

ENLARGEMENT STRATEGY REPORT - TURKEY

INTRODUCTION

C.Gogoula

The European Council granted the status of candidate country to Turkey in December 1999 and accession negotiations were opened in October 2005.

POLITICAL CRITERIA

Introduction

- The pace of the reforms slowed down
- The government made efforts to strengthen the EU accession process. However, this repeated commitment was offset by the adoption of key legislation in the area of the rule of law, freedom of expression and freedom of assembly

Democracy:

- Elections :**
7 June general election: 84% general turnout / 1 November general election : 85% turnout
Fundamental freedoms were generally respected.
The President's active role in the campaign perceived as favoring the ruling party
Media freedom remained an area of concern
- Parliament :** no progress in aligning the legal framework on political parties and parliamentary immunity with European standards
- Governance:** The outgoing government's campaign against the alleged "parallel structure" within the state was actively pursued, at times encroaching on the independence of the judiciary.
- Civil society:** Civil society has remained active, growing in numbers and continuing to be involved in many spheres of public life in Turkey. Some progress was made in improving cooperation between the government and civil society organizations.

Public administration reform:

Turkey is moderately prepared in the area of public administration reform. It has a strong public service and is committed to a user-oriented administration.

Rule of law:

The independence of the judiciary and respect of the principle of separation of powers have been undermined and judges and prosecutors have been under strong political pressure.

Fight against corruption: it has reached some level of preparation in the fight against corruption. No progress has been achieved in the past year, in the absence of legislative developments on public transparency. Corruption remains widespread.

Fight against organized crime: It has achieved some level of preparation in the fight against organized crime. Some progress has been made over the past year to increase investigation capacity and adopt and implement new strategies in the field. Absence of data protection legislation

Fight against terrorism: It has improved its regime for combating the financing of terrorism.

Human rights & the protection of minorities:

Implementation of Turkey's Constitution had considerably improved in the last decade. Significant backsliding in the past two years in the areas of freedom of expression and freedom of assembly. Turkey continued to make considerable efforts to give shelter to Syrian refugees.

Regional issues & international obligations:

Cyprus: Turkey supported the resumption of the talks on the Cyprus settlement in May and expressed its support for the UNSG Special Advisor's efforts. However, Turkey has still not fulfilled its obligation to ensure full and non-discriminatory implementation of the Additional Protocol to the Association Agreement and has not removed all obstacles to the free movement of goods, including restrictions on direct transport links with Cyprus.

Peaceful settlement of border disputes: No bilateral exploratory talks were held between Greece and Turkey to find common ground for the start of negotiations on the delimitation of the continental shelf.

Regional cooperation: Bilateral relations with other enlargement countries and neighboring EU Member States have been good.

ECONOMIC CRITERIA

Introduction

Regarding the economic criteria, the Turkish economy is well advanced and can be considered a functioning market economy. There was, however, no progress in reducing the underlying macroeconomic imbalances.

The existence of a functioning market economy:

Key Economic figures	2013	2014
GDP per capita (% of EU28 in PPS)	53%	53%
GDP growth (%)	4,2%	2,9%
Current account balance (% of GDP)	-7,9%	-5,8%
Foreign Direct Investment (% of GDP)	1,5%	1,6%
Unemployment rate (female; male)	8,8% (10,6% ; 8%)	9,9% (11,9%; 9,1%)
Economic activity rate for persons aged 20-64: proportion of the population aged 20-64 that is economically active	58,4%	58,9%

- Inflation continued to run at a relatively high rate- consumer price inflation: 8,2 % in December 2014 (official target : 5%)
- Public debt has attained a sustainable level (33,5% of GDP)
Gross external debt: 57,5% of GDP at the end of March 2015

The capacity to cope with competitive pressure & market forces within the Union:

Turkey has a good level of preparation in achieving the capacity to cope with the competitive pressure and market forces within the EU. The depreciation of lira improved overall price competitiveness

*Opened chapters of the Acquis Communautaire*Chapter 4: Free Movement of capital

Level of progress: Moderately prepared

Reforms to be done: 1. Action plan for liberalising the purchase of real estate by foreigners,

2. Fight against financing terrorism,

3. Need for progress in payment systems.

Chapter 6: Company Law

Level of progress: Well advanced

Reforms to be done: Finalise the technical alignment with a few pieces of legislation including on mergers and divisions.

Chapter 7: Intellectual property law

Level of progress: Good level of preparation

Reforms to be done: 1. Adoption of pending property and copyright legislation,

2. Improve enforcement measures in the fight against piracy and counterfeiting,

3. Further increase awareness of intellectual property protection beyond current initiatives.

Chapter 10: Information, Society and Media

Level of improvement: Moderately prepared

Reforms to be done: 1. Strengthen institutional independence in electronic communications,

2. Revision of the law about internet (i.e. Issues regarding freedom of speech in internet)

3. Further alignment with the EU acquis on that issue,

4. Steps for the completion of the digital switchover.

Chapter 12: Food safety, veterinary and phytosanitary safety

Level of improvement: Some level of preparation, no progress in general

Reforms to be done: Upgrade food establishment to meet EU standards and take further steps to adapt and enforce rules on animal products.

Chapter 16: Taxation

Level of improvement: moderately prepared

Reforms to be done: 1. Compliance with the 2009 action plan as regards excise duties on alcoholic beverages, 2. Alignment with the excise legislation on energy products with the acquis.

Chapter 18: Statistics

Level of improvement: Moderately prepared

Reforms to be made: Strengthen coordination between National Statistics Office and some other data providers, submit key national accounts indicator on Commission and improve statistics in general.

Chapter 20: Enterprise and industrial policy

Level of improvement: Good level of preparation

Reforms to be done: Improve policy compliance following the Small Business Act results and the review of recently adopted strategies and action plans.

Chapter 21: Trans-European Networks

Level of improvement: Well advanced

Reforms to be made: 1. Efforts for a fair and transparent gas transit regime in line with the acquis,
2. Steps towards establishing a new core network, and conclude and start implementing the national transport master plan.

Chapter 22: Regional policy and the coordination of structural instruments (5-11-2013)

Level of improvement: Moderately prepared

Reforms to be done: Focus on reducing the risk of not using the IPA funds on time and implement relative programmes.

Chapter 27: Environment

Level of improvement: Moderately prepared

Reforms to be done: 1. Further strategic planning on climate action,
2. Correct implementation of the relative environmental legislation and ensure its alignment with the EU legislation.

Chapter 28: Health and consumer protection

Level of improvement: Good level

Reforms to be done: Alignment with the EU acquis on those issues, assurance of data security of national health information system and well functioning of consumer complaints committees.

Chapter 32: Financial control

Level of improvement: Good level of preparation

Reforms to be done: 1. Reform programme on financial management, implementation of the Law on Public Financial Managements and Control and of the legislation on external audit.

Only one chapter is closed. 25 Chapter: Science and research.

NOT OPENED AQUIS CHAPTERS of TURKEY**[WHICH / WHY / WHEN / WHO]**

POLITICAL BACKGROUND	CHAPTER	WHEN BLOCKED
<p>Because of the Turkey's failure to implement the Additional Protocol to the Ankara Agreement and extend its customs union with the EU by opening its ports and airports to Cypriot traffic, the EU Council decided to block 8 chapters related to the Customs Union. In February 2013, Turkish EU Minister, Egemen Bagis, declared towards the Republic of Cyprus that "if Cyprus wants salvation and peace then it had to remove the blockade to Ercan Airport to EU member countries and then Turkey would open its ports to Cyprus"</p>	1.Free Movement of Goods	11 DEC 2006
	3. Right of establishment and freedom to provide services	
	9. Financial services	
	11. Agriculture and rural development	
	13. Fisheries	
	14. Transport policy	
	29. Customs union	
<p>Sarkozy, a fierce opponent of Turkey's membership in the EU, blocked accession talks with Turkey on five chapters of negotiations that Paris says are directly related to accession. France, under Sarkozy, said the chapter on economic and monetary policy was directly related to accession. The chapter on economic and monetary policy has no opening "benchmarks," meaning the talks on it could begin immediately in the event the French block is lifted.</p>	17. Economic and monetary policy	25 JUN 2007
	33. Financial and budgetary provisions	
<p>The Cypriot government blocked block the opening of six chapters. Ankara wants the</p>	2.Freedom of movement for workers	8 DEC 2009
	15. Energy	

<p>EU to implement the decision of the Council of Ministers, taken on 26 April 2004, to end the isolation of the internationally unrecognised Turkish Republic of Northern Cyprus (TRNC), created after Turkey's invasion of the country in 1974.⁵ The promise was made two days after Turkish Cypriots voted in favour of the Annan Plan to reunify the island (rejected by Greek Cypriots). Cyprus joined the EU on 1 May 2004 (the writ of EU law does not run in the unrecognised TRNC) and since then has blocked the direct trade regulation needed to lift tariffs on TRNC goods.</p>	23. Judiciary and fundamental rights	
	24. Justice, freedom and security	
	26. Education and culture	
	31. Foreign, security and defence policy	
NTR	5. Public procurement	NTR
	8. Competition policy	
	19. Social policy and employment	

NOT OPENED AQUIS CHAPTERS [TURKEY 2015 REPORT / EU COMMISSION]

CHAPTER	PREPERATION SCALE [state of play]	PROGRESS SCALE	REMARKS
1.Free Movement of Goods	Good Level	Some	+Further aligning legislation with the acquis, notably in eco-design requirements, medical devices and improving market surveillance for certain goods. - Some technical barriers to trade delay or prevent the free movement of goods in violation of Turkey's obligations under the Customs Union <u>To Be Done</u> 1.Improve the free movement of goods in the 'old approach' area of the harmonised acquis by abolishing prior approval and licensing; 2. Abolish export restrictions.
2.Freedom of movement for workers	Early Stage	No	-There have been no developments on access to the labour market or EURES, the European employment services network. -On coordination of social security systems, no new bilateral social security agreement has been concluded with EU Member States.
3. Right of establishment and freedom to provide services	Early Stage	Some	+ Progress in the past year, particularly in the area of work permits for foreigners <u>To Be Done</u> Align with the Services Directive to provide cross-border services and set up a Point of Single Contact.
5.Public procurement	Moderate	Some	- Public procurement is particularly vulnerable to corruption + Strengthening Turkey's capacity to implement and enforce the rules - New amendments to the legal framework for public procurement moved the legislation further away from the EU acquis <u>To Be Done</u> 1.Revise its public procurement legislation to bring it in line with the 2014 EU public procurement directives, addressing in particular utilities and concessions, and to increase transparency; 2. Start repealing exceptions which contradict the acquis as envisaged in the harmonization schedule of the national action plan for EU accession and eliminating restrictive measures 38 such as domestic price advantages and civilian offsets.
8.Competition policy	Moderate	Some	+Antitrust and mergers policy where the legislation is largely aligned and the

			<p>competition authority continues to fulfil its tasks effectively</p> <p>-No progress on state aid policy</p> <p>-Implementation of the state aid law was postponed for a third time</p> <p><u>To Be Done</u></p> <p>1.Implement the state aid law without further delay to ensure effective monitoring of aid schemes and proper alignment with the acquis</p> <p>2.Finalization of an updated inventory</p>
9. Financial services	Good	Some	<p>+The banking regulator adopted new implementing regulations for capital adequacy</p> <p>+ The capital market regulator regulated the right of squeeze-out</p> <p>- Decisions in the banking sector are politically motivated</p> <p><u>To Be Done</u></p> <p>Take measures to re-establish trust in the independence of supervisory agencies, in particular the Banking Regulatory and Supervisory Agency.</p>
11. Agriculture and rural development	Some	Some	<p>+ Preparations have advanced on general agricultural issues and alignment with the common agricultural policy.</p> <p>+ Turkey's capacity to absorb funding has increased with implementation of the pre-accession rural development programme IPARD.</p> <p>+The farm accountancy data network now covers the entire country</p> <p>- The farm accountancy data network integration into relevant databases and use for policy analysis are yet to be addressed.</p> <p><u>To Be Done</u></p> <p>1. Completely eliminate any restrictions on imports of live cattle and beef;</p> <p>2. Adopt a strategy for agricultural statistics.</p>
13. Fisheries	Early	Some	<p>+ Some progress was made on resources and fleet management, inspection and control, and on international agreements.</p> <p>-More efforts are needed to align legislation on structural actions, state aid and market policy and to strengthen institutional capacity.</p> <p><u>To Be Done</u></p> <p>Adopt the draft fisheries law.</p>
14. Transport policy	Moderate	Some	<p>+ Some progress in civil aviation.</p> <p>-Legal and institutional alignment is lagging significantly in the rail sector.</p> <p><u>To Be Done</u></p> <p>1. Make further efforts to implement legislation aligned with the EU acquis in the rail sector, ensuring independence of the infrastructure manager to carry out essential functions.</p> <p>2. improve cooperation with the EU and in particular with the European Aviation Safety Agency on civil aviation.</p>
15. Energy	Moderate	Good	<p>+Good progress on security of supply, the internal market for electricity, and</p>

			<p>renewable energy.</p> <p>+ Liberalisation of the electricity sector and the level of alignment with the third energy market package in electricity are well advanced.</p> <p>+ Efforts have continued to foster renewable energies.</p> <p><u>To Be Done</u></p> <p>1. Establish a functioning competitive market in the natural gas sector in line with the acquis;</p> <p>2. Implement a transparent and cost-based pricing mechanism for electricity and gas;</p> <p>3. Make urgent progress on aligning with the acquis on nuclear energy, to create the necessary legal framework required for planning and construction of its nuclear plants.</p>
17. Economic and monetary policy	Moderate	No	<p>+ Generally good capacity for economic analysis and planning</p> <p>-Increased political pressure on the central bank undermined its independence and credibility</p> <p><u>To Be Done</u></p> <p>1.Avoid any political interference in the independence of the central bank;</p> <p>2.Submit fiscal notifications and the Economic Reform Programme (ERP) by the set deadlines.</p>
19. Social policy and employment	Moderate	Some	<p>+ Some progress on health and safety legislation.</p> <p><u>To Be Done</u></p> <p>1. Remove obstacles such as the double threshold requirement for trade unions, which is hindering effective social dialogue;</p> <p>2. Better implement and enforce health and safety legislation;</p> <p>3. Step up social protection, social inclusion and anti-discrimination policies, with the aim of ensuring equal treatment for all.</p>
23. Judiciary and fundamental rights	Some	No	<p>+ improvement between 2007 and 2013 in terms of independence, efficiency, and the protection of human rights and fundamental freedoms,</p> <p>-Judges and prosecutors have been under strong political pressure.</p> <p>- Concerning corruption, investigations, prosecutions and convictions declined.</p> <p>-In particular, investigation and prosecution of high-level corruption cases remained limited.</p> <p>+On fundamental rights, some developments were at odds with the action plan for the prevention of violations of the European Convention on Human Rights (ECHR), in particular the legislation adopted on internal security.</p> <p>-Freedom of expression is of particular concern, with arrests, hearings, detentions, judicial prosecutions, censorship cases and layoffs of journalists increasing as the authorities maintained their pressure on the media and free speech.</p> <p><u>To Be Done</u></p>

			<p>1.Restore all legal guarantees to ensure full respect for the independence of the judiciary in practice;</p> <p>2.Establish a track record of investigations, prosecution and final convictions in corruption cases, in particular high-level cases;</p> <p>3.Ensure full respect for fundamental rights and freedoms, in particular freedom of expression, the fight against impunity, freedom of assembly and protection of personal data and of persons belonging to minorities.</p>
24. Justice, freedom and security	Moderate	Some	<p>+ Efforts to provide massive and unprecedented humanitarian aid and support to a continuously increasing influx of refugees from Syria and Iraq of about 2.2 million.</p> <p>+ Reforms aimed at meeting the benchmarks of the visa liberalisation roadmap.</p> <p>+ Joint EU-Turkey Action Plan for refugees and migration management</p> <p><u>To Be Done</u></p> <p>1.Complete establishing the institutional and regulatory structures (e.g. services, bodies, legislation) needed to effectively implement the law on foreigners and international protection;</p> <p>2. Adopt and implement legislation on labour market access for Syrians under temporary protection;</p> <p>3. Adopt and implement a law on personal data protection aligned with European standards in order to facilitate judicial and police cooperation with EU Member States.</p>
26. Education and culture	Moderate	Some	<p><u>To Be Done</u></p> <p>1. Further increase participation in education at all levels, especially for girls, and draw up effective strategies to reduce school drop-out;</p> <p>2. Improve the quality of education at all levels and the acquisition of basic and transversal skills of students.</p> <p>3. Ratify the UNESCO Convention, the main legal reference in the area of culture.</p>
29. Customs union	Good	No	<p>- Duty relief, free zones, surveillance measures and management of tariff quotas are not fully in line with the acquis and/or with Turkey's obligations under the CU.</p> <p>- Additional duties and designation of specialised customs offices for goods in free circulation in the EU violate the CU.</p> <p><u>To Be Done</u></p> <p>1. Make additional efforts to improve risk-based controls and simplified procedures to facilitate legitimate trade, while ensuring security and safety.</p> <p>2. Remove import and export restrictions preventing the effective free movement of goods.</p>

30.External relations	Good	Some	<p>+Further alignment with the EU acquis was achieved on the Generalised System of Preferences (GSP) with the adoption of EU rules of origin (except product and geographical coverage).</p> <p>-A growing number of Turkish import duties deviate from the Common Customs Tariff (CCT), in breach of the Customs Union.</p> <p><u>To Be Done</u></p> <p>1.Complete its alignment with the GSP and dual-use export control.</p> <p>2.Align its import tariff with the CCT</p>
31. Foreign, security and defence policy	Moderate	Some	<p>+ The political dialogue between the EU and Turkey on foreign and security policy continued to intensify.</p> <p>+ Maintained its policy on Syria, supporting the opposition and providing vital humanitarian assistance to Syrian refugees.</p> <p>+ Participate actively in civil and military crisis management missions.</p> <p>+ An importing development was the development of the dialogue on counter-terrorism, with Turkey joining the international coalition against Da'esh.</p> <p><u>To Be Done</u></p> <p>Align itself more closely with EU declarations and Council decisions.</p>
33. Financial and budgetary provisions	Early	No	<p><u>To Be Done</u></p> <p>Solid coordination structures, administrative capacity and implementing rules will need to be established in due course.</p>

ANNOTATION

- The scale used for state of play is as follows:
Early stage - Some level of preparation - Moderately prepared - Good level of preparation - Well advanced
- The scale used for assessing progress in the past 12 months is as follows:
Backsliding – No progress – Some progress – Good progress – Very good progress