



Chapter 6 Regulatory environment

Investor considerations

- The regulatory environment is largely based on specific permission.
- Regulations apply equally to domestic- and foreign-owned businesses.
- Foreign investors can operate in Turkey without pre-approval.
- Competition law and competition policy institutions are in place.
- There is a law for consumer protection.
- A special law for environmental protection has been enacted.
- Specific employee health and safety regulations are enforced.
- Protection to intellectual property rights is recognized.
- Constitutional change to allow international arbitration has been enacted.

Regulation of business

Turkish business activities are subject to a number of regulations administered by various authorities. The overall intention is to ensure to the greatest extent possible the equality of treatment between different companies and to avoid unfair advantage by the misuse of the economic position to the detriment of the overriding interest of the country at large.

The new law concerning Direct Foreign Investment (No: 4875) abandons the pre-approval requirement previously applicable for foreign

investors. Under the current regulations, foreign investors are subject to the same rules and restrictions applicable for local investors.

Specific sectors are governed by separate laws that indicate the agency responsible, as shown in the below table. The main guidelines are described in the law governing the industry concerned.

XIII—Laws and Agencies Governing Specific Sectors _____

<u>Industry</u>	<u>Law No.</u>	<u>Regulatory body</u>
Banking	3182	Central Bank
	4389	Banking Regulation and Supervision Agency
Mining	3213	Mining Board in the Ministry of Energy and Natural Resources
Petroleum	6326	Directorate General of Petroleum Affairs
Tourism	2634	Ministry of Tourism
	406	Telecommunication Board
Telecommunications	4502	
	4673	

Special industries

Energy

It is known that there is a strong relationship between energy and economic development. Industrialized countries form their energy policies according to their economic growth, population growth, supply of and demand for energy in the world. The ongoing process of the opening of energy market to competition in free market conditions and the regulation and supervision of the market, experienced in all over the world especially in European Countries in the last 20 years has brought the need to restructure and regulate the energy sector in our country as well.

- Turkish Electricity and Gas Market

Investment in energy is of vital importance for economies of developing countries. Turkey as a developing country needs new investments in energy for its economic development. Remarkable developments have been experienced recently with Energy Market Law and Natural Gas Market Law, which were executed in this direction.

Power plants and gas production/distribution require high-cost investments. The predictability of the 'tax costs' that have effect on the return period of the investment as from the start of the investment is fairly important from the viewpoint of the investor.

In the first three stages of these investments, which consist of construction, testing, commissioning and operating stages, subjects like withholding tax (about progress works and overseas payments), value added tax and stamp tax, also before the operation period determination of accounting principles (especially depreciation rates, interests and exchange differences, capitalization), profit distribution, investment allowance withholding tax and refund of the withholding tax to the foreign shareholders in the framework of bilateral agreements are of vital importance for the investors.

Due to important effect on 'sensitivity analysis' of the investments, 'tax costs' appear as factors that need to be predicted, planned, followed and managed.

- Turkish Petroleum Market

Since the Turkish petroleum sector is in the process of privatization, there is a need to restructure the market to introduce regulations to this effect. Along with the rise of this need, The Petroleum Market Law and LPG Market Law has been enacted. The guidelines and comminiqués regarding the application of The Petroleum Market Law and LPG Market Law are being worked on. On the other hand the work on the draft law amending the Petroleum Law has been started.

With the initiation of The Blue Stream and Baku-Tbilisi-Ceyhan pipeline projects Turkey has become a part of the international petroleum market as well.

The special consumption tax collected over the sale of petroleum products and mineral oil reaches to %18 of governments' total tax revenues and that it is the easiest type of the tax to collect. Being a good source to collect taxes, the petroleum industry has increased its

importance from the viewpoint of fiscal administration. The necessity of effectively managing the tax liabilities for companies operating in this sector has been revealed since the portion of taxes has reached %72 of the ultimate price in some petroleum products.

Manufacturing and agriculture

For real persons and legal entities wishing to engage in manufacturing or agricultural activity, it is helpful to apply to governmental authorities such as the Ministry of Health, the Ministry of the Environment, the Ministry of Reconstruction and Settlement, and the Ministry of Agriculture and Rural Affairs regarding the types of activities included in the new investment. The Ministry of Health has the right to make stipulations on business operations if it perceives the possibility of health risks arising. The Ministry of Reconstruction and Settlement can be of assistance in locating a suitable manufacturing site. The Ministry of the Environment may require an environmental impact study if the relevant industry has potential adverse effects on the environment. Some agricultural products are subject to restriction of imports/exports. Consultation with the Ministry of Agriculture and Rural Affairs by stating the origin of any intended imports may be helpful.

Mining

Minerals are under the ownership and domination of the State, and are not considered to be the property of the landowner where they are found. A preliminary permit from the Ministry of Energy and Natural Resources Mining Department is necessary if a processing plant will be erected at the site of the mine. In addition, the Mining Law of Turkey (Law No. 3213) specifies that all mining activities in Turkey require an operating license. Operating licenses are granted for periods of between 10 and 60 years, provided the applicant obtains clearance from (usually) the Ministry of Forestry and the military authorities.

There are no special provisions in the Mining Law or in its application restricting the holders of mining licenses to any particular group of persons. The single exception to this is that state employees may not hold mining licenses. Although no special regulations apply to foreign applicants, it should be mentioned that mining licenses have been freely applied for in the past. License applicants, including foreigners, are protected against subsequent applicants, and it may therefore be

necessary to deal directly with the current holder of the mining license, or the holder of the pending application, with a view either to purchasing or to setting up a joint venture.

Law No. 3213 is accompanied by detailed regulations concerning mining operations, covering such matters as mining licenses and application procedures, mine operation and safety, mine books and report, mine officials, foreign employees, and mine royalties.

Tourism

All business activities in the tourism sector are supervised and encouraged by the Ministry of Tourism. Applications by foreign investors to establish a legal entity in the tourism sector must also be submitted to the Trade Registry of the related Province. (Starting from 17.06.2003, it is not necessary for foreign investors to obtain the approval of the FID in order to establish a legal entity in Turkey.)

In order to invest in the tourism sector a "Tourism Investment Certificate" must be obtained from the Ministry of Tourism. The Ministry has established a special department to review feasibility studies submitted in support of proposals having foreign participation or foreign ownership. The Tourism Foreign Investment Department reviews proposals not only in the light of their general economic desirability but also to ensure that the project will meet the code of standards relating to tourism.

This code specifies certain minimum requirements for sanitary facilities and other equipment that hotels and similar facilities must meet. Such requirements are graded according to the category of the hotel, which in turn is the deciding factor for determining the range of prices that guests may be charged. This is important, as local authorities with limited available land may prefer to attract high-category hotels, partly for reasons of prestige. In principle, the code of standards is similar to that of many other countries, and thus does not generally impose undue burdens on a foreign investor.

The Ministry of Tourism determines an exact site for the proposed facility in agreement with the investor(s). If the site is within the borders of a city, no governmental permission is required for the use of the land. If it is outside a city's limits, a permit must be obtained from the related ministry.

The Ministry of Tourism has identified a number of specific development sites and zones in tourist areas. While a prospective investor is not confined to projects so identified, selection of one of them can significantly reduce the start up time, as the necessary infrastructure already exists or is planned and further approval from the local authorities is not necessary. Some incentives are linked to establishments in specified tourism development areas.

Once the company has been formed and clearance from the Ministry has been obtained, applications should be made to the municipality for a building permit in order to erect the facility. When the building has been completed, a further inspection by the municipal authorities is necessary. Provided they are satisfied that the building as erected both conforms to the original plan and satisfies all building and safety regulations, the authorities will issue their final approval, the so-called settlement permit. This entitles the owner to use the building for the intended purpose.

A tourism operation license must be obtained from the Ministry of Tourism before the facility can be opened to guests. This license will be granted, provided the facility conforms to the code of standards for tourism. At this point, the facility is categorized; each municipality determines, after reference to the Ministry, a standard price range for services for each category of hotel and camping site. The operator of tourism facilities is free to determine the hotel's own prices to guests above the specified minimum limit. Top-class hotels are regulated by the Ministry directly, as are establishments located in development zones.

It is also possible to benefit from several legal and tax advantages through a Tourism Incentive Certificate, which can be obtained by the foreign investors on application to the FID. It is possible to obtain a Tourism Incentive Certificate from the FID after a Tourism Investment Certificate has been acquired from the Ministry of Tourism.

Banking

Banks Act Law No: 4389 ("Act"), is the governing law in Turkey, laying down rules governing incorporation, management, operations, acquisition, merger, liquidation and supervision of banks and with the status of a public legal entity with administrative and financial autonomy, Banking Regulation and Supervision Agency ("BRSA") is estab-

lished in order to ensure application of the Act. The regulations issued by BRSA mainly cover licensing, asset diversification, equity participation, real estate investment, capital adequacy and foreign exchange exposure ratios, loan loss provisions, internal and external auditing, reporting requirements, deposit insurance, and measures relevant to problem banks and liquidation procedure.

Within this regard, the principles and procedures for the application for this permission and authorisation are determined by regulations issued by the BRSA.

- Establishment of Foreign Banks and Branch Offices of Foreign Banks in Turkey

Following the completion of the required documents for the application, the permission to establish a bank or open a branch is given by a decision taken by an affirmative vote of at least five members of the BRSA.

Following the consummation of transactions for establishment and opening a branch in Turkey according to the provisions of pertinent legislation and completion of transactions relating to registration with the Trade Register and announcement, an application shall be filed with the BRSA submitting a statement to be issued to receive authorization to receive deposits and/or to conduct banking transactions. The permission granted to establish a bank or to open a branch in Turkey become invalid in the event of failure to operate within one year from the date on which permission is given. Within this context, an application to receive operation permission should be filed no later than the end of the ninth month starting from the date on which persons concerned are notified of the BRSA's decision on granting permission for establishment and opening a branch in Turkey, taking into account the period of one year specified in the Act.

The BRSA's permission to receive deposits and/or to conduct banking transactions shall be valid as of the date of publication in the Official Gazette.

On the other hand, with regard to Capital Requirements, any bank to be founded in Turkey (as well as branch offices) must have a capital, paid in cash and free of any collusion, which shall not be less than TL 20 (twenty) trillion.

Moreover, according to BRSA regulations, banks operating in Turkey shall maintain and keep a minimum 8% capital adequacy standard ratio, on a consolidated and unconsolidated basis. The banks shall prepare their capital adequacy ratio forms, on a consolidated or unconsolidated basis as of the end of every quarter, namely, March, June, September and December and submit them to the BRSA at least in the following month. By taking other factors affecting financial structures of banks into account, BRSA may decide to establish a ratio over the specified minimum ratio for each bank or banking group and may request more frequent preparation and reporting of the tables related to such ratios.

- Acquisition of Banks Shares

Any acquisition of shares that result in the acquisition, by one person directly or indirectly, of shares representing ten percent or more of the capital of a bank or if shares held by one shareholder exceed ten percent, twenty percent, thirty-three percent or fifty percent of the capital as a result thereof, and assignments of shares that result in shares held by one shareholder falling below the percentages above, require the permission of the BRSA. Transactions resulting in the number of shareholders falling below five, and assignments of shares affected without permission, shall not be recorded in the book of shares. Any records made in the book of shares in breach of the foregoing provision shall be null and void. This shall also apply to the acquisition of voting rights and pledging of shares. Assignment of preferential shares with the right of promoting a member to the board of directors or auditors or shares which are granted a usufruct are subject to the Board's authorization irrespective of limits defined in the Act.

- Representative Offices

Opening of representative offices in Turkey by banks incorporated abroad is subject to the permission of BRSA as per the provisions of the Application Communiqué of the Law on Direct Foreign Investment numbered 4875. The permission is granted on the condition that the representative office to be established should refrain from taking deposits and conducting banking transactions.

Banks filing an application to open a representative office should be of a sound financial standing; the amount of own funds retained at

their head office as of the date of application should not be less than the amount of minimum paid up capital required to be possessed by banks to be established in Turkey; there should be no restrictions on the operations of such banks and such banks should have been operating for at least three years.

Insurance

Insurance companies must obtain a license for each branch of insurance from the Undersecretariat of Treasury. There is no discrimination against foreign companies, and recent expansion of the market has resulted in the issue of a number of new licenses.

Insurance Law No. 7397 requires a minimum paid-up capital of TL 10,300 billion for insurance and reinsurance companies. The Undersecretariat of Treasury has the authority to impose limits on tariffs and agency commissions. The law also stipulates unearned premium reserves, and guarantees in the form of government bonds to be given to the Undersecretariat of Treasury (UT) for each class of business for which a license is held. The Treasury is empowered to carry out audits of insurance companies, which are required to file annual returns in a prescribed format and to publish the balance sheet and profit and loss account in two newspapers. There is a requirement for an independent audit of the financial statements. Also, the mathematical reserves must be certified by an actuary.

- Private Pension System

The launch of the Individual Pension System and the subsequent amendments in the tax laws in 2001 have added new dimensions to the existing insurance practice in Turkey. According to the private pension regulations, it is possible to operate within the Turkish private pension system either by establishing a private pension company or by transforming an existing life insurance company into a private pension company. The legislation does not impose any restrictions on foreign shareholding in a pension company or on the establishment of a pension company by foreigners. Major local and multinational life insurance companies in Turkey have applied for transforming into private pension companies and many of the applicants have obtained the operating license by now. Major local and multinational

life insurance companies in Turkey have applied for transforming into private pension companies. At present, there are 11 pension companies operating in the market, 10 which also hold life insurance licenses. The companies to be founded should have a minimum capital of TL 20,000 billion and a paid-up capital of a minimum of TL 10,000 billion, payment of the remainder of which is to be made within three years.

The Turkish Private pension system is a voluntary, defined contribution system. Eligibility for retirement under the scheme is based on a minimum contribution period of 10 years and having reached a minimum retirement age of 56. Apart from pension contracts, private pension companies may also sell policies in the life and personal accident branches if the relevant licenses are obtained. The contributions collected under the pension agreement are accumulated and held in personal retirement accounts and the savings of the contributors, which are held in pension funds, are managed by portfolio managers.

Telecommunication Industry

Telecommunication Industry is governed and supervised by Telecommunication Board. To operate in the telecommunication industry, an operating license or permit must be obtained from the Board.

There had been a state monopoly over voice transmission (except for GSM) and telecommunication infrastructure until 31.12.2003. Under the relevant law liberalization of the industry took effect as of 1 January 2004, although the process of granting necessary licenses for voice and infrastructure is still ongoing. Value added telecommunication services are provided by private companies under a license or permit and the Board is in the process of granting new licenses and permits.

As of October 2004, there are 3 GSM operators providing services under licenses granted by the Board. Although currently there are approximately 30 million GSM subscribers in total, penetration rate for mobile telephony is still lower in comparison to the western countries.

There are some taxes specific to the Telecom industry (such as special communication tax) that should be considered during the planning stage.

Financial leasing

Law No. 3226 was enacted in 1985 to govern and to encourage financial leasing. A financial leasing is defined as one covering both movable and immovable assets (but not intangible assets) running for a continuous period of at least four years. This four-year period is shortened appropriately in some specific cases.

If the lessor is a foreigner, a financial leasing will only qualify as such if it foresees an annual rental of not less than US\$ 25,000. Financial leasing contracts must be notarized and registered (from foreign lessors, with the Undersecretariat of Treasury) but do not require advance approval unless the goods are to be imported from abroad and are not new or covered by an incentive certificate (see below and Chapter 4) or their importation requires a specific permit.

If a leasing operation does not fulfil the criteria for a financial leasing, it is regarded as an ordinary lease, which means that it is governed by the general provisions of the business laws, rather than by the (more favourable) specific regulations of Law No. 3226.

The establishment of leasing companies is also governed by Law No. 3226. According to the Law, a leasing company must be a corporation with a minimum capital stock of TL 1 trillion; however, in practice, the Undersecretariat of Treasury does not approve the establishment of a leasing company below minimum capital stock of TL 3 trillion. For branches of foreign leasing companies the minimum paid-up capital requirement is the Turkish lira equivalent of US\$ 2 million. The branch is otherwise subject to the same reporting requirements and supervision measures as a domestic leasing company. To this end, leasing companies must file annual audited accounts and quarterly activity reports with the Undersecretary, which has the power to issue directives to leasing companies that appear to be in a worsening financial position. Leasing companies are prohibited from engaging in any other business activities (this does not apply to non-retail investment and development banks) and are subject to various ratios designed to protect their financial position and to spread any risk

In terms of accounting aspects of leasing operations, currently there are two different leasing accounting principles in Turkey depending on the conditions set out in the leasing contract. If a leasing contract meets one of the conditions mentioned at the repeated article 290 of Tax Procedural Law, the transaction will be treated as a financial

leasing transaction for tax application purposes. In that case, the assets are recorded by lessee as a “utilization right of the asset” and lessee also has the right to depreciate and reevaluate this right. Lessor “principally” records that asset with a trace value. However, if a leasing contract does not meet any of the conditions set out in the aforementioned article, the assets are to be recorded, depreciated and reevaluated by the lessor but this time leased assets are recorded off the balance sheet by the lessee and payments accrued are treated as an expense.

Competition policy

The policy goal of the Government is to protect the competitive process. Turkey’s competition policy of creating and maintaining a healthy and competitive domestic environment has the intention of building a powerful Turkish economy with high competitive power abroad.

Restructuring and reform in sectors long dominated by the state is moving towards greater reliance on markets and competition, partly to pave the way for privatization.

Price controls

In general, there are no price controls in Turkey. However, specific exceptions apply to certain products, such as drugs and agricultural products. Ministry of Health regulations control competition in this field. These regulations are generally consistent with common practices in EU countries. In addition to monitoring the industry from the production stage through retail sale, to ensure product quality, the rules prohibit advertising to the public, set ethical standards for promotions and control prices and discounts.

Professions and services

The professional service providers such as doctors, accountants, lawyers, tax consultants, engineers, architects are subject to supervision by their own professional institutes. This supervision invariably extends to ethical conduct as well as technical competence.

The laws authorizing these associations typically also authorize them to set their members' prices. Thus, "professional service providers" may fix their fees and tariffs through their chambers.

Monopolies and antitrust

Turkey's antitrust law was enacted at the end of 1994. (Law No: 4054). However, it became operational only after the establishment of the Competition Authority in 1997.

The Authority is a legally separate entity from the government. Administrative and financial autonomy are decreed by statute. Although the Authority is related to the Ministry of Trade and Industry, the Competition Act provides that "it shall be independent" which means that "no organ, body, entity or person can give orders or directives to affect the final decision of the Authority" (Art. 20)

The Competition Act of Turkey closely follows the outline of EU Law. It prohibits agreements that have the effect or intent of preventing, restricting, or distorting competition. Some prohibited agreements are identified explicitly: direct or indirect fixing of prices or trading conditions, limitation or control of production, markets, investment or technical development, sharing of markets or suppliers, discrimination that places trading parties at a competitive disadvantage.

Block and individual exemptions may moderate the general prohibition. The criteria for these exemptions are similar to those used in the EU: the agreement leads to improvements in production, distribution or technology, consumers benefit from it, it does not eliminate competition in a significant part of the market, and it is no more restrictive than necessary to achieve the proper purpose (Article 5). The maximum duration of an exemption is five years, but it is possible to request an extension at the end of the five-year period if the exemption conditions still prevail.

The Law is also concerned with the economic dimensions of mergers and the economic power of merged entities. The Competition Board should be notified and the transactions should be authorized, if the parties' combined market share or aggregated turnover exceeds certain thresholds.

Under the Direct Foreign Investment Law, foreign owned firms are to be treated the same as domestic firms and the source of the capital is not considered in applying the Competition Act.

Unfair competition and consumer protection

According to Turkish Law, unfair competition is generally described in Turkey's law as "deceptive action, or any kind of abuse or various ways of economic competition, contrary to the rules of goodwill". It includes false advertising, deception, unfair practices, abuse of economic dependence, and trademark infringement.

Controversies are resolved by private lawsuits with no involvement of the Competition Authority, except in the case of deception aimed at consumers which may also be subject to public enforcement under the Consumer Protection Act.

Turkey's Consumer Protection Act followed soon after its Competition Act in 1995. It regulates marketing activities such as door-to-door sales, consumer loans, instalment sales and guarantees, as well as advertising and consumer contracts.

Consumer protection law extends more widely than competition law, imposing obligations on all kinds of entities, including government instrumentalities such as utilities that are not considered as "undertakings" subject to the Competition Act.

As members of local arbitration councils, consumer groups have opportunities to participate in the application of the consumer protection law resolving consumer complaints and in the application of the rules concerning deceptive advertising. However, they are not organized for participation in consultation.

The public office that applies the consumer protection law is the Director General for Competition and Consumer Protection in the Ministry of Trade and Industry. Before the Competition Authority and the Board was set up, the Director General was also responsible for enforcing the Competition Act.

Securities market

The origin of an organized securities market in Turkey has its roots in the second half of the 19th century. The first securities market in the Ottoman Empire was established in 1866. Following the proclamation of the Turkish Republic on the ruins of the Ottoman Empire, a new law was enacted in 1929 to reorganize the fledgling capital markets under the new name of "Istanbul Securities and Foreign Exchange Bourse." In 1981, the "Capital Market Law" was enacted. One year later, the main regulatory body responsible for the supervision and regulation of the Turkish securities market, the Capital Markets Board based in Ankara, was established. A new decree was issued in October 1983 foreseeing the setting up of securities exchanges in Turkey. In October 1984, the "Regulations for the Establishment and Functions of Securities Exchanges" was published in the Official Gazette. The regulations concerning operational procedures were approved in the subsequent extraordinary meetings of the General Assembly and the Istanbul Stock Exchange was formally inaugurated at the end of 1985.

Currently, the Istanbul Stock Exchange is the only active securities exchange in Turkey established to provide trading in equities, bonds and bills, revenue-sharing certificates, private sector bonds, foreign securities, foreign exchange future contracts and real estate certificates as well as international securities. Moreover, TURKDEX was established in 2001, which is the first and only privately owned derivatives exchange in Turkey. TURDEX is expected to be operational in the near future.

Although the number of companies whose shares are traded on the stock exchange is relatively small, the volume of commercial paper has increased significantly. Applications for initial public offerings must be made by either a bank or a brokerage house, supported by financial information on a prescribed format and by a moderately detailed prospectus. Companies whose shares are traded must submit their financial statements annually (audited by an approved firm of independent accountants, and with prescribed note disclosure similar to International Financial Reporting Standards, as discussed in Chapter 12). In addition, the interim financial statements for the six months

for June 30 are audited according to special guidelines defined by the Capital Market Board.

Both corporate and individual non-resident investors may freely invest in Turkish securities without getting any pre-approval. However, in case of equity investments, where the non-residents own 10 % or more of the shares or voting power in a Turkish company, the FID should be notified.

In order to promote foreign investments into Turkish capital markets, the Turkish tax legislation, provides a favourable tax regime for non-resident corporate portfolio investors that conform to certain conditions. Today, many non-resident corporate portfolio investors benefit from this regime for their portfolio investments in Turkey.

Imports and exports

Generally, imports are unrestricted. The two main exceptions are discussed in Chapter 8 under “Import restrictions.” According to the Standardization Applications and Import Regime, the import of several items needs permission. These permissions differ according to the HS Code (classification) of goods. Special rules apply to items of cultural value, such as antiques and works of art. Narcotics, firearms and similar items that could be used for criminal activities are tightly controlled.

Pollution control

By comparison with many Western European countries, Turkey does not suffer from substantial pollution problems. Anatolia is not densely populated, and frequent high winds help to keep the air of Istanbul, the largest city, clean. Similarly, the strong currents in the Bosphorus reduce the danger of water pollution in spite of the intense international shipping traffic.

The Ministry of Health can investigate the complaints of industrial pollution and may order an offending factory, on threat of closure, to take any measures considered necessary if it determines a risk to public health exists. Law No. 2872 is a special law for environmental protection, which should be observed for imports and manufacturing operations.

Patents, trademarks and copyrights

Patents

Patents can be registered either by filing an application with the Turkish Patent Institute or by filing an international application through the Patent Cooperation Treaty (PCT). The procedure to register a patent is described in the Decree Law No. 551 for the Protection of Patents of 1995.

The protection procured to granting of patent with examination expires upon lapsing of twenty (20) years (Art 72). However, the protection procured by the patent with non-examination expires upon lapsing of seven (7) years (Art. 60).

From the date of publication of the notification in the Official Bulletin of the Institute, the owner of the patent has the exclusive rights to exploit the invention, to authorize others to exploit the invention or to assign the patent to others. (Art 73)

An invention that is protected by a patent must be used within three years from the date patent right has been announced. Under certain circumstances the holder of right may be obliged to give license to third parties.

Trademarks

Trademarks are registered according to the procedure described in the Decree Law No. 556 for the Protection of Trademarks of 1995. According to Article 5 of the Trademark Law, protected materials include signs that consist of words, indications, letters, numbers, shapes of products or their packaging, with a distinctive nature to goods or services.

A registered trademark is protected for 10 years upon filing the application and is renewable for further ten-year period (Art 40) . If a trademark or a well-known brand is not used in Turkey for five consecutive years and the owner gives no good reason for the lack of use, it loses its protection. (Art 14)

Copyright

In February 2001, Turkey adopted a new copyright law, which is considered to be in compliance with EU legislation.

There is no administrative procedure applicable for the registration of copyright. However, all records and films need to be approved by the Ministry of Culture before being put on the market in Turkey.