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Report Name: Turkey Returns to 2018 Customs Tariff Regime for Walnuts

Country: Turkey

Post: Ankara

Report Category: Tree Nuts, Tree Nuts, Trade Policy Monitoring

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Report Highlights:

On December 31, 2020, the Government of Turkey (GoT) published a Presidential Decision Decree (PDD) that changed the import tariff for in-shell and shelled walnuts to 15 percent for all origins, bringing it to the same level before August 2020. Oversight (or reference) price system was re-introduced.
Turkey Returns to 2018 Customs Tariff Regime for Walnuts

On December 31, 2020, the Government of Turkey (GoT) published a Presidential Decision Decree (PDD) in the Turkish Official Gazette that raised the import tariff for in-shell and shelled walnuts to 15 percent for all origins, except for countries that have a free trade agreement (FTA) with Turkey. The government abolished the Housing Development Fund Fee (HDFF) of 320 USD/MT that were being paid for importing walnuts to Turkey.

The following oversight (or reference) price system was re-introduced in the PDD.

<table>
<thead>
<tr>
<th>HS CODE</th>
<th>COMMODITY</th>
<th>OVERSIGHT VALUE ON CIF (USD/MT*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>080231</td>
<td>In-Shell Walnut</td>
<td>3,500 USD</td>
</tr>
<tr>
<td>080232</td>
<td>Shelled Walnut</td>
<td>6,500 USD</td>
</tr>
</tbody>
</table>

*Gross weight in metric tons.

An oversight price is a minimum price that the GoT will use for tax purposes. For example, even if a Turkish trader has purchased a metric ton of in-shell walnuts for 2,500 USD, which is below the oversight price, the tariff will be calculated using 3,500 USD. However, if the actual price is more than 3,500 USD then the GoT will use the real invoice price in calculating taxes.

In addition to the 15 percent tariff rate for all origins as explained above, there is also a 10 percent additional tax on U.S. originated tree nuts as a countermeasure for U.S. increasing tariffs on Turkish steel. You can read about these additional taxes on some U.S. originated products in our previous reports. As a result of the recent tax change and the continuing retaliatory tariffs, the customs duty rate on U.S. originated walnuts is 25 percent (15 + 10), as it was before August 2020.

As explained in our report on New Regulation Requires Registration for Exporters of Tree Nuts and Other Products to Turkey, tree nut exporters from the United States (and other origins) should register on the Turkish exporter registration system.

As a background to the recent tariff change, in August 2020, the GoT decreased the customs tariffs for in-shell and shelled walnuts to 4 percent from 15 percent, but also introduced a HDFF of 320 USD/MT through a PDD. This change was explained in detail in the walnuts section of our Tree Nuts Annual Report 2020.

Our preliminary analysis indicates this recent change in the tax regime should minimally affect the cost of U.S. originated walnuts for Turkish buyers and not impact the demand for U.S. walnuts in Turkey.
Attachments:

No Attachments.