

# Projects Suggestion for Maritime Industry under Korea-Turkey FTA

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Yong-An PARK\*, Tachwee LEE\*\*

## ABSTRACT

Korea and Turkey concluded FTA of goods trade in 2013 and service trade in 2014. Although both parties have taken liberal position in maritime sector in the international negotiations such as GATS, WTO-DDA, and TISA, Korea undertook commitment of 11 sub-sectors in maritime industry in Korea-Turkey FTA; Turkey 4 sub-sectors including passenger transportation, freight transportation, ship maintenance and management, rental of vessels. Therefore Korean related businesses obtained additional legal base for entering into maritime trade, chartering business, ship maintenance and management and cruise in the Mediterranean, the Black Sea and the Middle East. In addition, Turkish shipping companies can use potential of new business in North-east Asia and the Black Sea regions. Analysing each commitment schedule of maritime services of both countries in GATS, WTO-DDA and Korea-Turkey FTA, the present paper tries to find mutually benefitting points in which both parties can enjoy the fruits of FTA in maritime services. The present paper suggests some collaborative agendas of the maritime industry between the two countries under Korea -Turkey FTA, covering a joint venture of shipping for project cargoes between Asia and the Black Sea.

**Keywords:** FTA, WTO, Korea, Turkey, maritime industry

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\* Research Fellow at KMI, first and corresponding author, yapark@kmi.re.kr

\*\* Researcher, Global Logistics & Ocean Research Institute, Pyeongtaek University

# 1. Introduction

Turkey is a peninsula country encircled by the Black sea, the Aegean Sea and the Mediterranean. Though the spatial distance between Korea and Turkey is quite away, both countries have built adamant ties in economy, diplomacy, and other areas. Due to growing amounts of trade between them, Korea-Turkey free trade agreement (FTA) in goods was concluded in 2013 and Korea-Turkey service negotiations reached agreement in July 2014. Generally, free trade agreement is considered to facilitate trades among the participants by reducing trade costs or transport costs, and lowering trade barriers and improving connectivity (Pomfret and Sourdin, 2009; Itakura, 2014). Although some FTAs are concluded by neighbouring countries and provide new business markets in cargo transportation of trucking, shipping, railway and air, the free trade agreement in which the participants are geographically far away for each other would give us narrow opportunity for entering new cargo transportation businesses: shipping and air transportation. Nevertheless, implication and potential of free trade agreement on service, especially in shipping sector are rarely explored in the literature.

In this context, Korean related businesses obtained additional legal base for entering into maritime trade, chartering business, ship maintenance and management and cruise in the Mediterranean, the Black Sea and the Middle East. Considering the strategic geographical importance of Turkey as a gateway to the Black Sea and Central Asia, it is necessary to initiate and implement an investment cooperation road-map for Korea in order to create competitive edges in shipping and port industries of Korea.

The present paper aims at suggesting collaborative agendas of the maritime industry between the two countries. The paper tries to propose common strategy in an international negotiation on maritime industry for the mutual benefits. For this purpose, chapter 2 compares the present status of the maritime industry of Korea and Turkey, especially at shipping and port industries. Chapter 3 analyses the trade policy of Korea and Turkey. Through identifying the commitments of maritime sectors in international trade agreements and free trade agreements (FTAs), the paper deduces the strategic positions of the both. The commitments in the maritime sector of WTO-DDA give us the detailed liberalisation policy in maritime sectors of the both countries. The paper utilizes the method of SWOT (strength-weakness-opportunity-threat) in order to work out mutual benefits in the maritime industry. SWOT approach is a similar method to a strategy of negotiation which will enlarge its own benefits, reduce damage from market liberalisation, develop new chance for business and evade a threat from competitors in an international trade. Chapter 4 develops the collaborative agendas of maritime industry between Korea and Turkey. Chapter 5 concludes the paper and suggests some practical agendas.

## 2. Comparison of the Maritime Industry of Korea and Turkey

### 2.1 Shipping

While Korea records 5th in the world with 16 million tonnage of 710 vessels of national flag and 64 million tonnage of 898 vessels of foreign flag, Turkey ranks 13th with 9.5 million tonnage of 627 vessels of national flag and 9.5 million tonnage of 842 vessels of foreign flag as shown in Table 1. Average size of vessel of Korea is about 50 thousand tonnage; Turkey about 21 thousand tonnage.

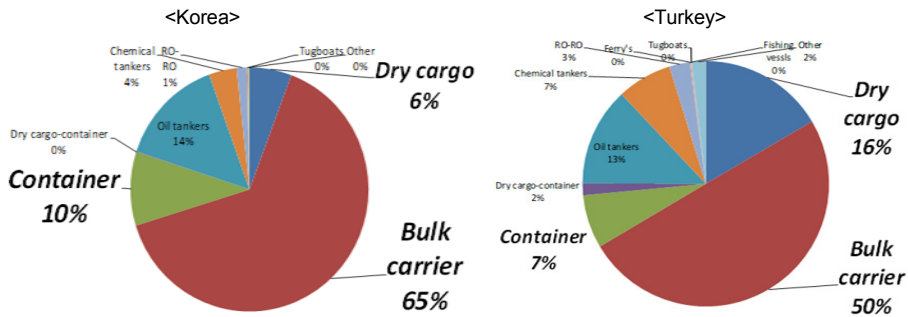
**Table 1.** Fleet controlled by each nation (January, 2013)

Nation	National flag		Non-national flag		Total	
	No.	1000DWT	No.	1000DWT	No.	1000DWT
Greece	815	71,889	2,949	188,549	3,764	260,438
Japan	698	16,897	3,410	213,045	4,108	229,942
China	1,905	59,632	2,185	101,273	4,090	160,905
Germany	378	16,820	3,649	114,159	4,027	130,979
Korea	710	15,859	898	63,845	1,608	79,704
Norway	521	15,366	1,071	43,150	1,592	58,516
Singapore	646	22,213	531	25,574	1,177	47,787
U.S.A.	201	4,550	781	42,413	982	46,963
Taiwan	88	3,328	710	42,099	798	45,427
Denmark	331	12,616	628	29,592	959	42,208
Italy	569	18,222	494	22,187	1,063	40,409
Hong Kong	386	24,647	264	7,919	650	32,566
Turkey	627	9,488	842	20,838	1,469	30,326

Source: ISL, Shipping Statistics Yearbook 2013, 2013. p.27.

Korean shipping companies tend to deploy their vessels in world-wide trade routes and in intra-Asian routes, and face severe competition in the world market. On the other hand, even though Turkish shipping companies tend to be protected by cargo reservation policy and strict cabotage, deploy their vessels in world-wide routes and even in intra-regional routes, however, they face severe competition in the world market (Yercan, 1988; Togan, 2007).

In both two countries, merchant fleets are mainly comprised of bulk carriers (<Figure 1>). Bulk carriers share 65% of controlled fleet in Korea in 2013; 50 % in Turkey. Nonetheless, Korean major liners are Hanjin Shipping and Hyundai Merchant Marine (HMM) which have world-wide shipping networks; Turkish major liner is ARKAS which focuses its fleets on the Mediterranean and the Black Sea routes.

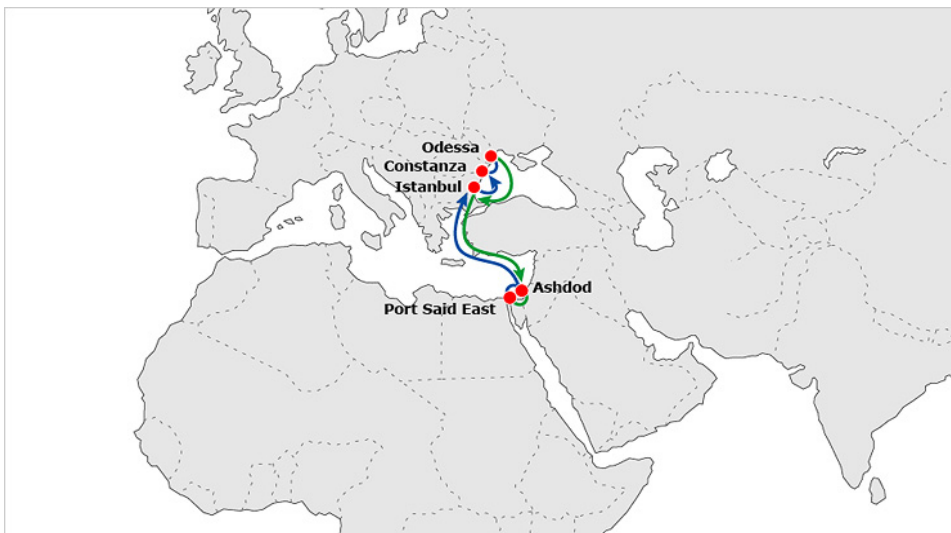


Source: ISL, Shipping Statistics Yearbook 2013, 2013.

Figure 1. Merchant fleet of two nations

Korean liners, Hanjin Shipping and Hyundai Merchant Marine are deploying their fleet at the Turkish ports (<Figure 2>). The Hanjin Shipping's service is going through Turkish ports: Izmir and Mersin. HMM's service is focusing on the Black Sea routes via Istanbul.

ARKAS Line and EMES feeding Services have jointly focused on the intra Mediterranean sea routes (<Figure 3>). The two shipping companies build hub and spoke network through servicing main ports in the Mediterranean such as Valencia, Marseille, Barcelona, Piraeus as hubs (<Table 2>). Nonetheless, Turkish shipping networks can be main routes for the countries in the Back Sea and the Caucasian areas.



Source: www.hmm21.com (as of 15<sup>th</sup> April, 2014)

Note: the blue colour means westbound route; the red eastbound route.

Figure 2. Service of Hyundai Merchant Marine via Turkey



Source: www.arkasline.com.tr (as of 30<sup>th</sup> November, 2014)

**Figure 3.** Overview on the two Turkish liners' services

**Table 2.** Main, intermediate, and Turkish ports of the services by ARKAS Line

Main ports	Intermediate calling ports	Turkish ports
Valencia, Marseille, Barcelona, Piraeus, Casablanca	Port Said, Genoa, Las Palmas	Istanbul, Izmir, Mersin

Source: www.arkasline.com.tr (as of 30<sup>th</sup> November, 2014)

## 2.2 Ports

Major ports of the two nations are shown as in the figure 4. Busan is one of the busiest ports globally as well as locally. Busan port records the annual average growth rate (AAGR) of 6.1% from 2002 to 2012, handling 17 million TEU in 2012; Gwangyang 7.2%, serving 2.1 million TEU; and Incheon 9.9%, tackling 2.0 million TEU.

Turkey has planned to implement its vision of making its ports a hub in global shipping networks (Oral, 2007). Main ports in Turkey which can have potential in regional shipping and inland networks are Candari in the North Aegean, Mersin in the Mediterranean Sea, Izmir in the Eastern Mediterranean Sea, and Istanbul. The port of Ambarli is the busiest port in Turkey, showing AAGR of 18.4% from 2002 to 2012 and treating 3 million TEU in 2012 ; Mersin 13.3%; and Izmir 2.0% (<Figure 5>).

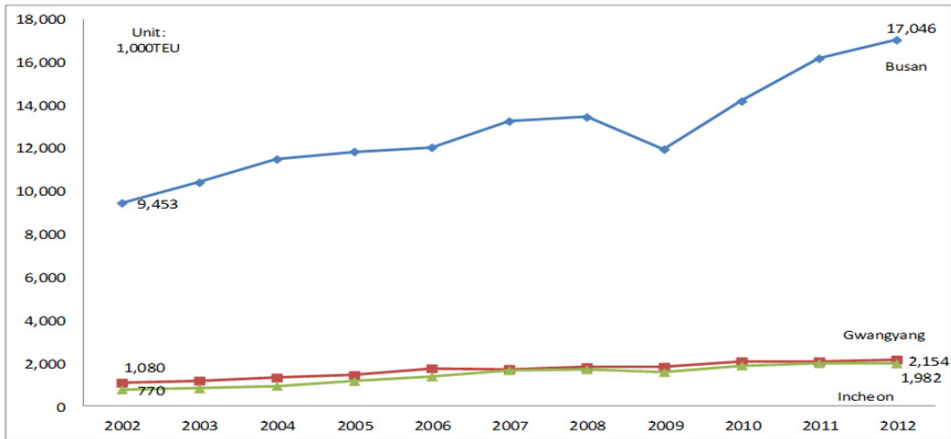
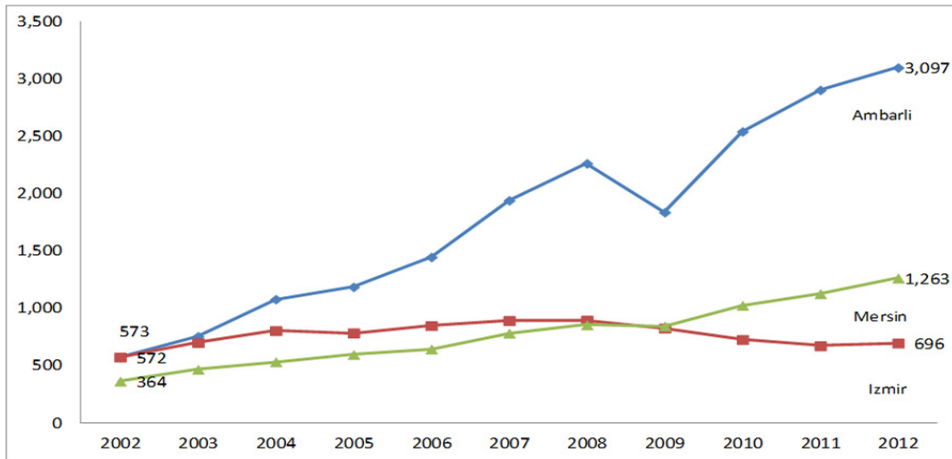


Figure 4. Throughputs of Korean major container ports (Unit: Thousand TEU)



Source: IHS, C.I. Yearbook, each year.

Figure 5. Throughputs of Turkish major container ports (Unit: Thousand TEU)

### 2.3 Governance and Maritime Policy

#### Korea

Both countries cultivated its marine power by aiding maritime companies in financial schemes and taxes (Choe, 2012). The Ministry of Oceans and Fisheries of Korea leads the policy on maritime sector (<Figure 6>). We can extract the historical trend of development of maritime industry in Korea as follows. Korean shipping companies built the foundation of fleet growth due to tax exemption and financial supports from the government during the 1960s. In the 1970s the Korean government began to build container terminals in order to handle export goods and import materials

in trading with foreign countries. The shipping industry and port industry grew in quantity and improved quality with the shipbuilding industry in Korea. The shipping industry in Korea faced the limitation of growth and experienced structural readjustment by the government. The Korean government adopted deregulation policy on shipping and port industry in the 1990s, and shipping companies and port operators tried to globalize and specialise management skills. In the 2000s the government enlarged international cooperation and endeavoured to conclude free trade agreements with major countries.

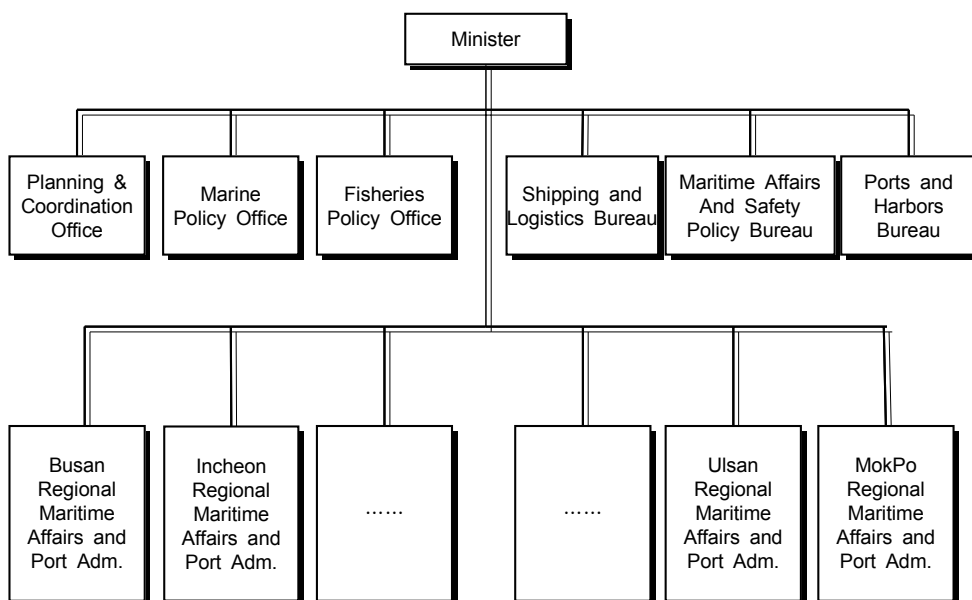
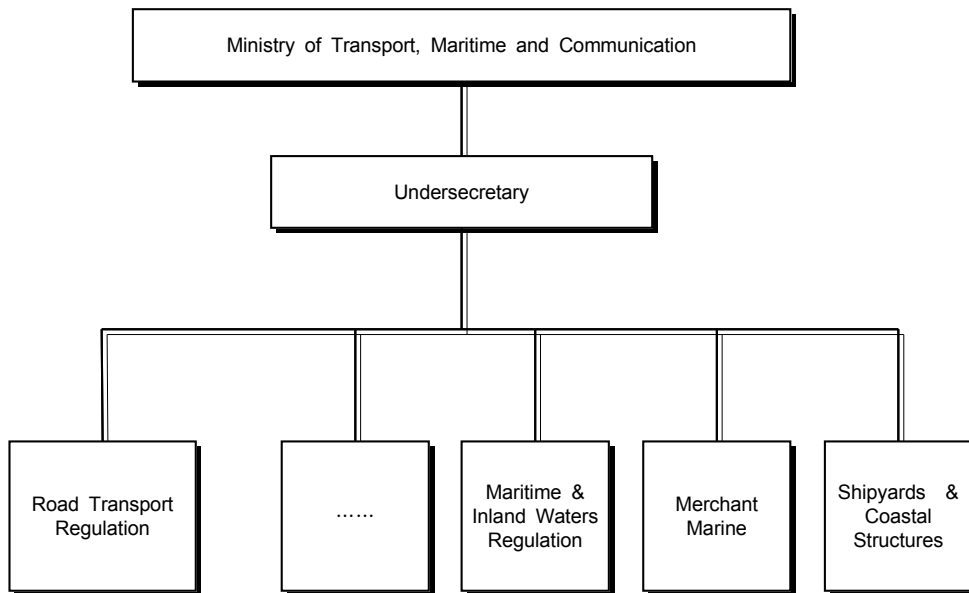


Figure 6. Organization of the Ministry of Oceans and Fisheries of Korea

### Turkey

The Ministry of Transport, Maritime and Communication, and the Undersecretariat of Maritime Affairs govern shipping and port activities in Turkey. The Ministry directs mainly maritime sector and encourages maritime activities and maritime, related industries such as shipbuilding, ship-repairing, maritime tourism, and R&D activities. Maritime activities in Turkey are regulated mainly by Turkish Commercial Law, Cabotage Law, Ports Law and international conventions such as the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers of 1978 (Togan, 2007).



**Figure 7.** Organization of the Ministry of Transport, Maritime & Communication of Turkey

Turkey has developed the maritime industry since the 1980s when the government initiated financial aids scheme to shipping companies in order to promote the formation of Turkish flag fleets. In the 1990s Turkish maritime industry grew in accordance with the development of steel manufacturing industry which ranks 12th in the world (Neser et al., 2008; Choe, 2012). A few deep-sea going shipping companies commenced their liner services in the 1990s. In the port industry, the main ports are owned and operated by the Turkish State Railways under the Ministry of Transport, Maritime and Communication (Yercan, 1988). Port governance in Turkey can be classified into three categories and periods: nationalization, both public & private operation, and privatization (Oral et al., 2007). The Undersecretariat of Maritime Affairs of Maritime Affairs governs ports in Turkey, as national maritime administration. While port operation in Korea tends to be privatized, port operation entities in Turkey are four types: public, municipal, affiliated and private owned ports (Oral et al., 2007).

### **3. Trade policy on Maritime Industry of Korea and Turkey**

In this section, we analyse the trade policy on maritime industry of Korea and Turkey.



### 3.1 Korean Policy in WTO-DDA and FTAs

Korea has taken position of market liberalisation in the WTO-DDA negotiation. In the WTO-DDA negotiation, maritime negotiation was led by EC delegate who asserted liberalization of maritime transport and listed Maritime Commitment Schedule including international maritime transport services, maritime auxiliary services, port services, repositioning of empty containers and feeder services of foreign trade cargoes. WTO-DDA has targeted to be suitable with the General Agreement on Trade in Services (GATS)<sup>1)</sup> (WTO, 2001). GATS assists the principles of progressive liberalisation through binding commitment in schedules, non-discrimination and transparency, regulations that are reasonable, objective, impartial, and not more burdensome than necessary, competition safeguards aimed at the realization of obligations and commitments, and flexibility in recognition of national sovereignty and economic development needs (Tuthill, 1997; Park and Cho, 2013).

Korea as a member of Maritime Trade Service Friends Group<sup>2)</sup> in WTO-DDA has taken liberal position in maritime transport services which include international transport excluding cabotage, maritime auxiliary services containing maritime cargo handling services, storage and warehouse service in ports, customs clearance service, maritime agency services, container station services, maritime freight forwarding services, shipping brokerage services and other services as shown in Table 3 (Ministry of Land, Transport and Maritime Affairs, 2011). In the international maritime transport services, Korea committed liberalization of the markets to foreign shipping companies excluding international maritime passenger transport. In addition it showed liberal policy on maritime auxiliary services.

Korea concluded the first free trade agreement with Chile in 2004 and it expanded its partner of FTA to Singapore in 2006, ASEAN in 2007, India in 2010, EU in 2011, Peru in 2011, USA in 2012, Columbia in 2012 and Turkey in 2013 as shown in Table 4. FTAs of Korea with Canada, Mexico, Australia, New Zealand, Indonesia, China and Vietnam are under negotiation in 2014.

Korea lists policy reservation on the right to adopt or maintain measure with respect to inland waterways transportation, international maritime passenger transportation services, maritime cabotage, and the acquisition of Korean vessels at maritime industry in Korea-Turkey FTA as in the Appendix 1 (Ministry of Oceans and Fisheries of Korea, 2014). Korea listed commitment schedule of two additional sub-sectors in accordance with Turkey's request in 2014: pushing and towing services, and tally, measuring and survey services (<Table 3>).

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1) GATS is one of the three pillars of WTO: the others are Multilateral Agreements on Trade in Goods and Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) (Ministry of Justice of Korea, 2000).

2) The member countries are Korea, Australia, Canada, Hong Kong, China, EU, Iceland, Japan, Mexico, New Zealand, Norway, Singapore, Switzerland, Taiwan, and Panama.

**Table 3.** Sub-sector of Maritime and Commitment at Korea-Turkey FTA

Item	Korea	Turkey
Sub sector	International Transport Excluding Cabotage Maritime Cargo Handling Services Storage and Warehouse Services in Ports Customs Clearance Services Maritime Agency Services Container Station & Depot Services Maritime Freight Forwarding Services Shipping Brokerage Services Maintenance and Repair of Vessels Pushing and Towing Services Tally, measuring and survey services	Passenger Transportation Freight Transportation Maintenance and Repair of Vessels Rental of Vessels with Crew

Source: Government of Turkey (2014 b). Ministry of Oceans and Fisheries of Korea(2014)

**Table 4.** FTAs of Korea and Turkey

Item	Korea	Turkey
Countries	Chile, Singapore, ASEAN, India , EU, Peru, USA, Columbia, Turkey	Korea, EFTA, Israel, Bosnia-Herzegovina, Palestine, Tunisia, Morocco, Syria, Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Jordan, Mauritius

Source: www.economy.gov.tr (28th November 2014).

### 3.2 Turkish Policy

Turkey represents also liberal attitudes to commitment of the maritime industry at GATS negotiation. In the international maritime transport services, Turkey applied liberalization of the markets to foreign shipping companies including international maritime passenger transport. However Turkey draws some limitation of cargo preference policy of strategic raw materials and puts also limitation on national treatment in port charges which have differences between Turkish vessels and foreign vessels. In fact Turkish regulation required that all imports of public enterprises and public entities should be transported by Turkish flagged vessels till 1983. In 1983, after the Turkish government loosened the regulation, foreign operators can handle imports of public enterprises and public entities on the condition that the freight rate of Turkey flagged vessel is more than 10 percent above their foreign competitors(Togan, 2007). In maritime auxiliary services of Korea-Turkey FTA, Turkey committed only two services: rental of vessels with crews and maintenance and repair of vessels. Turkey has strong cabotage policy on the areas of domestic coastal shipping and cargo handling in Turkish ports (Yercan, 1988; Choe, 2012). Furthermore no more than 49 percent of equity participation by foreigners in national flag carriers is allowed. According to the Law on Turkish International Flag Registration enforced in 2000 there are two different types of ships registry: National Ship Registry (NSR) and Turkish International Ships Registry (TISR) (Togan, 2007). Shipping companies under the Turkish flag on the NSR must be 51 percent owned by Turkish nationals.

After establishing Customs Union with EU in 1996, Turkey ameliorated legal institutions of foreign trade and customs. Turkey has concluded FTAs with 32 countries

and has 17 FTAs in force with Korea, EFTA, Israel, Bosnia-Herzegovina, Palestine, Tunisia, Morocco, Syria, Egypt, Albania, and other countries (the Ministry of Economy of Republic of Turkey, 2014).

Schedule of Specific Commitments filed by the Turkish government include four sub-sectors which Turkey undertakes as in the commitment of schedule of GATS (< Appendix 1>): maritime passenger transport, maritime freight transport, rental of vessels with crew, and maintenance and repair of vessels (Government of Turkey, 2014b). Nevertheless the phrase that foreign operators can handle imports of public enterprises and public entities on the condition that the freight rate of Turkey flagged vessel is more than 10 percent above their foreign competitors is deleted in the commitment of Korea-Turkey FTA. Since Turkey has broader concept of cabotage (Government of Turkey, 2014a), Turkey tends to narrow the areas of commitment at maritime industry such as maritime passenger transport, maritime freight transport, rental of vessels with crew, and maintenance and repair of vessels without subsectors of port activities.

### *3.3 Implications of Trade Policy on Maritime of Korea and Turkey*

Trade of services has become more important due to growing share of services in world trade. 22<sup>3)</sup> members of WTO initiated new negotiation of service trade in 2013: Trade in Service Agreement (TISA) (Sauve, 2013). Korea and Turkey have participated in negotiation meetings of TISA. European countries in TISA are so ambitious that they have been striving to encompass cabotage issues such as domestic coastal feeder services in commitment schedule of TISA. Korea and Turkey present protective position on cabotage issues. Nevertheless in GATS and Korea-Turkey FTA, Korea demonstrates more liberal commitment in maritime industry through enlisting 11 sub-sectors containing the two sub-sectors which Turkey requested to include.

The paper extracts positioning of the two countries in SWOT analysis by observing commitment schedule of the both countries in GATS and Korea-Turkey FTA. Turkey represents also liberal attitudes to commitment of the maritime industry in GATS. In the international maritime transport services, Turkey applied liberalization of the markets including international maritime passenger transport to foreign shipping companies.

### *3.4 SWOT Analysis of Korea and Turkey*

We can conclude the SWOT analysis of Korea as follows (<Figure 8>). Korea has strength in having world-wide liners and a few hub ports in North-East Asia; weakness in domestic feeding services by small sized shipping companies and lack of service networks in the Black Sea and the Mediterranean. Utilizing FTA agreement between Korea and Turkey, Korea can launch new businesses in maintenance and

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3) EU, Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, Hong Kong China, Iceland, Israel, Japan, the Republic of Korea, Mexico, New Zealand, Norway, Panama, Paraguay, Pakistan, Peru, Switzerland, Turkey and the USA.

repair of vessels, management of vessels, and intermodal transport services in the Black Sea. Korean shipping companies can enhance their competitiveness by enlarging their service networks into Central Asia and Eastern Europe using the Korea-Turkey FTA agreement.

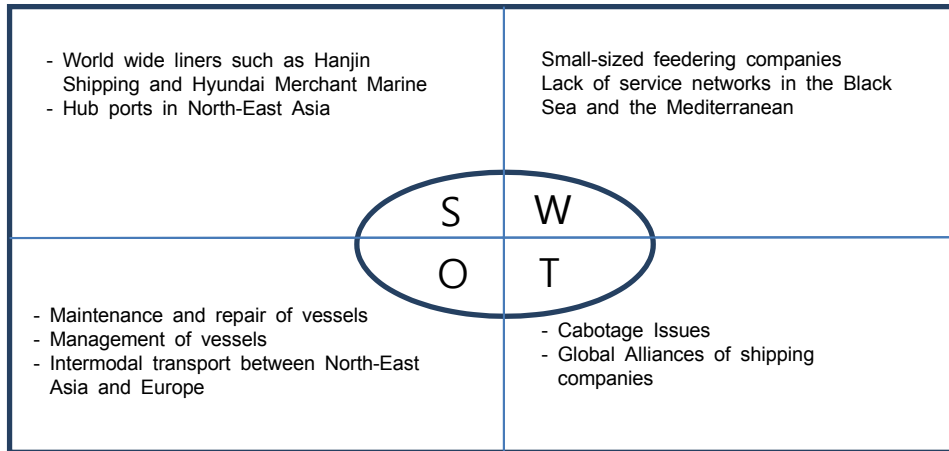


Figure 8. SWOT analysis of maritime industry of Korea

Turkey has strength in well developed domestic feeder and located at a gateway between Europe and Asia; weakness in spatial limitation of shipping services by small and medium sized shipping companies, and lack of global services networks (<Figure 9>). Turkey can establish a venture for the business of maintenance and repair of vessels, management of vessels, and intermodal transport services in the Black Sea under the FTA between Korea and Turkey. Turkish shipping companies can elevate their competitiveness by enlarging their service networks into Asia and other regions in the world by cooperating with Korean shipping companies.

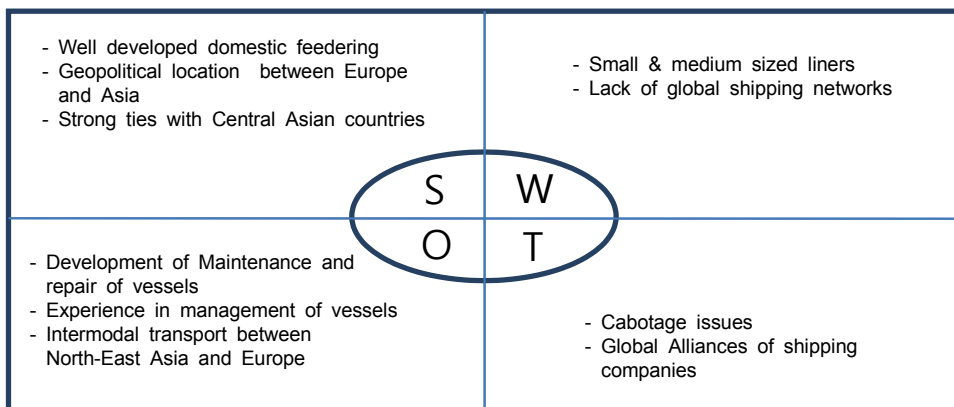


Figure 9. SWOT analysis of maritime industry of Turkey

## 4. Projects of Maritime Sector

### 4.1 Shipping

The two nations' shipping sectors have a little similarity but it is not hard to present the cooperation projects (<Figure 10>). Most likely, the two nations should develop joint shipping networks. The potential sea routes are Northern Sea, intra Black Sea, and Mediterranean feeder services. Thus the future study could be weighted on the priorities of potential projects. Secondly, investing in joint venture projects is relatively important. There might be following questions: where to play and how to play? Thus, acquiring strategic location is more important than acquiring trust between two nations. Thirdly, creating knowledge based maritime hub providing shipbuilding, ship repair, and ship management corporations could be proposed as one of cooperation projects.

We would like to exemplify a joint venture carrier between two nations. German and Dutch shipping companies, Rickmers Lines, Biglif, Jumbo, and SAL have led the shipping markets for project cargo, and heavy and bulky cargoes between Asia and Europe. They acquired benefits of transporting project cargoes from the nation to the other nations. Between Korea and Turkey, there are a lot of project cargoes transported by Germany and Chinese shipping lines. So, it is needed to create a joint venture of shipping to share mutual benefits.



Figure 10. Cooperative Projects of Maritime Sector

### 4.2 Port

While Korea plays a gateway in North-East Asia and has a few hub ports, Turkey locates at the cross-road of Asia and Europe, and has feeder ports which connect the main ports in the Mediterranean such as Algeciras and Gioia Tauro. Turkish ports handle mainly national cargoes and experience insufficiency in the port facility and connected transport infrastructure (Oral et al., 2007). Central Asian countries including Georgia and Azerbaijan which have been facing steadily growing economy

are planning to build new port facilities to handle containers, liquid cargoes and general cargoes. Hence, the present paper would suggest that a venture of Korea and Turkey investors participates in the public tender of development projects of port facilities in the Black sea, the Mediterranean, and the Caucasian region. Joint venture at a newly planned container terminal and inland container depot in the Mediterranean region can be another collaborative project.

#### 4.3 Intermodal Transport and other areas

Bulky cargoes such as project cargo between North-east Asian countries and countries around the Black Sea and the Mediterranean are transported by Germany lines and Chinese lines which are specialised in shipping of project cargoes as drawn in Figure 11. Establishing a joint venture for bulk cargoes can be a cooperative agenda in Korea-Turkey maritime cooperation.

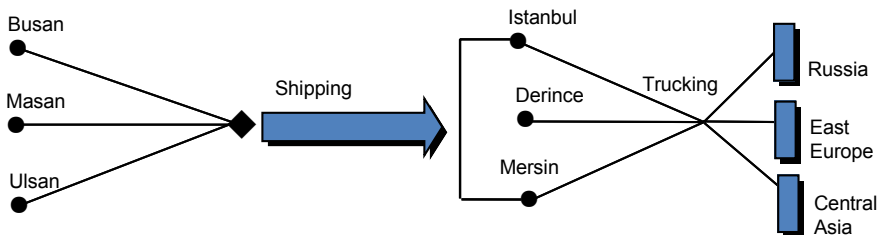


Figure 11. Flow of heavy or Project cargo between Korea and Central Asia

## 5. Conclusion and Policy Recommendations

Settlement of Korea-Turkey FTA in goods in 2013 and services in 2014 would give Korean related businesses a new legal base for entering into the maritime trade, chartering business, ship maintenance and management, and cruise in the Mediterranean, the Black Sea and the Middle East. Korea has strength in having world-wide liners and a few hub ports in North-East Asia; weakness in domestic feeding services in the Black Sea and the Mediterranean. Turkey has strength in well developed domestic feeding in the Black Sea and the Mediterranean and is located at a gateway between Europe and Asia; weakness in lack of global shipping networks. Korea can launch new businesses in maintenance and repair of vessels, management of vessels, and intermodal transport services in the Black Sea. Turkish shipping companies can revamp their competitiveness by enlarging their service networks into Asia and other regions in the world by cooperating with Korean shipping companies.

Turkish bilateral channels such as an implementation committee of Korea and Turkey FTA may develop and share a cooperative road-map and action plan. Both

countries may develop cooperation projects including shipping and port industries and a policy cooperation road-map and implementation plan should be established in order to support such projects. First of all, pilot projects such as ship repair and maritime enterprises of transportation of heavy materials in the Black Sea area should be explored, and if they are proved to be viable, other business opportunities may be expanded according to their business feasibility. Bilateral outreach in port development and construction of logistics facilities in the Black Sea and Central Asia may be promoted and both parties may share policy cooperation road-map for facilitating the projects. In a way, a shipping and port cooperation organization may be pursued among Korea, Turkey, Georgia and Azerbaijan in the Black Sea and Caspian Sea.

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**Appendix 1.** Commitment schedule of international shipping transport of Korea and Turkey in GATS negotiation

Sector : MARITIME TRANSPORT SERVICES <sup>4)</sup>							
Korea				Turkey			
Sub-setor	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	Sub-setor	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
International Transport Excluding Cabotage [7211*,7212*]	1) a) Liner shipping: None b) Bulk, tramp, and other international shipping: The cargo preference system applies to 8 items, which are crude petroleum, iron ore, raw materials for fertilizer, grain, coal, raw materials for petrochem, iron ore, raw materials for fertilizer, grain, coal, raw materials for petrochemical products,	1) None	The following services at the port are made publicly available to international maritime transport suppliers on reasonable and non-discriminatory terms and conditions.  1. Pilotage 2. Towing and tug assistance 3. Provisioning, fuelling and watering 4. Garbage collecting and ballast waste disposal 5. Port Captain's services	Passenger transportation (CPC 7211)	1) None except cabotage  2) None  3) <sup>5)</sup> InordertoflytheTurkishflag,the shipping companies must have the majority of 51 per cent Turkish shareholders.  4) Captain and crew of the Turkish flag vessels should be Turkish residents.	1) Charges taken for port services from foreign and Turkish ships may differ in favour of Turkish flag vessels according to the tariffs on port charges which are determined by the port administrations.  2) None 3) None 4) Turkish nationality is required for captain and crew.	

4) Refer to Attachment concerning Maritime Transport Services.

5) All Turkish ships shall fly the Turkish flag. A ship shall be regarded as Turkish only if its owner (or owners) is/are Turkish. However, the following ships shall also be considered as Turkish: i) Ships which belong to legal persons such as bodies, institutions, associations and foundations set up in accordance with Turkish Law, the majority of whose Board of Directors are of Turkish nationality. ii) Ships which belong to the trading companies the majority of whose managerial staff and representatives are of Turkish nationality and are registered on the Turkish Trade Register.

## Sector : MARITIME TRANSPORT SERVICES

Korea		Turkey	
liquified gas and steel products.		6. Navigation aids 7. Shore-based operational services essential to ship operations, including communications, water and electrical supplies 8. Emergency repair facilities 9. Anchorage, berth and berthing services	Freight transportation (CPC 7212)
2) None 3) a) Establishment of a registered company for the purpose of operating a fleet under the national flag of Korea: Unbound b) Other forms of commercial presence: None 4) a) Ship's crew: Unbound b) Shore personnel: Unbound except as indicated in ALL SECTORS	2) None 3) a) Unbound  b) None  4)  a) Unbound		1) None except cabotage  2) None  3) <sup>6)</sup> In order to fly the Turkish flag, the shipping companies must have the majority of 51 per cent Turkish shareholders. 4) Captain and crew of the Turkish flag vessels should be Turkish residents.
			1) The vessels flying Turkish flag either bidding for public cargoes to be shipped to overseas countries or carrying strategic raw materials are benefited from the preference given in favour of them (i.e.they are entitled to be awarded the bids even though their quotations are up to 10 % higher than the lowest foreign flag vessels quotations) The Undersecretariat of Treasury and Foreign Trade is authorized to permit the public entities to have their imported goods transported by foreign flag vessels. Charges taken for port services from

6) All Turkish ships shall fly the Turkish flag. A ship shall be regarded as Turkish only if its owner (or owners) is/are Turkish. However, the following ships shall also be considered as Turkish: i) Ships which belong to legal persons such as bodies, institutions, associations and foundations set up in accordance with Turkish Law, the majority of whose Board of Directors are of Turkish nationality. ii) Ships which belong to the trading companies the majority of whose managerial staff and representatives are of Turkish nationality and are registered on the Turkish Trade Register.

Sector : MARITIME TRANSPORT SERVICES							
Korea				Turkey			
		b) Unbound except as indicated in ALL SECTORS				foreign and Turkish ships may differ in favour of Turkish flag vessels according to the tariffs on port charges which are determined by the port administrations.  2) None 3)None 4)None	
Maritime Cargo Handling Services [741*]	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS					
Storage and Warehouse Services in Ports Excluding Services for Agricultural, Fishery and Livestock Products [742*]	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS					

Sector : MARITIME TRANSPORT SERVICES							
Korea				Turkey			
Customs Clearance Services	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS					
Maritime Agency Services [748*] <sup>7)</sup>	1) None 2) None 3) A joint venture or a 100% foreign ownership must be incorporated as a Chusik Hoesa(a joint stock company). 4) Unbound except as indicated in ALL SECTORS	1) None 2) None 3) None 4) Unbound except as indicated in ALL SECTORS					
Container Station Services [741*] <sup>8)</sup>	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS					

7) 748\*: Agency services on behalf of maritime passenger transport businesses or maritime cargo transport businesses(including foreign transport businesses) under CPC 748.

8) 741\*: Container station services provided in port areas under CPC 741.

Sector : MARITIME TRANSPORT SERVICES							
Korea				Turkey			
Maritime Freight Forwarding Services [748*] <sup>9)</sup>	1) None 2) None 3) A joint venture or a 100% foreign ownership must be incorporated as a Chusik Hoesa(a joint stock company). 4) Unbound except as indicated in ALL SECTORS	1) None 2) None 3) None 4) Unbound except as indicated in ALL SECTORS					
Shipping Brokerage Services [748*, 749*] <sup>10)</sup>	1) None 2) None 3) A joint venture or a 100% foreign ownership must be incorporated as a Chusik Hoesa(a joint stock company). 4) Unbound except as indicated in ALL SECTORS	1) None 2) None 3) None 4) Unbound except as indicated in ALL SECTORS					

9) 748\*: Freight forwarding services by vessels in the name of the forwarder(including any foreign forwarders under contract)under CPC 748.

10) 748\*, 749\*: Brokerage services for maritime cargo transport or for the chartering, leasing, purchasing or selling of vessels under CPC 748 and 749.

Unbound\*: Unbound due to lack of technical feasibility.

Sector : MARITIME TRANSPORT SERVICES							
Korea				Turkey			
Maintenance and Repair of Vessels <sup>11)</sup>	1) Unbound* 2) None 3) A joint venture or a 100% foreign ownership must be incorporated as a Chusik Hoesa(a joint stock company). 4) Unbound except as indicated in ALL SECTORS	1) Unbound* 2) None 3) None 4) Unbound except as indicated in ALL SECTORS		Maintenance and repair of vessels (CPC 8868)	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	
E. Rental/Leasing Services without Operators a. Relating to Ships [83103]	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in ALL SECTORS	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in ALL SECTORS		Rental of vessels with crew (CPC 7213)	1) None 2) None 3) None 4) None	1) Vessels rented by foreigners may not operate inside the Turkish coastal waters.  2) This kind of vessels are considered as foreign vessels and do not have to fly the Turkish flag. 3) None 4) None	

11) Services, such as repair and management of vessels, management of crew, and marine insurance, provided on behalf of a maritime passenger transport business, maritime cargo transport business, or vessel leasing business.

Unbound\*: Unbound due to lack of technical feasibility.