

TURKISH TELECOMMUNICATIONS SECTOR: NEW DEVELOPMENTS AHEAD

Since investments in the telecommunication infrastructure have been mainly made in the late 1980s and 1990s, Turkey has a relatively young and modern technological infrastructure. Turk Telekom's monopoly on fixed-line voice transmission and infrastructure expired at the end of 2003. The market will gradually face increased competition, notably in long-distance telephony. Deregulation in voice communications as of January 2004 paved the way for new investments and also privatization in the sector. So far, 29 licenses have been distributed. Established in 2000, Telecommunications Authority has introduced a number of new regulations such as licensing, interconnection, and a dispute resolution mechanism. The institutional and legal frameworks necessary for a liberalized telecommunications market have been put in place by recent legislations. Telekom privatization process is still ongoing. 55% of Turk Telekom shares will be sold as a single block and the amount and timing of the remaining shares to be offered to public will be decided following this block sale. 13 companies/consortiums have been prequalified to give offers until 31 May, 2005.

TELEPHONE SUBSCRIBERS				
	2001	2002	2003	2004
Number of Fixed Telephone Subscribers ('000)	18,905	18,890	18,917	19,125
Number of Mobile Telephone Subscribers ('000)	18,229	23,323	27,888	34,708

Source: Telecommunication Authority (www.tk.gov.tr)

Since 1991, mobile services are active in Turkey without any monopoly and competition is effectively in place since 1994. There are 3 GSM operators in Turkey, one GSM 1800 and two GSM 900. Having started operations in 1995, the number of GSM subscribers has increased from 692,779 to nearly 35 million subscribers as of 2004.

At first the GSM services in Turkey were offered by two consortiums under a revenue sharing agreement with Türk Telekom. Afterwards, these revenue sharing agreements were converted into operating licenses and these licenses were granted to the two Turkish GSM companies. The bidding for the third license for installment and operating of a GSM 1800 network was won by Turkish Is Bankasi and Telecom Italia Mobile consortium. Türk Telekom started to operate the fourth operator as Aycell in 2001. As a recent development, Aycell and Telecom Italia Mobile consortium established AVEA mobile subsidiary company as a result of the merger.

Number of internet users in Turkey has increased more than 30% a year on average in the last 4 years.

INTERNET USERS	
Year	Number of Users
2000	2.500.000
2001	3.200.000
2002	4.300.000
2003	6.000.000

Source: Telecommunication Authority

Within the scope of regulations and liberalizations, currently there are four main actors in the sector. These are the Telecommunications Authority that was established on August 2000 as a regulatory autonomous body with administrative and financial autonomy, the Head Office of Transportation and Communications, High Commission of Communications and High Commission of Radio and Television. The Authority is responsible for licensing, tariffs, inter-connection, numbering and spectrum planning and allocation. The Ministry of Transport retains responsibility for ensuring universal service and for setting telecommunications policy.

Data services are provided by Türk Telekom including leased lines, ISDN, frame relay, Packet Switching Data Network (TURPAK), Very Small Aperture Terminal (VSAT) networks, Time Division Multiplexing (TDM) networks and Asynchronous Transfer Mode (ATM).

The Key Operational Data of Türk Telekom			
Key Operational Data	2001	2002	2003
Access Lines in Service	18,904,486	18,914,857	18,916,721
Access Line Capacity	21,340,756	21,082,724	21,162,715
Fixed Line Penetration	%27	%27	%27
Digitalization Switches	%89	%90	%91
Digitalization Transmission	%98	%97	%99
Number of Employee	69,545	63,598	61,219

Source: General Directorate of Telecommunication

International connection service is provided by three submarine fiber optic cables in the Mediterranean and Black Seas, that link Turkey with Italy, Greece, Israel, Bulgaria, Romania, and Russia, by 12 Intelsat earth stations, and by 328 mobile satellite terminals in the Inmarsat and Eutelsat systems. In order to support communications applications, Türk Telekom launched three satellites: Turksat 1B (1994), Turksat 1C (1996) and Turksat 2A (2001). These satellites are used for TV broadcasting, radio broadcasting, IBS, and VSAT services.