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TURKEY

Revised Conditional Offer on Services

The following revised offer has been received from the delegation of Turkey on 21 September 2005, with the request that it be circulated to the Members of the Council for Trade in Services.

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1. Turkey's revised conditional offer to the Services Negotiations is enclosed herewith. This offer includes the Schedule of Specific Commitments and the Article II (MFN) Exemption List. Modifications are indicated in this document by strikethrough for deletions, bold for new text, italics for technical refinements and all are shadowed in grey.
 2. This offer is conditional and does not prejudice Turkey's final position related to the final commitments as an outcome of the ongoing services negotiations and the overall negotiations under the Doha Development Agenda.
 3. Turkey reserves the right to withdraw, modify or reduce its revised conditional offer on services and any subsequent conditional offer that might follow, in whole or in part, at any time prior to the conclusion of the negotiations.
 4. Turkey further reserves the right to make any technical change or correction to this revised conditional offer and any subsequent conditional offer that could follow.
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TURKEY – SCHEDULE OF SPECIFIC COMMITMENTS*

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|---|--|-----------------------------------|------------------------|
| I HORIZONTAL COMMITMENTS | | | |
| ALL SECTORS INCLUDED IN THIS SCHEDULE** | <p>1) None 2) None 3) All investment to be made within the range of at least \$50,000 and \$150,000,000 by non-residents (natural or juridical persons) through: the establishment of incorporated or limited liability companies; the purchase of shares including the portfolio investment registered under the Foreign Investment Encouragement Law No. 6224 (portfolio investment, according to the Article No. 15 F of the Decree No. 32 is subject to the registration within the framework of the Law No. 6224, if the investor desires to participate in the board of directors or general assembly of the company, as well as to interfere in the management of it in any other way); the opening of branches; and the creation of liaison offices, will be authorized by the General Directorate of Foreign Capital provided that such activities are beneficial to the economic development of Turkey, are in the areas open to the Turkish private sector and do not entail a monopoly or special privilege. Foreign investment above \$150 million requires the approval of the Council of Ministers. A new Decree removing this limitation is under preparation. The capital must be brought in cash as foreign exchange or in kind.</p> | | |

* *Note: Turkish legislation related to taxation, prudential and professional competency requirements, immigration policies has not been listed separately in this schedule.*

** The conditions and criteria, required for obtaining all the permissions and authorizations which are indicated in the schedule and those which are applied for becoming a member of all the related chambers, do not limit market access or qualify national treatment within the scope of Articles XVI and XVII.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|----------------------|---|-----------------------------------|------------------------|
| | <p>Authorization is required for the investments by established foreign owned enterprises or joint ventures in a new line of business and for participation or takeover of existing enterprises. For the investments in the same line of business, proposals are generally approved as a matter of course. None except liaison offices. The Undersecretariat of Treasury is authorised to permit foreign companies established under the laws of foreign countries to open liaison offices, provided that they do not engage in commercial activities in Turkey.</p> <p><u>Real Estate</u> Foreign controlled firms Companies with foreign capital are permitted to acquire real estate in Turkey pursuant to Foreign Direct Investment legislation provided that the real estate to be acquired is related to the investor's permitted activities. However, foreign controlled enterprises are prohibited from engaging in real estate trading.</p> <p><u>Monopolies</u> The following sectors are closed to private investments because of the public monopolies: postal services and telecommunications; voice telephony services along with the establishment and operation of all telecommunications infrastructure except private telecommunications networks and telecommunications infrastructure which is contemplated to be established by new operators pursuant to their authorizations; railways; administration of harbour and quay; lotteries in cash, football pools and; public utilities.</p> | | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|----------------------|---|---|------------------------|
| | <p>4) Unbound except for the entry and temporary stay of natural persons in the following categories:</p> <p>A. Administrative and technical Personnel Work permits for the employment of the below defined administrative and technical personnel of a foreign service provider in the branch, subsidiary, affiliate or representative office are given by the relevant authorities Ministry of Labor and Social Security in accordance with the Foreign Capital legislation and the other Laws concerning the employment of foreigners. The work permits are valid up to 2 years issued for a period of maximum 1 year and subject to renewal after that may be extended additional 2 years. In addition to the work permits, the Ministry of Interior gives residence permits for the same personnel for the periods of up to 2 years, which can be extended parallel to the work permit renewals parallel to work permits.</p> | <p>4) The professional services which are assigned only to Turkish citizens by the specific laws cannot be rendered by foreigners either as service providers or as the personnel of service providers. On the other hand foreign citizens with Turkish origin may work in professions which are assigned only to Turkish citizens with the permission obtained from the Ministry of Interior Labor and Social Security. Those professions which are assigned only to Turkish citizens are given below:</p> <p>1) Doctors, 2) Pharmacists, 3) Nurses, 4) Veterinarians, 5) Responsible directors of the factories producing medicine, 6) Guides, 7) Responsible directors of private hospitals, 8) Responsible directors of travel agencies, 9) Directors of newspaper, 10) Dentists, 11) Notaries, 12) Those personnel working in Free Trade Zones other than managers and qualified personnel, 13) Those personnel undertaking coastal commerce and related activities, 14) Opticians, 15) Doctors, pharmacists and veterinarians dealing with laboratory services, 16) Lawyers who practice in Turkish Courts, 17) Accountants and Certified Public Accountants.</p> | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|----------------------|--|-----------------------------------|------------------------|
| | <p>Managers-executives Persons who primarily direct the organization or one of its departments and who receive only general supervision or direction from higher-level executives, the board of directors or the stockholders of the organization.</p> <p>Persons working in a senior position within an organization who primarily direct the management of the organization; direct the organization or a department or sub-division of the organization; supervise and control the work of other supervisory, professional or managerial employees; have the authority personally to hire and fire personnel or to make such recommendation.</p> <p>Specialists Highly qualified persons who, within an Organization, are indispensable for the provision of a specific service by reason of their knowledge at an advanced level of expertise in the field of services, research equipment, techniques or management of the organization.</p> <p>B. Service sellers It is not necessary to obtain work permits and residence permits for natural persons (service sellers as defined below) who stay in Turkey for not more than 30 days, for the purpose of participating in business meetings, business contracts including negotiations for the sale of services, entry into contract to sell services and visit of business establishments, or other similar activities.</p> | | |

Note: Turkish legislation related to taxation, prudential and professional competency requirements, immigration policies has not been listed separately in this schedule.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|--|--|---|------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| | <p>Service sellers Defined as persons employed or mandated by an organization and who stay temporarily in another signatory country in order to conclude the sale of service on behalf of the organization which employs them or has mandated them. Service sellers may not sell services directly to the general public.</p> | | | |
| II SECTOR SPECIFIC COMMITMENTS | | | | |
| 1. BUSINESS SERVICES | | | | |
| A. <u>Professional Services</u> | | | | |
| (a) Legal services (advisory services on foreign and International Law only)(Part of CPC 861²) | 1) None 2) None 3) None 4) None | 1) None 2) None 3) Representation in the Turkish Courts is assigned only to Turkish nationals. 4) None | | |
| (b) Accounting, auditing and bookkeeping services (CPC 862) | 1) Unbound 2) None 3) Authorized financial advisers ¹ establish their company among themselves after being a member of the related Chamber. 4) Unbound | 1) Unbound 2) None 3) Foreign titles and names cannot be used in the titles of partnerships or corporations among Turkish and Foreign Financial Advisers (this restriction will be eliminated by an amendment to the related regulation). 4) Turkish citizenship is required for Accountants and Certified Public Accountants. | | |
| (d),(e)Engineering and Architectural services (CPC 8671, 8672) | 1) ² None 2) ² None 3) ² None 4) ² None | 1) None 2) None 3) None 4) None | | |

¹ Foreign financial advisers can be authorized, under reciprocal condition, by the approval of the Prime Minister upon the proposal of the Ministry of Finance. Foreign financial advisers can perform all the accountancy, tax advisory, financial advisory and auditing services without making certification.

² Foreigners **engineers and architects** may engage in these services after becoming a temporary member of related **professional chamber under** the Union of Chambers **of Turkish Engineers and Architects**.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|---|--|-------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| B. <u>Computer and Related Services</u> | | | | |
| (a) Consultancy services related to the installation of computer hardware (CPC 841) | 1) ⁴ None 2) None 3) ⁴ None 4) ⁴ None | 1) None 2) None 3) None 4) None | | |
| (b) Software implementation services (CPC 842) | | | | |
| (c) Data processing services (CPC 840 843) | | | | |
| (e) Other (Part of CPC 8499) - Training services for staff of clients ³ | | | | |
| F. <u>Other Business Services</u> | | | | |
| (a) Advertising services (CPC 871) | 1) None 2) None | 1) None 2) None | | |
| (b) Market research services (CPC 864) | 3) None 4) None | 3) None 4) None | | |
| (c) Management consulting services (CPC 865) | | | | |
| (q) Packaging services (CPC 876) | | | | |

³ Electrical, electronic and computer engineers must obtain proficiency and qualification certificates from the permanent in service training center of the Chamber of Electrical Engineers.

⁴ **Foreign** computer engineers may engage in these services after becoming a temporary member of the related **professional chamber under** the Union of Chambers **of Turkish Engineers and Architects**.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|---|---|-------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| (f) Services incidental to hunting (CPC 881) | 1) Establishment is required 2) None 3) Only Group A travel agencies may operate in this field with the condition of obtaining hunting licence 4) None | 1) None 2) According to the decision of Commission of Hunting by obtaining the hunting licence, foreigners may hunt for 10 days and pay US\$ 50 fee per day. None 3) None 4) None | | |
| (h) Services incidental to mining (CPC 883, 515 5115) | 1) Establishment is required. 2) None 3) ⁵ None 4) ⁶ None | 1) Nationality is required for real person None 2) None 3) None 4) None | | |
| 2. COMMUNICATION SERVICES | | | | |
| A. <u>Postal Services</u> (CPC 7511) | 1),3) Public monopoly 2) None 4) Unbound | 1),3) Public monopoly 2) None 4) Unbound | | |
| B. <u>Courier Services</u> (CPC 7512) | 1),3) None 2) None 4) None | 1),3) None 2) None 4) None | | |

⁵ Petroleum and Mining Laws specify that services incidental to mining require an operating licence.

⁶ ~~Foreign engineers and architects may engage in these services after becoming a temporary member of the related professional chamber under~~ the Union of Chambers of ~~Turkish Engineers and Architects.~~

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|--|--|--|--|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Limitations on National Treatment | Additional Commitments |
| C. <u>Telecommunication Services</u> ^{7 8} | | | | |
| (a) Voice telephone services | 1),3) Türk Telekomünikasyon A.S. is the exclusive operator. Exclusive right will end by 31.12.2005, subject to adoption of the relevant legislation by the parliament. | 1),3) None except as indicated in the market access column. | 1),3) None except as indicated in the market access column. | - Independent Regulatory The regulatory body is separate from and not accountable to any supplier of basic telecommunications services. The decisions of and the procedures used by regulators shall be impartial with respect to all market participants. |
| (b) Packet-switched data transmission services | 2) None 4) Unbound except as indicated in horizontal section. | 2) None 4) Unbound except as indicated in horizontal section. | 2) None 4) Unbound except as indicated in horizontal section. | |
| (c) Circuit-switched data transmission services | 1),3) Interconnection between private companies is prohibited. The licenses and permissions are available only for the companies which deal with the subject of licence and registered in Turkey. Total Turkish citizens equity should not be less than 51%. | 1),3) None except as indicated in the market access column. | 1),3) None except as indicated in the market access column. | Regulatory and operational functions are separated. The Directorate General of Communications established within the Ministry of Transport and Communications is the Responsible Body to: |
| (d) Telex services | 2) None 4) Unbound except as indicated in horizontal section. | 2) None 4) Unbound except as indicated in horizontal section. | 2) None 4) Unbound except as indicated in horizontal section. | - Regulate the required qualifications for operators; Issue licenses; |
| (f) Facsimile services | | | | - Inspect; |
| (g) Private leased circuit services | | | | - Give type approval for telecommunications terminal equipment. |

⁷ The scope of basic telecommunications in our ~~final~~ Schedule does not cover any kind of (analog-digital) radio and TV programme broadcasting services to the public.

⁸ **Turksat Satellite Communication and Operation A.S., as a publicly owned and privately operated company, is the responsible operator of the satellite networks and holds exclusive rights to apply to the International Telecommunications Union for new satellite networks on behalf of Turkey, to perform frequency coordination and to fulfill other obligations and liabilities about these issues.**

| Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) | | Presence of natural persons | |
|---|---|--|--|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
| | | | <p>Public Availability of Licensing Criteria</p> <p>Where a licence is required, the following will be made publicly available:</p> <p>(a) all the licensing criteria and the period of time normally required to reach on decision concerning an application for a licence and</p> <p>(b) the terms and conditions of individual licenses.</p> |
| (h) Electronic mail (CPC 7523) | <p>1),3) Public monopoly. Revenue sharing model may be applied.</p> <p>2) None</p> <p>4) Unbound except personnel at the establishment stage of the system in case of revenue sharing applications</p> | <p>1),3) None</p> <p>2) None</p> <p>4) None</p> | |
| (i) Voice mail (CPC 7523) | <p>1),3) Public monopoly</p> <p>2) None</p> <p>4) Unbound</p> | <p>1),3) Public monopoly</p> <p>2) None</p> <p>4) Unbound</p> | |
| (j) On-line information and data-base retrieval (CPC 7523) | <p>1),3) Public monopoly</p> <p>2) None</p> <p>4) Unbound</p> | <p>1),3) Public monopoly</p> <p>2) None</p> <p>4) Unbound</p> | |
| (k) Electronic data interchange (CPC 7523) | <p>1),3) Public monopoly. Revenue sharing model may be applied.</p> <p>2) None</p> <p>4) Unbound except personnel at the establishment stage of the system in case of revenue sharing applications</p> | <p>1),3) None</p> <p>2) None</p> <p>4) None</p> | |

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|---|---|-----------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Limitations on National Treatment | Additional Commitments |
| (l) Enhanced/value-added facsimile services, incl. Store and forward, store and retrieve (CPC 7523) | 1),3) Public monopoly. Revenue sharing model may be applied. 2) None 4) Unbound except personnel at the establishment stage of the system in case of revenue sharing applications | 1),3) None 2) None 4) None | | |
| (m) Code and protocol | 1),3) Public monopoly. Revenue sharing model may be applied. 2) None 4) Unbound except personnel at the establishment stage of the system in case of revenue sharing applications | 1),3) None 2) None 4) None | | |
| (n) On-line information and/or data processing (CPC 843) | 1),3) Public monopoly 2) None 4) Unbound | 1),3) Public monopoly 2) None 4) Unbound | | |
| (o) Others | 1),3) The Ministry of Transport and Communications may grant licence and authorization to private companies for the operation of network, with licensing criteria publicly available. Interconnection between private companies is prohibited. The licences and permissions are available only for the companies which deal with the subject of licence and registered in Turkey. Total Turkish citizens equity Should not be less than 51%. | 1),3) None except as indicated in the market access column. | | |
| - Mobile services analog/digital cellular | 2) None | 2) None | | |
| - Paging services | 4) Unbound except as indicated in horizontal section. | 4) Unbound except as indicated in horizontal section. | | |
| - Cable-TV platform services | | | | |
| - Satellite Communications Services (VSAT, SCPC VSAT) | | | | |
| - Satellite Platform Services | | | | |
| - GMPCS services | | | | |
| - SMS services over mobile Networks | | | | |
| - Partial Infrastructure establishment services | | | | |
| - Internet Provision and Access Services | | | | |
| - Audiotext Services over PSTN | | | | |
| - Private/Public Access Mobile Radio Services | | | | |

| Modes of supply: 1) Sector or Sub-sector | Cross-border supply 2) Limitations on Market Access | Consumption abroad 3) Limitations on National Treatment | Commercial presence 4) Presence of natural persons Additional Commitments |
|---|---|--|---|
| | <p>1),3) None except; the monopoly of Türk Telekom on voice telephony until 31.12.2003 or the date when the state shares of Türk Telekom fall below 50%. Establishment and operation of all telecommunications infrastructure, other than private telecommunication networks and telecommunication infrastructure which is contemplated to be established by new operators pursuant to their authorizations, are included in the monopoly scope.</p> <p>Foreign natural and legal persons can not hold more than 45% of Türk Telekom shares and they may not directly or indirectly own the majority shares of the company.</p> <p>With regard to services rendered under concession agreements⁸, only 49% of shares can be owned by foreign investors.</p> | <p>1),3) None</p> | |

⁸ **Concession Agreement:**

An agreement that an operator signs with the Telecommunications Authority to establish and operate nationwide telecommunications infrastructures and/or services that require limited number of operators and allocation of scarce resources.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|------------------------|---|---|---|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| (e) Telegraph services | <p>1) Unbound</p> <p>2) None</p> <p>3) None except; in order to be authorized, establishment is required in the form of a joint-stock or limited liability company. Services that fall under Concession Agreements⁹ or Type 1 Telecommunications Licenses¹⁰ can only be provided by joint-stock companies. If necessary, public organizations and state-owned enterprises are authorized by Authorization Agreements.</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) Directorate General of Posts General Directorate of PTT is the exclusive service provider.</p> <p>2) None</p> <p>3) Directorate General of Posts General Directorate of PTT is the exclusive service provider.</p> <p>4) Unbound except as indicated in the horizontal section.</p> | <p>1) Unbound</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) None except as indicated in the market access column.</p> <p>2) None</p> <p>3) None except as indicated in the market access column.</p> <p>4) Unbound except as indicated in the horizontal section.</p> | <p>Turkey Undertakes the obligations contained in the reference paper attached hereto.</p> | |

⁹ **Concession Agreement:** An agreement which includes allocation of scarce resources, signed between an operator and Telecommunications Authority that grants specific and special rights and obligations to each of the limited number of operators for the operation of nationwide telecommunications services and/or for the establishment and operation of telecommunications infrastructures.

¹⁰ **First Type Telecommunications Licence:** First type telecommunications licence which includes allocation of scarce resources is granted by Telecommunications Authority to the limited number of operators for the operation of regional or local telecommunications services and/or for the establishment and operation of telecommunications infrastructures.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|------------------------------|---|------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| 3. CONSTRUCTION AND RELATED ENGINEERING SERVICES (CPC 512, 513, 514+516, 517) | 1) ⁹¹¹ None | <p>1) Investor public entities will give priority to domestic firms in works that they could not do such as engineering, architectural and consultancy services in investments that are not subject to patent and could be carried out with the technology used in Turkey except in projects financed by international institutions.</p> <p>In Government tenders, the ratio of discrimination in favour of national companies is determined by the Ministry accordingly to the Decision of Council of Ministers, advantage can be obtained up to 15 per cent in favour of national companies in determining appropriate value, however, this issue and ratio (also the system to be applied if partnership of national and foreign companies exists) should be mentioned in the bid contract.</p> <p>In tenders held under Public Procurement Law, the contracting entities have the right to set provisions in the tender documents;</p> | | |

⁹¹¹ *Responsible Foreign* engineers ~~or~~ and architects ~~of the firms must be~~ may engage in these services after becoming a temporary members of the related *professional chamber under the Union of Chambers of Turkish Engineers and Architects*. Foreign contractors or foreign establishments which contracted, solely or jointly with national firms, engineering or architecture-related works with public entities or ~~real~~ *natural* and legal persons in the public or private sectors, may employ foreign specialists only for these works with approval of *the Ministry of Labor and Social Security based on the opinions of* the Ministry of Public Works *and Settlement based on the opinion of* and *Administrative Committee of* the Union of Chambers. *Foreign* engineers and architects in activities other than those mentioned above could be employed by the ~~decision approval~~ *approval of the Ministry of Labor and Social Security based on the opinions of the* Ministry of Public Works *and Settlement upon the opinion of* and *Administrative Committee of Union of Chambers of Turkish Engineers and Architects*. ~~However, those brought for advisory works by public offices, official and private companies and real~~ *natural* persons and legal entities and those who come for technical instruction are not bound to the above rule. These persons may not work in other activities other than those mentioned above. ~~The foreign engineers and architects, who want to stay more than one month in Turkey must apply to the related Union of Chambers in order to become a temporary member.~~

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|----------------------|--|--|------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| | <p>2) None</p> <p>3) For Construction Services, establishing ordinary partnership under Civil Code (which is not a legal entity) excluding the ordinary partnership formed for international tenders in Turkey by the non-residents is subject to permission of the Ministry to which the Undersecretariat of Treasury and Foreign Trade (UTFT) is attached.</p> <p>None</p> <p>4)^{10 11} None</p> | <p>- restricting participation to only domestic tenderers in tenders of which estimated values are below the threshold values,</p> <p>- providing up to 15% price advantage in favour of domestic tenderers in procurement of services and public works in tenders of which estimated values are above threshold values. However, this provision is not applicable for the domestic tenderers who participate in the tender proceedings by forming joint ventures with foreign tenderers.</p> <p>2) None</p> <p>3) None</p> <p>4) None</p> | | |

¹⁰ Responsible engineers or architects of the firms must be temporary members of the related Union of Chambers.

⁹¹¹ Responsible Foreign engineers or architects of the firms must be may engage in these services after becoming a temporary members of the related professional chamber under the Union of Chambers of Turkish Engineers and Architects. Foreign contractors or foreign establishments which contracted, solely or jointly with national firms, engineering or architecture-related works with public entities or ~~real~~ natural and legal persons in the public or private sectors, may employ foreign specialists only for these works with approval of the Ministry of Labor and Social Security based on the opinions of the Ministry of Public Works and Settlement based on the opinion of and Administrative Committee of the Union of Chambers. Foreign engineers and architects in activities other than those mentioned above could be employed by the decision approval of the Ministry of Labor and Social Security based on the opinions of the Ministry of Public Works and Settlement upon the opinion of and Administrative Committee of Union of Chambers of Turkish Engineers and Architects. However, those brought for advisory works by public offices, official and private companies and real natural persons and legal entities and those who come for technical instruction are not bound to the above rule. These persons may not work in other activities other than those mentioned above. The foreign engineers and architects, who want to stay more than one month in Turkey must apply to the related Union of Chambers in order to become a temporary member.

| Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons | | | |
|---|---|--|------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
| 5. EDUCATION SERVICES | | | |
| A.,B.,E. <u>Primary, Secondary and Other Educational Services</u> (CPC 921, 922, 929) | 1),3) <i>Real Natural</i> and legal foreign persons directly or by establishing partnership with Turkish citizens may establish international educational institutions (including vocational and technical schools) only for foreign students. 2) None 4) Foreign teachers and experts may work in pre-primary , primary and secondary educational institutions and in non-formal educational institutions (i.e. in language teaching and vocational training centers) after taking <i>getting</i> permission from the Ministry of <i>National</i> Education. | 1),3) None 2) None 4) None | |
| C. <u>Higher Education Services</u> (CPC 923) | 1) None 2) None 3) Private universities are founded by Law and can only be established by foundations constituted Under Civil Code with the permission of the Council of Ministers. provided that the The majority of the administration of such foundations must be Turkish citizens. 4) None | 1) None 2) None 3) None 4) None | |
| 6. ENVIRONMENTAL SERVICES | | | |
| A. <u>Sewage Services</u> (CPC 9401) | 1) Unbound 2) None 3) None 4) ¹² None | 1) Unbound 2) None 3) None 4) None | |

¹² Foreign engineers and architects may engage in these services after becoming a temporary member of the related professional chamber under the Union of Chambers of Turkish Engineers and Architects

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|---|---|-------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| B. <u>Refuse Disposal Services</u> (CPC 9402) | 1) Unbound 2) None 3) None 4) ¹² None | 1) Unbound 2) None 3) None 4) None | | |
| C. <u>Sanitation and Similar Services</u> (CPC 9403) | 1) Unbound 2) None 3) None 4) ¹² None | 1) Unbound 2) None 3) None 4) None | | |

¹² Foreign engineers and architects may engage in these services after becoming a temporary member of the related professional chamber under the Union of Chambers of Turkish Engineers and Architects

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|---|---|-----------------------------------|------------------------|
| <p>7. FINANCIAL SERVICES</p> <p>1. Turkey undertakes commitments on Financial Services in accordance with the provisions of the "Understanding on Commitments in Financial Services" (the Understanding).</p> <p>2. The market access commitments in respect of modes 1) and 2) apply only to the transactions indicated in paragraphs 3 and 4 of the market access section of the Understanding respectively.</p> <p>3. The admission to the market of new financial services or products (such as sub sectors B/A and B/m-ii (xii) and (xiii)/B of Banking and Other Financial Services) may be subject to the existence of, and consistency with, a regulatory framework aimed at achieving the objectives indicated in Article 2.1 of the Financial Services Annex.</p> <p>Measures applicable to all sectors in Financial Services:</p> | | | |
| <p><u>Banking</u></p> | <p>3) Establishment of a bank which has to be in the form of a joint-stock company and opening of the first branch of a foreign bank require authorization from the Council of Ministers. According to the prevailing circumstances, the Undersecretariat of Treasury may require additional conditions, which are determined by a regulation, for the establishment of a bank or opening the first branch of a foreign bank in Turkey. Following the establishment, operation license from Undersecretariat of Treasury must be obtained in order to start collecting deposits or execute banking operations.</p> <p><i>Permission to establish a bank which has to be established in the form of a joint-stock company or to open the first branch of a foreign bank in Turkey, shall be given by a decision taken by the Banking Regulation and Supervision Board. A permission to operate should also be received following the consummation of establishment or branch opening transactions, in order to start receiving deposits and/or conducting banking transactions.</i></p> | <p>3) None</p> | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|----------------------|---|-----------------------------------|------------------------|
| | <p>The establishment of additional branches by the banks is subject to the meeting of the criteria and ratios required by the Undersecretariat of Treasury. The Undersecretariat has the right to limit or prohibit the additional branch establishment, if necessary.</p> <p><i>The establishment of the first branch of a non-resident bank as well as establishment of a domestic or foreign bank is subject to the same amount of minimum capital requirement set forth in the Banks Act.</i></p> <p>According to the Banks Act, lending limits for the branches of foreign banks are based on branch capital rather than worldwide capital.</p> <p>The establishment of domestic or foreign banks as well as the first branch of a non-resident bank are subject to the same amount of minimum capital requirement. Acquisition or transfer of the shares representing a ratio equal or higher than 5, 20, 33 and 50 per cent of the capital is subject to the authorization of the Undersecretariat of Treasury.</p> <p><i>Any acquisition of shares that result in the acquisition by one person directly or indirectly of shares representing 10% or more of the capital of a bank, or if shares held by one shareholder exceed 10%, 20%, 33% or 50% of the capital as a result thereof, and assignments of shares that result in shares held by one shareholder falling below the percentages above, shall require the permission of the Banking Regulation and Supervision Board.</i></p> | | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|-------------------------|--|-----------------------------------|------------------------|
| <p><u>Insurance</u></p> | <p>3) <i>In order to be established in Turkey, insurance and reinsurance companies have to be founded in the form of a joint stock or a mutual company. Foreign insurance and reinsurance companies may operate in Turkey by opening branches as well.</i></p> <p><i>However, reinsurance companies can do reinsurance business without fulfilling establishment conditions mentioned above.</i></p> <p><i>Establishment of insurance and reinsurance companies or opening of a branch of a foreign insurance or a reinsurance company is subject to prior permission of the Ministry of State. Following the establishment, operation licence from Undersecretariat of Treasury must be obtained in order to start insurance or reinsurance business.</i></p> <p><i>Acquisition or transfer of shares representing 10, 20, 33, 50 per cent or higher of the capital is subject to the authorization of Undersecretariat of Treasury.</i></p> <p><i>Insurance and reinsurance companies have to be established in the form of a joint-stock or a mutual company. Establishing an insurance or a reinsurance company or opening a branch of an insurance or a reinsurance company is subject to prior permission of the Ministry of State. Following the establishment, operation license from the Undersecretariat of Treasury must be obtained in order to start insurance or reinsurance business.</i></p> | <p>3)None</p> | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|----------------------|--|-----------------------------------|------------------------|
| Securities market | <p>3),4) Engaging of natural persons in brokerage business or establishment of an insurance and reinsurance broker company or opening of a branch of a foreign insurance and reinsurance broker company in Turkey is subject to prior permission and obtaining operation licence from Undersecretariat of Treasury. Such a firm must be founded in the form of a joint stock or a limited liability company, and must possess the required minimum paid in capital.</p> <p>Foreign commercial presence or presence of foreign natural persons regarding services auxiliary to insurance is permitted only for consultancy and risk management.</p> | <p>3),4) None</p> | |
| | <p>4) Natural person insurance and reinsurance brokers have to reside in Turkey and they must have at least 5 years of experience as brokers in their countries of origin.</p> | <p>4) None</p> | |
| | <p>3) For the establishment and operations of capital market institutions ¹³ the permission of the Capital Market Markets Board is required. Also, banks engaging in capital market activities are required to obtain from the Capital Markets Board appropriate authorization certificates for these activities. If banks or insurance companies apply to the Capital Markets Board to form a mutual fund or to increase fund capital, the opinion of the Banking Regulation and Supervision Board and the Undersecretariat of Treasury has to be obtained respectively to finalize the applications.</p> | <p>3) None</p> | |

¹³ According to the Capital Market Law, capital market institutions are specified as follows:

- (a) Securities Intermediary Institutions.
- (b) Investment ~~Corporations~~ Companies.
- (c) Mutual Funds
- (d) Other capital market institutions permitted to operate in the capital market such as clearing and custodial houses, rating and auditing institutions, etc.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|----------------------|---|-----------------------------------|------------------------|
| | <p>Establishment of branches and agencies by securities intermediary institutions established in Turkey also requires the Capital Markets Board's permission. The permission of the Board is required for obtaining 5 per cent or more of the capital of already established securities intermediary institutions by one shareholder (natural or legal persons). <i>Permission of the Capital Markets Board is required when a legal or natural person (or more persons acting in concert) acquire(s) a minimum of 10% of outstanding shares to become a shareholder of an already established securities intermediary institution. Same permission requirement also applies when the threshold of 10%, 20%, 33% or 50% capital by one owner or more owners acting in concert is crossed upward or downward.</i></p> <p>Securities intermediary institutions, investment corporations companies, portfolio management companies and rating agencies and other capital market institutions can only be established in the form of a joint-stock company.</p> <p>Establishment of branches and representative offices of foreign non-bank intermediary institutions is not permitted.</p> <p>Additionally, operations of all capital market institutions and banks are subject to the permission of the Capital Markets Board. While giving such permission, the Capital Markets Board issues "Authorization Certificates" for the activities to be carried out by each institution.</p> | | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|--|---|---|------------------------|
| <p>OTHER FINANCIAL SERVICES</p> <p>A. <u>Financial leasing service</u></p> <p>B. <u>Factoring and consumer credit services</u></p> | <p>Rating agencies should have a know how agreement with an international rating agency recognized by the <i>Capital Markets</i> Board. In case of partnership with an international rating agency recognized by the <i>Capital Markets</i> Board, the share of the international rating agency shall not be less than 25 per cent of the capital of the domestic rating agency.</p> <p>3) Financial leasing companies (lessors) can <i>only</i> be established (a) in the form of a joint-stock company, and (b) through the establishment and opening of a branch of a lessor, as well as opening of a branch of a foreign lessor. In the case of (b), subject to prior permission of the Ministry of State to which the Undersecretariat of Treasury is attached.</p> <p><i>Establishing a financial leasing company or opening of a branch of a lessor or foreign lessor is subject to prior permission of the Ministry of State.</i></p> <p>3) Factoring companies and consumer credit companies must be established in the form of a joint-stock company.</p> <p>For the establishment of these companies, prior permission of the Undersecretariat of Treasury must be obtained.</p> | <p>3) The minimum paid-in capital required for opening a branch by a foreign lessor is more than that of establishing a company.</p> <p>3) None</p> | |

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|--|--|-----------------------------------|------------------------|
| <p>Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons</p> <p>C. <u>Authorized institutions</u> (foreign exchange dealers)</p> | <p>3) In order to engage in activities as an authorized institution, the permission of the Undersecretariat of Treasury must be obtained.</p> <p>Authorized institutions must be <i>incorporated established</i> in the form of a joint-stock company.</p> | <p>3) None</p> | |
| <p>D. <u>Precious metals exchange</u></p> | <p>3),4) Precious metals intermediaries (banks, authorized institutions, precious metals intermediary institutions as well as resident and non-resident natural or legal persons) can operate in Istanbul Gold Exchange after being granted the operation licence by the Undersecretariat of Treasury and being registered by the Istanbul Gold Exchange.</p> | <p>3),4) None</p> | |
| <p>A- <u>Insurance and Insurance-related Services</u></p> <p>(+) (i) Direct insurance</p> <p>(+) (B) Non-life</p> | <p>1),2) Unbound except:</p> <p>(a) The hull insurance of aircrafts, helicopters and ships which are purchased through a foreign loan or leased through a financial leasing contract from abroad, provided that the insurance period is limited to the term of the credit or leasing contract;</p> <p>(b) marine liability insurance;</p> <p>(c) transportation insurance of imported and exported goods;</p> <p>(d) <i>individual accident, sickness personal injury, health</i> and motor vehicle insurance during any travel abroad,</p> <p>(e) insurance of ships and yachts registered with the Turkish International Maritime Registry.</p> | <p>1),2) None</p> | |

| Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons | | | |
|---|--|---|------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
| (ii) (A) Life | <p>3) None</p> <p>4) None</p> <p>1) Unbound None except group insurance</p> <p>2) None</p> <p>3) <i>A certain per cent of paid insurance premiums is deducted from gross wages and corporate income in order to determine real individual and corporate taxable income. In order to benefit from this facility, life insurance policies must be concluded with the insurance companies or the branches of foreign insurance companies established in Turkey. None</i></p> <p>4) None</p> | <p>3) Compulsory traffic insurance of publicly owned motor vehicles can only be done by those insurance companies whose majority of paid-in capital belongs to Turkish citizens.</p> <p>4) None</p> <p>1),2) <i>None-A certain per cent of insurance premiums paid by the income and corporate taxpayer as an employer or/and by wage earners for themselves is deducted from gross income in order to determine real taxable income. In order to benefit from this facility, life insurance policies must be concluded with the insurance companies or the branches of foreign insurance companies established in Turkey</i></p> <p>2) None</p> <p>3) None</p> <p>4) None</p> | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|--|---|--|------------------------|
| <p>(b) (ii) Reinsurance and retrocession</p> | <p>1),2) Non life insurance premiums, after holding the retention, are subject to a certain per cent compulsory ceding to Milli Reinsurance Co. If the total retention ratio of the insurance company reaches to 75 per cent, compulsory ceding is cancelled.</p> <p><i>Non life insurance premiums, after holding the retention, are subject to a certain percent (20% of premiums subject to cession) compulsory ceding to the reinsurance pool.</i></p> <p><i>None except non-life insurance premiums. After holding the retention, non-life insurance premiums are subject to a certain percent (20% of premiums subject to cession) compulsory ceding to the reinsurance pool. This procedure will be terminated at the end of 2006.</i></p> <p>3) None 4) None</p> | <p>1),2) None</p> <p>3) None 4) None</p> | |

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments |
|---|---|--|------------------------|
| <p>(e) (iii) Insurance intermediation</p> | <p>1),2) Unbound for dependent intermediaries (agencies, producers). Dependent intermediaries can act only on behalf of insurance companies authorized to operate in Turkey. Unbound for intermediaries (agents, producers) except the ones dealing with life insurance and non-life insurance categories indicated in the “(a) (i) Non-life” section.</p> <p>3) Insurance and reinsurance brokers and fully authorized agencies can only engage in insurance-related business</p> <p><i>Establishing an insurance and reinsurance broker company or opening a branch of a foreign insurance and reinsurance broker company is subject to prior permission and an operation license obtained from Undersecretariat of Treasury. Such a firm must be established in the form of a joint-stock or limited liability company and must possess the required minimum paid-in capital and have at least 5 years of experience in brokerage business.</i></p> <p>4) Unbound except administrative and technical personnel. Foreign natural person insurance and reinsurance brokers must have at least 5 years of experience as a broker abroad. None <i>except natural person insurance and reinsurance brokers have to reside in Turkey and they must have at least 5 years of experience as brokers in their countries of origin.</i></p> | <p>1),2) None</p> <p>3) None</p> <p>4) None except natural person insurance and reinsurance brokers have to reside in Turkey.</p> | |

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|--|--|-------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| (d) (iv) Services auxiliary to insurance | 1),2) None except adjusters and actuaries. and actuaries. 3) None 4) None except adjusters and actuaries. and actuaries. | 1),2) None 3) None 4) None | | |
| B. Banking and Other Financial Services | | | | |
| (e) (v) Acceptance of deposits | 1),2) None 3) No natural person or legal entity other than those authorized under the Banks Act or under specific regulations may can accept deposits. 4) None | 1),2) None 3) None 4) None | | |
| (f) (vi) Lending of all types | | | | |
| (i) (A) Consumer credit | 1),2) None 3) Banks and consumer credit companies may can lend consumer credits. 4) None | 1),2) None 3) None 4) None | | |
| (ii) (B) Factoring | 1),2) None 3) Banks and factoring companies can engage in factoring activities. 4) None | 1),2) None 3) None 4) None | | |
| (iii) (C) Mortgage credit and financing of commercial transactions | 1),2) None 3) Banks can engage in trading of these activities. 4) None | 1),2) None 3) None 4) None | | |
| (g) (vii) Financial leasing | 1),2) Leasing contracts related to cross-border leasing transactions must be permitted by the Undersecretariat of Treasury. 3) Banks which are not authorized to accept deposits (Investment Banks and Development Banks) and lessors can engage in financial leasing transactions. 4) None | 1),2) Regarding cross-border leasing transactions, the annual rent may not be less than the Turkish Lira equivalent of \$25,000. 3) None 4) None | | |

| Modes of supply: | 1) | Cross-border supply | 2) | Consumption abroad | 3) | Commercial presence | 4) | Presence of natural persons |
|---|------------------------------|--|----|--------------------|--|---------------------|------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | | | | Limitations on National Treatment | | Additional Commitments | |
| (h) (viii) All payment and money transmission services | 1),2) | None | | 3) | Transfers of foreign exchange abroad must be carried out through the banking system. | | 3) | None |
| | 4) | None | | 4) | None | | 4) | None |
| (i) (ix) Guarantees and commitments | 1),2) | None except that performance bonds with guarantee letters issued for the transactions specified in the State Tender Public Procurement Law must be obtained from a bank operating in Turkey. | | 1),2) | None | | 1),2) | None |
| | 3) | None | | 3) | None | | 3) | None |
| | 4) | None | | 4) | None | | 4) | None |
| (j) (x) Trading for own account or for account of customer | | | | | | | | |
| (i) (A) Money market instruments | 1),2) | None | | 1),2) | None | | 1),2) | None |
| | 3) | Banks and securities intermediary institutions can engage in trading of money market instruments. | | 3) | None | | 3) | None |
| | 4) | None | | 4) | None | | 4) | None |
| (ii) (B) Foreign exchange | 1),2) | None | | 1),2) | None | | 1),2) | None |
| | 3) | Banks and authorized institutions can engage in foreign exchange trading. | | 3) | None | | 3) | None |
| | 4) | None | | 4) | None | | 4) | None |
| (iii) (C) Derivative products | 1),2) | None | | 1),2) | None | | 1),2) | None |
| | 3) | Banks and related intermediary institutions can engage in trading of these products. | | 3) | None | | 3) | None |
| | 4) | None | | 4) | None | | 4) | None |

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|---|--|-------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| (iv) (D) Exchange rate and interest rate instruments | 1),2) None 3) Banks and related intermediary institutions can engage in trading of these instruments. 4) None | 1),2) None 3) None 4) None | | |
| (v) (E) Transferable securities | 1),2) None 3) Banks and securities intermediary institutions can engage in trading of these products. However, banks can not engage in equities trading in the ISE equities market. 4) None | 1),2) None 3) None 4) None | | |
| (vi) (F) Other negotiable instruments and financial assets, including bullion | 1),2) None 3) Banks and related intermediary institutions can engage in trading of these products. Only precious metals intermediaries can engage in trading of bullion in the Istanbul Gold Exchange. 4) None | 1),2) None 3) None 4) None | | |
| (vii) (xi) Underwriting and placement | 1),2) None 3) Banks which are not authorized to accept deposits and securities intermediary institutions can provide underwriting and placement services for the securities to be issued after being registered by the Capital Market Markets Board. 4) None | 1),2) None 3) None 4) None | | |
| (viii) (xii) Money broking ^{12 14} | 1),2), 3),4) None | 1),2), 3),4) None | | |

^{12 14} This is a new financial service.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|---|-----------------------------------|------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| (m) (xiii) Asset management portfolio management | 1),2) None 3) Banks which are not authorized to accept deposits , securities intermediary institutions and portfolio management companies can provide these services. 4) None | 1),2) None 3) None 4) None | | |
| (i) (A) Collective investment management | 1),2) None 3) Mutual funds and investment corporations companies can engage in collective investment management. 4) The majority of the members of the board of directors of an investment corporation company must have Turkish nationality. | 1),2) None 3) None 4) None | | |
| (ii) (B) Pension fund management ^{13 15} | 1),2), 3),4) None | 1),2), 3),4) None | | |
| (iii) (C) Custodial, depository and trust services | 1),2) None 3) Banks and securities intermediary institutions operating in capital market can provide custodial services for their customers' securities, until their buying-selling orders are realized. 4) None | 1),2) None 3) None 4) None | | |
| (n) (xiv) Settlement and clearing services | 1),2) None 3) Only Takasbank A.S. can provide securities settlement and clearing services. 4) None | 1),2) None 3) None 4) None | | |
| (o) (xv) Provision and transfer of financial information | 1),2) None 3) None 4) None | 1),2) None 3) None 4) None | | |

^{13 15} This is a new financial service.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|--|--|---|------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| (p) (xvi) Advisory, intermediation and other auxiliary services | 1),2) None 3) None 4) None | 1),2) None 3) None 4) None | | |
| 8. HEALTH RELATED AND SOCIAL SERVICES | | | | |
| A. <u>Hospital Services</u> (CPC 9311) | 1) Unbound* 2) None 3) Foreigners may establish private hospitals with the permission of Ministry of Health. 4) Unbound | 1) None 2) None 3) None 4) Unbound | | |
| 9. TOURISM AND TRAVEL RELATED SERVICES | | | | |
| A. <u>Hotels and restaurants</u> (CPC 641-643) | 1) Unbound* 2) ⁴⁴¹⁶ None 3) None 4) After receiving the permission of the Ministry of Interior Labour and Social Security based on the affirmative opinions of the Ministry of Interior and the Ministry of Culture and Tourism , the hotels and restaurants with the tourism encouragement certificate, may employ foreign personnel. But the amount of foreign personnel that would be employed in an enterprise should not exceed 10 per cent of the total personnel. This amount could be increased up to 20 per cent by the decision of the related Ministry of Culture and Tourism . | 1) None 2) None 3) None 4) None | | |

* Unbound due to the lack of technical feasibility.

^{44 16} Turkish citizens may travel abroad without any restriction. Only, they are required to pay, with certain exceptions, a TL amount equivalent up to US\$ 100 ~~fee to the Public Housing Fund~~, for each exit. ~~The Turkish citizens going abroad for education and health purposes, as well as the ones who are either employed or assigned to permanent official duties in foreign countries, are exempt from that payment.~~

| Modes of supply: 1) | | Cross-border supply 2) | | Consumption abroad 3) | | Commercial presence 4) | | Presence of natural persons | |
|---|--|------------------------------|--|---|--|------------------------|--|-----------------------------|--|
| Sector or Sub-sector | | Limitations on Market Access | | Limitations on National Treatment | | Additional Commitments | | | |
| B. <u>Travel Agencies and Tour Operators Services</u> (CPC 7471) | | 1) Establishment is required | | 1) Foreign travel agencies may not organise tours abroad. | | | | | |
| | | 2) None | | 2) None | | | | | |
| | | 3) None | | 3) In case of bringing into the country of US\$80,000 foreign exchange income from the tours organised by the travel agencies (to Turkey), the temporary operating certificates of A Class Travel Agencies are changed with permanent operating certificate. The amount of foreign exchange stipulated for this transaction is three times more for foreign travel agencies. The amount of guarantees required for foreign travel agencies is twice as much as national ones. Foreign travel agencies and branches can not benefit from the credits given by Turkish Development Bank to domestic ones. Foreign Travel Agencies may only take A class or temporary A class operating certificates. The minimum amount of capital to be brought (to Turkey) by the branches of foreign travel agencies in order to be granted Operation Certificate is determined by the Ministry of <i>Culture and</i> Tourism with the appropriate opinion of the Ministry of Finance. | | | | | |
| | | 4) None | | 4) None | | | | | |

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|--|---|--|------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| <p>11. TRANSPORT SERVICES</p> <p>A. <u>Maritime Transport Services Except Cabotage</u></p> <p>(a) Passenger transportation (CPC 7211)</p> <p>(b) Freight transportation (CPC 7212)</p> | <p>1) None except cabotage</p> <p>2) None</p> <p>3)⁴⁵¹⁷ In order to fly the Turkish flag, the shipping companies must have the majority of 51 per cent Turkish shareholders.</p> <p>4) Captain and crew of the Turkish flag vessels should be Turkish residents citizens.</p> <p>1) None except cabotage</p> | <p>1) Charges taken for port services from foreign and Turkish ships may differ in favour of Turkish flag vessels according to the tariffs on port charges which are determined by the port administrations.</p> <p>None</p> <p>2) None</p> <p>3) None</p> <p>4) Turkish nationality is required for captain and crew.</p> <p>1) The vessels flying Turkish flag ships owned by Turkish citizens either bidding for public cargoes to be shipped to overseas countries or carrying strategic raw materials are benefited from the preference given in favour of them (i.e. they are entitled to be awarded the bids even though their quotations are up to 10 % higher than the lowest foreign flag vessels quotations)</p> <p>The Undersecretariat of Treasury and Foreign Trade is authorized to permit the public entities to have their imported goods transported by foreign flag vessels.</p> | | |

^{45 17} All Turkish ships shall fly the Turkish flag. A ship shall be regarded as Turkish only if its owner (or owners) is/are Turkish. However, the following ships shall also be considered as Turkish: i) Ships which belong to legal persons such as bodies, institutions, associations and foundations set up in accordance with Turkish Law, the majority of whose Board of Directors are of Turkish nationality. ii) Ships which belong to the trading companies the majority of whose managerial staff and representatives are of Turkish nationality and are registered on the Turkish Trade Register.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|--|--|--|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| (c) Rental of vessels with crew (CPC 7213) | 2) None | 2) None | Charges taken for port services from foreign and Turkish ships may differ in favour of Turkish flag vessels according to the tariffs on port charges which are determined by the port administrations. | |
| | 3) ^{16/18} In order to fly the Turkish flag, the shipping companies must have the majority of 51 per cent Turkish shareholders. | 3) None | | |
| (c) Rental of vessels with crew (CPC 7213) | 4) Captain and crew of the Turkish flag vessels should be Turkish residents citizens. | 4) None-Turkish nationality is required for captain and crew. | 1) Vessels rented by foreigners may not operate inside the Turkish coastal waters. <i>This kind of vessels are considered as foreign vessels and can not fly the Turkish flag.</i> | |
| | 1) None | 1) Vessels rented by foreigners may not operate inside the Turkish coastal waters. | | |
| | 2) None | 2) This kind of vessels are considered as foreign vessels and do not have to fly the Turkish flag None | | |
| | 3) None | 3) None | | |
| d) Maintenance and repair of vessels (CPC 8868) | 4) None | 4) None | <i>This kind of vessels are considered as foreign vessels and do not have to fly the Turkish flag</i> None | |
| | 1) None Unbound | 1) None Unbound | | |
| | 2) None | 2) None | | |
| | 3) None | 3) None | | |
| | 4) ^{17/19} None | 4) None | | |

^{16/18} All Turkish ships shall fly the Turkish flag. A ship shall be regarded as Turkish only if its owner (or owners) is/are Turkish. However, the following ships shall also be considered as Turkish: i) Ships which belong to legal persons such as bodies, institutions, associations and foundations set up in accordance with Turkish Law, the majority of whose Board of Directors are of Turkish nationality; ii) Ships which belong to the trading companies the majority of whose managerial staff and representatives are of Turkish nationality and are registered on the Turkish Trade Register.

^{17/19} **Foreign engineers may engage in these services after becoming a temporary member of the related professional chamber under the Union of Chambers of Turkish Engineers and Architects.**

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|--|--|-------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| C. <u>Air Transport Services</u> | | | | |
| (a) Selling of air transport services | 1) Foreign airline companies may sell their tickets by opening sales offices in Turkey. 2) None 3) None 4) None | 1) None 2) None 3) None 4) None | | |
| (b) Computer reservation systems | 1) None 2) None 3) None 4) None | 1) None 2) None 3) None 4) None | | |
| (c) Maintenance and repair of aircraft (CPC 8868) | 1) None 2) None 3) Authorization from the Ministry of Transport is necessary to perform functions for the maintenance and repair of aircraft. 4) ¹⁸²⁰ None | 1) None 2) None 3) None 4) None | | |
| E. <u>Rail Transport Services</u> (CPC 7111, 7112) | | | | |
| | 1) Internal rail transportation is a public monopoly. 2) None 3) Internal rail transportation is a public monopoly. 4) None | 1) None 2) None 3) None 4) None | | |

^{18 20} Foreign engineers may engage in these services after becoming a temporary member of the related professional chamber under the Union of Chambers of Turkish Engineers and Architects.

| Modes of supply: 1) | Cross-border supply 2) | Consumption abroad 3) | Commercial presence 4) | Presence of natural persons |
|---|--|--|-------------------------------|-----------------------------|
| Sector or Sub-sector | Limitations on Market Access | Limitations on National Treatment | Additional Commitments | |
| F. <u>Road Transport Services</u> | | | | |
| (a) Passenger transportation (CPC 7121 + 7122) | 1) Unbound 2) None | 1) Unbound 2) None | | |
| (b) Freight transportation (CPC 7123) | 3) Turkish citizenship or being a legal entity established under the relevant Turkish laws are required for obtaining a carrier licence given by the Ministry of Transport in order to become an international transporter. 4) None | 3) None 4) None | | |

REFERENCE PAPER

SCOPE

The following are definitions and principles on the regulatory framework for the basic telecommunications services.

Definitions

Users mean service consumers and service suppliers.

Essential facilities mean facilities of a public telecommunications transport network or service that:

- (a) are exclusively or predominantly provided by a single or limited number of suppliers; and
- (b) cannot feasibly be economically or technically substituted in order to provide a service.

A major supplier is a supplier, which has the ability to materially affect the terms of participation (having regard to price and supply) in the relevant market for basic telecommunications services as a result of:

- (a) control over essential facilities; or
- (b) use of its position in the market.

1. Competitive safeguards

1.1 Prevention of anti-competitive practices in telecommunications

Appropriate measures shall be maintained for the purpose of preventing suppliers who, alone or together, are a major supplier from engaging in or continuing anti-competitive practices.

1.2 Safeguards

The anti-competitive practices referred to above shall include in particular:

- (a) engaging in anti-competitive cross-subsidization;
- (b) using information obtained from competitors with anti-competitive results; and
- (c) not making available to other services suppliers on a timely basis technical information about essential facilities and commercially relevant information which are necessary for them to provide services.

2. Interconnection

2.1 This section applies to linking with suppliers providing public telecommunications transport networks or services in order to allow the users of one supplier to communicate with

users of another supplier and to access services provided by another supplier, where specific commitments are undertaken.

2.2 Interconnection to be ensured

Interconnection with a major supplier will be ensured at any technically feasible point in the network. Such interconnection is provided:

- (a) under non-discriminatory terms, conditions (including technical standards and specifications) and rates and of a quality no less favourable than that provided for its own like services or for like services of non-affiliated service suppliers or for its subsidiaries or other affiliates;
- (b) in a timely fashion, on terms, conditions (including technical standards and specifications) and cost-oriented rates that are transparent, reasonable, having regard to economic feasibility, and sufficiently unbundled so that the supplier need not pay for network components or facilities that it does not require for the service to be provided; and
- (c) upon request, at points in addition to the network termination points offered to the majority of users, subject to charges that reflect the cost of construction of necessary additional facilities.

2.3 Public availability of the procedures for interconnection negotiations

The procedures applicable for interconnection to a major supplier will be made publicly available.

2.4 Transparency of interconnection arrangements

It is ensured that a major supplier will make publicly available either its interconnection agreements or a reference interconnection offer.

2.5 Interconnection: dispute settlement

A service supplier requesting interconnection with a major supplier will have recourse, either:

- (a) at any time or
- (b) after a reasonable period of time which has been made publicly known

to an independent domestic body, which may be a regulatory body as referred to in paragraph 5 below, to resolve disputes regarding appropriate terms, conditions and rates for interconnection within a reasonable period of time, to the extent that these have not been established previously.

3. Universal service

Any Member has the right to define the kind of universal service obligation it wishes to maintain. Such obligations will not be regarded as anti-competitive *per se*, provided they are administered in a transparent, non-discriminatory and competitively neutral manner and are not more burdensome than necessary for the kind of universal service defined by the Member.

4. Public availability of licensing criteria

Where a license is required, the following will be made publicly available:

- (a) all the licensing criteria and the period of time normally required to reach a decision concerning an application for a license; and
- (b) the terms and conditions of individual licenses.

The reasons for the denial of a license will be made known to the applicant upon request.

5. Independent regulators

The regulatory body is separate from, and not accountable to, any supplier of basic telecommunications services. The decisions of and the procedures used by regulators shall be impartial with respect to all market participants.

6. Allocation and use of scarce resources

Any procedures for the allocation and use of scarce resources, including frequencies, numbers and rights of way, will be carried out in an objective, timely, transparent and non-discriminatory manner. The current state of allocated frequency bands will be made publicly available, but detailed identification of frequencies allocated for specific government uses is not required.

TURKEY – FINAL LIST OF ARTICLE II (MFN) EXEMPTIONS

| Sector or Sub sector | Description of measure indicating its inconsistency with Article II | Countries to which the measure applies | Intended duration | Conditions creating the need for the exemption |
|----------------------|---|--|-------------------|---|
| ALL SECTORS | <p>(a) Extending full national treatment for the investments of the nationals or companies of these countries.</p> <p>(b)(i) Executing the transfers, in specific periods, of the nationals and companies of certain countries which made investments in Turkey (Belgium-Luxembourg, Kuwait).</p> <p>(ii) Granting foreign exchange risk guarantee for certain countries for the transfers which are not realized due to the difficulties in balance of payments.</p> <p>(c) Covering "trade risk" in subrogation one country. (Japan).</p> | <p>Germany, USA, The Netherlands, Belgium, Luxembourg, Romania, Bangladesh, Austria, Switzerland, Denmark, Japan, Kuwait, Tunisia, South Korea, Poland, China, United Kingdom, Finland, Hungary, Argentina, Albania, Kyrgyzstan, Turkmenistan, Kazakhstan, Uzbekistan, Georgia, Jordan, Malaysia, Spain, Italy, Norway, Algeria, Russian Federation, Mongolia, Lithuania, France, Sweden, Bulgaria, Moldova, Estonia, Latvia, Azerbaijan, Israel, Ukraine.</p> | Indefinite | <p>Desire to create favourable conditions for a greater economic cooperation between Turkey and mentioned countries and to encourage investments by nationals and companies of one country in the territory of the other countries.</p> |

| Sector or Sub sector | Description of measure indicating its inconsistency with Article II | Countries to which the measure applies | Intended duration | Conditions creating the need for the exemption |
|----------------------|---|--|-------------------|--|
| ALL SECTORS | <p>(d) The agreements with five countries, the MFN Articles of which do not include the derogation paragraphs relating to the privileges which are accorded to the investors of the third countries resulting from its membership in or associated with a free trade zone, an economic cooperation, a customs union or a common market. (Japan, Bangladesh, Poland, Germany, South Korea).</p> <p>The restriction in the transfer of the premiums for long-term insurance schemes and the employment of the foreign country workers by foreign companies is waived for one country. (Not applied de facto).</p> | Libya | Indefinite | To ensure social security and continuous employment of Turkish workers in the mentioned country. |
| ALL SECTORS | If the amount of the consulate duties collected from the Turkish nationals by any country is higher than the amounts written in the tariff list, the amounts of consulate duties which are collected from the nationals of that country will be increased reciprocally. | All countries | Indefinite | Desire to ensure equal treatment to Turkish nationals. |

| Sector or Sub sector | Description of measure indicating its inconsistency with Article II | Countries to which the measure applies | Intended duration | Conditions creating the need for the exemption |
|----------------------------|---|--|-------------------|---|
| ALL SECTORS | On the condition that the legal provisions are reserved and with the condition of reciprocity, the foreign real persons could own real estates in Turkey by acquisition or by inheritance. | All countries | Indefinite | To secure the right of Turkish nationals to acquire real estates in a foreign country. |
| Professional Services | If any foreign country lays down legal and administrative conditions against Turkish citizens for performing arts and supplying services, the similar activities of the citizens of that country could be prohibited in Turkey. | All countries | Indefinite | Desire to create favourable circumstances for Turkish citizens to perform their activities under equal conditions in the other countries. |
| Telecommunication Services | To apply, on the basis of reciprocity, reduction in the fees for the transit land connections and the usage of satellite ground stations. | Iran, Syria. | Indefinite | Desire to facilitate telecommunication services between Turkey and the mentioned countries. |

| Sector or Sub sector | Description of measure indicating its inconsistency with Article II | Countries to which the measure applies | Intended duration | Conditions creating the need for the exemption |
|--------------------------------------|---|--|-------------------|--|
| Postal Services | To apply, on the basis of reciprocity, reduction in the prices of letter mail. | Iraq, Greece, Iran and Pakistan. | Indefinite | Desire to carry out postal services more rapidly and economically. |
| Transportation Services ⁺ | The income and corporate tax rates for the foreign road, maritime and air transport companies, can reciprocally be decreased down to zero or increased to a new rate not exceeding one fold of the existing rate can be determined, as a country by country basis either for each transportation type separately or for all types of them. (As in the case of USA, Israel and Switzerland). | All countries | Indefinite | Desire to facilitate and to lower the costs of transportation services between Turkey and other countries. |
| Transportation Services ⁺ | Transit or bilateral transportation services, can be excluded from VAT. This exception is granted, with the condition of reciprocity, to the related countries' tax payers who do not have the residence, legal and business centre in Turkey. | All countries | Indefinite | Desire to lower costs and to create favourable conditions for the provision of services in this sector. |

⁺ This exemption request will be evaluated in the light of developments in the GATS in the field of taxation

| Sector or Sub sector | Description of measure indicating its inconsistency with Article II | Countries to which the measure applies | Intended duration | Conditions creating the need for the exemption |
|--------------------------------------|--|--|-------------------|--|
| Transportation Services | To apply, on the basis of reciprocity, restrictions, prohibitions, different treatments and different tariffs to the goods and transportation vehicles of the countries which apply restrictions, prohibitions and different treatments to the Turkish road, air and maritime transportation vehicles. | All countries | Indefinite | Desire to secure the smooth functioning of mutual transportation services. |
| Road Transport Services ² | To grant, on the basis of reciprocity, the privileges about the quotas and fees, the exemptions from the permission procedures. | Afghanistan, Austria, Belgium, Bulgaria, Former Czechoslovakia, Denmark, Germany, Finland, France, The Netherlands, Iraq, United Kingdom, Iran, Sweden, Switzerland, Italy, Kuwait, Hungary, Norway, Poland, Romania, Former Yugoslavia, Greece, Syria, Saudi Arabia, Jordan, Luxembourg, Albania, Ukraine, Slovenia, Moldova, Egypt, Lithuania, Macedonia, Lebanon. | Indefinite | Desire to facilitate road transport services between Turkey and other countries. |

² If the partners of these Road Transport Agreements agree to remove the measures, Turkey will also do so

| Sector or Sub sector | Description of measure indicating its inconsistency with Article II | Countries to which the measure applies | Intended duration | Conditions creating the need for the exemption |
|---------------------------------|--|--|-------------------|--|
| Rail Transport Services | The bilateral reduction in the renting fees of railway wagons of countries mentioned aside (paragraph a) and the application of national treatment to tariff rates on the reciprocal transportation of goods with the countries mentioned aside (paragraph b). | a) Syria, Iraq, Iran, Lebanon b) Commonwealth of Independent States and the Baltic Republics. | Indefinite | Desire to facilitate rail transport services between Turkey and other countries. |
| Financial Services - Banking | Should national banks wishing to operate by establishing branches in the countries whose banks have already established or will establish branches in Turkey, are forced to meet stricter conditions which they will be subject to under the legislation of those countries, or which are to be made stricter afterwards, than those imposed in the Turkish Banks Act, foreign banks' compliance with the same conditions and the annulment of the permissions of those failing to comply with such conditions may be required by Council of Ministers' decision. | All countries | Indefinite | Desire to ensure equal treatment to Turkish banks in the other countries. |

| Sector or Sub sector | Description of measure indicating its inconsistency with Article II | Countries to which the measure applies | Intended duration | Conditions creating the need for the exemption |
|--|--|---|-------------------|---|
| Accounting, Auditing and Book-keeping Services | In order to perform the services under the title of "financial advisor", the citizens of the countries which have officially codified the principles for the profession of financial advisory may be authorized, under reciprocal conditions, provided that these persons should have the characteristics required for the professional of financial advisory in Turkey and should have rights to perform similar services in their own countries. | All countries | Indefinite | Desire to create favourable conditions for Turkish financial advisors to perform their jobs under equal conditions all over the world. |
| Telecommunication Services | Measures, including the application of different accounting rates for different operators/countries covered by International Telecommunication Services Agreements between Government of Turkey or Telecommunication Company and other Governments or various foreign operators. | Neighbouring countries and/or countries covered by Economic Cooperation Organization and Black Sea Economic Cooperation. | Indefinite | Bilateral agreements between Government of Turkey or Telecommunication Company and other governments and/or various foreign operators dealing with various aspects of cooperation. |