

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**  
**MTN.TNC/W/72/Rev.2**  
8 November 1993  
Special Distribution  
(UR-93-0088)

Trade Negotiations Committee

Original: English

**COMMUNICATION FROM TURKEY**

**Revised Conditional Offer of Turkey Concerning  
Initial Commitments on Trade in Services**

**Revision**

The following communication is circulated at the request of Turkey to the members of the Group of Negotiations on Services.

---

Turkey by this revised version of its conditional offer replaces the one contained in MTN.TNC/W/72/Rev.1 of 4 March 1992. The attached revision is based on the draft text of the General Agreement on Trade in Services of 28 April 1992.

This offer reflects the bilateral negotiations on initial commitments which Turkey has conducted after the issuance of the previous offer and is conditional upon, *inter alia*, the degree to which other members' offers are equivalent and mutually acceptable.

Turkey reserves its right to modify, extend or reduce this offer at any time prior to the entry into force of the multilateral Agreement, depending on the final text of the Agreement and its sectoral annexes as well as on the requirements resulting from ongoing regional integration efforts. Turkey further reserves the right to correct possible technical errors or inaccuracies in its offer.

In this offer, the classification of the services sectors and sub-sectors is based on the Secretariat's reference list as contained in document MTN.GNS/W/120.

Some additional clarifications and/or amendments to this offer may also be necessary if, due primarily to time constraints or oversight, some restrictions are omitted.

The revised Turkish offer has been updated as regards terminology and classification of sectors. Turkey addresses most measures affecting the delivery of the service by both market access and by way of national treatment under the market access column.

In the Civil Aviation sector Turkey's offer has been amended in accordance with the sectoral annex. Besides, Environmental Services and Computer Services have been included in this revised version.

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

This offer does not include or affect measures taken for the purpose of regulating entry into, residence in or exit from Turkish territory. No changes to the Turkish Constitution, labour market practices or to the jurisdiction over activities taking place inside Turkish territory are contemplated as a result of the offer presented in this paper.

With respect to financial services including insurance, Turkey's offers are subject to the acceptance of the "Understanding" of the Annex concerning this sector by other participants and to a satisfactory solution for the reciprocity problem. This offer has been prepared in accordance with the "Understanding", taking into consideration the provisions of the "Annex on Financial Services".

If this offer were implemented, Turkey would bind all existing domestic regulations affecting the related service sectors listed in the attached text in relation to the provisions on market access and national treatment in Part III of the Agreement, unless otherwise indicated.

The general limitations and conditions concerning foreign investment and monopolies as well as the general procedure on the temporary entry of personnel are enclosed herewith as horizontal measures. The limitations beyond the ones given as horizontal measures have been indicated under related modes of delivery in our Commitment List.

## HORIZONTAL MEASURES

### Foreign Investment

All investment to be made within the range of \$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 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 as foreign exchange.

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.

Foreign firms are permitted to acquire real estate in Turkey pursuant to Foreign 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.

Horizontal measures concerning foreign investment are applicable for all sectors and sub-sectors of the offered list. If there are any additional measures or restrictions, they are given in the mode 3 of relevant sectors or sub-sectors.

### Temporary Entry of Personnel

Unbound except for the entry and temporary stay of natural persons in the following categories;

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 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 and subject to renewal after then. 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.

- **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.
- **Specialist:** 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.

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 contract including negotiations for the sales of services, entry into contract to sell services and visit of business establishments, or other similar activities.

- **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 services on behalf of the organization which employs them or has mandated them. Service sellers may not sell services directly to the general public.

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 taken from the Ministry of Interior. Those professions which are assigned only to Turkish citizens are given below:

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 newspapers. 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.

All these Horizontal Measures concerning temporary entry of natural persons to the Turkish territory are applicable for all sectors and sub-sectors of the Turkish offer list. If there are any additional measures or restrictions, they will be given in the mode 4 of relevant sectors or sub-sectors.

**Monopolies**

The following sectors are closed to private investment because of the public monopolies: postal services and telecommunications, railways; administration of harbour and quay; lotteries in cash, football pools and public utilities.

The present Turkish offer is based on the following definitions:

- UNBOUND\*: Unbound due to the lack of technical feasibility.
- UNBOUND: Turkey does not bind the existing laws and regulations affecting the conditions of market access or national treatment.
- NONE: Other than the Horizontal Measures, no condition, qualification or restriction regarding market access or national treatment applies.



## SPECIFIC COMMITMENTS

### Mode of Delivery : (1) Cross-border trade, (2) Consumption abroad, (3) Commercial presence, (4) Movement of personnel

Sectors / Sub-sectors	Limitations and Conditions on Market Access	Conditions and Qualifications on National Treatment
<b>1. BUSINESS SERVICES</b>		
<b>A. Professional Services</b>		
a. Legal Services (advisory services on foreign and International Law only) (861*)	1 None 2 None 3 None 4 None	None None Representation in the Turkish Courts assigned only to Turkish nationals. None
b. Accounting, auditing and bookkeeping services (862)	1 Cross-border transaction is not permitted.  2 None  3 Authorized financial advisors (**) can only establish their company among themselves after being a member of the related Chamber.  4 Unbound	Turkish citizenship is required for Accountants and Certified Public Accountants.  Foreign titles and names cannot be used in the titles of partnerships or corporations among Turkish and Foreign Financial Advisors (this restriction will be eliminated by an amendment to the related regulation).  Turkish citizenship is required for Accountants and Certified Public Accountants.
d/e. Engineering and Architectural Services (8671,8672)	1*** None 2 None 3*** None 4*** None	None None None None

(\*) Asterisks designate "part of"

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

(\*\*\*) Foreigners may engage in these services after becoming a temporary member of the related Union of Chambers.

Sectors / Sub-sectors	Limitations and Conditions on Market Access				Conditions and Qualifications on National Treatment
B. Computer and Related Services					
a. Consultancy services related to the installation of computer hardware (841)	1* None	2 None	3* None	4* None	None None None None
b. Software implementation services (842)					
c. Data processing services (840)					
<b>F. Other Business Services</b>					
a. Advertising services (871)	1 None				None
b. Market Research services (864)	2 None				None
c. Management consulting services (865)	3 None				None
q. Packaging services (876)	4 None				None
f. Services incidental to Hunting (881)	1 Establishment is required.	2 None			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 Only Group A travel agencies may operate in this field with the condition of obtaining hunting licences.					
4 None					
h. Services incidental to Mining (883+515)	1 Establishment is required.	2 None	3** None	4 None	Nationality is required for real persons. None None None

(\*) Computer engineers may engage in these services after becoming a temporary member of the related Union of Chambers.

(\*\*) Petroleum and Mining Laws specify that services incidental to mining require an operating licence.

Sectors / Sub-sectors	Limitations and Conditions on Market Access			Conditions and Qualifications on National Treatment		
<b>2. COMMUNICATION SERVICES</b>						
A. Postal Services (7511)	1,3	Public monopoly.				
	2	None				
	4	Unbound				
B. Courier Services (7512)	1,3	None				
	2	None				
	4	None				
C. Telecommunication Services						
a. Voice telephone services (7521)	1,3	All telecommunication services including basic and value added services are under public monopoly.				
	2	None				
	4	Unbound				
b. Packet-switched data transmission services (7523)	1,3	This sector is a public monopoly. However, "revenue-sharing" model can be applied in the provision of value-added services in Turkey. In this application, relevant firm provides the equipment and installs the system with all the investment costs born by itself. The firm turns the system over to Turkish PTT before it is put into the service. The operation and maintenance of the system is under the PTT's responsibility. The firm receives a certain amount of revenues of the service for a given period according to a special agreement made with Turkish PTT.				
	2	None				
	4	Unbound except personnel at the establishment stage of the system in case of revenue-sharing applications				
c. Circuit-switched data transmission services (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				

Sectors / Sub-sectors	Limitations and Conditions on Market Access			Conditions and Qualifications on National Treatment
C. Telecommunication Services (Cont.)				
d. Telex services (7523)	1,3 2 4	Public monopoly. None Unbound	Public monopoly. None Unbound	
e. Telegraph services (7522)	1,3 2 4	Public monopoly. None Unbound	Public monopoly. None Unbound	
f. Facsimile services (7521-7529)	1,3 2 4	Public monopoly. None Unbound	Public monopoly. None Unbound	
g. Private leased circuit services (7522-7523)	1,3 2 4	Public monopoly. None Unbound	Public monopoly. None Unbound	
h. Electronic mail (7523)	1,3 2 4	Public monopoly. Revenue-sharing model may be applied. None Unbound except personnel at the establishment stage of the system in case of revenue-sharing applications	None None None	
i. Voice mail (7523)	1,3 2 4	Public monopoly. None Unbound	Public monopoly. None Unbound	
j. On-line information and data base retrieval (7523)	1,3 2 4	Public monopoly. None Unbound	Public monopoly. None Unbound	
k. Electronic data interchange (7523)	1,3 2 4	Public monopoly. Revenue-sharing model may be applied. None Unbound except personnel at the establishment stage of the system in case of revenue-sharing applications	None None None	

Sectors / Sub-sectors	Limitations and Conditions on Market Access	Conditions and Qualifications on National Treatment
<b>C. Telecommunication Services (Cont.)</b>		
1. Enhanced/value-added facsimile services, incl. store and forward, store and retrieve (7523)	1,3 2 4	Public monopoly. Revenue-sharing model may be applied. None Unbound except personnel at the establishment stage of the system in case of revenue-sharing applications
m. Code and protocol	1,3 2 4	Public monopoly. Revenue-sharing model may be applied. None Unbound except personnel at the establishment stage of the system in case of revenue-sharing applications
n. On-line information and/or data processing (843)	1,3 2 4	Public monopoly. None Unbound
<b>3. CONSTRUCTION &amp; RELATED ENGINEERING SERVICES</b>		
(512,513,514+516,517)	1*	None
<p>Investor public entities will give priority to domestic firms in works that they couldn't 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 % 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>		
<hr/> <p>* -Responsible engineers or architects of the firms must be a temporary member of the related Union of Chambers. -Foreign contractors or foreign establishments which contracted, solely or jointly with national firms, engineering or architecture-related works with public entities or real and legal persons in the public or private sectors, may employ foreign specialists only for these works with approval of the Ministry of Public Works based on the opinion of the Union of Chambers. - Engineers and architects in activities other than those mentioned above could be employed by the decision of Ministry of Public Works upon the opinion of Administrative Committee of Union of Chambers. However those brought for advisory works by public offices, official and private companies and real persons and legal entities and those 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.</p>		

Sectors / Sub-sectors	Limitations and Conditions on Market Access				Conditions and Qualifications on National Treatment			
<b>3. CONSTRUCTION &amp; RELATED ENGINEERING SERVICES(Cont.)</b>								
(S12,513,514+516,517)	2	None	None	None	None	None	None	None
	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 (UTFiT) is attached.						
	4*	None	None	None	None	None	None	None
<b>5. EDUCATION SERVICES</b>								
A-B-E. Primary, Secondary And Other Educational services (921,922,929)	1,3	Real 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	None	None	None	None	None	None
	4	Foreign teachers may work in primary and secondary educational institutions after taking permission from the Ministry of Education.						
C. Higher Education services(923)	1	None	None	None	None	None	None	None
	2	None	None	None	None	None	None	None
	3	Private universities can only be established by foundations constituted Under Civil Code with the permission of the Council of Ministers, provided that the majority of the administration of such foundations must be Turkish citizens.						
	4	None	None	None	None	None	None	None
<b>6. ENVIRONMENTAL SERVICES</b>								
A. Sewage services (9401)	1	Unbound	Unbound	Unbound	Unbound	Unbound	Unbound	Unbound
	2	None	None	None	None	None	None	None
	3	None	None	None	None	None	None	None
B. Refuse disposal services (9402)	1	Unbound	Unbound	Unbound	Unbound	Unbound	Unbound	Unbound
	2	None	None	None	None	None	None	None
	3	None	None	None	None	None	None	None
	4	None	None	None	None	None	None	None
C. Sanitation and similar services (9403)	1	Unbound	Unbound	Unbound	Unbound	Unbound	Unbound	Unbound
	2	None	None	None	None	None	None	None
	3	None	None	None	None	None	None	None
	4	None	None	None	None	None	None	None

(\*) Responsible engineers or architects of the firms must be a temporary member of the related Union of Chambers.

Sectors / Sub-sectors	Limitations and Conditions on Market Access				Conditions and Qualifications on National Treatment				
8. HEALTH RELATED AND SOCIAL SERVICES									
A. Hospital Services (9311)									
1 Unbound *	1 Unbound	None	None	None	1 Unbound	None	None	None	
2 None	2 None	None	None	None	2 None	None	None	None	
3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	3 Foreigners may establish private hospitals with the permission of Ministry of Health.	
4 Unbound	4 Unbound	4 Unbound	4 Unbound	4 Unbound	4 Unbound	4 Unbound	4 Unbound	4 Unbound	
9. TOURISM AND TRAVEL RELATED SERVICES									
A. Hotels and Restaurants									
(641-643)	1 Unbound *	1 Unbound	2** None	2** None	1 Unbound	None	None	None	
1 Unbound *	1 Unbound	2** None	2** None	1 Unbound	None	None	None	None	
2 None	2 None	3 None	3 None	2 None	3 None	3 None	3 None	3 None	
3 None	3 None	4 After receiving the permission of the Ministry of Interior based on the affirmative opinion of the Ministry of 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.	4 After receiving the permission of the Ministry of Interior based on the affirmative opinion of the Ministry of 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.	3 None	4 After receiving the permission of the Ministry of Interior based on the affirmative opinion of the Ministry of 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.	3 None	4 After receiving the permission of the Ministry of Interior based on the affirmative opinion of the Ministry of 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.	3 None	4 After receiving the permission of the Ministry of Interior based on the affirmative opinion of the Ministry of 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.
B. Travel Agencies and Tour Operators Services (7471)	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	
1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	1 Establishment is required.	
2 None	2 None	3 None	3 None	2 None	3 None	3 None	3 None	3 None	
3 None	3 None	4 None	4 None	3 None	4 None	4 None	4 None	4 None	
4 None	4 None	5 None	5 None	4 None	5 None	5 None	5 None	5 None	

(\*) Unbound due to the lack of technical feasibility (\*\*\*) 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 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.

Turkish nationality is required for tourist guides.

The responsible manager and health personnel, to be employed by the hospitals, clinics and other health facilities, should be a Turkish citizen.

Foreign travel agencies may not organize tours abroad.

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 Tourism with the appropriate opinion of the Ministry of Finance.

Turkish nationality is required for tourist guides.

Sectors / Sub-sectors	Limitations and Conditions on Market Access				Conditions and Qualifications on National Treatment			
11. TRANSPORT SERVICES								
A. Maritime Transport Services								
a. Passenger Transportation (7211)	1	None except Cabotage.				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.		
	2	None				None		
	3*	In order to fly the Turkish flag, the shipping companies must have the majority of 51 per cent Turkish shareholders.				None		
	4	Captain and crew of the Turkish flag vessels should be Turkish residents.				Turkish nationality is required for captain and crew.		
b. Freight Transportation (7212)	1	None except Cabotage.				- The vessels flying Turkish flag 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) The UTFT is authorized to permit the public entities to have their imported goods transported by foreign flag vessels.		
	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*	In order to fly the Turkish flag the shipping companies must have the majority of 51 per cent Turkish shareholders.				None		
	4	Captain and crew of the Turkish flag vessels should be Turkish residents.				None		
c. Rental of vessels with crew (7213)	1	None				Vessels rented by foreigners may not operate inside the Turkish coastal waters. These kinds of vessels are considered as foreign vessels and do not have to fly the Turkish flag.		
	2	None				None		
	3	None				None		
	4	None				None		
d. Maintenance and Repair of vessels (8868)	1	None				None		
	2	None				None		
	3	None				None		
	4	None				None		

(\*) 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 belonging 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 belonging to the trading companies the majority of whose managerial staff and representatives are of Turkish nationality and are registered on the Turkish Trade Register.

Sectors / Sub-sectors	Limitations and Conditions on Market Access				Conditions and Qualifications on National Treatment											
<b>11. TRANSPORT SERVICES (Cont.)</b>																
<b>C. Air Transport Services</b>																
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														
b. Computer Reservation Systems	1	None														
	2	None														
	3	None														
	4	None														
c. Maintenance and repair of aircraft (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	None														
E. Rail Transport Services	1	Internal rail transportation is a public monopoly.														
(7111,7112)	2	None														
	3	Internal rail transportation is a public monopoly.														
	4	None														
<b>F. Road Transport Services</b>																
a. Passenger Transportation (7121 + 7122)	1	Unbound														
	2	None														
	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.														
b. Freight Transportation (7123)	4	None														

## FINANCIAL SERVICES

With respect to financial services including insurance, this offer has been prepared in accordance with the "Understanding", taking into consideration the "Annex on Financial Services".

Horizontal measures also apply to financial services sector and its sub-sectors.

### ADDITIONAL HORIZONTAL MEASURES

#### I. Banking

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.

#### II. Insurance

Insurance and reinsurance companies to be established in Turkey have to be in the forms of a joint-stock or a mutual company. Establishment of an insurance and reinsurance company and opening of the branch of a foreign insurance and reinsurance company require prior permission of the Ministry of State, to which the Undersecretariat of Treasury and Foreign Trade is attached. In addition to this permission, obtaining a licence for the operation of these enterprises is needed from the Undersecretariat .

Foreign commercial presence regarding services auxiliary to insurance is permitted only for consultancy and risk assessment services.

### PRUDENTIAL MEASURES\*

#### Banking

Foreign banks wishing to establish branches must not be prohibited from accepting deposits and performing banking operations in their country of origin or in the countries where they operate.

According to the Banks Act, lending limits for the branches of foreign banks are based on branch capital rather than world-wide capital.

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 10, 33 and 50 per cent of the capital is subject to the authorization of the Undersecretariat of Treasury and Foreign Trade.

Opening of representative offices by foreign banks and more than 10 branches in a calender year are subject to the permission of the Undersecretariat.

---

\*Prudential measures are not limited to those indicated in this Section.

### Securities Market

For the establishment of capital market institutions the permission of the Capital Market Board is required. If banks or insurance companies apply to the Board to form a mutual fund, the opinion of the Undersecretariat of Treasury and Foreign Trade has to be obtained to finalize the applications. Creation of branches and agencies by non-bank intermediary institutions established in Turkey also requires the Board's permission.

In order to participate in intermediary operations regarding the securities to be registered by the Capital Market Board, banks and non-bank intermediary institutions must be established in Turkey and have to get Authorizations Certificates from Capital Market Board in accordance with the Capital Market Law.

Intermediary institutions and investment corporations can only be established in the form of a joint-stock company. Therefore, establishment of branches and representative offices of foreign non-bank intermediary institutions is not permitted.

Additionally, operations of all capital market institutions are subject to the permission of the Board. While giving such permission, the Board issues "Authorization Certificates" for the activities to be carried out by each institution.

### Authorized Institutions (Foreign Exchange Dealers)

In order to engage in activities as an authorized institution, the permission of the Undersecretariat of Treasury and Foreign Trade must be obtained.

If non-resident legal entities engage in activities as an authorized institution by establishing a company or participating to the existing companies as well as by opening a branch, the document certified by the authorities of the country in which the company was incorporated is required, showing that the company was in the business of foreign exchange trading and was not subject to any restriction on this matter.

Authorized institutions must be incorporated in the form of a joint-stock company. Establishment of an authorized institution and opening a branch of foreign legal entities necessitate a minimum capital requirement which is an equal amount for both residents and non-residents.

### Insurance

Foreign insurance and reinsurance companies operating in Turkey by opening branches must have the branch managers residing in Turkey. Insurance intermediaries must reside in Turkey.

Foreign insurance companies wishing to establish branches must not be prohibited from performing insurance operations in their country of origin or in the countries where they operate.

The establishment of domestic or foreign insurance companies by a real or legal person is subject to the same amount of minimum capital requirement. Acquisition or transfer of the shares representing a ratio equal to or higher than 10, 33 and 50 per cent of the capital is subject to the authorization of the Undersecretariat.

### NEW FINANCIAL SERVICES

Permission to provide new financial services to the market may be subject to the existence of, and consistency with, a regulatory framework aimed at achieving the objectives indicated in the Financial Services Annex.

### RECIPROCITY MEASURES

Opening and operation of branches of foreign banks are subject to the reciprocity requirement. Turkey may take appropriate measures and impose more restrictions than before, if the country of origin of the foreign bank offers to the Turkish banks less favourable competition opportunities compared to the ones offered by Turkey.

The reciprocity measure in the field of establishment and operation of foreign insurance companies has already been removed. Turkey reserves the right to keep reciprocity measures in the banking services part of her financial services offer list, however, she undertakes to remove this measure if a general consensus is reached among members.

Sectors / Sub-sectors	Limitations and Conditions on Market Access	Conditions and Qualifications on National Treatment
<b>Mode of Delivery : (1) Cross-border trade*, (2) Commercial presence, (3) Movement of personnel</b>		
<b>7. FINANCIAL SERVICES</b>		
<b>A. Insurance and Insurance Related Services</b>		
a. Direct Insurance		
i) Non-life		
1	-The hull insurance of the aeroplanes, helicopters and ships which were purchased through a foreign loan or leased through a financial leasing contract, can be done abroad provided that the insurance period must be limited to the term of either a credit or a leasing contract. -Transportation insurance can not be done except imports and exports.	None
2	None	
3	None	
ii) Life		
2	None	
3	None	
b. Reinsurance and retrocession		
1	After holding the necessary retention, certain percentage of the value of remaining non-life insurance premiums collected in Turkey can be reinsured and retroceded in Turkey or abroad. However, if the retention amount reaches 75 per cent of total non-life insurance premiums, all the remaining value, without being subject to the restriction in the first sentence, can be reinsured and retroceded in Turkey or abroad.	None
2	None	
3	None	
c. Insurance intermediation		
1	Insurance intermediation can only be done on behalf of insurance companies established in Turkey. Foreign companies not operating in Turkey cannot sell policies by their agents.	None
2	Insurance intermediaries may only operate in insurance related fields.	None
d. Services auxiliary to insurance		
1	Unbound except administrative and technical personnel.	None
2	None except adjusters.	None
3	None except adjusters.	Adjusters should be Turkish citizens.

(\*) This offer only covers the cross-border financial transactions as indicated in Nos 3 and 4 of the "Understanding"

Sectors / Sub-sectors	Limitations and Conditions on Market Access			Conditions and Qualifications on National Treatment		
<b>B. Banking and Other Financial Services</b>						
e. Acceptance of Deposit	1 None 2 No real person or legal entity other than those authorized under the Banks Act or under specific laws may accept deposits. 3 None	None None None	None None None	None	None	None
f. Lending of All Types	1 None 2 None 3 None	None None None	None None None	None	None	None
g. Financial leasing	1 Contracts related with financial leasing transactions should be registered to the Undersecretariat of Treasury and Foreign Trade. -The value of one year's rent may not be less than the Turkish Lira equivalent of US\$25,000. 2 Foreign Financial Leasing companies may operate in Turkey provided that they are involved in financial leasing in their own countries. Permission of the Ministry to which the Undersecretariat of Treasury and Foreign Trade is attached is required. -A minimum paid-in capital is required for the establishment of a domestic or foreign Financial Leasing company, as well as for the establishment of each branch of leasing company. 3 None	None None None	None None None	None	None	None
h. All Payment and Money Transmission Services	1 None 2 Transfers of foreign exchange abroad must be carried out through the banking system. 3 None	None None None	None None None	None	None	None
i. Guarantees and Commitments	1 None except that performance bonds with the transactions specified in the State Tender Law should be obtained from a bank operating in Turkey. 2 None 3 None	None None None	None None None	None	None	None

Sectors / Sub-sectors	Limitations and Conditions on Market Access			Conditions and Qualifications on National Treatment
B. Banking and Other Financial Services (Cont.)				
j. Trading for own account or for account of customer				
(i) Money market instruments	1 None 2 Banks and Capital Market Institutions (*) engage in trading of money market instruments. 3 None	None None None		
(ii) Foreign exchange	1 None 2 Banks and authorized institutions engage in foreign exchange trading. 3 None	None None None		
(iii) Derivative Products	1,2,3 New financial services			
(iv) Exchange rate and interest rate instruments	1 None 2 Banks can engage in trading of these instruments. Capital Market institutions other than banks, authorized to act as intermediaries for the contracts regarding financial indicators, capital market instruments, commodities and precious metals, can also engage in trading of these instruments. 3 None	None None None		
(v) Transferable securities	1 None 2 The Capital Market Institutions can engage in trading of transferable securities. 3 None	None None None		
(vi) Other negotiable instruments including bullion	1 Turkish Central Bank and banks which have Gold Exchange Intermediation Certificates can import bullion. 2 The capital market institutions can engage in trading of these instruments and assets. However, banks, authorized institutions and intermediary institutions operating in Gold Exchange can engage in trading of bullion. 3 None	None None None		

(\*) According to the Capital Market Law, capital market institutions are specified as follows;

- a) Banks and non-bank intermediary institutions.
- b) Investment Corporations.
- c) Mutual Funds
- d) Other capital market institutions permitted to operate in the capital market such as clearing and custodial houses, rating, auditing and advisory institutions etc.

Sectors / Sub-sectors	Limitations and Conditions on Market Access			Conditions and Qualifications on National Treatment
<b>B. Banking and Other Financial Services (Cont.)</b>				
k. Underwriting and placement	1	None	None	
	2	Bank and non-bank intermediary institutions can provide underwriting and placement services for the securities to be issued after being registered by the Capital Market Board.	None	
	3	None	None	
l. Money broking	1,2,3	New financial services	None	
m. Asset management portfolio management	1	None	None	
	2	The Capital Market Institutions can provide these services.	None	
	3	None	None	
(i) Collective investment management	1	None	None	
	2	Mutual funds and investment corporations can engage in collective investment management.	None	
	3	The majority of the members of the board of directors of an investment corporation must have Turkish nationality.	None	
(ii) Pension fund management	1,2,3	New financial services.	None	
(iii) Custodial, depository and trust services	1	None	None	
	2	The Capital Market Institutions can provide these services.	None	
	3	None	None	
n. Settlement and clearing services	1	None	None	
	2	Only the clearing house established within the Stock-Exchange of Istanbul provides these services.	None	
	3	None	None	
o. Provision and transfer of financial information	1	None	None	
	2	None	None	
	3	None	None	
p. Advisory, intermediation and other auxiliary services	1	None	None	
	2	Advisory and intermediation services can be provided by banks and intermediary institutions, auxiliary services can be rendered by all capital market institutions.	None	
	3	None	None	