE 12. Law No. 5821 is repealed.

COMING INTO FORCE

ARTICLE 13. This law shall come into force on the date of its publication.

ARTICLE 14. The Council of Ministers is entrusted with the enforcement of this law.

(Published in the Official Gazette on 24/01/1954)

Supplement to Decree No. 86/10353, dated 12/02/1986
(Official Gazette Date:13.03.1986, No.19046)

FOREIGN CAPITAL FRAMEWORK DECREE

OBJECTIVE

ARTICLE 1. The purpose of this Decree is to establish the principles of Foreign capital permission within the framework of the Foreign Capital Encouragement Law (No. 6224) and the Protection of the Value of the Turkish Currency Law (No. 1567).

DEFINITION

ARTICLE 2. In the implementation of this Decree, the terms used shall have the following meaning:

- a) SPO: State Planning Organization.
- b) Persons and legal persons resident abroad: natural persons who are nationals of foreign countries and legal persons that are formed in these countries.
- c) Foreign Capital: shall refer to the assets defined below:
 1. Capital in the form of foreign currency.
 2. Machinery, equipment, tools and similar goods, machinery parts, materials and other necessary goods permitted by SPO.
 3. Payments arising under license, patent, trademark and technical know-how agreements.
 4. Income on foreign capital and private foreign credits, principal and interest payments.
 5. Funds owned by persons and legal persons situated abroad, which are blocked by regulations issued pursuant to the Law on the Protection of the Value of the Turkish Currency.

AUTHORIZED AGENCY

ARTICLE 3. All operations concerning foreign capital investment and participations within the framework of this Decree shall be executed by the Foreign Investment Directorate of SPO.

Applications for permits shall be made to the Foreign Investment Directorate of the SPO and the principles of implementation will be determined by communiques.

GENERAL PRINCIPLES

ARTICLE 4. Permits concerning foreign capital shall be issued in accordance with the following principles:

a) Persons and legal persons resident abroad shall be permitted to invest in Turkey, to engage in commercial activities, to participate in partnerships, to purchase shares, to open branch offices and to establish liaison offices, provided such activities:

- are beneficial to the economic development of the country,

- are in areas which are open to the Turkish private sector, and

- do not entail a monopoly or special privilege.

b) The SPO is empowered to issue permits and provide incentives to investment projects with foreign participation of up to U.S \$ 50 million. For investments and participations exceeding these amount applications will be submitted to the SPO for preliminary determination and will then be presented to the Council of Ministers for approval.

c) The SPO is empowered to make amendments relating to capital increase, capacity increase, issuance of permits for new productions and participation, alterations in participation ratio for existing foreign investments, and also to make amendments on duration, quantity, field of

activity, value and proportion of shares that are specified in the decrees of foreign investments.

d) The SPO is empowered to study and approve licence, know-how and technical assistance agreements concluded by the Turkish public and private sectors with persons and legal persons resident abroad, as well as medium and long term foreign investment credit agreements reflecting investments with foreign capital, and to issue permission for employment of foreign personnel in the private sector establishments.

e) The SPO will investigate and finalize the evaluation of stock of companies existing in Turkey which are to be purchased or sold by persons and legal persons abroad.

f) The SPO will endorse a transfer guarantee on shares or temporary receipts which are registered in the name of persons or legal persons resident abroad.

ARTICLE 5. The transfer or reinvestment of profits, dividends, proceeds of sale and liquidation, and compensation payments and payments under licence and technical assistance agreements, and repayments of foreign credit principal and interest, corresponding to the shares in foreign investment owned by persons or legal persons resident abroad, within the framework of this Decree, is unrestricted.

ARTICLE 6. The Foreign Capital Framework Decree No. 8/168, dated January 24, 1980 and its supplements and amendments are hereby repealed.

ARTICLE 7. Investments whose activities have been permitted under Decree Nos. 28 and 30 concerning the Law for the Protection of the Value of the Turkish Currency and which also fall under the scope of this Decree are bound by the provisions of the Decree.

ARTICLE 8. This Decree shall come into force on the date of publication.

ARTICLE 9. This Decree shall be implemented by the Prime Ministry.

THE COMMUNIQUE NO. I CONCERNING THE FOREIGN CAPITAL
FRAMEWORK DECREE

Official Gazette Date: 25.05.1986, No.19117

The purpose of this Communique is to determine the principles of application and implementation of permits to be granted according to the Foreign Capital Framework Decree annexed to the Decree dated February 12, 1986, No. 86/10353.

FIELD OF ACTIVITY

ARTICLE 1. Persons and legal persons resident abroad may engage in all industrial, commercial, agricultural and other activities oriented to the production of goods and services, provided that such activity is related to subjects mentioned in permits and/or incentive certificates granted to them by the Foreign Investment Directorate of the State Planning Organization and included in the article of association as published in the Commercial Registry Gazette of Turkey.

INVESTMENT AND COMMERCIAL ACTIVITIES

ARTICLE 2. Persons and legal persons resident abroad, in order to establish corporations or limited liability companies pursuant to the Turkish Commercial Code or open branch offices to invest in Turkey and conduct commercial activity shall apply to the Foreign Investment Directorate of the State Planning Organization with the following documentation:

1. For legal persons resident abroad:
 - a) Certificate of activity,
 - b) Previous year's annual report (including previous year's balance sheets and fields of activity).

2. For persons resident abroad, the copy of passport.

The certificate of activity and copy of passport shall be certified by the appropriate Turkish Consulate or according to the provisions of the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, prepared within the framework of the Hague Conference on Private International Law. If the copy of the passport has been notarized in Turkey, no other certification shall be required.

3. A letter of commitment by which the person or legal persons resident abroad declares that the required capital for the desired field of activity in Turkey shall be brought.

4. Two copies of the feasibility study.

5. Proforma invoices, prospectus and catalogues, together with two copies of the global list and catalogues of machinery equipment and fixed investment which will be imported for the investment with their F.O.B. (currency of the country of origin) F.O.B. in U.S. dollars C.I.F. (Turkish Liras) and customs duties and charges.

6. If it is desired to benefit from the incentive measures, receipt showing that 0.1 per cent (1/1000) of the total investment inclusive of customs charges has been deposited as a guarantee to the Export Promotion Fund at the Central Bank of Republic of Turkey (this will be returned to the investor when the investment is realized or incentive measures are denied)

7. Other information which is deemed to be helpful.

PORTFOLIO INVESTMENTS

ARTICLE 3. Persons or legal persons resident abroad shall apply to the Foreign Investment Directorate of the State Planning Organization in order to become partners or to purchase shares in pre-

existing Turkish companies, shall submit the following documents:

1. For legal persons resident abroad:
 - a) Certificate of activity,
 - b) Previous year's annual report (including previous year's balance sheets and fields of activity).
2. For persons resident abroad, copy of passport.

The certificate of activity and copy of passport shall be certified by the appropriate Turkish Consulate or according to the provisions of the Convention Abolishing the Requirement of Legalisation for Foreign Public Documents, prepared within the framework of the Hague Conference on Private International Law. If the copy of the passport has been notarized in Turkey, no other certification shall be required.

3. A letter of Commitment by which the person or legal persons resident abroad declares that the required capital for the desired field of activity in Turkey shall be brought.

4. For the present company in which the person or legal persons resident abroad will become a partner or will purchase shares:

a) Balance sheets and profit/loss accounts for the past five years, certified by the appropriate tax office (in case the application is made in the second half of the year, balance sheets and profit/loss accounts as of the end of the sixth month of that year, certified by the company, shall be annexed).

b) The Commercial Registry Gazette in which the final form of the company's article of association charter is published.

c) Severance pay obligations as of the date of application.

PARTICIPATION

ARTICLE 4. Enterprises with foreign capital that are active in Turkey may participate in existing, or to be established companies in Turkey, provided that they receive permission from the Foreign Investment Directorate. For the permission, the application shall be made to the Foreign Investment Directorate of the State Planning Organization together with balance sheets for the past five years and the final form of the articles of Association of the Company published in the Commercial Registry Gazette in which there will be participation, and the severance pay obligations as of the date of application.

LIAISON OFFICE ACTIVITIES

ARTICLE 5. Enterprises resident abroad in order to establish liaison offices in Turkey shall apply to the Foreign Investment Directorate of the State Planning Organization with the following documents:

1. Letter of commitment stating that all expenditures of the liaison office will be paid from abroad.
2. For legal persons resident abroad;
 - a) Certificate of activity,
 - b) Previous year's annual report (including previous year's balance sheets and fields of activity).
3. Detailed information concerning the activities of the liaison office, number of persons to be employed and expenditures to be made within a year.
4. A power of attorney given to the person who will be in charge of the liaison office.

The expenditures of a liaison office of a legal person resident abroad, to be opened in Turkey, shall be met entirely from the foreign currency brought from abroad. The liaison office will not engage in any commercial activity and will not apply for transfer of profits and alike.

LICENCING, KNOW-HOW AND TECHNICAL ASSISTANCE AGREEMENT

ARTICLE 6. For the approval of licencing, know-how and technical assistance agreements made with persons and legal persons resident abroad, public and private sector enterprises shall apply to the Foreign Investment Directorate of the State Planning Organization with the following documents:

1. Draft agreement,
2. Documentation regarding the existence of the plants where the products in question will be produced
3. Where an investment is involved, a feasibility report,
4. Preyious year's balance sheets and research and development expenditures of the grantor of licence, know-how or technical assistance,
5. If the trademark or patent of the product in question is registered, documentation therefor.

In the evaluation of the agreements, the following factors will be considered; absence of limitations concerning sale price and exports; calculation of payments on the basis of production and net sales price; specification of dispute settlement procedures and the duration of five years for the term of the agreement.

Agreements found to be acceptable upon evaluation by the Foreign Investment Directorate will be approved upon submission of four copies of the certified original, four copies of the Turkish version (validated by a notary), and a receipt showing the payment of the stamp taxes.

Payments arising under these agreements will be given foreign exchange permits by the Central Bank of the Republic of Turkey and the foreign currency will be transferred through commercial banks.

PRIVATE FOREIGN LOAN AGREEMENTS

ARTICLE 7. For the approval of agreements of medium and long-term investment credits obtained from abroad, enterprises with foreign capital will apply to

the Foreign Investment Directorate of the State Planning Organization with the following documents:

1. Draft agreement,
2. Borrower's previous year's balance sheet.

In the evaluation of the agreements, term, interest rate, interest payment schedule, principal repayment schedule and dispute settlement procedures will be considered.

Agreements that are found acceptable upon evaluation by the Foreign Investment Directorate will be approved upon submission of four copies of the certified original, four copies of the Turkish version (validated by a notary), and letter of guarantee by a bank (if such guarantee is required). One copy of the agreement will be sent to the Undersecretariat of the Treasury and Foreign Trade for registration in the Foreign Debt Log.

Transfer of interest and principal repayment of foreign loans will be carried out by commercial banks pursuant to the credit agreements approved by the Foreign Investment Directorate of the State Planning Organization.

TRANSFER OF PROFITS, DIVIDENDS AND CAPITAL SHARES

ARTICLE 8. The net amount after taxes under the current tax laws have been paid on profits and dividends accruing to the share of persons and legal persons resident abroad, will be transferred abroad when the interested parties submit to the banks three copies of the documents specified below. Banks following the transfer operation, shall submit copies of the documents and the foreign exchange sales slip to the Central Bank of the Republic of Turkey and the Foreign Investment Directorate of the State Planning Organization.

1. Tax declaration and balance sheet and profit/loss accounts approved by the relevant tax office,
2. Tax verification and/or tax receipt,

3. Profit distribution table.

ARTICLE 9. When persons or legal persons resident abroad sell their capital shares, partially or totally, to persons or legal persons resident in Turkey, the sum from the sale or liquidation will be given a foreign exchange permit by the Central Bank of the Republic of Turkey without delay, the price of such shares shall be defined on the price given the stock exchange, or, if there is no such price, based on the evaluation of the Foreign Investment Directorate of the State Planning Organization.

FOREIGN PERSONNEL EMPLOYMENT PERMISSIONS

ARTICLE 10. Public and private sector enterprises in Turkey shall apply to the Foreign Investment Directorate of the State Planning Organization and submit the documents specified below when they want to employ administrative and technical personnel who will be beneficial to the legal persons during the investment and operation stages, and who will be employed for a period exceeding six months.

1. Names and duties of foreign personnel who are currently employed in the establishment and the total number of Turkish personnel.
2. The following documents for personnel for whom work permits are requested:
 - certified copy of passport,
 - detailed information concerning duties to be carried out,
 - if the person in question is a foreign shareholder or representative thereof, documents to that effect.
3. If the enterprise in question does not have foreign capital, incentive certificate, if any, previous year's balance sheets certified by the tax office, and detailed information concerning field of activity.

EXPERT'S REPORTS ON EQUIPMENT TO BE IMPORTED

ARTICLE 11. Investment goods imported with the permission of the Foreign Investment Directorate of the State Planning Organization as the capital-in-kind, are subject to expert reports. The investigation will be conducted after the assembling of the equipment, but before commencement of operations begin on the plant site, by experts to be assigned by the Foreign Investment Directorate.

In the determination of the Turkish Lira value of the equipment subject to experts' reports, the foreign exchange purchase rate applied by the Central Bank on the date on which the import permit letter addressed by the Foreign Investment Directorate of the State Planning Organization to the Customs Authorities was written will be applied.

Travel and accommodation expenses of the experts conducting the investigation and charges for the investigation, which will be determined by the Foreign Investment Directorate will be paid by the establishment importing the equipment.

OTHER PROVISIONS

ARTICLE 12. Persons and legal persons resident abroad, in order to invest in Turkey and establish corporations or limited liability companies in order to engage in commercial activity or become partners in existing companies or establish branch offices, must bring a minimum of \$ 50,000 U.S. per person or establishment (with the exclusion of investment with incentives and shares held by members of the Board of Directors).

ARTICLE 13. If existing enterprises with foreign capital want to increase their capital for reasons of expansion, modernization, operational capital necessity, and alike, they shall apply to the Foreign Investment Directorate of the State Planning Organization with previous increase in capital was published in the Commercial Registry Gazette, detailed information concerning the sources of

additional capital and feasibility report concerning expansion.

ARTICLE 14. Enterprises that are currently active in Turkey with foreign capital that with the exception of those operating under Petroleum Law No. 6326 (such as corporations, companies with limited liability, branch and liaison offices) may benefit from the provision of this communique and the Framework Decree on Foreign Capital provided that they register with the Foreign Investment Directorate.

ARTICLE 15. If persons and legal persons resident abroad want to utilize their funds, which are blocked or to be blocked under Foreign Exchange Regulations and which have been obtained through commercial activity, as capital share in enterprises with foreign capital, they must apply for permission to the Foreign Investment Directorate and must bring foreign currency from abroad equivalent to the minimum of one half of the funds to be used.

REPORTING

ARTICLE 16. Enterprises with foreign capital, which are permitted pursuant to the provisions of the Communique or that have received permits previously must send their activities report, submitted to the General Assembly of Shareholders, auditor's report and balance sheets to the Foreign Investment Directorate every year by May at the latest. In addition to this information, other information as decided by the Foreign Investment Directorate must be provided in the specified form and at the specified time.

ARTICLE 17. This Communique shall come into force on the date of publication.

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