

Turkey	
Policy responses	
Containment	<p>As early as January, Turkey has already conducted screening at airports, sea ports, and quarantined anyone showing the symptoms of COVID-19 infection.</p> <p>1 February, suspended all flights from China. In the month of February, it closed its land borders with Iran and Iraq, and suspended international flights to and from Iran, Iraq, Italy and South Korea.</p> <p>11 March, first case confirmed from a person returning from Europe.</p> <p>12 March, schools and universities were closed.</p> <p>15 March, first fatality occurred.</p> <p>18 March, public was urged to stay home.</p> <p>21 March, curfew for those over 65 and chronically ill.</p> <p>27 March, all international flights were terminated.</p> <p>Also in March, public places were disinfected. People were mandated to wear masks in public. All public gathering places such as cafes, gyms, internet cafés and movie theaters, except shops and restaurants, were temporarily closed. Weekend gatherings, picnics, fishing at the shores, doing physical exercise outside including walking and running in town centres were prohibited. Nationwide ban on prayer gatherings in mosques was also in placed.</p> <p>1 April, COVID-19 was confirmed to have spread all over the country.</p> <p>3 April, curfew extended to young people aged below 20.</p> <p>6 April, citizens can request masks delivered to their homes free of charge. Masks were not provided to the elderly and young people since they were under curfew.</p> <p>10 April, curfew for 48 hours of the weekend was imposed in 30 provinces.</p> <p>19 April, confirmed cases surpassed those of Iran and surpassed those of China the following day.</p> <p>11 May, Turkey eased up lockdown as shopping malls, barbershops and hair salons were allowed to reopen across Turkey after nearly two-month closure. The easing of the lockdown means children under 14 will be allowed out on May 13 for several hours, while people aged 15 to 20 will be able to leave their homes on foot on May 15, have to wear masks.</p> <p>2 June, Ankara lifted or significantly eased much of the restrictions on daily life. Weekend curfews and travel restrictions on the country's worst-hit 15 provinces were lifted, while restaurants, malls and gyms were all allowed to open. The health minister has repeatedly warned citizens in the past that the easing of measures did not mean the threat of the virus was over but rather meant the beginning of a new lifestyle to which citizens would have to adapt. The public is urged to return to a "controlled social life."</p> <p>Since the easing of restrictions, the number of daily cases jumped back to its highest in nearly a month. The number of healed patients has fallen below the number of new cases. The need for intensive care and respiratory equipment</p>

	<p>is also increasing. The health minister warned that the country is moving away from the target.</p> <p>5 June, Turkey will impose a weekend lockdown in 15 cities as part of efforts to prevent the spread of the novel coronavirus. Bakeries and certain shops could operate during the lockdown.</p> <p>11 June, Turkey lifted restrictions on entrances and exits for Turkish citizens and foreign nationals, except for the country's land border with Iran. Turkish and foreign nationals who enter Turkey will go through health checks.</p> <p>16 June, the Government has no more plans to reverse the ease of lockdown restrictions to revive the economy. Wearing of masks is compulsory in about half of Turkey's provinces as new cases are still emerging in more rural central and southeastern provinces.</p> <p>Since the number of cases is still substantially increasing since early August, the government with massive efforts from the health authorities has adopted new measures and restrictions to further curb the spread of pandemic. Conducting more tests, scanning risk groups, such as drivers of public vehicles, waiters, cashiers, and isolating people who tested positive with a strong enforcement mechanism. The Interior Ministry conducted comprehensive inspections to monitor compliance with the COVID-19 rules across the country. Educational institutions need to obtain compliance certificates for them to be operational.</p> <p>3 September, government officially announced a second wave of COVID-19 infection. The Interior Ministry expanded virus restrictions to all 81 provinces though not the strictest measures.</p> <p>8 September, wearing of masks in public areas is mandated.</p> <p>4 November, the authorities limit the working hours of certain businesses to slow the spread of the Covid-19 disease; the hairdressers, wedding halls, swimming pools, theaters, cinemas, concert halls, and similar venues are close to guests at 10 pm; bars and restaurants will only be allowed to offer delivery services after 10 pm.</p> <p>In December, restrictions were tightened again, including the mandatory wearing of masks in public areas, stay-at-home orders, weekend curfews, closures or limited hours for retail establishments. The government also temporarily suspended flights from the UK, Denmark, the Netherlands and South Africa due to new fast-spreading coronavirus strain.</p> <p>1 March 2021, the restrictions were partially eased.</p> <p>19 March, Istanbul is reported to have entered into a third wave of the virus as the number of weekly cases has hit 178 per 100,000 people. Some restrictions were appropriately applied to cities with high cases of new infections.</p>
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	As of 22 March, 6.37 per cent of the population are fully vaccinated.
Fiscal	<p>18 March, a Turkish Lira (TL) 100 billion package was announced. This consists of TL75 billion (\$11.6 billion or 1.5 percent of GDP) in fiscal measures, as well as TL 25 billion (\$3.8 billion or 0.5 percent of GDP) for the doubling the credit guarantee fund. Key support measures include:</p> <ul style="list-style-type: none"> - raising minimum pension and cash assistance to families in need; - increased employment protection by loosening short-term work allowance rules; - reduced/postponed taxes for affected industries (eg. tourism), and also for citizens over 65 or with chronic illnesses; - extension of personal (1.9 million taxpayers) and corporate income tax filing deadlines; - credit cards payments were postponed; - easing of households' utility payments to local governments; - a ban on layoffs, initially, for three months, with a state subsidy for affected staff; - state payment of two-thirds of workers' salaries in affected firms; - debt relief for local governments' earmarked revenues; - cuts in municipality budgets were postponed allowing access to \$445 million in additional funding; - support is given to businesses and SMEs with a need of liquidity; - 32,000 additional medical staff hired and performance payments maximized; - allowances of social assistance and solidarity foundations increased, including accelerating support for farmers; - direct support to Turkish Airlines and other affected entities, and - Turkey Wealth Fund (TWF) given new rights to buy stakes in distressed firms; - stock financing support is given to exporters to maintain capacity; - Halkbank postponed credit, interest and debt payments of businesses negatively affected; and - several other measures to support those in the tourism, airline transport, health, and agricultural sectors. <p>In June the authorities indicated that with additional policy measures, total measures to counter the effect of the Covid-19 pandemic rose to over TL 498 billion (US\$ 72 billion or 10.8 % of GDP), including deferred loan repayments. The Banking and Insurance Transaction Tax rate on real persons' foreign exchange and gold purchases was raised to 1% from 0.2%, and the withholding tax on interest income on banks' commercial bonds was raised to 15% from 10%.</p> <p>The general government fiscal deficit is projected to expand sharply to 4.5% of GDP in 2020 as the authorities combat the COVID-19 pandemic are raised in textile, shoes and leather in order to protect domestic producers.</p> <p>As of early-September 9, the authorities estimate that the entire discretionary fiscal support package will amount to TL573.7 billion (12.8 percent of GDP) in 2020. Of this, around TL123 billion (2.7 percent of GDP) is in the form of 'on-budget' measures.</p>

	<p>Key fiscal measures include –</p> <ul style="list-style-type: none"> i) loan guarantees to firms and households (6.8 percent of GDP); ii) loan service deferrals by state-owned banks (1.5 percent of GDP); iii) tax deferrals for businesses (1.5 percent of GDP); iv) equity injections into public banks (0.5 percent of GDP); and, v) a short-term work scheme (0.4 percent of GDP). <p>In addition, a nationwide ban on employee layoffs was in effect until September 17.</p>
Monetary	<p>The Central Bank of the Republic of Turkey (CBRT) took measures, to secure an uninterrupted flow of credit to the hardest-hit corporate sector and strengthen the monetary transmission mechanism.</p> <p>21 May, the CBRT has lowered the policy rate by a cumulative 250bps to 8.25 per cent.</p> <p>The reserve requirements on foreign currency deposits were reduced by 500 bps for banks meeting lending growth targets.</p> <p>In June, the Capital Markets Board lifted the ban on short-selling transactions for the top 30 shares on Borsa Istanbul (BIST).</p> <p>10 July, the CBRT reduced the remuneration rate - the annual rate of interest that it pays on the Lira ira required reserves, by 1.0 pp to 5.0 percent.</p> <p>18 July, the CBRT raised the reserve requirement ratios for all types and maturities of foreign exchange liabilities by 300bps for all banks.</p> <p>23 July, the CBRT has lowered the policy rate by a cumulative 250bps to 8.25 percent.</p> <p>28 July, the BRSA exempted international development banks from some of the restrictions on access to lira liquidity.</p> <p>25 Sep, the CRBT increased the policy rate from 8.25% to 10.25%</p> <p>In December, the bank regulator tightened the maximum tenure of retail auto loans and credit card instalment plans for purchases of certain types of goods.</p>
Financial	<p>A package of financial measures was introduced at the onset of the covid-19 outbreak – lending facility for SMEs in the export sector was set up, including the extension of maturities for existing and new export rediscount credits.</p> <p>30 March, the second packages of CBRT measures allowed for an increase in outright purchases of sovereign bonds and broadened the pool of assets to use as collateral in CBRT transactions.</p> <p>A third package of measures of CBRT increased the upper limit for CBRT's funding through Open Market Operations and regulated the primary dealer banks outright sovereign bond sales to the CBRT to maintain market depth,</p>

	<p>strengthen the monetary policy transmission mechanism and support the Primary Dealership system. CBRT also announced forbearance measures, primarily to limit the accounting impact of TL depreciation and fall in securities' prices.</p> <p>24 April, World Bank approved a \$100 million loan to Turkey for an Emergency COVID-19 Health Operation to support the actions Turkey is taking to respond to the health impact of COVID-19 pandemic.</p> <p>20 May, the CBRT announced that the overall limit of the bilateral swap agreement between Turkey and Qatar was increased from US\$ 5 billion to US\$ 15 billion equivalent.</p> <p>29 May, the calculation of the Asset Ratio (AR) was amended, imposed on banks to be effective as of May to encourage domestic lending through long term funding.</p> <p>1 June, public deposit banks Ziraat Bank, Halkbank and Vakifbank launched new retail loan campaigns for house purchases and consumer spending.</p> <p>3 June 3, the withholding tax on returns from FX mutual funds was raised to 15 percent from 10 percent for real persons and zero for legal persons, and the Capital Markets Board (SPK) imposed some limitations on the portfolio composition of FX mutual funds.</p> <p>5 June, the CBRT announced the reallocation of TL 20 billion of the TL 60 billion TL rediscount credit facility for exporters towards advance loans for investment in support strategic projects.</p> <p>9 June, the upper limit was raised on installment plans for credit card purchases of services from airlines, travel agencies and hotels to 18 months from 12 months.</p>
Trade measures ¹	<p>Restrictive:</p> <ul style="list-style-type: none"> • Turkey regulates the export of masks and personal protective equipment. • Introduction of import authorization for COVID-19 testing kits. <p>Liberalizing:</p> <ul style="list-style-type: none"> • Turkey removed import tariffs on ethyl alcohol, disposable medical mask and medical ventilators amid the coronavirus pandemic, according to the Ministry of Trade.

¹ <https://www.macmap.org/covid19>

<p>SME measures² (last update 22 January 2021)</p>	<p>Tax reduction and deferral of tax payment:</p> <ul style="list-style-type: none"> • The government announced a TRY 100 billion plan, of which TRY 25 billion will be used to double a credit guarantee fund, and TRY 75 billion will be used to implement fiscal measures. Some of these measures are intended to support enterprise development, such as reducing or delaying taxation in affected industries, especially tourism, providing direct support to affected entities, delaying tax filing deadlines for companies and individuals, and increasing work flexibility. • On March 24, the Turkish tax office introduced VAT payment reliefs. Several sectors will have their VAT returns for April, May and June delayed until 27 July 2020.³ • April, May and June VAT and social security contributions will be postponed for six months in selected sectors.⁴ • On July 31, Value Added Tax (VAT) has been lowered until 31 December 2020 for some sectors, while the rental withholding has been cut in half for all businesses.⁵ <p>Loan support:</p> <ul style="list-style-type: none"> • As part of the Economic Stability Shield stimulus package (18 March), new working capital loans have been offered to all firms, conditional on their preserving their current employment level, within a TL 25 000 limit, six months grace period and subsidized 7.5 per cent interest rate.⁶ • As part of the Economic Stability Shield stimulus package (18 March), the Credit Guarantee Fund limit has been doubled to TL 50 billion and expanded to SMEs.⁷ • On 22 March 2020, support packages to enterprises have been announced. The latter include loan restructuring and up to a six-month non-payment period. • A TL 6 billion-worth loan package for SMEs has been launched jointly by the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Denizbank and the Credit Guarantee Fund (KGF).⁸ • A new Turkish Lira lending facility for SMEs in the export sector was established to support trade finance. <p>Deferral of loan repayment:</p> <ul style="list-style-type: none"> • The government instructed that banks (i) offered a three-month moratorium on principal and interest loan repayments of affected companies and (ii) deferred enforcement of debt and bankruptcy proceedings. <p>Other financial support:</p> <ul style="list-style-type: none"> • Under the Economic Stability Shield stimulus package (18 March), additional liquidity to enterprises paying staff salaries is provided from
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² <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#I>

³ <https://www.avalara.com/vatlive/en/vat-news/turkey-covid-19-vat-relief-measures.html>

⁴ <https://home.kpmg/xx/en/home/insights/2020/04/turkey-tax-developments-in-response-to-covid-19.html>

⁵ <https://www.avalara.com/vatlive/en/vat-news/turkey-covid-19-vat-relief-measures.html>

⁶ <https://www.jdsupra.com/legalnews/covid-19-turkish-government-financial-10434/>

⁷ Ibid.

⁸ <https://www.dailysabah.com/business/economy/turkish-smes-to-receive-additional-tl-6b-in-financing>

	<p>public banks, under the condition that they did not reduce employment.⁹</p> <ul style="list-style-type: none"> • The government extended maturities for existing and new export rediscount credits to support exporters' inventory financing. <p>Employment support:</p> <ul style="list-style-type: none"> • On March 18, the government announced that (i) minimum wage support will continue under the Economic Stability Shield stimulus package and (ii) that additional liquidity to enterprises paying staff salaries is provided from public banks, under the condition that they did not reduce employment. • The government relaxed short-term work allowance rules to enhance employment protection. • On June 30, the short-work allowance system that provides income support to employees of fully or partially closed businesses due to force majeure was extended by one month.
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Source: Local news and information compiled from IMF and ILO.

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⁹ <https://www.middleeasteye.net/news/coronavirus-turkey-economy-15-billion-dollar-stimulus-package>