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**Group of Negotiations on Services**

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**COMMUNICATION FROM TURKEY**

**Revised MFN Exemption List of Turkey**

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

Turkey submits the attached list of exemptions to Most-Favoured-Nation pursuant to Article II of the GATS. Turkey reserves the right to modify, extend or reduce its m.f.n. exemption list and to revise it prior to the final outcome of the negotiations on the framework of GATS and other participants' derogations lists. This list may be circulated on a restricted basis to participants in the Group of Negotiations Services.

Turkey does not request to seek exemptions for the sectors which she has not made any commitment (Audiovisual, etc.). Turkey reserves the right to seek exemptions for these sectors.

While establishing the list of m.f.n. exemptions, Turkey omits the visa agreements, agreements on avoiding double taxation and other bilateral tax agreements. However, the provisions of tax regulation which contain the reciprocity requirement are included in the list.

Most of the measures in the m.f.n. exemption list of Turkey proceed from the "conditional reciprocity" provisions of the related regulation. Although Turkey is not against the idea of removing the "conditional reciprocity" measures from the m.f.n., since it causes the volume of Turkish m.f.n. exemption list look artificially enlarged, she would like to keep those measures in her m.f.n. list, just to be cautious, until a general consensus is reached among all members about how to solve this issue. In other words, if the omission of the "conditional reciprocity" measures from the m.f.n. exemption lists are generally accepted, Turkey might also remove those derogations from her m.f.n. exemption list.

Description of the measure	Treatment inconsistent with Article II.1	Intended duration	Conditions which create the need for the exemption
<ul style="list-style-type: none"> <li>Bilateral Reciprocal Promotion and Protection of Investments Agreements</li> <li>The Social Security Agreement with Libya</li> </ul>	<p>The agreements have applications beyond the scope of the GATS</p> <p>The agreement bases on the reciprocity requirement</p>	Existing and future	Those agreements are reciprocal in nature
<ul style="list-style-type: none"> <li>The 3rd Article of the Principles to be applied to the foreigners who want to make scientific research, study and films or to the individuals who apply on behalf of foreigners, as well as the foreign press publications' members dated 1988</li> </ul>	<p>The applications are evaluated by the Ministry of Foreign Affairs according to the reciprocity condition</p>	Indeterminate	<p>The exemption is linked to the liability which arises from the bilateral agreement of Turkey</p>
<ul style="list-style-type: none"> <li>The 7th Article of Law on Arts and Services which are assigned to Turkish citizens in Turkey dated 1932</li> </ul>	<p>The provision contains reciprocity requirement</p>	Indeterminate	<p>The exemption is linked to the reciprocity requirement</p>
<ul style="list-style-type: none"> <li>The 80th Article of Law on Duties dated 1964</li> </ul>	<p>This provision of the law bases on reciprocity requirement</p>	Indeterminate	<p>The exemption arises because the Council of Ministers has the right to prohibit the performances of the arts and services of the citizens of some countries based on the reciprocity condition</p>
<ul style="list-style-type: none"> <li>The bilateral agreements in the field of telecommunication services with Iran, Syria, Azerbaijan, Turkmenistan and according to the decision of the Board of Directors of Turkish PTT some beneficiary privileges are recognized, for the settlement of the accounts in the traffic of terminal, to Azerbaijan, Nakhichevan Autonomous Republic, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan</li> <li>The bilateral agreements in the field of postal services with Iraq, Greece, Iran and Pakistan</li> </ul>	<p>The agreements base on reciprocity requirement</p>	Indeterminate	<p>The exemption is linked to the commitments proceed from these bilateral agreements</p>

Description of the measure	Treatment inconsistent with Article II.1	Intended duration	Conditions which create the need for the exemption
• Article 25 of Law on Corporations Tax and Article 94 and 103 of Law on Income Tax numbered 193 and Article 14 of Law on Value-Added Tax dated 1984 <sup>1</sup>	The provisions contain reciprocity requirements	Indeterminate	The exemptions arise because of the reciprocity requirements
• Article 20 of Law on Customs dated 1972	The provision contains reciprocity requirements	Indeterminate	The exemption is linked to the reciprocity requirement
• The bilateral agreements on Road Transport Services <sup>2</sup>	These bilateral agreements base on reciprocity requirement	Existing and future	The measures proceed from the bilateral agreements
• Turkish vessels enjoy the same treatment as national vessels of the United States of America, Italy and Germany. Reciprocally vessels of those countries enjoy the same treatment in Turkey	The provision contains reciprocity requirement	Indeterminate	The exemption is linked to the liabilities which arise from the bilateral agreements of Turkey
• The 22nd Article of Law on Customs dated 1972	The provision contains reciprocity requirement	Indeterminate	The reciprocity requirement is the reason of the exemption
• The 2nd Sub-section of Article 6 of Banks Act dated 1985 <sup>3</sup>	The conditions for the establishment of foreign banks and their branches could be made more burdensome by the Council of Ministers based on the condition of reciprocity	Indeterminate	The reciprocity requirement is the reason of the exemption
• The 8th Article of Law on Accountancy, Financial Advisory and Certified Public Accountancy dated 1989	Foreign financial advisors are authorized, in accordance with the reciprocity condition, by the approval of the Prime Minister upon the proposal of the Ministry of Finance	Indeterminate	The exemption is necessary as the related Law enters into force recently and as the system has not been settled yet
• The maritime agreements with two countries in order to guarantee the preferential participation of national lines in accordance with the UN Convention on a Code of Conduct for Liner Conferences	The agreements base on the condition of 40/40/20 participation	Indeterminate	The exemption is linked to the liabilities which arise from the bilateral agreements of Turkey

<sup>1</sup>Those exemption requests will be evaluated in the light of development in the GATS in the field of taxation.

<sup>2</sup>If the partners of these Road Transport Agreements agreed to remove the measures, Turkey would also remove them.

<sup>3</sup>If the other countries removed this measure, Turkey would also remove it.

Description of the measure	Treatment inconsistent with Article II.1	Intended duration	Conditions which create the need for the exemption
• The bilateral Treaties of Commerce and Navigation	By these agreements Turkey gives some privileges to the countries	Existing and future	The exemption is linked to the liabilities which arise from the bilateral agreements of Turkey
• The bilateral Civil Aviation Agreements	By these agreements Turkey gives different privileges to different countries	Existing and future	These agreements base on reciprocity condition
• The bilateral Rail Transport Agreements with Syria and Commonwealth Independent States	The agreements base on reciprocity condition	Indeterminate	The exemption is linked to the commitments proceed from the bilateral agreements of Turkey

Turkey seeks m.f.n. exemptions for the following agreements, in fact these agreements have not been signed yet;

- (a) Turkey seeks m.f.n. exemption for the Economic Cooperation Organization (ECO) and the institutions which could be established in the framework of this Organization. (As in the case of Agreement for establishing the ECO Trade and Development Bank and Agreement for establishing ECO Shipping Joint Stock Company). (The partners of ECO are: Turkey, Iran, Pakistan, Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Turkmenistan);
- (b) Turkey seeks m.f.n. exemption for the Black Sea Economic Cooperation (BSEC) and the institutions which could be established in the framework of this Cooperation. (As in the case of Agreement establishing the Black Sea Foreign Trade and Investment Bank). (The partners of the BSEC are: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, Turkey and Ukraine).