

II. TRADE AND INVESTMENT REGIMES

(1) GENERAL FRAMEWORK

1. Under the 1982 Constitution, Turkey is a multi-party parliamentary democracy, a secular and social state governed by the rule of law. The Constitution provides for an independent judiciary and fundamental human rights for all citizens. The President, elected by Parliament for a non-renewable seven-year term¹, has broad powers of supervision; he appoints the Prime Minister and the other Ministers. The President, the Prime Minister, and the Cabinet constitute the executive branch, and are responsible to Parliament (legislative). The Turkish Parliament, known as the Turkish Grand National Assembly (TGNA), consists of 550 members elected by popular vote every five years on the basis of proportional representation.² The Constitutional Court is at the top of the judiciary, followed by the High Court of Cassation, Council of State, Court of Accounts, Military High Court of Appeals, and Military High Administrative Court. On 28 September 2006, Law No. 5548, was adopted by Parliament, in an effort to improve public administration through better regulation³; it established an Ombudsman to handle petitions from natural and legal persons in relation to administrative acts.

2. In general, policies are formulated and implemented by means of laws. Draft laws are presented to the Council of Ministers by the relevant Minister. After adoption by the Council, they are submitted to the single-chamber Parliament for approval. Members of Parliament can also present draft laws to the Turkish Grand National Assembly. Bills are first forwarded for assessment to the standing sub-commissions of the Parliament, together with non-governmental organizations (NGOs) and other relevant experts and authorities. After the Parliament's approval, the bills are signed by the President; the laws enter into force upon publication in the *Official Gazette*. Decisions with respect to policy proposals can also be made by means of Council of Minister decrees, which must be published in the *Official Gazette*.⁴

3. Turkey's overall procedures for the formulation and implementation of trade policy have remained broadly unchanged since its last TPR in 2003.⁵ The Undersecretariat of the Prime Ministry for Foreign Trade (UFT) continues to formulate, administer, and coordinate Turkey's foreign trade policies. Depending on the nature of the issue, the UFT consults with relevant ministries and other institutions that also take part directly or indirectly in foreign trade policy formulation and/or implementation: the ministries of Foreign Affairs, Industry and Trade, Finance, Agriculture and Rural Affairs, Health, Culture and Tourism, Energy and Natural Resources, Environment and Forestry; the undersecretariats of Treasury, State Planning Organization, and Customs; the Central Bank of Turkey; the Turkish Patent Institute; the Competition Authority; the Public Procurement Authority; the Banking Regulation and Supervision Agency (BRSA); the Telecommunications Authority; the Energy Market Regulatory Authority; the Sugar Authority; the Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority; the Public Procurement Agency; and the Export Credit Bank of Turkey (Turk Eximbank). The Undersecretariat of Treasury, through the

¹ In May 2007, prompted by a ruling of the Constitutional Court, a decision was announced to amend the Constitution with a view to electing the President by popular vote. Following this decision, the elections, originally set for November 2007, took place on 22 July 2007.

² A party must obtain at least 10% of the votes cast at the national level to participate in the distribution of seats.

³ The Constitutional Court has suspended the validity of Law No. 5548 to investigate whether the attachment of the Ombudsman to the TGNA and the appointment of the Ombudsman by the TGNA are compatible with the Constitution. The decision of the Court is pending.

⁴ The import and export regimes, safeguard measures, surveillance for imports, and the prevention of unfair competition on imports have all been regulated through decrees.

⁵ Turkey's overall institutional framework is described in detail in WTO (1998).

General Directorate of Foreign Investment (GDFI), is responsible for foreign direct investment matters in Turkey (section (4) below).

4. The private sector and NGOs provide inputs to trade policy formulation by communicating their views to the UFT either directly or through the Union of Chambers and Commodity Exchanges of Turkey (TOBB), the Turkish Exporters Assembly (TIM), the Turkish Businessmen's and Industrialists' Association (TUSIAD), the Independent Businessmen's and Industrialists' Association (MUSIAD), and the Foreign Economic Relations Board (DEIK), as well as individual and local chambers of commerce, and exporters' associations. Consultation is sometimes held with universities and research institutes, such as the Economic and Development Foundation (IKV), the Foreign Trade Association of Turkey (TURKTRADE), and the Export Promotion Centre (IGEME). The UFT conducts periodic reviews and assessments of trade policies. In this context, the export and import regimes and legislation on standardization are reviewed annually and updated as necessary. The views of the private sector, including NGOs, are customarily taken into consideration throughout the process (although this is not legally required).

5. The hierarchy of legal instruments in Turkey is: the Constitution, laws, decrees, regulations, implementing regulations, Council of Ministers decisions, and other administrative Acts such as circulars. International agreements duly put into effect, including the WTO Agreements, carry the force of law in Turkey: their provisions would apply in the case of any inconsistency between them and domestic law, which must be amended to reflect Turkey's international commitments. The WTO Agreements, and Turkey's current and future trade relations with the European Communities (EC) are the main factors influencing the Turkish trading system. Since its last TPR, Turkey has amended its legislation on, *inter alia*, intellectual property rights, and enacted new legislation, notably on safeguards, to comply with its obligations under the EC *acquis communautaire* and the WTO Agreements (Table AII.1). The main legislation relating to international trade is the Foreign Trade Regulations Law (No. 2976 of 1984); in general, investment is regulated by the Commercial Code, and foreign investment, in particular, is governed by the Foreign Direct Investment Law (No. 4875 of 2003) and the Communiqué Concerning the Law (section (4) below).

(2) POLICY OBJECTIVES

6. The main factor in shaping Turkey's foreign trade policy has been the Customs Union with the EC. Therefore, Turkey has been aligning its legislative framework with the *acquis*. In June 2003, Turkey adopted its National Programme for the Adoption of the Acquis (NPAA), and currently a National Plan is being prepared in the framework of the priorities laid down in the "Accession Partnership with Turkey" adopted by the European Council on 23 January 2006 (section (3)(ii)(a)).

7. At the national level, an export-oriented, technology-intensive production structure, with emphasis on high-value-added products and services, is one of the basic objectives stipulated in Turkey's long-term strategy for 2001-23, prepared by the Undersecretariat of State Planning Organization (SPO). The strategy aims to support export-oriented activities, particularly of small and medium-size enterprises (SMEs) by, *inter alia*, providing credit, guarantee, and insurance mechanisms through the Turk Eximbank; further harmonizing foreign investment legislation with EC norms; reducing bureaucratic procedures for exporters; and improving basic infrastructure.

8. Turkey has also embarked on a branding strategy as a means to improve its export performance. As part of this strategy, the UFT has established programmes aimed at improving the image of Turkish products around the world, and providing strategic support to Turkish firms and

exporters' or producers' unions. In addition, the Government has set the goal of achieving an export level of US\$125 billion in 2009, on the basis of its Three Year (2007-09) Export Strategy Plan.⁶

9. The main objective of Turkey's Ninth Development Plan, for the period 2007-13, is to improve competitiveness by, *inter alia*, improving the business environment, reducing the informal economy, increasing quality and effectiveness of public services, ensuring regional development, and modernizing the energy and transportation infrastructure.⁷ Turkey is also examining various strategies for improving its information and communication technology (ICT) infrastructure, as a means of fostering productivity.

(3) TRADE AGREEMENTS

10. Turkey participates in several regional trade arrangements where the Customs Union with the EC is its priority. According to the Association Council Decision (Customs Union Decision-CUD) No. 1/95 of 6 March 1995, which provides for the Customs Union with the EC, Turkey is progressively aligning its preferential regime with that of the EC, including the GSP. Turkey also has a free-trade agreement with EFTA and is part of the Euro-Mediterranean Partnership aimed at establishing a free-trade area in the region by 2010. It is working to conclude a set of bilateral trade agreements with southern Mediterranean countries. Turkey also participates in the Economic Cooperation Organization and the Black Sea Economic Cooperation. Turkey's membership in several arrangements makes its trade regime complex and difficult to manage. Future trade agreements could further complicate the trade regime and detract from multilateral efforts, given Turkey's limited resources.

(i) WTO

11. Turkey became an original Member of the WTO on 26 March 1995.⁸ It accords at least MFN treatment to almost all WTO Members.⁹ Turkey is not a signatory to any of the plurilateral agreements that resulted from the Uruguay Round but it is an observer in the Committees on Government Procurement and Trade in Civil Aircraft, and party to the Information Technology Agreement (ITA). Turkey's most recent WTO notifications are listed in Table II.1.

12. Turkey attaches great importance to the Doha Development Agenda (DDA). Its main interests in the DDA are a fair, competitive, and predictable trading environment where trade (including export) distorting support measures are eliminated. For Turkey, agriculture is the key issue of the DDA; and Turkey attaches utmost importance to non-agriculture market access (NAMA) negotiations and trade facilitation. A WTO Coordination Committee has been established, headed by the UFT with the participation of the private sector and NGOs, to follow up issues related to the DDA and to determine Turkey's strategy in multilateral negotiations. In general, Turkey takes the position of the EC into consideration in the WTO negotiations, particularly on non-agricultural products, which are fully covered by its Customs Union with the EC.

⁶ Government of Turkey online information. Viewed at: http://www.intracen.org/execforum/ef2006/Branding-14-16-June-Bucharest/Papers/ASIM-CALIS_Turkey.pdf [1 June 2007].

⁷ Decision No. 877, dated 28 June 2006, on the approval by the TGNA of the Ninth Development Plan 2007-13. The Eighth Development Plan covered the 2001-05 period (see WTO, 2003).

⁸ The full text of the Agreement establishing the WTO was published in the *Official Gazette* No. 22213 of 25 February 1995 (see WTO document G/TBT/2/Add.33, 18 June 1997).

⁹ In the context of the accession of the Republic of Armenia to the WTO, Turkey invoked Article XIII (Non-Application of Multilateral Trade Agreements between particular Members) of the Marrakesh Agreement establishing the WTO (see WTO document WT/L/501, 3 December 2002).

Table II.1
Selected notifications to the WTO, 2007

WTO Agreement	Description of requirement	Periodicity	Most recent notification	Comment
Agriculture (Article 18.2)	Domestic support	Annual	G/AG/N/TUR/14 30 May 2002	Domestic support commitments for 2001
Agriculture (Articles 10 and 18.2)	Export subsidies	Annual	G/AG/N/TUR/13 16 August 2001	Export subsidies commitments for 2000
Agriculture (Article 18.2)	Green box measures	Annual		Turkey has not notified any measures
Implementation of Article VI of the GATT 1994 (Article 18.5)	Laws, Decrees, and Regulations	Once, then changes	G/ADP/N/1/TUR/3/Suppl.3/Corr.1 12 October 2006	Copy of the relevant legislation
Implementation of Article VI of the GATT 1994 (Article 16.4)	Anti-dumping actions taken	Semi-annual	G/ADP/N/153/TUR 22 March 2007	Anti-dumping actions taken during 1 July-31 December 2006
Implementation of Article VI of the GATT 1994 (Article 16.5)	Competent authorities	Once, then changes	G/ADP/N/14/Add.9 20 October 2004	
Import Licensing Procedures (Article 7.3)	Questionnaire on import licensing procedures	Annual	G/LIC/N/3/TUR/6 23 October 2006	
Import Licensing Procedures (Articles 1.4(a) and 8.2(b))	Laws and regulations	Once, then changes	G/LIC/N/1/TUR/4 G/LIC/N/3/TUR/5 30 September 2003	Copy of the relevant legislation
Rules of Origin (Article 5 and Annex (II(4)))	Non-preferential and preferential rules of origin	Within 90 days of the Agreement	G/RO/N/28 30 May 2000	
Sanitary and Phytosanitary Measures (Article 7, Annex B)	SPS to be notified promptly	Once, then changes	G/SPS/N/TUR/4 5 October 2004	Guidelines for regulating wood packing material in international trade
Sanitary and Phytosanitary Measures (Annex B, para. 3)	Enquiry point	Ad hoc	G/SPS/ENQ/21 21 February 2007	
Safeguards (Article 12.6)	Laws and Regulations	Once, then changes	G/SG/N/1/TUR/3 16 July 2004	Copies of the relevant laws
Safeguards (Articles 12.1 (a), 12.4 and 9)	Initiation of investigation and provisional measure	Ad hoc	G/SG/N/6/TUR/10 G/SG/N/7/TUR/1 G/SG/N/11/TUR/7 17 August 2006	Motorcycles
Safeguards (Article 12.1 (a))	Initiation of investigation	Ad hoc	G/SG/N/6/TUR/6 12 January 2006	Footwear
Safeguards (Article 12.1 (a))	Initiation of investigation	Ad hoc	G/SG/N/6/TUR/11 23 February 2007	Frames and mountings for spectacles
Safeguards (Article 12.1 (a))	Initiation of investigation	Ad hoc	G/SG/N/6/TUR/12 12 June 2007	Travel goods, handbags and similar containers
Subsidies and Countervailing Measures (Article 25.1) and GATT 1994 (Article XVI:1)	Specific subsidies	Bi-annual	G/SCM/N/123/TUR 12 January 2006 G/SCM/N/123/TUR/Add.1 26 January 2006	New and full notification
Subsidies and Countervailing Measures (Article 25.11)	Countervailing measures taken	Semi-annual	G/SCM/N/144/Add.1 18 October 2006	No countervailing actions during 1 January- 30 June 2006
Subsidies and Countervailing Measures (Article 25.12)	Competent authority	Ad hoc	G/SCM/N/18/Add.19 20 October 2004	
Subsidies and Countervailing Measures (Article 32.6)	Laws and Regulations	Once, then changes	G/SCM/N/1/TUR/3 17 April 2000 G/SCM/N/1/TUR/3/Suppl.3/Corr.1 12 October 2006	Copies of the relevant acts

Table II.1 (cont'd)

WTO Agreement	Description of requirement	Periodicity	Most recent notification	Comment
Technical Barriers to Trade (Articles 10.1 and 10.3)	Enquiry point	Once, then changes	G/TBT/ENQ/29 12 March 2007	Turkish Standards Institution is the enquiry point
Technical Barriers to Trade (Article 15.2)	Laws and regulations	Once, then changes	G/TBT/2/Add.33 June 1991	Copies of the relevant laws
Technical Barriers to Trade (Annex 3(c))	Acceptance of code	Once, then changes	G/TBT/CS/N/35 March 1996	
GATT 1994 (Article XVII:4(a) and Understanding on the interpretation of Article XVII:1)	State trading enterprises	Annual	G/STR/N/7,8/TUR 18 March 2003	State-trading activities of Tekel and Turkish Red Crescent (TRCS) during 1998-01
GATT 1994 (Article VII) Customs Valuation	Implementation and administration	Ad hoc	G/VAL/N/3/TUR/1 21 September 2004	Information on the application of Decisions A.3 and A.4
GATT 1994 (Article VII - 22.2) Customs Valuation	Laws and regulations	Once, then changes	G/VAL/N/1/TUR/2 18 May 2000	Customs valuation provisions of the new Turkish Customs Law
GATT 1994 (Article XXIV)	Notification of RTAs	Once	WT/REG209/N/1 21 February 2006	Turkey-Morocco Free Trade Agreement
GATT 1994 (Article XXIV)	Notification of RTAs	Once	WT/REG203/N/1 15 September 2005	Turkey-Tunisia Free Trade Agreement
GATT 1994 (Article XXIV)	Notification of RTAs	Once	WT/REG204/N/1 15 September 2005	Turkey-Palestine Liberation Organization Free Trade Agreement
GATT 1994 (Article XXIV)	Notification of RTAs	Once	WT/REG/GEN/N/2 7 May 2004	Turkey-Estonia, Lithuania, Latvia, Slovenia, Slovak Rep., Czech Rep., Poland, and Hungary free trade agreements
GATT 1994 (Article XXIV)	Notification of RTAs	Once	WT/REG156/N/1 8 September 2003 WT/REG156/N/1/Corr.1 16 September 2003	Turkey-Croatia Free Trade Agreement
GATT 1994 (Article XXIV)	Notification of RTAs	Once	WT/REG157/N/1 8 September 2003	Turkey-Bosnia and Herzegovina Free Trade Agreement
GATS (Article III:4 or IV:2)	Enquiry point	Once, then changes	S/ENQ/78/Rev.9 1 December 2006	
TRIPS	Checklist of issues on enforcement	Not specified	IP/N/6/TUR/1 17 May 2000	Responses from Turkey
TRIPS (Article 69)	Contact point	Once, then changes	IP/N/3/Rev.9 8 November 2005	
TRIPS (Article 63.2)	Laws and Regulations	Once, then changes	IP/N/1/TUR/C/1/Add.1 19 April 2004	Copies of the new laws and regulations
Quantitative Restrictions (Decision of the Council for Trade in Goods (G/L/59))	Notification procedures for quantitative restrictions	Every two years, from 31 January 1996	G/MA/NTM/QR/1/Add.7 16 June 2000	Changes in Turkey's quantitative restrictions

Source: WTO documents.

13. Turkey has been involved in several cases under the WTO Dispute Settlement Mechanism (Table II.2). Since its last Review, Turkey has participated in one new case (Turkey – measures affecting the importation of rice), raised by the United States; a panel was established on 17 March 2006.¹⁰

¹⁰ WTO documents WT/DS334/ series.

Table II.2
WTO dispute settlement cases involving Turkey, 1995-07

Dispute	Raised by/against	Actions	Outcome
Restrictions on imports of textile and clothing products	Hong Kong, China/Turkey	Consultations requested on 12 February 1996, under GATT Articles XI, XIII and XXIV as well as WTO ATC Article 2 (WT/DS29/1).	Pending consultation
Restrictions on imports of textile and clothing products	India/Turkey	Consultation requested on 21 March 1996, under GATT Articles XI, XIII and XXIV as well as WTO ATC Article 2 (WT/DS34/1). Establishment of panel requested on 2 February 1998 (WT/DS34/2). DSB agreed to establish a panel on 13 March 1998 (WT/DSB/M/43). Panel report adopted on 19 November 1999 (WT/DS34/11). Appellate Body Report adopted on 19 November 1999 (WT/DS34/11).	Notification of mutually agreed solution on 6 July 2001 (WT/DS34/14)
Taxation of foreign film revenues	United States/Turkey	Consultation requested on 12 June 1996, under GATT Article III (WT/DS43/1). Establishment of a panel requested on 10 January 1997 (WT/DS43/2). DSB agreed to establish a panel on 25 February 1997 (WT/DS/M/29).	Notification of mutually agreed solution on 24 July 1997 (WT/DS43/3)
Restrictions on imports of textile and clothing products	Thailand/Turkey	Consultation requested on 20 June 1996, under GATT Articles I, II, XI, XIII and XXIV as well as WTO ATC Article 2 (WT/DS47/1).	Pending consultation
Anti-dumping duty on steel and iron pipe fittings	Brazil/Turkey	Consultation requested on 9 October 2000, under GATT Article XXIII and 17 of the Anti-Dumping Agreement (WT/DS208/1).	Pending consultation
Certain import procedures for fresh fruit	Ecuador/Turkey	Consultation requested on 31 August 2001, under GATT Article XXII, Article 11 of the SPS Agreement, Article 6 of the Import Licensing Agreement, Article 19 of the Agreement on Agriculture, and GATS Article XXII (WT/DS237/1). Establishment of panel requested on 13 June 2002 (WT/DS237/3). DSB agreed to establish a panel on 29 July 2002 (WT/DSB/M/130).	Notification of mutually agreed solution on 29 November 2002 (WT/DS237/4)
Import ban on pet food from Hungary	Hungary/Turkey	Consultation requested on 3 May 2002, under GATT Article XXIII, Article II of the SPS Agreement, and Article 19 of the Agreement on Agriculture (WT/DS256/1).	Pending consultation
Measures affecting the importation of rice	United States/Turkey	Consultation requested on 2 November 2005, under GATT Articles III, XI:1 and Article 2.1 of the TRIMs Agreement, Article 4.2 of the Agriculture Agreement (WT/DS334/1), and various Articles of the Import Licensing Agreement (WT/DS334/4). Establishment of panel requested on 6 February 2006 (WT/DS334/4). DSB agreed to establish a panel on 17 March 2006 (WT/DS334/5/Rev.1).	Panel report issued to the parties on 8 June 2007; circulated to all Members in September 2007
Definitive anti-dumping measures on steel rebar from Turkey	Turkey/Egypt	Consultation requested on 6 November 2000, under GATT Article XXIII and 17.3 of the Anti-Dumping Agreement (WT/DS211/1). Establishment of a panel requested on 3 May 2001 (WT/DS211/2) and 11 May 2001 (WT/DS211/2/Corr.1). DSB agreed to establish a panel on 20 June 2001 (WT/DSB/M/106). Panel report adopted on 1 October 2002 (WT/DS211/5).	Parties notified in meeting of 29 August 2003 that matter would no longer be pursued with the DSB
Definitive anti-dumping measures on blanketing from Turkey	Turkey/South Africa	Consultation requested on 9 April 2003, under GATT Article XXIII and Article 17 of the Anti-Dumping Agreement (WT/DS288/1).	Pending consultation
Measures affecting imports of women's and girl's wool coats	United States/India	Third party participation requested by Turkey on 25 April 1996 (WT/DS32/4).	Pending consultation
Measures affecting imports of woven wool shirts and blouses from India	United States/India	Third party participation by Turkey requested on 24 February 1997.	Appellate Body Report adopted on 23 May 1997 (WT/DS33/5).
Definitive anti-dumping measures on imports of ceramic floor tiles from Italy	European Commission/Argentina	Third party participation requested by Turkey on 17 November 2000 (WT/DS189/4).	Argentina implemented DSB's recommendations and rulings (WT/DS189/8)

Table II.2 (cont'd)

Dispute	Raised by/against	Actions	Outcome
Definitive safeguard measures on imports of certain steel products	European Commission/United States	Third party participation requested by Turkey on 4 June 2002, under DSU Article 10 (WT/DS248/15, WT/DS249/9, WT/DS251/10, WT/DS252/8, WT/DS253/8, WT/DS254/8, WT/DS258/12, WT/DS259/11).	Panel and Appellate Body reports adopted November 2003 and December 2003, respectively
Provisional safeguard measures on imports of certain steel products	European Commission/United States	Third party participation requested by Turkey on 23 September 2002 (WT/DS260/series)	Pending consultation
Protection of trademarks and geographical indications for agricultural products and foodstuffs	United States/ European Commission Australia/European Commission	Third party participation requested by Turkey on 2 May 2003, under DSU Article 4.11. (WT/DS174/16 and WT/DS290/9)	Pending consultation
Definitive anti-dumping measures on beef and rice	United States/Mexico	Third party participation requested by Turkey on 7 November 2003 (WT/DS295/3)	Pending consultation
Laws, regulations and methodology for calculating dumping margins (zeroing)	European Commission/United States	Third party participation requested by Turkey on 30 March 2004	Appellate Body and Panel reports adopted on 9 May 2006 (WT/DS294/AB/R)

Source: WTO Secretariat.

(ii) Regional agreements

(a) Customs Union with the European Communities

14. The Customs Union (CU) between Turkey and the EC entered into force on 1 January 1996 under Decision No. 1/95 of the Turkey-EC Association Council (CUD), which is the main decision-making body of the association. The CUD provides for free trade in, and a common external tariff (CET) on, industrial goods and the industrial component of processed agricultural goods¹¹; there is no firm timetable for the integration of agriculture. However, the free movement of agricultural goods is set as a common objective. The CUD also covers TRIPS, and competition policies. Moreover, in 2000, the two parties began negotiations with the aim of reaching agreements on trade in services and government procurement.¹²

15. The scope of the CUD excludes Turkey from some of the crucial aspects of the EC's common market: the common agricultural policy (CAP); and membership of the euro area. Unlike countries in the European Economic Area (EEA), Turkey may also be subject to anti-dumping and countervailing measures by the EC.¹³ These issues have been under discussion since the Helsinki European Council in December 1999.¹⁴

16. The association relations between Turkey and the EC commenced in 1963, with the Ankara Treaty, which provided for several stages to enable Turkey to prepare itself for full membership. The timetable of the current CU was set by an Additional Protocol of 1973. On the specified products, the EC eliminated all customs duties and equivalent measures unilaterally on the entry into force of the

¹¹ During a transition period that ended on 1 January 2001, Turkey had maintained rates of protection above those specified in the CET for certain "sensitive" products, i.e. 290 items at the HS 12-digit level (passenger cars with engines smaller than 2,000 cm³, bicycles, leather cases and bags, footwear and their parts, furniture, chinaware and ceramic ware, iron and steel wires and ropes not electrically insulated, and paper or paperboard sacks and bags for cement fertilizers).

¹² These negotiations were planned to resume in autumn 2003 but are now part of Turkey's EC accession process.

¹³ An anti-dumping investigation was initiated by the EC on imports of hot rolled coils from Turkey (among others) in December 2001. The investigation on imports of welded tubes and pipes (iron and non-alloy steel) led to the imposition of provisional duties in March 2002 (WTO, 2003).

¹⁴ See WTO (1998).

Interim Agreement on trade-related provisions of the Protocol in September 1971. A transition stage of 22 years was set for Turkey. As of 1 January 1996, the parties established the CU in accordance with the CUD. Turkey has already adopted a wide range of EC trade and trade-related legislation on manufactured goods. It has eliminated tariffs and levies on imports of non-agricultural products originating in the EC, and it applies the EC's CET on imports of these products from third countries. This has led to a substantial reduction of its tariffs on these imports.

17. At the Copenhagen European Council of December 2002, it was agreed that "if the European Council in December 2004, on the basis of a report and a recommendation from the Commission, decides that Turkey fulfils the Copenhagen political criteria¹⁵, the EC will open accession negotiations with Turkey without delay". Following a generally favourable report, accession negotiations were launched on 3 October 2005.¹⁶

18. The CUD has consolidated the trade relations between Turkey and the EC (Chapter I(3)(i)). The textiles and clothing subsector comprises the largest share of Turkey's exports to the EC; followed by agricultural and processed agricultural goods, motor vehicles, and electrical goods. Main imports from the EC are chemical products, power engineering machinery, and transport equipment.

(b) Free-trade agreement with the European Free Trade Association (EFTA)

19. The free-trade agreement between Turkey and the EFTA entered into force on 1 April 1992 (September 1992 for Iceland).¹⁷ The agreement covers: industrial products (within HS chapters 25 to 97); fish; and processed agricultural products, with the exception of nine agriculture-based tariff items at the HS six-digit level, including mannitol, sorbitol, casein, egg, milk albumin, and dextrin. The agreement also covers intellectual property, competition, state aid and anti-dumping. It is based on an asymmetrical model similar to Turkey's agreement with the EC. Since 1 January 1993, Turkey has granted non-agricultural imports from EFTA countries the same customs duty treatment as to those from the EC. Turkey has provided duty-free treatment on fish and fishery products from EFTA countries. Trade in processed agricultural goods follows the same system as between Turkey and the EC, i.e. the Mass Housing Fund (MHF) levy on agricultural components of processed agricultural goods was reduced on 1 January 1999 to achieve "target agricultural components". On 1 April 1992, EFTA countries abolished all customs duties and any charges having equivalent effect on non-agricultural imports from Turkey, except on textiles and apparel goods; tariffs on textiles and apparel products were eliminated on 1 January 1996.

20. In 2006, some 99% of Turkey's merchandise imports from EFTA and 90% of its exports to EFTA were covered by the agreement (i.e. subject to zero or reduced tariffs). Total EFTA-Turkey merchandise trade is estimated at about US\$5,800 million in 2006 (up from US\$2,918 million in 2002); Turkey's exports to EFTA countries were mainly textiles, vehicles, and iron and steel products (about US\$1,200 million), while imports were mainly machinery, mechanical appliances, and pharmaceutical products. Turkey accounts for 0.7% of EFTA's total trade with the world.¹⁸

¹⁵ See WTO (2004).

¹⁶ The first phase of the accession process, the analytical examination of the *acquis* (screening) was completed in October 2006. In the view of the EC, some unfulfilled commitments by Turkey relate to, *inter alia*, technical barriers to trade, import licences, state aid, and enforcement of intellectual property rights. Progress in other areas has been reported (e.g. reduction of mandatory standards). Negotiations on science and research were opened and provisionally closed in June 2006, while negotiations were opened on enterprise and industrial policies in March 2007, and on statistics and financial control in June 2007. The 2006 pre-accession financial assistance amounted to €500 million (European Commission, 2006).

¹⁷ EFTA comprises Iceland, Liechtenstein, Norway, and Switzerland.

¹⁸ EFTA online information. Viewed at: http://secretariat.efta.int/Web/News/turkey_jc [1 June 2007].

(c) Euro-Mediterranean Partnership

21. In November 1995, the EC and 12 Mediterranean partners embarked on the Euro-Mediterranean Partnership¹⁹, a political, economic, and social programme aimed at creating "an area of shared prosperity", including a Euro-Mediterranean Free-Trade Area by 2010. This is to be achieved through the Euro-Mediterranean Association Agreements negotiated between the EC and its Mediterranean partners, together with the free trade agreements among the Mediterranean partners. In this respect, Turkey has concluded bilateral trade agreements with Egypt, Israel, Morocco, Tunisia, Palestinian Authority, and Syria, and is in the process of negotiating with Jordan and Lebanon (section (iii) below). Turkey's trade with Mediterranean partners increased from €2.5 billion in 1995 to over €8 billion in 2006; fuel and manufactured goods constitute the majority of this trade.²⁰

(d) Economic Cooperation Organization (ECO)

22. Economic Cooperation Organization (ECO) is an inter-governmental regional organization established in 1985 by Iran, Pakistan, and Turkey for the purpose of sustainable socio-economic development of the member states. ECO is the successor organization of Regional Cooperation for Development (RCD), active from 1964 to 1979. In 1992, ECO was expanded to include seven new members: Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. ECO has embarked on several projects in priority sectors of cooperation, including energy, trade, transportation, agriculture, and drug control.

23. On 6 March 2000, a Framework Agreement was signed with a view to enhancing trade relations among ECO members. After three years of preparations, the ECO Trade Agreement (ECOTA) was finalized and signed between Afghanistan, Iran, Pakistan, Tajikistan, and Turkey on 17 July 2003. The Agreement foresees the reduction of tariffs (by not less than 10% per year) to a maximum of 15% within a maximum period of eight years after its entry into force. ECOTA has binding provisions on, *inter alia*, state monopolies, state aid, protection of intellectual property rights, dumping and anti-dumping measures, and elimination of quantitative restrictions to trade. ECOTA is not fully operational yet since it is subject to ratification by all signatory countries.²¹

(e) Black Sea Economic Cooperation (BSEC)

24. The Black Sea Economic Cooperation (BSEC) aims to improve and diversify economic and trade relations among its eleven members.²² Although the BSEC provides for cooperation in various fields, it does not as yet provide for preferential tariff concessions. The areas of cooperation include banking and finance, and exchange of statistical data and economic information regarding energy, transport, telecommunications, trade and industry, agriculture and agri-industry, environmental protection, tourism, and science and technology. In this context, the Black Sea Trade and Development Bank became operational in 1999. A declaration of intent for the establishment of a BSEC free-trade area was adopted on 7 February 1997. The declaration envisages the examination of

¹⁹ The Euro-Mediterranean Partnership currently comprises 37 members: 27 EC member states and 10 Mediterranean partners. The original members were: Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestinian Authority, Syria, Tunisia, and Turkey. Libya has observer status (since 1999).

²⁰ EC online information. Viewed at: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/06/139&format=HTML&aged=0&language=EN&guiLanguage=fr> [1 June 2007].

²¹ Afghanistan, Pakistan, Tajikistan, and Turkey have already completed the ratification process, which is still pending in Iran.

²² The BSEC Declaration was signed on 25 June 1992. The original members were: Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, the Russian Federation, Turkey, and Ukraine.

ways and means for the progressive establishment of such an area, taking into account each country's existing and future links with the EC.

(iii) Bilateral agreements

25. Under the CUD, Turkey has signed several bilateral trade agreements with a view to aligning its trade regime on the EC's. Turkey's free-trade agreements with Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, and Slovenia expired when these countries became EC members.²³ Currently, Turkey has nine bilateral agreements, six of which entered into force during the review period (Bosnia-Herzegovina, Egypt, Morocco, Palestinian Authority, Syria, and Tunisia); negotiations with Albania have concluded and the agreement is expected to enter into force during 2007 (Table II.3).²⁴

Table II.3
Bilateral trade agreements^a, 2007

Country	Date of agreement	Entry into force	Major Turkish exports and imports covered by the agreement ^b
Israel	14/3/1996	1/5/1997	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods on 1 January /2000
Macedonia (FYR)	7/9/1999	1/9/2000	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 January 2008
Croatia	13/3/2002	1/7/2003	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 January 2007
Bosnia-Herzegovina	3/7/2002	1/7/2003	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 January 2007
Palestinian Authority	20/7/2004	1/6/2005	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 June 2005
Tunisia	25/11/2004	1/7/2005	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 July 2014
Morocco	7/4/2004	1/1/2006	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 January 2015
Syria	22/12/2004	1/1/2007	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 January 2019
Egypt	27/12/2005	1/3/2007	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods by 1 January 2020
Albania	22/12/2006	ratification pending	Phased reduction of tariffs on industrial goods; complete elimination on industrial goods on the 5 th year after the entry into force of the agreement

a All agreements include provisions on right of establishment and supply of services, internal taxation, structural adjustment, dumping, state monopolies, rules of origin, payments, rules of competition, state aid, balance-of-payments difficulties, protection of intellectual property, and government procurement.

b See Table III.1 for details on the relevant rules of origin, and Table III.5 for the coverage and the preferential margin.

Source: Information provided by the Turkish authorities.

26. Turkey's bilateral trade agreements have a standard model based on the preferences of each party with the EC. Under the agreements, bilateral trade has been liberalized on industrial goods at the end of a transition period, and mutual concessions are granted on selected agricultural and processed agricultural goods (Chapter III(2)(iii)(e)). In addition, negotiations are in progress with, *inter alia*, the Faroe Islands, Georgia, Gulf Cooperation Council (GCC)²⁵, Jordan, Lebanon, and Montenegro; while exploratory talks have also been held with Chile, Mexico, the Southern African Customs Union (SACU)²⁶, and Ukraine.

²³ See WTO (2004) and WTO (2007).

²⁴ Internal ratification procedures are under way.

²⁵ The GCC members are: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

²⁶ The members of SACU are: Botswana, Lesotho, Namibia, South Africa, and Swaziland.

(iv) Other preferential trade arrangements

27. As part of the CUD, Turkey has based its Generalized System of Preferences (GSP) on the EC's. Under Turkey's GSP regime, preferences are granted to selected non-agricultural goods, including raw materials and semi-finished goods. The goods covered by the regime are classified according to their "sensitivity". Duties on non-sensitive products are fully eliminated, while those on sensitive products are reduced. In general, the reduction is by 3.5 percentage points on the MFN duty rate. However, for HS Chapters 50-63, the reduction is 20% of the MFN duty rate. In addition, where the EC's GSP scheme provides for preferential tariff reductions of more than 3.5 percentage points on sensitive products, these higher reductions will apply. Duties are eliminated for the least-developed countries on the basis of the EC's Everything But Arms (EBA) Initiative. In line with the EC, Turkey grants further preferences to 15 countries selected under the Special Incentives Arrangements for Sustainable Development and Good Governance.²⁷ Beneficiary countries under Turkey's GSP are announced annually in the Annexes of Turkey's Import Regime.

28. Turkish exports receive preferential treatment under the GSP schemes of Canada, Japan, New Zealand, the Russian Federation, and the United States. Under the preference extended by the Russian Federation, imports from Turkey are subject to tariffs at 75% of MFN rates on all products except those on a negative list. The United States extends duty-free treatment on 744 products.²⁸

29. Turkey is not a member of the Agreement on the Global System of Trade Preferences (GSTP) among developing countries.

(4) INVESTMENT FRAMEWORK

30. The Decree on Improving the Investment Environment in Turkey was enacted on 11 December 2001 as a part of the national strategy to increase domestic and foreign investments by improving the business environment, increasing the overall level of income and productivity, and raising the level of competitiveness. The Decree also established the Coordination Council for the Improvement of the Investment Environment (CCIIE) and technical subcommittees, to identify and remove the remaining regulatory and administrative barriers to private investment. Since then, the authorities have implemented several legislative measures to further improve the business and investment climate, including the adoption of the Foreign Direct Investment Law No. 4875 in 2003, and the establishment of the Turkish Investment Support and Promotion Agency in June 2006. However, some restrictions to foreign investment in real estate have been introduced over the last few years. Furthermore, a number of sectors are still subject to FDI restrictions (Table II.4).

31. Key features of the 2003 Foreign Direct Investment Law include: (i) freedom to invest (all former FDI-related screening, approval, and share transfer requirements, as well as limitations on foreign ownership, have been eliminated); (ii) reassurance of existing guarantees of rights to foreign investors in one document; (iii) adoption of international standards for definitions of "foreign investor" (broadened to include Turks living abroad and international organizations), and "foreign direct investment" (broadened to include all possible types of assets); and (iv) a policy shift from ex-ante control to a promotion and facilitation approach, with minimal ex-post monitoring, to

²⁷ These countries are: Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Moldova, Mongolia, Nicaragua, Panama, Peru, Sri Lanka, and Venezuela.

²⁸ Turkey benefits from so-called "competitive need limitation waivers" from the United States. Such waivers allow particular products from certain countries to be imported duty free into the United States without being subject to market share and annual import caps. Turkish exports to the United States under GSP were just over US\$1 billion in 2006 (Office of the United States Trade Representative online information. Viewed at: <http://www.ustr.gov/index.html>).

continuously improve an investor-friendly climate for growth and development. The law guarantees national treatment and investor rights. All companies established under the rules of the Turkish Commercial Code (including existing and newly established foreign companies) are regarded as Turkish companies. Therefore, equal treatment is applicable to all such companies, both in rights and responsibilities as stated in the Constitution and other laws.²⁹

Table II.4
Foreign direct investment restrictions, 2007

Sectors	Legal source	Restriction
Broadcasting	Establishment and Broadcasting of Radio and Television Law No. 3984	No more than 25% equity participation by foreigners.
Aviation	Civil Aviation Law No. 2920 SHY-6A (Regulation on Commercial Air Transport Operations) SHY-22 (Regulation on Airport Groundhandling)	No more than 49% equity participation by foreigners. Licences to operate airlines are only granted to locally incorporated companies whose management is under the control of Turkish citizens and majority of voting shares are owned by Turkish citizens. Airlines, of which majority of shares are controlled by foreigners, are not permitted to carry passengers from one national airport to another. To obtain groundhandling services licences, the majority authorized administration and representation of the company must be Turkish. The contract of such a company has to guarantee that the votes of its majority shareholders belong to Turkish nationals.
Maritime transportation	Cabotage Act No. 815, Turkish Commercial Code No. 6762	No more than 49% equity participation by foreigners. Cabotage is reserved to national flag carriers. Registration of commercial ships is granted only to locally incorporated companies whose management is under the control of Turkish citizens, and majority of voting shares are owned by Turkish citizens.
Port services	Cabotage Act No. 815, Turkish Commercial Code No. 6762, Privatization Law No. 4046, and Law No. 5189 of 16 June 2004	Port services are provided under concession agreements.
Fishing	Fishing Law No. 1380, Bylaw on Fishing Products No. 6710, Turkish Commercial Code No. 6762	Foreigners cannot obtain a fishing licence. Vessels owned by foreigners also cannot register as fishing vessels in Turkey, unless owned by Turkish nationals or by companies of which majority of voting shares are owned by Turkish citizens.
Accounting, auditing and book-keeping services	Law No. 3568 on Accountancy, Financial Advisory and Certified Financial Advisory Services dated 1989	Special permission required. Foreign financial advisors that are the citizens of countries which have officially codified the principles of the profession of financial advisory may, under reciprocal conditions, be authorized by the approval of the Prime Minister upon the proposal of the Ministry of Finance, provided that these persons have the qualifications required for the Turkish financial advisors and have rights to perform similar services in their own countries.
Financial sector	Banking Law No. 5411, Bank Cards and Credit Cards Law No. 5464, Decree Law No. 90 on Lending Activities, Capital Market Law No. 2499, amended by Laws No. 3794 and 4487 and the relevant Communiqués; Financial Leasing Law No. 3226; Insurance Supervision Law No. 5684	Special permission required. Permission to establish a bank, which has to be founded in the form of a joint-stock company, or to open the first branch of a foreign bank in Turkey, shall be given by the Banking Regulation and Supervision Board.

Table II.4 (cont'd)

²⁹ This includes national treatment, a guarantee against expropriation without compensation, transfer of proceeds, access to real estate, the right to expatriate personnel, and access to international arbitration or to any other means of dispute settlement.

Sectors	Legal source	Restriction
		<p>Only intermediary institutions (including banks) established in Turkey and authorized by the Capital Market Board can perform securities activities; however, banks cannot trade in the Istanbul Stock Exchange (ISE) equities market. Mutual funds may be founded only by authorized banks, insurance companies, non-bank securities intermediaries; and pension funds by private pension companies established in Turkey. The majority of the members of the board of directors of an investment company must be Turkish nationals. Portfolio management and investment advisory services may be performed by non-bank securities intermediaries, non-deposit taking banks and portfolio management companies established in Turkey.</p> <p>In insurance, foreign commercial presence or presence of foreign natural persons regarding services auxiliary to insurance is permitted only for consultancy and risk-management services. Establishment of an insurance or reinsurance company and opening a branch of a foreign insurance or reinsurance company in Turkey are subject to prior permission of the Ministry of State, to which the Undersecretariat of Treasury is attached. Measures regarding special permission are applied equally to domestic and foreign investors.</p>
Petroleum	Petroleum Law No. 6326 and Petroleum Market Law No. 5015	<p>Special permission required. Foreign enterprises may invest in marketing and sales activities without restriction. They may invest in exploration and exploitation activities provided they are not controlled or owned by a foreign State (this restriction may be lifted by the Council of Ministers). Petroleum related activities can be carried out through locally incorporated stock companies or Turkish branches of stock companies incorporated abroad. For investment in refining, transportation through pipelines and storage, approval by the Energy Market Regulatory Authority is required.</p>
Mining	Mining Law No. 3213	<p>Special permission required. Foreigners may invest only through locally incorporated companies.</p>
Real-estate trading	Land Registry Law No. 2644	<p>Foreign legal and real persons in Turkey can acquire land in accordance with the mutuality principle; however, acquisition of land of between 2.5 and 30 hectares is subject to permission from the Council of Ministers.</p>
Electricity	Electricity Market Law No. 4628	<p>Companies cannot have a market share that will enable them to control power in the electricity generation, transmission, and distribution subsectors.</p>
Education	Law No. 5580 on Private Education Institutions Legislation on Foundations	<p>Foreign real or legal persons may not set up education institutions unless all students are foreigners. International private education institutions may be set up by real or legal persons upon authorization of the Council of Ministers. For tertiary education institutions, it is required that the majority in the administrative bodies be Turkish nationals.</p>
Private employment offices	Law No. 4904	<p>The persons who have the binding authority to represent, act on behalf of, and manage real and legal persons that will set up a private employment offices should be Turkish. A foreign company can be established provided that the person authorized to represent it in Turkey be Turkish national.</p>

Source: Information provided by the Turkish authorities.

32. The legislation to reduce the duration of registration to one day, and the number of required documents, was approved by the Parliament on 12 June 2002 and published in the *Official Gazette* on 17 June 2003. The Law on International Arbitration (No. 4686), enacted in July 2001, provides for solution through international arbitration of conflicts arising from public service concession contracts where any foreign element is involved. In 2005, a new Penal Code, the Code of Criminal Procedures, and the Law on Enforcement of Sentences entered into force. In 2006, the Law on Access to Information was amended enabling citizens to dispute all state agencies' denials of requests for information. As a response to the escalation of terrorism, amendments to the anti-terror law were adopted in June 2006. Turkey acceded to the Group of States against Corruption (GRECO) in 2004, whose objective is to improve the capacity of its members to fight corruption by monitoring their compliance with the Council of Europe anti-corruption standards. The UN Convention against corruption entered into force in Turkey in June 2006.

33. A company can be 100% foreign owned in almost all sectors of the Turkish economy. The exceptions are: (i) broadcasting, where foreign shareholders' equity participation is restricted to 25%; (ii) aviation, and maritime services provided under concession agreements, 49%; and (iii) fishing, where foreigners cannot get a licence. Acquisition of between 2.5 and 30 hectares of land by foreigners is subject to permission from the Council of Ministers. Special permission is required under specific laws (Table II.4), for accounting, auditing, and book-keeping services; private employment offices; and establishments in the financial, petroleum, mining, electricity, and education sectors.

34. A variety of schemes provide incentives to investors; they are equally available to foreign and domestic investors, and include tariff and duty exemptions, and subsidized credits (Chapter III(2)(ii)(c) and III(3)(iv)). No special incentives are available only to foreign or national investors. The authorization requirement by the Undersecretariat of Treasury for outward foreign direct investment in excess of US\$5 million was abolished on 30 December 2006.³⁰ Turkish residents who want to invest or establish a company or a branch abroad or be a partner are now free to export capital in cash, by bank or in kind in accordance with Customs Regulations.

35. According to the OECD's overall FDI regulatory restrictiveness index, Turkey's most restrictive subsectors are air and maritime transport, followed by electricity.³¹ The most liberal sector is manufacturing, together with some services subsectors, such as telecommunications, insurance services, and certain business services (Table II.5). Turkey has undertaken the most significant dismantling of foreign equity ownership restrictions among OECD countries since 1998.³²

36. Turkey has signed 79 bilateral agreements (66 at the time of its last TPR) for the promotion and protection of foreign direct investment, so far 62 are in force.³³

³⁰ Decision of the Council of Ministers, published in *Official Gazette* No. 26392.

³¹ Restrictiveness is measured on a 0 to 1 scale, with 0 representing full openness and 1 a prohibition of FDI. The OECD's FDI regulatory restrictiveness index covers three broad categories of restrictions: limitations on foreign ownership, screening or notification procedures, and management and operational restrictions. It aims, primarily, to measure deviations from national treatment, i.e. discrimination against foreign investment.

³² OECD (2006).

³³ Afghanistan; Albania; Argentina; Austria; Azerbaijan; Bangladesh; Belarus; Belgium/Luxembourg; Bosnia and Herzegovina; Bulgaria; China (P.R.); Croatia; Cuba; Czech Republic; Denmark; Egypt; Estonia; Ethiopia; Finland; Georgia; Germany; Greece; Hungary; Indonesia; Islamic Republic of Iran; Israel; Italy; Japan; Jordan; Kazakhstan; Republic of Korea; Kuwait; Kyrgyzstan; Latvia; Lebanon; Lithuania; Macedonia (FYR); Malaysia; Malta; Moldova; Mongolia; Morocco; Netherlands; Pakistan; Poland; Portugal; Romania; Russian Federation; Slovakia; Slovenia; Spain; Sweden; Switzerland; Syria; Tajikistan; Tunisia; Turkmenistan; Ukraine; United Kingdom; United States; Uzbekistan; and Serbia.

37. Since 1987, Turkey has been a member of the International Centre for Settlement of Investment Disputes and the Multilateral Investment Guarantee Agency. Since 1991, Turkey has also been a member of the Convention on the Recognition and Enforcement of Foreign Arbitral Awards³⁴, and of the European Convention on International Commercial Arbitration.³⁵

Table II.5
Turkey's FDI regulatory restrictiveness index^a, 2006

	Turkey	OECD Average ^b	Non-OECD Average ^c
Business services			
Legal	0.250	0.221	0.271
Accounting	0.150	0.196	0.175
Architecture	0.100	0.094	0.148
Engineering	0.100	0.094	0.075
Total	0.150	0.152	0.175
Telecommunications			
Fixed	0.100	0.198	0.229
Mobile	0.100	0.143	0.206
Total	0.100	0.184	0.223
Construction	0.100	0.074	0.098
Distribution	0.100	0.072	0.140
Financial services			
Insurance	0.100	0.135	0.206
Banking	0.150	0.157	0.211
Total	0.150	0.152	0.210
Hotels and restaurants	0.100	0.072	0.071
Transport			
Air	0.500	0.443	0.461
Maritime	0.500	0.280	0.246
Road	0.100	0.106	0.188
Total	0.416	0.299	0.305
Electricity	0.400	0.326	0.536
Manufacturing	0.100	0.076	0.119
Total	0.173	0.148	0.189

a 1 = closed; 0 = open.

b Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Republic of Korea, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States.

c Argentina, Brazil, Chile, Israel, Estonia, Latvia, Lithuania, Romania, Slovenia, China (P.R.), India, Russian Federation, and South Africa.

Source: OECD (2006), *OECD's FDI Regulatory Restrictiveness Index: Revision and Extension to More Economies*. Viewed at: <http://www.oecd.org/dataoecd/4/36/37818075.pdf>.

³⁴ Approved by Law No. 3731 of 21 May 1991.

³⁵ Approved by Law No. 3730 of 21 May 1991.