OECD Services Trade Restrictiveness Index (STRI)

TÜRKİYE – 2023

Key findings

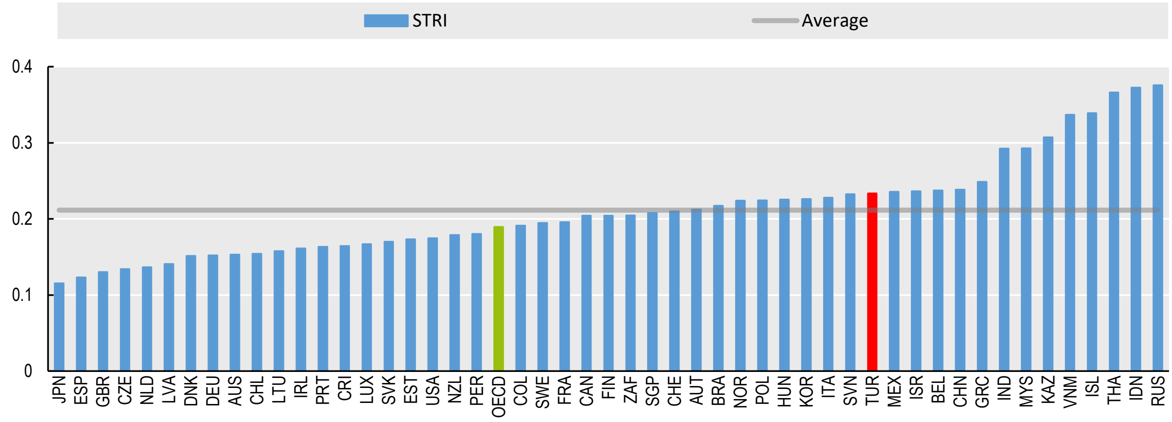
- The 2023 STRI of Türkiye is above the OECD average and relatively high compared to all countries in the STRI sample. The index has remained unchanged compared to 2022.
- Rail freight transport is the most open sector in Türkiye, whereas accounting and auditing services are the most restricted, relative to the sectoral average.
- Despite the overall favourable environment for services trade in some sectors, restrictions in several policy areas remain, notably with respect to barriers to the movement of people in professional services.

Recommendation

- Trade in services strengthens resilience across supply chains, facilitating environmental sustainability and promoting greater inclusiveness. To ensure the benefits of open markets and a rules-based international trading system, national and multilateral action is needed to lower barriers and reduce trade costs, promote greater regulatory interoperability, and facilitate the digital transformation of economies

The 2023 STRI of Türkiye is above the OECD average, and relatively high compared to other countries in the STRI sample (Figure 1).

Figure 1. Average STRI across countries, 2023[i]



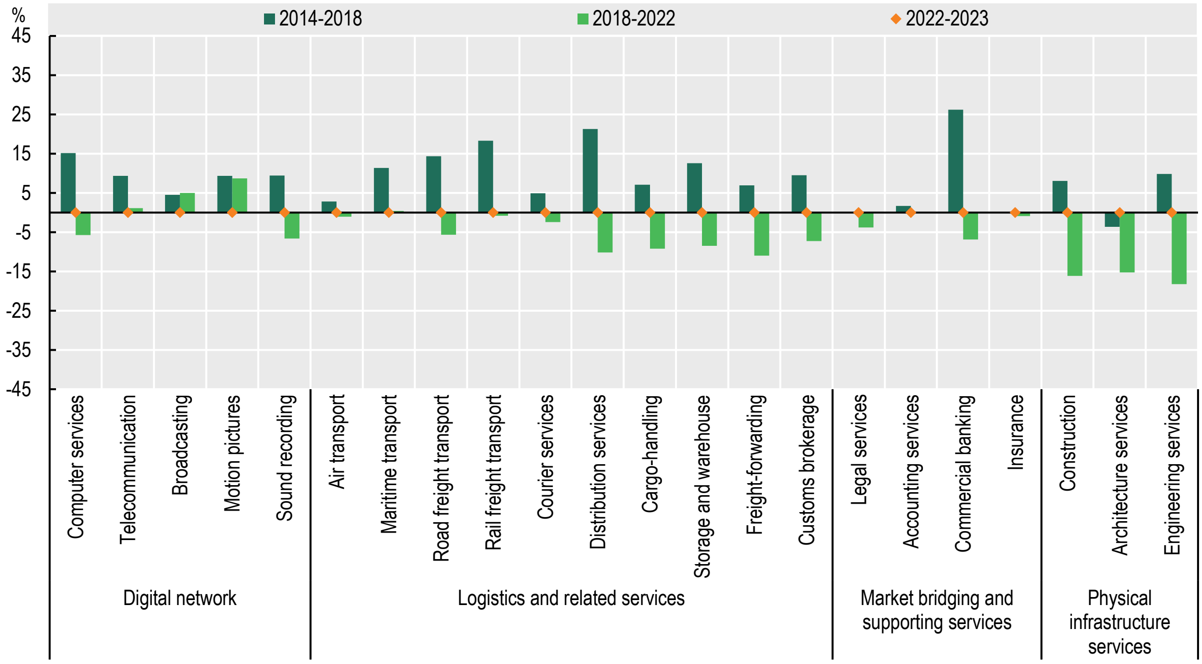
OECD (2023). STRI and TiVA databases.

The 2023 index can be explained in large part by general regulations that apply to multiple sectors. For instance, the acquisition and use of land and real estate by foreigners is subject to limitations, and certain data must be stored locally. Additionally, Turkish firms wishing to employ foreign citizens must have at least five Turkish employees per each foreign employee, and work permits issued to foreign nationals seeking to provide services on a temporary basis as intra-corporate transferees, contractual services suppliers or independent services suppliers are subject to labour market testing. Furthermore, the public procurement market is not fully open for foreign tenderers, with explicit preference accorded to local suppliers e.g., in the form of a price advantage. A minimum capital requirement applies to joint stock companies and limited liability companies.

The regulatory framework in Türkiye for trade in services became more restrictive during 2014-2018, followed by a liberalising trend between 2018-2022 (Figure 2). This trend is particularly visible in professional services (engineering, architecture and construction services), which is a consequence of a cross-cutting liberalisation in 2022 extending the duration of stay of foreign services suppliers. Strengthening the public consultation process for new legislative instruments in the same year further contributed to lowering the index values. In 2023, the indices remained unchanged compared to 2022.

Figure 2. Evolution of STRI indices by sector in Türkiye

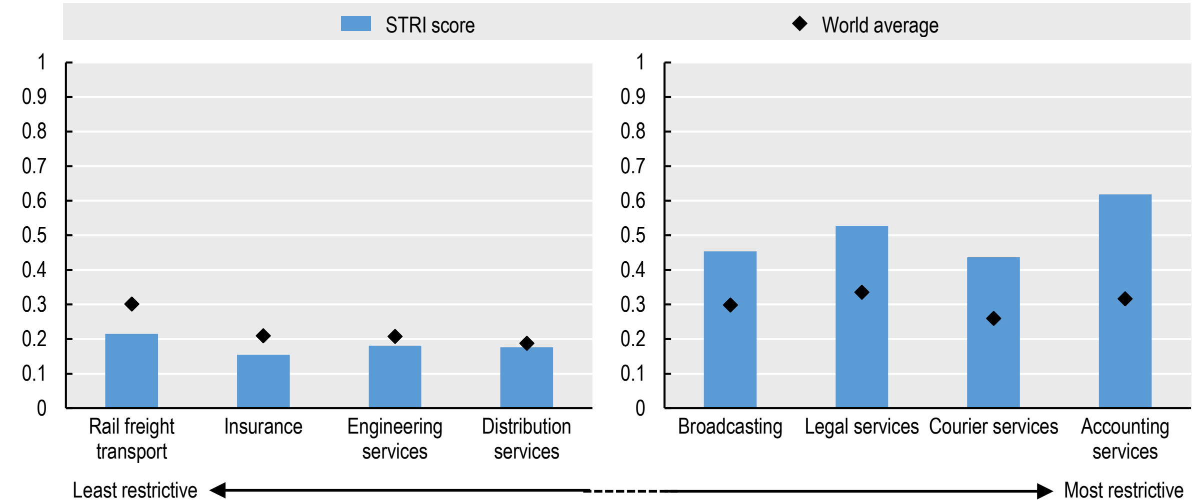
Services Trade Restrictiveness Index, percentage change over the period 2014-2018, 2018-2022 and 2022-2023



OECD (2023). STRI database.

Figure 3 ranks Türkiye's sectors relative to the respective sector's world average. Rail freight transport, insurance, engineering services and distribution services are the sectors with the relatively lowest scores. Conversely, broadcasting, legal services, courier services and accounting services are the sectors with the relatively highest scores.

Figure 3. Sectoral breakdown - The least and most restricted sectors in Türkiye compared to world average

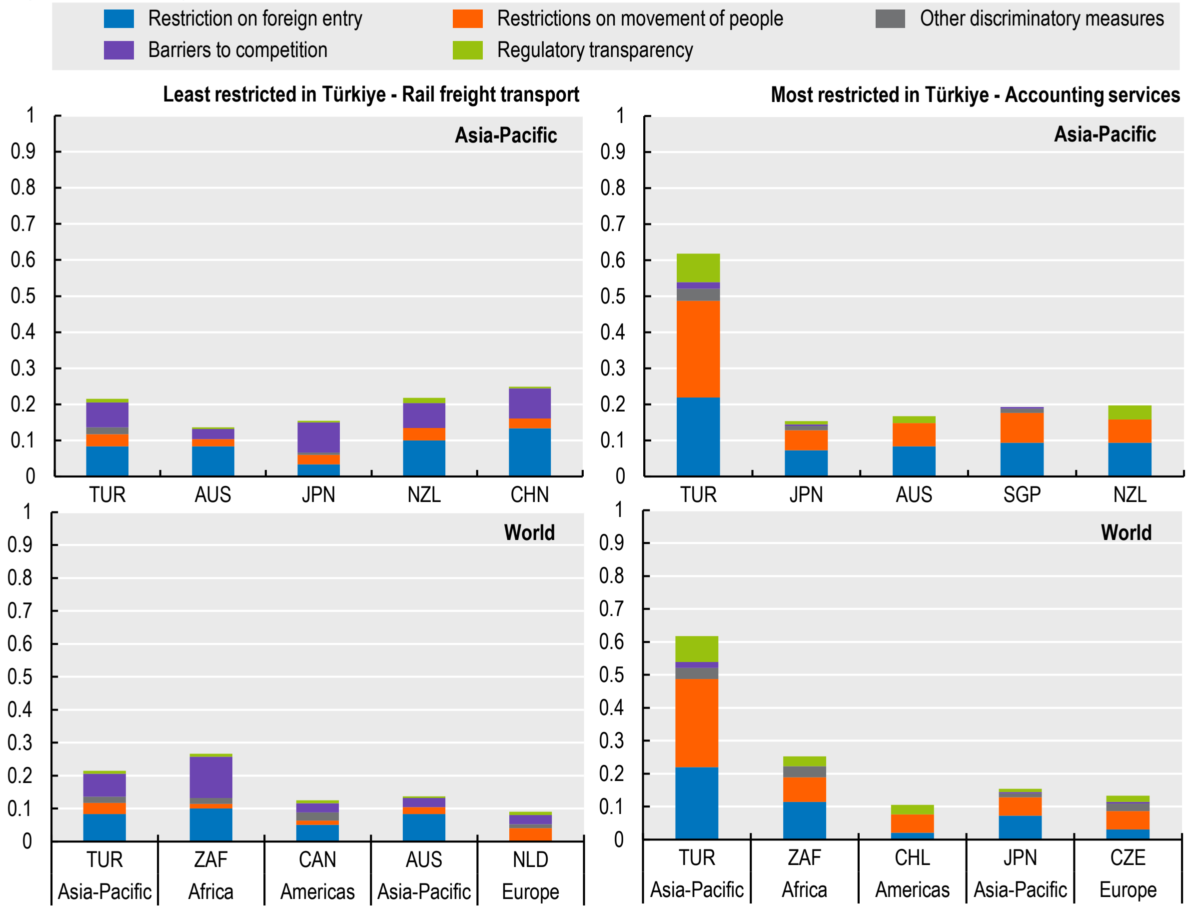


Note: Selection was made based on how far the sectors' score were from the world average score, as a percentage difference i.e. ($STRI_{country,\ sector}$ - $STRI_{world\ average,\ sector}$) / $STRI_{world\ average,\ sector}$

Source: OECD (2023). STRI database.

Rail freight transport is the least restricted services sector in Türkiye compared to the average STRI across all countries. There are no nationality or residency requirements, foreign investment screening for economic interests or discriminating procurement practices. Still, some restrictions on foreign entry, such as limits to the proportion of shares that can be acquired by foreign investors in publicly-controlled firms, and barriers to competition, such as government control of a major rail freight transport company, remain. On the other hand, accounting services is the most restricted services sector in Türkiye compared to the average STRI across all countries. The restrictions on the movement of people and foreign entry are significant compared to best performers in Asia-Pacific and world best practice. Some of the measures that contribute the most to the index are equity restrictions applying to not licensed individuals or firms, limitations on the duration of stay for intra-corporate transferees, contractual and independent services suppliers, and license requirements for board of directors (Figure 4).

Figure 4. Türkiye compared to Asia-Pacific and World's best performers



Source: OECD (2023). STRI database.

Recent policy changes

Latest amendments to the E-commerce Law, in effect from 1 January 2023, introduced quantitative limits on advertising and marketing through digital services.

A key reform in 2022 affects the duration of stay for services suppliers, which has been extended from 12 months to 24 months for intra-corporate transferees and to 36 months for contractual and independent services suppliers upon first entry. Further reforms in 2022 focused on improving regulatory transparency by allowing foreign suppliers to participate in the public consultation process for new legislative instruments that affect the business and investment environment in Türkiye.

More information

» Access all country notes, sector notes, and interactive STRI tools at http://oe.cd/stri

» Read more about Services Trade Policies and the Global Economy

» Contact the OECD Trade and Agriculture Directorate with your questions at stri.contact@oecd.org

[i] Note: The STRI indices take values between zero and one, one being the most restrictive. The STRI database records measures on a Most Favoured Nation basis. Air transport and road freight cover only commercial establishment (with accompanying movement of people). The indices are based on laws and regulations in force on 31 October 2023. The STRI regulatory database covers the 38 OECD Members, Brazil, China, India, Indonesia, Kazakhstan, Malaysia, Peru, Russia, Singapore, South Africa, Thailand and Viet Nam. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.