TURKEY: DISCREPANCIES SHOW UP IN EXPORT FIGURES

DISCREPANCIES of up to $ 1,000 million in estimates of Turkey's 1984 exports could – if verified – provide Turgut Ozal's government with a fresh source of embarrassment.

The premier has trumpeted at home and abroad the apparent success of the export-led drive towards economic recovery. But according to the local Anka news agency, substantial differences have emerged between the figures given by Turkey for exports to particular countries and those from the countries supposed to have bought the goods. And the issue has been further clouded by continuing press allegations that companies are claiming fictitiously high overseas sales to qualify for tax rebates (MEED 10:8:84).

The biggest discrepancies in export figures occur in sales to Switzerland and West Germany for the first 11 months of 1984. Up to 86 per cent, or $ 433 million, of the Swiss sales claimed by Turkey and nearly 37 per cent ($ 295 million) of those to West Germany are unaccounted for in the two countries' import statistics. Switzerland was in 1984 also the focus of an official investigation into Turkish companies' allegedly overblown sales figures.

If the export shortfall is confirmed, Turkey's visible trade deficit will expand by worrying proportions. According to provisional figures from the State Institute of Statistics (DIE), the deficit rose by 2.8 per cent last year, to $ 3,600 million; this was despite a 28 per cent increase in exports, to $ 7,100 million. The Treasury & Foreign Trade undersecretariat has put the 1984 trade gap at $ 3,390 million (MEED 1:2:85).

It has also been estimated that companies claimed up to TL 35,000 million ($ 72 million) in tax rebates for fictitious exports in the first 11 months of the year. Local press reports say the first companies are beginning to pay the price: fines of double the amount falsely claimed, ranging up to TL 820 million ($ 1.6 million). And one of the privileged Incorporated Foreign Trade Companies may soon have to pay out about TL 3,000 million ($ 6 million).

Soon after taking office in December 1983, Ozal accorded the title of Incorporated Foreign Trade Company to firms with annual exports of more than $ 30 million. He created a select group of about 20 concerns granted privileges such as the right to trade with East Europe.

But as the companies have to increase exports each year to maintain their status, the government may – ironically – have encouraged exporters both in and outside the group to submit inflated sales claims.

Ozal has, in any case, pledged to do away with direct export subsidies, in the belief that open competition, and fine tuning of the lira exchange rate, will make Turkish exporters more efficient and price-competitive in the long term. Significantly, it would seem that the reduction in rebates to 55 per cent of their former value by the end of 1984 led to a corresponding slowdown in the increase in exports, DIE statistics show.

The government's international commitment to phasing out export subsidies was demonstrated in early February, when it signed a General Agreement on Tariffs & Trade (GATT) subsidy code. In theory, this should help to allay protectionist sentiment in key markets such as the EEC and the US.

Ankara has already agreed to phase out subsidies on textile exports to the US (MEED 1:3:85). It remains to be seen how the GATT agreement will help Turkish exporters – particularly of textiles – to the EEC.

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The measures – if adopted – could prove to be a severe political handicap to Prime Minister Turgut Ozal's government, which claims its monetarist policies are compatible with high rates of economic growth.

In early 1984, the IMF became the first important international financial institution to back the government's free-market and export-oriented economic policies. A standby agreement for credits totalling SDR 225 million ($ 216 million) was formally approved in April that year (MEED 13:4:84).

Most observers believe a fresh agreement will be reached before the 1984 standby arrangements expire in April – the IMF's present misgivings notwithstanding. But they say the discussions could be the most difficult Ozal has faced in five years' dealings with the fund as finance minister and prime minister.

IN BRIEF

o Iraq's deputy oil minister Abdel-Moneim al-Samarrai has indicated that Baghdad is prepared to meet all Turkey's oil needs, following the construction of a second pipeline between the two countries. Work on the 981-kilometre line is planned to start in August; it will cost about $ 500 million (MEED 22:2:85; 25:1:85, Iraq). At present, Iran and Iraq each provide about one-third of Turkey's oil; 25 per cent comes from Libya, and smaller amounts from Algeria and Saudi Arabia. Al-Samarrai was speaking in Ankara on 5 March, during a visit to discuss detailed planning. He added that both sides have agreed a 20-year amortisation period for project financing. Tender closing date for the scheme is 22 April; the successful contractor will be chosen by the beginning of June.

o Six local companies have put in offers to build the 55-metre-high Hancagiz dam, on the Nizip river. The dam, which will be able to