



SCREENING CHAPTER 14 TRANSPORT POLICY

AGENDA ITEM I: LAND TRANSPORT/ROAD / Market Access

**Country Session: The Republic of TURKEY
25-28 September 2006**



MARKET ACCESS

- Market Access for Goods
- Market Access for Passengers



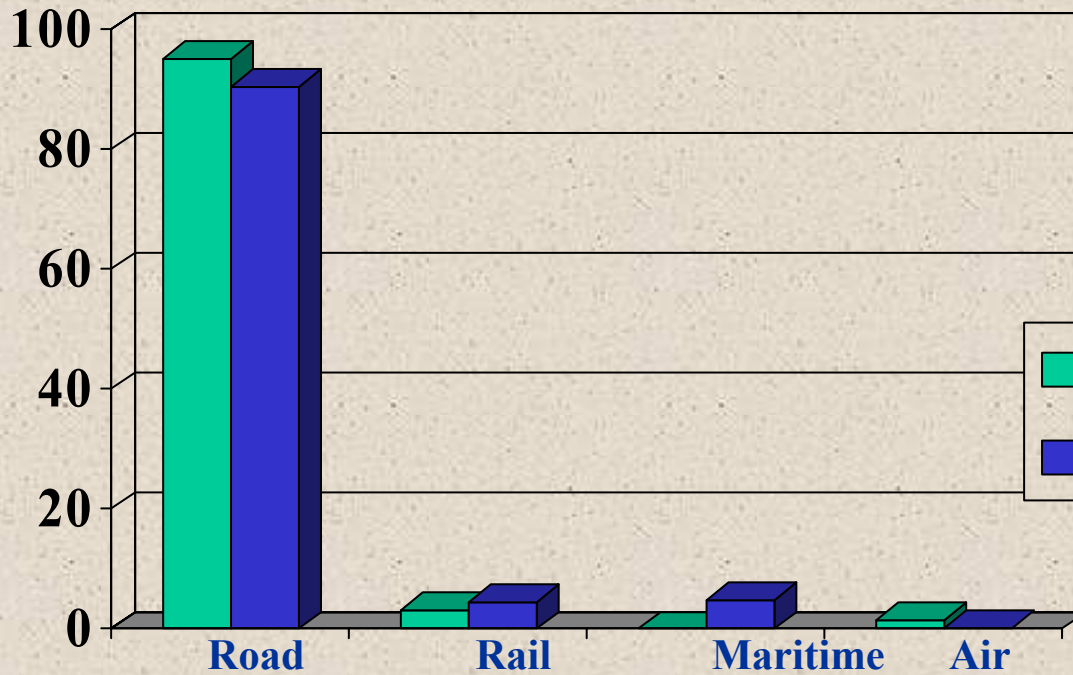
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Overview

DOMESTIC PASSENGER AND FREIGHT TRANSPORT



| | Passenger (%) | Freight (%) |
|----------|---------------|-------------|
| Road | 95,21 | 90,47 |
| Rail | 3,15 | 4,52 |
| Maritime | 0,02 | 4,84 |
| Air | 1,62 | 0,17 |

■ Passenger (%)
■ Freight (%)

Source: TURKSTAT (2002)



Overview (CONT'D)

- 95% of passenger transport and 90% of freight transport performed by road (Domestic).
- 5 million people employed in road transport sector.
- 12 billion € added value to economy.



Overview (CONT'D)

➤ International Transport

 In 2005, the share of road transport in total foreign trade of Turkey; (Ad Valorem)

In Export

53 %

In Import

24%

Source: Undersecretariat of Foreign Trade, 2005



Overview (CONT'D)

NUMBER OF REGISTERED VEHICLES

| | |
|------------------------------|-------------------|
| Car | 5,882,575 |
| Minibus | 343,704 |
| Bus | 167,382 |
| Pickup Truck | 1,537,444 |
| Lorry | 688,879 |
| Motorbike | 1,502,082 |
| Vehicles for Special Purpose | 31,492 |
| Tractor | 1,258,004 |
| TOTAL | 11,411,562 |

Source: TURKSTAT (2006)



Overview (CONT'D)

NUMBER OF EURO VEHICLES IN INTERNATIONAL FREIGHT TRANSPORT

| | |
|----------|--------|
| EURO I* | 16,826 |
| EURO II | 12,354 |
| EURO III | 14,597 |
| EURO IV | 150 |
| TOTAL | 43,927 |

Source: MoT, DGLT (2005)

*: Freight transport by Euro I vehicles are mostly to non-EU Countries.



Overview (CONT'D)

➤ International freight transport:

✓ 1.406 licensed operators

✓ 2,486 trailers

✓ 37,571 semi-trailers

✓ 32.930 tractors

✓ 17,431 lorries

➤ International passenger transport:

✓ 172 licensed bus operators providing service by 1,930 buses.

Source: MoT, DGLT (2006)



Responsibilities of the Ministry of Transport

- Regulating access to the market and profession
- Regulating and issuing operator licenses
- Inspecting and monitoring market conditions



Other Responsible Authorities in Road Transport

- Ministry of Public Works and Settlements
 - Regulating and collecting tolls,
 - Traffic Statistics: collecting traffic data on toll roads
- Ministry of Interior (Directorate General of Security)
 - Road side vehicle inspection and its regulation
- Ministry of Industry and Trade
 - Regulating technical standards; tachograph, speed limiters etc.
- Ministry of Labour and Social Security
 - Regulation of social conditions
(enforcement of driving times, rest periods, working time)



Legislation

- Law on Road Transport No. 4925
(Official Gazette: 19 July 2003, no 25173)
 - Framework law for access to the market and profession

- By-Law on Road Transport
(Official Gazette: 25 February 2004, no 25384)
 - Secondary legislation for access to the market and profession

- By-Law on Training for Professional Competence in Road Transport Operations
(Official Gazette: 03 September 2004, no 25572)



Legislation (CONT'D)

- Foreign Direct Investment Law No. 4875
(Official Gazette: 17 June 2003, no 25141)
- Turkish Commercial Code No. 6762
(Official Gazette: 25 July 1956, no 9353)



Legislation (CONT'D)

These regulations introduce;

- conditions for admission to occupation and market access,
- licensing system/mechanism for transport operations,
- licensing system for certain auxiliary transport categories,
- rights, responsibilities and obligations for the carriers, transport undertakings as well as consumers – users,
- conditions for vehicles to be used,



Legislation (CONT'D)

- rules regarding competition in the sector,
- rules for control and inspection,
- rights, responsibilities and obligations of the personnel who work in transport sector,
- rules and procedures for training and obtaining the Professional Competence Certificate



Legislation (CONT'D)

- With the introduction of licensing system;
 - In Domestic Freight Transport: 247.772 licenses issued (August 2006) - (Roughly 90% of commercial road vehicles registered)
 - In International Freight Transport: 1.406 licenses issued (August 2006) - (Almost 100% of commercial road vehicles registered)

- For the first time, license system is introduced in domestic freight transport market.



Legislation (CONT'D)

Through these regulations;

➤ New vision with EU Acquis - High quality in the sector



the targets of White Paper
European Transport Policy in 2010: Time to decide



Legislation (CONT'D)

➤ Who can apply for license?

- natural persons,
- legal persons established according to Turkish legislation in force and registered under Turkish commercial registry,



Legislation (CONT'D)

- What are the general conditions?
 - not to be convicted of any freedom-limiting penalty and not to have a bad repute in commercial area,
 - registry at the relevant chambers of trade and industry, or chambers of tradesmen and craftsmen,
 - minimum one medium or higher level manager having Professional Competence Certificate or employ the person or people having such certificate (except for transport for own account),
 - having the sufficient financial resources for the establishment, good management and operation of transport related activities



Legislation (CONT'D)

- Any natural and legal person established according to Turkish Commercial Code can;
 - operate and offer road transport related service after obtaining relevant/ appropriate licenses from MoT.
 - establish relevant agents and branches throughout the country

- Natural and legal person that are not Turkish nationals can also obtain a licence if they comply with the provisions of “Direct Foreign Investment Law” and conditions specified by Road Transport Law/By-Law.



Legislation (CONT'D)

- “Foreign–registered vehicles may not perform transport between two points within the borders of Turkey” (Article 42 subparagraph d)
- Foreign vehicles transporting to/from/through Turkish territory require permit, unless exempted by bilateral agreements.
- “goods coming to Turkey by seaway, railway or airway and carried to third countries from the point of arrival, can only be transported by Turkish hauliers. For foreign–registered motor vehicles a special permission is required from MoT. (Article 12-13 of Law on Road Transport).



Legislation (CONT'D)

3 main criteria for market access; (Articles 12 -13, By-Law on Road Transport)

- good repute
- professional competence
- financial standing



Legislation (CONT'D)

GOOD REPUTE;

- not to be convicted of;
 - crimes such as smuggling, fraud, false bankruptcy, falsification
 - misuse of belief, narcotics and gun smuggling, human trafficking or trade, theft, corruption.

- not to violate the rules on;
 - weights and dimensions,
 - driving and resting time,
 - working and wage conditions etc.



Legislation (CONT'D)

FINANCIAL STANDING: having the sufficient financial resources for the establishment, good management and operation of an undertaking.

- Financial standing arranged in terms of the types of licenses.



Legislation (CONT'D)

For International Freight Transport License;

- vehicle fleet consisting of minimum 10 units corresponding to a total of 300 tonnes loading capacity
- capital of 50.000 €

For International Regular Passenger Transport License;

- total of 150 seats capacity in minimum
- capital of 50.000 €
- regular bus line agreement/contract concluded with a foreign partner company.



Legislation (CONT'D)

In Passenger Transport;

- Authorisation for occasional services and shuttle services are also required for access to market.
- Special regular bus services are currently exempted from authorisations, and their regulation was delegated to local and provincial authorities.
- Passenger transport up to 100 km is also currently delegated to local and provincial authorities, within the framework of Law on Road Transport.



Legislation (CONT'D)

- Licenses valid for 5 years (Article 6)
- Licenses not be transferable in any conditions (Article 31)
- Suspension of licences with a reasoned decision in case of loss of good repute and/or financial standing (Article 82)
- Conditions for withdrawal of licenses, right of appeal against withdrawal, and implementation of jurisdiction results are clearly defined (Article 82)



Legislation (CONT'D)

- International transport exempted from the authorisation or permits (Article 7)
 - Fire brigade services,
 - Ambulance transport,
 - Funeral transport,
 - Transport of medicine, instruments and medical equipment in cases of emergencies, especially natural disasters,
 - Postal transport performed within the frame of public services,
 - Transport in cases of failure, accident or similar conditions.



Legislation (CONT'D)

- In the event of a crisis in the market in the carriage of goods by road, MoT may;
 - bring restrictions, limitations (including plate limitations)
 - make new arrangements (in issuing and/or number of licenses, capacity and/or number of vehicles, transport routes/lines)
- “in case of an unnecessary increase in the number of transport operators and in the capacity of passenger-goods transport or to prevent unfair competition, waste capacity and waste of resources or for public good and safety reasons.” (Article 8)



Legislation (CONT'D)

By-Law on Training for Professional Competence in Road Transport Operations lays down the rules and procedures for;

- training and examination of professional competence,
- qualifications of the institutions in charge of the training,
- authorisations to be issued to the training institutions,
- Certificate for Professional Competence to be delivered to the trainees and those exempted from exam.



Administrative Capacity

- New staff recruited.
- A new Department for Professional Competence within DGLT was established.
- A new Department for Transport of Dangerous Goods was established.



Administrative Capacity (CONT'D)

- A computer-aided automation system to mitigate workload
 - Common interest for all stakeholders in road transport
 - Links with regional transport directorates of DGLT
 - All road transport activities to be carried out in electronic form
 - A real time and reliable statistical data
 - An effective and fair control system



Administrative Capacity (CONT'D)

Assistance to the Turkish Road Transport Sector Project

EU funded Project, 3 Components (Twinning, Service, Supply)

1. **Twinning:** to establish and develop the legislative and institutional framework of the Turkish road transport sector in accordance with the EU acquis.
 - Partnership with the Netherlands and Germany
 - Duration of 18 months.
 - Officially started on May 2006.



Administrative Capacity (CONT'D)

2. Service: to assess the training needs of the ministries and public administrations involved in the implementation of the road transport legislation; prepare and implement a training programme to enhance human resources management capabilities.
 - Duration of 10-15 months.
 - Final Report on Assessment of Training Needs and of Quality of the Road Transport Training Facilities prepared and approved by CFCU.
 - Tender proposals under evaluation.



Administrative Capacity (CONT'D)

3. Supply: purchasing of 1500 mobile data terminals and 10 mobile control offices for roadside checks.
 - ToR sent to CFCU for evaluation.