

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMPETITION COMMITTEE**

Working Party No. 2 on Competition and Regulation

TAXI SERVICES REGULATION AND COMPETITION

-- Turkey --

15 October 2007

The attached document is submitted by the delegation of Turkey to Working Party No. 2 of the Competition Committee FOR DISCUSSION under item III of the agenda at its forthcoming meeting on 15 October 2007.

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1. Taxis are an important component of local transport services especially in the big provinces of Turkey. In İstanbul which is the biggest metropolis of Turkey, there are 18000 registered taxi service providers whereas there are around 90000 registered taxi service providers nationwide. In Turkey, taxi service providers are considered as ‘tradesmen and craftsmen’. Taxi service providers are represented through their chambers in various districts and provinces. There are around 730 ‘Drivers and Automobile Businesses Chambers’ nationwide. All those chambers are members of the ‘Turkish Federation of Drivers and Automobile Businesses’ (TSOF), while TSOF is among the 13 sectoral occupational organizations forming the ‘Turkish Confederation of Tradesmen and Craftsmen’ (TESK) which is one of the most important non-governmental organizations of Turkey (*Annex 1: Organization Chart*).

2. The chambers of drivers and automobile businesses are subject to ‘Tradesmen and Craftsmen Occupational Organizations Law’ numbered 5362 and dated 07.06.2005. This law is used to scrutinize craftsmen chambers, unions, federations and confederation establishment and operational rudiments so as to serve to today’s conditions.

3. The rules and procedures that would be valid to get a valid taxi license plate is determined via Decision of the Council of Ministers numbered 10553 and dated 02.04.1986. According to article 3 of this Decision those who announce that they choose to be a taxi driver in order to sustain their living, should do this continuously. Moreover, those who are a member of one of the drivers and automobile businesses chamber can get a valid taxi license plate. After getting the taxi license plate, owners have a right to sell them to those persons who carry out the same criteria. In this regard, taxi license plates are tradable but the prices are changing from one city to another. For instance, the taxi licenses of big cities like İstanbul and Ankara are the most valuable ones. Taxis can operate within the physical boundaries of a province.

4. Moreover, according to article 63 of the Labour Law numbered 4857 and dated 22.5.2003, the maximum number of working hours for taxi drivers is 45 hours per week. Currently there is no standard control mechanism concerning the safety oriented restrictions, although there were “driver work report cards” in the past which were compulsory in nature and which were indicating the working hours of a taxi driver.

5. The number of taxis that can operate is also regulated by this Decision. After taking population growth and transportation plan of a district and/or province into consideration, the Traffic Commission of that district/province declares to the Ministry of Internal Affairs the needs of that area via a report. Traffic Commissions are linked to the governorships. TSOF is also represented in Traffic Commissions. It is up to the Ministry of Internal Affairs to issue valid taxi license plates. Valid taxi license plates are allocated according the sealed tender process by the Traffic Commission. Traffic Commission determines the rules that need to be followed during the sealed tender process for that province. According to article 7(b) Municipality Law no 5216 dated 10.07.2004, municipalities were responsible not only for the maximum number of taxis that can operate in provinces but also for the designation of taxi fees. Afterwards, this function was delegated to ‘Transport Coordination Centers’ in metropolis municipalities (18 provinces are considered as metropolis in Turkey) via by-law for the ‘Transport Coordination Centers of Municipalities’. At the moment the number of taxis is determined via Transport Coordination Centers found in the metropolis provinces and via Traffic Commissions in other provinces and districts.

6. Meanwhile, Tradesmen and Craftsmen Occupational Organizations Law numbered 5362 dated 07.06.2005 which came into effect at a later date compared to Municipality Law no 5216 changed the regulation for pricing. Accordingly, article 62 of the Tradesmen and Craftsmen Occupational Organizations Law grants to the Chambers with which tradesmen and craftsmen are affiliated the right to publish price tariffs for goods and services produced by these tradesmen and craftsmen. With this provision, the right to determine price tariffs of tradesmen and craftsmen is explicitly granted to the Chambers and the Unions with which the Chambers are affiliated. Those Unions either approve or refuse

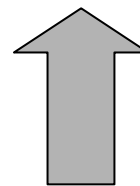
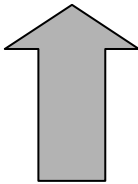
those price tariffs in 30 days. Approved price tariffs are notified to municipality, civilian authority and concerned chamber in 7 days and from that on they come into force. If the municipal or the civilian administrator does not approve those price tariffs, then they might request reconsidering the price tariffs in 15 days in a Commission composed of the civilian administrator or its assistant, one member from the Union and one member from the Chamber. The Commission takes its decisions on absolute majority basis. If the Commission does not agree with the tariffs, the tariffs will be abolished. The concerned parties might appeal at the Commercial Courts in 10 days against the decisions of the Commission and the Court's decision is definite.

7. Article 62 also foresees that those prices show the **maximum limits** to be placed. In fact, this issue concerning "maximum prices" is added to the Law as result of the Turkish Competition Authority's (TCA) opinion that was sent during the preparation stage on the draft law on the Occupational Organizations of Craftsmen and Tradesmen in 2004.

8. The Turkish Competition Authority has not dealt with this sector directly in any of its examinations so far.

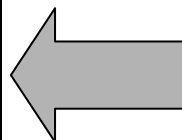
ORGANIZATION CHART OF TESK

TURKISH CONFEDERATION OF TRADESMEN AND CRAFTSMEN (TESK)

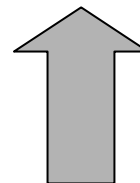


SECTORAL OCCUPATIONAL FEDERATIONS

Turkish Drivers and Automobile Businesses Federation (TSOF)
Turkish Shoemakers Federation
Turkish Bakers Federation
Turkish Tailors Federation
Turkish Electric/Electronic Appliances Technicians Federation
Turkish Metallic Products Federation
Turkish Groceries Federation
Turkish Wooden Works Federation
Turkish Barbers and Hairdressers Federation
Turkish Coffeehouse Owners Federation
Turkish Butchers' Federation
Turkish Restaurants, Pastry Houses Federation
Turkish Greengrocers' Federation

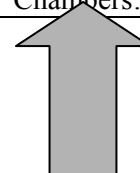


Unions of
Tradesmen and
Craftsmen



Chambers of
Tradesmen and
Craftsmen

(Drivers and
Automobile
Businesses
Chambers...)



Tradesmen
and
Craftsmen

Turkish Confederation of Tradesmen and Craftsmen (TESK)

TESK is a tradesmen and craftsmen organization that has been established to set and regulate economical and social formations of the society as it originated in relation to the “trade guild membership” formed in 12th century. Currently, it has a country-wide organizational structure with its 13 Sectoral Occupational Federations (one of them is “The Turkish Federation of Drivers and Automobile Businesses”). Furthermore, it is the biggest occupational organization with its public institution property representing nearly 1.8 millions tradesmen and craftsmen members working through service and production sectors. All of its managers are assigned to their positions through democratic elections carried out by its members, and is managed by an administration board consisting of 15 persons. TESK safeguards the interests of its members, represents tradesmen and craftsmen inside and outside of Turkey. It maintains its activities by taking all necessary actions in every platform whenever necessary in order to establish integrity between its affiliated tradesmen and craftsmen chambers, unions, and federations. Chambers of Tradesmen and Craftsmen are those chambers that have been established in every province and district center by the inter-cooperation of at least 500 actively functioning tradesmen and craftsmen coming together and having the same or various occupations. They maintain activities pertaining to safeguard the interests of its members’ and ensuring their improvement in their field of activity.