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**TURKEY
2014 PROGRESS REPORT**

Accompanying the document

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

Enlargement Strategy and Main Challenges 2014-2015

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1. INTRODUCTION

1.1. Preface

This report largely follows the same structure as the Commission's previous regular reports to the Council and the Parliament on progress made by Turkey in preparing for EU membership. The report:

- briefly describes the relations between Turkey and the European Union;
- analyses the situation in Turkey in terms of the political criteria for membership;
- analyses the situation in Turkey on the basis of the economic criteria for membership;
- reviews Turkey's capacity to take on the obligations of membership, i.e. the *acquis* expressed in the Treaties, the secondary legislation, and the policies of the European Union.

This report covers the period from October 2013 to September 2014. Progress is measured on the basis of decisions taken, legislation adopted and measures implemented. As a rule, legislation or measures which are under preparation or awaiting parliamentary approval have not been taken into account. This approach ensures equal treatment across all reports and enables an objective assessment.

The report is based on information gathered and analysed by the Commission. Many sources have been used, including contributions from the government of Turkey, the EU Member States, European Parliament reports¹ and information from various international and non-governmental organisations.

The Commission draws detailed conclusions regarding Turkey in its separate Communication on enlargement,² based on the technical analysis contained in this report.

1.2. Context

The European Council granted the status of candidate country to Turkey in December 1999. Accession negotiations were opened in October 2005. The Association Agreement between Turkey and the then European Economic Community entered into force in December 1964. Turkey and the EU formed a customs union in 1995.

1.3. Relations between the EU and Turkey

The **Positive Agenda**, launched in 2012, continued to support and complement the accession negotiations through enhanced cooperation in a number of areas of joint interest: political reforms; alignment with the *acquis*; dialogue on foreign policy, visas, mobility and migration, trade, energy, counter-terrorism; and participation in EU programmes. The Commission expressed serious concerns about developments in the area of the rule of law and fundamental rights. It encouraged Turkey to have deeper dialogue with the Commission while preparing new initiatives and legislation and regarding the implementation of existing laws and policies. This was supported by a series of peer assessments aiming at renewed cooperation on Chapter 23 — Judiciary and fundamental rights.

Turkey continued to express its commitment to EU accession. The then Prime Minister and current President Erdoğan declared 2014 to be the 'Year of the European Union'. In January, he visited Brussels and met with the Presidents of the European Council, the European Commission and the European Parliament. In September, Turkey adopted a 'European Union Strategy' intended to re-invigorate its accession process. The Strategy is based on three pillars: political reforms; socio-economic transformation in the accession process;

¹ Until 1 July 2014, the rapporteur for Turkey was Ms Ria Oomen-Ruijten. The current rapporteur is Ms Kati Piri.

² Enlargement Strategy and Main Challenges 2014-15, COM(2014) 700.

communication strategy. It is expected to be followed up by action plans with concrete actions and timelines.

The EU-Turkey Readmission agreement was signed on 16 December 2013, in parallel with the launching of the visa liberalisation dialogue. A series of peer assessments have been conducted in order to assess the status of Turkey's implementation of the visa roadmap. The readmission agreement has been ratified by the EU and Turkey and it came into force on 1 October. Full and effective implementation vis-à-vis all Member States is crucial.

Turkey and the EU continued work to improve their cooperation on **energy**, extending its scope to nuclear and sustainable energy.

Turkey's readiness to start accession negotiations on individual chapters was assessed on the basis of screening reports. Of a total of 33 reports, nine are pending in the Council. Work on a number of negotiating chapters has been interrupted over the years, due to lack of consensus among Member States.

So far, **accession negotiations** have been opened on 14 chapters (science and research; enterprise and industry; statistics; financial control; trans-European networks; consumer and health protection; intellectual property law; company law; information society and media; free movement of capital; taxation; environment; food safety, veterinary and phytosanitary policy; and regional policy and coordination of structural instruments). One of these (science and research) was provisionally closed. Chapter 22 — regional policy and coordination of structural instruments, was officially opened in November 2013.

The conclusions on Turkey that were adopted by the Council (General Affairs and External Relations) on 11 December 2006 and endorsed by the European Council on 14/15 December 2006 remain in force. They stipulate that negotiations will not be opened on eight chapters³ relating to Turkey's restrictions regarding the Republic of Cyprus and no chapter will be provisionally closed until the Commission confirms that Turkey has fully implemented the Additional Protocol to the Association Agreement. As long as these restrictions remain in place on vessels and aircraft that are registered in Cyprus, vessels of any nationality related to the Republic of Cyprus in terms of ownership or ship management, or whose last port of call was in Cyprus, Turkey will not be in position to fully implement the *acquis* relating to these eight chapters.

The **enhanced political dialogue** between the EU and Turkey continued. A political dialogue meeting at ministerial level took place in February, followed by a meeting at political directors' level in March 2014. In line with the call in the December Council conclusions to further develop dialogue and cooperation on foreign policy issues, regular discussions were also held on, *inter alia*, Syria, North Africa, the Horn of Africa, the Middle East and the Gulf, the Middle East peace process, Afghanistan, Pakistan, Russia, Ukraine, the South Caucasus, Central Asia, and on counter-terrorism, foreign fighters and non-proliferation. Turkey continues to be actively involved in its wider neighbourhood and is a key regional player. The Council recognised Turkey's role on Syria, in particular with regard to significant humanitarian support provided to Syrians fleeing violence across the border. A number of high-level visits to the European institutions took place during the reporting period.

Progress on the priorities for reform is encouraged and monitored by the bodies set up under the **Association Agreement**. The Association Committee and the Association Council met in June 2014.

³ Free movement of goods, right of establishment and freedom to provide services, financial services, agriculture and rural development, fisheries, transport policy, customs union, and external relations.

Turkey participates in multilateral economic dialogue with the Commission and Member States to prepare the country for participation in multilateral surveillance and economic policy coordination as part of the EU's Economic and Monetary Union.

Upon request of the Commission, the World Bank carried out an evaluation of the EU-Turkey **Customs Union** and published its final report in April 2014.⁴ The report highlighted the positive economic impact of the customs union on both parties. It also recommended broadening mutual trade relations and addressing a number of issues related to the functioning of the customs union. On this basis, discussions on a possible follow-up of these recommendations have started between the Commission and Turkey.

Turkey continues to be the EU's sixth largest trading partner, while the EU is Turkey's largest. Two out of five goods traded by Turkey come from or go to the EU and over 70% of foreign direct investment in Turkey — with a strong high-technology component — comes from the EU.

The Commission and Turkey established priorities for **financial assistance** under the new Instrument for Pre-accession Assistance (IPA II), set out in the Indicative Strategy Paper for Turkey for the period 2014-2020. This key document was presented to the IPA committee in July and adopted on 26 August. Reforms relating to the rule of law and fundamental rights, home affairs, and civil society are to receive increased funding compared to IPA I. Other priorities include education, employment and social policies. In the sectors of environment, transport, and energy, IPA II will focus on promoting development towards a resource-efficient, low carbon economy and on increasing inter-connectivity between Turkey and the EU. In the areas of agriculture and rural development, work will focus on food safety, veterinary and phytosanitary policy and agriculture and fisheries. These priorities will be used as the basis for sector programmes promoting structural reforms, allowing more targeted assistance and improving the impact of financial assistance.

Turkey participates in the following **EU programmes**: the Seventh Research Framework Programme, Customs, Fiscalis, the Competitiveness and Innovation Framework Programme, Progress, Culture, Lifelong Learning and Youth in Action. Turkey has also recently concluded or is in the process of concluding new agreements for a number of programmes, including: Horizon 2020, Erasmus+, Competitiveness of Enterprises and Small and Medium-sized Enterprises, Creative Europe and Employment and Social Innovation. Turkey participates in the European Environmental Agency and in the European Monitoring Centre for Drugs and Drug Addiction.

2. POLITICAL CRITERIA AND ENHANCED POLITICAL DIALOGUE

This section examines progress made by Turkey towards meeting the Copenhagen political criteria, which require stable institutions guaranteeing democracy, the rule of law, human rights, and respect for and the protection of minorities. It also monitors compliance with international obligations, regional cooperation and good neighbourly relations with enlargement countries and Member States.

2.1. Democracy and the rule of law

On 11 June, the Turkish parliament adopted a law to 'bring a stronger legal foundation to the settlement process' aiming at a solution of the Kurdish issue. The law was adopted with broad support across political parties. It encompasses measures to eliminate terrorism, strengthen social inclusion, reintegrate those who leave the Kurdistan Workers' Party (PKK) and lay down their arms, and prepare public opinion for the return of former fighters. It also provides

⁴ <http://www.worldbank.org/content/dam/Worldbank/document/eca/turkey/tr-eu-customs-union-eng.pdf>.

guarantees that those taking part in the settlement process would not be prosecuted for carrying out their duties assigned within the scope of this law. The law entered into force on 1 October 2014. The EU extended its full support to this process and encouraged further engagement by all parties. The law strengthened the basis for the settlement process and makes a positive contribution to stability and protection of human rights in Turkey.

Constitution

The parliamentary Conciliation Committee achieved preliminary consensus on close to 60 of approximately 170 articles for a new constitution. Following persistent lack of consensus, the ruling Justice and Development Party (AKP) pulled out of the committee in November 2013. The committee was formally dissolved in December. Civil society and business organisations called on all parties to act responsibly and continue the process. Minutes of all of the committee's deliberations, covering almost 300 sessions, were published on parliament's website.

There was no progress on adopting laws implementing provisions on protection of personal data, military justice, or laws introducing affirmative-action measures to promote gender equality, which have been pending since the relevant 2010 constitutional amendments were adopted.

Overall, constitutional reform process was put on hold. Yet, it would constitute the most credible avenue for advancing further democratisation of Turkey, providing for the separation of powers and adequate checks and balances guaranteeing freedom, democracy, equality, the rule of law and respect for human rights, including the rights of people belonging to minorities. Future work should build on the democratic and inclusive process, involving broad consultation that characterised the work of the parliamentary Conciliation Committee. Active consultation with the Venice Commission should be pursued.

Elections

The first *direct presidential elections* took place on 10 August. The candidate of the ruling party and outgoing Prime Minister Recep Tayyip Erdoğan was elected President in the first round with 51.79% of the votes, whereas the consensus candidate of several opposition parties, including Republican's People Party (CHP) and Nationalist Movement Party (MHP), Ekmeleddin İhsanoğlu came second with 38.44%, and the candidate of the People's Democracy Party (HDP), Selahattin Demirtaş, secured 9.76%. Turnout was at 74.13%, low compared to other previous elections, and particularly low among expatriate voters (8.31% - around 2.7 million Turkish voters residing abroad were, for the first time, able to vote in the presidential elections at Turkish diplomatic missions in their country of residence). A joint international observation mission of the OSCE and the Parliamentary Assembly of the Council of Europe found in its preliminary report that candidates were generally able to campaign freely and the right to freedom of assembly and association was respected. However, it voiced concerns over the use by the Prime Minister- presidential candidate of his official position as well as over-biased media coverage, giving him a 'distinct advantage' over other candidates. The mission also noted that the legal framework was generally conducive to the conduct of democratic elections, although key areas were in need of improvements, such as campaign finance, comprehensive reporting, and sanctions, which limited the transparency and accountability of the process.

Local elections took place on 30 March 2014, with a turnout of 89%. Elections were re-run in two provinces on 1 June. AKP won control of municipalities in 48 provinces, CHP in 14, Kurdish Peace and Democracy Party (BDP) in 10, the nationalist MHP in 8 and an independent candidate in 1. The elections were well-organised overall and were held in broadly peaceful circumstances, including in the southeast of the country. However, the campaign was polarised and tense, and allegations of fraud sparked protests in a number of

cities. Results of the elections were contested in many municipalities and a high number of appeals were lodged, leading in 13 cases to changes in the results.

The elections took place without adequate legal and institutional framework to audit campaign budgets, donations and candidates' asset disclosures. Following partial alignment with the 2012 recommendations by the Group of States against Corruption (GRECO) in their third round of evaluation on political funding and incrimination, no further reform of the provisions for political funding has taken place. Shortcomings remained in the political funding rules relating to, *inter alia*, prohibited funding sources, donation ceilings and obligations on candidates to disclose their assets and submit specified financial information during a campaign.

Three female metropolitan mayors were elected in Aydın (CHP), Diyarbakır (BDP) and Gaziantep (AKP). One female provincial mayor was elected in Hakkari (BDP). However, women's political representation at local level remained low.

Overall, the presidential elections took place in an orderly fashion, but the campaign period raised concerns over the misuse of state resources to the benefit of the Prime Minister and over insufficient impartiality in media coverage. Turkey needs to take advantage of the recommendations of the Council of Europe and OSCE and remedy remaining shortcomings in the legal framework for presidential elections. The local elections were well-organised and held in broadly peaceful circumstances, including across the southeast. The record number of objections to the preliminary results was symptomatic of a marked polarisation in the country. The shortcomings related to the political funding rules following GRECO recommendations should be addressed.

Parliament

The Constitutional Court ruled that the right to be elected had been violated in the case of six MPs-elect detained pending trial. They were released and took their oath in parliament. Shortcomings in anti-terror legislation and restrictive interpretation of Article 14 of the Constitution continued to pose a risk to MPs' freedom of expression.

The wide scope of parliamentary immunity in relation to corruption charges remained unchanged. In May, parliament set up a single parliamentary investigation committee into corruption allegations involving former ministers. The committee has been tasked to advise the plenary to authorise or refuse trials for the accused MPs before the Constitutional Court. After two-month delay due to the failure of the AKP to nominate its members, the committee was finally established on 8 July, with 15 members, of whom nine from the AKP, four from the CHP and one each from the MHP and the BDP/HDP. On 14 July, the Chairman of the Committee sent the file back to the prosecutors on the grounds that it lacked an index of the content. One opposition member of the Committee resigned in protest for the delays. At the end of August, the Committee began the examination of the charges.

Nine AKP MPs resigned from the party in protest at the government's handling of corruption allegations and the closing of the *Dershanes*.⁵ Ten MPs resigned from parliament as a result of their election as mayors in the 30 March local elections. All except one MP from the BDP switched their allegiance to the new pro-Kurdish People's Democracy Party (HDP). Subsequently, the distribution of seats in parliament was: AKP 313, CHP 130, MHP 52, HDP 27, Independent 14, Democratic Regions Party (DBP former BDP) 1, vacant 13.

On 31 October 2013, following changes in the regulation on the dress code for civil servants, a number of AKP female deputies attended the plenary wearing headscarves, ending a decades-old ban. The change, in turn, triggered an amendment to parliament's internal rules, allowing female MPs to wear trousers.

⁵ Private preparatory schools for higher education exams.

A law adopted in March as part of the September 2013 democratisation package made changes to the *legal framework in relation to elections and political parties*. It permitted political campaigning in languages other than Turkish, legalised party co-chairmanship and eased the rules governing the local organisation of political parties. The expansion of the scope of funding to political parties that attain more than 3% of votes in parliamentary elections (as opposed to the currently in force two-tier regime with 7% and 10% threshold) will apply following the next such elections. However, the new rules will not apply where MPs are elected as independent and subsequently form a political group in parliament, which is currently the case of the pro-Kurdish BDP/HDP.

A debate on the 10% threshold for representation in parliament, the highest among Council of Europe member countries, was opened following the adoption of September 2013 democratisation package. However, it was decided not to revise the threshold before the next general elections. A 10% threshold is also still used for elections to municipal and provincial councils.

Major concerns remained relating to transparency and accountability in controlling funding for political parties and election campaigns (*see below — Fight against corruption*).

Parliament's *ability to perform its key functions of law-making and oversight of the executive* were hampered by a persistent lack of dialogue and a lack of a will to compromise among political parties.

The pattern of insufficient preparation and consultation before adopting key legislation continued. Government- and AKP-sponsored legislation amending laws on the internet, the judiciary, the closure of *Dershanes* and the National Intelligence Service, were adopted without proper parliamentary debate or adequate consultation of stakeholders and civil society.

Parliament has been involved in the settlement process aimed at solving the Kurdish issue. It adopted the law bringing a stronger legal foundation to the process. An *ad hoc* parliamentary Inquiry Committee for Societal Peace and Assessment of the Settlement Process, established in May 2013 with participation of members from only AKP and BDP, presented a report on 2 December urging the continuation of the settlement process, praising the work of the government and supporting redress in the case of past grievances. However, BDP released a dissenting opinion.

A Security and Intelligence Committee is envisaged to be established in the wake of the adoption of the law revising the functioning and oversight of the National Intelligence Service, however the authority and tasks to be granted to the committee are limited. Besides an advisory function, it will only have the power to review a report prepared by the Prime Ministry on the basis of intelligence agencies' annual reports.

The absence of a specialised committee within parliament with technical expertise weakened parliamentary follow-up to reports from the Turkish Court of Accounts and oversight of public spending. In addition, there was no progress on improving parliamentary oversight of the executive and public expenditure, most notably military expenditure, a problem exacerbated by weaknesses in the Turkish Court of Accounts' legal framework.

Work on a comprehensive reform of parliamentary rules and procedures, re-launched in December 2012, was, once again, abandoned due to lack of consensus among the political parties.

The Parliament continued to meet regularly the European Parliament in the framework of the Joint Parliamentary Committee.

Overall, there were welcome improvements to the legal framework on political parties, including use of languages and access to funding. However, full alignment with European

standards needs to be ensured. An inclusive and consultative approach to law-making remains the exception rather than the rule. The transparency of the legislative process and consultations with all relevant stakeholders needs to become a regular practice. Political polarisation and a lack of readiness on the part of the government and opposition to work towards consensus on key reforms continued to affect the functioning of parliament.

President

The mandate of the former President, Abdullah Gül, expired on 28 August. During the reporting period he has been stressing the need for political reforms in line with Turkey's EU accession process. He maintained a conciliatory role, warning against the polarisation of Turkish society.

He was criticised by the opposition for endorsing government- and AKP-sponsored legislation adopted by parliament, notably amendments to laws on the internet, the judiciary, the closure of *Derhanes* and on the National Intelligence Service. The former President pushed for improvements in legislation on the internet and the High Council for Judges and Prosecutors, explicitly stating that the Constitutional Court must judge the constitutionality of other parts of the legislation. He also criticised the bans on accessing Twitter and YouTube, publicly questioning the proportionality of the measures taken by the authorities.

The new President, Recep Tayyip Erdoğan, took his oath on 28 August. In his inauguration speech he vowed to serve as a President for all people of Turkey, to build a 'new Turkey' by bringing forward a new constitution and to continue with ambitious development plans. He also declared that the accession negotiations remain a strategic target for Turkey.

Government

For most of the year, attention was drawn to the 17 and 25 December 2013 corruption allegations targeting the Prime Minister, four ministers, their relatives, the head of the biggest public bank, public officials and businessmen. Ten out of twenty-five ministers were replaced in a Cabinet reshuffle on 25 December. There was a significant delay in submitting requests to parliament to lift the immunity of four former ministers implicated in corruption allegations.

In response to the allegations of corruption, the government alleged that there had been an attempted judicial coup by a 'parallel structure' within the state, controlled by the Gülen Movement. Prosecutors and police officers in charge of the original investigations of 17 and 25 December were removed from their posts. A significant number of reassignments and dismissals in the police, civil service and the judiciary followed, accompanied by legal measures in the judiciary. A significant number of police officers were detained. In September, the Istanbul Chief Prosecutor's Office decided not to prosecute 96 suspects allegedly involved in the December corruption case.

As part of that response, key legislation, including on the High Council of Judges and Prosecutors and on the internet, was drafted and adopted in haste and without consultations.

Following the election and inauguration as President of Mr Erdoğan, a new government was appointed on 29 August, led by Prime Minister Ahmet Davutoğlu who has also succeeded to Mr Erdoğan as leader of the AKP. The 62nd government was confirmed in parliament on 6 September on the basis of a programme that listed the EU accession process, the further democratisation, the constitutional changes and the settlement process as its first priorities, while being also largely dedicated to the socio-economic development of Turkey.

The ministerial Reform Monitoring Group, in which key ministers coordinate policies for EU integration, met twice. A circular aiming at increasing the coordination role of the Ministry of EU Affairs on draft legislation prepared for alignment with the EU legislation was adopted in September.

Elections for *local government* were conducted on 30 March, for the first time since the 2012 amendment to the Law on Metropolitan Municipalities, which redrew municipal boundaries and extended the scope of municipalities' competences. There was no progress in devolving power to local governments. Fiscal decentralisation remained very limited. Local governments' proportion of government revenues and expenditures in 2013 was below 10%. The government has not taken forward its January 2013 plans to legalise the provision of public services in languages other than Turkish — notably, Kurdish — as recommended by the Council of Europe.

Overall, the government response to corruption allegations, which amounted to interfering of the executive into the independence, impartiality and efficiency of the judiciary, raised serious concerns. This led to further polarisation of political climate. The practice of adopting key policies and proposing legislation with no or insufficient consultation continued.

Public administration

Turkey does not yet have in place a comprehensive **strategic framework for public administration reform**. A public administration reform strategy has to be adopted and a body responsible for its coordination needs to be set up.

With regard to **policy development and coordination**, no progress was made on developing regulatory impact assessments to increase the quality of legislation. In particular, no regulatory impact assessment was conducted prior to adopting key legislation. The continuing gap between strategic planning and the budgetary process weakens the implementation of government policies.

With regard to **public service and human resources management**, following the December 2013 corruption allegations (*see above — Government*) reassignments of judges, prosecutors, police officers and other civil servants risk further politicising and undermining the efficiency of the public administration. Civil service reforms to improve management of the public sector and its human resources and to ensure merit-based advancement are still needed. Ministerial power over independent regulatory authorities, which runs counter to EU legislation, remained in place.

Service delivery was improved in terms of administrative simplification and the online provision of basic public services (e-government), whereas there was no progress with regard to **accountability**.

Turkey has engaged in reforms in different parts of the **public financial management** system, but there is no comprehensive reform programme. Turkey has a medium-term budgetary framework in place, and the government has a track record of taking corrective action when necessary. Turkey continued to implement strategic planning (five-year plans) and performance budgeting (on annual basis) in line with the Framework Law on Public Financial Management and Control. The annual budgeting process is based on transparent rules but sets short deadlines for line ministries. Expenditure from own resources ('revolving funds') is outside the scope of the general budget. A clear cash and debt management policy is in place. However, in some cases local administration and state-owned enterprises may borrow without Treasury approval

Overall, limited progress was made with regard to public administration reform. There was significant concern that removals and reassignments of civil servants would threaten the efficiency of the public administration and further politicise it. Public financial management needs to be further strengthened.

Ombudsman

By September 2014 the Ombudsman Institution addressed 2170 out of 3502 received complaints. They related mainly to human rights, the rights of people with disabilities, civil

service-related matters, social security, property rights as well as financial, economic and tax issues. Out of the addressed applications approximately 35% were found inadmissible and 35% were referred to a relevant administrative/judicial body. The Ombudsman issued 56 recommendations and 60 complaints were finalised through an arbitration procedure. The administration took action on just 5 of the issued recommendations. Amendments covering the right of own initiative, on-the-spot checks and follow-up to the Ombudsman's recommendations have not been adopted. As regards administrative acts of the Turkish Armed Forces, the Ombudsman considered notably a number of complaints on dismissal and mistreatment during the military service to be admissible.

The Ombudsman's recommendations referred to relevant European Court of Human Rights (ECtHR) judgments enshrining fundamental democratic principles such as the presumption of innocence, freedom of thought, conscience and religion, freedom of assembly, and prevention of excessive use of force by law enforcement officers.

Following a number of complaints received on use of force by police officers during the Gezi protests, the Ombudsman issued a report in which it found disproportionate use of force. The report also made a number of recommendations related to i.a. the harmonisation of the Turkish legal framework with European standards, the gradual and proportionate use of force, only when it is essential and under supervision, and the continuous training for law enforcement officers.

The Ombudsman Institution's annual report was submitted to a Joint Committee in parliament. After being presented at the plenary, the annual report is expected to be published in the Official Gazette. The institution joined the European Ombudsman Institute and participated in the European Network of Ombudsmen. The Institution has increased staff level and provided in-house training for the newly recruited personnel.

Overall, the work of the Ombudsman Institution contributed to raising awareness of citizens' fundamental rights. The Ombudsman delivered recommendations in line with ECtHR rulings on key issues, such as freedom of assembly and preventing disproportionate use of force by law enforcement officers. The institution needs to contribute pro-actively to raising awareness and continue consolidating civil society's trust in it. Work is needed to ensure that the institution has the right to act upon its own initiative and to conduct on-the-spot checks. Measures to ensure adequate follow-up of recommendations by the national administration should be adopted, as well as parliamentary follow-up.

Civilian oversight of the security forces

The General Staff abstained from commenting on political issues beyond its professional remit, except in one instance as regards the settlement process.

Amendments to the law on the National Intelligence Service, adopted in April 2014, accorded the service exceptionally broad powers. It extended the scope of the service's duties, increased the already broad immunity of its staff and increased its access to information from all public institutions and banks, without restrictions and without adequate judicial or parliamentary oversight. In February, a law was adopted, requiring authorisation by both the Prime Minister and the Interior Minister for any prosecution of the Chief of General Staff and force commanders for offences related to their duties.

Access to audit reports from the Turkish Court of Accounts on security, defence and intelligence agencies remains restricted. Amendments to the intelligence service law gave the service to access the off-budget Defence Industry Support Fund with the authorisation of the Minister of National Defence and the Prime Minister, further limiting financial transparency in the security sector.

In October, military service was reduced from 15 to 12 months. Awareness of conscripts' rights increased, with civil initiatives undertaken to prevent maltreatment, forced excessive physical activity and torture. No step was taken to recognise conscientious objection.

Increasing civilian control of the Armed Forces will require legal provisions on the composition and powers of the Supreme Military Council to be amended. The Chief of the General Staff continued to report to the Prime Minister rather than the Minister of Defence. Further reforms are needed to the Law on Provincial Administrations, which is used as the legal basis to involve the Armed Forces in domestic security operations, in order to give civilian authorities broader oversight of military operations. In particular, civilian oversight by governors of the Turkish gendarmerie's law enforcement activities remained insufficient.

In October, the Sledgehammer trial ended, with the Court of Cassation approving the conviction of 237 defendants for attempting to overthrow the government in 2003. However, in June, the Constitutional Court ruled that the defendants' rights to a fair trial had been violated and 99 defendants were subsequently released. The judgment of the Court opens the way for a re-trial.

Judicial investigations continued into the 1980 coup and the 28 February 'postmodern coup' of 1997. In June, the surviving leaders of the 1980 coup were sentenced to life imprisonment. In December, all suspects on remand were released under judicial supervision in the 28 February 'postmodern coup' case.

In April the Istanbul 13th Serious Crimes Court issued a reasoned decision in the Ergenekon case. However, the former chief of staff, sentenced to life imprisonment, had been released in March by decision of the Constitutional Court, on the grounds that he had been 'unlawfully deprived of his freedom'. As a result of the court's decision, 52 people convicted in the Ergenekon case were released.

Military and civilian judicial investigations into the December 2011 Uludere/Roboski incident, in which 34 civilians were killed in an air strike conducted by the Turkish military, remained inconclusive. The General Staff Military Prosecutor's Office ruled that five military suspects should not be prosecuted. The decision acknowledged operational errors by the military hierarchy, but nevertheless concluded that the air strike was legally authorised.

Overall, civilian oversight of the army remained stable and there was no progress regarding civilian oversight of the intelligence service. Judicial scrutiny of intelligence was considerably narrowed and financial transparency of the sector was further limited. Reforms are needed to improve civilian scrutiny of the military, the police, the gendarmerie and the intelligence services. The Constitutional Court rulings highlighted the mishandling of the investigations and subsequent trials in the Ergenekon and Sledgehammer cases. The opportunity to establish the veracity of the initial serious allegations has been missed.

Civil society

The development of an active civil society in Turkey continued. The Ministry of the Interior consulted civil society actors when preparing a law on the collection of aid for associations and other significant reforms. However, apart from such *ad hoc* consultations, there are no structured participatory mechanisms whereby civil society organisations are able to take an active part in legislative and policymaking process. Government-civil society and parliament-civil society relations should be improved through systematic, permanent and structured consultation mechanisms at policy level, as part of the legislative process and with regard to non-legislative acts at all levels of administration.

Civil society organisations continued to be subject to disproportionate state supervision affecting their operations, in particular through auditing. Other legislation continued to be interpreted restrictively vis-à-vis civil society organisations. Concentrating such functions as

the registration of associations, fiscal supervision and prevention of illegal activities in a single department of the Ministry of the Interior may lead to restrictive drafting and interpretation of the relevant legislation.

Instead of encouraging domestic private funding of civil society organisations through measures like tax incentives, Turkey continued to complicate their financial management through often disproportionate accountancy requirements. At the same time, public funding for civil society organisations was not sufficiently transparent and rule-based, as tax exemption and public benefit status were granted to a very limited number of civil society organisations by the Council of Ministers, using unclear criteria. Public funds were allocated to civil society organisations via ministries and through project partnership mechanisms, and rarely through grant allocations or service contracts.

The EU-Turkey Civil Society Dialogue programmes continued, contributing to civil society development and a greater recognition of civil society organisations at local level.

Overall, there is a growing rights-based civil society in Turkey insisting that the citizen is prioritised in policymaking and administration and that the exercise of fundamental rights is guaranteed by law. Government- and parliament-civil society relations should be improved through systematic, permanent and structured consultation mechanisms at policy level, notably as part of the legislative process. The legal, financial and administrative environment for civil society needs to better support an open society, encouraging active citizenship.

Judicial system

The amendments to the Law on High Council of Judges and Prosecutors and the subsequent dismissal of staff and numerous reassignments of judges and prosecutors raised serious concerns over the *independence and impartiality* of the judiciary and the separation of powers. The Turkish Constitutional Court found a number of provisions unconstitutional and gave the legislature a deadline of three months to adopt revised legislation. Among these provisions were those dismissing staff; however, the decision of the Court had no retroactive effect. In June, parliament adopted legislation to implement the Constitutional Court's decision. This legislation brought back the legal provisions introduced in 2010, restoring thus the role of the plenary which is a key guarantee of the independence of the judiciary.

The Constitutional Court continued to receive individual applications. The Court ruled on number important cases, such as YouTube and Twitter bans, as well as Hrant Dink's murder case. These decisions showed the importance of the individual application procedure introduced with the 2010 constitutional amendments. The court also overturned the number of amendments to the Law on the High Council of Judges and Prosecutors. These decisions highlighted the resilience of the Turkish constitutional system.

In February the specially authorised courts were abolished. By abrogating Article 10 of the Anti-Terror Law in its entirety, the law suppressed, together with the Regional Serious Crimes Courts, their special powers and reduced the maximum detention on remand from ten to five years. These reforms were adopted without transitional provisions and risk resulting in affecting the effectiveness of the courts that are already overburdened. The lower statutory maximum limit of five years of detention on remand remains excessive if compared with practice of EU Member States. The frequent changes to the justice system, with no proper stakeholder consultation, risk further reducing the efficiency of the Turkish criminal system. A Law on the National Intelligence Services, adopted in April, allows wiretappings and surveillance to be conducted by Turkish intelligence services without judicial oversight, which goes against European standards.

Concerns about criminal justice legislation and practice remained, in particular on the capacity of prosecutors to lead investigations, poor implementation of cross-examination at trial, the poor quality or lack of reasoning in indictments and the excessive use and duration of

pre-trial detention. The scope and quality of legal aid is inadequate and there is no effective monitoring that would help remedy long-standing problems. There was no significant change in the gender balance in the field, with women making up approximately a quarter of the judiciary and being particularly underrepresented in prosecutorial and managerial positions.

For a detailed analysis of the developments in the judicial system, *see Chapter 23 — Judiciary and fundamental rights*.

Fight against corruption

Corruption allegations played a significant part in the political debate in Turkey, particularly following the anti-corruption investigations launched in December 2013. The handling of these allegations of corruption raised serious concerns that allegations of wrongdoing would not be addressed in a non-discriminatory, transparent and impartial manner. No concrete steps were taken to address deficiencies in rules governing the financing of political parties and election campaigns or the scope of immunity for MPs. Implementation of the 2010-14 national anti-corruption strategy and action plan continued but no information was given to parliament or civil society on the resulting impact. Civil society organisations had very limited opportunities to contribute. Turkey has to decide whether it will adopt an anti-corruption strategy and action plan for the period after 2014. Greater political will and civil society involvement are needed if results are to be achieved on the ground so as to establish a track record of investigations, indictments and convictions.

For a detailed analysis of developments in the area of anti-corruption policy, *see Chapter 23 — Judiciary and fundamental rights*.

Fight against organised crime

Some progress was made in the fight against organised crime. Turkey improved its programme to counter the financing of terrorism. The Turkish National Police has increased the presence of the witness protection units to cover 77 provinces. Turkey ratified the Council of Europe Convention on Cybercrime, which it had signed in 2010. The newly established General Directorate for Migration Management in the Ministry of Interior has taken over responsibilities relating to trafficking in human beings from the Turkish National Police, which will nonetheless continue to play an active role in the anti-trafficking operational framework. The General Directorate will also take on the provision of financial support to victims' shelters in Istanbul, Antalya and Ankara and the functioning of the anti-trafficking helpline 157.

For a detailed analysis of developments in the fight against organised crime, *see Chapter 24 — Justice, freedom and security*.

2.2. Human rights and the protection of minorities

Turkey created a Turkish version of the database of European Court of Human Rights (ECtHR) judgments, and translations of relevant ECtHR judgments are published on the website of the Ministry of Justice. The adoption in March of the Action Plan for Prevention of Violations of the European Convention on Human Rights (ECHR) represents a significant step towards aligning Turkey's legal framework with ECtHR case-law. Turkey needs to continue its efforts to implement all the judgments of the ECtHR. Work continued on human rights mechanisms and institutions. The National Human Rights Institution (NHRI) was assigned the role of the national preventive mechanism (NPM) under the Optional Protocol to the United Nations Convention on Prevention of Torture. The NHRI/NPM's autonomy needs to be increased. A body has to be set up to promote equality and combat racism, xenophobia, anti-Semitism and intolerance. Particular attention should also be paid to facilitating the work of human rights defenders.

The government continued its work to ensure compliance with legal safeguards for the prevention of torture and ill-treatment. The downward trend in the incidence and severity of ill-treatment in official detention places continued. However, the frequent use of excessive force during demonstrations and arrests remains a matter of concern. Turkey needs to adopt clear and binding rules on the proportionate use of force in demonstrations, in line with the relevant Council of Europe Committee for the Prevention of Torture (CPT) recommendations and ECtHR case-law. Parliament's Human Rights Inquiry Committee started monitoring ill-treatment during military service. Instances of ill-treatment of conscripts continued to be reported. Law enforcement bodies continued to launch counter-cases against those alleging torture or ill-treatment. In many instances, these counter-cases were given priority by the courts. The absence of prompt, thorough, independent and effective investigations into all allegations of torture by law enforcement officers remains a concern.

There was a positive trend in prison staff training. However, overcrowding and the human rights situation in prisons remained matters of concern. Monitoring needs to be institutionally strengthened. The situation of juvenile and sick prisoners needs urgent attention.

Positive steps were taken with the adoption of the Action Plan on Violations of the Human Rights and a reduction in the length of pre-trial detention, following which many journalists were released from custody. However, legislation further limiting freedom of expression, including on the Internet, was adopted and the effective exercise of this freedom, and press freedom, was restricted in practice. The blanket bans on YouTube and Twitter raised serious concern, even if later annulled by the Constitutional Court. Intimidating statements by politicians and cases launched against critical journalists, combined with the ownership structure of the media sector, led to widespread self-censorship by media owners and journalists, as well as sacking of journalists.

Turkish legislation and its implementation concerning the right to assembly and regarding intervention by law enforcement officers are still to be brought in line with European standards. The unlawfulness of a demonstration, rather than its non-peaceful nature, is the basic criterion for the use of force to disperse participants, which is not in line with ECtHR case-law. Improvements in the legal framework more strictly regulating the use of force need to be complemented by appropriate training for law enforcement officers. Non-respect of the June and July 2013 circulars from the Ministry of the Interior on the use of tear gas by the riot police and on courses of action in cases of social unrest should be consistently and immediately penalised.

Turkish legislation on the right to association still needs to be improved in order to be brought in line with European standards. Legislative and administrative obstacles hindered the financial sustainability of civil society organisations.

There is a need for comprehensive reform of legislation on freedom of thought, conscience and religion and application of this legislation, in line with ECtHR rulings, Council of Europe recommendations and EU standards. This relates also to issues regarding the indication of religious affiliation on identity cards, conscientious objection, legal personality of religious bodies and institutions, places of worship, and work and residence permits for clergy. Progress on the issue of *Cem* house recognition would resolve many grievances.

Implementation of the Law on the Protection of Family and Prevention of Violence against Women continued but required additional human resources and coordination. More involvement and participation of women is needed in employment, policymaking and politics. The government needs to take measures to address the issue of early and forced marriages.

A 2013-17 national child rights strategy was adopted in December 2013. It sets out the general framework and actions for promoting services for children in numerous fields such as justice, health, education, private protection services and media. Regional disparities

remained in access to education. Children with disabilities and special learning needs, children of seasonal agricultural migrant families and Roma children faced particular difficulties in accessing education. Child labour and child poverty continued to be issues of concern.

Legislation adopted in February 2014 improved the situation of the socially vulnerable and people with disabilities. The principle of non-discrimination on the basis of disability is now explicitly mentioned in the national education law and the labour law. Further work is needed to provide equal access to education opportunities, integrate people with disabilities and bring practice in line with European standards. Further work is also needed to bring anti-discrimination legislation and practice in line with EU *acquis*, in particular by including reference to discrimination on the basis of sexual orientation and gender identity.

Legislation regarding trade union rights needs to be revised and an environment conducive to the free exercise of these rights needs to be established. The right to organise, to enter into collective bargaining and the right to strike for private sector employees and civil servants have to be aligned with the *acquis* and international standards.

On property rights, the implementation of the 2008 Law on Foundations, revised in 2011, continued. Under this legislation, 116 minority community foundations applied for the restitution of a total of 1 560 properties. By April, the Foundations Council had approved the return of 318 properties and the payment of compensation for 21 properties. 1 092 applications were found to be ineligible. Assessment of the remaining applications continued.

Dialogue continued between the government and representatives of minorities. There was no change in the legal framework: Turkey considers Turkish citizens as individuals with equal rights and only recognises non-Muslim communities as minorities, in line with its interpretation of the Lausanne Treaty. However, in addition to providing full equality for all citizens, this approach should not prevent Turkey from granting specific rights to citizens on the basis of ethnic origin, religion or language, so that they can preserve their identity. Sustained work is needed to prevent and punish hate speech or crimes targeting minorities or people belonging to minorities.

Regarding cultural rights, there were positive developments regarding using mother tongues and a steady and welcome normalisation of the use of Kurdish in public.

For a detailed analysis of the developments in the area of human rights and the protection of minorities, *see Chapter 23 — Judiciary and fundamental rights*. For developments in the areas of trade union rights, anti-discrimination and equal opportunities, *see also Chapter 19 — Social policy and employment*.

Situation in the east and south-east

The settlement process aiming at solving the Kurdish issue continued. Options for a solution were widely and freely discussed. Measures adopted in March allowed for campaigning by political parties and candidates in languages other than Turkish during local and parliamentary elections, extended state funding to political parties that receive more than 3% of the vote, allowed for private education in children's mother tongue, and lifted the criminal punishment for the use of non-Turkish letters, addressing primarily problems stemming from the use of Kurdish letters X, Q and W.

On 11 June, parliament adopted a law on eliminating terrorism and strengthening social integration. Its aim is to provide a stronger legal basis for the settlement process. The law grants legal protection to those involved in talks with the PKK, which is on the EU list of terrorist organisations and facilitates the rehabilitation of PKK militants who give up arms. Abdullah Öcalan and the pro-Kurdish BDP and HDP parties welcomed the law (*see above 2.1 — Democracy and the rule of law*).

A positive atmosphere prevailed in general, including for Newroz. There was continued state engagement with the imprisoned PKK leader Abdullah Öcalan. The April revision of the law on the National Intelligence Service provided legal guarantees for intelligence officials conducting talks with Öcalan.

Sporadic violent incidents occurred, leading to some casualties, in particular in regions where military security installations were constructed or strengthened. The PKK kidnapped several persons throughout the year, including civil servants and soldiers. All kidnapped persons were released after intervention from Kurdish MPs. The PKK withdrawal from Turkey slowed and in January it was announced that it had stopped. Öcalan's Newroz message did nevertheless express hope for the process. The government-initiated committee of wise persons finalised its reports, containing recommendations for the settlement process. These were not published.

After the abolition of Article 10 of the Anti-Terror Law and the reduction of the maximum pre-trial detention period to five years, most defendants accused in cases relating to the Kurdish issue, including the KCK case, were released. Some remained in prison if they had been convicted on other charges, including under Article 314 of the Turkish Criminal Code on armed organisations.

The clearance of anti-personnel landmines continued. Turkey requested that the 2014 deadline to dispose of all anti-personnel landmines, whose number is estimated at around a million, be extended until 2022. The clearance of mines along the border with Syria stopped in the second half of 2013. Turkey became a party to the 'Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction' (Ottawa Convention) in 2003; however it was able to obtain an extension of the deadline until 2022 in order to fulfil its obligation.

The South-East Anatolia Project to improve the socioeconomic development of the region continued, with notable improvements in infrastructure. Dam projects were criticised for destroying or threatening historical heritage, natural habitats and agricultural land.

No steps were taken to abolish the village guard system, a paramilitary force of 46 739 people, paid and armed by the state.

In November 2013 the ECtHR decided (*Benzer and Others v. Turkey*) that Turkey had violated Article 2 (on right to life, inadequate investigation) and Article 3 (prohibition of inhuman or degrading treatment) of the European Convention on Human Rights in a 1994 incident that included the bombing of civilians by the military in two villages in Şırnak.

In January, the General Staff Military Prosecutor's Office announced a decision not to prosecute in the case of the 2011 killing of 34 civilians by the military at Uludere/Roboski, on the grounds that the officers involved in the air operation were not at fault. The victims' families have launched an individual application with the Constitutional Court.

The statute of limitations for cases of missing persons and extrajudicial killings dating from the 1990s remained in force. Several cases were dropped as a result. Twelve court cases were ongoing regarding past crimes, all of which were transferred to western provinces for security reasons. There is an urgent need for effective investigation into these killings, involving forensic scientists, lawyers, victims' families, human rights organisations, academics, and international cooperation mechanisms.

Overall, the settlement process continued, despite sporadic tensions in the southeast. The law on eliminating terrorism and strengthening social integration provides a stronger legal foundation for the settlement talks. Legislative changes are needed to eliminate the lack of accountability and the statute of limitations in cases of killings from the 1990s, as well as those perpetrated in recent years.

Refugees and internally displaced persons (IDPs)

The entry into force of the Law on Foreigners and International Protection and related implementing legislation represented significant progress in the area of migration, as it introduced a comprehensive legal and institutional framework on migration and asylum with a view to bringing Turkey in line with EU and international standards. (See also Chapter 24 — *Justice, freedom and security*)

Detailed provisions on managing removal and reception centres are needed, and structured psycho-social services are necessary for the migrants accommodated in such facilities.

Turkey maintained an open border policy and granted temporary protection to more than 1 million Syrian refugees. Some 220 000 Syrians were hosted in temporary protection facilities set up in 22 provinces. The registration of non-camp refugees continued. As of June 2014, approximately 580 000 non-camp Syrian refugees had been registered. A further 140 000 Syrians fled ISIS into Turkey in September.

In addition to Syrian refugees, Turkey hosted asylum-seekers and refugees, including children, from other countries. The non-Syrian asylum applicants amounted to more than 80 000 individuals. Some children received social assistance and healthcare and were able to attend school; others faced difficulties due to poverty, language skills or issues relating to identity documents and compulsory places of residence.

In April, Turkey returned Azeri dissident journalist Rauf Mirgadirov to Azerbaijan without allowing him access to a lawyer or basic due process protection. Azerbaijan detained Mirgadirov upon his arrival at Baku International Airport.

There was no comprehensive national strategy in place to address the *situation of internally displaced persons* (IDPs) or those who wished to return to their homes. IDPs were not always allowed to return to their point of origin as some villages remain defined as security zones. Some IDPs returned to their villages for only limited periods, given the absence of basic infrastructure. Most IDPs were registered and took part in local elections. However, they often did not have access to basic services. The process of compensating IDPs continued.

Overall, there was significant progress on the legislative framework on refugees and asylum-seekers, with the entry into force of the Law on Foreigners and International Protection and related implementing legislation, which Turkey needs to complete further. A comprehensive national strategy to address the requirements of IDPs is needed to uphold their rights and encourage return.

2.3. Regional issues and international obligations

Cyprus

Turkey supported the resumption of the fully-fledged settlement talks between the leaders of both communities under the good offices of the UN Secretary-General. Turkey granted the Committee on Missing Persons access to one further fenced military zone in the northern part of Cyprus. The process of granting the Committee full access to all relevant archives and military areas needs to be expedited. Turkey and Greece promoted reciprocal visits by the two Chief Negotiators to Ankara and Athens in the context of the ongoing negotiations.

However, Turkey issued statements and engaged in actions challenging the Republic of Cyprus' right to exploit hydrocarbon resources in Cyprus' Exclusive Economic Zone for the benefit of all Cypriots. The EU stressed the sovereign rights of EU Member States which include entering into bilateral agreements, and exploring and exploiting their natural resources in accordance with the EU *acquis* and international law, including the UN Convention on the Law of the Sea. The EU also stressed the need to respect the sovereignty of Member States over their territorial sea.

As emphasised in the Negotiating Framework and Council Declarations, Turkey is expected to actively support the negotiations towards a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the EU is founded. Turkey's commitment in concrete terms to such a comprehensive settlement remains crucial. Statements that are not conducive to creating a positive atmosphere in the context of the ongoing settlement talks should be avoided.

Despite repeated calls by the Council and the Commission, Turkey has still not complied with its obligations as outlined in the declaration of the European Community and its Member States of 21 September 2005 and in Council conclusions, including those of December 2006 and December 2013.

Turkey has 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. There was no progress on normalising bilateral relations with the Republic of Cyprus.

Turkey has not lifted its veto of Cyprus' membership of several international organisations, such as the OECD.

Peaceful settlement of border disputes

Turkey and Greece continued their exploratory talks to find common ground for the start of negotiations on the delimitation of the continental shelf, holding the 58th meeting since 2002 in September 2014.

Greece continued to object to Turkey's launch of a tender for offshore oil and gas exploration including part of the continental shelf off the Greek island of Castellorizo.

The threat of *casus belli* in response to the possible extension of Greek territorial waters, as made in a Turkish Grand National Assembly resolution in 1995, still stands. In line with the Negotiating Framework and previous European Council and Council conclusions, the Council has reiterated that 'Turkey needs to commit itself unequivocally to good neighbourly relations and to the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice. In this context, the Union expressed once again serious concern, and urges Turkey to avoid any kind of threat or action directed against a Member State, or source of friction or actions, which could damage good neighbourly relations and the peaceful settlement of disputes.' Greece and Cyprus made formal complaints about repeated and increased violations of their territorial waters and airspace by Turkey, including flights over Greek islands.

Regional cooperation

Relations with other enlargement countries and neighbouring EU Member States have been positive. Turkey has continued its policy of engagement in the Western Balkans. Under the common security and defence policy, Turkey is continuing to contribute to the EU-led military mission in Bosnia and Herzegovina (EUFOR ALTHEA) and to the EULEX mission in Kosovo.* Turkey supports Kosovo's integration into the international community, European institutions and regional initiatives. Turkey maintained strong ties with Bosnia and Herzegovina and with the former Yugoslav Republic of Macedonia and supported their respective efforts towards joining NATO and the EU.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/99 and the ICJ Opinion on the Kosovo declaration of independence.

3. ECONOMIC CRITERIA

In examining economic developments in Turkey, the Commission's approach was guided by the conclusions of the Copenhagen European Council in June 1993, which stated that membership of the Union requires the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union.

Monitoring of the economic criteria needs to be seen in the context of the increased role for economic governance in the enlargement process, as welcomed by the General Affairs Council of 17 December 2013. To this end, in May, the Economic and Financial Affairs Council adopted targeted policy guidance for Turkey based on its pre-accession economic programme.

3.1. The existence of a functioning market economy

Turkey's solid growth performance since 2001 confirms the economy's improved fundamentals and increased resilience to shocks. However, the large structural current account deficit and relatively high inflation indicate the persistence of significant underlying imbalances in the economy. The functioning of market mechanisms has remained appropriate, but Turkey needs to reduce macroeconomic imbalances and take steps to realise its long-term growth potential.

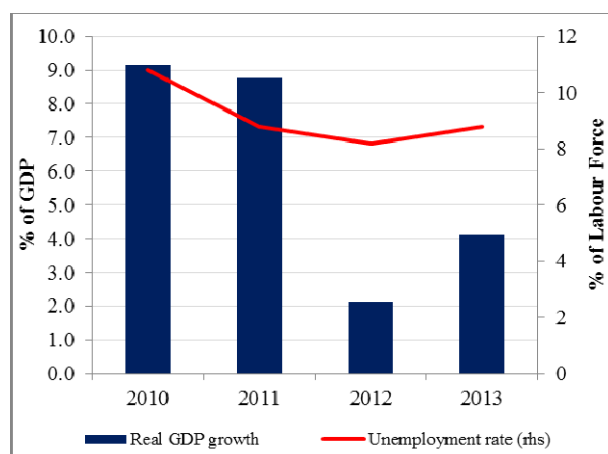
Economic policy essentials

The pre-accession economic programme for 2014-16, submitted to the Commission in February 2013, is based on assumptions of relatively moderate growth, declining inflation, and a reduction of the fiscal and current account deficits. However, even in this optimistic scenario, the external deficit remains large, making Turkey vulnerable to capital flow reversals, either in the context of increasing global risk aversion regarding emerging market assets, or as a result of a rise in perceived country-specific risks. The fragmentation of responsibilities between government bodies continues to complicate the coordination of budgeting and medium-term economic policymaking. It seems that economic policymaking has recently been affected by internal political tensions. ***Overall, the consensus on economic policy essentials has apparently weakened. Turkey needs to take steps to reduce the macroeconomic imbalances and to realise its long-term growth potential.***

Macroeconomic stability

Following a slowdown in 2012, the Turkish economy accelerated to 4.0% annual growth in

Figure 1: Real GDP growth and unemployment

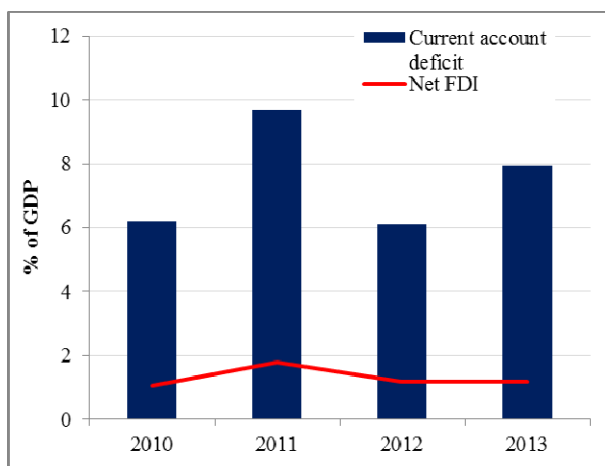


2013 which is somewhat below the long-term average since 2001. Consumer spending was the main driver for the upwards trend, while private capital spending remained subdued. Public expenditure, particularly investment, was a significant support for GDP growth. Net exports, on the other hand, exerted a drag on GDP growth in 2013 as exports of goods and services, corresponding to 25.7% of GDP, stagnated and imports surged. In the first half of 2014, GDP growth weakened to 3.3% year-on-year as private domestic demand decelerated in light of tighter financial conditions, macro-prudential measures to rein in household borrowing, and some indirect tax increases. The slowdown in private domestic demand was offset by rebounding exports which benefited from a more competitive exchange rate and some recovery in export

markets, while imports declined slightly. GDP per capita based on purchasing power parity amounted to 55% of the EU average in 2013. **Overall, economic growth has been relatively moderate over the past year, with recent growth based on improving net exports.**

Turkey's current account deficit has remained very high by all standards, averaging 7% of GDP over the past two years. The deficit widened to 7.9% of GDP in 2013, but this increase was due to volatility in Turkey's external trade in gold and is largely unrelated to the economy's underlying international competitiveness.

Figure 2: External position



Helped by some normalisation in the gold trade, the current account deficit narrowed in the first half of 2014, lowering the 12-month rolling deficit to 6.6% of GDP in June. The persistently large current account deficit leaves the Turkish currency vulnerable to a sudden loss of investor confidence, as seen in the period between May 2013 and January 2014, when capital outflows temporarily lowered the value of the Turkish lira by up to 25%

against the euro. Only a relatively small proportion (14.7%) of the current account deficit was financed with net inflows of foreign direct investment in 2013. Net portfolio investments covered twice as much (28.3%) of the deficit and most of the remainder (47.0%) was met by banks' foreign borrowing. While gross external debt amounted to a still manageable 53%, its increase by about 15% in the course of 2013 was comparatively high. **Overall, the external deficit has remained very high and its short-term financing makes the country vulnerable to sudden changes in global investor sentiment.**

The labour market performance was mixed in 2013. For the population aged 20-64, the annual unemployment rate went up by 0.6 percentage points to 8.8%, because the size of the labour force increased more than the opportunities for employment. Labour force growth (3.5%) was mainly driven by demographics, but also by a 1 percentage point rise in the labour force participation rate to 58.4%. The annual employment rate rose slightly to 53.4%. In the first five months of 2014, labour force growth continued to outpace employment growth, leaving the unemployment rate half a percentage point higher year-on-year on average. The female employment rate remained very low, at 31.8% in 2013, although it was up by 1.1 percentage points compared to the preceding year. Despite the low proportion of the female population actively looking for work, the female unemployment rate is higher than the male unemployment rate. In addition, about one third of women who are considered to be employed are unpaid family workers in the agricultural sector. The high proportion (25.5%) of young people not in employment, education or training remains a concern. The efficient functioning of the labour market continues to be impeded by a lack of flexibility, for example on labour contracts, and undeclared work remains a widespread practice. This calls for a deepening and widening of labour market reforms which needs to be more inclusive, too. **Overall, employment has increased at a rate commensurate to output but this has been insufficient to fully absorb the increase in the labour force. The female employment rate has edged higher, but remains at a very low level.**

The central bank has continued to conduct monetary policy within an unconventional framework. Although price stability is the primary objective, the central bank is also pursuing macro-financial stability, attaching a reference value of 15% to credit growth, and dampening exchange rate fluctuations. Between May 2013 and January 2014, Turkey's financial markets and the lira were under severe downward pressure as a result of changing international

monetary conditions, domestic political tensions and regional turmoil. In this period, the lira depreciated by 15.1% in real effective terms. Fuelled by the depreciating currency, accelerating food prices, and some indirect tax increases, consumer price inflation increased from 6.2% year-on-year at the end of 2012 to 7.4% in December 2013, i.e. clearly above the central bank’s target of 5% and outside the tolerance band of +/- 2 percentage points around the target. Foreign-exchange adjusted credit growth had increased to 25% by the end of 2013. In mid-2013, the central bank started to move to a less accommodative policy stance and supported the lira by selling foreign exchange reserves. When downward market pressures intensified in December-January, monetary policy was tightened more decisively. Following an extraordinary meeting of its monetary policy committee on 28 January 2014, the central bank raised the overnight lending rate and the one-week repo rate to 12% and 10%, respectively, and announced that the tight policy stance would be sustained until the inflation outlook had improved significantly. As part of these decisions, the complex monetary policy framework was simplified somewhat. Subsequently, the downward pressures in Turkey’s financial markets subsided and the lira appreciated by 7.4% in real effective terms between January and August. Credit growth declined to below 20% year-on-year, helped by macro-prudential measures introduced in October 2013 to rein in consumer borrowing. The inflation performance, however, deteriorated further with headline inflation fluctuating in the 9-10% range between April and August, core goods inflation running above 10%, and inflation expectations trending upwards. Nevertheless, the central bank again reversed the course of its monetary policy by lowering the one-week repo rate to 8.25% in three steps between May and July and the overnight lending rate to 11.25% in August. **Overall, inflation has increased noticeably and is now diverging significantly from the central bank’s target. The central bank has continued to pursue multiple objectives within an unconventional and complex monetary policy framework that hampers transparency and predictability. A clear focus on the primary objective of price stability is required to attain the central bank’s inflation target.**

Regarding public finances, transparency continues to suffer from the lack of timely information in accordance with international standards on the fiscal account for general government. As far as central government is concerned, the 2013 budget deficit was lower than originally planned. The original unambitious deficit target of 2.2% of GDP was revised to 1.2% last October which is estimated to have been met. Revenues increased by a higher-than-planned 17.1% year-on-year, mainly as a result of changes in indirect taxation and social security premiums, privatisation and dividend receipts, and one-off factors like the payment of VAT arrears by state-owned enterprises. Expenditure increased by 12.7% compared to 2012, clearly above nominal GDP growth (10.2%) and with some significant budgetary overruns, not least on capital spending. In the first half of 2014, expenditure increased faster than revenue on a year-on-year basis, but the central government’s 12-month rolling budget deficit stabilised around 1.5% of GDP. General government debt increased by 10.6% in absolute terms in 2013, partly because the depreciation of the Turkish lira increased the value of the foreign currency debt in domestic currency terms. Consequently, the downwards trend in the debt-to-GDP ratio came to a halt in 2013 and the ratio edged up by 0.1 percentage point to 36.3% over the year.

Figure 3: Fiscal developments



Overall, fiscal performance benefited from a temporary surge in revenues, but continued to show budgetary overruns on the expenditure side. The sustainability of public debt was

maintained. There was no progress on increasing the transparency of the fiscal framework. Adopting a fiscal rule would provide a significant fiscal anchor, increase credibility and support the envisaged reduction of the structural fiscal deficit.

The ongoing dependence on capital inflows is a macroeconomic vulnerability which makes Turkey prone to boom-bust cycles. The tightening of monetary policy in early 2014 helped to halt the lira's depreciation trend and to reduce the year-on-year credit growth rate (adjusted for exchange rate effects) from 25% to 21.5% over the course of the first quarter. In view of the continued overshooting of the inflation target and the chronically low private saving rate, monetary policy should remain tight. Furthermore, fiscal policy should help to increase domestic saving by pursuing a sufficiently restrictive course. ***Overall, the Turkish economy remains vulnerable to bouts of financial uncertainty and changes in global risk sentiment and there is scope for adjusting monetary and fiscal policy to lower the macroeconomic imbalances.***

Interplay of market forces

The proportion of directly administered prices in the Consumer Price Index (CPI) basket has remained below 5%. However, food and alcohol prices, which together make up more than 25% of the consumer basket, are highly sensitive to policy and administrative decisions. For energy (natural gas and electricity), automatic pricing mechanisms are applied in principle which link end-user prices to a cost-based methodology. In practice, however, the government continues to set end-user prices, thereby effectively suspending the automatic pricing mechanisms. There has been no progress in eliminating the cross-subsidisation between consumers in the wholesale and retail electricity markets. The private sector proportion of GDP has remained stable at 86.5%. Privatisation activity, particularly in the electricity sector, was stepped up, with the total volume of completed deals increasing from €2.3 billion (0.4% of GDP) in 2012 to €9.2 billion (1.5% of GDP) in 2013. Privatisation tenders continued in early 2014, particularly in the energy sector. ***Overall, privatisation has accelerated, but there has been no progress on price liberalisation as the government continues to interfere in the price-setting mechanism in key sectors. Competition could be increased by continued liberalisation of product and services markets.***

Market entry and exit

The number of newly established businesses increased by 1.6% in 2013 compared with the previous year. Starting a business in Turkey still requires six separate procedures and takes six days on average. The average cost of starting a business has increased to 12.7% of per capita income from 10.5% in the preceding year. Obtaining a construction permit is still very cumbersome and time-consuming. The number of businesses closing down or being liquidated fell by 20.6% compared with 2012. Closing a business remains expensive and time-consuming. Insolvency procedures last an average of 3.3 years and recovery rates — at 22.3% on average — remain very low and are falling. ***Overall, starting a business has become somewhat more expensive and market entry conditions could generally be improved. Market exit remains costly and long, and insolvency proceedings are still heavy and inefficient.***

Legal system

A reasonably well-functioning legal system has been in place in the area of property rights for several years. Enforcement of commercial contracts is still a rather lengthy process, partly because commercial court judges are insufficiently specialised. The expert witness system still operates as a parallel judicial system, but does not improve overall quality. Out-of-court dispute settlement mechanisms are seldom used, except in the insurance sector, tax and customs. The judicial system and its administrative capacity could be further improved. A proposal for a new amnesty on interest payments related to tax arrears has been submitted to

parliament. The recurrent introduction of such amnesties and restructuring mechanisms discriminates against regular payment and harms the tax and social security administrations' collection capacity in the long term. Taxpayers or other citizens subject to fines have a clear advantage in delaying their payments, especially in the current inflationary environment. ***Overall, the legal system continues to function relatively well in the area of property rights, but in general no progress has been observed.***

Financial sector development

Banks have continued to dominate the financial sector, with their share of the sector's total assets remaining stable (87.4% in June 2013). The relatively small insurance sector's share (including private pensions) remained unchanged at 4.6%. The value of banking sector assets increased from 97% of GDP in 2012 to 111% in 2013. State-owned banks' share of total banking sector assets remained roughly stable, at close to 28% in 2013. The state's share in Halkbank, the country's seventh-largest bank by assets, has remained at 51.1% in 2013 in the absence of a strategy for its further privatisation. Foreign banks' share increased from 12.7% in 2012 to 13.9% in 2013.

Following the switch to a more accommodative monetary policy stance in 2012, banks' foreign-exchange adjusted loan portfolio accelerated in 2013 and reached 25% at the end of the year. Macro-prudential measures in October 2013 and the tightening of monetary policy in January 2014 have gradually lowered credit growth in the first eight months of 2014. The banks' loan-to-deposit ratio increased further and reached 109% by the end of 2013.

The banking sector has maintained an adequate profitability performance. Net profit increased by 5.1% in 2013, but was 12.4% lower year-on-year in the first seven months of 2014. The sector's capital adequacy ratio increased to 16.3% in May 2014 which is significantly above the regulatory target of 12%. Basel II standards have been implemented in capital adequacy calculations since July 2012 and the necessary legislation for the implementation of Basel III was mostly completed in 2013. The proportion of non-performing loans in total banking sector loans has remained broadly stable at just below 3%. ***Overall, the financial sector has performed well and has continued to demonstrate resilience.***

3.2. The capacity to cope with competitive pressure and market forces within the Union

Human and physical capital

According to the OECD's regular assessment of educational performance for 15-year-old students (PISA), the mean score of Turkish students improved in the three categories of science (9 points), mathematics (3 points) and reading (11 points) between 2009 and 2012. The average improvement of 8 points was, however, below the 23 point improvement seen between 2006 and 2009 and Turkey remains 48 points below the OECD average. Schooling ratios have increased at all levels of education between 2011/12 and 2012/13 reaching 99% for the first four years and 93% for the second four years of primary school and 70% for secondary school. However, sizeable gaps persist regarding the schooling ratios for girls, especially in secondary school. Participation in higher education remains low by international standards, although the percentage of the population aged 30-34 with tertiary education qualifications increased from 18% in 2012 to 19.5% in 2013. ***Overall, reforms and increased spending on education have so far generated a positive impact on educational attainment and schooling rates, but significant problems remain with regard to gender equality and the quality of education. Deepening and widening of labour market reforms would help to upgrade and make better use of Turkey's human capital.***

Total investment remained unchanged at 20.3% of GDP between 2012 and 2013, but there was a shift from private to public investment. While private investment continued to decline as a proportion of GDP (from 16.4% to 15.6%), public investment continued to increase

(from 3.9% to 4.7%). Gross foreign direct investment (FDI) inflows to Turkey decreased from 1.7% of GDP to 1.6% of GDP and the FDI stock as a proportion of GDP fell from 23.6% to 19.9% over the year. R&D expenditure (both public and private) edged higher from 0.86% of GDP (2011) to 0.92% (2012), far below the government's current target of 1.8% by 2018. Little progress was made in upgrading the transport infrastructure in 2012: the length of the railway network remained unchanged, the motorway network was only extended slightly, and the total length of other roads increased by 4.2%. ***Overall, improvements in the country's physical capital have been modest.***

Sectoral and enterprise structure

In 2013, GDP growth of 4% was achieved with 2.8% employment growth, indicating rising labour productivity in the overall economy. The sectoral breakdown of employment growth shows a continued shift towards the services sector whose share of total employment went up by 0.7 percentage points to 50.9%. Industry gained 0.2 percentage points to 20.7%, construction remained unchanged at 7.2%, while agriculture lost 0.9 percentage points to 21.2%. In terms of proportion of GDP, agriculture declined by 0.5 percentage points to 7.2%.

There has been continued progress in the liberalisation of the network industries. Following the entering into force of a new electricity market law in March 2013, an estimated 85% of the market has been opened for competition with the aim of achieving 100% by 2015. The transfer of distribution assets to private companies was completed, but progress in the privatisation of electricity-generating assets remained limited due to difficulties for potential investors in securing necessary financing. Further progress is needed to liberalise the natural gas market by reducing the monopolistic market share of state-owned BOTAŞ. A draft law to amend the Natural Gas Market Law has yet to be adopted by parliament. A transparent and cost-based pricing mechanism for electricity and gas remains to be properly implemented. ***Overall, the liberalisation of the electricity market made significant advances, but there was little progress in other network industries.***

State influence on competitiveness

Legislation to implement the State Aid Law, originally scheduled to be enacted by September 2011, has been postponed until the end of 2014. The State Aid Authority has still not formally set up a comprehensive state aid inventory or adopted an action plan to align all state aid schemes, including the 2012 incentives package, with the *acquis*. Amendments to the legal framework for public procurement (*see Chapter 5 — Public procurement*) brought this further out of line with the EU *acquis*. ***Overall, there has been no progress in improving the transparency of state aid and there has been some backsliding in public procurement.***

Economic integration with the EU

The openness of the economy, as measured by the value of exports and imports of goods and services as a percentage of GDP, increased between 2012 and 2013 from 57.8% to 58.0%. The proportion of trade with the EU out of Turkey's total trade increased from 37.8% to 38.5%. The EU proportion of Turkey's exports increased from 39.0% to 41.5%, while its proportion of Turkey's imports decreased slightly from 37.1% to 36.7%. The EU remained the largest source of FDI flows into Turkey although its proportion declined from 67.9% of the total to 51.8%. The Turkish lira depreciated by 5.0% in CPI-based real effective terms between June 2013 and June 2014, which has improved Turkey's international price competitiveness. ***Overall, trade and economic integration with the EU has remained high and Turkey has gained international price competitiveness from currency depreciation.***

4. ABILITY TO TAKE ON THE OBLIGATIONS OF MEMBERSHIP

This section examines Turkey's ability to take on the obligations of membership — that is, the *acquis* as expressed in the Treaties, the secondary legislation and the policies of the

Union. It also analyses the country's administrative capacity to implement the *acquis*. The analysis is structured according to the list of 33 *acquis* chapters. In each sector, the Commission's assessment covers the progress achieved during the reporting period, and summarises the country's overall level of preparation.

4.1. Chapter 1: Free movement of goods

Regarding the **general principles** applicable to the free movement of goods, the Ministry of Economy continued its implementation of a risk-based electronic import control system, 'TAREKS', enabling the free circulation of products. TAREKS mainly covers products in the 'New Approach' area, the non-harmonised area and some other limited categories such as batteries and shoes. Second-hand and renovated goods have been processed through TAREKS for the first time, while maintaining licensing procedures. Products in the 'Old Approach' area, particularly textiles, chemicals and foodstuffs, are subject to prior approval and licensing, while EU type approvals are accepted in the area of motor vehicles.

The mutual recognition principle, introduced in Turkey for the non-harmonised area in 2012, is operational. In addition, in July 2014 Turkey introduced mutual recognition articles on its legislation regarding agricultural and forestry tractors and the manufacturing, renovation and assembly of vehicles.

There are technical barriers to trade that prevent the free circulation of goods in areas such as textiles, second-hand goods and alcoholic beverages. Registration requirements for importing textiles and clothing remain in effect. The surveillance regime for imports is still in place and its scope has been enlarged. Licences are still required for old goods, including second-hand ones, and for those considered renovated or faulty. Although the licensing requirements for alcoholic beverages have been reduced, new barriers concerning labelling have been introduced. Exports of aluminium, paper and copper scrap are subject to restrictions which constitute a *de facto* ban, contrary to customs union provisions.

Alignment of **horizontal measures** is advanced. Full alignment with the General Product Safety Directive, to be replaced by the new Consumer Product Safety Regulation, has not yet been achieved.

In the area of *standardisation*, the Turkish Standards Institute has to date adopted 22 266 standards set by the European Committee for Standardisation (CEN) and the European Committee for Electro-technical Standardisation (CENELEC) and 391 standards set by the European Telecommunication Standards Institute (ETSI). The overall rate of harmonisation with European standards stands at 98.6%. Turkey, however, has continued to adopt new mandatory specifications and replace existing ones, mostly in the non-harmonised area.

In terms of *conformity assessment*, there are currently 32 Turkish notified bodies. The number of *accreditations* provided by the Turkish Accreditation Agency increased by 18% since last year, reaching 954.

The National Metrology Institute of Turkey maintains an advanced level of scientific *metrology*. The institute has upgraded its skills in chemical metrology. There are a sufficient number of industrial metrology providers in the country. As regards legal metrology, Turkey adopted two pieces of legislation on the inspection of taximeters and weighing instruments.

Turkey amended its *market surveillance* regulation in February, further clarifying the scope of surveillance activities and obligations for manufacturers and distributors. New legislation was issued on market surveillance for personal protective equipment, various consumer goods, agricultural and forestry tractors and fertilisers. The national market surveillance database from the Ministry of Economy is operational, allowing for information on non-compliant products to be exchanged among market surveillance authorities and authorities in charge of border controls. Effective implementation of market surveillance is yet to be achieved.

As regards **‘Old Approach’ product legislation**, new and amending legislation was adopted on motor vehicles and agricultural and forestry tractors. Turkey issued an amending regulation on biocidal products and updated its legislation relating to their use. A new regulation was issued on fertilisers for organic agriculture. Turkey issued legislation on the classification, labelling and packaging of substances and mixtures. New legislation was transposed concerning the energy labelling of air conditioners.

In the already advanced area of **‘New and Global Approach’ product legislation**, Turkey adopted legislation on toy safety aiming to transpose the latest *acquis*.

As regards **procedural measures**, steps were taken to increase notifications of technical legislation under the Directive 98/34/EC, although there is still a large shortfall in notifications. There has been no progress on cultural goods and firearms.

Conclusion

There was some progress in this chapter. However, some technical barriers to trade continue to prevent the free movement of goods, in violation of Turkey’s obligations under the customs union. Free movement of goods in the ‘Old Approach’ area needs to be improved to exploit the full potential of the customs union. Overall, alignment in this chapter is advanced.

4.2. Chapter 2: Freedom of movement for workers

There were no major developments in the area of freedom of movement of workers. So far, Turkey has concluded 13 bilateral social security agreements with EU Member States.

Conclusion

There has been no progress in the area of freedom of movement for workers. Turkey is encouraged to conclude bilateral social security agreements. Overall, preparations in this area are at an early stage.

4.3. Chapter 3: Right of establishment and freedom to provide services

As regards the **right of establishment and the freedom to provide cross-border services**, many requirements still restrict the right of establishment. Registration, licensing and authorisation requirements continue to be in place for service providers registered in the EU. Turkey still needs to align with the Services Directive and to set up a ‘Point of Single Contact’. The Foreigners and International Protection Law came into force in April 2014, eliminating the residence permit requirement for people with a valid work permit (or a permit exemption certificate). Alignment in this area, and in that of the mutual recognition of professional qualifications, will be facilitated by an EU-funded project, which will particularly help Turkey producing a long-term alignment strategy.

In the area of **postal services**, the regulator adopted key implementing legislation concerning issues such as authorisation, administrative sanctions, tariffs and quality of service. Further clarification is needed on certain issues, such as the categories of operators required to obtain a license and pay a universal service fee, and the extent of price regulation. Implementing legislation on cost accounting requirements has not yet been adopted. The priority is now to minimise discrepancies with the relevant *acquis*.

The **mutual recognition of professional qualifications** and academic qualifications require differentiation. Some regulated professions are still subject to reciprocal recognition, and nationality and language requirements remain. On the positive side, Turkey liberalised access to the profession of midwife by repealing the nationality requirement. The Vocational Qualifications Authority continued to issue occupational standards.

Conclusion

Overall, some progress was made in this chapter. Work needs to continue on the alignment strategy with regard to the right of establishment and the freedom to provide services. Overall, alignment remains at an early stage.

4.4. Chapter 4: Free movement of capital

In the area of **capital movements and payments**, Turkey's legislative framework on the acquisition of real estate by foreigners remains yet to be aligned with Article 63 of the Treaty on the Functioning of the European Union. The legal framework is not transparent, since the list of countries whose citizens are allowed to purchase real estate is not public. This list is based on a subjective assessment of 'national interests and bilateral relations' with the respective country. Additional restrictions apply to Greek, Bulgarian and Cypriot citizens. Turkey needs to adopt and implement an action plan for the gradual liberalisation of the acquisition of real estate by foreigners, in line with the *acquis*. Sectoral restrictions apply to foreign ownership in radio and TV broadcasting, transport, education and in the privatisation of electricity distribution and generation assets.

As regards **payment systems**, the banking regulator adopted the implementing regulation laying down the rules for the establishment and operation of electronic money institutions and payment service providers, with the aim to increase alignment with the Payment Services, Electronic Money and Settlement Finality Directives.

As regards the **fight against money laundering** and terrorism financing, Turkey has made significant progress towards improving its regime of countering the financing of terrorism. In its plenary meeting in June the Financial Action Task Force recognised that Turkey has largely addressed its previously identified deficiencies including by appropriately criminalising terrorist financing and establishing procedures to identify, freeze and confiscate terrorist assets. As a result, the task force removed Turkey from the list of jurisdictions with strategic deficiencies in fighting money laundering and terrorism financing, and added it to the list of countries classed as 'improving global anti-money laundering/countering the financing of terrorism compliance: ongoing process'. The task force will conduct an on-site visit to confirm that the process of implementing the required reforms is underway.

The number of suspicious transaction reports notified to the Turkish Financial Crimes Investigation Board in 2013 was 25.592, compared with 15.318 notified in 2012; they originated mostly from the banking sector. The number of suspicious transaction reports regarding the financing of terrorism increased from 332 to 459. Results concerning convictions, confiscations, seizures and the freezing of assets remain limited. Turkey has not yet ratified the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS 198), which was signed in 2007.

Conclusion

There was some progress in the area of free movement of capital. Arrangements for real estate acquisition remain non-transparent, not aligned with the *acquis* and restrictive of the rights of a number of Member State nationals. The implementing regulation on electronic money institutions and service providers is a welcome development, whose alignment with the *acquis* needs to be further assessed. The legal framework to counter the financing of terrorism has significantly improved although a thorough monitoring of implementation is required. Overall, preparations in this area are moderately advanced.

4.5. Chapter 5: Public procurement

With regard to **general principles**, the February 2014 'omnibus' law amended various aspects of Turkish public procurement legislation and introduced restrictive measures that

make the previously optional domestic price advantage of up to 15% compulsory for ‘medium and high-technology industrial products’. In 2013, a domestic price advantage was applied for 38% of the overall contract value (41% in 2012) and in 10% (11% in 2012) of the number of contracts above the minimum threshold. The law amendment also introduced an offset option in public tenders and exempted acquisitions involving offsets from the Public Procurement Law. Offsets, which allow authorities to demand compensating measures if goods are not produced domestically, contradict the EU *acquis*. The national strategy and action plan for public procurement remain to be adopted.

Concerning the **award of public contracts**, the Public Procurement Authority has continued to improve the electronic public procurement platform, which covers public procurement processes and e-procurement, such as notification, tendering, selection and evaluation. The Turkish Standards Institute has accredited the platform as compliant with data security standards.

The Ministry of Finance, the Public Procurement Authority and the Ministry of Development have sufficient operational capacity. Market functionality and competition in the majority of sectors are satisfactory. The Ministry of Finance is responsible for the coordination of policy formulation and implementation. However, sectoral laws drafted by various ministries, and the recent ‘omnibus’ law in particular, challenge this structure. The ‘omnibus’ law authorises the Ministry of Science, Industry and Technology to determine the list of items for which a domestic price advantage will be compulsory.

Turkey’s public procurement legislation remains not in line with the *acquis* in a number of aspects. This includes numerous derogations and exemptions from the scope of the law. Both the classical and utilities sectors are formally subject to the same law and procedures, thus making the legislation for the utilities sector more restrictive than envisaged by the EU Utilities Directive. Turkey needs to ensure a more consistent legal framework for concessions and public private partnerships to increase transparency and efficiency. There have been various allegations of political influence on public tenders.

As regards **remedies**, the Public Procurement Board examined 5093 complaints lodged by unsatisfied tenderers. As in previous years, this corresponds to 4% of the overall number of tenders. The Turkish review mechanism needs to be further aligned with the *acquis*.

Conclusion

There was no progress in the area of public procurement. Although institutions and administrative capacity are in place, public procurement policy coordination and possible external influence on public tenders are issues of concern. Turkey needs to repeal derogations and restrictive elements that are not in line with the *acquis*. An alignment strategy with a time-bound action plan needs to be adopted. Overall, the level of preparedness in this area is moderately advanced.

4.6. Chapter 6: Company law

As regards **company law**, Turkey has continued adopting legislation implementing the Turkish Commercial Code. Preparation of online company registration has continued and chambers of commerce started receiving new company registration applications. The Capital Markets Board adopted implementing regulations on the establishment and operations of investment firms, registered capital, mergers and divestitures, material events, stock buybacks, corporate governance, insider trading, market manipulation, and profit distribution. Their alignment with the *acquis* is yet to be assessed.

In the area of **corporate accounting**, the legal and institutional framework for financial reporting is in place. Statutory corporate reports are publicly available. Turkey continued adopting the new Turkish accounting and financial reporting standards and amendments to the

existing ones based on the corresponding International Financial Reporting Standards. The Turkish Public Oversight, Accounting and Auditing Standards Authority improved its capacity.

Turkey published legislation to adopt international standards on **auditing**. In March 2014, the scope of compulsory independent audit was extended by reducing the capital thresholds. The number of approved independent auditors and audit firms increased. As of April 2014, there were 7488 approved independent auditors and 106 audit firms.

Conclusion

Progress was made in the area of company law. Turkey continued adopting legislation implementing the Turkish Commercial Code. The Public Oversight, Accounting and Auditing Standards Authority improved its capacity. The scope of compulsory independent audit has been extended. Overall, Turkey is well advanced in this area.

4.7. Chapter 7: Intellectual property law

In the area of **copyright and neighbouring rights**, the Directorate General for Copyright has continued to increase its administrative capacity. Conflicts in collective management of rights (CMR) are still a matter of concern. The new draft copyright law is still pending.

A law on **industrial property rights** has yet to be adopted. The Turkish Patent Institute has further increased its administrative capacity. The institute improved justification of its decisions, which sometimes are insufficiently detailed. The legal regime and practice for dealing with bad-faith trademarks and industrial designs has undergone significant transformation. As a result, the owner of a registered bad-faith trademark will no longer prevail over the authentic owner of the right, irrespective of whether a trademark is registered or not. The institute also started rejecting new bad-faith applications that were similar to previously cancelled registrations by persistent applicants.

Further work is needed on geographical indicators (GIs) to reach a common legal understanding for the effective protection of GIs. *Baklava of Gaziantep* has been registered as a Turkish GI by the EU. In Turkey, *Parma ham* and *Scotch whisky* are registered as EU GIs.

The Intellectual Property Rights (IPR) Coordination Board held its ninth meeting in December 2013. The fourth meeting of the EU-Turkey IPR working group was held in April 2014 in Brussels with the participation of IPR holders from different sectors.

With regard to judicial **enforcement**, work continued on achieving a common legal understanding on IPR issues. Alignment with the Enforcement Directive remains to be addressed. The issues of returning counterfeit goods to offenders, storage by right holders of confiscated goods and difficulties in obtaining preliminary injunctions remain unaddressed. Trade in counterfeit and pirated goods shows a distinct pattern of organised crime and poses serious risks to public health and consumer protection. In some areas, offenders have threatened IPR holders' attorneys. Turkish police held large-scale *ex officio* raids as a result of complaints for counterfeit and pirated goods including for fake cancer pharmaceuticals.

Regarding IPR enforcement at customs, the system of online applications functioned smoothly and the number of seizure applications increased slightly. Cooperation with rights holders remained satisfactory. In-house training has been organised to increase enforcement capacity and raise awareness among customs officers. Customs enforcement capacity needs to be further strengthened in particular in *ex officio* inspections and destructions under the simplified procedures. IPR customs legislation needs to be further aligned with the *acquis*.

Conclusion

There was some progress in the area of intellectual property law. Pending laws still need to be adopted, in line with the *acquis*. Customs and police enforcement is improving. Cooperation

between IPR stakeholders and public bodies has improved. There is a need for more effective awareness-raising of the importance of appropriate IPR protection. Overall, alignment with the *acquis* is advanced.

4.8. Chapter 8: Competition policy

The Competition Authority continued to develop its enforcement record in the area of **anti-trust and mergers**. The Authority issued a strategic plan for 2014-18, and continued its advocacy activities, in particular through publications for SMEs and consumers. The authority's administrative capacity remains high. It continued to preserve a satisfactory level of administrative and operational independence, in spite of legislation adopted in 2011 that allows the competent minister to monitor and inspect its activities. Alignment is sufficient in a number of specific areas, such as the *acquis* on public undertakings and undertakings enjoying exclusive and special rights. Alignment in the field of anti-trust and merger control is advanced.

With respect to **state aid**, an 'omnibus' law postponed until 31 December 2014 the entry into force of legislation implementing the State Aid Law. The Cabinet may decide to extend this period for a year, renewable once. Another element of the bill requires authorities to upload data on state aid they have granted into a central state aid information system. A penalty will be imposed on senior staff in authorities that fail to upload such data. The Cabinet amended the 2012 decree on the incentives package to increase the tax reduction applicable to priority regional investments. A new implementing regulation allows the Treasury to fully assume the financial responsibilities of private sector contractors in certain build-operate-transfer projects; this regulation applies in case of contract termination; the total impact on the public budget will be limited by a significant financial threshold, set in each year's budget law.⁶ This threshold can be doubled by a Cabinet decision. The State Aid Authority has not yet formally set up a comprehensive state aid inventory. Nor has it adopted an action plan for aligning all state aid schemes with the *acquis*, including the 2012 incentives package.

Conclusion

There has only been limited progress in this area. Anti-trust and merger control rules remain largely aligned, and effectively enforced. However, there has been no progress in the field of state aid. Legislation implementing the State Aid Law is required to make state aid control effective, but has again been postponed. A number of aid schemes continue to breach the customs union. Overall, Turkey is moderately advanced in this area.

4.9. Chapter 9: Financial services

In the areas of **banks and financial conglomerates**, the Banking Regulatory and Supervisory Agency (BRSA) adopted two new implementing regulations introducing capital conservation and counter-cyclical buffers, as well as constraints on liquidity and leverage in accordance with the Basel III framework. To improve financial stability, the regulator adopted new prudential measures to tighten credit conditions for consumer loans and credit cards. Authorities revised two implementing regulations on the Unemployment Insurance Fund and the Turkish Catastrophe Insurance Pool, requiring these to keep their deposits only at state-owned banks, which may distort the level playing field in the sector. The banking regulator's decision allowing connected lending via indirect stakeholders may pave the way for abusive lending practises. As part of the government's response to the December 2013 corruption allegations (*see Political criteria — Government*), an extensive reshuffling of the regulator's senior management took place. Perceptions of politically motivated decisions increased.

In the area of **insurance and occupational pensions**, the establishment of an independent regulatory authority is still not on the agenda. Although they are increasing each year,

⁶ The annual threshold for 2014 is the equivalent of approximately € 1 050 millions in local currency.

minimum amounts of cover in compulsory motor insurance are much lower compared to the EU standards.

There were no developments in the area of **financial market infrastructure**.

In the areas of **securities markets and investment services**, the Capital Markets Board has adopted implementing regulations on the establishment and operations of investment firms, registered capital, mergers and divestitures, material events, stock buybacks, corporate governance, insider trading, market manipulation, and profit distribution.

Conclusion

There has been some progress in the area of financial services. The banking regulator adopted two implementing regulations aimed at alignment with the Basel III framework. Authorities adopted several implementing regulations in the areas of securities markets and investment services. Perceptions of politically motivated decisions increased, particularly in the banking sector. Overall, preparations in the area of financial services are advanced.

4.10. Chapter 10: Information society and media

Concerning **electronic communications and information and communication technologies**, there were no developments in legislative alignment on authorisation, spectrum management and universal service regime. Work is needed to ensure the independence, predictability and transparency of the Information and Communication Technologies Authority, including the Telecommunications Communication Presidency (TIB). In addition, work is needed to improve the fair allocation of spectrum bands and the effective use of frequencies, broadband and infrastructure sharing. Concession agreements, which specifically prevent operators from offering multiple bundled services, need to be aligned with the new legal framework.

As regards competitive safeguards, the Information and Communication Technologies Authority adopted a new regulation on administrative enforcement, specifying the framework of infringements and penalties to be imposed on operators. The proper functioning of rights-of-way and virtual mobile network operators has yet to be implemented. The mobile broadband penetration rate increased to 31.5% in 2013, while the fixed broadband penetration rate increased slightly to 11% in the same period. High and complicated taxation on communication services remains a problem.

The Law on Regulation of Publications on the Internet and Combating Offences Committed by Means of such Broadcasts was amended by granting excessive powers to TIB and introducing further restrictions on the freedom of expression online. In March TIB banned access to Twitter and You Tube, which later was restored (*see Chapter 23 — Judiciary and fundamental rights*)

As regards **information society services**, Turkey has not yet transposed the *acquis* on e-commerce nor has it signed up to the European Convention on the legal protection of services based on conditional access. The rights and obligations of the Cyber Security Council were set out in an ‘omnibus’ law in February 2014.

In the field of **audiovisual policy**, revisions of the bylaw on the procedures and principles of media services aimed at alignment with the Audiovisual Media Services Directive came into force in April. Provisions on reception and retransmission, jurisdiction, violations and sanctions, advertising editorial responsibility and public access to major events have been amended. Following the cancellation of the tender procedure by the Administrative Court of Ankara, a decision on TV frequency planning is now under appeal in the Council of State. Depending on the outcome of the case, a new tender will be launched or a new licensing method will be applied. Delays in the planned digital switch over are likely to occur, however

the regulator envisages maintaining the assigned broadband frequencies so as not to undermine Turkey's international commitments.

Broadcasting in languages and dialects other than Turkish continued without restrictions on content or time limits, and without sub-titling/consecutive translation requirements.

As regards transparency, the Radio and TV Supreme Council's (RTÜK) decisions are published on its website together with the experts' reports that form the basis of the RTÜK's decisions and sanctions. The RTÜK continued its strict interpretation of the law on general morality, protection of the family and obscenity. Increasing undue pressure on pro-opposition media was reported, especially since December 2013. The RTÜK's independence remains a matter of concern, due to its political composition. However, during the municipal election period, the RTÜK exercised its role in a non-discriminatory manner, fining TV stations regardless of their political affiliation (pro-government and public broadcasters) for violating the principle of equal opportunity in their coverage of political rallies. RTÜK does not publish its monitoring results after the elections.

The public broadcaster TRT displayed bias in its coverage of election campaigns — municipal as well as presidential- in favour of the governing party and its candidate, the Prime Minister. (*see Chapter 23 — Judiciary and fundamental rights*)

Conclusion

There was no progress in the area of electronic communications with regard to aligning legislation with the EU *acquis*, except as regards competitive safeguards, where a new regulation was adopted. Further work is required on the alignment of information society services legislation with the *acquis* and on its implementation, while particularly protecting freedom of expression, privacy and personal data. Some progress has been made in the field of audiovisual policy. Changes to the election procedure for members of the RTÜK and the Information and Communication Technologies Authority/Telecommunications Communication Presidency would minimise the risk of political pressure and improve the perception of independence. Overall, preparations are moderately advanced in this area.

4.11. Chapter 11: Agriculture and rural development

As regards **horizontal issues**, the Ministry of Food, Agriculture and Livestock has progressed in the development of its agricultural information system, including preparation of the agricultural census. The farm accountancy data network has expanded to 54 provinces and work is under way to reach all 81 provinces in the coming year. Arrangements for the publication of its output and its use in policy analysis are not yet in place. The strategy for agricultural statistics has still to be adopted.

Regarding direct support to producers, Turkey has made no further steps towards drafting a strategy for adjusting its agricultural support policy in line with the common agricultural policy (CAP). The agricultural budget for 2014 continues to increase. Turkey has started to develop its land parcel identification system, a key component of the integrated administration and control system.

The Turkish authorities have continued to impose unjustified restrictions on imports of live cattle, beef meat and derivative products from the EU, thus curtailing the partial progress reported between 2010 and 2012. Turkey should comply with its bilateral obligations under the trade agreement for agricultural products and take action to resolve this long-standing issue.

In the field of **rural development**, Turkey has achieved unconditional conferral of management of EU funds under the Instrument for Pre-accession Assistance for Rural Development (IPARD) for a further six provinces. Conferral of management has also been granted to a fourth measure, technical assistance. Turkey has also advanced with preparations

for implementing a pilot agri-environment measure. Most importantly, implementation of IPARD has improved to the degree that €134 million of EU funds were paid to beneficiaries in 2013, which meant avoiding a decommitment of EU funds. The project pipeline is solid as each call attracts a high number of relevant projects. Although there is little improvement to the provision of advisory services, access to credit has been enhanced, including European Investment Bank support. There have been improvements to the management structure in the IPARD managing authority and work is being done to improve strategic development.

Legislation on all relevant aspects of **organic farming** has been further aligned with the *acquis*.

Conclusion

There has been uneven progress on alignment in the area of agriculture and rural development. Implementation of the pre-accession rural development programme has advanced well. Whilst the farm accountancy data network is expanding, its effectiveness has yet to be observed. The *de facto* import ban on live cattle, beef meat and derivative products has not been lifted and there are no strategies in place for redirecting agricultural support, nor for agricultural statistics. Overall, preparations in the area of agriculture and rural development are at an early stage.

4.12. Chapter 12: Food safety, veterinary and phytosanitary policy

Developments on the alignment and implementation of the *acquis* on **general food safety** issues have been limited. As concerns **veterinary policy**, work on identification and registration of bovines and small ruminants has continued. Full functionality of land and seaport border inspection posts and the border inspection post at Sabiha Gokcen Airport in Istanbul has still not been ensured.

Turkey continued its fight against animal diseases. In order to sustain the foot and mouth disease-free status of the Thrace region, mass vaccination with strict movement controls between Thrace and Anatolia has continued. A regulation concerning animal welfare at slaughter has been adopted, but overall implementation of animal welfare legislation has remained limited. A regulation on the control of salmonella and other identified foodborne zoonoses factors has been implemented. There has been no progress on alignment of legislation on transmissible spongiform encephalopathies (TSEs) and no surveillance system is in place. For more information on the *de facto* import ban on live cattle, beef meat and derivative products, see *Chapter 11 — Agriculture and rural development*.

Turkey's training, inspection and monitoring programmes have continued regarding **placing on the market of food, feed and animal by-products**. There has been limited progress on the development of the national upgrading plan for agri-food establishments. The entry into force of the legislation on microbiological criteria for raw milk has been postponed. Substantial work is needed to implement the new rules for the registration and approval of food establishments. Risk-based official inspections have continued. Significant work is needed for the adaptation of the animal by-products sector to the new rules and the full implementation of these. Inspection funding arrangements have not yet been aligned with the EU system.

As regards **food safety rules**, legislative alignment and implementation have advanced on a number of issues, such as labelling, additives and purity criteria, flavourings and food supplements. However, the legislation that has been adopted is not fully compliant with the *acquis*. New rules on labelling and a tracking system have been adopted for certain foodstuffs, which creates unnecessary burden for businesses. Alignment in the area of food enzymes and novel foods has not yet been completed. Regarding **specific rules for feed**, a communiqué concerning undesirable substances in feed has been adopted.

Concerning **phytosanitary policy**, pest control programmes have been implemented.

Conclusion

Progress in the area of food safety, veterinary and phytosanitary policy has remained limited. Further substantial work is needed to advance on full implementation of the *acquis* in this area. Significant work is needed on upgrading agri-food establishments to meet EU standards, the identification and registration of animals, animal welfare, animal by-products and the fight against animal diseases. Overall, preparations in this area are at an early stage.

4.13. Chapter 13: Fisheries

In terms of legislative alignment, Turkey continued studies for revision of the Fisheries Law, which are expected to take into account the newly reformed common fisheries policy. Institutional capacity has improved in the Directorate General for Fisheries and Aquaculture in the Ministry of Food, Agriculture and Livestock and in provincial administrations, through internal training programmes.

In the field of **resources and fleet management**, the scope of the fishing vessels decommissioning scheme, which has been extended to cover the vessels longer than 10m, will further help reduce the fishing capacity. The national fisheries data collection programme has been improved to cover the samples from vessels with a length of at least 10m. The scope and functionality of the fisheries information system has been further increased. A new fisheries port office was opened, bringing the total number of these offices to 43.

The Fisheries Dialogue Group between Turkey and the European Commission has improved cooperation in several forums (e.g. the International Commission for the Conservation of Atlantic Tunas — ICCAT and General Fisheries Commission for the Mediterranean — GFCM) and also contributed to improvements in **inspection and control**.

There have been no improvements on **structural actions, market policy and state aid**. However, the recently launched project on fishery producer organisations can be seen as an initial step to organise the market in line with the *acquis*.

There were developments in the area of **international agreements**. Turkey has actively participated in regional fisheries management organisations such as GFCM and ICCAT, and further aligned its measures with their recommendations. The Law on the Adoption of the Agreement on the Central Asian and Caucasus Regional Fisheries and Aquaculture Commission has been adopted. As the EU implements United Nations Convention on the Law of the Sea provisions, *inter alia* in the Common Fisheries Policy, ratification of UNCLOS by Turkey would improve cooperation with the EU in the area of fisheries and maritime policy.

Conclusion

There has been some progress with regard to resources and fleet management, inspection and control, and international agreements. Further work is needed in the field of legislative alignment, structural action, market policy and state aid. Overall, alignment in this area is at a very early stage.

4.14. Chapter 14: Transport policy

In the area of **road transport**, a circular on safety advisors of dangerous goods was issued in December 2013 and a new communiqué on road-side checks for dangerous goods was published in May 2014. The gradual withdrawal from the road of old commercial vehicles used in passenger/goods transport and manufactured before 1990 has continued through tax incentives. So far, 118 557 pre-1990 motor vehicles have been withdrawn from the market. There is a considerable increase in checks on commercial vehicles to ensure compliance with rules on weight, dimension and other aspects.

On **rail transport**, the railway operator has not yet been unbundled. The law on liberalisation of railways needs significant amendment, as it does not comply with the EU *acquis* in creating the necessary conditions for a competitive and transparent market in which independence of essential functions are ensured. The financial and institutional autonomy of the rail regulator (DGRR) from the Ministry of Transport is the foremost concern. The regulator has drafted regulations on licensing, rolling stock registry, safety, network access and charging but they have not yet been approved. The need for a comprehensive legal framework for the railways market is apparent. The current Turkish State Railways (TCDD) organisational structure, where the infrastructure manager owns and finances the transport operator, is inconsistent with the *acquis*. TCDD does not use cost-based accounting and its operational losses and the method of subsidisation are a cause for concern especially for sustainability of high speed train operations in the longer term.

On **intermodal transport**, the Directorate General for Combined Transport adopted a strategy and drafted legislation to incentivise and promote combined transport, but it has not yet been approved. A permanent forum needs to be established to act as a focal point in bringing together a diverse set of public and private institutions.

In the area of **air transport**, the horizontal agreement is still awaiting signature. It is a major milestone to further integration in the aviation field. The Directorate General for Civil Aviation recruited 35 new members of staff and obtained its quality management certificate. The Directorate General issued regulations to further align Turkey with the *acquis* and with European Aviation Safety Agency requirements on commercial air operators, airworthiness, and air vessel maintenance personnel. Air traffic management is still suffering from a lack of international cooperation. The lack of communication between air traffic control centres in Turkey and Cyprus seriously compromises air safety in the Nicosia flight information region. An operational solution needs to be found urgently to resolve this safety issue.

In the field of **maritime transport**, Turkey became party to the Ballast Water Management Convention, the Convention on the Facilitation of International Maritime Traffic, and Annex VI of the International Convention on the Prevention of Pollution from Ships. Turkey also successfully completed its voluntary International Maritime Organisation member audit in 2014, resulting in minor findings. Turkey has not yet aligned with the *acquis* on reporting formalities for ships. As long as restrictions remain in place on vessels and aircrafts that are registered in Cyprus, vessels of any nationality related to the Republic of Cyprus in terms of ownership or ship management, or whose last port of call was in Cyprus, Turkey will not be in a position to fully implement the *acquis* relating to this chapter.

Conclusion

There has been some progress in the area of transport policy, in particular on institutional capacity and road transport safety. Further significant work is needed on railways. Overall, Turkey is moderately advanced in the transport sector.

4.15. Chapter 15: Energy

Solid foundations are being laid for the **security of supply** of gas, with the adoption in December 2013 of the final investment decisions for the three Southern Gas Corridor projects: the Shah Deniz II field, the trans-Anatolian pipeline and the trans-Adriatic pipeline. These decisions ensure the interoperability and connectivity of these projects. Tendering for the trans-Anatolian pipeline project on the procurement and construction of the pipelines is ongoing and the works are scheduled for completion in 2018/19. Licenses were granted to import 3.2 billion cubic meters of gas annually from Northern Iraq, and to export gas to Greece. Two more companies were granted natural gas underground storage licenses. The security of supply is further improved with the completion of the electric interconnections with Bulgaria and Georgia. (*See Chapter 21- Trans-European networks*). Turkey has

contributed to the energy security stress test carried out by the European Commission in the framework of the European Energy Security Strategy.

Regarding the **internal energy market**, the majority of the pending implementing regulations provided for under the new Electricity Market Law were issued during the reporting period. Implementing regulations on competition, promotion, protection, utilisation, certification and support of renewable energy sources were issued in the last quarter of 2013, while regulations on electricity distribution, connection, system usage, network code, notification, export and import and consumer services were adopted in 2014. The threshold for consumer eligibility (to freely choose electricity supplier) was further reduced from 5000 kWh to 4500 kWh for 2014, which corresponds to a theoretical market opening of 85%, the aim being that all consumers be eligible by 2015. The transfer of distribution assets to private companies was completed although progress in the privatisation of generation assets remained limited due to difficulties experienced by potential investors in securing the necessary financing. The regulation on the functioning of the Energy Markets Operation Joint Stock Company (EPIAS) was not issued by the deadline set in law, but it is expected to be operational by the end of 2014. Cost-based tariffs need to be applied; in their absence, cross-subsidies between consumers in the national tariff will continue until 2016.

Regarding the natural gas market, the eligibility threshold for household consumers was reduced to 100 000 m³ for 2014. The Energy Market Regulatory Authority continued its work to tender new distribution networks for the remaining five cities which are not connected to the gas system. By the end of August 2014, out of 76 cities where the gas distribution tender had been completed, 69 cities have started using natural gas. A draft law to amend the Natural Gas Market Law is awaiting a decision by parliament.

Several implementing regulations were issued under the Electricity Market Law, including on unlicensed electricity generation, aiming to promote small-scale **renewable energy** sources. The government prolonged the existing feed-in tariffs' application period for an additional 10 years, from 2016. The Energy Market Regulatory Authority issued an invitation for pre-licence applications for 3000 MW of wind power plants. Evaluation of the pre-licence applications for generating 600 MW of electricity from solar energy sources continued. The proportion of electricity generation provided by renewable energy sources increased from 27% in 2012 to 29% in 2013; most of the increase came from new wind power plants.

Developments continued on authorisations for **energy efficiency** services and energy management programmes. In April 2014, a public consultation was launched on a policy to promote high-efficiency cogeneration in line with the Energy Efficiency Directive. In March 2014, the Energy Charter Secretariat in Brussels published an in-depth energy efficiency policy review of Turkey, which urges the government to strengthen the capacity of the Ministry of Energy, so as to align Turkish energy efficiency legislation with the Energy Efficiency Directive. It also recommends preparing short-term action plans with priorities, intermediate milestones, and monitoring and evaluation methods to implement properly the energy efficiency strategy paper. The Energy Efficiency Law and related legislation is not yet aligned with the Energy Efficiency Directive.

Regarding **nuclear safety and radiation protection**, Turkey and Japan signed an agreement in October 2013 to build Turkey's second nuclear power plant in Sinop, with a capacity of 4500 MW. In January 2014, the government ratified the 'agreement between Turkey and Japan for cooperation in the use of nuclear energy for peaceful purposes'. The long-awaited draft framework law on nuclear energy and radiation and the establishment of an independent regulatory authority was opened for consultation. It still needs to be adopted. The law on acceding to the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management is still awaiting approval by parliament.

Conclusion

There was progress in the field of energy, especially on security of supply, on the internal market for electricity, and on renewable energy. However, further work is required on natural gas, energy efficiency and nuclear safety and radiation protection, in particular on alignment with the relevant EU directives. A transparent and cost-based pricing mechanism for electricity and gas has not yet been properly implemented. Overall, Turkey is at an advanced level of alignment in the field of energy.

4.16. Chapter 16: Taxation

In the field of **indirect taxation** legislation, Turkey's *value added tax* (VAT) is still not in line with the *acquis*. The structure, exemptions, special schemes and the scope of reduced rates remain to be further aligned. VAT regulations were codified.

With regard to *excise duties* on tobacco products, despite the recently introduced specific excise duty on cigarettes, discrepancies with the EU *acquis* remain in terms of the minimum specific excise and the minimum overall excise taxes on cigarettes. On the other hand, and in line with the 2009 Action Plan, Turkey reduced the specific duty that finances the tobacco fund on imported unprocessed tobacco from USD 1500 to USD 1200 per tonne. This is a positive step for the eventual elimination of the current discriminatory practices.

With regard to excises on alcoholic beverages, the gap between the duties applied to imported drinks and for comparable domestic drinks has increased. This is not in line with the 2009 Action Plan. With regards to energy taxation, Turkey amended its legislation to apply an *ad valorem* excise duty instead of a specific duty particularly on mineral oils and motor fuels, thus broadening the scope of differences with the EU *acquis*.

As regards **direct taxation**, the income tax law is still being revised in Parliament.

In the field of **administrative cooperation and mutual assistance**, the Turkish Revenue Administration monitored the activities envisaged in the action plan for combating the informal economy.

Regarding **operational capacity and computerisation**, the Revenue Administration continued to promote voluntary compliance by simplifying procedures, improving enforcement and improving taxpayer services. The procedures for VAT refunds were streamlined and an online system for processing refund requests was launched. The Tax Inspectors Board continued to consolidate its operational capacity.

Conclusion

There has been limited progress on legislative alignment in this chapter and in some areas divergence with the *acquis* has increased. The gradual elimination of discriminatory practices in excise taxation is essential for making further progress. Work continued on strengthening the tax administration, combating the informal economy and increasing voluntary compliance. Overall, preparedness in this chapter is moderately advanced.

4.17. Chapter 17: Economic and monetary policy

As regards **monetary policy**, the central bank continued to pursue price stability and financial stability objectives through multiple instruments, with mixed results. Consumer price inflation reached 7.4% by the end of 2013, which remained above the central bank's target of 5% with a tolerance band of +/- 2 percentage points. Following market pressure on the lira, the central bank increased short-term interest rates sharply. The government and the central bank decide jointly on the inflation target. The central bank's statute does not guarantee its full independence. Political pressure on the monetary policy authority to keep interest rates low further increased. Discriminatory withholding tax rates continue to favour public sector debt

instruments over private ones, which is not in line with the principle of prohibiting privileged access to financial institutions by the public sector.

As for **economic policy**, in February 2014, Turkey submitted its 2014 Pre-accession Economic Programme with some delay and without fully meeting the expected standards. The programme presents an optimistic scenario with higher growth, a smaller current account deficit and lower inflation, which does not take into account recent market and policy developments. The Turkish economy remained vulnerable to external shocks due to low domestic savings and heavy reliance on short-term capital inflows. Economic policy formulation remained *ad hoc* and fragmented. Significant work is needed in order for Turkey to align with Directive 85/2011 on the requirements for budgetary frameworks including the introduction of a fiscal rule.

Conclusion

There has been little progress on economic and monetary policy. In monetary policy, alignment with the *acquis* is advanced, though incomplete. Concerns about the independence of the central bank have intensified. Economic policy formulation remains *ad hoc*. Overall, Turkey's preparedness in economic and monetary policy remained advanced.

4.18. Chapter 18: Statistics

As regards **statistical infrastructure**, further work is needed to improve cooperation between the Turkish Statistical Institute ('TurkStat') and the main data providers, particularly the Ministry of Finance, the Ministry of Food, Agriculture and Livestock, and the Social Security Institution.

In the area of **classifications and registers**, TurkStat started publishing producer price indices and quarterly national accounts according to NACE Rev 2.

As for **sectoral statistics**, work continued on revising the strategy to improve agriculture statistics in Turkey, in order to meet the benchmark regarding a detailed description of the progress made in setting up a farm register and on the expected methodology and organisational set-up to be used for the collection of statistics. Turkey started implementing the continuous labour force survey. Studies for the agriculture census have been undertaken. Turkey needs to submit key national account indicators, together with the methodology used, which is essential for further progress on this chapter. Further improvement is needed in regional statistics.

Conclusion

There has been progress on statistics, with the revision of producer price indices and quarterly national accounts. Further work is needed on national accounts, agriculture statistics, regional statistics, and to strengthen the cooperation between TurkStat and main data providers. Overall, the level of alignment with the *acquis* is advanced.

4.19. Chapter 19: Social policy and employment

Alignment of Turkish **labour law** with the *acquis* and implementation of the relevant legislation needs to be improved. The rate of unregistered employment, not covered by the labour law, further fell to 33.6%, albeit with strong differences based on sector, employment status and gender. Subcontracted workers are particularly at risk of informal employment, poor working conditions, unjustified dismissals and difficulties in joining trade unions. Turkey needs to regulate sub-contracted and other forms of employment, such as temporary work, in line with the EU *acquis*. The persistent problem of child labour is addressed in the December 2013 children's rights national strategy.

Turkey ratified International Labour Organisation Convention no 187 on the Promotional Framework for Occupational Safety and Health. Turkey adopted all implementing regulations

relating to its new framework law on **health and safety at work**, but the law is not yet fully applicable; progress is needed to achieve complete entry into force and to address the serious gaps in effective prevention and inspection in partnership with the social partners and professional organisations. The mining and quarrying sector remains the most risky as illustrated by the Soma mine disaster, as well as the construction sector. In September 2014, new legal provisions have been adopted, aimed at improving the working conditions for miners. The monitoring of fatal workplace accidents needs to be more transparent, as non-governmental figures are much higher than official statistics.

In the area of **social dialogue**, implementing regulations of the law on trade unions in the private sector were adopted. The use of the e-state portal for registration/withdrawal of union membership led to a 15.2% increase in the number of union members since July 2013; but confidentiality of the portal's data needs to be improved to avoid data misuse. The coverage of collective agreements remained low. Restrictive double thresholds for collective bargaining, uncertain protection for union members against dismissals, and gaps in the right to organise, bargain and strike remain the most relevant issues in this area. In a law adopted in September the threshold allowing trade unions to negotiate collective agreements (representing the ratio of their members to the workforce of the company's branch of activity) was set permanently at 1%. This continues to represent a significant obstacle for trade unions to enter into collective bargaining.

In **employment policy** the first national employment strategy was adopted, signalling long term policy planning and setting ambitious employment targets. Turkey is also preparing its first employment and social reform programme. Labour market performance remained rather stable. Male (15-64 year-olds) participation (75.6%) and employment rates (69.5%) are at levels comparable to the EU, while female participation (33.2%) and employment (29.6%) rates remain well below EU levels. At 25.5% the percentage of young people not in employment, education or training continued to decrease but remains high. The unemployment rate slightly increased to 8.9%, (16.9% for young people). The public employment service (ISKUR) increased its capacity, and the outreach of its services.

As regards preparations for the **European Social Fund (ESF)**, the Ministry of Labour and Social Security continued to manage the IPA Human Resources Development Operational Programme. With an increase in staffing, the work on programming, tendering, monitoring and evaluation has been stepped up; however, the absorption of available funds continues to be a challenge. *(See also Chapter 22 — regional policy and coordination of structural instruments)*

In the field of **social inclusion**, an integrated and comprehensive policy framework still needs to be developed. Despite increase in the social spending budget, the relative poverty rate (22.6%), the poverty gap (29.4%) and income inequality (GINI 0.402) remain high compared to EU averages. The action plan to encourage social assistance recipients to enter the formal labour market has delivered some positive results and indicates the need to step up active labour market policies. Employment opportunities in the public sector for people with disabilities continued to increase, together with new financial incentives for creating sheltered workshops in the private sector. A national Roma integration strategy is being prepared.

In the area of **social protection** the sustainability of the social security system, which reported increasing deficits due to high pension and health expenditure, could be strengthened by higher employment rates of women and youth, and by reducing undeclared work. The health insurance system provides sustainable, largely accessible and almost universal health care coverage, despite some regional inequalities in terms of quality of service provision. Turkey lacks a comprehensive long term care system. It needs a genuine de-institutionalisation of long term care services for children and people with disabilities accompanied by the

development of community-based alternatives. Implementation of the national ageing action plan is expected to improve active ageing policies.

In the field of **anti-discrimination**, the principle of non-discrimination on the basis of disability was introduced into the national education law and the labour law. Furthermore, a revision of Article 122 of the Turkish Penal Code introduced penalties for discriminatory, hate based practices in economic activities and in employment. There is still no protective legislation regarding discrimination on the basis of sexual orientation or age. *(See also Chapter 23— Judiciary and fundamental rights)*

In the field of **equal opportunities** for women and men, the equality body required by the *acquis* has not been created. The lack of childcare facilities impedes women's labour market integration, against a background of gender-based segregation of domestic duties including caring for older people. There have been many shortcomings in the implementation and proper monitoring of the government circular on increasing women's employment and equal opportunities, as this is not considered as high priority by many stakeholders. Bullying and sexual harassment at work needs to be looked into for both genders as a possible factor hindering employment and decent working conditions. *(See also Chapter 23— Judiciary and fundamental rights)*

Conclusion

There was some progress in the area of social policy and employment, where the rate of unregistered employment has been decreasing, but important gaps remain. Social dialogue mechanisms do not function effectively as a result of obstacles in legislation which need to be removed. Labour law needs to be amended and enforced for the benefit of the entire workforce. Working conditions, including health and safety at work have yet to be addressed. Anti-discrimination, social inclusion and social protection policies and practices need to be improved. Overall, legal alignment in this area is moderately advanced.

4.20. Chapter 20: Enterprise and industrial policy

On the **enterprise and industrial policy principles**, the Ministry of Science, Industry and Technology continued to implement the 2011-14 industrial strategy and action plan and started work on a follow-up strategy for the upcoming period.

As regards **enterprise and industrial policy instruments**, a new implementing regulation was adopted making incubation centres and technology transfer offices compulsory for the establishment of technology development zones. In 2013, the 58 technology development zones, 40 of them operational, were exempted from the Public Procurement Law. They employ ca. 18500 R&D personnel and involve 2778 companies. According to the latest figures, exports from the zones amounted to €1.1 billion. Turkey is establishing its first thematic technopark in Istanbul in order to initiate innovate technologies for the finance sector. A new law was adopted supporting R&D infrastructure within universities and higher education institutions. Turkey continued its support programmes on competitiveness, R&D and innovation. The Ministry of Science, Industry and Technology and its affiliated bodies such as TUBITAK currently manage more than 30 programmes. Policy instruments from the Ministry of Economy and Ministry of Development, other than tax incentives granted by the Ministry of Finance on R&D, are not integrated into a comprehensive framework for better impact. Turkey continued to extend loan programmes to SMEs via various banks with interest rate subsidy support. SMEs use about 25% of the available loans on the market, which is under the SMEs share in the economy. The use of venture capital is low. Turkey continued to implement the Small Business Act and participate in the Enterprise Europe Network. Turkey has applied for the next COSME programme. A participation in the COPERNICUS programme remains to be decided.

Conclusion

Turkey has made further progress on enterprise and industrial policy principles and instruments and meets the requirements of the *acquis* in this area. Overall, preparations in this area are advanced.

4.21. Chapter 21: Trans-European networks

In the area of **transport networks**, the Ministry of Transport, Maritime Affairs and Telecommunications has reached the final stage in the preparation of a transport master plan and a transport information system. Preparatory work for a logistical master plan study has started in parallel. Turkey announced that it would also conduct a study to update plans for the future trans-European transport network (TEN-T) in Turkey in accordance with the revised TEN-T guidelines. Turkey continued to invest ambitiously in the future TEN-T railway network.

Regarding the area of **energy networks**, the final investment decisions were taken in December 2013 for the three Southern Gas Corridor projects: the Shah Deniz II field, the trans-Anatolian pipeline and the trans-Adriatic pipeline. These decisions ensure the interoperability and connectivity of the projects. Tendering for the trans-Anatolian pipeline project on the procurement and construction of the pipelines is ongoing. In March 2014, Turkey and Bulgaria agreed to build a gas pipeline to connect the two countries. The Ministry of Energy has submitted the long-awaited draft law on transit of gas and oil to the public authorities for consultation in the fourth quarter of 2013. (*See also Chapter 15 — Energy*).

As regards electricity networks, while the final test phase of the parallel trial interconnection of the Turkish power grid with the European Network of Transmission System Operators for Electricity (ENTSO-E)'s Continental European Synchronous Area has continued, the ENTSO-E has initiated the negotiations with the Turkish transmission system operator (TEIAS) on a long-term agreement which will enable commercial energy exchanges between the Turkish transmission system operator and the transmission system operators of the ENTSO-E area in both directions. In February 2014, Romania and Turkey agreed to develop interconnections to facilitate electricity exchanges. The construction of a 400 kV asynchronous electricity interconnection with Georgia was completed and the electricity exchange started in the second quarter of 2014. Additional new lines between Turkey, Bulgaria and Romania are in the planning phase.

Conclusion

Good progress has been made in the area of **trans-European networks**. Turkey has taken significant steps to define the new TEN-T network by reaching the final stages in the development of a master plan. Gas pipeline and electric interconnection projects are adequately advancing. Turkey is encouraged to continue its work in these areas. Overall, alignment on this chapter is advanced.

4.22. Chapter 22: Regional policy and coordination of structural instruments

Negotiations on Chapter 22 were opened in November 2013, after Turkey had submitted an action plan to meet the *acquis* regulatory and operational requirements. Preparatory work on the National Strategy for Regional Development has not yet been finalised.

As regards the **institutional framework**, interinstitutional cooperation and coordination has improved and some progress has been made in the implementation of the operational programmes. The Ministry of Development has ensured coordination between institutions and committees at various levels. After the 2014 local elections, the number of metropolitan municipalities increased and their boundaries were extended. This will have an impact on actions and activities, especially under the environment operational programme.

Technical assistance projects and training programmes are being implemented to build the **administrative capacity** of IPA institutions and development agencies. The agencies continued to prepare regional plans covering 2014-23, which will come into force in 2014.

With regard to **programming**, the Indicative Strategy Paper for Turkey has been adopted. Drafting of sectoral operational programmes covering 2014-16 has started for some sectors.

In the field of **monitoring and evaluation**, an integrated monitoring information system has been developed and is now operational. The Ministry of Development is preparing reports to further develop this system and prepare Turkey for cohesion policy requirements. Monitoring of programmes under IPA components III and IV needs to be further improved. The Ministry of Development has produced evaluation guidelines but IPA bodies' evaluation capacity needs to be strengthened further.

In the area of **financial management**, the capacity to absorb funds continues to be a major issue under IPA components III and IV, and contracting and disbursement rates are still very low. The high risk of funds decommitment, which materialised in 2013, persists in 2014 and in subsequent years. The operating structures and contracting authorities (OS) continued to increase their capacity through new recruitment and training activities, but this has been offset by the numerous changes in the senior management of the OS. OS procurement units urgently need further strengthening and their capacity must be increased to reduce future decommitment risks.

Conclusion

Some progress was made in the field of regional policy and the coordination of structural instruments. This includes the implementation of projects and programmes under IPA components III and IV. The administrative capacity of the IPA institutions remains a concern and needs further strengthening to accelerate programme implementation, improve delivery quality and avoid loss of funds. Overall, preparations in this area are moderately advanced.

4.23. Chapter 23: Judiciary and fundamental rights

Judicial system

The objectives of the Justice Ministry's 2009 **judicial reform strategy** were to a large extent achieved; a revision to the strategy is ongoing.

As regards the **independence** of the judiciary, in response to the allegation of corruption (*see Political criteria — Government*) amendments to the Law on the High Council of Judges and Prosecutors (HSYK) and the Law on the Justice Academy were adopted in February, in a very short period of time and with no proper stakeholder consultation.

The amendments to the law on the HSYK provided for the transfer of significant powers from the plenary to the Minister of Justice and raised thus serious concerns over the independence of the judiciary and the separation of powers. Stakeholders reacted strongly to the initial proposals and the legislation adopted. Upon the law's entry into force, all staff working for the HSYK was laid off including the Secretary General, Deputy Secretaries General, the President and Deputy Presidents of the Inspection Board, inspectors, rapporteur judges and administrative staff. They were replaced by staff nominated by the Minister of Justice, in his capacity as President of the HSYK. A number of former staff (approximately 66%) was reappointed.

The Turkish Constitutional Court found a number of provisions unconstitutional and gave the legislature a deadline of three months to adopt revised legislation. Among these provisions were those laying staff off; however, the decision of the Court had no retroactive effect. As a result, many members of staff laid off were not re-hired and newly appointed staff remained in place. In June, parliament adopted legislation to implement the Constitutional Court's decision. This legislation brought back into force the legal provisions introduced in 2010,

restoring the role of the plenary. However, this includes the reintroduction of a plural voting system whereby every judge and prosecutor has the right to cast as many votes as the number of Council members to be elected. In this system, candidates who receive the majority of votes could take all seats, exclude those candidates supported by other voters and prevent a more pluralistic High Council that would better represent the Turkish judiciary as a whole. The participation and the role of the executive in the Council should be reduced. The judicial review should be extended to all Council's decisions which potentially interfere with the independence or impartiality or individual rights of judges and prosecutors.

On 19 December, the government amended the regulation on judicial police to require law enforcement officers, when acting upon instructions of prosecutors, to notify their police hierarchy about any criminal notices or complaints. On 25 December, police did not follow instructions from prosecutors to detain suspects as part of two investigations into alleged corruption. The HSYK issued a statement on 26 December criticising this amendment as being contrary to judicial independence. On 27 December, the Council of State suspended implementation of the amendment considering it to be contrary to the Code on Criminal Procedures. The Minister of Justice, in his capacity as President of the HSYK, decided on 30 December that any HSYK public statement should receive his prior approval.

Prosecutors involved in the December 2013 anti-corruption investigations were reassigned or removed. The HSYK launched disciplinary and criminal investigations against a number of them. A large number of police officers were removed, reassigned, or even detained.

The amendments also increased the executive's control over the Justice Academy. This, in turn, increases the executive's control over the HSYK as one member of the HSYK is appointed by the Academy. Management and instructors at the Justice Academy were replaced.

The Constitutional Court continued to receive individual applications. The court's human resources increased. As of July 2014 the number of applications made to the court was 22 677. The court decided in 9 683 cases, while rejected or found inadmissible 149 cases; work continued on 12 845 cases. In its judgment on the Twitter access ban, the court argued that the domestic remedy had proved to be ineffective — referring to the failure of the authorities to implement a court decision in good time. In May, the court ruled that the YouTube access ban, imposed in March without a court decision, violated the rights of users and freedom of expression. In July the court found that the investigation of the Hrant Dink's murder had not been conducted in an effective manner and that the authorities failed to properly inform the family about conduct of the case. Other decisions safeguarded the right to liberty and security and the right to a fair trial and opened the way for re-trials in a number of high-profile cases. These decisions showed the importance of the 2010 introduction of the individual application procedure and highlighted the resilience of the Turkish constitutional system.

With regard to **impartiality**, no improvements were made on the issue of practical arrangements at courthouses and during trials regarding judges, prosecutors and the guarantee of equality of arms for the prosecution and the defence. This continued to raise questions on the perception of the impartiality of judges.

With regard to the **efficiency** of the judiciary, the number of pending cases before the Court of Cassation increased to 582 642 in July 2014 compared to 544 169 in the same period of 2013. The Council of State' pending cases decreased in 2014 compared to 2013. With respect to first-instance courts, the number of criminal cases pending decreased from 1 580 055 to 1 401 944 as of 18 August 2014. The number of pending civil cases remained approximately the same. A reliable registration system and set of indicators should be established to allow measuring the efficiency of the Turkish justice system.

The 2014 budget for the judiciary was approximately €3 billion, roughly 0.48% of Turkey's GDP. At the end of August 2014, the total number of judges and prosecutors, including those in the administrative judiciary, was 13 989, of whom a quarter were women. At the end of 2013, 36% of judges and 6.6% of prosecutors were women. There were 11.6 judges and 6.1 prosecutors per 100 000 people.

In February, the specially authorised courts were abolished. By abrogating Article 10 of the Anti-Terror Law in its entirety, the law suppressed, together with the regional serious crimes courts, their special powers and reduced the maximum period of detention on remand from ten to five years. These reforms were adopted without transitional provisions, thus for ongoing cases new panels of judges will have to reconsider evidence obtained by previous panels. This risks affecting the effectiveness of the courts that are already overburdened. The safeguards introduced in relation to pre-trial detention orders, searches orders, seizing assets, the interceptions of communications and the appointment of undercover agents need to be followed up closely, as they risk creating insurmountable problems during the investigation phase. The lower statutory maximum limit of five years of pre-trial detention remains excessive if compared with practice of EU Member States. The frequent and hasty changes to the justice system, with no proper stakeholder consultation, risk reducing the efficiency of the Turkish criminal justice system.

The regional courts of appeal which, by law, should have been in operation by 2007 are now planned to be established in November 2014.

The implementation of the January 2013 law that established a Human Rights Compensation Commission within the Ministry of Justice provided positive results. This is a domestic remedy concerning length of judicial proceedings and non-enforcement or delayed enforcement of judicial decisions. As of August 2014 the Commission decided on 4 710 applications out of 5 925 claims. In total 1 180 decisions (about 25%) were objected to by the applicant. The average duration for examining cases was 165 days.

Poor implementation of cross-examination at trial and the poor quality or lack of reasoning in indictments were still causes for serious concern. The Anti-Terror Law is excessive in scope and the extensive use of secret witnesses, particularly in cases related to state security, remained a source of concern. Bar Associations reported that courts did not usually allow defence attorneys to conduct questioning but instead asked them to submit questions for the court to ask. The failure of officials to submit statements promptly or attend trials, particularly in cases against security officials, resulted in delayed proceedings.

Generally, the Turkish rate of detention before final conviction continued to be high. Moreover, the duration of pre-trial detention is often excessive. Decisions relating to detention or continuation of detention were regularly not supported by adequate reasoning, referring to specific facts, evidence and grounds justifying the deprivation of liberty, as required by law. This was notably the case where accusations related to the security of the state, organised crime and terrorism.

In December, in the Ergenekon case, the Constitutional Court ruled that the detention of two of the suspects had exceeded a reasonable amount of time and that their right to be elected as MPs had been violated. They were released from prison and entered parliament. Similar decisions followed in other cases; as a result, all MPs-elect were released from prison.

Until the adoption of the amended Law on the Justice Academy, the HSYK provided in-service training to judges and prosecutors, mainly in cooperation with the Justice Academy. It performed a 'training needs assessment', published training courses on its website and in the National Judicial Network and took part in conferences, workshops and symposia. In cooperation with the Justice Academy, the HSYK continued to build up a network of trainers and speakers. A strategy has to be developed, in cooperation with relevant stakeholders, to

support the systematic training of all legal practitioners and increase the Justice Academy's capacity to perform their training. There is a need for the Justice Academy, the High Council of Judges and Prosecutors, the Ministry of Justice, Turkish Union of Bar Associations and the Union of Turkish Notaries to establish protocols to support common training for legal practitioners.

Implementation of the fourth judicial reform package led to an improvement on **access to justice**, in that the package loosened the conditions for granting legal aid and introduced the possibility of holding hearings to decide on the granting of such aid. The Ministry of Justice, Bar Associations and civil society organisations provided information on legal matters and on relevant procedures. The amount allocated in 2013 for legal aid services and compulsory advocate fees were increased (approximately €93 million).

There was no adoption of an overall strategy on legal aid or further revision of the current system. Measures still need to be taken to increase and monitor the scope and quality of legal aid. Legal aid fees continued to be unattractively low for experienced lawyers. Public awareness of legal aid in rural areas and among disadvantaged groups remained limited. Low literacy rates aggravated the problem. This — combined with a low level of gender equality-awareness among law enforcement officials, members of the judiciary and public officials — increased the obstacles that women faced in accessing justice and legal services.

Anti-corruption policy

Corruption was a significant part of the political debate in Turkey, due in particular to the anti-corruption investigations launched in December 2013. Four ministers, relatives of Cabinet members and various other public officials and businessmen were targeted by allegations of corruption. Several suspects were charged with bribery, tender-rigging, export fraud or misuse of state-owned land in real estate deals and various other charges (*see Political criteria — Government*).

The authorities' reacted harshly, denouncing an allegedly attempted judicial coup and proof of the existence of a 'parallel structure' within state institutions. The prosecutors and police officers in charge of the investigations were removed from office, and some of them were themselves investigated for corruption. Legislative amendments weakening the independence of the judiciary (subsequently partially struck down by the Constitutional Court and Council of State) and changes to the criminal legislation reducing the efficiency of the criminal justice system were adopted (*see above — Judicial system*).

Under the 2010-14 national anti-corruption strategy, numerous working groups, set up to consider various corruption-related issues, reported to an inter-ministerial committee overseeing implementation. Reports were not made public and there were very limited opportunities for contributions from civil society organisations. Some practical policy suggestions were made by the working groups, such as conducting annual country-wide corruption perception surveys and establishing comprehensive tracking of data on corruption. These have not been implemented. The legal mandate, institutional capacity and functional independence of the Prime Ministry Inspection Board remained unclear. It is currently entitled only to oversee work related to the strategy and has a mandate for coordination via bylaw alone. Turkey has not responded to GRECO's recommendations.

There continued to be insufficient control over and verification of assets declared by elected public officials, appointed public officials and political figures. In line with art 20 of the United Nations' Convention Against Corruption, Turkey should consider criminalising illicit enrichment. No changes were made on the immunity of Members of Parliament and certain public officials regarding corruption-related offences. The Council of Ethics for Public Servants had no power to enforce their decisions with disciplinary measures. Codes of ethics do not exist for military personnel or academics. Legal loopholes (disclosing gifts, financial

interests and shares, foreign travel paid for by outside sources, etc.) in the code of ethics for parliamentarians remained.

As regards external audit, accountability for budgetary issues was hampered by shortcomings in the legal framework of the Law on the Court of Accounts and associated parliamentary scrutiny. The parliamentary follow-up to audit reports needs to be improved by setting up committees with the technical expertise to analyse the reports. Some institutions that provided services in the name of metropolitan municipalities (e.g. the Tax Settlement Board and municipality-owned private companies) were exempt from the Court of Accounts' *ex post* audit and posed a risk for corruption.

The Deniz Feneri alleged corruption case continued, following the removal of the initial prosecution team from the case, but with amended charges that did not refer to organised criminal activity.

Fundamental rights

With regard to **international human rights instruments** Turkey has to ratify the Optional Protocol to the Convention on the Rights of the Child and the additional Protocols 4, 7 and 12 to the European Convention on Human Rights. In November, Turkey signed Additional Protocol 16 to the European Convention on Human Rights.

During the reporting period, the **European Court of Human Rights** (ECtHR) delivered 122 judgments on 153 applications, finding that Turkey had violated rights guaranteed by the ECHR in 113 cases. The number of new applications went sharply down, with 1950 new applications having been made since September 2013 compared with the 5919 applications submitted in the period September 2012 — September 2013. Most concern the right to a fair trial and protection of property rights. As of September 2014, 10280 applications regarding Turkey were pending at the ECtHR, down from 13900 applications in September 2013. The decrease in the number of applications is a result of passed reforms in particular the introduction of new domestic remedies such as the Human Rights Compensation Commission which saw the scope of its jurisdiction expanded in February 2014.

The 'Action Plan for the Prevention of Violations of the European Convention on Human Rights', adopted in March, represent a significant step towards bringing Turkey's legal framework in line with ECtHR case-law. The Plan covers 14 main areas of human rights, including key areas like preventing violation of the right to life, preventing of ill-treatment, ensuring effective access to courts, ensuring a trial within reasonable time, freedom of expression and media, as well as freedom of assembly. Civil society was not involved in the drafting of the Action Plan. An overall fundamental rights action plan is still needed. The EU has called on Turkey to enhance its efforts to implement all the judgments of the European Court of Human Rights.

In the *Cyprus v. Turkey* case, the issues of missing persons and restrictions on the property rights of Greek Cypriots displaced or living permanently in the northern part of Cyprus remain pending. On 12 May 2014 the Court of Human Rights delivered a Grand Chamber Decision on the question of just satisfaction in the case *Cyprus v. Turkey* and awarded compensation for non-pecuniary damage to the relatives of the missing persons and for restrictions on the property rights of the enclaved Greek Cypriot residents of the Karpas peninsula. The Court ruled that its decision in *Demopoulos v. Turkey* of 5 March 2010 does not dispose of the question of Turkey's compliance with the provisions of the principal judgment concerning the right of displaced persons to respect for their home and property. Following *Demopoulos v. Turkey*, 5942 applications from Greek Cypriot owners have been lodged with the Immovable Property Commission (IPC), 528 of them during the period 1 October 2013 – 31 May 2014. By August 2014, around 708 cases had been closed, mainly with friendly settlements, and the IPC paid the equivalent of €221 076 945 in compensation.

In a number of other cases, including *Xenides-Arestis v. Turkey*, *Demades v. Turkey*, and *Varnava and others v. Turkey*, Turkey has to fully execute the decision.

Turkey adopted measures on the **promotion and enforcement of human rights** that were set out in the 30 September 2013 democratisation package and created a Turkish version of the ECtHR judgments database. The Department of Human Rights in the Ministry of Justice published translations of relevant ECtHR judgments on its website.

The implementation of the January 2013 law setting up a board within the Ministry of Justice for compensation in cases of excessively lengthy proceedings has been effective in settling a large number of cases in a reasonable timeframe.

In January, the National Human Rights Institution (NHRI) was assigned the role of the national preventive mechanism (NPM) under the Optional Protocol to the United Nations Convention on Prevention of Torture (*see below — prevention of torture and ill-treatment*). Following the NHRI's functional establishment in January 2013, the institution prepared implementing regulations on receiving violation applications and organised consultations with the public administration and civil society. The NHRI published reports on the mass graves of missing persons (the 'Siverek Enquiry Report') and on conditions in the Metris juvenile prison. There is a need to make the NHRI more independent and to ensure adequate employment of human rights experts, as well as to provide these experts with legal protection in the conduct of their duties. The future of the provincial and sub-provincial Human Rights Boards and their administrative relationship with the NHRI needs to be clarified. The NHRI also needs to increase its work to promote awareness among stakeholders and civil society of human rights issues and the institution's activities.

A specific body to combat racism, xenophobia, anti-Semitism and intolerance has to be established. No developments took place on adopting legislation to establish an Anti-discrimination and Equality Board.

The Ombudsman Institution continued receiving complaints and some of his recommendations made reference to relevant ECtHR case-law (*see Political criteria — Ombudsman*).

Parliament's Human Rights Inquiry Committee was active on number of issues, such as deaths of illegal migrants, poor prison conditions and the situation of the Syrian refugees. The committee invited number of institutions to report on these issues.

There are at least 15 ongoing individual criminal proceedings and as many ongoing investigations against human rights defenders— mostly under anti-terrorism legislation and the Law on Demonstrations and Marches. Some human rights defenders were released following the adoption of a law in February that reduced the maximum pre-trial detention period from ten to five years. In June, the Court of Cassation quashed the aggravated life imprisonment sentence against sociologist and human rights defender Pinar Selek and returned the case to the lower court which, in October, abided with the Court of Cassation ruling and lifted the arrest warrant. The case, which has been going on for 16 years, underlines the importance to respect the right to a fair trial within a reasonable period of time, enshrined in the European Convention of Human Rights.

The government continued its work to ensure compliance with legal safeguards for the **prevention of torture and ill-treatment**. The downward trend in the incidence and severity of ill-treatment in official detention continued. However, the frequent use of excessive force during demonstrations and arrests remains a matter of concern.

In a report published in November, the Council of Europe Human Rights Commissioner criticised the Law on Powers and Duties of the Police, noting that it allows the dispersal of any demonstration which has been deemed unlawful, without taking into account whether or

not it is peaceful. The report stated that legislation imposes undue or disproportionate punishment for participation in unlawful demonstrations. The Commissioner called for more transparency and dialogue between police and organisers of demonstrations, and for the adoption of clear and binding rules on the proportionate use of force regarding demonstrations, in line with the relevant Committee for the Prevention of Torture recommendations and ECtHR case-law.

Two circulars issued in 2013 by the Ministry of the Interior, governing the use of tear gas and pepper spray by the police, were not implemented consistently. The ECtHR has previously criticised Turkey for heavy-handed intervention of law enforcement officers during demonstrations, including use of tear gas and pepper spray (*Ataman v. Turkey* group of cases).

The ECtHR found Turkey in violation of Article 2 ECHR (the right to life) in the *Makbule Kaymaz and Others v. Turkey*, and *Benzer and Others v. Turkey* cases.

Parliament's Human Rights Inquiry Committee started monitoring ill-treatment during military service. Instances of ill-treatment of conscripts continued to be reported.

The National Preventive Mechanism was set up within the National Human Rights Institution. This was criticised by human rights organisations, which cited the requirement for the NPM to be independent of the executive.

As regards the *fight against impunity*, in November, the Court of Cassation upheld the convictions of 11 public officials, following the death in custody of Engin Çeber in 2008. A prison director and two prison guards received life sentences.

Investigations into the authorities' handling of the 2013 Gezi protests, which resulted in the death of seven protestors and a police officer, were hampered by a loss of evidence (in the Ali İsmail Korkmaz case), obstruction — including counter claims launched against protestors — and reportedly refusal to investigate claims of sexual harassment. During the ongoing court case on the deaths of protestors during the Gezi protests, one of the two police officers accused of causing the deaths remained on active duty. In total 329 investigations into disproportionate use of force during Gezi events were launched. Most of them are still pending. In September one police officer was sentenced to 7 years and 9 months in prison for shooting dead a protestor. The sentence was issued in the first instance and is pending an appeal. Independent, prompt and effective investigations into all allegations need to be ensured.

Law enforcement bodies continued to launch counter-cases against those alleging torture or ill-treatment. In many instances, these counter-cases were given priority by the courts. However, the absence of prompt, thorough, independent and effective investigations into all allegations of torture by law enforcement officers remained a concern. Law enforcement officers found guilty of torture, ill-treatment or fatal shootings continued to receive short or suspended sentences. An independent Law Enforcement Monitoring Commission has to be set up.

A number of trials relating to allegations of ill-treatment of conscientious objectors in military prisons continued.

There was no comprehensive approach to missing persons or the exhumation of mass graves and thorough and independent investigations of all alleged cases of extrajudicial killings by security and law enforcement officers were also lacking. Mass graves discovered in the south-east were not adequately investigated.

Reform of the **prison system** continued. As of August 1 612 prison staff members received training on European and international rules and standards and 3 248 additional staff were recruited. A shortage of probation officers remained an issue.

The government constructed 10 new prisons; however, overcrowding remained a concern in many of them. There were reports on significant number of transfers of inmates, mainly from the east and south-east of Turkey to other provinces. This has an impact on the inmates' capacity to access justice and on their family contacts. There were a number of reported cases of ill-treatment in juvenile prisons.

Standards for monitoring prisons were not harmonised with UN Prison Rules. Prison Monitoring Boards did not have sufficient resources, training or expertise to carry out their work effectively. Their reports on allegations of inhumane prison conditions were not made public. Civil society organisations were not allowed to monitor prisons.

The NHRI visited prisons with the intention of reporting on conditions. In a report published in May, it outlined number of recommendations to modify the legal framework and its implementation with regard to ensure improved prison conditions. Parliamentary Human Rights Inquiry Committee members held inquiries at F-type, juvenile and youth prisons and at hospital wards for inmates and detainees. Some of these inquiries were held as a result of complaints, while others took place at the initiative of committee members.

Implementation of the 2011 tripartite protocol between the Ministries of Health, Justice and the Interior was uneven. This protocol stated that law enforcement officers should not be present during medical examinations of prisoners.

Following a March 2013 ECtHR judgment on the failure of the State to accord an inmate proper access to health services in prison prior to her death from cancer in 2001, the number of ill prisoners released on compassionate grounds increased. At the end of 2013, however, a large number of gravely ill prisoners remained in custody. There is a need to streamline the establishment of expert reports, and the administrative and judicial decision-making process for the release of prisoners on compassionate grounds.

The September 2013 ECtHR ruling (*Söyler v. Turkey* case) stated that Turkey had violated the right to free elections, finding in particular that bans on convicted prisoners' voting rights did not take into account the nature or gravity of the offence, the length of the prison sentence or the prisoner's individual conduct or circumstances. This did not lead to changes in Turkish legislation.

In December, a subcommittee of the parliamentary Human Rights Inquiry Committee issued a report criticising conditions in several prisons.

As regards **freedom of expression**, debate on sensitive matters such as the Kurdish and the Armenian issues was open and lively. The 'Action Plan for the Prevention of Violations of the European Convention on Human Rights' (*see above — Judicial system*) envisages revision of some provisions of the Turkish Criminal Code that restrict freedom of expression and freedom of the press in the areas where the ECtHR found Turkey to be in violation of the European Convention on Human Rights. The Action Plan, however, does not envisage revision of all relevant provisions of the Anti-Terror Law or of the Criminal Code that have been used to limit freedom of expression.

With the reduction of the maximum period of pre-trial detention from ten to five years, a number of journalists were released pending trial. However, according to the OSCE statistics as of June 2014, there were 22 journalists in prison. Since then one more was released. Turkey remains among countries with the most journalists in prison. The government claims that there are no journalists in prison as a result of articles written or speeches made.

The implementation of the fourth Judicial Reform Package led to improved legal framework with regard to respect of freedom of expression in Turkey. The Committee of Ministers of the Council of Europe, in its decision of 5 June 2014, found that legislative amendments made to

the Anti-terror Law and the Criminal Code responded to violations found by the ECtHR in the *Incal* group of cases.

A number of provisions still need to be amended, such as Article 314 of the Criminal Code, on membership of an armed organisation. This article was used to prosecute left-wing or Kurdish journalists. Cases continued against writers, lawyers, academics, students and journalists writing and working on the Kurdish issue.

Implementation of two ECtHR judgments on Article 301 of the Turkish Criminal Code, which criminalises the act of insulting the Turkish nation, remains pending. The Action Plan envisages revising this article. In 2013, the number of cases referred the Minister of Justice was 373, while number of investigation authorisation was granted to 40 of those cases. In the first semester of 2014 total of cases referred was 228, out of which the investigation authorisation was granted to 14 of them.

A restrictive interpretation by the judiciary of Article 216 of the Turkish Criminal Code, on provoking the public to hatred and hostility, continued, especially when directed against non-Muslim communities, often ending up in non-prosecution decisions.

In May the Constitutional Court found for the first time that hate speech on the ground of sexual orientation constituted a criminal offence.

Statements by state officials had an intimidating effect on media and press and led to investigations by public prosecutors, i.a. against editors and journalists. Moreover, state officials themselves continued to launch court cases against journalists and writers, some of them ending with prison sentences. This, together with numerous dismissals of journalists, as well as the high concentration of media ownership in the hands of business conglomerates with interests going far beyond the free circulation of information, continued to lead to widespread self-censorship by media owners and journalists, including on issues of public interest, such as corruptions allegations. The fact that the government is responsible for issuing a press card, granting the status of an accredited journalist, and the excessively strict requirements to obtain it — excluding categories of people who may otherwise fit the description, including young journalists, freelancers and the online media — contribute to self-censorship.

The polarisation of society and the media prevents self-regulation, establishing common rules for professional ethics, and professional solidarity through setting up trade unions.

The new law on the Turkish intelligence service, adopted in April, contained provisions for prison sentences of up to 9 years for journalists, editors and others who publish classified intelligence.

Website bans of disproportionate scope and duration continued. In August, it was reported that more than 50 000 sites were not accessible in Turkey, only 6 000 of which had been banned by court order. The Telecommunications Communication Presidency (TIB) has not published statistics on banned sites since May 2009. The law on the internet was amended in February, March and September, in a hasty manner and without consultations with relevant stakeholders. These amendments introduced the concept of proportional website bans and eliminated prison sentences for hosting service providers and access providers. Nevertheless, the law has the potential to further restrict freedom of expression through giving the TIB excessive powers, and needs to be revised in line with European standards. In March, the TIB banned access to Twitter and YouTube. The Turkish Constitutional Court found that both of these bans violated freedoms guaranteed by the country's constitution. This led the TIB to restore access to both Twitter and YouTube. The Constitutional Court also found that the legal basis of the scope and boundaries of the authority vested on TIB to impose an access ban does not satisfy the requirement that the law should be comprehensible, clear and accurate, which is the minimum condition for the principle of legality. In October 2014, the

Constitutional Court annulled provisions which had been introduced in September in the law on the internet and which, notably, had extended TIB's powers regarding blocking of websites and retention of data.

The Supreme Board of Radio and Television (RTÜK) issued warnings to the public broadcaster TRT for disproportionate coverage of the governing AKP party during the March local elections. Before the local elections, the RTÜK issued warnings to and fined a number of television stations (both pro-government and pro-opposition), claiming that they were violating the principle of objective broadcasting. The RTÜK issued warnings to and fined television and radio stations for 'broadcasting superstitious beliefs', 'denigrating morals and national values', 'damaging the family' and 'broadcasting obscenity'. Since December 2013, the RTÜK issued warnings to and fined several TV channels that reported on government-related corruption allegations. In its preliminary report, the joint OSCE-Parliamentary Assembly of the Council of Europe election observation mission of the presidential elections noted that three out of five monitored TV stations, including the public broadcaster, displayed a significant bias towards the Prime Minister — presidential candidate. In particular, live broadcasting of his events and speeches gave him a distinctive advantage.

Following amendments to the Higher Education Council's disciplinary regulation, a new provision was introduced restricting academics' statements to news, radio and television agencies only to subjects of scientific debate.

The overall approach to arts and culture was marked by steps increasing the state supervision, including by introducing requirement of 'morally acceptable' theatre plays as a condition for a state financial support or a ministerial approval of movies to be screened at national film festivals.

As regards **freedom of assembly**, the Constitution recognises the right of citizens to assemble and demonstrate without having to obtain any prior authorisation, but the legislation provides an ample margin of appreciation to the authorities and significantly restricts this freedom in practice. In March, amendments to the law extended the time periods within which demonstrations may be held and provided that the authorities would consult stakeholders on the venue and route for demonstrations and on monitoring and terminating demonstrations. The amendments also provided for the recording of all demonstrations, with the possibility of using these recordings to identify suspects and as criminal evidence.

Turkish legislation and its implementation concerning the right of assembly and regarding intervention by law enforcement officers are still to be brought in line with European standards. The peacefulness of a rally is not used as the basic criterion for the use of force to disperse participants; this is not in line with ECtHR case-law. Recurrent and structural problems in policing demonstrations are widely documented in the more than 40 ECtHR judgments against Turkey and the more than 100 pending applications. The June and July 2013 Ministry of the Interior circulars on the use of tear gas by riot police — a matter for which Turkey has been criticised by the ECtHR (*Abdullah Yaşa and Others v. Turkey* case) — and on courses of action in cases of social unrest were applied inconsistently.

The March 2014 Action Plan for the Prevention of Violations of the European Convention on Human Rights provided that the Law on Demonstrations and Marches would be revised in line with ECtHR jurisprudence in the short term and also provided for training for security forces on ECtHR jurisprudence.

Kurdish Newroz celebrations took place peacefully. No action was taken in response to speeches made in Kurdish, signalling the further normalisation of the use of Kurdish in public. Lesbian, gay, bisexual, transgender and intersex (LGBTI) pride parades went ahead without disruption in major cities, with the right to assembly being respected.

However, on numerous occasions, demonstrations critical of government policies were subject to excessive use of force by the police. Force was used to break up numerous Kurdish-related gatherings in the south-east, protests relating to Gezi events, as well demonstrations in Taksim Square in Istanbul. A workers' rally following the Soma mine disaster was violently dispersed by the police.

Civil society organisations reported that they were prevented from holding meetings and rallies on several occasions, and that they were issued fines. A number of human rights defenders continued facing legal proceedings on charges of breaking the law and of making propaganda for terrorism as a result of their presence at demonstrations and meetings and following their attendance at press conferences. For the second consecutive year the 1 May march in Taksim Square was not allowed.

Concepts such as 'general morality', 'Turkish family structure', 'national security', and 'public order' were used widely and allowed too large a margin of discretion to authorities, hindering the respect in practice of **freedom of association**. Two LGBTI associations faced closure requests based on 'general morality'. Court cases are pending regarding the closure of five associations dealing with human rights, and Kurdish issues in particular. Discriminatory practice was reported regarding the frequency, duration and scope of audits for rights-based associations.

One international NGO has been waiting six years for its registration, and another has an ongoing court case. A number of other international NGOs wishing to provide assistance to Syrian refugees in Turkey or in Syria found their work blocked for reasons unclear to them. In September 2013, a temporary registration status was introduced and applied to just three international NGOs.

Legislative and bureaucratic obstacles hindered the financial sustainability of civil society organisations. There were complaints of discrimination against associations applying for public benefit status and permission to raise funds. Receiving public benefit status (for associations) or tax-exempt status (for foundations) was complicated by the need for the decision to be taken by the Council of Ministers. The total number of organisations having such status amounted to less than 1% of all civil society organisations. Value added tax (VAT) exemption procedures for rights-based NGOs remained burdensome. The collection of domestic and international funds was difficult and bureaucratic procedures were cumbersome. Organisations received permission to collect funds for only monthly or quarterly periods each time and the criteria to obtain this permission were not clear.

Cases based on terrorism legislation charges lodged against the confederations of trade unions KESK (Confederation of Public Workers Unions) and DISK (Confederation of Progressive Trade Unions) and associated trade unions continued. Court cases also continued against many trade unions and their representatives (*see below — labour and trade union rights*).

Concerning **freedom of thought, conscience and religion**, freedom of worship continued to be generally respected. Implementation of the 2011 legislation amending the 2008 Law on Foundations continued, with properties being returned or compensation paid (*see below — property rights*).

The March 2014 Action Plan for the Prevention of Violations of the European Convention on Human Rights provides for an impact assessment of the changes introduced to curriculum of the religious culture and for ethics classes. However, the European Court of Human Rights' 2007 *Hasan and Eylem Zengin v. Turkey* judgment remains to be implemented. In September in the case *Mansur Yalçın and Others v. Turkey* the ECtHR found violation of Article 2 of Protocol 1 (right to education) of the ECHR and held that Turkey had to remedy the situation without delay, in particular by introducing a system whereby pupils could be exempted from

religion and ethics classes without their parents having to disclose their own religious or philosophical convictions.

Non-Muslim communities — as organised religious groups — continued to face problems as a result of their lack of legal personality, with adverse effects on their property rights, access to justice, fundraising and the ability of foreign clergy to obtain residence and work permits. In this respect, the relevant 2010 recommendations by the Council of Europe's Venice Commission need to be implemented. The Ecumenical Patriarchate received no indication from the authorities that it may use the 'ecumenical' title freely. The Venice Commission's conclusion in 2010 that any interference with this right would constitute a violation of the autonomy of the Orthodox Church under Article 9 of the European Convention on Human Rights needs to be implemented.

Restrictions on the training of clergy continued. Neither Turkish legislation nor the public education system provide for higher religious education for individual religious communities. Despite previous encouraging announcements by the authorities, the Halki (Heybeliada) Greek Orthodox seminary remains closed since 1971. The Armenian Patriarchate's proposal to open a university department for the Armenian language and Armenian clergy remained pending. With the exception of one case, the Syriac Orthodox community was only able to provide informal training outside official schools.

Personal documents such as identity cards continued to include information on religion. The 2010 *Sinan Işık v. Turkey* ECtHR ruling which states that indicating religious affiliation on identity cards is in breach of the Convention still has to be implemented. Implementation of the May 2010 Prime Ministerial circular instructing relevant authorities to pay due attention to the problems of non-Muslim Turkish citizens remained inconsistent.

No concrete steps have been taken to address problems of the Alevi community. *Cem* houses were not officially recognised as places of worship and Alevis experienced difficulties in establishing new places of worship. The Presidency of Religious Affairs (*Diyanet*) expressed the view that mosques are the only place of worship in Islam. Some Alevi organisations were consulted on preparations for Ministry of National Education textbooks for compulsory religious culture and ethics classes. However, a number of these organisations regretted that the end result did not meet their expectations.

Alevi community expressed discontent about the naming of the third bridge over the Bosphorus after Sultan Selim I, considered to be responsible for killing thousands of Alevis. The case on closing Çankaya *Cem* House Construction Association remained pending before the Court of Cassation. Judicial investigations continued after Alevi citizens' houses were vandalised in a number of provinces in 2013 with the new incidents occurred in December 2013.

Two cases regarding Jehovah's Witnesses' Kingdom Halls were pending before the ECtHR. In June the European Court of Human Rights found Turkey in violation of Art. 3 (prohibition of torture) and of Art. 9 (freedom of thought, conscience and religion) of the ECHR for prosecuting and sentencing four Jehovah's Witnesses who refused compulsory military service.

The court case concerning the killing of three Protestants in Malatya in April 2007 continued (*see below — minorities*). The Protestant community reported that individual hate crimes directed at Christians continued in 2013, with physical attacks being carried out against individuals and churches.

In November a government official stated that the Hagia Sophia Museum in Istanbul should be converted into a mosque. In November, MHP submitted a proposal to this effect. A court case launched in Trabzon in 2013 by a number of civil society representatives against the turning of Hagia Sophia into a mosque continued.

The minority representative on the Foundations Council in the Directorate General for Foundations resigned over the lack of a legal framework allowing religious foundations to elect their management boards. Although he later withdrew his resignation, the issue over which he resigned was not resolved.

As regards conscientious objection, several ECtHR judgments have to be implemented. The issue of conscientious objection is not covered in the March Action Plan. Turkey is the only member of the Council of Europe that does not recognise the right to conscientious objection for conscripts.

As regards **women's rights and gender equality**, implementation of the March 2012 Law on the Protection of Family and Prevention of Violence against Women, which also provided for preventive imprisonment measures against violent partners, continued. There was criticism about the effectiveness of its implementation, the clarity of some provisions and the adequacy in numbers, competences and training of staff dealing with domestic violence. Work also continued to implement the Ministry for Family and Social Policies' 2012-15 national action plan to combat violence against women. Civil society organisations regretted the lack of indicators, objectives, a monitoring system or funds allocated for activities. Violence Prevention Centres were established in 2 additional pilot cities, 14 in total. A regulation on their operation had to be issued, staff appointments were not completed and appointed staff not trained.

Under current legislation, each metropolitan municipality and each municipality with a population of over 100 000 must have a shelter for women victims of domestic violence. There were a total of 123 shelters for women, with a capacity of 2 190 places; 90 shelters were operated by the government, 32 by municipalities and 1 by an NGO. Women's NGOs interested in opening such shelters stated that they did not do so due to lack of financial support. There were no clear follow-up mechanisms for municipalities who failed to establish shelters for women who were victims of domestic violence.

Cases of women under judicial protection being killed have been reported, thereby questioning the effectiveness of the relevant legislation and its implementation. Violence against women, including honour killings and early and forced marriages, remained an issue. There are no official statistics on instances of violence against women, including killings and early and forced marriages. The head of the Female Lawyers' Commission of the Union of Turkish Bar Associations stated that there was a 94% increase in applications to courts by families to receive marriage permits.

Societal acceptance of domestic abuse in some cases contributed to underreporting of gender-based violence. There were reports of sexual harassment during rallies, in police custody and police vehicles. 'Consent', 'undue provocation' and 'appearing older' were used to justify a reduction in sentences for sex crimes while the Forensic Medicine Institute was criticised for delays in finalising reports on sex crimes. Implementation of the ECtHR judgment in the *Opuz v. Turkey* case relating to effective judicial decisions with preventive or deterrent effect for offenders is still pending.

With regard to the gender equality, the participation of women in the labour force increased marginally but remained low, at 33.2% (Eurostat, 2013). Shortcomings were reported in implementing the circular on increasing women's employment and equal opportunities. Gender-based segregation of domestic duties and inadequate childcare services or services for older people limits women's access to the labour market. With regard to employment as unpaid family worker, there is a significant gap between women and men, and full enforcement of principle of equal pay for equal value of work needs to be stepped up.

The number of female candidates in the March local elections increased for all main political parties. Three metropolitan mayor posts are now held by women. The BDP brought in a co-

chair system in municipalities where it won the vote, so that each of these municipalities has a woman co-mayor. However, women's political representation remains low. No legislative changes were introduced to promote women's inclusion, representation and participation in politics. Women were underrepresented in decision-making positions in the public sector while improvements were reported in the private sector.

The parliamentary committee on equal opportunities between men and women issued 9 opinions on draft legislation. Law enforcement personnel, health professionals, social workers and teachers received some training on gender equality. No amendments were made to Turkish legislation that forbids a woman from exclusively using her maiden name after marriage, despite an ECtHR ruling to this effect. In January, the Constitutional Court also ruled that married women could exclusively use their maiden name.

Concerning **children's rights**, a 2013-17 National Strategy Document and Action Plan on Rights of the Children was approved on 10 December 2013. The Strategy sets out the general framework and outlines actions for promoting services for children in numerous fields such as justice, health, education, private protection services and media. The National Action Plan on Combatting Child Violence (2014-18) is being prepared. The enrolment rate in pre-school education institutions was around 37% among four- and five-year-olds. Administrative capacity continued to increase; however, pre-school education and care opportunities were uneven across the country.

Enrolment rates for primary education exceeded 99.6%. Upper secondary school enrolment rates reached 76.7%, an increase of around 6%, due in part to a greater use of distance education, while the gender gap decreased from 1.5% to 1.2%. Absenteeism and school drop-out rates at all levels of education were not officially published but were reportedly high. Regional disparities across the country in accessing education remained high. Children with disabilities and special learning needs, children from seasonal agricultural migrant families and Roma children faced particular difficulties in accessing education.

With regard to child labour, it was reported that 71 children died in workplace accidents in 2013.

Child poverty, particularly in the rural and eastern regions remains at high levels. According to Turkish data, nearly one quarter of children suffers from basic material deprivation (nutrition, clothing, heating). The conditional cash aid system was insufficient to address child poverty.

The Monitoring and Assessment Board for the rights of the child, tasked with coordinating the implementation and monitoring of the UN Convention on the Rights of the Child, did not meet during the reporting period. Coordination between ministries, departments and state institutions dealing with children's rights was inadequate at national, regional and local levels.

Infant mortality rates and rates of communicable diseases decreased. The preliminary results of the 2013 Demographic Health Survey show a decline of 23% of infant mortality within the last five years and the vaccination coverage was above 95% for eleven antigens. The education system offered little information on sexual and reproductive health issues. Corporal punishment was not explicitly prohibited at home or in psychiatric facilities and rehabilitation centres. The national children's rights monitoring system lacked an effective complaint and reporting mechanism.

Thirty-one judicial meeting rooms were built for juveniles in 22 provinces. Out of 18 serious crimes courts for juveniles, 9 were operational. Despite the requirement in the Child Protection Law that juvenile courts should be established in all provinces the total number of juvenile courts was 100, of which 84 were operational. In provinces where juvenile courts did not exist, children were tried in ordinary courts for adults.

As of May 2014, 1 649 children aged between 12 and 18 were in prison, of which around 487 had been convicted.

Juvenile prison conditions varied; there were complaints of overcrowding, inadequate hygiene, ill-treatment, staff shortages and violence and/or abuse by inmates. The case concerning allegations of ill-treatment and sexual harassment in Pozanti, Adana prison remained pending. Transferred children were not able to maintain frequent contact with their families.

In February 2014, legislation was adopted to improve the situation of the **socially vulnerable and/or persons with disabilities**. The principle of non-discrimination on the basis of disability is now explicitly mentioned in national education legislation and labour laws. The new provisions redefined the concept of accessibility in line with UN Convention on the Rights of people with Disabilities, and provisions on direct and indirect discrimination on the basis of disability were aligned as well with that UN Convention. The principle of accessibility in urban environments, public transport services, electronic services and emergency services has now an improved definition in line with the *acquis*. Disability consultation and coordination centres need to be established within higher education institutions. The new legislation extended support for protected workplaces for people with disabilities, and salaries for employees with disabilities working in such workplaces are to be subsidised by the Treasury.

Public schools have an obligation to accommodate students with disabilities. In general, the number and ratio of students with disabilities declined sharply from primary school through to university. The inclusive vocational and lifelong learning opportunities remained limited and 41 % of persons with disabilities are illiterate, which points to insufficient access facilities.

Discriminatory practices have been observed in employing public servants with disabilities, despite an increase in their employment in recent years. The proportion of employees with disabilities is low in a large number of positions, including senior government officials. There are legal provisions limiting the entry of people with disabilities to the professions of judge or prosecutor.

Work continued on implementing the strategy paper and the national action plan on accessibility. However, the inaccessibility of public buildings and transport services remained an issue. There was no clear follow-up system for non-compliance with UN standards.

Some progress was achieved on the transition to community-based services. Home-based care services for people with disabilities and older people increased. Several community mental health centres were established, providing outpatient treatment and decreasing the number of involuntary hospitalisations. The Ministry of Family and Social Policies opened ‘hope houses’, where people with psycho-social disabilities can live within a community.

Turkey has no specific mental health law and there is no independent body to monitor and inspect mental health institutions.

The Turkish Criminal Code regulates **anti-discrimination**, listing language, race, colour, gender, disability, political opinion, philosophical belief, religion, sect and similar reasons as bases on which discrimination is not permitted. It was amended to refer to hate crimes and to increase penalties for discrimination. Refusing to sell or rent a movable or immovable property to a particular person, while this has been offered to the public, is considered discrimination and has become a crime. However, discrimination on the basis of ethnic origin, sexual orientation and gender identity were not listed in the March revision of the Criminal Code. This affects especially important minorities as Roma and Kurds that are the most disadvantaged groups.

A draft law on the establishment of an Anti-discrimination and Equality Board remained pending at the Prime Ministry. References to discrimination on grounds of sexual orientation or gender identity were taken out of the initial draft. Respect for the fundamental rights of **lesbian, gay, bisexual, transgender and intersex (LGBTI)** persons needs to be improved. Regarding the right to life, 4 transgender people were killed as a result of suspected hate crimes. Court sentences for hate crime offenders were often reduced on the basis of ‘unjust provocation’ by the victim and good behaviour. In addition, in numerous cases, crimes against people of a different sexual orientation or gender identity remained unpunished. Shortcomings in the investigation and prosecution of crimes were reported, as well as reluctance by LGBTI people to file complaints.

A self-identified LGBTI person was elected to serve on a municipal council in Istanbul. However, there were cases of discrimination at the workplace. Cases were reported of civil servants being dismissed from their jobs due to the disclosure of their sexual identity, and three court cases on grounds of discrimination on sexual orientation have been ongoing. A police officer’s appeal against dismissal from his profession for his sexual orientation was awaiting a trial date.

Transgender people faced bureaucratic difficulties after sex-change operations and discrimination in access to health services. LGBTI sex workers faced police violence, arbitrary administrative interventions, fines and discriminatory measures aimed at protecting ‘general morality’ and ‘general health’. A 2012 ECtHR judgment, where the court upheld a complaint relating to sexual orientation by a gay man about the treatment he suffered while in detention, was not implemented (*X v. Turkey* case).

The Turkish Armed Forces’ disciplinary system continued to define homosexuality as ‘unnatural’ and envisaged the discharge of ‘morally indecent’ personnel. The military’s Medical Competence Regulation continued to refer to homosexuality and transsexuality as illnesses.

Significant legislative shortcomings remained on **labour and trade union rights**, including restrictive double representativeness thresholds for entering into collective bargaining, which hinder negotiations at the appropriate level and hamper the development of unions. For public servants, the absence of the right to strike and the ban on establishing trade unions at professional or workplace level remained in place.

A judges’ trade union established in 2012 was officially recognised by the Ministry of Labour. However, the exercise of labour and trade union rights remained limited, in particular as regards the right to organise, bargain collectively and strike, for private sector employees and civil servants. Caveats such as ‘national security’ and ‘public health’ were used disproportionately to ban strikes. Court cases against trade unionists and police intervention in trade union activities continued. Use of excessive force persisted against routine trade union activities such as strikes, press announcements, protests and demonstrations that were deemed illegal, even if non-violent in nature (*see above — freedom of association*). In June, a trade union established by police officers was ordered to close and its functioning disrupted as more than 100 of them had been sanctioned for attending the first general assembly of the union.

On **property rights**, work continued to implement the 2008 Law on Foundations, revised in 2011. Under this legislation, 116 minority community foundations applied for the restitution of a total of 1 560 properties. By April, the Foundations Council approved the return of 318 properties and the payment of compensation for 21 properties. 1 092 applications were found ineligible. Assessment of the remaining applications continued. Proper and swift implementation of the 2011 legislation remains important.

The current legislation does not, however, cover foundations which have had their management taken over by the Directorate General for Foundations, nor properties belonging to foundations which have been transferred to third persons.

In October, the Foundations Council decided to return 12 parcels of land to Mor Gabriel monastery. These were the subject of a Treasury court case against the monastery and their return followed a government decision. In February, Mor Gabriel monastery received the title deeds. The Foundations Council rejected the monastery's demand for restitution of a further 18 parcels. Further to this, the monastery launched 18 individual administrative court cases against the administration. Other cases regarding the monastery's land ownership — the administrative border demarcation case and the forestry criminal case — continued. A third case — the main forestry case — was before the ECtHR.

Syriacs faced difficulties with property and land registration, especially in the south-east, as a result of the cadastre registration process. A number of court cases continued, concerning both private individuals and religious institutions. In October, members of the Syriac Catholic community applied to the ECtHR for the return of land that belonged to the former Patriarchate in Mardin, in south-east Turkey.

Due to Turkey's interpretation of the Lausanne Treaty, Catholic churches have no legal personality and no minority foundation status. As a result, a large number of properties that belonged to the Latin Catholic Church have been confiscated by the state.

The relevant 2010 recommendations by the Venice Commission on protecting property rights and educational rights (Council of Europe Resolution 1625 (2008)) on Gökçeada (Imvros) and Bozcaada (Tenedos) still need to be implemented.

Problems for Greek nationals in inheriting and registering property were reported, in particular following the Turkish authorities' application of the amended Land Registry Law (which limits the acquisition of property by, among others, Greek nationals), including their interpretation of the provisions on reciprocity. In the 2009 judgment on *Fokas v. Turkey*, the ECtHR ruled that the reciprocity principle was not a valid reason to deny the applicants' entitlement to inheritance and found a violation of Article 1 of Protocol 1 (peaceful enjoyment of possessions) of the European Convention on Human Rights. In the same case, the October 2013 judgment on just compensation ordered that financial compensation be paid to the applicants.

Dialogue between the government and representatives of **minorities** continued.

In March, the Criminal Code was amended to refer to 'hatred and discrimination'. The amendment increased the penalty for hate offences including those based on language, race, nationality, colour, gender, disability, political view, philosophical belief, religion or sect. The amendment did not however include hate offences based on ethnic origin, sexual orientation or gender identity (*see above — anti-discrimination*).

A regulation on election procedures for non-Muslim foundations is still not published. The lack of this regulation prevented minority foundations from holding elections for their board members. In March, the representative for non-Muslim minority foundations on the Foundations Council resigned over the issue, subsequently retracting his resignation after a deputy prime minister stated that the government would prioritise the matter.

In April, on the eve of the 99th anniversary of the events in 1915, the Prime Minister issued the first ever message of condolence to the descendants of Armenians killed or deported. The message was published in nine languages including Western and Eastern Armenian. In May, the Prime Minister met the Armenian Deputy Patriarch. Initiatives to mark 'Armenian Genocide Commemoration Day' took place peacefully on 24 April in Istanbul and five other

provinces. A ground-breaking conference on Muslim Armenians in Turkey was organised by the Hrant Dink Foundation in November at Bosphorus University.

An exhibition entitled '20 Dollars, 20 Kilos' opened on the 50th anniversary of the forced deportation of around 45 000 Greeks from Turkey.

In December, Bosphorus University awarded the title of Doctor *Honoris Causa* to Ecumenical Patriarch Bartholomew, whose 'Ecumenical' title was publicly used for the first time by a Turkish university. An *ad hoc* committee was established, including the Ministry of National Education, the High Education Council and experts, chaired by the Prime Ministry Undersecretary, to review options for the Halki (Heybeliada) Seminary. It did not publish any report or involve or inform the Ecumenical Patriarchate. In the meantime, the Seminary remained closed.

In July, the Constitutional Court ruled in the case concerning Hrant Dink's murder that the investigation had not been conducted in effective manner and that the authorities failed to properly inform the family about conduct of the case (*see above — Judiciary*).

The prosecution in the case of the murder of three Christians in 2007 in Malatya continued. Five young people arrested in April 2007 were released from pre-trial detention due to the reduction of the maximum duration for such detention from ten to five years.

The court case regarding the April 2011 attack against the Latin Catholic Church in Adana ended in December. Two defendants were sentenced to prison terms.

Hate rhetoric by some media targeted Christians, Armenians, Jews and to a lesser extent other non-Muslims and Kurds. Alevis community perception is that they are subject to discriminatory language, including by members of the government. The Protestant Churches' report on human rights violations stated that hate crimes directed at Christians continued in 2013 and physical attacks were carried out against Protestant and other churches and worshippers. An attack against a Greek Orthodox church in Istanbul caused material damage to the church and to the priest's house. There was no effective investigation or legal action against perpetrators of similar attacks in previous years. Language attacking missionaries and minorities remained in a number of compulsory school textbooks and in the first *Diyanet* five-year plan, covering 2010-14.

Children who were not Turkish citizens continued to have the option of attending minority schools as guest students without receiving graduation certificates. The management of minority schools, including the accountability of both minority Heads and non-minority Deputy Heads, remained an issue, pending an implementing regulation. The reciprocity principle, according to which Turkey only recognises similar rights granted to Turkish citizens by another state, continued to apply. A report noted that the preference among minority students for studying at non-minority schools and enrolment limitations had reduced student populations at minority schools to such extent that many had to close.

With regard to **Roma**, in March, a Roma Language and Culture Research Institute was established at the University of Thrace in Edirne.

A circular from the Ministry of the Interior aiming at facilitating the registration of Roma as citizens was adopted, however, it was estimated that a sizeable Roma population remains unregistered. Administrative procedures for registering are claimed to be expensive and cumbersome, requiring an application to be sent to a number of bodies.

There was a lack of quantitative data on the situation of Roma in Turkey. Reports of discrimination continued. School drop-outs, absenteeism and child labour among Roma children remained high. Poor housing conditions, urban transformation-related relocation problems and difficulties in accessing health and social security services continued. Roma women faced health risks due to early marriage and early maternity. Roma citizens continued

to be employed in mostly unregistered, temporary, low-paid jobs requiring low or unskilled manual labour. According to a European Network against Racism report in March, on ‘racism and related discriminatory practices in employment in Turkey’, the unemployment rate among Roma people was 85%, the highest of all groups. There were no Roma mayoral candidates in the local elections of March 2014.

Local government in Bursa submitted a report to parliament on an attack against houses and shops belonging to Roma people in Iznik following a murder. The report contained discriminatory statements. A first court session was held in June regarding a civil law suit that had been launched against 31 people in Iznik regarding their attempt to lynch Roma people.

Local authorities and representatives of Roma NGOs in Turkey took part in the European Roma Summit held in Brussels in April 2014. Turkey has not joined the international 2005-15 ‘decade of Roma inclusion’ initiative. A national Roma integration strategy is under preparation but has not been adopted.

In December, the court case launched by Roma associations and individuals regarding the urban renewal plan in Sulukule was upheld by the Council of State.

As regards **cultural rights**, the 2013 legislation allowing campaigning in languages other than Turkish by political parties and candidates during local and parliamentary elections was implemented without impediment in the March 2014 local elections. The use of Kurdish in public activities even outside campaign periods was generally not penalised, thus further normalising its use in Turkey.

In March, legislation was adopted to implement the democratisation package announced in September 2013. This legislation allowed, among other things, the provision of private education in the languages and dialects traditionally used in daily life. Use of non-Turkish letters, such as X, Q and W used in Kurdish, was permitted.

The teaching of elective courses in Kurdish language in public schools continued and in the course of 2012/2013 academic year 18 847 students were enrolled. In September the Ministry of National Education has appointed 17 teachers of Kurdish language as permanent staff.

Mardin Artuklu University provided post-graduate education in Kurdish, and established Arabic and Syriac language and culture departments. Muş Alpaslan and Bingöl Universities set up Kurdish language and literature departments. In Diyarbakir Dicle University, a Kurdish language department was established but has to become operational. Tunceli University organised a Kurdish language course.

In November, the name of Aydınlar sub-province in Siirt was changed to Tillo. This was an example of changing village names back to versions which preceded the 1980 military coup, a possibility provided for in the September 2013 democratisation package and applied to several other localities.

Work by the state Turkish Language Institution to prepare a Kurdish-Turkish and Turkish-Kurdish dictionary continued.

Turkey still has to adopt a general law on the **protection of personal data** and has to set up an independent data protection supervisory authority. Amendments to the legislation on the National Intelligence Service and on Internet grant exceptionally wide powers to the Intelligence Service and the Telecommunications Communication Presidency (TIB). This, together with the absence of the legislation on protection of personal data and an independent supervisory body, raises concerns over the lack of adequate protection of personal data in Turkey.

Conclusion

Legislation adopted in the area of *judiciary* raised serious concerns as regards judicial independence and impartiality, separation of powers and rule of law. These concerns increased following the reassignments of judges, prosecutors and police working on high-profile anti-corruption cases. The decision of the Constitutional Court quashing a number of newly adopted provisions on the High Council of Judges and Prosecutors illustrated the resilience of the Turkish constitutional system and brought back previous legal provisions. A judicial reform strategy to strengthen the independence, impartiality and efficiency of the Turkish judicial system needs to be adopted, in cooperation with all relevant stakeholders. In addition, Turkey needs further substantial reform of its criminal justice system, including the rules and practice related to pre-trial detentions.

As regards *anti-corruption*, the handling of the December 2013 corruption allegations raised serious concerns that allegations of wrongdoing would not be addressed in a non-discriminatory, transparent and impartial manner. No concrete steps were taken to address deficiencies in rules governing the funding of political parties and election campaigns or the scope of immunity for MPs. Greater political will and civil society involvement are needed if results are to be achieved on the ground and if a track record of investigations, indictments and convictions is to be developed. Turkey has to decide whether it will adopt an anti-corruption strategy and action plan after 2014.

There was a mixed picture in the area of *fundamental rights*. The adoption in March of an Action Plan for the Prevention of Violations of the European Convention on Human Rights was a significant step towards aligning Turkey's legal framework and practice with ECtHR case-law. The number of applications before the ECtHR has decreased significantly, as a result of the introduction of new domestic remedies such as the Human Rights Compensation Commission. The Constitutional Court continued to apply the individual application procedure. It took a number of key decisions strengthening the protection of fundamental rights in Turkey. The Ombudsman Institution and the National Human Rights Institution continued their work. However, an overall fundamental rights action plan has to be adopted. The human rights institutional framework needs to be strengthened further and needs to establish a track record. Legislation that further limited freedom of expression, including the law on Internet, was adopted and the effective exercise of this freedom was restricted in practice. The blanket bans on YouTube and Twitter were a matter of serious concern. Turkish legislation on the right to assembly and on intervention by law enforcement officers, and their implementation, have to be brought in line with European standards. The adoption of the data protection legislation in line with EU standards and the establishment of an independent supervisory body should be treated as a matter of priority. There is a need for comprehensive reform of the legal framework on freedom of thought, conscience and religion, and the application of this framework, to bring these into line with EU standards. Further sustained work is needed to: guarantee women's rights and gender equality in practice; improve children's rights; bring anti-discrimination legislation and practice in line with EU standards, notably by including references to discrimination on the basis of sexual orientation and sexual identity; and guarantee cultural rights and rights of people belonging to minorities.

4.24. Chapter 24: Justice, freedom and security

With respect to **migration**, the Law on Foreigners and International Protection became effective, with all of its provisions, in April 2014. On the same date, the General Directorate for Migration Management (GDMM) officially took on responsibility for implementing the law. The new set-up represents a substantial step towards alignment with EU standards on international protection, treatment of regular and irregular migrants and protection of victims of human trafficking. In 2014, a protocol was signed between the GDMM and the Turkish National Police (TNP), to ensure a smooth transfer of tasks and responsibilities. While at

central level the GDMM's structures started to operate immediately, handover across the country will be more gradual. The GDMM will have to draft implementing legislation to implement the new law.

Turkey is becoming an important country of destination for regular migration. At the same time, Turkey also remains a notable transit and destination country for irregular migration. In 2013, 352 643 people were granted a temporary residence permit mainly for short stays, family reunification, and work and education purposes. The number of apprehended irregular migrants totalled 39 890, which represents a decrease of 16% compared to 2012. In 2013, 22 597 irregular migrants were returned to their country of origin.

The GDMM announced that it would only take over those removal centres which are outside the premises of the National Police. This implies that the GDMM capacity to host irregular migrants has decreased from 1941 in 2012 to 1 740 in 2014. New centres, with a total capacity of 3000 people, are under construction. In April 2014, the Ministry of Interior adopted a new directive on the establishment and management of removal centres. It puts particular emphasis on the social and psychological needs of people under administrative detention, their right to freedom of belief and worship and their right to freedom from discrimination. However, the directive does not make specific reference to access to legal aid or asylum procedures.

The EU and Turkey signed the readmission agreement on 16 December 2013. Simultaneously, the visa liberalisation dialogue was launched with Turkey on the basis of a roadmap. The EU and Turkey completed the ratification of the agreement in May and August respectively and the agreement came into force on 1 October 2014. The Commission is looking forward to the effective implementation of Turkey's obligations under the readmission agreement towards all Member States. The Commission conducted a series of peer assessments in order to evaluate the status of Turkey's implementation of the visa roadmap and its benchmarks. The Commission will issue its first report on the implementation of the roadmap on 20 October 2014.

Turkey's bilateral readmission agreement with Moldova came into force in May 2014. The agreement concluded by Turkey with Pakistan has not yet been ratified. There was no progress on the implementation of the readmission agreement with Greece. In addition, Turkey ceased to cooperate with Bulgaria on readmission.

As concerns **asylum**, Turkey continues to implement the Geneva Convention on Refugees of 1951 with the 'geographical limitation' which applies to non-European citizens. This limits Turkey's obligations under the Convention only to refugees originating in Europe. The new Turkish law introduces the 'conditional refugee' status for non-European refugees. This gives a high level of protection to such refugees, though lower than for refugees originating in Europe. The Turkish law introduces further types of protection status such as 'subsidiary protection' and 'temporary protection', but without adequate definitions. The UN High Commissioner for Refugees (UNHCR), which runs the refugee status determination (RSD) procedures for resettlement in parallel with the Turkish authorities procedures, has seen its asylum caseload almost doubled.

The Syrian crisis has led to a significant increase in the number of Syrian refugees in Turkey, whose total number is estimated at more than 1 000 000. About 220 000 of them live in 22 well-organised, well-run refugee camps located in 10 south-eastern provinces of Turkey. UNHCR and other international organisations provide material and technical assistance to the Turkish authorities. Another estimated number of 700 000 Syrian refugees live mostly in south-eastern provinces of Turkey as well as in Istanbul and Izmir. As of June 2014, Turkey had registered — with the assistance of UNHCR — approximately 580 000 non-camp Syrian refugees. Once registered, refugees are offered free access to health and education services. This puts local capacity and resources under significant strain. Turkey must be praised for its invaluable support to Syrian refugees. However, the legal status of the great majority of these

refugees remains unclear, which limits their employment opportunities. Refugees living outside the camps still face considerable challenges in accessing essential services and very often their living conditions are difficult. In addition to Syrian refugees, Turkey is hosting a significant number of refugees from other countries, including more recently from Iraq.

On **visa policy**, in April, Turkey announced the introduction of new visa stickers with high security features to replace the old, easy-to-counterfeit visa stamps. However, the new stickers are not yet in use. In February, Turkey granted visa-free access to the citizens of only one more Member State, Hungary. It also decided in April to grant visa exemption to ordinary passport holders from Mongolia.

Turkey introduced a new system to obtain visas via the internet ('e-visas') with a view to remove the possibility to issue visas at border crossing points and put an end to the long queues of visa applicants at Turkey's borders. However, so far the new system does not meet key requirements of visa processing while visas continue to be issued at the borders. In addition, by referring applicants from the Republic of Cyprus to the country option 'Greek Cypriot Administration of Southern Cyprus', the e-visa system creates a *de facto* discrimination which may also limit their mobility.

Turkey still needs to align with the EU visa requirements and exemptions and harmonise its visa policy towards EU Member States.

In the area of **external borders and Schengen**, Turkey has not yet adopted a law setting up a single border security organisation in line with the national action plan to implement Turkey's integrated border management strategy. Pending such a law, Turkey needs to take concrete steps in order to improve the capacity of the agencies in charge of border management. Recourse to conscripts for border surveillance is a matter of concern. Gendarmerie staff numbers also need to be increased to improve the identification and processing of irregular migrants apprehended in border regions.

Currently, none of the existing instruments and coordinating mechanisms for integrated border management function in practice and tangible progress is required towards an integrated border management system. To this end, effective coordination and cooperation mechanisms among all border authorities, the gendarmerie and the GDMM are vital. It is also necessary to develop joint working tools such as statistics, risk analysis and local strategies leading to a shared identification of risks and counter measures. Exchange of information is crucial to achieving this.

Cooperation between the TNP and airline operators needs to be improved especially on the detection of false and falsified documents. Cooperation with EU immigration liaison officers needs to be strengthened to achieve more effective border management, in particular at the airports in Istanbul.

Turkey has taken steps to improve border cooperation with neighbouring EU Member States. In particular, since 2013, Turkey has stepped up its cooperation with the Greek and Bulgarian authorities on preventing irregular crossings by migrants of their common land borders. This cooperation should be consolidated and expanded, with the establishment of a trilateral common contact centre for law enforcement among Bulgaria, Greece and Turkey. A similar approach is also needed on the Aegean Sea, where the number of irregular migrants passing from Turkey to the Greek islands is increasing.

Turkey's liability for clearing the mines under the Ottawa Convention (i.e. the Mine Ban Treaty) has been extended until 2022. Given the challenges involved in clearing mines located at the borders with Armenia, Azerbaijan, Iran, Iraq and Syria, it would be advisable for Turkey to establish a dedicated national authority to oversee the demining.

In February 2014, Turkey and Frontex signed a cooperation plan for the period 2014 to 2016. Implementation of the plan began smoothly by sharing statistical data for risk analysis, training activities and operational cooperation.

With regard to **judicial cooperation in civil and criminal matters**, preparatory work for the introduction of a single law on international judicial cooperation in criminal matters has been completed. Similar work has begun on judicial cooperation in civil matters aimed at introducing a single law in this area. In the reporting period, 164 extraditions were requested by Turkey and twelve by EU Member States. Turkey has not yet signed a cooperation agreement with Eurojust. However, Turkey is one of the most frequently involved third countries in Eurojust's casework. Turkey was invited to appoint a Eurojust contact point, independent of the conclusion of a cooperation agreement.

Turkey signed a number of bilateral agreements on **police cooperation** in the fight against crime and terrorism. The lack of a data protection law in Turkey continues to hamper police cooperation at international level. For the same reason, an operational cooperation agreement with Europol cannot be concluded yet although a strategic cooperation agreement was signed in 2004. Improving liaison functions with Europol would greatly facilitate cooperation. Inter-agency cooperation also needs to be improved. Turkey is invited to develop and introduce a strategic threat assessment on organised crime, in line with Europol's Serious and Organised Crime Threat Assessment methodology (SOCTA).

Concerning the **fight against organised crime** the Monitoring and Assessment Board meets regularly to implement the 2010-15 national strategy against organised crime and the 2013-15 action plan. The TNP has expanded the presence of witness protection units to three more provinces. As part of the response of the government to the December 2013 corruption allegations, a vast number of police officers (including high ranking officers) have been reassigned to other positions, and in a number of cases detained. The removals have affected operational units (e.g. anti-smuggling, organised crime, anti-terrorism) potentially diminishing their capacity to conduct investigations. (*See also Political criteria — Democracy and the rule of law and Chapter 23— Judiciary and fundamental rights*). Data collection and analysis in the area of law enforcement needs to be improved.

Turkey ratified in May the Council of Europe Convention on Cybercrime, which it had signed in 2010. It will enter into force on 1 January 2015. Amendments adopted in September 2014 to the legislation regulating the use of the internet, and presented as necessary for 'national security and protection of public order' raised concerns as they introduced excessive restrictions to freedom of expression (*see also Chapters 10 — Information society and media, and 23 — Judiciary and fundamental rights*).

The GDMM has taken over from the TNP the coordination of the national referral mechanism regarding trafficking in human beings and related identification tasks. The TNP will, however, maintain an active role within the future anti-trafficking operational framework. Turkey is not yet party to the Council of Europe Convention on Human Trafficking and has not a comprehensive law on trafficking in line with EU standards. In 2013, the anti-trafficking helpline recorded 87 rescue requests, mostly from Istanbul. Law enforcement authorities have only identified a small number of victims of trafficking. Turkey's capacity to gather and assess information remains a weak point in the fight against trafficking in human beings. Enhanced coordination is particularly needed.

Fighting organised crime and corruption is fundamental to countering the illicit influence of criminal groups on the political, legal and economic systems.

With regard to the **fight against terrorism**, Turkey has improved its regime of countering the financing of terrorism. As a result, the Financial Action Task Force removed Turkey from the list of jurisdictions with strategic deficiencies in countering the financing of terrorism and

added it to the list of countries classed as ‘improving global anti-money laundering/countering the financing of terrorism compliance: ongoing process’ (see Chapter 4 — *Free movement of capital*). Turkey has not yet ratified the Council of Europe’s Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

Turkey’s active counter-terrorism dialogue with the EU has continued. However, police and judicial cooperation with EU Member States and EU Agencies in combating terrorism is limited because of the absence of a data protection law in Turkey and differences between Turkey and the EU on the definition and penalties for terrorism. Turkey will need to step up its capacity to prevent radicalisation, including developing adequate measures to address the phenomenon of foreign fighters.

As regards **cooperation in the field of drugs**, Turkey has issued circulars in order to support the implementation of the 2013-18 national strategy against drugs and the 2013-15 action plan. Turkey remains a transit country on the drug routes between Asia and Western Europe and Turkish criminal groups play a key role in trafficking and distributing drugs in Europe. In 2013, Turkish law enforcement bodies seized 274 380 kg of cannabis, 449 kg of cocaine, 13 480 kg of heroin and 4 441 217 ecstasy tablets. A total of 139 new psychoactive substances have been included in the scope of the Law on Supervision of Drugs as a result of the ‘early warning system’ working group. Although Turkey signed and ratified in 2012 the agreement concerning its participation in the European monitoring centre for drugs and drug addiction (EMCDDA) Turkey has not completed the official notification process, which prevents the agreement from entering into force. Turkey reports annually to the EMCDDA and continues to participate as an observer in the European information network on drugs and drug addiction (Reitox) meetings for heads of focal points. Although the number of treatment centres has increased to 28, their capacity is still insufficient. Data collection and analysis capacity need to be improved.

For more information on **customs cooperation**, see Chapter 29- *Customs union*.

Conclusion

There was good progress in the area of justice, freedom and security in a challenging environment. Turkey is making considerable humanitarian efforts in supporting an increasing influx of refugees from Syria as well as from Iraq. Despite this considerable burden, it has taken important steps as regards migration and asylum policy. The entry into force of the Law on Foreigners and International Protection and the establishment of the General Directorate for Migration Management (GDMM) are significant reforms which need to be complemented by the timely adoption of implementing regulations. Building institutional capacity in the central administration and the provinces is a significant challenge for the GDMM. The signature and entry into force of the EU–Turkey readmission agreement and the launch of the visa liberalisation dialogue is a welcome development. Turkey needs to reform its border authorities to ensure more effective and integrated border management. Turkey made some progress in the fight against organised crime. Turkey improved its programme to counter the financing of terrorism. The adoption of a data protection law is a necessary pre-condition for further international police and judicial cooperation. Overall, alignment in the area of justice and home affairs is moderately advanced.

4.25. Chapter 25: Science and research

The level of participation in the EU **framework programme** for research (FP7) increased. The overall success rate also increased to 16.2%, compared to the EU average of 21.6%. Participation is good in ICT, food safety and biotechnology and in research on environment. Participation in Marie Skłodowska-Curie Actions and by SMEs continued to increase. Turkey has also been more successful in obtaining grants allocated by the European Research

Council. An agreement for Turkey's association to the new EU research and innovation programme Horizon 2020 (covering 2014-20) was signed in June, allowing for retroactive participation of entities from the country as from 1 January 2014.

As regard further integration into the **European Research Area**, Turkey has observer status in the European Research Area Committee. The level of investment in research is about 0.9% of GDP, which is below the EU average of 2.07%.

According to the 2014 **Innovation Union** Scoreboard, Turkey is a modest innovator, well below the EU average on almost all indicators. In 2013, Turkey adopted the tenth development plan, covering 2014-18, aiming to improve science, technology and innovation, as one of the building blocks for innovative production and steady growth. The Supreme Council for Science and Technology also set new targets for Turkey's national innovation and entrepreneurship system, aiming to be among the top 10 economies in the world by 2023. These targets aim to increase R&D investments to 3% of Turkey's GDP, of which 2% should come from private business expenditure, and to raise the number of 'full-time equivalent' researchers to 300 000 and 180 000 FTE researchers in the business sector.

Conclusion

Further progress has been made in the area of science and research. Steps were taken to further build Turkey's research and innovation capacity at national level and facilitate integration into the European Research Area. Serious efforts will be necessary to meet the challenges of participation in the new EU Horizon 2020 programme. Overall, Turkey is well prepared in this area.

4.26. Chapter 26: Education and culture

In the area of **education, training and youth**, applications for the Lifelong Learning and Youth in Action programmes, 55% funded by the EU, continued to grow considerably. More than 3 600 grant agreements with institutions and individuals were signed. The total number of final beneficiaries reached 70 000.

Turkey adopted legislation to close down private preparatory schools for university entrance exams (*Dershanes*) by 1 September 2015. The law also restructures the Ministry of National Education, abolishing various central and provincial senior management positions in the Ministry.

Turkey reported that the net enrolment rate for pre-school education for children aged five for 2013-14 increased by two percentage points to 42.5%. For primary school children, the enrolment rate increased from 98.9% to 99.6%; for lower secondary school, the rate increased from 93% to 94.5%; and for secondary education, the enrolment rate increased by more than six percentage points, to 76.7%. However, drop-out rates cannot be monitored systematically. Continued work is needed to increase attendance at all levels, especially for girls, as, despite improvements, 61% of the working age population in 2013 only had lower secondary education (eight years of schooling). The gender disparity remains considerable in some regions while the gender gap in secondary education continued to decrease (now at 1.2%).

Turkey is at an advanced stage of implementing the Bologna process recommendations in some universities; however, significant quality differences persist among Turkey's 176 universities. An independent and fully functional quality assurance and accreditation agency has not yet been created. Preparations for the agreed quality assurance agency for higher education have not yet started. The Turkish qualifications framework for lifelong learning is expected to be adopted in 2014.

Participation in the Youth in Action programme continued to grow. In May 2014, Turkey signed its full participation in the 'Erasmus+' programme.

In the area of **culture**, the promotion of cultural industries, preparation of site management plans for heritage areas and their restoration are integrated in the tenth development plan. Financial support was withdrawn from some private theatres which took part in the Gezi events in 2013 and the government revealed plans to abolish state theatres and ballet and their replacement by an art institution, provoking the criticism of CSOs. The UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, signed by Turkey in October 2005, has not been ratified. Turkey has not yet signed up to the ‘Creative Europe’ programme.

Conclusion

There has been some progress in the area of education and culture. Interest in EU programmes continued to rise. The UNESCO Convention has not yet been ratified. Overall, Turkey is moderately advanced in this area.

4.27. Chapter 27: Environment and climate change

In October 2013, Turkey amended again its *horizontal legislation* on the **environment** in a way that was not consistent with the requirements of the Environmental Impact Assessment (EIA) Directive, by introducing additional exemptions to the EIA. Several large infrastructure projects are excluded from national EIA procedures, such as micro hydropower plants and the third bridge on the Bosphorus. The Constitutional Court annulled two amendments introducing exemptions to investments from environmental legislation which were not in line with the *acquis*. Procedures for trans-boundary consultations have not been aligned with the *acquis* and Turkey has not yet sent its draft for general bilateral agreements on EIA cooperation in a trans-boundary context to the relevant Member States. Alignment with the Strategic Environmental Assessments Directive is under way. Turkey should align with related *acquis* on access to information, public participation and access to justice in environmental matters (UNECE Aarhus Convention related), which would enhance public participation and provide a clear framework for solving ongoing disputes on investment decisions with substantial impacts on environment and climate change.

In the area of *air quality*, national legislation needs to be adopted in line with the directives on ambient air quality, national emissions ceilings and volatile organic compounds.

In the field of *waste management*, work has continued to bring landfill facilities up to EU standards. Sorting, recycling and medical waste treatment capacity has increased. Further work is needed on separating collection and reducing biodegradables. Requirements on preparation and implementation of waste management plans, stemming from the EU Waste Framework Directive, have not yet been met. Legislation for alignment with the Mining Waste Directive needs to be adopted.

In the area of *water quality*, the conversion of the river basin protection action plans into river basin management plans is ongoing. An implementing law on surface and groundwater monitoring aimed at increasing *acquis* alignment was adopted in February. A National Basin Management Strategy (2014-2020) has been adopted. Trans-boundary consultations on water issues with neighbouring countries are still at an early stage. The wastewater treatment capacity has increased as a result of continuous investment. The new Metropolitan Municipality Law came into force in March and is expected to improve the implementation of certain environmental directives such as the Urban Waste Water Directive.

Framework legislation on *nature protection*, the national biodiversity strategy and action plan still have to be adopted. The draft Nature Protection Law is not in line with the EU *acquis*. If adopted without implementing legislation, the law would repeal the National Parks Law, causing a legal vacuum. The potential Natura 2000 sites have not yet been identified. Turkey has adopted a series of laws allowing investments in wetlands, forests and natural site areas, which is not in line with the *acquis*.

As regards *industrial pollution control and risk management*, legislation implementing the Industrial Emissions Directive needs to be adopted. An implementing law on preventing and mitigating the effects of large industrial accidents, aiming to increase alignment with the ‘Seveso II’ Directive, was adopted in December. As regards *chemicals*, legislation needs to be adopted to implement the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals. A law on classification, labelling and packaging of substances and mixtures, aiming to increase alignment with the *acquis*, was adopted. Legislative alignment in the field of *noise* is well advanced.

Turkey started discussions on participation in the EU **Civil Protection** Mechanism. A new law on disasters and emergency response was adopted in December.

Turkey’s national **climate change** action plan lacks an overall domestic greenhouse gas emissions reductions target. Turkey, which has a high level of emissions, has not yet put forward a greenhouse gas emissions reduction target. At international level Turkey’s special circumstances were recognised under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. In December 2013, Turkey submitted its fifth national communication to the UNFCCC, which however lacks greenhouse gas projections for the country. Turkey recently initiated preparations for putting forward its intended nationally determined contribution to the 2015 Climate Agreement, which needs to be completed by the first quarter of 2015 and be consistent with those of the EU and its Member States. Turkey should start reflecting on its climate and energy framework for 2030, in line with the expected EU policy framework on climate and energy.

As regards alignment with climate *acquis*, legislation has been adopted to align with the Fuel Quality Directive. Preparations are ongoing to set up and implement a monitoring, reporting and verification system, and build capacity regarding land use, land use change and forestry, and fluorinated gases. Turkey signed an agreement with the World Bank on a capacity-building support programme to pilot greenhouse gas emission monitoring, reporting and verification in the electricity sector and on technical capacity transfer to Turkey on carbon markets. The lack of an overall greenhouse gas emissions target however constitutes a barrier to further development of Turkey’s carbon market mechanisms. Similarly, the lack of comprehensive and scientific research on the impacts of climate change in Turkey limits the integration of adaptation measures to sector policies and is a reason to underestimate the consequences of changes in climatic conditions. Turkey participated regularly in the Environment and Climate Change Regional Accession Network (ECRAN) project. More events on climate-related issues are being organised, but awareness-raising on climate action still needs to considerably improve.

The re-establishment of a dedicated Climate Change Department within the Ministry of Environment and Urbanisation is a positive step for administrative capacity. Better complementarity needs to be found between this ministry and other concerned ministries regarding the environment, climate and development agendas. Further work is needed to strengthen cooperation and coordination between various institutions with responsibilities in the fields of environment and climate change.

Conclusion

Turkey has made some progress in aligning legislation in the fields of environment and climate change, whereas enforcement remains weak. While a stronger political commitment and re-establishment of regular policy dialogue on environment and climate change would help accelerating the alignment with and implementation of the *acquis*, the real challenge remains to conciliate growth and environmental concerns. More ambitious and better coordinated environment and climate policies still need to be established and implemented. Changes to legislation on EIA and nature protection raise serious concerns. Strategic planning, substantial investments and stronger administrative capacity are required. The

country needs to put forward by the first quarter of 2015 its intended contribution to the 2015 Climate Agreement. Cooperation with civil society and other stakeholders needs to be strengthened. Preparations in the areas of environment and climate change are still at an early stage.

4.28. Chapter 28: Consumer and health protection

As regards *horizontal aspects* of **consumer protection**, the Directorate General for Consumer Protection and Market Surveillance further improved its online services and increased its awareness-raising and consumer education activities. The need to strengthen the consumer movement remains. Constructive dialogue and cooperation need to be further sustained to allow for relevant stakeholders' active involvement in policy and law-making.

Concerning *product safety-related issues*, full alignment with the General Product Safety Directive and the Directive on Dangerous Imitations has not yet been achieved. In the area of market surveillance, the Ministry of Science, Industry and Technology issued new regulations and the national market surveillance database became operational. Overall, market surveillance is not yet effectively implemented. (See also Chapter 1 — Free movement of goods)

As regards *non-safety-related issues*, the new Consumer Protection Law, which aims at aligning with the *acquis*, entered into force in May 2014. The law contains provisions in favour of consumers on: credit cards, early payment of house and consumer loans, complex contracts, interest rate in consumer transactions, right of retraction, timeshare property sales, real estate sales on the basis of architectural models, door-to-door sales, defective goods, online shopping and distance contracts, distance sales of financial services, termination of subscriptions, promotional campaigns organised by newspapers and journals, and pyramid sales systems. The enforcement capacity of consumer courts, including the Supreme Court, related chambers and arbitration committees, needs to be strengthened. Consumer court decisions are not accessible.

On *horizontal aspects* of **public health**, the institutional reform of the system has resulted in multiple responsible organisations at local level, requiring a coordination mechanism for better management, especially for monitoring and evaluation. Solutions for personal data confidentiality and security under the national health information system are still pending.

In the area of *tobacco control*, Turkey continues to be the country with the highest implementation scores, according to the World Health Organisation's 2013 global tobacco control report.

As for *communicable diseases*, Turkey has improved its ability to detect and respond to public health emergencies through a national early warning and response system with at least one focal point in all 81 provinces. However, this does not cover all EU reportable diseases. Provincial standard operating procedures have been tested in 22 provinces. A national field epidemiology training programme and a laboratory training programme have been put in place to ensure continuing education in disease control. Additionally, for health security, an inter-sectoral collaboration process has been initiated. Institutional mechanisms must be in place to fully implement these expanded mandates in a sustainable manner. Turkey has not yet finalised its strategic action plan on HIV/AIDS. Further awareness raising activities are needed.

In the field of *blood, tissues, cells and organs*, the guide for preparation, use and quality assurance of blood and blood components has been updated. National standards for blood services, national guidelines on total quality management and inspection guide are distributed to all technical staff. A policy and a strategy document, setting out the supplier and user sides of the blood system, have been developed with a view to harmonising blood legislation with the *acquis*, based on a situational analysis of all the blood centres. As a result, changes

required include the establishment of a competent authority, and the allocation of resources to ensure an efficient and safe blood system. The *organ donation and transplantation legislation*, and the *tissue and cells* legislation improved the alignment with EU Directives and international best practices.

In the area of *mental health* operational guidelines for community mental health centres and for community-based social care services were disseminated. There were 81 community mental health centres in 59 provinces. Fifty-two ‘hope houses’ have been opened to provide residential care. Work continued on building the necessary human resources capacity in this field. An ‘omnibus’ law in February 2014 aligned provisions for residential care for people with mental disabilities with the *acquis*. An independent body to monitor and inspect mental health institutions has yet to be established.

As regards *health inequalities*, while each registered citizen has access to health services through a local family physician, the access of unregistered citizens to health services and the availability and quality of services, including for older people and people with disabilities, need improvement. In the field of *nutrition*, Turkey participated in the European child obesity survey for the first time, in cooperation with the World Health Organisation. In the field of *alcohol-related harm reduction*, legislation to put labels carrying warning messages on alcoholic beverages came into force in June 2014.

Conclusion

There has been some progress in the area of consumer and health protection. However, consumer rights enforcement needs improvement at all levels, and the consumer movement remains weak. Intensive capacity-building for staff and management at central and local levels continues to be necessary in order to meet the EU technical requirements in the area of public health. Overall, preparations in this area are well on track.

4.29. Chapter 29: Customs union

With regard to **customs legislation**, some customs rules still need to be aligned with the *acquis*. Local clearance and relevant simplifications have been extended to import transactions, in line with the authorised economic operator concept introduced last year. Turkey has started preparations for harmonisation with the Union customs code.

The rules on free zones and duty relief legislation are not aligned with the *acquis*. Duty free shops at entry points are neither aligned with the *acquis* nor compliant with the Customs Union (CU). Implementation of surveillance measures based on minimum CIF (cost, insurance and freight) or customs value is not in line with the *acquis* and contrary to CU provisions. Turkey introduced additional customs duties on imports of footwear from third countries other than the products originating in the EU and in Turkey’s free trade partners even if the goods were in free circulation in the EU. The requirement to present proof of origin for some goods in free circulation in the EU, such as woven fabrics and apparel, when imported to Turkey is not in line with the CU.

In the area of **administrative and operational capacity**, Turkey continued to increase its customs enforcement capacity, in particular regarding anti-smuggling operations. The Ministry of Customs and Trade has taken some measures to sustain and further strengthen the capacity of local risk management units. Regarding intellectual property rights (IPR) enforcement at customs, the system of online applications has operated smoothly and the number of seizure applications slightly increased. The level of coordination and cooperation with the right holders remained satisfactory. Further work is required to increase the customs enforcement capacity, in particular *ex officio* customs inspections and destructions under the simplified procedure, and to align with the *acquis* in the area of IPR customs legislation.

Although the new computerised transit system has been operational since last year, tariff IT systems (TARIC, quota and surveillance) have not yet been launched. This is also required for future inter-connectivity and interoperability with the EU IT systems. Preparations are still underway on developing a strategy for convergence of IT activities with business objectives.

Conclusion

Little progress was made in the field of customs legislation. Shortcomings remain in the area of duty relief, free zones, surveillance measures, tariff quotas and the requirement to present proof of origin for some goods in free circulation. Although capacity-building efforts have increased, further progress is required on intellectual property rights enforcement at customs. Overall, the level of alignment in the area of customs union remains high.

4.30. Chapter 30: External relations

With regard to **common commercial policy**, Turkey has reviewed its generalised system of preferences in line with the new EU scheme, without fully aligning with EU rules of origin, geographic and product coverage. During the reporting period, Turkey has adopted the safeguard measure on imports of terephthalic acid (TPA). Turkey has initiated a safeguard investigation on imports of paper and extended an investigation on safeguards on imports of polyethylene terephthalate (PET) while extending for the second time all three safeguard measures on imports of certain electrical appliances, frames for spectacles and travel goods, handbags and similar containers. Turkey's level of coordination with the EU within the WTO remains satisfactory, in particular as regards the Doha Development Agenda and the G-20.

Thanks to the Customs Union, Turkey maintains a high level of alignment with the EU common commercial policy. However, with regard to dual-use export controls, Turkey has not aligned with the EU position on membership of certain multilateral export control arrangements, such as the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies. Moreover, Turkey has not aligned with the EU position on medium and long-term export credits to companies. Turkey's General Agreement on Trade in Services (GATS) commitments are not entirely aligned with those of the EU.

As regards **bilateral agreements with third countries**, Turkey continued free trade negotiations with Ukraine and signed a trade agreement with Iran. Furthermore, Turkey signed six bilateral investment treaties in 2013 and another two in 2014.

In the field of **development policy** and **humanitarian aid**, the total amount of official development aid granted by Turkey in 2013 increased from €1.9 billion in 2012 to €2.5 billion. The level of alignment in this field is satisfactory.

Conclusion

Little progress was made in the area of external relations. Further alignment is required in areas such as the generalised system of preferences and dual-use export controls. Prolonged and intensive use of safeguard measures remains a cause of concern. Overall, the level of alignment in the area of external relations remains high.

4.31. Chapter 31: Foreign, security and defence policy

The regular **political dialogue** between the EU and Turkey continued to intensify, covering international issues of common interest, including developments in North Africa, the Horn of Africa, the Middle East and the Gulf, the Middle East peace process, Afghanistan, Pakistan, Russia, Ukraine, the Southern Caucasus, Central Asia, counter-terrorism, foreign fighters and non-proliferation issues. Informal EU-Turkey consultations took place on, *inter alia*, closer common security and defence policy cooperation, the Western Balkans and Asia/Pacific. (For more information on relations with other enlargement countries and EU Member States, *see Political criteria— Regional issues and international obligations*). The EU counter-terrorism coordinator visited Turkey in April.

As regards the **common foreign and security policy (CFSP)**, Turkey aligned itself, when invited, with 13 out of 45 EU declarations and Council decisions (29% alignment compared to 46% during the reference period of the 2013 Progress Report). Turkey did not align with Council decisions, including EU *restrictive measures*, on Russia's illegal annexation of Crimea and events in eastern Ukraine. Turkey voted in favour of the UN General Assembly resolution on territorial integrity of Ukraine. Turkey condemned and did not recognise the annexation of Crimea by Russia and has expressed a particular interest in the security of the Crimean Tatars. Turkey has not yet signed the statute of the International Criminal Court.

Turkey continued to develop and expand its diplomatic footprint and bilateral relations, and strengthened relations with countries in Asia, Africa and Central/Latin America. Turkey has also continued its work to improve cooperation with and between Afghanistan and Pakistan. The process of normalisation with Israel, launched in March 2013, has not yet been concluded. Turkish authorities strongly criticised Israel's military operation 'Protective Edge' in the Gaza strip. Turkey was involved in the ceasefire negotiations, continued to maintain open channels of communication with both Fatah and Hamas and provided Gaza with humanitarian assistance.

Turkey continued to be vocal on the crisis in Syria and its spill-over effects, strongly and repeatedly condemning the Syrian regime's violence against civilians. It supported efforts to increase inclusivity of the Syrian Opposition Coalition and provided vital humanitarian assistance to a steadily increasing number of Syrians fleeing their country. Restrictive measures on Syria remained in place. Relations with Iran have improved and a number of high-level visits took place. Relations with Iraq were affected by differences related to the direct export of energy resources to Turkey by the Kurdistan Regional Government in Northern Iraq. Following ISIL/IS offensive in Iraq, the personnel of Turkey's General Consulate in Mosul was taken hostage. Turkey provided humanitarian assistance to the Northern part of Iraq, in particular for the Turkmen population and hosted several hundred refugees, notably from the Yazidi community. Relations with Egypt significantly deteriorated and the respective Ambassadors were recalled.

Regarding the Southern Caucasus and Central Asia, Turkey maintained its policy of engagement through the Turkic Council, high-level strategic cooperation councils (Azerbaijan, Kazakhstan and Kyrgyzstan) and trilateral meetings between Foreign Ministers (Turkey/Georgia/Azerbaijan and Turkey/Azerbaijan/Iran). In April, Prime Minister Erdogan issued a significant statement offering condolences to the descendants of the 1915 events. The protocols signed in 2009 to normalise relations with Armenia are still not ratified.

Turkey and the United States consulted regularly on regional developments and cooperated on security and counter-terrorism. High-level visits and talks with Russia and Western Balkan countries took place. Turkey formally applied for membership of the Asia-Europe Meeting. Turkey joined the Asia Cooperation Dialogue and attended its first ministerial meeting. Several high level visits took place and a nuclear cooperation agreement was signed with Japan.

Turkey is party to all international arrangements on the *non-proliferation* of weapons of mass destruction. Turkey has not aligned yet with the EU position on membership of the Wassenaar Arrangement (*see Chapter 30 — External relations*), and the Missile Technology Control Regime. Turkey signed the UN Arms Trade Treaty in July 2013.

Turkey continued to engage actively in cooperation with international organisations. It has pursued its candidacy for a non-permanent seat on the UN Security Council for 2015-16.

Turkey continued to participate in *civil and military crisis management* operations in the framework of the **common security and defence policy (CSDP)**. Turkey contributed to the EU military operation in Bosnia and Herzegovina, EUFOR ALTHEA, the EULEX mission in

Kosovo and EUPOL-COPPS in the occupied Palestinian territory. Turkey made a concrete offer to contribute to EUFOR CAR and EUBAM Libya and is considering the possibility of joining EUTM Mali. The first working visit of the EU Military Staff to Turkey took place in January. The issue of EU-NATO cooperation going beyond the 'Berlin plus' arrangements, involving all EU Member States, has not yet been resolved.

Conclusion

The political dialogue between the EU and Turkey on foreign and security policy continued to expand and intensify. Turkey continued to take a prominent position on Syria, supporting the opposition and providing vital humanitarian assistance. Turkey continued to participate in civil and military crisis management operations. The country's alignment with EU declarations and Council decisions significantly declined compared to previous years and needs to be improved. Overall, preparations in this field are moderately advanced.

4.32. Chapter 32: Financial control

In the area of **public internal financial control (PIFC)**, the Ministry of Finance issued a circular on alignment with internal control standards. The ministry also published a public internal control guidebook. The Central Harmonisation Unit for financial management and control has drafted a central harmonisation guidebook. With regard to internal audit, the Ministry of Finance issued a circular on the appointment of internal auditors and internal audit practices. The Internal Audit Coordination Board announced the 2014-16 internal audit strategy document. The appointment of internal auditors at central and local administration is yet to be completed. The revised PIFC policy paper, which will also need to clarify the role of internal auditors and ensure the compatibility of centralised financial inspection with managerial responsibility, needs to be finalised and adopted.

With regard to **external audit**, the Turkish Court of Accounts Law has not yet been implemented fully. A working group has been set up between the Turkish Court of Accounts and the Ministry of Finance and another one has yet to be set up with the Parliament to reach an agreement on addressing the problems encountered in the audit reports submitted to parliament in 2013. Meanwhile, the books, financial tables and documents will no longer be directly accessible by the Turkish Court of Accounts, and be prepared only as consolidated version by the Ministry of Finance. Parliamentary follow-up to audit reports needs to be improved institutionally and in terms of analytical expertise.

Concerning the **protection of the EU's financial interests**, the Prime Ministry Inspection Board (PMIB) operates as Turkey's anti-fraud coordination service, responsible for cooperation with the European Commission. The PMIB issued guidelines on the investigation process for any irregularities in the EU Funds. It updated the anti-fraud coordination service's training strategy. The Turkish penal code complies with the Convention on the Protection of the European Communities' Financial Interests and its Protocols.

In the area of **protection of the euro against counterfeiting**, Turkey actively participates in the Pericles programme. The Turkish National Police has been designated the national central office to ensure cooperation with the EU institutions as part of the counterfeit tracking system. The national central office will need to improve the centralisation of technical and police information. Financial penalties are in place for credit institutions which do not withdraw counterfeits from circulation. The Turkish institutions have prepared a road map for strengthening cooperation with Europol and to enact the operational cooperation agreement.

Conclusion

There was some progress in the area of financial control, especially on PIFC. Further steps are needed in particular for the revision of the PIFC policy paper, reinforcement of the internal audit function in the public administration and the compatibility of the centralised inspection

function with PIFC. Regarding external audit, the Court of Accounts Law will need to be implemented fully. Overall, preparations in this area are moderately advanced.

4.33. Chapter 33: Financial and budgetary provisions

Basic principles and institutions in policy areas related to the application of the own resources system are already in place. (*For developments in these areas, see Chapters 16 — Taxation; 18 — Statistics; 29 — Customs union; and 32 — Financial control.*). In the area of **traditional own resources**, Turkey's customs legislation largely complies with the *acquis*.

Preparations in the area of the **value added tax-based resource** to calculate the statistical VAT base are yet to start. Turkey will need to take sound measures to combat fraud on VAT and customs duties in order to ensure appropriate contribution to the own resources system upon membership. In terms of the **gross national income-based resource**, Turkey will need to align with the recent development in the European system of accounts towards ESA 2010.

In the field of **administrative infrastructure**, Turkey, by the time of accession, will need to have established coordination structures and implementing rules for accurate collection, accounting, monitoring, payment and control of own resources as well as reporting to the EU.

Conclusion

There has been no progress in the area of financial and budgetary provisions. Overall, preparations in the area of financial and budgetary provisions are at an early stage.

STATISTICAL ANNEX

STATISTICAL DATA

Turkey

Basic data	Note	2001	2009	2010	2011	2012	2013
Population (thousand)	1)	64 730e	71 517b	72 561	73 723	74 724	75 627
Total area of the country (km ²)		783 562	783 562	783 562	783 562	783 562	783 562

National accounts		2001	2009	2010	2011	2012	2013
Gross domestic product (GDP) (million national currency)		240 224	952 559	1 098 799	1 297 713	1 416 798	1 561 510
Gross domestic product (GDP) (million euro)		219 815	440 942	547 347	556 278	611 909	618 393
GDP (euro per capita)		3 373	6 121	7 483	7 494	8 139	8 131
GDP (in Purchasing Power Standards (PPS) per capita)		7 400e	10 900b	12 200	13 400	13 800	:
GDP (in Purchasing Power Standards (PPS) per capita), relative to the EU average (EU-28 = 100)		37	46b	50	53	54	55
Real GDP growth rate: change on previous year of GDP volume (%)		-5.7	-4.8	9.2	8.8	2.1	4.0
Employment growth (national accounts data), relative to the previous year (%)		-0.3f	0.4f	6.2f	6.7f	2.9f	2.8f
Labour productivity growth: growth in GDP (constant prices) per person employed, relative to the previous year (%)		-5.5f	-5.2f	2.8f	1.9f	-0.8f	1.2f
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:	:
**3 year change (T/T-3) in the nominal unit labour cost growth index (2005 = 100)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		49.2f	70.0f	69.9f	72.5f	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)	2)	8.8	8.3	8.4	8.0	7.9	7.4
Industry (%)	2)	22.3	19.1	19.4	19.9	19.4	19.1
Construction (%)	2)	4.5	3.8	4.2	4.4	4.4	4.4
Services (%)	2)	58.5	59.6	57.2	56.4	57.4	57.6
Final consumption expenditure, as a share of GDP (%)		80.8	86.2	86	85.1	85.0	86.0
Gross fixed capital formation, as a share of GDP (%)		15.9	16.9	18.9	21.8	20.3	20.3
Changes in inventories, as a share of GDP (%)		-0.9	-1.9	0.6	1.7	-0.1	0.3
Exports of goods and services, relative to GDP (%)		27.4	23.3	21.2	24.0	26.3	25.7
Imports of goods and services, relative to GDP (%)		23.3	24.4	26.8	32.6	31.5	32.3

Industry	Note	2001	2009	2010	2011	2012	2013
Industrial production volume index (2010 = 100)	3)	:	88.6	100.0	110.1	112.9	116.3

Inflation rate and house prices	Note	2001	2009	2010	2011	2012	2013
Consumer price index (CPI), change relative to the previous year (%)		56.8	6.3	8.6	6.5	9.0	7.5
**Annual change in the deflated house price index (2010 = 100)		:	:	:	:	:	:

Balance of payments	Note	2001	2009	2010	2011	2012	2013
Balance of payments: current account total (million euro)		4 198	-8 724	-34 282	-53 945	-36 400	:
Balance of payments current account: trade balance (million euro)		-3 755	-17 816	-42 553	-64 037	-51 115	-60 200s
Balance of payments current account: net services (million euro)		10 201	13 322	12 565	14 461	18 845	17 679s
Balance of payments current account: net income (million euro)		-5 583	-5 956	-5 442	-5 633	-5 196	:
Balance of payments current account: net current		3 335	1 727	1 149	1 263	1 067	:

transfers (million euro)							
of which government transfers (million euro)		224	853	425	570	430	:
**3 year backward moving average of the current account balance relative to GDP (%)		:	:	:	:	:	:
**Five year change in share of world exports of goods and services (%)		:	:	:	:	:	:
Net inward foreign direct investment (FDI) (million euro)		3 187.8	5 097.5	5 711.7	9 840	6 573	:
Foreign direct investment (FDI) abroad (million euro)		554.9	1 113.4	1 104.3	1 688	3 171	:
of which FDI of the reporting economy in the EU-28 countries (million euro)		:	:	:	:	:	:
Foreign direct investment (FDI) in the reporting economy (million euro)		3 742.7	6 210.9	6 816.0	11 528	9 744	:
of which FDI of the EU-28 countries in the reporting economy (million euro)		:	:	:	:	:	:
**Net international investment position, relative to GDP (%)		:	:	:	:	:	:

Public finance	Note	2001	2009	2010	2011	2012	2013
General government deficit / surplus, relative to GDP (%)		-23.7	-6.5	-2.9	-0.8f	-0.3	:
General government gross debt relative to GDP (%)		77.3	46.1	42.3	39.1f	36.2	:

Financial indicators	Note	2001	2009	2010	2011	2012	2013
Gross foreign debt of the whole economy, relative to GDP (%)		58.7	42.2	39.5	:	:	:
Gross foreign debt of the whole economy, relative to total exports (%)		362.5	262.8	254.0	:	:	:
Money supply: M1 (banknotes, coins, overnight deposits, million euro)	4)	8 965	49 691b	65 976	65 555	72 816	:
Money supply: M2 (M1 plus deposits with maturity up to two years, million euro)	5)	37 253	228 237b	286 595	274 239	300 693	:
Money supply: M3 (M2 plus marketable instruments, million euro)	6)	38 973	240 246b	300 348	288 210	317 047	:
Total credit by monetary financial institutions to residents (consolidated) (million euro)		26 977	153 867	231 862	255 706	303 509	:
**Annual change in financial sector liabilities (%)		:	:	:	:	:	:
**Private credit flow, consolidated, relative to GDP (%)		:	:	:	:	:	:
**Private debt, consolidated, relative to GDP (%)		:	:	:	:	:	:
Interest rates: day-to-day money rate, per annum (%)		95.47	9.22	6.59	7.28	7.59	:
Lending interest rate (one year), per annum (%)	7)	78.82	19.65	14.83	12.27	9.00	:
Deposit interest rate (one year), per annum (%)	8)	62.17	17.20	14.99	14.19	5.00	:
euro exchange rates: average of period (1 euro = ... national currency)		1.094	2.151	1.989	2.322	2.314	2.534
Trade-weighted effective exchange rate index (2005 = 100)	9)	153.8	80.9	86.8	74.4	74.5	:
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2005 = 100)		:	:	:	:	:	:
Value of reserve assets (including gold) (million euro)		22 660	52 160	64 874	68 391	90 332	:

External trade in goods	Note	2001	2009	2010	2011	2012	2013
Value of imports: all goods, all partners (million euro)		46 225	100 996	139 957	173 016	184 110	189 482
Value of exports: all goods, all partners (million euro)		34 987	73 228	85 977	96 922	118 724	114 296
Trade balance: all goods, all partners (million euro)		-11 238	-27 768	-53 980	-76 095	-65 386	-75 186
Terms of trade (export price index / import price index * 100) (number)	10)	96	105	96	93	96	98
Share of exports to EU-28 countries in value of total exports (%)		56.7	47.0	47.3	47.2	39.6	42.3
Share of imports from EU-28 countries in value of total imports (%)		47.9	40.3	39.1	38.0	37.1	36.8

Demography	Note	2001	2009	2010	2011	2012	2013
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)	11)	13.4e	12.1	11.8	11.5	11.6	10.6e
Infant mortality rate deaths of children under one year of age (per thousand live births)	11)	28.3e	13.9b	12.0	11.7	11.6	10.8
Life expectancy at birth: male (years)		69.8e	73.9e	74.2e	74.4e	74.6e	74.7e
Life expectancy at birth: female (years)		73.9e	78.4e	78.7e	78.9e	79.1e	79.2e

Labour market	Note	2001	2009	2010	2011	2012	2013
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		:	54.5	55.9	57.2	57.4	58.4
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		51.2	47.8	50.0	52.2	52.8	53.4
Male employment rate for persons aged 20–64 (%)		75.3	70.4	72.7	75.1	75.0	75.3
Female employment rate for persons aged 20–64 (%)		27.4	25.8	28.0	29.8	30.9	31.8
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		35.9	28.2	29.6	31.4	31.9	31.5
Employment by main sectors							
Agriculture, forestry and fisheries (%)	12)	:	24.6	25.2	25.5	24.6	23.6
Industry (%)		:	19.2	19.9	19.5	19.1	19.4
Construction (%)		:	6.1	6.3	7.0	6.9	7.0
Services (%)		:	50.1	48.6	48.1	49.4	50.0
Unemployment rate: proportion of the labour force that is unemployed (%)		:	12.7	10.8	8.8	8.2	8.8
Male unemployment rate (%)		:	12.7	10.5	8.3	7.7	8.0
Female unemployment rate (%)		:	12.8	11.6	10.1	9.4	10.6
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		:	23.1	19.9	16.7	15.7	16.9
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		:	3.2	3.0	2.3	2.0	2.1

Social cohesion	Note	2001	2009	2010	2011	2012	2013
Average nominal monthly wages and salaries (national currency)	13)	:	1 084	1 142	1 242	1 327	:
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2000 = 100)		:	:	:	:	:	:
*Early leavers from education and training: proportion of the population aged 18–24 with at most lower secondary education who are not in further education or training (%)	14)	58.1	44.3b	43.1	41.9	39.6	37.6p

Standard of living	Note	2001	2009	2010	2011	2012	2013
Number of passenger cars relative to population size (number per thousand population)		70.1e	99.2b	104.0	110.0	115.7	122.8
Number of mobile phone subscriptions relative to population size (number per thousand population)		283e	865b	837	874	895	909

Infrastructure	Note	2001	2009	2010	2011	2012	2013
Density of railway network (lines in operation per thousand km ²)		11.1	11.6	12.2	12.3	12.3	12.4
Length of motorways (kilometres)		1 696	2 036	2 080	2 119	2 127	2 127

Innovation and research	Note	2001	2009	2010	2011	2012	2013
Public expenditure on education relative to GDP (%)		2.7	:	:	:	:	:
*Gross domestic expenditure on R&D relative to GDP (%)	15)	0.54	0.85b	0.84	0.86	0.92	:
Percentage of households who have internet access		:	30.0	41.6	42.9	47.2	49.1

at home (%)							
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Environment	Note	2001	2009	2010	2011	2012	2013
*Index of greenhouse gas emissions, CO ₂ equivalent (1990 = 100)		148.1	197.0	214.1	225.1	233.4	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2000 constant prices)	16)	259.6	257.4	252.5	:	:	:
Electricity generated from renewable sources relative to gross electricity consumption (%)		19.2	19.7	26.5	25.3	27.0	:
Road share of inland freight transport (based on tonne-km) (%)		95.2	94.9	94.6	94.3	94.5	95.4s

Energy	Note	2001	2009	2010	2011	2012	2013
Primary production of all energy products (thousand TOE)		24 576	30 328	32 487	32 229	31 964	:
Primary production of crude oil (thousand TOE)		2 679	2 349	2 671	2 555	2 440	:
Primary production of hard coal and lignite (thousand TOE)		12 281	17 402	17 523	17 869	17 018	:
Primary production of natural gas (thousand TOE)		284	627	625	652	533	:
Net imports of all energy products (thousand TOE)		50 160	75 295	79 400	84 087	91 827	:
Gross inland energy consumption (thousand TOE)		75 402	106 138	109 260	114 480	120 093	:
Electricity generation (thousand GWh)		122.7	194.8	211.2	229.4	239.5	:

Agriculture	Note	2001	2009	2010	2011	2012	2013
Agricultural production volume index of goods and services (at producer prices) (previous year = 100)		93.3	:	:	:	:	:
Utilised agricultural area (thousand hectares)		40 967	38 911	39 012	38 231	38 399	38 428
Livestock numbers: live bovine animals (thousand heads, end of period)	17)	10 548	10 724	11 370	12 386	13 915	14 415
Livestock numbers: live swine (thousand heads, end of period)		3	2	2	2	3	3
Livestock numbers: live sheep and live goats (thousand heads, end of period)		33 994	26 878	29 383	32 310	35 783	38 510
Production and utilisation of milk on the farm (total whole milk) (thousand tonnes)		9 496	12 542	13 544	15 056	17 401	18 224
Harvested crop production: cereals (including rice) (thousand tonnes)		29 571	33 577	32 773	35 202	33 377	37 489
Harvested crop production: sugar beet (thousand tonnes)		12 633	17 275	17 942	16 126	14 920	16 483
Harvested crop production: vegetables (thousand tonnes)		24 164	26 780	25 997	27 547	27 820	28 448

: = not available

b = break in series

e = estimated value

f = forecast

p = provisional

s = Eurostat estimate

* = Europe 2020 indicator

** = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) Values are derived from 2000–06 Population Estimates and 2007–13 Results of Address Based Population Registration System.
- 2) Calculated as a share of value added plus taxes and subsidies minus FISIM; shares therefore do not sum to 100% but show the relative size of the sectors.
- 3) Gross index, not calendar adjusted.
- 4) Break in series. From December 2005 onwards, M1 also includes currency in circulation and demand deposits in foreign currencies, not just in national currency. Furthermore, from December 2005 monetary liabilities of Participation Banks, Investment and Development Banks and the amount of Money Market Funds were added to money supply data.
- 5) Break in series. From December 2005 onwards, M2 includes M1 and time deposits in foreign currencies, not just in national currency. See also break in series for M1.

- 6) Break in series. From December 2005 onwards, M3 includes (in addition to M2 and official deposits (time/demand) which were already included previously) funds received from repo transactions and money market funds (B type liquid funds). See also break in series for M1 and M2.
- 7) Average of monthly data. Lending to enterprises more than one year.
- 8) Average of monthly data. Up to one year or longer.
- 9) Source: Eurostat's reference database (Eurobase).
- 10) Expressed as an index with 2000 = 100. Time series were originally based on different reference years (2001, 1994 = 100; 2009, 2003 = 100; since 2010, 2010 = 100).
- 11) For detailed information, see the relevant metadata file of 'Demographic Indicators' table on TurkStat Web site, by clicking 'Statistics by Theme', 'Population and Demography', 'Population Projections', 'Statistical Tables and Dynamic Search', 'Population Projections and Estimations ': http://www.turkstat.gov.tr/PreTablo.do?alt_id=1027.
- 12) Includes NACE Rev. 2 Group 98.1 (undifferentiated goods-producing activities of private households for own use).
- 13) 2009: data from the income and living conditions survey.
- 14) Annual LFS results. Break in series caused by the addition of 'participation in non-formal education or training' from 2004.

- 15) Break in series due to the use of revised GDP series since 2007.
- 16) Kg of oil equivalent per 1 000 euro GDP at 1998 constant prices.
- 17) Excluding buffaloes.