Turkey

RISK & COMPLIANCE REPORT

DATE: March 2018

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Executive Summary - Turkey	
Sanctions:	None
FAFT list of AML Deficient Countries	No
Higher Risk Areas:	US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions Failed States Index (Political)(Average score)
Medium Risk Areas:	Weakness in Government Legislation to combat Money Laundering Corruption Index (Transparency International & W.G.I.)) World Governance Indicators (Average score) Compliance of OECD Global Forum's information exchange standard

Major Investment Areas:

Agriculture - products:

tobacco, cotton, grain, olives, sugar beets, hazelnuts, pulses, citrus; livestock

Industries:

textiles, food processing, autos, electronics, mining (coal, chromate, copper, boron), steel, petroleum, construction, lumber, paper

Exports - commodities:

apparel, foodstuffs, textiles, metal manufactures, transport equipment

Exports - partners:

Germany 10.3%, Iraq 6.2%, UK 6%, Italy 5.8%, France 5%, Russia 4.4% (2011)

Imports - commodities:

machinery, chemicals, semi-finished goods, fuels, transport equipment

Imports - partners:

Russia 9.9%, Germany 9.5%, China 9%, US 6.7%, Italy 5.6%, Iran 5.2% (2011)

Investment Restrictions:

The Government of Turkey (GOT) has developed specific strategies for 24 industrial sectors, including eight priority sectors. It has also established specific plans for physical infrastructure upgrades, as well as a major expansion of Turkey's health, information technology, and education sectors, all of which are geared to make the Turkish workforce and companies more competitive. GOT recognizes that the domestic economy alone will not be sufficient to reach these goals and that Turkey will need to attract significant new foreign direct investment (FDI).

Foreign-owned interests in the petroleum, mining, broadcasting, maritime transportation, and aviation sectors are subject to special regulatory requirements. In broadcasting, equity participation of foreign shareholders is restricted to 25%. Foreign equity participation in the aviation and maritime transportation sectors is 49%.

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Section 1 - Background

Modern Turkey was founded in 1923 from the Anatolian remnants of the defeated Ottoman Empire by national hero Mustafa KEMAL, who was later honored with the title Ataturk or "Father of the Turks." Under his authoritarian leadership, the country adopted wide-ranging social, legal, and political reforms. After a period of one-party rule, an experiment with multi-party politics led to the 1950 election victory of the opposition Democratic Party and the peaceful transfer of power. Since then, Turkish political parties have multiplied, but democracy has been fractured by periods of instability and intermittent military coups (1960, 1971, 1980), which in each case eventually resulted in a return of political power to civilians. In 1997, the military again helped engineer the ouster - popularly dubbed a "post-modern coup" - of the then Islamic-oriented government. Turkey intervened militarily on Cyprus in 1974 to prevent a Greek takeover of the island and has since acted as patron state to the "Turkish Republic of Northern Cyprus," which only Turkey recognizes. A separatist insurgency begun in 1984 by the Kurdistan Workers' Party (PKK) - now known as the Kurdistan People's Congress or Kongra-Gel (KGK) - has dominated the Turkish military's attention and claimed more than 30,000 lives. After the capture of the group's leader in 1999, the insurgents largely withdrew from Turkey mainly to northern Iraq. In 2004, KGK announced an end to its ceasefire and attacks attributed to the KGK increased. Turkey joined the UN in 1945 and in 1952 it became a member of NATO. In 1964, Turkey became an associate member of the European Community. Over the past decade, it has undertaken many reforms to strengthen its democracy and economy; it began accession membership talks with the European Union in 2005.

Anti – Money Laundering / Terrorist Financing

FATF Status

Turkey is no longer on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 24 October 2014

The FATF welcomes Turkey's significant progress in improving its AML/CFT regime and notes that Turkey has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010. Turkey is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Turkey will work with the FATF as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.

Compliance with FATF Recommendations

The Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Turkey was undertaken by the Financial Action Task Force (FATF) in 2007. According to that Evaluation, Turkey was deemed Compliant for 3 and Largely Compliant for 12 of the FATF 40 + 9 Recommendations. It was Partially Compliant or Non-Compliant for 5 of the 6 Core Recommendations.

Follow-up Report (October 2014)

Turkey has made significant progress in addressing the deficiencies in its anti-money laundering/countering the financing of terrorism (AML/CFT) measures, as identified in the mutual evaluation report of February 2007. The assessment team conducting the mutual evaluation, rated Turkey non-compliant or partially compliant on five out of six Core Recommendations and partially compliant on five out of 10 Key Recommendations. As a result of this lack of compliance, the FATF Plenary placed Turkey in a follow-up process. The follow-up process is a desk-based review that monitors that a country takes the necessary steps to strengthen its AML/CFT framework.

Since the adoption of the mutual evaluation report in 2007, Turkey has taken a number of important steps to strengthen its legal and regulatory framework. In particular, Turkey has:

- amended the money laundering offence in the Criminal Code, by lowering the threshold for predicate offences and including elements required by the relevant UN conventions;

- adopted new regulations and amendments to existing regulations, which strengthen the requirements on customer due diligence, beneficial ownership, risk and simplified/enhanced due diligence;
- strengthened the reporting requirements for suspected terrorist financing transactions; and
- adopted a new regime on the Prevention of the Financing of Terrorism.

As a result of this progress, the FATF Plenary decided at its October 2014 Plenary meeting that Turkey had taken sufficient steps in addressing technical compliance with the Core and Key Recommendations to be removed from the follow-up process.

US Department of State Money Laundering assessment (INCSR)

Turkey is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Turkey is an important regional financial center, particularly for Central Asia and the Caucasus, the Middle East, and Eastern Europe. Turkey's rapid economic growth over the past 15 years, coupled with its commercial relationships and geographical proximity to conflict areas, such as Iraq, Syria, and Crimea, makes Turkey vulnerable to money laundering risks. It continues to be a major transit route for Southwest Asian opiates moving to Europe. In addition to narcotics trafficking, other significant sources of laundered funds include smuggling, invoice fraud, tax evasion, sanctions evasion, corruption, and to a lesser extent, counterfeit goods, forgery, highway robbery, and kidnapping. Recent conflicts on the southern border of Turkey, have, to a small extent, increased the risks for additional sources of money laundering.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Money laundering takes place in banks, non-financial institutions, and the informal economy. Laundering methods in Turkey include the large scale cross-border smuggling of currency; cross-border transfers involving both registered and unregistered exchange houses and money transfer companies; bank transfers into and out of the country; trade fraud; and the purchase of high-value items such as real estate, gold, and luxury automobiles. Turkish-based traffickers transfer money, and sometimes gold, via couriers to pay narcotics suppliers in Pakistan or Afghanistan. The transfer of money typically occurs through the non-bank financial system and bank transfers. Funds are often transferred to accounts in Pakistan, the United Arab Emirates, and other Middle Eastern countries.

KEY AML LAWS AND REGULATIONS

The Financial Crimes Investigation Board (MASAK) is Turkey's FIU, and its mission is the prevention and detection of money laundering and terrorist financing offenses. KYC and STR regulations cover a variety of entities, including banks; bank or credit card issuers; authorized exchange houses; money lenders; financial services firms; dealers and auction houses dealing with historical artifacts, antiques, and art; and precious metals exchange intermediaries.

Turkey is a member of the FATF.

AML DEFICIENCIES

Weaknesses in Turkey's regulatory framework and supervisory regime raise concerns that exchange houses, both registered and unregistered, and trading companies operating as unregistered money transmitters are vulnerable to misuse and could be exploited by illicit actors. Turkey's regulated exchange house sector is unwieldy and Turkish authorities face challenges overseeing the nearly 900 exchange houses under their watch. Additionally, there are indications that a large number of exchange houses and trading companies provide money transfer and foreign exchange services illegally.

Turkey's nonprofit sector is not audited on a regular basis for potential abuse for money laundering and does not receive adequate AML outreach or guidance from the government. The General Directorate of Foundations issues licenses for overseas charitable foundations. However, there are an insufficient number of auditors to cover the more than 100,000 NPOs.

A cash repatriation law enacted in August 2016 as part of a general economic stimulus package allowed Turkish citizens and corporations to freely transfer and use currency, gold, and other capital market instruments, declaring the source of funds. The law immunized declared funds from investigation and prosecution, which may have created a money laundering vulnerability. This law expired on June 30, 2017.

Other improvements Turkey needs to make include subjecting PEPs to enhanced due diligence; continuing to enhance MASAK's role in interagency cooperation and information sharing; improving interagency cooperation to assure a comprehensive implementation of existing laws and regulations; improving the legal framework to allow for the freezing of assets; and identifying and taking action against unregistered MSBs, including trading companies that operate as money transmitters. To improve the deficiencies in its AML framework and implementation, Turkey will need to invest additional resources.

As a general rule, Turkey will consider implementing U.S. requests to freeze assets only if such requests are made pursuant to the provisions of UNSCR 1373.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Although Turkey's legislative and regulatory framework for addressing money laundering has improved, Turkey's investigative powers, law enforcement capability, oversight, and outreach are weak, and many of the necessary tools and expertise to effectively counter this threat through a comprehensive approach are lacking. Further, interagency coordination on AML is poor, and Turkey's financial and law enforcement agencies are often reluctant or unable under Turkish law to share actionable information with one another. Turkey also lacks the civil, regulatory, and supervisory tools needed to supplement public prosecutions, further limiting the Turkish government's ability to counter money laundering.

Turkey has not kept adequate statistics on money laundering prosecutions and convictions since 2009. Therefore, Turkey's record of official investigations, prosecutions, and convictions is unclear. No data was available for 2017.

Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):

According to the US State Department, Turkey does not conform with regard to the following government legislation: -

Record Large Transactions: By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

Arrangements for Asset Sharing: By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Ability to freeze assets without delay: The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations).

Criminalised Financing of Terrorism: The jurisdiction has criminalized the provision of material support to terrorists and/or terrorist organizations.

EU Whitelist of Equivalent Jurisdictions

Turkey is not currently on the EU Whitelist of Equivalent Jurisdictions

World Governance indicators

To view historic Governance Indicators Ctrl + Click here and then select country

Failed States Index

To view Failed States Index Ctrl + Click here

Offshore Financial Centre

Turkey is not considered to be an Offshore Financial Centre

Key Findings from other US State Department Reports:

Narcotics - 2017

Introduction

Turkey remains a significant transit country for illicit drug trafficking. Heroin, opium, and cocaine are generally trafficked through Turkey to European markets, and methamphetamine and amphetamine-type stimulants (ATS) are trafficked to markets in the Middle East and Southeast Asia. Large amounts of opiates and hashish continue to be seized in Turkey, and the Government of Turkey remains committed to upholding its international drug control obligations.

Conclusion

Turkish law enforcement agencies remain strongly committed to disrupting illicit drug trafficking. The United States will continue to work with Turkish law enforcement agencies to strengthen Turkey's ability to combat drug trafficking, money-laundering, and financial crimes, and reduce the flow of Afghan heroin to international markets. The United States will also continue to support Turkey's work as a regional leader in counternarcotics training and education.

Trafficking in Persons

Turkey is classified a Tier 2 country - a country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Turkey is a destination and transit country, and to a lesser extent source country, for women, men, and children subjected to sex trafficking and forced labor. Trafficking victims in Turkey are primarily from Central and South Asia, Eastern Europe, Syria, and Morocco. Georgian men and women are subjected to forced labor. Foreign victims are offered cleaning and childcare jobs in Turkey and, upon arrival, traffickers force them into prostitution in hotels, discos, and homes. Turkish women may be subjected to sex trafficking within the country. The Government of Paraguay reported working with an international organization to repatriate Paraguayan trafficking victims from Turkey. The government and NGOs report traffickers increasingly use psychological coercion, threats, and debt bondage to compel victims into sex trafficking. Transgender persons may be particularly vulnerable to trafficking, suffering from lack of protection by authorities and alleged police violence.

Displaced Syrians, Afghans, Iraqis, and Iranians are increasingly vulnerable to trafficking in Turkey, particularly as an estimated one million Syrians and 100,000 Iraqis arrived in Turkey during the reporting period, with little or no access to legal employment. An increasing number of Syrian refugee children engage in street begging and also work in restaurants, textile factories, markets, mechanic or blacksmith shops, and agriculture, at times acting as the breadwinners for their families; some are vulnerable to forced labor. Syrian refugee women and girls are vulnerable to sex trafficking by prostitution rings, including those run by extremist groups in Turkey. Some Syrian girls have been reportedly sold into marriages with Turkish men, in which they are highly vulnerable to domestic servitude or sex trafficking. International organizations report extremist groups increasingly recruit through fraud or coercion foreign men, women, and children from Central Asia, Indonesia, and Trinidad to join extremist fighters in Syria; some of these individuals may willingly join the Islamic State in Iraq and the Levant militants, including some girls who were reportedly forced to remain in Syria against their will after offering to marry fighters. Reports indicate youth, sometimes under coercion, participate in Kurdistan Workers' Party forces, a group designated as a terrorist organization by the United States and Turkish governments.

The Government of Turkey does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government increased law enforcement efforts against traffickers, identified significantly more victims than the previous year, including a small number of Turkish citizens and Syrian refugees, and passed a new regulation providing added legal support to its fight against trafficking. Efforts to protect the growing and highly vulnerable refugee and migrant communities in the country remain inadequate, and the government continued to face capacity constraints in addressing the increasing challenges. The government approved a regulation in January 2016 establishing a work-permit regime for Syrians under temporary protection in order to reduce their economic vulnerability. The government also stated that it screened for trafficking indicators in all migration and asylum-related interviews. The government continued to train front-line responders in victim identification, prosecution, and protection measures. However, the government did not convene its interagency trafficking taskforce or renew its national anti-trafficking action plan, which was created in 2009. Some officials, including police, downplayed the seriousness of the crime and failed to recognize the need for increased vigilance to combat trafficking among the refugee population.

Terrorist Financing 2016:

Overview: Turkey continued its efforts to defeat terrorist organizations, including the Kurdistan Workers' Party (PKK) and ISIS. On August 24, the Government of Turkey launched a cross-border military operation, "Operation Euphrates Shield," in northern Syria, which Ankara described as an effort to remove ISIS threats along the Turkey-Syria border. Turkey remained an active contributor in international counterterrorism fora, including the Global Counterterrorism Forum (GCTF).

Turkey is a source and transit country for foreign terrorist fighters wishing to join ISIS and other terrorist groups fighting in Syria and Iraq. The Government of Turkey continued efforts to interdict suspected foreign terrorist fighters including: expanding its "Banned from Entry List;" deploying Ministry of Interior "Risk Analysis Units" to detect suspected foreign terrorist fighters at airports, seaports, bus terminals, and border crossings; sending additional personnel to reinforce military and civilian border units; deploying combat and surveillance equipment; and enhancing physical security measures along the Turkey-Syria border. In some instances, Turkey cooperated with source countries on information sharing and building investigative, prosecutorial, and administrative capacity to interdict the travel of suspected foreign terrorist fighters.

Turkey is an active member of the Global Coalition to Defeat ISIS. It opened Incirlik Air Base and other sites to Coalition aircraft in support of counter-ISIS operations in Iraq and Syria. Turkey is a founding member of the GCTF, and served as its co-chair from September 2011 to April 2016. As the co-chair of the Coalition's Working Group on Foreign Terrorist Fighters with the Netherlands, Turkey hosted an international meeting of the working group in Antalya on October 26-27. Turkey also co-chairs the GCTF's Horn of Africa Capacity Building Working Group with the European Union (EU) and is a member of the Coalition's Working Group on Counter-ISIS Finance.

The PKK continued to conduct terrorist attacks in Turkey during 2016. Turkish National Police and military forces continued counterterrorism operations against the PKK in Turkey's southeastern provinces. According to Turkey's semi-official news agency, the Anadolu Agency, the government killed, wounded, or captured more than 8,000 PKK terrorists in operations since July 2015. More than 750 government security personnel died in PKK-attributed attacks during this timeframe.

The Kurdistan Freedom Falcons/Hawks (TAK), a PKK splinter group, increased terrorist attacks targeting security personnel, infrastructure, and tourism facilities. Attacks by the Revolutionary People's Liberation Party/Front (DHKP/C), a Marxist-Leninist terrorist group with anti-U.S. and anti-North Atlantic Treaty Organization (NATO) views that seeks the violent overthrow of the Turkish government, continued.

The Government of Turkey has domestically identified several organizations as terrorist groups, including Turkish Hizballah (no connection to Hizballah), the Communist Party of Turkey/Marxist–Leninist (TKP/ML), and its armed wing, the Liberation Army of the Workers and Peasants of Turkey (TIKKO), as well as the Marxist-Leninist Communist Party (MLKP). Turkey also considers the Syria-based Democratic Union Party (PYD) and its military wing, the People's Protection Units (YPG), to be terrorist organizations closely linked to the PKK. The Government of Turkey continued to engage diplomatically with Hamas political bureau chief, Khaled Meshaal.

Turkey's National Security Council designated the religious movement of self-exiled Islamic cleric Fethullah Gulen a terrorist organization on May 26, referring to it as the "Fethullah Terrorist Organization" ("FETO"). The government asserts that the Gulen movement planned and led the July 15 coup attempt, which killed more than 240 people and injured more than 2,100 people, and included attacks on the Parliament. The government instituted a three-month state of emergency on July 21, subsequently extending it another three months on October 19. According to government sources, as of November 22, more than 86,000 civil servants were dismissed from public service via government-issued state of emergency decrees following the coup attempt for their alleged affiliation with, or support of, "FETO." As of October 8, authorities had arrested nearly 35,000 suspects on charges related to Gulen affiliation. The Gulf Cooperation Council designated "FETO" a terrorist organization on October 13. The Organization of Islamic Cooperation did the same on October 19.

Legislation, Law Enforcement, and Border Security: Turkey has a broad definition of terrorism, to include crimes against constitutional order and internal and external security of the state, which is sometimes used to criminalize what the United States would consider the legitimate exercise of freedom of expression and assembly. Under Turkey's Anti-Terror Law and penal code, a person can be punished as a member of a criminal or terrorist organization, even if the person is not a member of that organization, if the person commits an offense on behalf of that organization. The legislation considers a member of an organization with terrorist aims as a terrorist offender, even if the person does not commit a crime. It imposes more severe sentences to terrorism offenses and terrorist propaganda involving mass media. Despite a 2013 amendment that narrowed the definition of terrorist propaganda to declarations that legitimize and laud the violent, coercive, and threatening methods of terrorist organizations and incite their use, authorities broadly interpreted counterterrorism laws to target political opponents, journalists, and activists. The government, for example, arrested Sebnem Korur Fincanci, President of the Human Rights Foundation, in June after she had served as a temporary guest editor of the pro-Kurdish newspaper *Ozgur Gundem*, on the charge of spreading terrorist propaganda. Her trial continued at year's end.

Following the July 15 coup attempt, the government on July 20 declared a three-month state of emergency, renewed in October, which allowed suspension of some due process protections for those accused of ties to terrorist groups. Courts imprisoned tens of thousands of persons accused of supporting the attempted coup or terrorist groups, in many cases with little clarity on the charges and evidence against them.

Turkey has advanced law enforcement capacity to counter terrorism and efforts continue to streamline interagency information sharing. Turkey devoted additional investigative and preventive capabilities to disrupt the activities of terrorist organizations and foreign terrorist fighters, and dismantle their facilitation networks. Turkish counterterrorism raids led to the death or capture of key ISIS operatives, including the head of an ISIS cell in Gaziantep province, who directed the Suruc (Sanliurfa) and Ankara train station attacks in 2015. According to Interior Ministry data, from January to November 23, 2016, authorities detained 3,089 individuals for links to ISIS, including 1,381 foreign nationals. It subsequently arrested 1,204 individuals, including 618 foreign nationals, of those detained.

Following the attempted coup in July, the government issued 12 decrees under the state of emergency to expedite investigations into offenses against constitutional order, which could include offenses committed during the coup attempt or beyond. The executive orders, among other measures, increased the period of custody for these offenses to 30 days from 48 hours, and also imposed procedural restraints that removed attorney-client privilege in terrorism-related cases.

The Ministry of Interior continued to regularly update its list of wanted terrorists. The list is posted publicly on its website as part of a government program launched in August 2015 that provides monetary rewards up to 4 million Turkish lira (approximately US $1.3 million) to individuals who volunteer information leading to the capture of terrorist suspects.

To reduce instances of improvised explosive device use by terrorist organizations, the government on June 8 issued a temporary ban on the sale of ammonium nitrate (AN) fertilizers, a key component in these devices. On November 7, Prime Minister Yildirim announced that Turkey would gradually stop producing chemical fertilizers high in ammonium nitrate content. The Prime Ministry ordered additional point-of-sale measures to monitor and manage the sale and distribution of propane, camp, and industrial gas cylinders. These measures include the mandatory inscription of serial numbers and bar codes on cylinders, online tracking of the consumption process, mandatory registration of the enduser identity information, after-use recycling of gas cylinders, and tracking the entry and exit of liquefied petroleum gas cylinders.

As part of efforts to establish an integrated border management system, the government continued to centralize border management under the Ministry of Interior. On March 17, the government established three interagency structures: an Integrated Border Management Coordination Council led by the prime minister or a designated minister; a Border Management Implementation Council led by the undersecretary of the Interior Ministry; and a National Coordination and Joint Risk Analysis Center under the Interior Ministry's Directorate General of Provincial Administration.

The Government of Turkey continued to expand its "Banned from Entry List" to prevent travel into Turkey by foreign terrorist fighters. Risk Analysis Units continued to operate at major ports of entry and internal transit points to interdict potential foreign terrorist fighters. Security forces increased their ability to keep persons and contraband from crossing Turkey's borders. Turkey completed the construction of 270 kilometers of concrete wall along the key sections of the 911-kilometer Turkey-Syria border, and announced government tenders to complete the installation of a modular security wall along the balance of that border in the first half of 2017. According to Turkish General Staff data, during the January 1 to October 4 timeframe, Turkish Land Forces registered more than 33,300 border incidents, including the apprehension of approximately 300,000 individuals, mostly irregular migrants (who do not have the necessary paperwork/travel documents/authorizations to enter and work in Turkey), attempting to illegally cross Turkey's borders.

On August 24, Turkey launched a successful military campaign with Defeat-ISIS Coalition support around the northern Syrian city of Jarablus to secure its border against terrorist threats emanating from ISIS-controlled territory in Syria. The operation successfully pushed ISIS away from the last segment of the Syria-Turkey border it occupied and continued to extend further into ISIS-controlled territory at the end of 2016.

The U.S. government continued to provide bilateral and regional training programs in the areas of border, aviation, and sea-based security, and investigations, in partnership with Turkish law enforcement authorities and counterparts.

Countering the Financing of Terrorism: Turkey is a member of the Financial Action Task Force (FATF) and an observer of the Eurasian Group on Combating Money Laundering and Financing of Terrorism, a FATF-style regional body. Turkey's financial intelligence unit, the Financial Crimes Investigation Board (MASAK) under the Ministry of Finance, is a member of the Egmont Group of Financial Intelligence Units. No terrorist finance cases were prosecuted in 2016.

Turkey's Council of Ministers responsively issues freezing orders regarding persons, institutions, and organizations listed by the UN Security Council (UNSC) ISIL (Da'esh) and al-Qa'ida sanctions committee. Freezing orders are published in the Official Gazette, but it remains unclear whether the assets of any UNSC-designated entities were frozen in 2016. The non-profit sector is not reviewed on a regular basis for counterterrorist financing (CFT) vulnerabilities and does not receive adequate anti-money laundering/CFT outreach or guidance from the Turkish government. The General Director of Foundations issues licenses for charitable foundations and oversees them, but there are a limited number of auditors to cover the more than 5,500 foundations and 100,000 associations.

Turkey's CFT efforts, especially after the July 15 coup attempt, focused on disrupting the finances of the PKK and the "Fethullah Terrorist Organization," and included, among other measures, closing or appointing trustees to companies and seizing properties affiliated with the Gulen movement, and freezing assets of businessmen suspected of Gulen links. A cash repatriation law enacted on August 3, which allows Turkish citizens and corporations to freely transfer and use currency, gold and other capital market instruments without undergoing investigation and prosecution as part of an economic stimulus package, raised concerns over its potential impact to create CFT vulnerabilities. Turkey identified and seized a significant amount of contraband goods, particularly along the Syria border, including oil, tobacco, illicit narcotics, and cultural artifacts, denying revenue to terrorist organizations.

The Department of State supported a Resident Legal Advisor (RLA) from the Department of Justice's Office of Overseas Prosecutorial Development and Assistance Training, based in-country. The RLA partnered with Turkish counterparts on programs to enhance legal frameworks and the investigative skillsets of law enforcement officials to effectively counter the financing of terrorism.

International Sanctions

Turkey is not currently subject to any International Sanctions

Bribery & Corruption

Index	**Rating (100-Good / 0-Bad)**
Transparency International Corruption Index	40
World Governance Indicator – Control of Corruption	51

Corruption is widespread in Turkey's public and private sectors. Politics, public procurement and construction projects are particularly prone to corruption, and bribes are often demanded. Corruption allegations against the government caused mass protests in 2013; the government responded with a crackdown on police officers and judges who were voicing such accusations. Turkey's Criminal Code criminalises various forms of corrupt activity, including active and passive bribery, attempted corruption, extortion, bribing a foreign official, money laundering and abuse of office. Anti-corruption laws are poorly enforced, and anti-corruption authorities are ineffective. Punishment can include imprisonment of up to 12 years. Companies should note that despite facilitation payments and gifts being illegal, they are frequently encountered. **Information provided by GAN Integrity.**

US State Department

Corruption is a growing concern in Turkey. The corruption scandal that became public in December, 2013 implicated a number of high level Turkish officials and their family members. This led to massive reorganization of the police and the judiciary, which critics alleged was a government attempt to stop the corruption investigations. The Prime Ministry is very vocal about its struggle against what it has termed the 'parallel state,' an operation by groups affiliated with former Erdogan ally turned opponent Fethullah Gulen, that the Prime Minister says has infiltrated the Turkish government and attempts to control it from the inside. The ensuing government crackdown on its opponents produced several controversial decisions, including a tightening of internet controls that led to the blocking of social media platforms Twitter and YouTube in early 2014. The judicial system is still perceived to be susceptible to external influence and to be biased against outsiders to some degree.

Public procurement reforms were designed in Turkey to make procurement more transparent and less susceptible to political interference, including through the establishment of an independent public procurement board with the power to void contracts. Critics state, however, that there is a bias by government officials to award large contracts to ruling Justice and Development Party (AKP) related firms, which was highlighted during the recent corruption scandal.

Turkish legislation outlaws bribery, and some prosecutions of government officials for corruption have taken place. Enforcement, however, is uneven. Turkey ratified the OECD Convention on Combating Bribery of Public Officials and passed implementing legislation in

2003 to provide that bribes of foreign officials, as well as domestic, are illegal. In 2006, Turkey's Parliament ratified the UN Convention against Corruption.

Turkey's Criminal Code makes it unlawful to promise or to give any advantage to foreign government officials in exchange for their assistance in providing improper advantage in the conduct of international business. In the event that such a crime makes an unlawful benefit to a legal entity, such legal entity shall be subject to certain security measures. The provisions of the Criminal Law regarding bribing of foreign governmental officials are in line with the provisions of the Foreign Corrupt Practices Act of 1977 of the United States (FCPA).

There are, however, a number of differences between Turkish law and the FCPA. For example, there is not an exception under Turkish law for payments to facilitate or expedite performance of a "routine governmental action" in terms of the FCPA. Another difference is that the FCPA does not provide for punishment by imprisonment, while the Turkish law provides for punishment by imprisonment from four to 12 years. The Prime Ministry's Inspection Board, which advises the Corruption Investigations Committee, is responsible for investigating major corruption cases brought to its attention by the Committee. Nearly every state agency has its own inspector corps responsible for investigating internal corruption. The Parliament can establish investigative commissions to examine corruption allegations concerning cabinet ministers; a majority vote is needed to send these cases to the Supreme Court for further action.

According to Transparency International's (TI) annual Corruption Perception Index Data, Turkey dropped one spot from 54th to 53rd in TI's ranking of 177 countries and territories around the world in 2013 (see http://www.transparency.org/cpi2012/results). Transparency International has an affiliated NGO in Istanbul.

Corruption Report - Global Security

Turkey's dynamic economy is a combination of modern industry and commerce and a traditional agricultural sector. The country has a strong and rapidly growing private sector, yet the state remains a dominant actor in basic industry, banking, transport, and communication. In recent years, the Turkish government has been implementing a comprehensive programme of reforms, simplifying company establishment procedures, reducing permit requirements, and creating a single company registration form. Yet, foreign investors and companies continue to cite corruption as one of the major impediments for business growth in Turkey.

Positive developments in relation to corruption and investment:

Turkey's anti-corruption strategy has exposed a number of public officials who have been dismissed on charges of bribery and corruption.

In February 2010, Turkey adopted a national anti-corruption strategy (2010-2014). The plan has been praised for its preventive measures, law enforcement measures and its focus on raising awareness. However, it is too early to assess its effectiveness.

One-stop shops have been established for citizens and companies to reduce red tape and the number of meetings between civil servants and companies. In addition, dozens of governmental internet portals have been launched to make the regulatory processes more transparent and to involve citizens in the decision making process.

A Code of Ethics for civil servants was adopted in 2005, and training has been undertaken to raise awareness among public officials about corruption.

Risks of corruption:

Despite many positive developments, corruption in Turkey remains rampant and enforcement of anti-corruption policies remains weak.

Public procurement is considered by companies to be particularly affected by corruption.

Foreign companies in Turkey encounter excessive bureaucracy, a slow judicial system, weaknesses in corporate governance, unpredictable decisions made at the local government level, and frequent changes in the legal and regulatory environment.

Judicial reforms, which were part of the September 2010 constitutional reform package, may decrease the judicial independence by giving parliament greater powers in appointing judges.

Political Climate

Governmental anti-corruption efforts have included the adoption of an Action Plan on Increasing Transparency and Enhancing Good Governance in the Public Sector in January 2002, which establishes disciplinary and criminal sanctions against civil servants involved in corruption, modernisation of the auditing system of the public sector, improving transparency of public administration, and strengthening the fight against money laundering. In addition, special anti-corruption units have been established to combat corruption, including the Financial Crimes Investigation Board of the Ministry of Finance (MASAK) and the Coordination Board for Combating Financial Crimes. The country has also conducted training of auditors and investigators on corruption detection and investigation and has developed guidelines on seizure and confiscation, and in 2009-2010, 7,000 public officials received ethics training. It has also set up systems for monitoring the impact of anti-corruption measures. Nevertheless, as reported by Bertelsmann Foundation 2010, although a number of public officials have been dismissed on charges of bribery and corruption in Turkey, corruption remains widespread and anti-corruption authorities and policies remain weak. In the same vein, the US Department of State 2011 reports that according to the European Commission, the breadth of official immunity is too wide when it comes to corruption cases, furthermore, areas such as political party financing and election campaigns lacked transparency. For instance, as Global Integrity 2010 reports, shortly after Prime Minister Erdogan came to power, charges of corruption came to light, involving manipulation of contracts for personal gain when he was mayor of Istanbul. However, these charges were dropped due to parliamentary immunity. In addition, Freedom House's Countries at the Crossroads 2011 recommends that this immunity from prosecution of top officials should be dropped, so that wrongdoings by politicians can be detected and prosecuted. Nevertheless, the country is making efforts towards reducing high-level corruption as well as immunity for corrupt officials, especially in the light of Turkey's desire to join the EU. For instance, Turkey's former ambassador to the EU, Daryal Batibay, is being investigated for allegations of having embezzled wine worth EUR hundreds of thousands. The Prime Minister sent two officials from his ethics board to question the staff at Batibay's former headquarter, and according to a March 2012 article published by Decanter, the former ambassador could face legal charges if found guilty.

Corruption in Turkey permeates through all levels of government, including the regulatory bodies. This is supported by the Transparency International Global Corruption Barometer 2010-2011, according to which, more than 47% of the surveyed Turkish households perceive public officials to be 'extremely corrupt'. An Assessment of Turkey 2011 report put together by the European Union and the OECD notes that the lack of transparency and the heavy procedures in public administrations create opportunities for corruption. Intensive training of officials and the introduction of new legislation can only overcome these weaknesses, the report suggests. Furthermore, according to the Ernst & Young Global Fraud Survey 2008, cited in an August 2008 article by Today's Zaman, 68% of the surveyed international companies believe that measures against bribery and corruption are not sufficiently strong in Turkey. In Transparency International's Global Corruption Barometer 2010-2011, household perceptions of the government's fight against corruption in the country are fairly mixed, with 40% believing that it is ineffective and 59% considering it to be effective. In addition, 33% of the households report having paid a bribe the previous year. A 2012 Overview of corruption and anti-corruption in Turkey reports that despite the steps taken to improve the country's corruption record, there still is an urgent need to establish an independent anti-corruption body, which should be in charge of developing, monitoring and implementing anti-corruption measures. According to Global Integrity 2010, the opposition leader claims that there has never been as much corruption and cronyism in the country as with the current government. The Bertelsmann Foundation 2012 also reports that during the second term in office the AKP has shown tendencies to nepotism and corruption. According to the same report, observers note that the fight against corruption has weakened as the AKP has tightened its grip on media and is in charge politically, economically and socially.

Business and Corruption

The government has been implementing an ambitious investment climate reform programme, which aims at streamlining all investment-related procedures and attracting additional foreign direct investment (FDI) to the country. The government views FDI as essential to the country's economic development and prosperity. As a result, Turkey has one of the most liberal FDI-related legal regimes in the OECD, according to the US Department of State 2012. With the exception of some sectors, such as broadcasting, aviation and maritime transportation, where foreign participation is restricted, the Turkish private sector is generally open to foreign investment. However, despite Turkey's economic openness, corruption remains a major problem in the country and threatens to discourage both domestic and foreign investor confidence. The existence of a substantial informal economy (estimated to amount to over 60% of the economy, while according to other sources as high as 83%) further hampers business development in Turkey, as indicated in Bertelsmann Foundation 2012. Accordingly, several sources suggest that further improvements are necessary in order to strengthen Turkey's business environment, red tape reduction in particular.

Perceptions of the pervasiveness of corruption in Turkey are mixed. For instance, according to Transparency International's Global Corruption Barometer 2010-2011, corruption within the business and private sector is perceived to be pervasive, with roughly 44% of the household respondents evaluating it as 'extremely corrupt'. Also, 58% of the companies surveyed in the EBRD & World Bank BEEPS Turkey 2008 state that corruption constitutes a problem for conducting business - a substantial increase from 41% in 2005. Similarly, 42% of companies surveyed by the World Bank & IFC Enterprise Surveys 2008 identify corruption as a major constraint on doing business, and almost 18% expect to make informal payments to civil servants in order to 'get things done'. Furthermore, according to the surveys 'Conflicts of Interest', 'Law Enforcement and Ethics', 'Land Registry and Ethics' and 'Planning in Local Administrations and Ethics', carried out as part of a European Union project in 2008 and cited in a May 2009 article by Hürriyet, Turkish civil servants are perceived to be prone to corruption by the public. On the other hand, however, business executives surveyed in the World Economic Forum Global Competitiveness Report 2012-2013 rank corruption as a relatively unproblematic factor for doing business in Turkey compared to tax regulations and inefficient government bureaucracy. With regards to the ethical behaviour of Turkish companies when operating abroad, the Transparency International Bribe Payers Index 2011 ranks Turkish companies the 19th most likely to pay bribes out of companies from 28 major exporting countries. Nonetheless, companies are recommended to develop, implement and strengthen integrity systems and to conduct extensive due diligence when planning to invest or when already doing business in Turkey.

The public procurement sector in Turkey has been singled out by foreign companies as particularly susceptible to corruption, according to the US Department of State 2012. The high degree of corruption in procurement, often involving high-level figures, is illustrated by Global Integrity 2008. According to this report, the roughly 250 procurement contracts which were awarded to government officials of the ruling AKP in 2007 in the town of Hatay have been associated with corruption by the people living in the area. Similarly, relatives and persons standing close to senior AKP figures have been linked to cases of corruption. In 2008, for example, serious corruption allegations were raised against the business conglomerate, Calik Group, run by Prime Minister Erdogan's son-in-law, as it appeared as the sole bidder for the country's second biggest media outlet, Sabah-ATV. Reports alleged that other companies interested in bidding for Sabah-ATV had been warned by senior government officials not to do so, according to Global Integrity 2008. Accordingly, Global Integrity 2010 writes that the ruling party is supported by a growing business community which is frequently awarded contracts by the government. In order to effectively reduce the risk of extortion and demands for bribes in the procurement process, foreign investors considering bidding on public tenders in Turkey are advised to use a specialised public procurement due diligence tool.

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Section 3 - Economy

Turkey's largely free-market economy is increasingly driven by its industry and service sectors, although its traditional agriculture sector still accounts for about 25% of employment. An aggressive privatization program has reduced state involvement in basic industry, banking, transport, and communication. An emerging cadre of middle-class entrepreneurs is adding dynamism to the economy and expanding production beyond the traditional textiles and clothing sectors. The automotive, petrochemical, and electronics industries are rising in importance and have surpassed textiles within Turkey's export mix.

Oil began to flow through the Baku-Tbilisi-Ceyhan pipeline in May 2006, marking a major milestone that has brought up to 1 million barrels per day from the Caspian region to market. The joint Turkish-Azeri Trans Anatolian Natural Gas Pipeline (TANAP) is moving forward to help transport Caspian gas to Europe through Turkey, helping to address Turkey's dependence on imported gas, which currently meets 98% of its energy needs.

After Turkey experienced a severe financial crisis in 2001, Ankara adopted financial and fiscal reforms as part of an IMF program. The reforms strengthened the country's economic fundamentals and ushered in an era of strong growth averaging more than 6% annually until 2008. Global economic conditions and tighter fiscal policy caused GDP to contract in 2009, but Turkey's well-regulated financial markets and banking system helped the country weather the global financial crisis, and GDP rebounded strongly to around 9% in 2010-11, as exports returned to normal levels following the crisis. Two rating agencies upgraded Turkey's debt to investment grade in 2012 and 2013, and Turkey's public sector debt to GDP ratio fell to 33% in 2014. The stock value of Foreign Direct Investment reached nearly $195 billion at yearend 2014.

Despite these positive trends, GDP growth dropped to 4.4% in 2013 and 2.9% in 2014. Growth slowed considerably in the last quarter of 2014, largely due to lacklustre consumer demand both domestically and in Europe, Turkey’s most important export market. High interest rates have also contributed to the slowdown in growth, as Turkey sharply increased interest rates in January 2014 in order to strengthen the country’s currency and reduce inflation. Turkey then cut rates in February 2015 in a bid to spur economic growth.

The Turkish economy retains significant weaknesses. Specifically, Turkey's relatively high current account deficit, uncertain commitment to structural reform, and turmoil within Turkey's neighbourhood leave the economy vulnerable to destabilizing shifts in investor confidence. Turkey also remains overly dependent on often volatile, short-term investment to finance its large current account deficit.

Agriculture - products:

tobacco, cotton, grain, olives, sugar beets, hazelnuts, pulses, citrus; livestock

Industries:

textiles, food processing, automobiles, electronics, mining (coal, chromate, copper, boron), steel, petroleum, construction, lumber, paper

Exports - commodities:

apparel, foodstuffs, textiles, metal manufactures, transport equipment

Exports - partners:

Germany 9.3%, UK 7.3%, Iraq 5.9%, Italy 4.8%, US 4.5%, France 4.1% (2015)

Imports - commodities:

machinery, chemicals, semi-finished goods, fuels, transport equipment

Imports - partners:

China 12%, Germany 10.3%, Russia 9.9%, US 5.4%, Italy 5.1% (2015)

Banking

The banking sector plays less of a financial intermediary role than one would expect in an economy of Turkey's size and sophistication. The three state -owned commercial banks plus the six largest private banks hold nearly a two-thirds share of total bank assets. Turkish banks engage in core banking services, securities brokering and other businesses. In terms of trade finance, treasury operations, electronic banking, and information management, the dozen leading Turkish banks are as sophisticated as their other OECD counterparts.

The Central Bank of the Republic of Turkey is headquartered in Ankara and together with Turkish Treasury is responsible for the integrity of the banking system. In 1994, the Central Bank became an autonomous body but is not independent. The Central Bank and BDDK (Banking Regulating and Auditing Commission) supervises bank activities in order to guarantee that they meet liquidity requirements and operates in a responsible fashion. While the Central Bank's Bank Supervision Division acts as the government's supervisory authority, the Undersecretariat of the Treasury is responsible for the enforcement of banking laws. The BDDK also determines the disposition of insolvent banks.

Stock Exchange

The Istanbul Stock Exchange, formed in 1985, is becoming a significant emerging market stock exchange. Although Turkey must further develop its capital markets, the 2012 Capital Markets Law allowed ISE to expand to include the Istanbul Gold Exchange Market and the Futures Contract Market. As of October 2012, 402 companies were listed on the exchange with total market capitalization of USD 269 billion. The Capital Markets Board is responsible for overseeing activities, including activities of ISE-quoted companies and securities and investment houses. The Turkish private sector continues to be dominated by a number of large holding companies, many of which are family-owned, and most large businesses continue to float publicly only a minority portion of shares in order to limit outside interference in company management. There has been no recent hostile takeover attempt by either international or domestic parties. Capital market instruments are still developing in Turkey. Turkey's first mortgage law was adopted in 2007. Venture capital and hedging instruments are also currently very limited, but a new law came into effect in 2012 that will increase financing opportunities through venture capital and angel investing.

Section 4 - Investment Climate

Executive Summary

Turkey has been an appealing market for investors over the last decade. It experienced strong economic growth on the back of the many positive economic and banking reforms it implemented between 2002 and 2007. After the global economic crisis of 2007, Turkey attracted substantial investment as a relatively stable emerging market with a promising trajectory of reforms and a strong, safe banking system. Over the last five years, progressive economic and democratic reforms seem to have slowed down or not been implemented. Growth has slowed since 2011, which presents a major challenge for Turkey to meet its ambitious goal of becoming a top ten economy in the world by 2023, the centenary of the founding of the Turkish republic.

The Turkish market is generally under-penetrated by U.S. businesses and presents many investment opportunities due to its solid economic fundamentals, although its investment climate is mixed. U.S. companies that are already established in the Turkish market have recently increased their investments in Turkey in certain sectors such as automotive, consumer goods, and defense. Other U.S. companies in other sectors and potential new market entrants, such as pharmaceuticals, generally did not make new investments in Turkey in 2015.

The most positive aspects of Turkey's investment climate are its favorable demographics and prime geographical position that provides access to multiple regional markets. Turkey also has a relatively educated work force, developed infrastructure, and a resilient consumption-based economy. Turkey's four percent GDP growth in 2015 outpaced most G-20 countries and was a sign of stability within a tumultuous region. This growth occurred despite the Turkish Lira losing 25% of its value in 2015.

The most negative aspects of Turkey's investment climate are geopolitical risk and widespread concern over the deterioration of the rule of law. Many international observers remain concerned about transparency, corruption, and the appearance of reduced judicial independence. Over the past year, the government has marginalized critics and initiated takeovers of companies perceived to be controlled by political opponents based on allegations of providing material support for terrorism. The security situation has deteriorated to include multiple terrorist attacks, including in its political and business capitols of Ankara and Istanbul. Continued attacks would negatively affect consumer confidence and investor spending.

Key issues to watch include whether or not Turkey makes progress on promised economic structural reforms. In order to do so, government officials will need to make difficult political choices to liberalize the market to align with the goal of expanding Turkey's EU Customs Union agreement. Another key issue to watch is the government's increased push to require localization in manufacturing, healthcare, defense, and IT systems infrastructure. Other issues include tax reform and the independence of courts and the Central Bank. Hosting over three million refugees and political tensions with Russia will also create additional economic burdens on Turkey.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	66 of 168	transparency.org/cpi2014/results http://www.transparency.org/cpi2015
World Bank's Doing Business Report "Ease of Doing Business"	2015	55 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	58 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country ($M USD, stock positions)	2014	$ 4.3 billion	BEA/Host government by Select USA
World Bank GNI per capita	2014	$10,830	data.worldbank.org/indicator/NY.GNP.PCAP.CD

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

Turkey acknowledges that it needs to attract significant new foreign direct investment (FDI) to meet its ambitious development goals. As a result, Turkey has one of the most liberal legal regimes for FDI in the OECD. According to the Central Bank of Turkey, Balance of Payments, Turkey attracted $11.858 billion of FDI in 2015, more than the $8.576 billion in 2014. U.S. FDI in Turkey was $1.568 billion in 2015 and $334 million in 2014. In order to attract more FDI, Turkey needs to increase trade advocacy and export promotion efforts, as well as access to credit, especially for small- and medium-sized businesses involved in high value-added goods and services. Turkey must also better enforce international trade rules, ensure the transparency and timely execution of judicial orders, increase engagement with foreign investors on policy issues, and pursue policies to promote strong, sustainable, and balanced growth.

A strong banking sector, tight fiscal controls, efforts to reduce the size of the informal economy, increasing flexibility of the labor market, improving skills of workers, and continuing privatization of state economic enterprises will continue to boost the investment environment in Turkey. Transactions completed under the Turkish privatization program generated $2 billion in 2015. The Turkish government is committed to continuing the privatization process despite the contraction in global capital flows.

Most sectors that are open to the Turkish private sector are also open to foreign participation and investment. All investors, regardless of nationality, face some challenges: excessive bureaucracy, a slow judicial system, high and inconsistently applied taxes, weaknesses in corporate governance, unpredictable decisions made at the local government level, and frequent changes in the legal and regulatory environment. The Parliament amended the Law of Obligations (debt regulations), and a new Commercial Code became effective in July 2012. Structural reforms that will create a more transparent, equal, fair, and modern investment and business environment remain stalled. Venture capital and angel investing are still relatively new in Turkey, but legislation should continue to facilitate greater development of these financing opportunities.

Other Investment Policy Reviews

In the past three years, Turkey has not conducted an investment policy review through the Organization for Economic Cooperation and Development (OECD). Turkey's last investment policy review through the World Trade Organization (WTO) was conducted on May 6th, 2012. Turkey has not conducted an investment policy review through the United Nations Conference on Trade and Development (UNCTAD). Over the past year, Turkey has cooperated with the World Bank to produce several reports on the investment climate in general that can be found at: http://www.worldbank.org/en/country/turkey/research

Laws/Regulations on Foreign Direct Investment

Turkey's investment legislation is simple and complies with international standards, while it offers equal treatment for all investors. The New Turkish Commercial Code No. 6102 ("New TCC") was published in the Official Gazette on February 14, 2011. The backbone of the investment legislation is made up of the Encouragement of Investments and Employment Law No. 5084, Foreign Direct Investments Law No. 4875, international treaties and various laws and related sub-regulations on the promotion of sectorial investments. Regulations related to M&A include: 1) Turkish Code of Obligations: Article 202 and Article 203, b) Turkish Commercial Code: Articles 134-158, c) Execution and Bankruptcy Law: Article 280, d) Law on the Procedures for the Collection of Public Receivables: Article 30, and e) Law on Competition: Article 7.

Although U.S. investors have not been directly affected to date, there is an increased perception that the government is willing to use its executive authority to interfere in the court system in ways that could affect foreign investors. See *Section 3, Expropriation and Compensation* for more specific examples.

Business Registration

Turkey's Prime Ministry Investment Support and Promotion Agency web site is the hub where both foreigners and locals can register their businesses. It is clear and easy to use, with information about legislation and company establishment. (http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/EstablishingABusinessInTR.aspx)

The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (ISPAT) is the official organization for promoting Turkey's investment opportunities to the global business community and providing assistance to investors before, during and after their entry into Turkey.

The conditions for setting up a business and share transfer are the same as those applied to local investors. International investors may establish any form of company set out in the Turkish Commercial Code (TCC), which offers a corporate governance approach that meets international standards, fosters private equity and public offering activities, creates transparency in managing operations, and aligns the Turkish business environment with EU legislation as well as with the EU accession process.

Turkey defines micro, small, and medium-sized enterprises according to Decision No. 2012/3834 of the Official Gazette dated November 4, 2012;

a. Micro-sized enterprises: Less than 10 employees annually and less than 1 million Turkish lira of net annual sales or financial statement.

b. Small-sized enterprises: Less than 50 employees annually and less than 8 million Turkish lira of net annual sales or financial statement.

c. Medium-sized enterprises: Less than 250 employees annually and less than 40 million Turkish lira of net annual sales or financial statement.

Industrial Promotion

The government has programs to attract investment to help Turkey achieve its 2023 development goals. The Turkish Ministry of Economy (www.incentives.gov.tr) offers an investment incentive program to prioritize investment sectors regardless of the region of investment. The following sectors have government programs to attract investment through existing regional incentives: maritime freight or passenger transport; railway investments; test centers, such as wind tunnels to support automotive, aerospace or defense industry; tourism accommodations; international fairgrounds; production of biotechnological drugs; defense, aviation and aerospace; mine extraction or processing; schools; manufacturing products from R&D subsidized by the government; automotive engines, parts, and electronics; and electric production.

In 2015, the GOT expanded the incentive program it started in 2012 to tourism, health tourism, manufacturing SMEs, labor and women's labor, farmers, and industries depending on R&D. Additionally, incentives granted industrialists a 6% savings on their raw and intermediately goods imports. Regional incentives also continued and the GOT launched incentives to support large scale and strategic investments including VAT and customs taxes exemption.

Turkey's Industrial Strategy announced by the Ministry of Science, Industry, and Technology (MSIT) identifies key areas to increase Turkey's competitiveness and productivity and targets aimed at transforming Turkey into a technology base for manufacturing of medium- to high-technology products. The document identifies the following areas as major potential drivers of the Turkish economy that can help increase exports and FDI growth: innovation-led productivity, increasing production of medium- and high-technology goods, increasing capital for knowledge-intensive sectors, creation of a stronger knowledge-based economy, and a well-educated and highly-qualified work force.

Limits on Foreign Control and Right to Private Ownership and Establishment

There are no general (statutory, de facto, or otherwise) limits on foreign ownership or control; Turkey's regulatory environment is extremely business-friendly. Investors can establish a business in Turkey irrespective of nationality, or place of residence. There are no sector-specific restrictions that discriminate against market access, as they are prohibited by WTO Regulations. There are some limitations on real estate acquisition by the foreigners within the principle of reciprocity which was recently relaxed with some amendments to the Land Registry Law numbered 2644.

Privatization Program

Turkey has privatized many of its public assets in recent years, from the petro-chemical industry to telecommunications. The current privatization portfolio contains the National Lottery Administration (Milli Piyango), and state enterprises in the maritime, mining, textile, transportation, energy, and banking sectors. Foreign investors are eligible to participate in these privatization programs. Turkey utilizes a public bidding process where the highest bidder wins. It is easy to understand and is transparent, with large scale bids broadcast via media. In 2015 Turkey generated $2 billion from privatizations including block sales, sales and transfers, and public offerings.

Screening of FDI

Turkey does not screen, review, or approve Foreign Direct Investments specifically. But regulatory and supervisory authorities were established in order to regulate different types of markets. Some of the important entities in Turkey are as follows: Competition Authority; Energy Market Regulation Authority; Banking Regulation and Supervision Authority; Information and Communication Technologies Authority; Tobacco, Tobacco Products and Alcoholic Beverages Market Regulation Board; Privatization Administration; Public Procurement Authority; Sugar Authority; Radio and Television Supreme Council; and Public Oversight, Accounting and Auditing Standards Authority.

Some of the aforementioned authorities screen as needed without discrimination, primarily for tax audits. Screening mechanisms are executed to maintain fair competition and for other economic benefits. If an investment fails review, possible outcomes can vary from a notice to cure, which allows for a specific period of time to correct the problem, to penalty fees. The Turkish judicial system allows for appeals of any administrative decision, including tax courts that deal with tax disputes.

Competition Law

The Competition Authority is the sole authority on competition issues in Turkey and deals only with the private sector. Public institutions are exempt from its authority. (http://www.rekabet.gov.tr/en-US/Mainpage)

2. Conversion and Transfer Policies

Foreign Exchange

Turkish law guarantees the free transfer of profits, fees, and royalties, and repatriation of capital. This guarantee is reflected in Turkey's 1990 Bilateral Investment Treaty (BIT) with the United States, which mandates unrestricted and prompt transfer in a freely-usable currency at a legal market-clearing rate for all investment-related funds. There is no difficulty in obtaining foreign exchange, and there are no foreign-exchange restrictions. Funds associated with any form of investment can be freely converted into any world currency. The exchange rate is determined by a free floating exchange rate.

Remittance Policies

In Turkey, there have been no recent changes or plans to change investment remittance policies. There are also no time limitations on remittances. Wait periods for dividends, return on investment, interest and principal on private foreign debt, lease payments, royalties, and management fees do not exceed 60 days. There are no limitations on the inflow or outflow of funds for remittances of profits or revenue. Turkey does not engage in currency manipulation tactics. Turkey is not subject to a compliance program, but is a country of primary concern to the Financial Action Task Force (FATF). The FATF first included Turkey in its Public Statement in 2010, for Turkey's lack of adequate terrorism financing legislation and the lack of a legal framework within which to freeze terrorist assets. In 2013, Turkey took legislative action to improve its compliance with international standards. Based upon an analysis of Turkey's overall legislative framework, together with evidence of its implementation over time, in June 2014, FATF removed Turkey from its Public Statement.

3. Expropriation and Compensation

Under the U.S.-Turkey BIT, expropriation can only occur in accordance with due process of law, can only be for a public purpose, and must be non-discriminatory. Compensation must be prompt, adequate, and effective. The BIT ensures U.S. investors have full access to Turkey's local courts and the ability to take the host government directly to third-party international binding arbitration to settle investment disputes. There is also a provision for state-to-state dispute settlement.

The GOT occasionally expropriates private real property for public works or for state industrial projects. The GOT agency expropriating the property negotiates the purchase price. If owners of the property do not agree with the proposed price, they are able to challenge the expropriation in court and ask for additional compensation. There are no outstanding expropriation or nationalization cases for U.S. firms.

Although there is not a pattern of discrimination against U.S. firms, the GOT aggressively targeted businesses, banks, media outlets, mining and energy companies with alleged ties to the outlawed Fethullah Gulen Terrorist Organization (FETO) in 2015. In the first three months of 2016, Koza Ipek, a media company was shuttered by government appointed-trustees, the government-appointed managers of Bank Asya announced plans to liquidate it if no buyer is found, and the Turkish National Police raided two large industrial conglomerates Boydak Holding and Naksan Holding.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Turkey's legal system provides means for enforcing property and contractual rights, and there are written commercial and bankruptcy laws. Turkey's court system, however, is overburdened, which sometimes results in slow decisions and judges lacking sufficient time to grasp complex issues. Judgments of foreign courts, under certain circumstances, need to be upheld by local courts before they are accepted and enforced. Monetary judgments are usually made in local currency, but there are provisions for incorporating exchange rate differentials in claims. The Turkish Government is working on judiciary reform that aims at shortening the duration of judicial proceedings and bringing greater efficiency to the Turkish judiciary system through specialized courts (such as Intellectual Property Rights courts, a number of which already exist in Turkey). Recent developments reinforce the Turkish judicial system's need to undertake significant reforms to adopt fair, democratic and unbiased standards. Poorly implemented rule of law and the GOT's attempts to control court rulings remain the biggest obstacles in investment disputes.

An example of the deterioration of the rule of law was the government's slow action to abide by court orders to lift a ban on Twitter and YouTube in 2014. This showed the GOT's occasional lack of adherence to its own laws which some critics alleged showed the power of the ruling party.

Turkey is a member of the International Center for the Settlement of Investment Disputes (ICSID) and is a signatory of the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Turkey ratified the Convention of the Multinational Investment Guarantee Agency (MIGA) in 1987. There are no arbitration cases involving a U.S. company pending before ICSID. The U.S.-Turkey BIT, which entered into force in 1990, affords protection to U.S. investments in Turkey by providing certain mutual guarantees and creating a more stable and predictable legal framework for U.S. investors.

Bankruptcy

Turkey has a bankruptcy law based on the Execution and Bankruptcy Code No. 2004 (the "EBL"), published in the Official Gazette on June 19, 1932 and numbered 2128. Turkey criminalizes bankruptcy. The World Bank's Doing Business Report gave Turkey a rank of 124 out of 189 countries for ease of resolving insolvency. (http://www.doingbusiness.org/rankings)

Investment Disputes

There is limited data about investment disputes available to the Embassy economic team, with only three known cases. Over the last 15 years, the government has a mixed record of handling investment disputes through international arbitration, with one case resulting in a $30 million payment and the other resulting in no payment. Within the past 10 years, there has been one investment dispute that was resolved with Embassy advocacy.

International Arbitration

The International Arbitration Law, based on the UNCITRAL model law, was adopted in Turkey in 2001. Local courts accept binding international arbitration of investment disputes between foreign investors and the state. In practice, however, Turkish courts have on occasion failed to uphold an international arbitration ruling involving private companies and have favored Turkish firms. There are two main arbitration bodies in Turkey: the Union of Chambers and Commodity Exchanges of Turkey (www.tobb.org.tr) and the Istanbul Chamber of Commerce (www.ito.org.tr). Most commercial disputes can be settled through arbitration, including disputes regarding public services. Parties decide the arbitration procedure, set the arbitration rules, and select the language of the proceedings.

The Istanbul Arbitration Center was established in October 2015 as an independent, neutral, and impartial institution to mediate both domestic and international disputes through fast track arbitration, emergency arbitrator, and appointments for ad hoc procedures. Its awards are binding and subject to international enforcement. (www.istac.org.tr/en)

ICSID Convention and New York Convention

Turkey has been a party to the New York Convention since 1992. Foreign arbitral awards will be enforced if the country of origin of the award is a New York Convention state, if the dispute is commercial under Turkish law, and as long as none of the grounds under article V of the New York Convention are proved by the opposing party.

Duration of Dispute Resolution – Local Courts

Although infrequent, investment and commercial dispute resolutions can take years. Generally,
there have been recent increases in trade safeguard measures. Local courts accept binding international arbitration of investment disputes between foreign investors and the state. In practice, however, Turkish courts have on occasion failed to uphold an international arbitration ruling involving private companies and have favored Turkish firms.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Turkey is a party to the WTO Agreement on Trade Related Investment Measures (TRIMs) and it has not notified the WTO of any measures that are inconsistent with its obligations.

U.S. companies in certain sectors claim that Turkey has recently introduced some localization measures and minimum local content requirements that are inconsistent with its TRIMs obligations. See *Section 5 Performance Requirements* for more information.

Investment Incentives

Turkey's regional incentives program divides various regions of the country into one of six different zones, providing the following benefits to investors: corporate tax privilege; customs tax exemption; Value Added Tax (VAT) exemption; employer's share insurance contributions support; allocation of investment locations; income tax withholding support; land allocation; and government support for credit interests. The program was launched in 2012 and more detailed information can be found at the Ministry of Economy's incentives website: www.incentives.gov.tr

The GOT introduced the latest incentive package in April 2015, which supports production and employment and is estimated to cost approximately $7.5 billion. It aims to undertake structural transformation into high-tech production and qualitative transformation of human capital. This is in addition to 2012 incentives that give priority to high-tech, high-value-added, globally competitive sectors and put in place new regional incentive programs to reduce regional economic disparities and increase competitiveness. The new investment incentives "tiered" system provides greater incentives to invest in less developed parts of the country. They are designed to encourage investments with the potential to reduce dependency on the importation of intermediate goods vital to the country's strategic sectors. Its primary objectives are to reduce the current account deficit, boost investment support for lesser developed regions, increase the level of support instruments, promote clustering activities, and to support investments that will create the transfer of technology. The map and explanation of the program can be found at: www.invest.gov.tr/en-US/Maps/Pages/InteractiveMap.aspx or http://www.invest.gov.tr/en-US/investmentguide/investorsguide/Pages/Incentives.aspx

Research and Development

Foreign firms can participate if the research and development (R&D) is conducted in Turkey. Turkey pays close attention to the impact micro-economic factors have on business development and growth and is seeking to foster entrepreneurship and small and medium-sized enterprises (SMEs). Through the Small and Medium Enterprises Development Organization (KOSGEB), the Turkish Government provides various incentives for innovative ideas and cutting-edge technologies, in addition to providing SMEs easier access to medium and long-term funds. There are also a number of technology development zones (TDZs) in Turkey where entrepreneurs are given assistance in commercializing business ideas. The Turkish Government provides support to TDZs, including infrastructure and facilities, exemption from income and corporate taxes for profits derived from software and R&D activities, exemption from all taxes for the wages of researchers, software, and R&D personnel employed within the TDZVAT, and corporate tax exemptions for IT specific sectors, and customs and duties exemptions.

Turkey’s Scientific and Technological Research Council (TUBITAK) has special programs for entrepreneurs in the technology sector, and the Turkish Technology Development Foundation (TTGV) has programs that provide capital loans for R&D projects and/or cover R&D-related expenses. Projects eligible for such incentives include concept development, technological research, technical feasibility research, laboratory studies to transform concept into design, design and sketching studies, prototype production, construction of pilot facilities, test production, patent and license studies, and activities related to post-scale problems stemming from product design. TUBITAK also has a Technology Transfer Office Support Program, which provides grants to establish Technology Transfer Offices (TTO) in Turkey.

Performance Requirements

The government mandates a local employment ratio of ten Turks per foreign worker. These schemes do not apply equally to senior management and boards of directors, but their numbers are included in the overall local employment calculations. Foreign legal firms are forbidden from working in Turkey except as consultants; they cannot directly represent clients and must partner with a local law firm. There are not onerous visa, residence, work permits or similar requirements inhibiting mobility of foreign investors and their employees. There are no known government-imposed conditions on permissions to invest, including tariff and non-tariff barriers.

There are no performance requirements imposed as a condition for establishing, maintaining, or expanding investment in Turkey. GOT requirements for disclosure of proprietary information as part of the regulatory approval process are consistent with internationally accepted practices. Enterprises with foreign capital must send their activity report submitted to shareholders, their auditor's report, and their balance sheets to the Turkish Treasury's Foreign Investment Directorate every year by May.

With the exceptions noted above under "Openness to Foreign Investment" and below under "Transparency of the Regulatory System," Turkey grants all rights, incentives, exemptions, and privileges available to national businesses to foreign business on a most-favored-nation (MFN) basis. U.S. and other foreign firms can participate in government-financed and/or subsidized research and development programs on a national treatment basis.

Offsets are an important aspect of Turkey's military procurement, and offset guidelines have been modified to encourage direct investment and technology transfer. In February 2014, Parliament passed legislation requiring the Ministry of Science, Industry, and Technology (MSIT) to establish a framework to incorporate civilian offsets into large government procurement contracts. The Ministry of Health (MOH) established an office to examine how offsets could be incorporated into new contracts. While all the regulations are still pending, the law suggests that for public contracts above $5 million, companies must invest up to 50 percent of contract value in Turkey and "add value" to the sector. In general, labor, health and safety laws do not distort or impede investment, although legal restrictions on discharging employees may provide a disincentive to labor-intensive activity in the formal economy.

Data Storage

There are no requirements for foreign IT providers to turn over source code or provide access to surveillance for encryption.

The recently amended Law #6493 on Payment and Security Systems, Payment Services and e-money Institutions, however, does require financial institutions to establish servers in Turkey. Turkish Banking Regulation and Supervision Board (BDDK) is the authority that issues business licenses as long as companies 1) localize their IT systems in Turkey, and 2) keep the original data, not copies, in Turkey.

Turkey enacted a new law on Personal Data Protection in April 2016. The law regulates all operations performed upon personal data including obtaining, recording, storage, and transfer to third parties or abroad. There will be a six month transition period before violations are enforced on new data transactions. For all data previously processed before the law went into effect, there will be a two year transition period. After two years, all data will be rendered either compliant with new legislation requirements or they will be erased or anonymized. All businesses are urged to assess a status analysis of how they currently collect and store data of their employees, customers, and partners to determine vulnerabilities and risks in regard to legal obligations. Secondly, businesses should conduct a compliance analysis to include the use of legal consent forms, staff training, data flow adjustments, security measures to protect data, and revised contractual obligations of those collecting data on a company's behalf.

A Personal Data Protection Authority with 200 personnel will be established to ensure compliance, lead necessary inspections by ex officio or upon complaint, and ensure that sanctions are properly imposed on the parties who fail to comply. Punishments for violating the law range from one to four years imprisonment or fines of 5,000 to 1,000,000 Turkish Lira.

6. Protection of Property Rights

Real Property

Secured interests in property, both movable and real, are recognized and enforced, and there is a reliable system of recording such security interests. For example, there is a land registry office where real estate is registered. Turkey's legal system protects and facilitates acquisition and disposal of property rights, including land, buildings, and mortgages, although some parties have complained that the courts are slow to render decisions and are susceptible to external influence (see "Dispute Settlement"). Turkey's first mortgage law was adopted in 2007.

The Ministry of Environment and Urbanization enacted a law on title-deed registration in 2012 removing the previous requirement that foreign purchasers of real estate in Turkey had to be in partnership with a Turkish individual or company that owns at least a 50 percent share in the property, meaning foreigners can now own their own land. The law is also much more flexible in allowing international companies to purchase real property. The new law also increases the upper limit on real estate purchases by foreign individuals to 30 hectares and allows further increases up to 60 hectares with permission from the Council of Ministers. In order to ensure that land has a clear title, interested parties may inquire through the General Directorate of Land and Cadastre (www.tkgm.gov.tr).

Intellectual Property Rights

Turkey's legal structure and enforcement for IPR infringement are mediocre and both need improvement. There has been little to no progress on IPR issues with increasing complaints from stakeholders regarding the level of IPR protection and market access for IPR-reliant goods in 2015. Turkey has for years failed to pass modernizing amendments to its patent, trademark and copyright laws, and also has failed to re-institute criminal penalties for patent and trademark violations that were vacated by the Constitutional Court in 2008. In 2015, Turkey was listed on USTR's Special 301 Report as a Watch List country. Turkey has limited capacity to enforce existing IPR protection laws, though the Turkish National Police enforce the laws on the books. Customs officers do not have ex officio authority to seize and destroy counterfeit goods. The rights holder must draft a declaration and then is charged for paying for storage and destruction of the goods. Therefore, confiscation of the goods is a serious problem in Turkey due to difficulties in destroying the goods, lack of appropriate provisions in the current legislation, long periods of storage obligation due to lengthy prosecution processes, and very high warehouse and security costs paid for by the plaintiff. As a result, trademark owners often prefer to leave counterfeit goods in the custody of infringers, even if that enables the infringers to commercially trade these goods. Counterfeit goods are prevalent in the local market, co-located with registered goods. Software piracy is also high.

Additionally, the practice of issuing search and seizure warrants varies considerably. IP courts and specialized IP judges only exist in major cities. Outside these areas the application for a search warrant has to be filed at a regular criminal court (Court of Peace) and/or with a regular prosecutor. The Courts of Peace are very reluctant to issue search warrants. Although by law “reasonable doubt” is adequate grounds for issuing a search and seizure order, judges often set additional requirements. These may include supporting documentation, photographs, and even witness testimony, which risks exposing companies’ intelligence sources. In some regions Courts of Peace Judges never grant search warrants, for example at the coastal zone area covering the popular tourist destinations. Overall, it is difficult for investors to enforce their rights and IP protections are deteriorating. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en

Resources for Rights Holders

Embassy point of contact:
Name: Ece DELIORMANLI
Title: Economic Specialist
Telephone Number: +90 312 457 7109
Email Address: deliormanlie@state.gov

Local American Chamber of Commerce (AmCham):
American Business Forum in Turkey (ABFT)
Buyukdere Cad. No. 201
Levent Loft A55 Levent - Istanbul
info@amchamturkey.org
Tel : +90 212 243 35 11
Fax : +90 212 243 35 17

http://www.amchamturkey.org/

Local lawyers list: http://turkey.usembassy.gov/list_attorneys.html

7. Transparency of the Regulatory System

The GOT has adopted policies and laws that, in principle, should foster competition and transparency. Accounting, legal, and regulatory procedures appear to be consistent with international norms, including standards set forth by the International Financial Reporting Standards (IFRS), EU, and the OECD. Publicly traded companies adhere to international accounting standards and are audited by well-respected companies such as KPMG. All court cases are open to the public unless a judge decides otherwise, which is normally only under exceptional circumstances of a sensitive criminal case, not civil proceedings. Copies of draft bills are generally made available to the public by posting them to the websites of the relevant ministry, Parliament, or Official Gazette, although discussion and comments are reserved for members of Parliament. Foreign companies in several sectors, however, claim that regulations are sometimes applied in a nontransparent manner.

8. Efficient Capital Markets and Portfolio Investment

The Turkish Government strongly encourages portfolio investment. An effective regulatory system exists to encourage and facilitate portfolio investment. There is sufficient liquidity in the markets to enter and exit sizeable positions. Existing policies facilitate the free flow of financial resources into the product and factor markets. The government respects IMF Article VIII by refraining from restrictions on payments and transfers for current international transactions. Credit is allocated on market terms. Foreign investors are able to get credit on the local market. The private sector has access to a variety of credit instruments.

Money and Banking System, Hostile Takeovers

The Turkish banking sector is healthy. The estimated total assets of the country's largest banks is as follows as of September 30, 2015: Ziraat Bankasi A.S. $98.86 billion, Is Bankasi – $92.54 billion Garanti – $86.17 billion' Akbank $78.06, Yapi Kredi Bankasi $76.77; According to financial sector contacts, for 2015 the share of non-performing loans in the sector was approximately 3%. Turkey has a central bank system. The only requirements for a foreigner to open a bank account in Turkey are a copy of their passport and either an ID number from the Ministry of Foreign Affairs or a Turkish Tax ID number.

There are no regulations specifically naming a method for acquiring control of a public company as a hostile bid. However, the regulations concerning takeover bids can be considered a major method for hostile bids, as they allow acquisition of the shares of a company without the collaboration of its management. In practice, hostile bids are not common, as most public companies in Turkey are controlled by a single shareholder or a small group of shareholders. (However, the number of hostile bids may increase in the future, mainly due to private equity investments or exits from them. In addition, the increasing number of listed companies and their complex shareholder composition may increase hostile bids.)

The Turkish Government has taken a number of important steps in recent years to strengthen and better regulate the banking system. A 2005 revision of the Banking Law brought tighter bank regulation, notably by broadening the range of expertise inspectors can draw on when conducting on-site inspections. The Turkish Government adopted a framework Capital Markets Law in 2012, aimed at bringing greater corporate accountability, protection of minority-shareholders, and financial statement transparency. Implementing legislation is still in progress.

The independent Banking and Regulation Supervision Agency (BRSA) monitors and supervises Turkey's banks. The BRSA is headed by a board whose seven members are appointed for six-year terms. In addition, bank deposits are protected by an independent deposit insurance agency, the State Deposit Insurance Fund (SDIF). Because of historically high local borrowing costs and short repayment periods, foreign and local firms have frequently sought credit from international markets to finance their activities.

9. Competition from State-Owned Enterprises

As of 2015, the sectors with active SOEs are mining, banking, and transportation, although there is not a published list of SOEs. The government of Turkey (GOT) continues to make substantial progress on privatization efforts – especially in the last decade. Of 188 companies the state once owned, 50 are fully privatized and 128 are partially privatized. With an increasing trend, shares of state-owned enterprises (SOE) in the communications, energy, mining, and transportation industries are being sold off. In 2013, Turk Telekom offered an additional 6.68% ownership stake to the public – dropping state control to about 30%. The GOT recently privatized 21 companies, two ports, and 10 roadways. GOT has shelved plans to increase private ownership of Halkbank and Turkish Airlines, bulwarks of state-ownership. More information about privatization initiatives can be found at the Prime Ministry's Privatization Administration's website at: www.oib.gov.tr/index_eng.htm. Among the SOEs that remain, allegations of unfair practices are minimal, and the Embassy is not aware of any ongoing complaints by U.S. firms. Turkey is not a country party to the World Trade Organization's Government Procurement Agreement.

In 2016, OECD released a report titled *Broadening the Ownership of State-Owned Enterprises: A Comparison of Governance Practices* that included case studies on the privatization of Halkbank and Turk Telekom. It can be read here: http://www.keepeek.com/Digital-Asset-Management/oecd/governance/broadening-the-ownership-of-state-owned-enterprises/listing-of-halkbank-and-turk-telecom_9789264244603-7-en#page2

OECD Guidelines on Corporate Governance of SOEs

Turkey is a member of the OECD Working Party on State Ownership and Privatization Practices, and OECD's compliance regulations and new laws enacted in 2012 by the Turkish Competitive Authority closely govern SOE operations. In 2015 Antalya Leaders' Summit, G20 Leaders endorsed the new global standard on corporate governance that will help policy makers to evaluate and improve their national corporate governance frameworks with a view to promote market-based financing and to boost long-term investment.

The G20/OECD Principles of Corporate Governance represent a shared understanding with respect to corporate governance standards and practices in areas such as transparency, disclosure, accountability, board oversight, shareholder rights and the role of key stakeholders. They also provide recommendations for national policymakers on executive remuneration, the behavior of institutional investors and how stock markets should function.

Sovereign Wealth Funds

Turkey does not have a Sovereign Wealth Fund.

10. Responsible Business Conduct

In Turkey, responsible business conduct (RBC) is gaining traction and more is being expected of companies, particularly in the past few years. Reforms carried out as part of the EU harmonization process have had a positive effect on laws governing Turkish associations, especially non-governmental organizations (NGOs). Turkey has not yet established a central coordinating office or information agency to assist companies in their social efforts, and the topic of RBC is handled by the various ministries. U.S. companies, especially in the technology sector, have targeted RBC activities towards improving education in Turkey.

NGOs that are active in the economic sector, such as the Turkish Union of Chambers and Commodity Exchanges (TOBB) and the Turkish Industrialists' and Businessmen's Association (TÜSIAD), issue regular reports and studies, and hold events aimed at encouraging Turkish companies to become involved in policy issues. In addition to influencing the political process, these two NGOs also assist their members in their civic engagement. The Business Council for Sustainable Development Turkey (www.tbcsd.org) and the Corporate Social Responsibility Association in Turkey (www.csrturkey.org), founded in 2005, are two associations devoted exclusively to issues of responsible business conduct. The Turkish Ethical Values Center Foundation (www.tedmer.org.tr), the Private Sector Volunteers Association (www.osgd.org) and the Third Sector Foundation of Turkey (www.tusev.org.tr) play an important role in promoting RBC.

11. Political Violence

Turkey regularly experienced politically-motivated violence, ranging from police response to civil demonstrations (which resulted in eight confirmed deaths during the 2013 Gezi Park protests), to unidentified attacks on opposition-party offices (hundreds of Peoples' Democratic Party offices were attacked and some were burned between the June and November elections in 2015), or mob attacks on media outlets (such as *Hurriyet* and *Sabah* in the fall of 2015). Cases were not uncommon of individuals who were caught in the vicinity of violence and were injured or detained by law enforcement officials.

Since the July 2015 collapse of the cessation of hostilities between the government and the Kurdistan Workers' Party (PKK) [also operating as the Kurdistan People's Congress (KCK), Kongra Gel (KGK), or via splinter groups like the Kurdistan Freedom Hawks (TAK)], violence between government security forces and terrorist groups has also threatened civilians in Turkey. TAK claimed responsibility for the December 23 mortar attack against Istanbul's Sabiha Gokcen International Airport, which killed one, injured one, and damaged several passenger planes. As a result of government operations aimed at destroying the PKK in the southeast, the government claimed it has "neutralized" (killed or detained) 5,359 PKK fighters and lost 355 security forces, while human rights groups claimed more than 200 civilians have also been killed. The GOT-PKK truce lasted from early 2013 until July 2015, when PKK-related terrorist events increased throughout Turkey.

Other U.S.-designated terrorist organizations such as Islamic State of Iraq and the Levant (ISIL), the indigenous Revolutionary People's Liberation Party–Front (DHKP/C), and TAK also increased attacks in Turkey in 2015. Individuals allegedly acting under the influence of ISIL conducted several suicide terror attacks, including simultaneous explosions at pro-Kurdish Peoples' Democratic Party (HDP) offices in Mersin and Adana on May 18, 2015, which injured three people. On June 5, the government claimed ISIL conducted a double bombing at an HDP election rally in Diyarbakir that killed five persons and wounded 399. On July 20, a suicide bombing attributed to ISIL in the southeastern town of Suruc killed 33 persons and injured more than 100. On October 10, government officials again attributed ISIL operatives for twin explosions at a peace rally in Ankara that killed at least 103 and wounded hundreds, the worst terrorist attack in the country's modern history.

The indigenous terrorist organization DHKP/C, established in the 1970s and designated by the U.S. in 1997, twice attacked U.S. Consulate Istanbul and Turkish police there. The DHKP/C has stated its intention to commit further attacks against the United States, NATO, and Turkey. On March 31, 2015, a DHKP/C cell stormed Istanbul's Caglayan Court House and took a lead prosecutor hostage. Security forces killed the hostage takers and the prosecutor died during the rescue attempt. In addition, violent extremists associated with other terrorist groups have transited Turkey en route to Syria.

There have also been instances of violence against religious missionaries and others perceived as proselytizing for a non-Islamic religion in Turkey. Perpetrators have threatened and assaulted Christian and Jewish individuals, groups, and places of worship, including several high-profile murders over the last decade. Anti-Israeli sentiment remains high following Israel's 2008 Gaza offensive.

12. Corruption

Corruption remains a serious concern, a reality reflected in Turkey's sliding score in recent years in Transparency International's annual Corruption Perceptions Index, where it ranked 66 of 168 countries and territories around the world in 2015. Government mechanisms to investigate and punish alleged abuse and corruption by state officials remained inadequate, and impunity remained a problem. Though independent in principle, the judiciary remained prone to government, and particularly executive branch, influence, including with respect to the investigation and prosecution of major corruption cases. See the Department of State's annual *Country Reports on Human Rights Practices* for more details.

The government does not actively encourage private companies to establish internal codes of conduct that prohibit bribery of public officials. Turkey is a participant in regional anti-corruption initiatives, specifically co-heading the G-20 Anti-Corruption working group with the United States. Locally, the Prime Ministry Inspection Board and a number of other state institutions are responsible for combating corruption (more below), including Deputy Prime Minister Lutfi Elvan who presides over an anti-corruption commission.

Public procurement reforms were designed in Turkey to make procurement more transparent and less susceptible to political interference, including through the establishment of an independent public procurement board with the power to void contracts. Critics claim, however, that government officials have continued to award large contracts to firms friendly with the ruling Justice and Development Party (AKP).

Turkish legislation outlaws bribery, but enforcement is uneven. Turkey's Criminal Code makes it unlawful to promise or to give any advantage to foreign government officials in exchange for their assistance in providing improper advantage in the conduct of international business. In the event that such a crime benefits any legal entity, such legal entity shall be subject to certain legal sanctions.

The provisions of the Criminal Law regarding bribing of foreign governmental officials are consistent with the provisions of the Foreign Corrupt Practices Act of 1977 of the United States (FCPA). There are, however, a number of differences between Turkish law and the FCPA. For example, there is not an exception under Turkish law for payments to facilitate or expedite performance of a "routine governmental action" in terms of the FCPA. Another difference is that the FCPA does not provide for punishment by imprisonment, while the Turkish law provides for punishment by imprisonment from four to 12 years. The Prime Ministry's Inspection Board, which advises the Corruption Investigations Committee, is responsible for investigating major corruption cases brought to its attention by the Committee. Nearly every state agency has its own inspector corps responsible for investigating internal corruption. The Parliament can establish investigative commissions to examine corruption allegations concerning cabinet ministers; a majority vote is needed to send these cases to the Supreme Court for further action.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Turkey ratified the OECD Convention on Combating Bribery of Public Officials and passed implementing legislation in 2003 to provide that bribes of foreign officials, as well as domestic, are illegal. In 2006, Turkey's Parliament ratified the UN Convention against Corruption.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:

- ORGANIZATION: Prime Ministry Inspection Board
- ADDRESS: Basbakanlik Merkez Bina Zemin Kat No:11 Bakanliklar/ANKARA
- TELEPHONE NUMBER: Phone : +90 312 422 24 00 Fax : +90 312 422 24 99
- EMAIL ADDRESS: teftis@basbakanlik.gov.tr

Contact at "watchdog" organization:

- NAME: M. Nihat Omeroglu
- TITLE: Chief Ombudsman
- ORGANIZATION: The Ombudsman Institution
- ADDRESS: Kavaklidere Mah. Nevzat Tandogan Caddesi No:4 Cankaya ANKARA
- TELEPHONE NUMBER: +90 312 465 22 00
- EMAIL ADDRESS: iletisim@ombudsman.gov.tr

Contact at "watchdog" organization:

- NAME: Gul Okutucu
- TITLE: General Coordinator
- ORGANIZATION: Transparency International –Turkey Branch
- ADDRESS: 19 Mayis Mah. Operatör Raif Bey Sok. Niyazi Bey Apt. 30/5, Sisli, ISTANBUL
- TELEPHONE NUMBER: +90 212 240 5281
- EMAIL ADDRESS: info@seffaflik.org

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

Since 1962, Turkey has negotiated and signed agreements for the reciprocal promotion and protection of investments. As of April 2015, Turkey has 82 bilateral investment agreements in force with: Afghanistan, Albania, Argentina, Austria, Australia, Azerbaijan, Bangladesh, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, China, Croatia, Cuba, Czech Republic, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Georgia, Germany, Greece, Hungary, India, Indonesia, Iran, Israel, Italy, Japan, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Latvia, Lebanon, Libya, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Moldova, Mongolia, Morocco, Netherlands, Oman, Saudi Arabia, Pakistan, Philippines, Poland, Portugal, Qatar, Romania, Russian Federation, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, Switzerland, Syria, Tajikistan, Thailand, Tunisia, Turkmenistan, United Arab Emirates, United Kingdom, United States, Ukraine, Uzbekistan, and Yemen.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

There are no restrictions on foreign firms operating in any of Turkey's 20 free zones. The zones are open to a wide range of activities, including manufacturing, storage, packaging, trading, banking, and insurance. Foreign products enter and leave the free zones without payment of customs or duties if products are exported to third country markets. Income generated in the zones is exempt from corporate and individual income taxation and from the value-added tax, but firms are required to make social security contributions for their employees. Additionally, standardization regulations in Turkey do not apply to the activities in the free zones, unless the products are imported into Turkey. Sales to the Turkish domestic market are allowed with goods and revenues transported from the zones into Turkey subject to all relevant import regulations.

Taxpayers who possessed an operating license as of February 6, 2004, do not have to pay income or corporate tax on their earnings in free zones for the duration of their license. Earnings based on the sale of goods manufactured in free zones are exempt from income and corporate tax until the end of the year in which Turkey becomes a member of the European Union. Earnings secured in a free zone under corporate tax immunity and paid as dividends to real person shareholders in Turkey, or to real person or legal-entity shareholders abroad, are subject to 10 percent withholding tax. See the Ministry of Economy’s website: www.ekonomi.gov.tr

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) ($M USD)	2015	$ 719.9 billion	2014	$798.4 billion	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country ($M USD, stock positions)	N/A	N/A	2014	$4.3 billion	BEA data available at http://bea.gov/international/direct_investment_ multinational_companies_comprehensive_data.htm
Host country’s FDI in the	N/A	N/A	2014	$1.1 billion	BEA data available at http://bea.gov/international/direct_i

United States ($M USD, stock positions)					nvestment_ multinational_companies_comprehensive_data.htm
Total inbound stock of FDI as % host GDP	N/A	N/A	2012	23%	UNCTAD(http://unctad.org/Sections/dite_ fdistat/docs/webdiaeia2014d3_TUR.pdf) 2014 report based on 2012 data from the Central Bank of the Republic of Turkey ($181.2 billion of inbound FDI stock in Turkey/$788.9 billion of 2012 GDP)

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			Outward Direct Investment		
Total Inward	11.858	100%	Total Outward	Amount	100%
Spain	2.178	18%	Holland	1.567	30%
USA	1.568	13%	USA	1.343	26%
Luxembourg	1.263	11%	UK	0.631	12%
Holland	1.188	10%	Azerbaijan	0.276	5%
Azerbaijan	0.786	7%	Germany	0.250	5%
"0" reflects amounts rounded to +/- USD 500,000.					

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	1,323	100%	All Countries	407	100%	All Countries	915	100%
Cayman Islands	398	30%	United States	163	40%	Cayman Islands	397	43%
United States	175	13%	Luxembourg	118	29%	Lebanon	163	18%

Lebanon	163	12%	Germany	47	12%	Luxembourg	45	5%
Luxembourg	163	12%	Kuwait	19	5%	Netherlands	43	5%
Germany	79	6%	United Kingdom	14	4%	Azerbaijan	33	4%

Section 5 - Government

Chiefs of State and Cabinet Members Date of Information:

For the current list of Chief of State and Cabinet Members, please access the following - Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments

Legal system:

Civil law system based on various European legal systems notably the Swiss civil code; note - member of the European Court of Human Rights (ECHR), although Turkey claims limited derogations on the ratified European Convention on Human Rights

International organization participation:

ADB (nonregional member), Australia Group, BIS, BSEC, CD, CE, CERN (observer), CICA, D-8, EAPC, EBRD, ECO, EU (candidate country), FAO, FATF, G-20, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IDB, IEA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, NATO, NEA, NSG, OAS (observer), OECD, OIC, OPCW, OSCE, Paris Club (associate), PCA, SELEC, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNRWA, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO, ZC

Section 6 - Tax

Exchange control

The flow of capital in and out of Turkey is regulated by Decrees to protect the value of the Turkish currency.

Treaty and non-treaty withholding tax

Turkey has exchange of information relationships with 109 jurisdictions through 81 DTCs, 5 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Albania	DTC	4 Apr 1994	26 Dec 1996	Unreviewed	No
Algeria	DTC	2 Aug 1994	30 Dec 1996	Unreviewed	No
Australia	DTC	29 Apr 2010	5 Jun 2013	Yes	Yes
Austria	DTC	28 Mar 2008	1 Oct 2009	No	No
Azerbaijan	DTC	9 Feb 1994	1 Sep 1997	Unreviewed	No
Bahrain	DTC	14 Nov 2005	2 Sep 2007	Yes	Yes
Bangladesh	DTC	31 Oct 1999	23 Dec 2003	Unreviewed	No
Belarus	DTC	24 Jul 1996	29 Apr 1998	Unreviewed	No
Belgium	DTC	2 Jun 1987	8 Oct 1991	Yes	No
Bermuda	TIEA	23 Jan 2012	not yet in force	Yes	Yes
Bosnia and Herzegovina	DTC	16 Feb 2005	18 Sep 2008	Unreviewed	No
Brazil	DTC	16 Dec 2010	9 Oct 2012	Yes	Yes
Bulgaria	DTC	7 Jul 1994	17 Sep 1997	Unreviewed	No
Canada	DTC	14 Jul 2009	4 May 2011	Yes	Yes
China	DTC	23 May 1995	20 Jan 1997	Yes	No
Croatia	DTC	22 Sep 1997	18 May 2000	Unreviewed	No
Czech Republic	DTC	12 Nov 1999	16 Dec 2003	Yes	No
Denmark	DTC	30 May 1991	20 Jun 1993	Yes	No
Egypt	DTC	25 Dec 1993	31 Dec 1996	Unreviewed	No
Estonia	DTC	25 Aug 2003	21 Feb 2005	Yes	No
Ethiopia	DTC	2 Mar 2005	14 Aug 2007	Unreviewed	No
Finland	DTC	6 Oct 2009	4 May 2012	Yes	Yes
Former Yugoslav Republic of Macedonia	DTC	16 Jun 1995	28 Nov 1996	Yes	No
France	DTC	18 Feb 1987	1 Jul 1989	Yes	No
Georgia	DTC	21 Nov 2007	18 Feb 2010	Unreviewed	No
Germany	DTC	22 Sep 2011	1 Aug 2012	Yes	Yes
Gibraltar	TIEA	4 Dec 2012	not yet in force	Yes	Yes
Greece	DTC	2 Dec 2003	5 Mar 2004	Yes	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Guernsey	TIEA	13 Mar 2012	not yet in force	Yes	Yes
Hungary	DTC	10 Mar 1993	9 Nov 1995	Yes	No
India	DTC	31 Jan 1995	1 Feb 1997	Yes	No
Indonesia	DTC	25 Feb 1997	6 Mar 2000	Yes	No
Iran	DTC	17 Jun 2002	27 Feb 2005	Unreviewed	No
Ireland	DTC	24 Oct 2008	18 Aug 2010	Yes	Yes
Isle of Man	TIEA	21 Sep 2012	not yet in force	Yes	Yes
Israel	DTC	14 Mar 1996	1 Jan 1999	Yes	No
Italy	DTC	27 Jul 1990	1 Dec 1993	Yes	No
Japan	DTC	8 Mar 1993	28 Dec 1994	Yes	No
Jersey	TIEA	24 Nov 2010	11 Sep 2013	Yes	Yes
Jordan	DTC	6 Jun 1985	3 Dec 1986	Unreviewed	No
Kazakhstan	DTC	15 Aug 1995	18 Nov 1996	Unreviewed	No
Korea, Republic of	DTC	24 Dec 1983	27 Mar 1986	Yes	No
Kosovo	DTC	10 Sep 2012	not yet in force	Unreviewed	Yes
Kuwait	DTC	6 Oct 1997	13 Dec 1999	Unreviewed	No
Kyrgyzstan	DTC	1 Jul 1999	20 Dec 2001	Unreviewed	No
Latvia	DTC	3 Jun 1999	23 Dec 2003	Unreviewed	No
Lebanon	DTC	12 May 2004	21 Aug 2006	No	No
Lithuania	DTC	24 Nov 1998	17 May 2000	Yes	No
Luxembourg	DTC	9 Jun 2003	18 Jan 2005	Yes	Yes
Malaysia	DTC	27 Sep 1994	28 Jan 1997	No	No
Malta	DTC	14 Jul 2011	13 Jun 2013	Yes	Yes
Moldova, Republic of	DTC	25 Jun 1998	28 Jul 2000	Unreviewed	No
Mongolia	DTC	12 Sep 1995	30 Dec 1996	Unreviewed	No
Montenegro	DTC	12 Oct 2005	10 Aug 2007	Unreviewed	No
Morocco	DTC	7 Apr 2004	18 Jul 2006	Unreviewed	No
Netherlands	DTC	27 Mar 1986	30 Sep 1988	Yes	No
New Zealand	DTC	22 Apr 2010	28 Jul 2011	Yes	Yes
Norway	DTC	15 Jan 2010	15 Jun 2011	Yes	Yes
Oman	DTC	31 May 2006	15 Mar 2010	Unreviewed	No
Pakistan	DTC	14 Nov 1985	8 Aug 1988	Unreviewed	No
Poland	DTC	3 Nov 1993	1 Jan 1998	Yes	No
Portugal	DTC	11 May 2005	18 Dec 2006	Yes	No
Qatar	DTC	25 Dec 2001	11 Feb 2008	Yes	No
Romania	DTC	1 Jul 1986	15 Sep 1988	Unreviewed	No
Russian Federation	DTC	15 Dec 1997	1 Jan 2000	No	No
Saudi Arabia	DTC	9 Nov 2007	1 Apr 2009	Unreviewed	No
Singapore	DTC	9 Jul 1999	27 Aug 2001	No	No
Slovakia	DTC	2 Apr 1997	2 Dec 1999	Yes	No
Slovenia	DTC	19 Apr 2001	23 Dec 2003	Yes	No
South Africa	DTC	3 Mar 2005	6 Dec 2006	Yes	No
Spain	DTC	5 Jul 2002	18 Dec 2003	Yes	No
Sudan	DTC	26 Aug 2001	31 Jan 2005	Unreviewed	No
Sweden	DTC	21 Jan 1988	18 Nov 1990	Yes	No

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5
Switzerland	DTC	18 Jun 2010	8 Feb 2012	No	Yes
Syrian Arab Republic	DTC	6 Jan 2004	21 Aug 2004	Unreviewed	No
Tajikistan	DTC	6 May 1996	26 Dec 2001	Unreviewed	No
Thailand	DTC	11 Apr 2002	13 Jan 2005	Unreviewed	No
Tunisia	DTC	2 Oct 1986	28 Dec 1987	Unreviewed	No
Turkey Republic of Northern Cyprus	DTC	22 Dec 1987	30 Dec 1988	Unreviewed	No
Turkmenistan	DTC	17 Aug 1995	24 Jun 1997	Unreviewed	No
Ukraine	DTC	27 Nov 1996	29 Apr 1998	Unreviewed	No
United Arab Emirates	DTC	29 Jan 1993	29 Jan 1994	Yes	No
United Kingdom	DTC	19 Feb 1986	26 Oct 1988	Yes	No
United States	DTC	28 Mar 1996	19 Dec 1997	Yes	No
Uzbekistan	DTC	8 May 1996	30 Sep 1997	Unreviewed	No
Yemen	DTC	26 Oct 2005	16 Mar 2010	Unreviewed	No

Methodology and Sources

Section 1 - General Background Report and Map

(Source: CIA World Factbook)

Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	**Medium Risk**	**Higher Risk**
FATF List of Countries identified with strategic AML deficiencies	Not Listed	AML Deficient but Committed	High Risk
Compliance with FATF 40 + 9 recommendations	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
US Dept of State Money Laundering assessment (INCSR)	Monitored	Concern	Primary Concern
INCSR - Weakness in Government Legislation	<2	2-4	5-20
US Sec of State supporter of / Safe Haven for International Terrorism	No	Safe Haven for Terrorism	State Supporter of Terrorism
EU White list equivalent jurisdictions	Yes		No
International Sanctions UN Sanctions / US Sanctions / EU Sanctions	None	Arab League / Other	UN , EU or US
Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network	>69%	35 – 69%	<35%
World government Indicators (Average)	>69%	35 – 69%	<35%
Failed States Index (Average)	>69%	35 – 69%	<35%
Offshore Finance Centre	No		Yes

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: CIA World Factbook)

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: US State Department)

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: CIA World Factbook / https://www.cia.gov/library/publications/world-leaders-1/index.html)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: OECD Global Forum on Transparency and Exchange of Information for Tax Purposes PKF International)

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Any questions or queries should be addressed to: -

Gary Youinou

Via our Contact Page at KnowYourCountry.com