

ICT Investments and Regulation in Turkey

The stability and growth in Turkish economy since the economic crisis in 2001 gave great momentum to many sectors in Turkey. One of these sectors is ICT sector. Keeping in mind the ICT sector's multiplier effect on different industries, we can conclude that the ICT sector has a positive correlation with economic growth which is a two sided relationship. Therefore it is possible to assume that successful performance of the Turkish economy combined with regulations of ICTA, the telecom regulator, helped the growth of ICT sector.

Almost all businesses areas in Turkey have great deal of opportunities. Legal restrictions to FDI (foreign direct investments) were removed. Hence any investor can acquire or establish a company with full ownership. Specifically talking, Existence of ICTA guarantees a fair business environment and the young consumer mass promises a sustainable demand in Turkish telecommunications market.

Long distance telephony services market was the first one that has been liberalized by ICTA, in 2004. Right now, there are 29 operators and they are increasing their market share consistently. In some sub-markets market share of long distance telephony operators rose up to 40%. But still long distance telephony market did not reach to its full potential. Local call market liberalization in 2009 will increase the opportunities and business areas in the fixed telephony market.

ICTA strongly believes that the Turkish telecommunications market maintained its position as an attractive place for foreign investors, especially after the successful acquisitions from Oger and Vodafone. Considering the increased stability of Turkish economy, the progress Turkish telecommunications market has made, the assurance of an highly motivated independent regulatory body targeting a competitive market, a young population profile and new business opportunities, further foreign investments to Turkish telecommunications market should not surprise anyone.

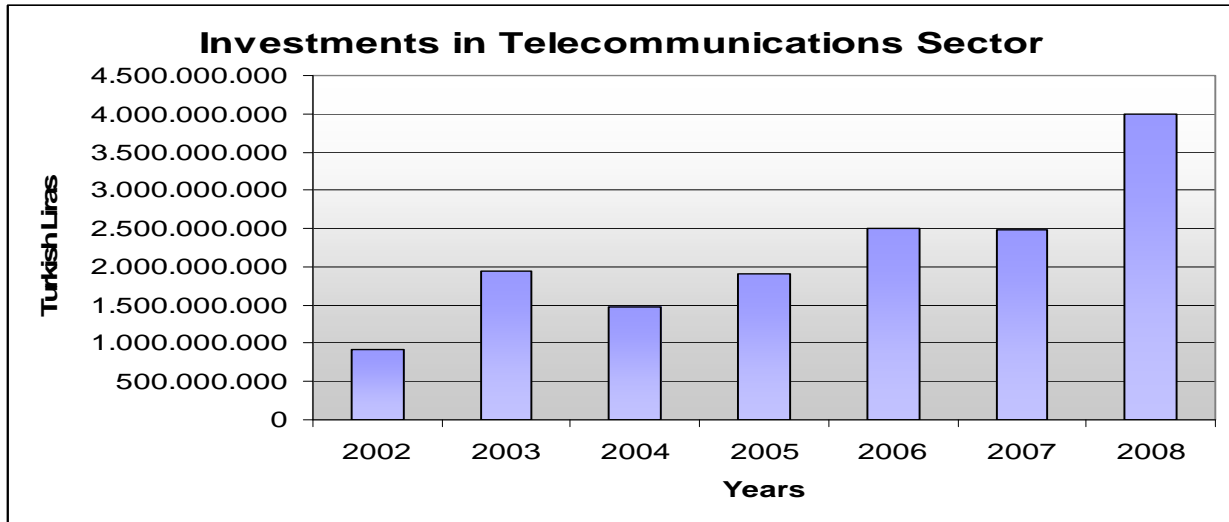
However; ICTA is aware that regulation is a continuing process to reach sustainable competition, even after full liberalization of the market. For this purpose, ICTA is working hard on further regulations to increase and ensure sustainable competition and investments in Turkish telecommunication markets. As a candidate for EU, our effort on harmonization to the EU legislation, guides us in this path. Our final goal is; to remove the barriers of entry; to provide a fair playground for all the players with sustainable and fair profits; and to establish a market with better quality services, competitive prices, and increased options for consumers.

In order to realize this goal, we keep working on further regulations. 2009 witnessed the 3G authorization process and authorized operators are aggressively investing for capturing the new 3G market in Turkey. One of the latest regulations we prepared for increasing the competition is about phone number portability. "The Ordinance on Number Portability" has been published in 2007. Following the enforcement of the ordinance, the technical specifications related with Central Reference Data Base (CRDB) were determined and the installation process has begun, and in 2008 mobile number portability started. Fixed number portability is the next planned step of the near future to attract more operators to invest in the fixed telephony market with its promise of increased competition. Mobile virtual network authorization has also started

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and some companies have already been awarded with this license but they are not fully operative yet. ICTA expects more investments in this specific market after new operators introduce their services to the consumers.

Moreover, ICTA plans to award some new authorizations in the near future to increase the alternatives in the market for further competition and investments. ICTA sees broadband wireless access authorization as a very important factor in the further opening process of the market. ICTA strongly believes that after awarding these authorizations the competition level and alternatives of customers will show a certain increase in the broadband services market.



In addition to its regulatory capacity, ICTA also has internet and consumer related competencies. In this connection ICTA has prepared a booklet, “Advises for safer use of İnternet”, for the young internet users at primary education. The booklet which has been drafted by experts through a carefully research, simply aims to inform young users on the safer use of İnternet. The booklet is recommended to the users at primary education by the Ministry of Education, will be published in both Turkish and English. Then it will be distributed by the Ministry of Education to the primary schools in adequate volumes.