

THE OPPORTUNITY FOR FOREIGN COMPANIES TO INVEST IN TURKEY

- **What does the new law entail for foreign companies taking part in tenders?**

Turkey's yearly public expenditure on the procurement of goods amounts to approximately 25–30 billion TRY. The table below demonstrates statistics of the Turkish Public Procurement Authority.

Table–1 (Turkey's yearly procurement expenditure on goods)

	Procurement expenditure on goods in 2012 (2.3 TRY= 1 \$)	Procurement expenditure on goods in 2013 (2.3 TRY= 1 \$)	Procurement expenditure on goods for the first six months in 2014 (2.3 TRY= 1 \$)
Procurement expenditure on goods	25.309.000,00 TRY	26.556.000,00 TRY	14.338.000,00 TRY

However as Turkey is not able to sufficiently produce “high–technology” or “medium–high technology” industrial goods, these must be imported from abroad. This is why Turkey's trade deficit has increased in recent years, which obliged the Turkish Government to take various measures. In this regard;

- The procurement system in Turkey was amended with the “Legislative Package” so as to benefit enterprises producing domestically.
- These regulations offer a price advantage of 15% in public tenders to enterprises manufacturing “high–technology” or “medium–high technology” products in Turkey. In other words, in tenders involving such products, foreign companies that offer domestically made materials are given a price advantage.
- However, for foreign tenderers to benefit from such 15% price advantage, the offered products need to be certified with a “Domestic Goods Certificate”.

- Should the supplier produce or have the product produced abroad the product will not be deemed a domestic product nor issued a “Domestic Goods Certificate”.
- In addition, products imported in pieces from abroad and later manufactured through simple and basic reassembling of the pieces domestically will also not be considered as a domestic product.
- In order for industrial goods listed in Table–2 below to be deemed domestic they have to hold a “Domestic Goods Certificate” issued from the Ministry.
- To obtain such “Domestic Goods Certificate” the product must either be entirely produced in Turkey, important stages of its production phase as well as the economically significant final labour and performance must have been in Turkey, or the domestic participation rate must amount to at least 51%.
- The power to decide which medium–high technology products will benefit from the price advantage is given to the Ministry of Science, Industry and Technology. The Ministry has listed these products in Table–1 for the first time on 01.01.2015.
- **Companies producing which product will benefit from a 15% price advantage?**

The list published by the Ministry on 01.01.2015 can be viewed in Table–2:

Table–2 (The list of products eligible to benefit from a 15 % price advantage upon obtaining a “Domestic Goods Certificate”)

LINE NO.	MATERIALS WHICH WILL BE APPLIED PRICE ADVANTAGE
1.	Solar collector for heat generation, Wind field and suchlike energy generating facilities
2.	Garden lawn, lawn moner for park and sport fields
3.	Industrial materials like Argon, Noble gases, Helium, Liquid air, Compressed air
4.	Core materials like Hydrides, Carbides, Alkali metals, Quicksilver, Sulphuric acid, Caustic soda, Metallic halogens, Phosphates, Carbonates, Cyanides, Alcohols, Ethers...
5.	Materials like wood coals, Coal tar...

6.	Explosives like Dynamitet, TNT...
7.	Materials using in photographic processing, emulsions, materials for x-ray films processing, X-ray image fixate bath...
8.	Materials for fire extinction, fire-extinguishing powder, Security systems like fire-extinguishing system, anti-theft alarm systems
9.	Stationery materials like Photocopy machines, equipments, toners for photocopy, Multicollineatery fax machine, Digital offset equipments, Shredder, Optical readers, Calculators, Banknote counters, Cash Tills, Printers and Scribes, Toners for Laser printers, Laser printers / toners for faks machines...
10.	Machines and equipments for Postman...
11.	Super computers, portable computers, pocket computers, monitors, TVs
12.	Central processor unit (CPU), video equipment, video surveillance systems
13.	Compact disk (CD) reader and / or writers, digital versatile disc (DVD) reader and/or writers
14.	Flash memory, (RAM), (DRAM), (SRAM), (ROM)
15.	Data processing equipment, Microprocessors, Computer cads, computer's parts and portions
16.	Fuel tanks
17.	Equipments for protection of lightning, Lightning conductors
18.	Plugs and jacks, junctions, elogation cables, cables for low or medium level voltage, optic telecommunication cables and other types of cables
19.	Types of lamps
20.	Electronic items, SIM and telephone cards, hands-free mobile phones (wireless), types of telephones, telephone network, digital exchanges, modems
21.	Valves and pipes
22.	Telecommunication networks, Internet and Web
23.	X-ray table, X-ray work station, x-ray processing devices, dentistry x-ray devices
24.	Radiography devices, Magnetic resonance (MR) unities, Mammography devices

25.	Bone densitometry, Angiography devices, Heart Angiography devices, Angioplasty devices, Ultrasound unities, Ultrasonic scanner, Diagnostic ultrasound devices, Cat Scan, Electroencephalography devices, Doppler equipments, Colored stream gauging, Electroencephalographs, Echocardiographs, Scintigraphy, Electromyograghy devices, Electrocardiography devices, Electrocardiography unities, radiodiagnostic staff
26.	First aid begs, Cottonwool tamps for medical purpose, scar cleaning tamps, wrappers,plasters, injections...
27.	Spectrography
28.	Radiotherapy materials
29.	Electromagnetic unities
30.	Stimulators
31.	Surgery room equipments, Anaesthesia equipments, Anaesthesia devices, Surgical laser
32.	Colposcopy devices
32.	Endoscopes
33.	Hemodialysis devices, dialysis filters
34.	Cardiac pacemaker, artificial heart ventricle, devices using in heart surgery
35.	Infusion devices and equipments
36.	Insulin, provitamins, Thrombotic medecins, Antihaemorrhagic medecins, anaemia medecins, Psoriasis medecins, chemotherapy medecins, acne medecins, gynaecologic anti-infectives and antiseptics, corticosteroids for dermatological medecins
37.	Antiseptics and disinfectants, vaccines
38.	Station vagon automobiles, cedent automobiles, Jeeps, Off-road vehicles, ambulances, minibuses, bendy buses, double deckers, electricity buses, tankers, fuel trucks, garbage trucks, refuse lorries, panelvans, bogies, deppers, dump trucks, fire trucks, sprinklers, Street sweeping machine and other vehicles...
39.	compression-ignition engine, fan belts, spark plugs, vehicle radiator, pistons and other auxiliary equipments
40.	RAilway baggage cars, railway baggage qatars, craines, Forklifts, Trolley type coach, mobile coaches on railway, trolleybuses and other railway vehicles...
41.	Plaines, turbo jets, fixed wing aircraft, drones, helicopters and other air vehicles...
42.	Space crafts, satellites, combat vehicles and materials, tank, armored personnel carrier, cannon, rifle, mine, rocket and other materials...

43.

Lasери camera, scale devices, microscope and types of auxiliary equipment...

Hence, companies producing the abovementioned materials or products to 51% in Turkey will be able to receive a “Domestic Goods Certificate” and will be offered a 15% price advantage in any tender.

- **What type of advantages will companies producing high or medium–high technology products and holding a “Domestic Goods Certificate” have in tenders?**

Tenderers producing “high or medium–high products” and having obtained a “Domestic Goods Certificate” will benefit from a 15 % price advantage over tenderers offering products of foreign origin. As suppliers producing or having their product produced abroad or whose product pieces are imported from abroad and manufactured domestically through a basic reassembling of the pieces will not be issued a “Domestic Goods Certificate”. Hence, to be granted the certificate at least 51% of their product needs to be produced domestically.

In sum, in order to benefit from a price advantage up to 15%, it suffices that tenderers present the relevant “Domestic Goods Certificate” issued by the Ministry in accordance to its procedures and principles.

- **Conclusion**

Turkey meets its procurement needs that amount up to 30 billion TRY, from the market through tenders. Foreign tenderers will be given a 15% price advantage in any tender provided that a minimum of 51% of their offered product is produced domestically.

Foreign companies should primarily obtain information about recent legislative reforms and the issuance of “Domestic Goods Certificates” from Law Firms possessing expertise in the area.

In this regard KILIC LAW FIRM with its qualified and experienced staff is ready and dedicated to provide professional legal assistance and consultancy in relation to

participating in tenders held in Turkey through investment planning and the obtaining of required documents.