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1. INTRODUCTION

1.1. Context

Turkey remains a key partner for the European Union. Turkey has been linked to the EU by an Association Agreement since 1964 and a Customs Union was established in 1995. The European Council granted the status of candidate country to Turkey in December 1999 and accession negotiations were opened in October 2005. Within the framework of accession negotiations, 16 chapters had been opened and one of these was provisionally closed. The General Affairs Council conclusions of June 2019 reiterated the Council's position of June 2018 that under the currently prevailing circumstances, Turkey's accession negotiations have effectively come to a standstill, no further chapters can be considered for opening or closing and no further work towards the modernisation of the Customs Union can be currently foreseen[1]. The Turkish government's repeated commitment to the objective of EU accession has not been matched by corresponding measures and reforms, and the EU's serious concerns on continued deterioration of democracy, the rule of law, fundamental rights and the independence of the judiciary have not been addressed with further backsliding in many areas. Following its last meeting on 9 May 2019, no further meetings of the inter-ministerial Reform Action Group were held.

The relations with the EU worsened due to the developments in Syria and Libya.

In light of the unauthorised drilling activities of Turkey in the Eastern Mediterranean, in July 2019 the Council decided to suspend negotiations with Turkey on the Comprehensive Air Transport Agreement, not to hold for the time being the EU-Turkey Association Council as well as further meetings of the EU-Turkey high-level dialogues, to endorse the Commission's proposal to reduce the pre-accession assistance to Turkey for 2020, and to invite the European Investment Bank to review its lending activities in Turkey, notably with regard to sovereign-backed lending. The EU further adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework. On 1 October 2020, the European Council agreed to launch a positive political EU-Turkey agenda, provided constructive efforts to stop illegal activities vis-à-vis Greece and Cyprus are sustained. The EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Turkey. The European Council also stressed that in case of renewed unilateral actions or provocations in breach of international law, the EU will use all the instruments and the options at its disposal in order to defend its interests and those of its Member States.

Turkey sustained its outstanding efforts to host more than 3.6 million registered refugees from Syria and around 370,000 registered refugees from other countries, which is the largest refugee community in the world. Turkey and the EU further built on the fruitful cooperation under the Facility for Refugees in Turkey. The full operational budget of the EU Facility for Refugees in Turkey was committed by the end of 2019. Out of a total of EUR 6 billion, EUR 5.1 billion had been contracted, out of which EUR 3.8 billion had been disbursed.

Overall, the March 2016 EU-Turkey Statement continued to deliver results, with both parties renewing commitment to its effective implementation. Early in March 2020, Turkey however actively encouraged migrants and refugees to take the land route to Europe through Greece. Later in March, the Turkish authorities organised transport for migrants and refugees away from the border area with Greece and closed the borders with Greece and Bulgaria except for commercial traffic because of the outbreak of the COVID-19 pandemic. Turkey also called for a new agreement to replace the March 2016 Statement. Following the meeting of the President of the European Commission and the President of the European Council with the Turkish President on 9 March 2020, both sides engaged in a process to take stock of the implementation of the EU-

[1] The European Council conclusions of December 2006 remain in force.

Turkey Statement. The EU decided to mobilise additional EUR 485 million from the 2020 budget to ensure the continuation of flagship projects funded under the 2016-19 Facility providing refugees with basic needs and access to education. Assisting refugees affected by the Syrian crisis and their hosting countries will continue to be needed, and the and the recent Communication on a new Pact on Asylum and Migration noted that continued and sustained EU funding in some form will be essential.[2]

The first half of 2020 has been marked by the devastating impact of the COVID-19 pandemic. The EU redirected EU funds worth EUR 83 million to support the COVID-19 response in Turkey, notably to support the most vulnerable refugees, and agreed to extend implementing periods for some Instrument for Pre-accession Assistance (IPA) programmes. In the context of the Facility for Refugees in Turkey, the Commission immediately launched awareness raising activities for the refugee population who are among the most vulnerable people. An agreement was reached with the Turkish government to mobilise savings and contingencies under the Facility to support the national COVID-19 response. This support will continue. Turkey pledged EUR 75 million as its contribution to support the search for a vaccine in the COVID-19 Global Response Summit held on 4 May.

In response to the COVID-19 pandemic, in March Turkey set up the Economic Stability Shield package worth TRY 100 billion ($15.4 billion; 2.2% of GDP) A quarter of this support goes to doubling the credit guarantee fund's limit to TRY 50 billion to provide SMEs and companies with liquidity needs. A number of smaller measures under this package include the postponement of repayment terms of loans extended by public banks. The scope of SME support was extended to the services sector, craftsmen and artisans. A new support scheme was established for companies with production capability of personal protective equipment and disinfectants. In order to mitigate the social impact, the government enacted some short-term measures. It eased the eligibility criteria for short-term work benefits to workers and rules for taking unpaid leave. The social security premium liabilities of employers are postponed by 6 months, and employers receive a monthly support of TRY 75 to the wage of each worker paid at minimum wage level until the end of 2020. A one-off payment of TRY 1,000 was made in April to 4.4 million households, including the 2.1 million households receiving regular social assistance. A National Solidarity Fund has been set up to provide further support to families in need. The measures are limited in the light of the impact of the pandemic on employment, in particular on informal workers.

The European Commission recommended that emergency measures taken in the context of the COVID-19 pandemic are proportionate, restricted to what is necessary and limited in time so that rule of law and democratic and human rights standards are respected.

1.2 Summary of the report

Despite the lifting of the state of emergency in July 2018, the adverse impacts of the two-year long emergency ruling continued to significantly impact on **democracy** and fundamental rights. Certain legal provisions granting extraordinary powers to the government authorities and retaining several restrictive elements of the emergency rule have been integrated into law. Key recommendations of the Council of Europe and its bodies are yet to be addressed. Allegations of wrongdoing need to be addressed through transparent procedures and on an individual basis. Individual criminal liability can only be established with full respect for the separation of powers, the full independence of the judiciary and the right of every individual to a fair trial and due process.

The constitutional architecture continued centralising powers at the level of the Presidency without ensuring a sound and effective separation of powers between the executive, legislative and the judiciary. In the absence of an effective checks and balances mechanism, the democratic

[2] COM(2020) 609 final on a New Pact on Migration and Asylum

accountability of the executive branch remains limited to elections. Under these conditions, the serious backsliding of the respect for democratic standards, the rule of law, and fundamental freedoms continued. Political polarisation continued to prevent constructive parliamentary dialogue. Parliamentary oversight of the executive remained weak. Under the presidential system, many regulatory authorities and the Central Bank were directly linked to the Presidency, undermining their independence.

The opposition candidate won the re-run of the metropolitan mayoral elections in Istanbul on 23 June 2019. While the elections were professionally organised, they were characterised by limited plurality for democratic media and conditions that were objectively not fair to all political parties and candidates in all respects. Turkey needs to take steps to improve the broader environment for elections, ensuring a level playing field for all candidates and protecting the integrity of the election process. The implementation of Venice Commission recommendations is crucial in this regard.

The **situation in the south-east** continued to be very worrying, despite an improved security environment. The replacement of 47 democratically elected HDP municipal mayors by centrally-appointed trustees in the south-east put the results of the democratic process of the 31 March 2019 local elections into question. Arrests and dismissals of elected mayors and party representatives continued and seriously damaged local democracy. The Government continued security operations against a background of the recurrent violent acts by the Kurdistan Workers' Party (PKK), which remains on the EU list of persons, groups and entities involved in acts of terrorism. While the government has a legitimate right to fight terrorism, it is also responsible for ensuring this is done in accordance with the rule of law, human rights and fundamental freedoms. Anti-terror measures need to be proportionate. Despite some reconstruction, only few internally displaced persons have received compensation. There were no visible developments on the resumption of a credible political process to achieve a peaceful and sustainable solution.

Civil society came under continuous pressure and their space to operate freely has continued to diminish. The Gezi trial and the continued pre-trial detention of Osman Kavala, despite the existence of a ruling of the European Court of Human Rights calling on his release, had a deterrent effect. Administrative difficulties for national and international non-governmental organisations (NGOs) continued to hamper civil society activities. Civil society organisations remained excluded from genuine legislative consultation processes.

The legal and institutional framework governing the security and intelligence sector remained unchanged with strengthened **civilian oversight of the security forces** under the presidential system.

Turkey has some level of preparation/is moderately prepared in **public administration reform**. There was backsliding during the reporting period. The major restructuring of public administration and civil service after the shift to the presidential system in 2018 continued to have a negative impact on policy development, accountability of the administration as well as human resources management, although policy coordination among central government institutions remained strong. Changes to the civil service system have increased the politicisation of the administration. No steps were taken to develop a comprehensive public administration reform strategy and an overarching public financial management reform programme. An effective remedy still needs to be provided for the large-scale dismissals that took place during the state of emergency. There remained questions over the extent to which the Inquiry Commission is an effective judicial remedy.

Turkey's **judicial system** is at an early stage of preparation and serious backsliding continued during the reporting period. Concerns remained, in particular over the systemic lack of independence of the judiciary. The President announced the Judicial Reform Strategy for 2019-2023 in May 2019. However, it falls short of addressing key shortcomings regarding the independence of the judiciary. No measures were announced to remedy the concerns identified

by the Council of Europe's Venice Commission and in the European Commission's annual country reports. There are concerns that dismissals in the absence of respect for due procedures caused self-censorship and intimidation within the judiciary. No measures were taken to change the structure of, and process for, the selection of members of the Council of Judges and Prosecutors to strengthen its independence. Concerns regarding the lack of objective, merit-based, uniform and pre-established criteria for recruiting and promoting judges and prosecutors persisted. No changes were made to the institution of criminal judges of peace so that concerns regarding their jurisdiction and practice remained.

Regarding the **fight against corruption,** Turkey remained at an early stage and made no progress in the reporting period. The country continued to lack preventive anti-corruption bodies. The flaws of the legal framework and institutional architecture allowed undue political influence in the investigation and prosecution phases of corruption cases. Accountability and transparency of public institutions need to be improved. The absence of an anti-corruption strategy and action plan indicated the lack of political will to fight decisively against corruption. Overall, corruption is widespread and remains an issue of concern.

Turkey has some level of preparation in the **fight against organised crime** and there was limited progress. The 2019-2021 national action plan, for the implementation of the 2016-2021 national strategy on the fight against organised crime, was adopted in May 2019. Cooperation between Europol and Turkey is based on a Strategic Agreement on Cooperation, which entered into force in July 2004. Negotiations concerning an operational cooperation agreement on the exchange of personal data between Europol and Turkey were ongoing, requiring Turkey to align its data protection law in line with European standards. Turkey should improve its track record on dismantling criminal networks and confiscating criminal assets. The legal framework regulating the fight against money laundering and terrorist financing needs to be improved. Efforts are needed to improve the legislation on cybercrime, asset confiscation and witness protection. A cooperation agreement with CEPOL has been in force since 2010.

The deterioration of **human and fundamental rights** continued. Many of the measures introduced during the state of emergency remained in force and continued to have a profound and devastating impact. The legal framework includes general guarantees of respect for human and fundamental rights but the legislation and practice still need to be brought into line with the European Convention on Human Rights (ECHR) and with the European Court of Human Rights (ECtHR) case-law. The lack of institutional independence, lengthy review procedures, the absence of sufficiently individualised criteria, and the absence of a proper means of defence cast serious doubt over the Inquiry Commission on the State of Emergency Measures' ability to provide an effective remedy against dismissals. Legislation introduced immediately after the lifting of the state of emergency removed crucial safeguards protecting detainees from abuse, thereby increasing the risk of impunity. The enforcement of rights is hindered by the fragmentation and limited independence of public institutions responsible for protecting human rights and freedoms, and is aggravated by the lack of an independent judiciary. Restrictions imposed on, and surveillance of, the activities of journalists, writers, lawyers, academics, human rights defenders and critical voices on a broad scale have a negative effect on the exercise of these freedoms, and lead to self-censorship. Credible allegations of torture and ill-treatment continued to be reported. In light of the COVID-19 pandemic, a controversial legislative package provided for the conditional release of up to 90,000 prisoners. As of July, 65,000 prisoners had been released. However, it excluded those held in pre-trial detention for alleged terrorism-related offences, including lawyers, journalists, politicians and human rights defenders.

Serious backsliding continued on freedom of expression. The disproportionate implementation of the restrictive measures continued to negatively affect the freedom of expression and dissemination of opposition voices. Criminal cases and convictions of journalists, human rights defenders, lawyers, writers and social media continued. The ban on Wikipedia was lifted in December 2019, however, the blocking and erasing of online content without a court order on an

inappropriately wide range of grounds continued. There was further backsliding in the area of freedom of assembly and association in light of recurrent bans, disproportionate interventions in peaceful demonstrations, investigations, administrative fines and prosecutions against demonstrators on charges of 'terrorism-related activities'.

The rights of the most disadvantaged groups and of persons belonging to minorities need better protection. Roma continue to live in very poor housing, often lacking basic public services and relying on social benefits. The urban renewal projects continue to affect primarily their settlements, forcing the displacement of entire families. Gender-based violence, discrimination, hate speech against minorities, hate crime and violations of human rights of lesbian, gay, bisexual, transgender, and intersex (LGBTI) persons are still a matter of serious concern.

In the area of **migration and asylum policy,** Turkey made some progress. Throughout 2019, Turkey was committed to the implementation of the EU-Turkey Statement of March 2016 and played a key role in ensuring effective management of migratory flows along the Eastern Mediterranean route. Turkey sustained its outstanding efforts to provide unprecedented humanitarian aid and support to more than 3.6 million registered refugees from Syria and around 370,000 registered refugees from other countries, thus hosting the largest refugee community in the world. However, in March 2020, Turkey actively encouraged migrants and refugees to take the land route to Europe through Greece. This led to the set-up of an informal camp at one of the Greek-Turkish border crossing points in Pazarkule, hosting close to 60,000 migrants and refugees in dire conditions. Later in March, the Turkish authorities organised transport for the migrants and refugees away from the border area and closed the borders with Greece and Bulgaria except for commercial traffic because of the outbreak of the COVID-19 pandemic. Nevertheless, the Turkish Minister of Interior indicated that this move did not mean a change in Turkey's policy to allow irregular migrants' exits over its borders and the government had no intention to prevent anyone who wishes to leave Turkey. While the EU acknowledged the increased migratory burden and risks Turkey had been facing on its territory and the substantial efforts it was making in hosting refugees, it strongly rejected Turkey's use of migratory pressure for political purposes. Overall, the number of illegal border crossings between Turkey and Greece still remained significantly lower than prior to the adoption of the EU-Turkey Statement.

The prolonged presence of refugees in the country requires efficient integration measures to avoid social tensions. The authorities should increase access to public health for migrants and refugees in the country. A comprehensive amendment to the Law on Foreigners and International Protection was adopted in 2019. Turkey still did not implement the EU-Turkey Readmission Agreement towards all Member States nor the provisions relating to third-country nationals. Despite an announced acceleration of work on visa liberalisation, no outstanding visa liberalisation benchmarks were fulfilled and amendments to the anti-terror law and data protection law are still outstanding. Turkey still needs to further align its legislation with the EU *acquis* on visa policy.

Turkey's **foreign policy** increasingly collided with the EU priorities under the Common Foreign and Security Policy. Tensions in the Eastern Mediterranean region further increased in the reporting period as a result of Turkey's illegal actions and provocative statements challenging the right of the Republic of Cyprus to exploit hydrocarbon resources in the Exclusive Economic Zone of the Republic of Cyprus. Turkey deployed two drilling and two seismic vessels in the Exclusive Economic Zone of the Republic of Cyprus, including in the areas that have been licensed by the Government of Cyprus to European oil and gas companies, as well as in Cypriot territorial sea. The Turkish Armed Forces accompanied the drilling and seismic ships during their operations, posing a grave threat to the security of the region. Turkey also challenged the status of the fenced-off city of Varosha.

The EU has repeatedly stressed the need to respect 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. Turkey needs to commit itself unequivocally to good neighbourly relations, international agreements and the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice. In light of the unauthorised drilling activities of Turkey in the Eastern Mediterranean, in July 2019 the Council decided a number of measures, including not to hold for the time being the EU-Turkey Association Council as well as further meetings of the EU-Turkey high-level dialogues. The EU further adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework.

On 1 October 2020, the European Council stated that, provided constructive efforts to stop illegal activities vis-à-vis Greece and Cyprus are sustained, the European Council agreed to launch a positive political EU-Turkey agenda with a specific emphasis on the modernisation of the Customs Union and trade facilitation, people to people contacts, High level dialogues, continued cooperation on migration issues, in line with the 2016 EU-Turkey Statement. The European Council also stressed that in case of renewed unilateral actions or provocations in breach of international law, the EU will use all the instruments and the options at its disposal, including in accordance with Article 29 TEU and Article 215 TFEU, in order to defend its interests and those of its Member States.

Turkey has still not fulfilled its obligation to ensure full and non-discriminatory implementation of the Additional Protocol to the EU-Turkey Association Agreement and has not removed all the 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.

The signing of a bilateral Memorandum of Understanding on the delimitation of maritime jurisdiction areas between Turkey and the National Accord Government of Libya in November 2019 increased tensions in the Eastern Mediterranean, as it ignored the sovereign rights of Greece's islands in the area concerned. There was a sharp increase in provocative actions by Turkey towards Greece, in particular Turkish overflights of Greek inhabited areas. In this respect, the European Council, in December 2019, unequivocally reaffirmed its solidarity with Greece and Cyprus regarding actions by Turkey in the Eastern Mediterranean and the Aegean Sea. It stressed that the Memorandum infringes upon the sovereign rights of third States, does not comply with the United Nations Convention on the Law of the Sea and cannot produce any legal consequences for third States. In May 2020, EU Foreign Ministers reaffirmed the EU's position on Turkey's continued illegal activities in the Eastern Mediterranean as well as on Turkey's provocative and aggressive behaviour in relation to Cyprus and Greece, underlining that abstaining from unilateral actions is a basic element to allow dialogue between the EU and Turkey to advance and that Turkey's illegal actions have serious negative impact across the range of EU-Turkey relations. In October 2020, the European Council called on Turkey to accept the invitation by Cyprus to engage in dialogue with the objective of settling all maritime-related disputes between Turkey and Cyprus.

The EU condemned Turkey's unilateral military action in north-east Syria and urged Turkey to end its military action, withdraw its forces and respect international humanitarian law. The vast majority of Member States decided to halt arms export licensing to Turkey. Following airstrikes against Turkish troops in the Idlib governorate at the end of February 2020, Turkey launched the military operation 'Spring Shield' in the area. Turkey and Russia agreed on a ceasefire in March 2020 that stabilised frontlines in north-west Syria, established a new corridor along the M4 highway, and created a framework for joint Russian-Turkish military patrols. Turkey maintained its military observation posts on the ground, including those situated in territories now controlled by the Syrian regime, and brought in further reinforcements to the region. Turkey further significantly increased its military involvement in the conflict in Libya, contributing to a reversal of the situation on the ground.

Regarding the **economic criteria**, the Turkish economy is well advanced, but made no progress over the reporting period and serious concerns persist over its functioning. The economy rebounded from the summer 2018 sharp currency depreciation and the resulting recession faster than expected, helped by expansionary policies and a strong contribution of net exports. However, the recovery remained fragile given the weak labour market and the need to repair corporate balance sheets. As the COVID-19 crisis unfolded, the authorities took a number of measures to cushion the economic impact of the pandemic, including a significant monetary expansion. These measures were constrained, however, by a limited policy space, in particular on the fiscal side, and institutional weaknesses. The current account balance, which had improved markedly since 2017, started deteriorating again by the end of 2019, triggering a sizeable increase of import duties and non tariff barriers. Due to high external financing needs, Turkey remained exposed to rapid changes in investor sentiment, aggravated by the pandemic and rising geopolitical risks. Inflation fell from a very high level but remained elevated and well above target. Monetary policy credibility weakened further because of the dismissal of the governor of the Central Bank of the Republic of Turkey (CBRT) and recurrent political pressures. Price competitiveness continued to benefit from the weakening of the lira and the real effective exchange rate depreciated in 2019, a trend that accelerated further in 2020.

The government continued to further improve the regulatory environment for businesses. However, the informal sector remains large. State interventions in price setting mechanisms continued, and there is a continued lack of state aid implementation rules, enforcement, transparency and institutional set up. The financial sector remained stable. However, vulnerabilities increased, in particular due to rapid credit growth in state owned banks, and various regulatory measures aimed at boosting lending activity. The high level of unemployment, in particular among young people and women, paired with declining employment, low labour mobility and a high share of undeclared work remain major concerns.

Turkey has made limited progress and has a good level of preparation in achieving the capacity to cope with the competitive pressure and market forces within the EU. Expenditure on research and development increased, although remaining well below the Government's target. Investment excesses and misallocations declined. Progress was made in the diversification of energy supplies but reforms are needed to open up the natural gas market and increase competition on it. Significant problems remain in education as regards quality and access. Women face difficulties in accessing quality education and the labour market. Although Turkey remains well integrated with the EU market in terms of both trade and investment links, the relative share of the EU in Turkey's foreign trade declined further amid a growing list of deviations from Turkey's obligations under the EU-Turkey Customs Union.

Regarding its **ability to assume the obligations of membership**, Turkey has continued to align with the EU *acquis*, albeit at a very limited pace and in a fragmented manner. There continued to be instances of backsliding regarding a number of key aspects in the areas of competition on account of an increase in State aid and its lack of transparency, information society and media, economic and monetary policy, customs union, external relations and foreign, security and defence policy. Turkey is well advanced in the areas of company law, trans-European networks and science and research, and it has also achieved a good level of preparation in a number of areas, including free movement of goods, intellectual property law, financial services, and enterprise and industrial policy. Turkey is moderately prepared on public procurement as important gaps remain in its alignment. Turkey is also moderately prepared in areas such as free movement of capital, transport policy, energy, taxation, economic and monetary union, statistics, where further significant efforts are needed across the board. Overall, in most areas more ambitious and better coordinated policies still need to be established and implemented. In all areas, more attention needs to be given to enforce legislation whilst many areas require further significant progress to achieve legislative alignment with the EU *acquis*, strengthen the independence of regulatory authorities and build the administrative capacities.

2. FUNDAMENTALS FIRST: POLITICAL CRITERIA AND RULE OF LAW CHAPTERS

The first half of 2020 has been marked by the devastating impact of the COVID-19 pandemic. The EU redirected EU funds worth EUR 83 million to support the COVID-19 response in Turkey, notably to support the most vulnerable refugees, and extended implementing periods for some IPA programmes. In the context of the Facility for Refugees in Turkey, the Commission immediately launched awareness raising activities for the refugee population who are among the most vulnerable people. An agreement was reached with the Turkish government to mobilise savings and contingencies under the Facility to support the national COVID-19 response.

2.1. Functioning of democratic institutions and public administration reform

Despite the lifting of the state of emergency in July 2018, the adverse impacts of the 2-year long emergency ruling continued to significantly impact on democracy and fundamental rights. Certain legal provisions granting extraordinary powers to government authorities and retaining several restrictive elements of the emergency rule have been integrated into law. Access to justice remained limited for those negatively impacted by the emergency decree-laws, especially dismissed public servants and liquidated legal entities. Considerable shortcomings, such as the lack of institutional and judicial independence, lengthy review procedures, the absence of sufficiently individualised criteria, and the absence of a proper means of defence, call into question the extent to which the Inquiry Commission on the State of Emergency Measures can be considered an effective remedy. Several legal provisions still inhibit the full enjoyment of human rights and fundamental freedoms, including the freedoms of assembly and expression, enshrined in Turkey's Constitution and the country's international commitments. The first legislative package following the adoption of the Judicial Reform Strategy allowed for the return of some 11,000 passports revoked by state of emergency decrees.

2.1.1 Democracy

The executive presidential system and its design as well as implementation are yet to be reviewed in line with the principles of democracy as referred to in the recommendations of the 2017 Venice Commission of the Council of Europe. The constitutional architecture continued to excessively centralise powers to the Presidency without ensuring a sound and effective separation of powers between the executive, legislative and judiciary. In the absence of an effective checks and balances, the democratic accountability of the executive branch remains very limited. Under these conditions, the backsliding of the respect for democratic standards, the rule of law, and fundamental freedoms continued. In light of the COVID-19 pandemic, no state of emergency was declared.

Elections

Following the local elections of 31 March 2019, the Supreme Election Council (YSK) decided to re-run the metropolitan mayoral election in Istanbul on 23 June. The Congress of Local and Regional Authorities of the Council of Europe’s election observation report emphasised that the elections were professionally organised in the majority of polling stations, but that there are questions with regards to democratic media plurality and conditions that are objectively fair to all political parties and candidates in all respects. Turkey needs to take steps to improve the broader environment for elections, ensuring a level playing field for all candidates and protecting the integrity of the election process. Forceful dismissals of elected mayors in the south-east and their replacement by government-appointed trustees continued and is a source of significant concern as it undermines local democracy.

The municipal elections held on 31 March 2019 offered a mixed picture. Voters had a free choice between distinct political parties, political programmes and candidates, but this was

undermined by the limited conditions for contestants to compete in a level playing field. Following the decision of the Supreme Election Council (YSK) to first annul the mayor-elect's mandate and to schedule a re-run of the Istanbul mayoral elections, the elections took place on 23 June. Ekrem Imamoğlu, the candidate of the 'Nation's Alliance', composed of the Republican People's Party (CHP), Good Party (IYI) and Felicity Party, won again, this time with a comfortable margin of 54.2% against 44.9% for Binali Yıldırım, the candidate of the 'People's Alliance', comprised of the Justice and Development Party (AKP) and Nationalist Action Party (MHP). Turnout remained high at 84.4%.

In its final electoral observation report published in October 2019, the Congress of Local and Regional Authorities of the Council of Europe stated that, while the polls were conducted in order and were administered satisfactorily, with a remarkably high turnout, it is not fully convinced that Turkey currently has the free and fair electoral environment, which is necessary for genuinely democratic elections in line with European values and principles. It noted that the ruling AKP enjoyed a notable advantage in the Istanbul re-run, due to an excessive coverage by government-affiliated public and private media. The Congress recommended the removal of overly restrictive limitations of freedoms of association, assembly and expression in order to establish an environment fully conducive to genuinely democratic elections.

The Venice Commission, in its opinion from June 2020, held that the YSK's decisions to deny mayoral mandates to HDP candidates who received the highest number of votes at the municipal elections of March 2019 in 6 municipalities and to, instead, give these mandates to second-placed AKP candidates were not consistent with international norms and standards and should be reversed. It further stated that, while the removal of elected officials may exceptionally be justified by the need to prevent them from abusing their office to favour terrorist activities, replacing elected officials by candidates who lost the election, without repeat elections, cannot be justified on this basis.

Parliament

The presidential system continued to curtail the Parliament's legislative and oversight functions. Legislative procedures are not effective. The new presidential system enshrines the principle of the primacy of law over presidential decrees as well as delimits the legislative areas that remain the prerogative of the Parliament. However, the President has issued decrees covering a wide range of socio-economic policy areas that are in the prerogative of the Parliament. Political polarisation continued to prevent constructive parliamentary dialogue. The membership of three members of Parliament was ended in early June 2020. Many members of Parliament of the People's Democratic Party (HDP) remain in detention.

Electoral alliances have been *de facto* preserved in Parliament in the aftermath of the 2018 and 2019 elections. The marginalisation of the opposition, particularly the second largest opposition party, HDP, persisted. Two former co-chairs Selahattin Demirtaş and Figen Yüksekdağ and seven other elected HDP members of parliament remained in jail. The shortcomings of the system of parliamentary immunity, which limits freedom of expression of elected office holders outside Parliament, remained unaddressed. In early June 2020, 1 member of parliament from the CHP and two from the HDP were stripped of their membership in Parliament in light of court convictions against them, thus leaving their seats in Parliament empty for the remaining parliamentary term. Judicial investigations were launched against the HDP co-chairs and other HDP and CHP members of parliament due to their statements on the Peace Spring military operation in north-east Syria.

The constitutional overhaul, attributing responsibility for producing draft legislative proposals to members of parliament only, rather than to the government, hampered the **legislative process**. Only drafts sponsored by the ruling AKP passed the legislative procedures. In 2019, Parliament adopted only 37 pieces of legislation out of the 2,300 bills tabled by members of parliament.

Parliament has not yet made use of the possibility to form specialised legislative committees and the mechanisms of inter-party committee work and parliamentary inquiry committees remained ineffective. In March 2020, Parliament adopted an omnibus law amending several pieces of legislation, particularly aiming to introduce measures to reduce the financial burden of the COVID-19 pandemic on the economy. However, several amended provisions went beyond this scope and had negative effects on fundamental rights and freedoms. Parliament decided to be in pandemic-related recess for 10 days, which was followed by a regular one-month recess during the month of Ramadan.

Parliamentary oversight of the executive remained very limited under the presidential system. Presidential decrees remained exempt from parliamentary deliberation and control. Members of parliament have no right to ask oral questions. Written questions can only be addressed to the Vice-President and ministers. The legal framework enshrines the principle of the primacy of law over presidential decrees and preserves the legislative areas that remain the prerogative of Parliament. However, as of December 2019, the President had issued 53 decrees covering a wide range of socio-economic policy areas, which are not within the remit of presidential decrees. Parliamentary oversight of public spending also needs to be significantly improved.

The **legal framework of elections and political parties** remains problematic. The 10% electoral threshold is the highest among Council of Europe members; it is at odds with the case law of the European Court of Human Rights (ECtHR) and reduces the representation of many voters. Turkey needs to align with the outstanding recommendations of the recommendations of the Office for Democratic Institutions and Human Rights and the Venice Commission on addressing gaps in the electoral legal framework.

Representation of women in Parliament remained low (17.3%).

Governance

The presidential system continues to be characterised by a lack of checks and balances and by politicisation of the public administration. Recommendations by the Venice Commission in this regard remain valid and were not addressed. Most of the key institutions are directly attached to the presidency. The President has the power to nominate the heads of the vast majority of the public regulatory authorities. In the aftermath of the 2019 local elections, pressure from the central level on elected local authorities increased substantially. Large-scale arrests and dismissals of elected mayors and party representatives, observed since 2017, continued and undermine local democracy.

In its current form of implementation, the presidential system remained characterised by a lack of the necessary checks and balances required to safeguard against an excessive concentration of power in one office and to ensure the independence of the judiciary, as highlighted in the 2017 opinion of the Venice Commission. The presidential system negatively affected the functioning of the branches of government and the state administration. The President's political accountability is limited to elections, due to a lack of effective checks and balances.

Traditional **instruments of scrutiny of the executive by Parliament**, such as a vote of confidence and the possibility of oral questions to the executive, are no longer possible; only written questions can be addressed to the Vice-President and ministers. Reforms of the relations between the presidency councils, which prepare policy recommendations for the President, and line ministries were announced but did not materialise.

The civil service has been politicised, particularly through further nominations of political appointees at senior official level and the lowering of professional requirements for office holders, even in technical portfolios. Policy coordination among central government institutions remained strong. However, the major restructuring of the public administration and civil service after the shift to the presidential system in 2018 continued to have a negative impact on policy

development and accountability of the administration. The rate of women in public service was 38.4%, while the percentage of women in senior managerial positions was only 9.05%.

The **Ombudsman** has increased its track record through more active engagement in raising awareness of its role. However, the institution remained silent on politically critical issues concerning fundamental rights. The Ombudsman still lacks *ex officio* powers to initiate investigations and to intervene in cases with legal remedies.

The legal framework provides only limited protection to independent **regulatory authorities** from undue political interference. Under the presidential system, many regulatory authorities (such as the Competition Authority (*see Chapter 8 – Competition policy*), the Information and Communication Technologies Board, the Cyber Security Council, the Radio and Television Supreme Council (*see Chapter 10 – Information Society and Media*), the Directorate-General for Rail Regulation (*see Chapter 14 – Transport policy*), the Regulatory Body of the Atomic Industry (*see Chapter 15 - Energy*) and the central bank (*see Chapter 17 – Economic and Monetary Policy*) were directly linked to the Presidency. During the reporting period, the President dismissed the President of the Central Bank, paving the way for a policy of fast reduction of interest rates under the new President.

Local government

At local level, the political landscape changed significantly in the aftermath of the 2019 local elections. Most of Turkey's largest cities and 11 of its 30 metropolitan municipalities are governed by the opposition, while three metropolitan mayors were replaced by government-appointed trustees. The central government's relations with the municipalities led by opposition mayors developed in a conflictual manner on many occasions. In the framework of the COVID-19 response, the Ministry of Interior launched investigations against the mayors of Istanbul and Ankara over municipal aid campaigns.

A local court decision, confirmed by the Court of Appeals, to sentence the Istanbul Provincial Chair of the opposition CHP, Canan Kaftancıoğlu, to almost 10 years imprisonment on five separate charges related to social media posts, raised significant concerns. The construction project Canal Istanbul caused a heated public debate on the issue of competences at national and local level between the President, and the Istanbul municipal mayor and opposition parties. The first tender for the project was launched in March 2020.

Developments in south-east Turkey put the results of the democratic process of the 31 March 2019 elections into question. The central government removed 47 democratically elected municipal mayors in the south-east, all HDP members, – including the mayors of Diyarbakır, Van and Mardin, mainly on the grounds that they had alleged links to terrorist organisations. However, the candidates had been vetted prior to elections, making their removal even less justified. Despite his acquittal in mid-February 2020, the mayor of Mardin was not reinstated. Centrally appointed trustees suspended municipal assemblies. Hundreds of local politicians and elected office holders and thousands of party members were detained on terrorism-related charges. In the absence of an indictment, these measures ran counter to the basic premises of democracy, deprive voters in Turkey of political representation at local level and damaged local democracy. According to the Venice Commission, the respect of the voters' choice could be restored either by reinstating the suspended mayors or by other means such as determination of replacement mayors by the elected municipal councils or by organising repeat elections in the electoral zones concerned.

The legal framework regulating the Ministry of Interior's tutelary powers over elected local office holders was not revised in line with Turkey's commitments under the European Charter of Local Self-Government. Governors holding a double function as state agents and chairpersons of the provincial executive committees and the state's overregulation and interventionism in planning decisions of local authorities remain to be revised in line with the Charter and in order to ensure a clear delineation of powers. A delegation from the Council of Europe's Congress of

Local and Regional Authorities carried out a monitoring visit to Turkey in October to assess the implementation of the provisions of the European Charter of Local Self-Government, which Turkey ratified in 1992.

Municipal law in principle provides for routes for engagement between local public institutions and citizens as well as civil society. However, in this context, citizens' assemblies, aiming at bringing together professional and civil society organisations and other stakeholders and contributing to municipal decision-making, remained largely dysfunctional in most municipalities. Some municipalities increased their level of transparency and accountability.

Following the local elections, representation of women at local level remained low: only 2 of 30 (6.6%) metropolitan mayors and 38 of 1,272 (3.7%) mayors, are women. 3.7% of all local representatives of the central government are women.

Civil society

Serious backsliding persisted regarding the environment in which civil society operated. Civil society came under continuous pressure, notably in the face of a large number of arrests of activists, including human rights defenders The Gezi trial and Osman Kavala's continued pre-trial detention had a deterrent effect on their work. Public stigmatisation and a recurrent use of bans of demonstrations and other types of gatherings further shrank the space left for organisations working on fundamental rights and freedoms. Organisations operating in the area of human rights, which were closed under the state of emergency have still not been offered any legal remedy in relation to confiscations. Despite all difficulties, civil society remained active and involved in public life as much as possible. Pro-government organisations continued to have more visible roles and opportunities for representation. Civil society organisations remained excluded from legislative consultation processes in parliamentary committees. Systematic and inclusive mechanisms for consulting a wide spectrum of civil society organisations, notably on new legislation and policies need to be in place. Administrative difficulties for national and international non-governmental organisations (NGOs) remained in place.

An empowered and diverse civil society is a crucial component of any democratic system and should be recognised and treated as such by the state institutions. Civil society organisations in Turkey continued to make crucial contributions on key challenges facing the country, notably in the areas of education, female workforce participation, awareness-raising regarding ethnic and social tolerance, hate crimes monitoring and support for refugees.

Organisations operating in the area of human rights constitute a small share of civil society organisations in Turkey. They faced increased pressure in particular following detentions and arrests of activists and human rights defenders. The Commissioner for Human Rights, in her report issued in February 2020, expressed concerns on the increasingly challenging and hostile atmosphere in which human rights defenders and NGOs have to operate in Turkey.

The ongoing court case of prominent human rights defender Osman Kavala, held in pre-trial detention since November 2017 despite a judgment by the European Court of Human Rights (ECtHR) calling for his release is deeply worrying. The case is emblematic of the shrinking public space for civil society organisations. Portrayal in some media outlets of some of these activists as criminals, including for accepting project funds from international donors remains a matter of concern. Defamatory rhetoric by public officials casts serious doubt on the respect for fair trial and the presumption of innocence. International non-governmental organisations (NGOs), including those providing humanitarian aid to refugees also faced difficulties in their work in Turkey. No effective domestic remedy was provided for the confiscation of assets from civil society organisations closed by emergency decrees.

In the legal framework regulating the work of civil society organisations, there is a lack of clarity in terms of the distribution of responsibilities among public institutions as well as arbitrariness in

implementation of the relevant legislation. The 2018 regulation and the amended legislation passed through omnibus law in March 2020 make it compulsory for all associations to register all their members, and not only their board members, in the information system of the Ministry of Interior. This legal obligation is not in line with the OSCE/Council of Europe guidelines on freedom of association. The obligation to provide personal data to the authorities, in a context where the legislation on data protection is not aligned with the EU *acquis* and where the overly broad definition of terrorism has a deterrent effect on civil society, is a concern.

Other barriers to civil society and freedom of association remain, notably cumbersome administrative procedures and repetitive frequent inspections and fines. Provisions restricting registration, procedures for obtaining required permits and the functioning of associations need to be revised, including facilitating the activities of international and national NGOs working with refugees and migrants in Turkey.

The Law on Collection of Aid continues to impose burdensome requirements for permits that discourage fundraising activities by civil society organisations. These include prior notification for each fundraising activity and lengthy authorisation processes. Public funds are not distributed in a transparent way and the distribution process does not allow for the full involvement of civil society organisations and other stakeholders at every stage. The existing tax system impedes the functioning and development of foundations and associations. The status of 'public benefit' for associations (0.03% of the total number of associations) and 'tax exemption' for foundations (5% of the total number of foundations) is vaguely defined and granted by the President. The space for foreign donors, which provide financial support to Turkish civil society under current Turkish legislation, is increasingly shrinking. Some donors closed down their offices after the start of the 'Gezi Park' and 'Büyükada' cases.

There is still no comprehensive government strategy or mechanism in place for cooperation with civil society or for improving the legal framework. Nor is there any legal framework for public consultations. Civil society organisations are largely excluded from the consultations that are part of policy-making processes and monitoring. It is crucial that the elements on participatory democracy contained in the 11th National Development Plan for 2019-2023 provide for genuine remedies in this area. Overall, the legal, financial and administrative environment needs to be more conducive to developing civil society in Turkey.

Civilian oversight of the security forces

The legal and institutional framework governing the security and intelligence sector remained unchanged, with strengthened civilian oversight of the security forces under the presidential system. Under the presidential system, broad powers over the security forces lie within the executive branch. The General Staff and all force commands remained subordinated to the Ministry of National Defence. The civilian flank of the Supreme Military Council, which decides over military appointments and promotions, continued to outnumber the military members. All military hierarchy is accountable to the President, who is legally entitled to give orders directly to the Chief of General Staff, force commanders and their subordinates. The scope of the military judicial system was reduced. Civilian higher courts continued to review appeals against the decisions of military courts.

However, the transparency and accountability of military, police and intelligence services to Parliament continue to be limited. Security personnel continued to have wide-ranging legal protection. The track record of the judicial and administrative examination of allegations of human rights violations and of disproportionate use of force by security forces remained poor. The parliamentary law enforcement oversight commission was ineffective. The legal framework for overseeing military expenditure has not yet been improved.

Dismissals and arrests in relation to the coup attempt of July 2016 continued. By June 2020, a total of 19,583 military officers were dismissed from the service due to their alleged links to the

Gülen movement, some 3,600 in 2019 alone. Some 6,000 former military personnel were arrested on grounds of their alleged involvement in the attempted coup.

Situation in the east and south-east

The situation in the south-east continued to be very worrying. The government continued domestic and cross-border security and military operations in Iraq and Syria. The security situation was more precarious in the border areas with recurrent terrorist acts by the Kurdistan Workers' Party (PKK). The PKK remains on the EU list of persons, groups and entities involved in acts of terrorism. While the Government has a legitimate right to fight terrorism, it is essential that this is done in accordance with the rule of law, human rights and fundamental freedoms. Anti-terror measures need to be proportionate. There were no developments on the resumption of a credible political process to achieve a peaceful and sustainable solution.

The PKK continued to commit violent terrorist attacks with fatal incidents. The EU unambiguously condemned these attacks and expressed solidarity with the families of the victims. In September, explosives planted on the road in Diyarbakır's Kulp sub-province killed 7 and seriously injured 10 people. The incident was followed by physical attacks on HDP/DBP officials. An investigation was launched into the incident. Following the government's lifting the ban on Abdullah Öcalan being visited by his lawyers, family visits were allowed intermittently and related hunger strikes were discontinued. Sit-in protests by Kurdish mothers demanding that the HDP find their children who were allegedly forced to join the ranks of the PKK took place in front of the HDP's Diyarbakır office.

Provincial governorates declared recurrent military security zones in rural settlements. A curfew in six districts of Diyarbakır's Sur municipality has remained in place since December 2015. The Venice Commission's recommendations in its June 2016 opinion on the legal framework governing curfews are yet to be implemented. Investigations into the deaths of civilians in 2015 during security operations under curfews in towns such as Cizre have not progressed.

Human rights organisations and opposition parties continued to report serious violations of human rights by security forces, including alleged instances of torture, ill-treatment, arbitrary arrests and procedural rights violations in prisons and police and gendarmerie establishments. The report by the Office of the UN High Commissioner for Human Rights of February 2017, deploring the lack of effective and independent investigations into the reported killings or other serious human rights violations committed between July 2015 and December 2016, still needs to be followed up.

Eastern and south-eastern provincial governors declared frequent blanket bans on all demonstrations and events. A very broad interpretation of the fight against terrorism, growing restrictions put in place on the rights of journalists, the bar associations and human rights defenders working on the Kurdish issue are among issues raising repeated concern. Other associations and Kurdish-language media outlets and cultural rights institutions mostly remained closed.

There were numerous new detentions and arrests of elected representatives and mayors, municipal council members and municipal executives in the east and south-east on terrorism-related charges. In 47 out of the 65 municipalities won by the HDP in the March 2019 local elections, the Ministry of Interior replaced elected HDP mayors with trustees. As of mid-June 2020, among these dismissed mayors, 30 were arrested and 18 remain in prison. The government further deposed 68 HDP members of municipal assemblies in 2019, 15 of which were arrested. In metropolitan municipalities alone, 214 elected municipal assembly members were suspended. Some 1,870 HDP members were arrested and 206 imprisoned in 2019 alone. These dismissals and arrests triggered reactions across the political landscape and civil society, as well as from the international community. Related protest meetings were not allowed for one month. In September, the Court of Cassation issued its decision in the main case against the Kurdish

Communities Union, upholding prison sentences for many Kurdish political figures, former and present members of parliament.

Under a new strategic plan covering 2019-2023, the South-Eastern Anatolia Project (GAP) continues to operate with the objective of improving socioeconomic development in the region. The government's investment plan for post-conflict reconstruction of damaged areas in the south-east, announced in September 2016, continued with the construction of new dwellings. According to official sources, as of July 2019, more than TRY 800 million (some EUR 125 million) has been paid in compensation to more than 50,000 internally displaced persons since 2017.

Government-funded construction projects on cultural, historical and religious heritage sites damaged in 2015 and 2016 continued. Court cases against these projects are ongoing. There were new tensions around culturally and environmentally destructive projects such as the mining project in Tunceli Mountains, which are part of a national park as well as being sacred for Alevis. There were protests, including by civil society, against the filling of the Ilısu Dam on Tigris River in Hasankeyf, which risks damaging natural habitats, agricultural land and historical heritage.

There was still no comprehensive, consistent approach in place in relation to missing persons, to the exhumation of mass graves or to the independent investigation of all alleged cases of extrajudicial killing by security and law enforcement officers. The February 2017 Council of Europe report on missing persons and victims of enforced disappearance highlighted the excessive length of trials. Most of the investigations into cases of enforced disappearance from the 1990s have faced the 20-year statute of limitations. Out of more than 1,400 cases of missing persons, only 16 court cases had been launched. 14 ended in acquittals of the alleged perpetrators and two were ongoing. In September 2019, all military officers and village guards charged with enforced disappearance, murder and extrajudicial execution were acquitted in the Kızıltepe JITEM case, due to the expiry of the 20-year statutory limitation. However, the UN Working Group on Enforced or Involuntary Disappearances (WGEID) assessed that enforced disappearances are not subject to statutes of limitation, thereby providing a guarantee against impunity. The 2015 recommendations by the UN Special Rapporteur to tackle the lack of prosecutions over extrajudicial, summary or arbitrary executions remained unaddressed. The village guard system was still in place.

Refugees and internally displaced persons

Turkey continues to host the largest number of refugees worldwide. According to Turkey's Directorate General of Migration, Turkey hosts 3,576,370 Syrian refugees with temporary protection status, some 100,000 Syrians with legal residency and 93 000 who have been granted citizenship. There are an additional 368,230 asylum seekers and refugees from countries including Iraq, Afghanistan, Iran and Somalia. In addition, in December 2019, 1,101,030 foreign nationals holding residency permits were present in Turkey, including humanitarian residence holders.

On 28 February 2020, the Turkish government announced it would cease controlling its land and sea borders with Europe and open the passage for migrants wishing to cross. This led to the setting up of an informal camp at one of the border crossing points between Turkey and Greece and an increase in asylum applications registered in Cyprus in the first quarter of 2020 (*see chapter 24*).

Return and resettlement operations under the EU-Turkey Statement were suspended due to the COVID-19 pandemic. The global pandemic negatively affected refugees and internally displaced persons in Turkey, especially children and vulnerable individuals, such as single women and women-headed households, who were already living in dire economic conditions. The majority of refugees in Turkey lost the jobs that they used to hold in the informal sectors of the economy.

In 2019, Turkey granted international protection (refugee status, conditional refugee status or subsidiary protection) to 5,449 applicants (72,961 in 2018. The authorities rejected 5,212 applications compared with 13,942 in 2018. Some 61,000 Syrian nationals under temporary protection lived in seven temporary accommodation centres in south-eastern Turkey. Human rights organisations, lawyers and media reported individual cases of administrative detention and deportation, which raised concerns about access to asylum. Following the reform of the Law on Foreigners and Temporary Protection introduced by way of emergency decree in 2016, cases of suspension of the temporary protection procedures and deportations for reasons such as public order, security and terrorism increased.

Turkey made sustained significant efforts to provide support for refugees and ensure wider access to healthcare and schooling, with 63.27% of Syrian children now in school. Many cities provided municipal services to refugees. Of 1,082,172 Syrians of school age in Turkey in December 2019, 684 728 had access to primary and secondary education, up from 605,000 last year. In December 2019, the number of Syrians who held work permits stood at close to 100,000, up from 43,000 in 2018.

Turkey joined countries hosting Syrian refugees in the region in exchanges with UNHCR on the possibility of setting up measures to repatriate Syrian refugees. In parallel, Turkey has publicly announced its plan to resettle up to two million Syrian refugees to the so-called "safe zone" in north-east Syria where it launched military operations in Syria in 2018 and 2019. *(Please see Chapter 24 - Justice, freedom and security).*

Turkey needs to further align its practice with European standards in removal centres, in particular with regard to protection of human rights, including access to legal counselling and interpreters and protection of minors. There have been cases of migrants being forced into signing voluntary return forms. Many refugees and asylum seekers are exploited in the informal economy and their poverty inhibits access to protection.

There was limited progress on the situation of internally displaced persons (IDPs) resulting from the violence in the south-east in the 1990s and in more recent years. The COVID-19 pandemic has exacerbated economic exclusion and deteriorating living conditions for IDPs. (see *section above - Situation in the east and south-east).*

2.1.2. Public administration reform

Turkey has **some level of preparation/is moderately prepared** in public administration reform. There was **backsliding** during the reporting period. Turkey has not yet implemented last year's recommendations from the Commission. Furthermore, the major restructuring of public administration and civil service after the shift to the presidential system in 2018 continued to have a negative impact on policy development, accountability of the administration as well as the human resources management. The roles and responsibilities of different institutions remained to be fully clarified. The civil service system continued to be marked by partisanship and politicisation. No steps were taken to develop a comprehensive public administration reform strategy and an overarching public financial management reform programme. An effective remedy still needs to be provided for the large-scale dismissals that took place during the state of emergency. Female representation remained limited in the higher echelons of bureaucracy. The Commission's recommendations from previous years remain valid.

In the coming year, Turkey should in particular:

→ ensure that the Inquiry Commission on the State of Emergency Measures provides for an effective remedy, which safeguards the right of every individual to a fair administrative process;

→ prepare changes to its legislation to introduce a merit-based, competitive appointment and promotion system for senior managerial positions in the civil service;

→ review the policy-making process with a view to ensuring inclusive and evidence-based preparation of policy planning documents and legislative proposals.

Strategic framework for public administration reform

Due to the lack of political support, the country still lacks an overarching **public administration reform** strategy. Several planning documents and sectoral policy documents on various aspects of public administration reform exist but provide only a fragmented framework. Most of these policy documents do not specify the expected costs of reform measures, so the **financial sustainability** of public sector reforms is not guaranteed (*see Chapter 32 – Financial control*). An administrative unit legally entitled to coordinate, design, and monitor public administration reforms needs to be established. Such a unit would need to coordinate with the Ministry of Treasury and Finance, to ensure coherence of strategic and fiscal planning and efficiently address managerial accountability.

Policy development and coordination

The wide-ranging restructuring of the executive branch under the presidential system continued to centralise the **policy-making system**. Policy coordination among central government institutions has remained strong, but planning, monitoring and reporting of government performance remains inadequate. Inter-ministerial coordination is complicated by the administrative overhaul that accompanied the new presidential system, which has led to delays in approving executive decisions.

The policy planning process within government departments needs to be improved to ensure greater participation and accountability. Nine presidential policy councils, which have advisory and coordination functions over sectoral policies, have yet to produce positive results in increasing inclusion and participation in policy-planning. In particular, economic policy programmes do not have a systematic link with fiscal planning. In October 2019, the European Union Coordination Board (ABEK) was established under the chairmanship of the Deputy Minister of Foreign Affairs and Director for EU Affairs as an internal coordination mechanism of the EU policy-making process.

Legislative development and policy formulation did not pursue an **inclusive and evidence-based** approach. Parliament, which is responsible for preparing draft legislation, lacks the capacity and resources to launch, assess and use regulatory impact assessments, which are seldom carried out before the introduction of new policies. **Public consultations** were extremely rare.

Public financial management

There was no progress in the development of an overarching **public financial management reform programme**. Parliamentary engagement and oversight of the budget remains limited. Numerous exceptions inserted into the public procurement law resulted in a corruption-prone area in public finances (*See also Chapter 5)*. No independent fiscal council aiming to ensure fiscal discipline has been established. In the absence of adequate ex post monitoring and reporting, major public investment programmes lack full transparency. There is no clear strategy for domestic revenue mobilisation; on the contrary, there have been many instances of ad hoc tax increases. In May 2019 the Revenue Administration published a strategy and an action plan for the fight against the informal economy (2019-2021) *(See also Chapter 16)*.

Roles and responsibilities of the relevant institutions (especially the Ministry of Finance and Treasury and the Strategy and Budget Directorate under the Presidency) are not yet clearly defined in practice, leading to less transparency and weaker accountability. The role of the Ministry of Finance and Treasury was further relegated to executive and regulatory functions only, rather than policy making.

Budget transparency needs to be further improved. There was limited information on contingent liabilities, notably those stemming from public private partnerships, and fiscal risks. Investments and borrowings of the Turkish Wealth Fund should be integrated into the budget.

Public service and human resources management

The amendments to the civil service system after the introduction of the presidential system have increased partisanship and politicisation within the public bureaucracy, notably through further nominations of political appointees at senior official level and the lowering of professional requirements for office holders, even in technical portfolios. Serious concerns remained in terms of **merit-based recruitment, promotion and appointment** to managerial posts. The legal framework provides uniform criteria for demotion, dismissals and disciplinary measures, and ensures a possibility for appeal. However, large-scale dismissals during the state of emergency remain a matter of serious concern as they did not identify evidence relating to each individual dismissal case and lacked minimum procedural safeguards for those who were dismissed. Only a very limited number of dismissed officials were reinstated in their positions and compensated for damages after a successful appeal.

The capacity of the Human Resources office under the Presidency needs to be strengthened to ensure central coordination of **human resources management** in the public sector. The civil service **remuneration** system is not standardised across institutions and lacks transparency. The administration lacks sufficient tools to support the **professional development of civil servants**. Ethics committees across line ministries and a centralised ethics board are in place but their effectiveness remains to be strengthened.

Accountability of the administration

In the presidential system, the organisation of state administration follows centralised **lines of accountability** to the Presidency. Accountability of agencies is largely weak, and internal control and audit do not function effectively. Most executive institutions are formally embedded in ministries, although they retain autonomy over day-to-day operational management. The roles and responsibilities of different institutions are still not fully clear, which risks having a negative impact on efficiency, transparency and accountability.

Internal and external oversight arrangements to ensure **citizens' right to good administration** need to be better implemented. The role of oversight institutions such as the Ombudsman needs to be further improved. **The right of citizens to access public information** is regulated by the law on the right to information, which does not require proactive disclosure of information and provides for broad exemptions. A simplified online access system continued to receive a large number of applications for access to information, with over three million applications in 2019. The Board of Review of Access to Information is responsible for considering appeals filed against a refusal to provide access to public information. The **right of citizens to administrative justice** and their **right to seek compensation** have continued to be problematic due to the backlog of cases.

The **Inquiry Commission on the State of Emergency Measures** established in 2017 continued to state that it individually reviewed all complaints related to more than 150 000 dismissals through emergency decrees. As of the end of March 2020, 126,300 applications had been made. Of these, the Inquiry Commission had reviewed 105,100 and only 11,200 had led to a reinstatement, while 93,600 complaints had been rejected. 57 reinstatement decisions were linked to the re-opening of organisations that were closed after the coup attempt. There were 21,200 applications pending. The rate of processing of applications raises concerns as to whether each case is being examined individually. There are strong concerns with regard to a lack of respect for the rights of defence of those dismissed and an assessment procedure in line with international standards. Since there were no hearings, there was a general lack of procedural rights for applicants and decisions were taken on the basis of the written files related to the

original dismissal, all of which called into question the extent to which the Inquiry Commission is an effective judicial remedy.

Service delivery to citizens and businesses

Strong commitment to a **user-oriented administration** continued. Public services are to a large extent accessible through the e-government tool and continued to expand. The number of registered users grew to 48.5 million by June 2020, with a constant, significant increase in the last years (25 million in 2015). A monitoring system needs to be set up to reduce barriers to accessing services for people with disabilities. **Simplifying administrative procedures** and cutting red tape is hindered by the absence of a law on general administrative procedures, which is necessary to provide citizens and businesses with greater legal certainty.

2.2. Rule of law and fundamental rights

2.2.1. Chapter 23: Judiciary and fundamental rights

The EU's founding values include the rule of law and respect for human rights. An effective (independent, of quality and efficient) judicial system and effective fight against corruption are of paramount importance, as is respect for fundamental rights in law and in practice.

Turkey maintains an **early stage** of applying the EU *acquis* and European standards in this area. **Serious backsliding** continued since the July 2016 coup attempt. Turkey did not implement the recommendations from the previous Commission reports. These remain valid, in particular regarding the systemic lack of independence of the judiciary and the urgent need to improve the human rights situation. The negative effects of the large-scale dismissals of judges and prosecutors since the state of emergency and new recruitments in a fast-track procedure and in a non-transparent selection process continued to weigh on the efficiency and professionalism of the judiciary. Political pressure on judges and prosecutors continued to have a significant negative effect on the independence and the overall quality of the judiciary.

Corruption remained widespread and continued to be an issue of concern. There was no progress in addressing the many gaps in the Turkish anti-corruption framework, which is a sign of a lack of will to fight decisively against corruption. The corruption allegations were seldom reported and only in a small number of media.

The absence of an anti-corruption strategy and action plan demonstrate a lack of will to fight decisively against corruption.

The damage caused by the state of emergency on the fundamental rights and the related legislation adopted was not remedied and there was further backsliding on the outstanding issues identified in previous reports, most notably on the right to a fair trial and procedural rights, freedom of expression, freedom of assembly and association, protection of human rights defenders, freedom from ill-treatment and torture, especially in prisons.

Functioning of the judiciary

Turkey is at an **early stage** in this area. Serious **backsliding** observed since the coup attempt of July 2016 continued. The Commission's recommendations in previous country reports remain valid. The negative impact of the dismissal and forced removal of 30% of Turkish judges and prosecutor remained, both regarding independence and efficiency. There were concerns that dismissals in the absence of respect for due procedures caused self-censorship and intimidation within the judiciary. No measures were taken to change the structure of and process for selection of members of the Council of Judges and Prosecutors to strengthen its independence. Concerns regarding the lack of objective, merit-based, uniform and pre-established criteria for recruiting and promoting judges and prosecutors persisted. No changes were made to the institution of criminal judges of peace so that concerns remained regarding their jurisdiction and practice.

In the coming year, Turkey should:

→ create a political and legal environment that allows the judiciary to perform its duties independently and impartially, respecting European standards; strengthen judicial responsibilities, with the executive and legislature fully respecting the separation of powers; and ensure that lower courts respect judgments by the Constitutional Court, whose decisions should follow ECtHR jurisprudence;

→ amend the structure and process of selecting the members of the CJP so that the role and influence of the executive is limited, and introduce safeguards against any interference by the Council of Judges and Prosecutors or high level officials in judicial proceedings;

→ provide effective guarantees against transfers of judges against their will;

→ in accordance with the guaranteed judicial independence under the Constitution, limit any suspension of judges to cases where there are well-founded suspicions of serious misbehaviour and take measures to restore the damage inflicted after the coup attempt by the dismissals that took place in breach of procedural rules;

→ revise the system of disciplinary proceedings so that it is guided by objective criteria without undue influence from the executive;

→ in relation to the administrative and judicial measures taken against individuals, ensure that any allegation of wrongdoing or crime is subject to due process, based on concrete evidence, in line with fully transparent procedures under the authority of an independent judiciary;

→ ensure that all judicial proceedings respect fundamental rights, including procedural rights, in particular the presumption of innocence, individual criminal responsibility, legal certainty, the right to defence, the right to a fair trial, equality of arms and right to an effective appeal.

Strategic documents

The President announced the Judicial Reform Strategy for 2019-2023 in May 2019. The Strategy consists of nine aims in areas that Turkey identified as key issues, namely: protection and improvement of rights and freedoms, improving the judicial independence, impartiality and transparency, improving the quality and quantity of human resources, enhancement of performance and productivity, ensuring the effective use of the right to defence, ensuring access to justice and enhancing satisfaction from service, enhancing the efficiency of the criminal justice system, simplification and enhancement of the efficiency of civil and administrative trials and promoting alternative dispute resolution methods. 63 objectives and a total of 256 activities were identified to reach the above aims. However, there is no evidence-based assessment of the results of previous such strategies and of the current state of play. The Judicial Reform Strategy was subject to a weak consultation process within Turkey as it did not take into account all stakeholders' views, whom could not comment on the draft, and did not address the most problematic issues. Comments made by the Council of Europe and the European Commission on the most critical aspects of the draft strategy were not taken into account. The Strategy falls short of addressing shortcomings regarding the independence of the judiciary. In particular, no measures were announced to remedy the concerns identified by the Council of Europe/Venice Commission or in the European Commission's annual country reports, in particular to limit the role of the executive in the Council of Judges and Prosecutors and to change the jurisdiction and practice of criminal judges of peace which have become a parallel system in criminal proceedings. However, implementing measures regarding the quality of justice could mean a step forward if fully implemented. The concrete implementation of the Judicial Reform Strategy, by means of an action plan, including a timeline, identification of the responsible authorities and a budget still remains.

In October 2019, the first legislative package to implement specific aspects of the Judicial Reform Strategy was adopted. Among the 15 legislative changes, the package included an addition to Article 7 (2) of the Anti-Terror Law, according to which statements made within the limits of providing information or made with the purpose of criticism cannot be criminalised.

There is, however no definition of the term 'terrorist propaganda' and no reference to international standards. The package further introduced time limits for pre-trial detention for different crimes, legislating an already existing practice. In July 2020, the second legislative package was adopted. The 64-article law addressed many issues related to the simplification and increasing the efficiency of civil trials. The law also changed the public nature of hearings as it extended the scope of the case that could be held in camera. Members of parliament from the main opposition political party argued that such a provision might be used to bar public access to high profile cases related to the actions of persons close to the ruling power.

In July 2020, the parliament also amended the Law on Lawyers, which would reduce the representation of lawyers from the main cities at the national Union of Turkish Bar Associations and provides that in provinces with over 5,000 lawyers, any group of at least 2,000 lawyers can set up their own bar association. While the government argued that the creation of more bar associations would allow a more pluralistic system, the overwhelming majority of bar associations and lawyers argued that this law would disempower existing bar associations in larger cities, which have regularly criticised the government for violations of human rights and the rule of law.

Management bodies

Concerns in relation to the independence of the Council of Judges and Prosecutors from the executive, in particular the procedure governing the appointment of its members, continued. Since the introduction of the presidential system, 4 members out of 13 are appointed by the President and 7 members are appointed by Parliament by qualified majority. Although nine of these members are judges and prosecutors, none of them are elected by their peers, which is not in line with European standards for the judiciary. The remaining 2 seats are attributed *ex officio* to the Minister of Justice and the Deputy Minister, who are also appointed by the President. The Council of Judges and Prosecutors continued to enjoy autonomy in managing a budget of EUR12.1 million in 2019 (EUR14 million for 2018).

Since December 2016, the European Network of Councils for the Judiciary (ENCJ) had suspended the Council of Judges and Prosecutors' observer status and excluded it from participation in ENCJ activities, given that the Council of Judges and Prosecutors did not comply with the ENCJ statutes due to its lack of independence from the executive and legislature. To restore the Council of Judges and Prosecutors' credibility and public trust in the entire judiciary, the Council should improve its transparency and adherence to procedures, and half or more of its members should be judges elected by their peers, in line with European standards.

Independence and impartiality

The Council of Judges and Prosecutors continued to engage in large-scale transfers of judges and prosecutors without their consent and no constitutional guarantees were introduced to prevent such transfers, which, according to European standards, can only be justified where courts are being reorganised. The Judicial Reform Strategy announced a guarantee of geographical tenure that should be introduced for judges with a certain professional seniority and based on merits. A day after the announcement of the Strategy, the Council of Judges and Prosecutors published a decree through which the posts of 3,358 judges and prosecutors in the civil and criminal judiciary and 364 in the administrative judiciary were changed. Overall, 4,027 judges and prosecutors were transferred in 2019. No reason was given for the transfers apart from requirements of the service.

In total, 4,399 judges and prosecutors have been dismissed since the attempted coup. In 2019, none were reinstated to their positions by the Council of Judges and Prosecutors. No action was taken to remedy the shortcomings identified in the December 2016 opinion of the Venice Commission, which stated that every decision ordering the dismissal of a judge needs to be

individual and reasoned, must refer to verifiable evidence, and that the procedures before the Council of Judges and Prosecutors must respect at least minimal standards of due process.

Regarding the institution of the criminal judges of peace, the influence of the executive over their decisions and their jurisdiction and practice continued to raise serious concerns. Criminal judges of peace have extensive powers with possibly very serious consequences for individuals, such as to issue search warrants, detain individuals, block websites or seize property. Despite these powers, objections to their decisions are not reviewed by a higher judicial body but horizontally, by another criminal judge of peace. This damages the credibility of the system and weakens public trust. The recommendations of the Venice Commission in its March 2017 opinion on the criminal peace judgeships should be urgently implemented, as stated in previous Commission regular reports

Pluralism in judges' associations was seriously affected by the chilling effect that closure of a number of associations during the state of emergency had on the members of the judiciary. There were reports that membership of an association that was perceived to be opposing the government, was seen as hindering the prospect of career advancement. Turkey's biggest association, the Association for Judicial Unity, which reached around 9,300 members, was perceived as being close to the government. Newly recruited judges and prosecutors are handed a membership application to the Association for Judicial Unity automatically upon recruitment.

Representatives of the executive and legislature continued to publicly comment on ongoing judicial cases, disregarding the presumption of innocence of the suspects and contravening the principle of judicial independence.

In some cases lower courts did not apply the rulings of the Constitutional Court to cases with similar facts, although the Constitutional Court judgments set out a principle, which should be implemented by the lower courts in similar cases.

Business perception of judicial independence increased during the reporting period, but remains low.

Accountability

Judges and prosecutors are under the obligation to declare their assets every 5 years. However, if they earn assets worth five times their salary, they have to declare these in that given year. It remains important to have a credible and functioning verification system and to ensure that due follow-up is given to late or wrong declarations of assets.

The Judicial Ethics Declaration (JED) of March 2019, a binding document of the CJP, reflects universal principles in this area. However, there are issues of concern such as the lack of an explicit reference to 'sexual and gender orientation' within the prohibited grounds for discrimination or vaguely formulated rules. The impact of the JED is yet to be assessed, also in view of the lack of independence and impartiality of the judiciary.

Disciplinary procedures are in place for both judges and prosecutors but the current system calls into question important guarantees that safeguard the independence of the judiciary. Mechanisms to detect breaches of the integrity rules and enforce disciplinary penalties need to be made effective and free from political interference, which has proved challenging given the lack of independence of the Council of Judges and Prosecutors from the executive and parliament. In February 2020, the Council of Judges and Prosecutors initiated an investigation into the three judges of the Istanbul 30th Heavy Penal Court who acquitted the defendants in the Gezi Park trial due to a lack of evidence.

Professionalism and competence

Vacancies continued to be filled by allowing the majority of candidates to enter the system through a **fast-track procedure and non-transparent selection process**. The Council of Judges and Prosecutors is not independent from the executive and the Ministry of Justice runs

the selection boards for new judges and prosecutors and manages their yearly appraisal. Concerns therefore remain over the lack of objective, merit-based, uniform and pre-established criteria for recruiting and promoting judges and prosecutors, and hence the politicisation of the judiciary.

In accordance with the amending law of October 2019 as part of the first legislative package to implement the Judicial Reform Strategy, a legal exam was introduced for prospective judges, lawyers or public notaries to be conducted by the Higher Education Council (YÖK). However, no measure was taken to thoroughly revise the legal education system, where there are currently around 100 law schools, 5,000 law school students and 100,000 lawyers.

Quality of justice

The Justice Academy of Turkey (JAT) was re-established by a Presidential decree published in May 2019. The newly established JAT carried out all pre-service training of candidate judges and prosecutors as well as in-service trainings. The decree provides that the JAT has scientific, administrative and financial autonomy. The newly established JAT has no general assembly or board of directors and management is left to its president, who is appointed by the President for a 3-year period. This calls into question the independence of the JAT, which affects its capacity to provide training programmes that meet the requirements of openness, competence and impartiality.

Frequent **transfers of judges and prosecutors** continued to negatively affect the quality of justice. Serious concerns persist regarding the quality of judicial decisions in terms of legal reasoning and factual evidence, particularly in terrorism-related cases. Indictments often reflect allegations that are not supported by credible evidence. The lack of established links between the evidence and the alleged crime are some of the many elements that raise serious concerns. In some cases, evidence presented by the defence was not included in the court's assessment. In many cases access to justice and the right of defence was limited due to the use of confidentiality decisions. In parallel, details of prosecution files continued to appear in the media, which resulted in smear campaigns in some cases and violates the presumption of innocence.

Efficiency

As part of the measures taken against COVID-19, court hearings were postponed until 16 June 2020. Periods concerning the enforcement of decisions, objections and appeals also started as of 16 June 2020.

Large parts of the judiciary continue to be under severe pressure to handle cases in a timely manner, as the effects of the large-scale dismissals are still observed. One of the aims of the Judicial Reform Strategy is to increase the quality and quantity of **human resources**; the focus of planned measures is on legal training, admission to the legal professions and training. The **budget** for the judiciary was TRY 18 billion in 2019 (around EUR 2.8 billion), representing 0.42% of GDP and EUR 34 per inhabitant.

Efforts have begun to increase and promote **alternative dispute resolution method**s to help reduce the burden on the courts. Over 213,000 cases were resolved by conciliation in 2019, a slight increase on 2018.

Regarding the **backlog** of cases, in the **high courts** the number of pending cases were 47,022 for the Constitutional Court in October 2019 and 146,495 for the Council of State in December 2019. In 2019, the Court of Cassation received a total of 891 214 cases (384 756 new cases and 506 458 cases transferred from 2018), and dealt with 494 007 cases, resulting in a reduced backlog of 397 207 cases by the end of 2019. This reduction stems from the creation in 2016 of nine regional courts of appeal. These **regional courts** of appeal continued to operate, but for both civil and criminal cases, their clearance rate remained below 100%, leading to an increasing backlog.

As regards first instance courts, the clearance rate for **criminal courts** in 2019 was 53.8% compared to 55.1% in 2018. The total number of cases finalised in 2019 was 1,605,130 (1,615,463 in 2018). The total length of proceedings slightly went up from 276 days to 278 days. The clearance rate for **civil courts** was 55.4% in 2018 (55.2% in 2017). The total number of cases finalised in 2018 was 2,050,198 compared (1,984,974 in 2017). The total length of proceedings increased from 248 days in 2016 to 283 days. Systemic solutions are therefore still needed to further address the emerging backlog as well as the excessive length of some trials.

The Law on Court Experts of November 2016 regulates qualifications and criteria in the process of selection and appointment of court experts. However, there remained concerns that not all experts were sufficiently qualified and that the judges based their verdicts merely on the conclusions of the expert reports, instead of checking whether the findings of the expert reports corresponded to the information and documentation included in the reports.

Individual applications to the Constitutional Court increased considerably in 2016, to 80,576 (up from 20,376 in 2015), in the aftermath of the attempted coup and the measures taken under the state of emergency. It took 25,415 decisions in 2019 compared to 35,373 in 2018. As of 31 March 2020, the Court had received 266,460 applications, out of 220,985 had been concluded. 50.5% (4,482) of the violation judgments issued by the Court related to the right to a fair trial. As of December 2019, there are 17.4 judges and 8.2 prosecutors per 100,000 inhabitants (20,632 judges and prosecutors in total). According to the European Commission for the Efficiency of Justice (CEPEJ) the European average is 21 judges/11 prosecutors per 100,000 inhabitants.

Fight against corruption

Turkey is **at an early stage** in the fight against corruption and there was **no progress** during the reporting period. The country has not established preventive anti-corruption bodies in line with the United Nations Convention against Corruption to which Turkey is party. Outstanding legislative gaps have remained in several fields pertaining to the fight against corruption. The legal framework and institutional architecture still need to be improved to avoid any undue political influence in the investigation and prosecution phases of corruption cases. Accountability and transparency of public institutions need to be improved. The absence of an anti-corruption strategy and action plan demonstrate a lack of will to fight decisively against corruption. Most of the Council of Europe's Group of States against Corruption (GRECO) recommendations have not been implemented. Overall, corruption is widespread and remains an issue of concern. A cross-party strong political will is needed to effectively fight against corruption as well as robust criminal justice response to high-level corruption. In this regard, the Commission's recommendations of the last years are maintained.

In the coming year, Turkey should in particular:

→ effectively implement its international obligations in relation to the fight against corruption, including the United Nations Convention against Corruption and the Council of Europe Conventions;

→ ensure effective follow-up to the recommendations issued by the GRECO, including by adopting the necessary legislation;

→ establish a track record of successful prosecution of, and convictions for, high-level corruption;

→ adopt an anti-corruption strategy, reflecting a clear political will and vision to effectively address corruption, underpinned by a credible and realistic action plan.

Track record

There remained an overall poor track record of investigation, prosecution and conviction in corruption cases, particularly in relation to high-level corruption cases involving politicians and

public officials. Sentences did not have a deterrent effect. The cooperation between audit and inspection units and prosecution offices needs to be improved. Political financing, local administration, land administration and management, public procurement, and the construction and transportation industries, especially when implemented via public-private partnerships, remained particularly prone to corruption.

Institutional framework

Prevention measures

The country continued to lack a permanent, functionally independent anti-corruption body. The level of coordination between various preventive bodies remained largely inadequate. The State Supervisory Council, responsible for coordinating preventive anti-corruption measures, lacked independence. The anti-corruption legal framework also remained weak in the private sector. There were no regular awareness-raising campaigns on transparency and the fight against corruption.

Law enforcement

No specialised prosecution services were established to lead corruption investigations or courts working on anti-corruption cases. The executive retained undue political influence over judicial police, which had an impact on effective investigations. Inter-agency cooperation and information sharing between law enforcement and the financial intelligence unit need to be further developed. Financial investigations were not systematically launched in corruption and organised crime cases. Financial control of political parties remained ineffective.

Legal framework

Turkey is party to all international anti-corruption conventions, including the United Nations Convention against Corruption, which Turkey still needs to implement fully. The legislative amendments envisaged in previous anti-corruption strategies, i.e. the Law on General Administrative Procedure, the Law on Public Procurement, the Code of Ethics for Members of Parliament and the Law on Whistle-blower Protection, were not implemented. The legal framework on whistle-blower protection still needs to be aligned with the new EU *acquis* on this issue. Previous anti-corruption strategies and action plans were not effectively followed up.

In its Fourth Evaluation Round, GRECO concluded that out of 22 recommendations on the ethics and integrity of members of parliament, judges and prosecutors, two were considered to be satisfactorily implemented, and five partially implemented, while 15 recommendations had not been implemented. GRECO recommendations on political financing were not followed up. Turkey did not align with GRECO recommendations on judicial independence or transparency of the legislative process and political financing.

Shortcomings remained unaddressed in the corruption-related provisions of the Criminal Code, which do not meet the standards put in place by the Criminal Law Convention on Corruption. The definition of active bribery provided in the Criminal Code, is still not in line with international conventions. The shortcomings concern, in particular, the provisions on bribery in the private sector.

Public procurement legislation is not in line with the EU *acquis*. The vast and increasing number of exemptions inserted into the framework law on public procurement continued to be a matter of growing concern. The legal privileges of public officials, such as the requirement for prior authorisation from their hierarchy before an investigation can be initiated against them for alleged wrongdoing, continued to provide legal protection for public officials in anti-corruption criminal and administrative investigations. The legal framework on preventing, prosecuting and issuing penalties for conflicts of interest as well as on declaring, verifying and disclosing assets remained inadequate. Turkey has no legislation governing lobbying.

Strategic framework

The 2010-2014 as well as 2016-2019 anti-corruption strategies and action plans did not deliver on most of their objectives. Outstanding measures initially envisaged in the anti-corruption action plans were not followed up. Turkey needs to strengthen its overall capacity to coordinate, implement and monitor all anti-corruption actions among the many relevant preventive institutions and law enforcement agencies.

Fundamental rights

The deterioration of human rights continued. Many of the measures introduced during the state of emergency remain in force, and continue to have a profound and devastating impact on people in Turkey. The legal framework includes general guarantees of respect for human and fundamental rights but the legislation and practice still need to be brought into line with the European Convention on Human Rights (ECHR) and with the European Court of Human Rights (ECtHR) case-law. The lack of institutional independence, lengthy review procedures, the absence of sufficiently individualised criteria, and the absence of a proper means of defence resulted in the failure by the Inquiry Commission on the State of Emergency Measures to provide an effective recourse against dismissals so far.

In February, the decision to re-arrest Osman Kavala on allegedly new charges after a court decided on his acquittal and ordered his release despite the lack of credible grounds increased concerns regarding the adherence of Turkey's judiciary to the international and European standards.

The Council of Europe continued its monitoring of Turkey's respect for fundamental freedoms. Serious backsliding in most areas continued. Legislation introduced immediately after the lifting of the state of emergency (SoE) removed crucial safeguards protecting detainees from abuse, thereby increasing the risk of impunity. Restrictions imposed on and surveillance of the activities of journalists, writers, lawyers, academics, human rights defenders and critical voices on a broad scale have a negative effect on the exercise of these freedoms, and lead to self-censorship. The enforcement of rights is hindered by the fragmentation and limited independence of public institutions responsible for protecting human rights and freedoms, and is aggravated by the lack of an independent judiciary.

Turkey should in particular:

→ adopt a credible, comprehensive and meaningful action plan on human rights with a view to effectively ensuring full respect for fundamental rights and freedoms and effectively addressing serious human rights violations;

→ align criminal and anti-terror legislation and their interpretation with European standards, ECHR and ECtHR case-law and Venice Commission recommendations;

→ ensure that any allegation of offence is subject to due process, based on concrete evidence and fully transparent procedures under the authority of an independent and impartial judiciary, and fully respecting the right to a fair trial and relevant procedural rights, in particular the presumption of innocence, individual criminal responsibility, legal certainty, the right to defence, equality of arms and the right to an effective appeal;

→ ensure the effectiveness of the Inquiry Commission on the State of Emergency Measures as a domestic remedy;

→ ensure that all public-sector employees arbitrarily dismissed during the state of emergency continue to be re-instated, and appropriately compensated for any harm, including loss of earnings.

Respect for fundamental rights continued to be undermined. Turkey is party to most **international human rights instruments**. However, Turkey has not yet signed the International Convention for the Protection of all Persons from Enforced Disappearance and the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights. In January

2020, Turkey underwent its third Universal Periodic Review (UPR) before the UN Human Rights Council. In the reporting period, high-level officials, including the President, argued that the Council of Europe Convention on preventing and combating violence against women and domestic violence, also known as the Istanbul Convention, poses a threat to 'Turkish family values' and should be revised.

Following the lifting of the state of emergency, in August 2018 Turkey revoked its derogations to the European Convention on Human Rights and to the International Covenant on Civil and Political Rights (ICCPR). However, the full monitoring procedure re-opened by the Parliamentary Assembly of the Council of Europe in April 2017 continues.

In 2019, the **European Court of Human Rights** (ECtHR) found violations of the ECHR in 97 cases (of 113) relating mainly to freedom of expression (35), the right to liberty and security (16), protection of property (14), the right to fair trial (13), inhuman or degrading treatment (12), respect for private and family life and right to life (5). During the reporting period, 6,717 new applications were registered by the ECtHR. In January 2020, the total number of Turkish applications pending before the Court was 7,107. There are currently 677 cases against Turkey in the enhanced monitoring procedure.

In the case of *Demirtas v. Turkey (No 3),* the ECtHR unanimously held that there had been a violation of Article 10 (freedom of expression) of the ECHR. In the case of *Kavala v. Turkey*, in December 2019, the ECtHR ruled that there had been a violation of Articles 5.1 (right to liberty and security), 5.4 (right to a speedy decision on the lawfulness of detention) and 18 (limitation on use of restrictions on rights) of the ECHR. The Court called for the immediate release of Osman Kavala, a businessman and human-rights defender who has been in detention since September 2017. The Court found that the authorities were unable to demonstrate that the applicant's initial and continued pre-trial detention had been justified by reasonable suspicions based on an objective assessment of the acts attributed to him. The Court's ruling became final on 12 May 2020 as it rejected the Turkish government's request for referral. Following the appeal of the ECtHR decision of November 2018 in the case of *Selahattin Demirtaş v. Turkey (No. 2)*, in which the court ordered the termination of the applicant's pre-trial detention, the ECtHR held a Grand Chamber hearing in September but has not issued its decision yet.

The implementation of the *Cyprus v. Turkey* case regarding missing persons and restrictions on the property rights of Greek Cypriots displaced or living permanently in the northern part of Cyprus is still pending, as is the question of 'just satisfaction' (compensation). In December 2019, the Committee of Ministers of the Council of Europe reviewed *Cyprus v. Turkey* as well as *Varnava and others.* With regard to *Cyprus v. Turkey*, the access by the Committee of Missing Persons in Cyprus to 30 additional suspected burial sites in military areas situated in the northern part of Cyprus was a positive development; however, to date, no information has been submitted on the payment of the just satisfaction awarded in this case.

No progress was made on the Varnava *and others* case. Regarding the implementation of the *Demopoulos v. Turkey* decision of 5 March 2010, 6,686 applications from Greek Cypriot owners have to date been lodged with the Immovable Property Commission (IPC), 369 of them during the reporting period. As of June 2020, 1,193 applications had been concluded through amicable settlements and 33 through formal hearings. Altogether, the IPC has so far paid out the equivalent of EUR 349 million in compensation. Moreover, it ruled for exchange and compensation in two cases, for restitution in three cases and for restitution and compensation in seven cases. In one case, it delivered a decision for restitution after the settlement of the Cyprus issue, and in one case, it has ruled for partial restitution.

On the **promotion and enforcement of human rights**, the Human Rights and Equality Institution of Turkey (HREI) and the Ombudsman, as the main human rights institutions, continued to receive complaints. No revision was made to the mandate of the Ombudsman Institution, which only deals with complaints against the actions of the public administration.

The HREI accepts only cases outside the remit of the Ombudsman. Neither of these institutions is operationally, structurally or financially independent, and their members are not accredited in compliance with the Paris Principles. So far, the HREI has not applied for accreditation to the Global Alliance for National Human Rights Institutions. The speed and effectiveness of the institutions in dealing with applications causes particular concern in light of the high number of alleged violations in the aftermath of the attempted coup. Of 1,065 applications received by the HREI, 133 are under processing and investigation. In 2019, it has visited 37 institutions including 14 prisons, 3 police custody centres and a transit zone, 2 removal centres, 3 psychiatric hospitals, 4 homes for the elderly, 2 social care homes for the disabled, 2 care homes for children and a temporary accommodation centre. It published 23 visit reports. The approach of the HREI members towards basic human rights, including gender equality, women's rights and LGBTI rights, raises serious concerns. They have questioned the Council of Europe Istanbul Convention on several occasions arguing that the Convention does not protect Turkish family values. Turkey should urgently ensure that these bodies ensure the compliance of national laws and practices with all international human rights and fully comply with the Paris Principles and the 2018 European Commission's Recommendation on Standards for Equality Bodies.

There was limited implementation of the 2014 action plan on preventing violations of the ECHR. The implementation reports were not made public, thus limiting the accountability of institutions responsible for its implementation. Turkey needs to adopt its human rights action plan as matter of priority, which will replace the one on the prevention of ECHR violations, with a view to ensuring full respect for human rights and in particular to prevent further human rights violations following the coup attempt.

Many of the legislative changes, introduced during and after the state of emergency and their subsequent implementation by the authorities are not in line with international and European standards and continue to diminish fundamental rights, in particular the rights to freedom of expression, assembly, fair trial, effective remedy and to protection of property. During the reporting period, Parliament's Human Rights Inquiry Committee, which is authorised to visit and observe prisons, visited five prisons and published five reports. The Human Rights Enquiry Committee has held four meetings since April 2019. A total of 1,829 applications were filed to the Committee from April to December 2019, and more than 50% of the applications consisted of applications from penal execution institutions.

Human rights defenders (HRD) continue to be subject to intimidation, judicial prosecutions, violent attacks, threats, surveillance, prolonged arbitrary detention and ill-treatment. The detentions and arrests of civil society representatives, journalists, lawyers, academics and others have led to a further shrinking of the space for civil society. During the reporting period, a climate of intimidation, smear campaigns by some media outlets close to the government and an aggressive rhetoric by high government officials towards HRD narrowed the space for dissenting or alternative views. Lawyers providing legal assistance to HRD and civil and political activists face considerable obstacles in performing their work and are at risk of arrest, detention and prosecution for carrying out their human rights work. In August 2020, a lawyer who had been on hunger strike for 238 days demanding a fair trial following her conviction last year for an alleged membership of a terrorist organisation, died. The trials continued against the group of 11 human rights defenders in Büyükada Island for alleged links to a terrorist organisation. Four of them, including the former director of Amnesty International Turkey, were convicted in July 2020. In February 2020, the Council of Europe's Commissioner for Human Rights expressed concerns about a hostile environment against civil society organisations and human rights defenders and a virulent and negative political discourse that frequently leads to biased actions by administrative authorities and the judiciary.

In June 2019, the court hearings started against Osman Kavala and 15 other members of civil society organisations. While the Constitutional Court rejected Osman Kavala's application to end his pre-trial detention in May 2019, the ECtHR ruled in favour of his immediate release in

December 2019. In February 2020, the local court acquitted the defendants who were not abroad and ruled for the release of Osman Kavala. However, only a few hours later, he was re-arrested in relation to another investigation connected to the 2016 coup attempt despite the lack of credible grounds. His re-arrest and continuing detention, despite the ECtHR ruling that became final in May 2020, seriously call into question the adherence of Turkey's judiciary to international and European standards.

Concerning the **right to life**, lack of credible and effective investigations into reported killings by the security authorities continues to be deeply worrying. In February, the ECtHR declared two cases related to events during curfews imposed in the south-east of Turkey in December 2015 inadmissible because the applicants had not exhausted domestic remedies. The legislation adopted in June 2016, granting judicial privileges to the security forces, has not been revised, leaving the environment of impunity in place and raising concerns about the effectiveness of domestic remedies. Criminal investigation into the killing of the former head of Diyarbakır Bar Association Tahir Elçi continued. An indictment was eventually prepared after 5 years at the end of March 2020. In many cases, the authorities denied permission to prosecute public servants. In total, 15 criminal cases from the 1990s (concerning only 85 of 363 forcibly disappeared persons) have been brought to prosecution. Most of these cases brought before justice are not processed in due time resulting in annulment or acquittal due to the statute of limitations. Overall, **impunity** remains a serious concern and measures should be taken urgently by the authorities to align the legislation adopted in June 2016, which grants judicial privileges to the security forces, and its implementation with ECtHR case-law and standards.

Credible allegations of **torture and ill-treatment** continued to be reported. According to the Ministry of Justice statistics, cases have been initiated against 1,618 people for ill treatment, of which only 320 people were convicted in 2019. According to available reports, torture and ill-treatment, still occur in detention centres and prisons and also in informal places of detention and on the streets. Turkish authorities have yet to effectively investigate the cases of at least two dozen people allegedly abducted by state agents for many months. The legislation, which allows for a maximum police custody period of up to 12 days and is in contravention of ECtHR case law (maximum of 4 days) was not revised. Contrary to Turkey's zero tolerance policy on torture, the authorities have not allowed the publication of all the pending reports of the Council of Europe's Committee for the Prevention of Torture (CPT). In August 2020, the Turkish authorities allowed the publications of two CPT reports in which the Committee recommended that a clear and firm message that all forms of ill-treatment of detained persons are illegal and will be punished accordingly be delivered to all law enforcement officials from the highest political level, namely the President of the Republic. In the report of its visit in May 2019 to examine the treatment and conditions of detention of persons detained by the police/gendarmerie, the Committee also stressed that while the severity of alleged police ill-treatment had diminished, the frequency of allegations remained at a worrying level.

The Human Rights and Equality Institution of Turkey (HREI), which should act as the national preventive mechanism, does not meet the key requirements under the Optional Protocol to the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (UN CAT) and is not yet effectively processing cases referred to it. Complaints, reports and any indications of torture or ill-treatment need to be investigated swiftly, effectively and impartially; perpetrators must be prosecuted and convicted in line with the country's international obligations, in particular with the ECHR and the UN CAT.

Overcrowding and deteriorating **prison conditions** continue to be a source of deep concern. As of July 2020, the prison population, which comprises convicted and non-convicted inmates, was around 249,600 despite capacity of 236,755 in 366 prisons. 2,500 inmates are children, 405 of whom are staying with their detained mothers. Since the lifting of the state of emergency, Turkey no longer publishes statistics concerning the ratio of inmates on terrorism-related charges compared to the total prison population. According to the Ministry of Justice, 13% of

the total prison population is in prison on terrorism-related charges including many journalists, political activists, lawyers and HRDs. There were further allegations of human rights violations in prisons, including arbitrary restrictions on the rights of detainees, impunity, denial of access to medical care and the use of torture, mistreatment, prevention of open visits, and solitary confinement. Inmates stated that most of their complaints have not been addressed and that living conditions have not improved. According to available reports, 73 people died in prisons from early 2017 to August 2019, of whom 39 were ill inmates. Prison monitoring boards remain largely ineffective, as is HREI, which should be functioning as the national preventive mechanism. Given that this mechanism is not fully operational, there is no oversight over human rights abuses in prisons. In September 2019, the ECtHR ruled that transfers of inmates to prisons far away from places where they live is a violation of 'the obligation to respect for the protection of private and family life'.

Addressing the high risk of spread of COVID-19 in overcrowded prisons, the Parliament adopted a Law Amending the Code on Enforcement of Sentences in order to release up to 90,000 prisoners. As of July 2020, 65,110 benefited from this new provision. However, it excludes a very large number of journalists, human rights defenders, politicians, lawyers and others detained pending trial or serving sentences following trials under Turkey's overly broad anti-terrorism laws. Detainees in pre-trial detention should be treated on the same basis as those formally sentenced.

On the **protection of personal data**, Turkey has not signed the 2018 Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (Council of Europe, CETS No 223). The Personal Data Protection Authority (DPA) is operational but no legislative changes were adopted to ensure that the 2016 data protection law is harmonised with the EU *acquis*. Despite repeated requests, Turkey has still to address *inter alia* concerns on the exceptions for law enforcement and the independence of the Data Protection Authority. The lack of alignment with the EU *acquis* is an obstacle to the possible cooperation with Eurojust and Europol and specific policy areas.

On **freedom of thought, conscience and religion**, freedom of worship continued to be generally respected. However, the Venice Commission recommendations on the status of religious communities in Turkey are yet to be implemented. These concerns also the right of the Orthodox Patriarch to use the title 'ecumenical'. Construction works of the second church demanded by the Syriac community in Istanbul were launched. Hate speech and hate crimes against Christians and Jews also continued to be reported *(see below - Minorities).* The decisions by the Turkish authorities to convert Hagia Sophia back into a mosque triggered an international outcry and was notably condemned by the Foreign Affairs Council on 13 July . On 29 May 2020, clerics recited a call for prayer inside the museum. Several ECtHR judgments regarding conscientious objection are yet to be implemented. Turkey did not implement the action plan, submitted in 2016 to the Council of Europe Committee of Ministers, relating to ECtHR decisions on Cem Houses and on compulsory religion classes. School textbooks still need to be revised in order to remove all discriminatory elements against all religions and faith groups. No steps were taken to open the Halki (Heybeliada) Greek Orthodox Seminary, which remains closed since 1971. The annual sermons which were suspended for the past 5 years due to restoration works in Sumela Monastery were held again as of 15 August. Lack of legal personality of non-Muslim communities remains a serious issue. A comprehensive legal framework in line with European standards still needs to be put in place, and appropriate attention must be paid to implementing the ECtHR judgments on compulsory religion and ethics classes, indication of religious affiliation on identity cards and Alevi worship places. Alevis continue to face hate crimes but investigations have proved to be ineffective so far. The murder of a foreign protestant pastor in Diyarbakır in November 2019 and the deportations of 60 church staff including protestant pastors over the past 2 years are of concern. The work of the Religious Affairs Presidency

(Diyanet) increased in all spheres of public life and its budget for 2020 was increased substantially.

Freedom of expression

Turkey is at an **early stage** in this area and the serious **backsliding** continued over the reporting period. The disproportionate implementation of the restrictive measures continued to negatively affect the freedom of expression and dissemination of opposition voices. Legislation and its implementation, especially national security and anti-terrorism provisions, continue to contravene the European Convention on Human Rights and other international standards and to diverge from the case law of the ECtHR. Criminal cases and convictions of journalists, human rights defenders, lawyers, writers and social media users continued.

The Directorate of Communication linked to the Presidency, in charge of issuing press accreditation, faces strong criticism as 715 press cards were cancelled in 2019. International journalists continue to face problems with the renewal of their press cards.

The number of journalists held in prison dropped to over 120 but remains very high and is of very serious concern.

The ban on Wikipedia was lifted in December 2019. However, the blocking and erasing of online content without a court order on an inappropriately wide range of grounds, based on the Internet Law and the general legal framework, continued. The Regulation on Radio, Television and Voluntary Online Broadcasts, entered into force in August 2019 and requires online broadcasters to obtain transmission authorisation and a broadcast license from the regulator RTÜK.

The 2016, 2018 and 2019 Commission reports' recommendations were not followed up and are therefore restated in this report. In the coming year, Turkey should in particular:

→ release journalists, human rights defenders, lawyers, writers and academics being held in pre-trial detention;

→ end the practice exercised by both state and non-state agents, of intimidating, interfering with and putting pressure on the media;

→ ensure a safe, plural and enabling environment for the media to carry out their work independently and without fear of reprisals and dismissals;

→ refrain from undue restrictions on freedom of expression, including those relating to antiterrorism offences, in line with the Guidelines of the Committee of Ministers of the Council of Europe on protecting freedom of expression and information in times of crisis;

→ ensure that existing legislation, in particular the Anti-Terror Law, the Criminal Code, the Data Protection Law and the Internet Law, is revised to comply with European standards and is implemented in a manner which does not curtail freedom of expression and ensures proportionality and equality before the law;

→ ensure that criminal law provisions, in particular articles on defamation and other similar offences, are not used as a means of putting pressure on critical voices, by ensuring that courts apply the European Court of Human Rights case-law and is able to act independently.

Intimidation of journalists

Heavy pressure on freedom of expression and intimidation of the media continued as in previous years, with arrests, detentions, prosecutions, convictions and dismissals of media staff leading to censorship and self-censorship among media professionals. There were an estimated 120 journalists in prison. Government interference in editorial independence and pressure on media

outlets to fire journalists critical of the Government resulted in several media workers (journalists, engineers, sound and image technicians) being laid off, including for their union activities. Threats and physical attacks on journalists and media organisations due to their work continued during the reporting period. In March 2020, six journalists were detained for their reports on previously disclosed Turkish casualties in Libya. Three of these journalists were released in June 2020

There was no reparation for damages incurred by private media companies and their staff by the direct and indirect takeover by the state with the appointment of trustees during and after the state of emergency. Some outlets cannot access their files to prepare their defence before the court as their premises remain sealed. While the executives of Hayatın Sesi TV, closed down by a decree law in 2016, were acquitted, the properties and licence of IMC TV were sold by the authorities. There are restrictions on access to the airwaves, and there have been fines and closures of TV and radio channels critical of the government.

Judicial cases against critical newspapers, online news sites and their affiliated journalists continued in 2019 and new ones were launched. The procedural rights of journalists, including the right to a fair trial and the respect of the principle of the presumption of innocence were not always ensured. *(Please see above - Judiciary).*

In February 2020, the Court of Cassation ruled for the second time in favour of the acquittal of some of the former Cumhuriyet staff. The ruling came after a lower court upheld its conviction of the journalists, defying a September 2019 decision issued by the Court of Cassation. The appeal process for the Zaman case of journalists and writers is still pending. In July 2020, a former Turkey correspondent for the German newspaper Die Welt was convicted in absentia of 'making propaganda for a terrorist organisation' and sentenced to almost 3 years in prison.

Legislative environment

The first legislative package related to the Justice Reform Strategy was adopted in October 2019 and included some minor changes to the anti-terror legislation and the Internet Law, which had also been amended in August 2019. The extensive use of the anti-terror legislation, the very wide interpretation given to the notion of terrorism and the general legal framework enable the executive to block online content without a court order on a wide range of grounds. The current legislation regarding anti-terrorism, the internet, intelligence services and the Criminal Code, all impede freedom of expression and run counter to European standards. In addition, criminal legislation allows prison sentences for insulting the President and senior officials.

In July 2020, the Parliament adopted a law on the 'Arrangement of Internet Publication and Combating Crimes Committed through These Publication'. This law triggered controversy as it places new obligations on social media providers, which would lead to heavy fines and restricted bandwidth if they fail to comply with these new requirements, and gives the government sweeping new powers to regulate social media content.

Implementation/institutions

During the reporting period, the criminal justice system continued to allow journalists to be prosecuted and imprisoned on extensive charges of terrorism *(see - Judiciary)*, insulting public officials, and/or allegedly committing crimes against the state and the government. Indictments often failed to establish direct and credible links with the alleged offence and, in some high-profile cases, the arguments provided by the defendants were not taken into consideration by the court. Exercising basic human rights such as participating in demonstrations, making press statements, participating in trade union activities can be considered as elements of a crime. Attendance at a funeral of convicted terrorists is often considered evidence of affiliation with a terrorist organisation in indictments despite an ECtHR judgment ruling finding this interpretation a violation of the Convention.

The lack of credible grounds for the re-arrest of Ahmet Altan and his renewed imprisonment,

reversing the court's initial decision to release him, further damaged the credibility of Turkey's judiciary in particular due to the high level of political interference.

Criminal convictions and fines imposed on human rights defenders for their press statements continued to further limit the space for civil society organisations. In some cities, human rights defenders and associations were forced to sign a document by the authorities indicating that they would avoid certain words and expressions such as *war*, *trustee*, *right to election and elect* in their press statements. Lawsuits with high fines are often used to intimidate newspapers and silence critical journalists through judicial means and politically-inspired court decisions ordering fines on the remaining opposition media outlets. Pressure on Kurdish-language media and those reporting on the Kurdish issue continued.

There were numerous protest bans and further pressure on the media in this context. Investigations against the opposition media and politicians gained momentum. The Istanbul Chief Prosecutor and RTÜK issued statements warning that they will launch investigation against those who report and broadcast news against the military operation launched in north-east Syria. Judicial investigations were launched against the HDP co-chairs and members of parliament from HDP and CHP.

Investigations, arrests and prosecutions of politicians, journalists, writers and social media users (including children), for insulting the President, continued. Cases were also launched for insulting the memory of Atatürk, or for trying to undermine Turkey's economic stability in the context of reporting on the 2018 currency crisis.

Turkey ranked again 154th of 180 countries in the 2020 World Press Freedom Index prepared by Reporters without Borders (RSF). In May 2020, the OSCE Representative on Freedom of the Media called on the Turkish authorities to urgently address and reverse current media freedom violations and pressure that journalists face.

A report by the SETA Foundation listing and targeting foreign and local journalists working for international media caused serious concern. Independent journalists and international media reacted strongly to the report calling it a 'profiling' effort, which contributes to a climate of self-censorship and fear.

Legislation on hate speech and its implementation need to be improved as it disregards hate speech against religions other than Islam, and does not protect non-Muslim minorities or lesbian, gay, bisexual, transgender and intersex persons, and is not in line with ECtHR case law.

Following a March 2018 amendment, the regulation on broadcasting performed by RTÜK was extended to any online media service providers and platform operators, including those operating from abroad. The relevant RTÜK regulation was published in August 2019 and RTÜK officially began to control online broadcasts as of September 2019. This raised serious concerns about the media freedom of the remaining independent online broadcasting outlets due to general concerns about the lack of independence of RTÜK.

The decree law transferring the power to issue press cards to the Communications Directorate linked to the Presidency, was brought before the Council of State for its annulment. The new Press Cards Regulation published in December 2018 had changed accreditation criteria, making state press cards harder to obtain and making it easier to cancel them. The Vice-President stated that the press cards of 3,804 journalists have been cancelled since 2015. 715 cards were cancelled in 2019. The accreditation of journalists and the system of issuing press cards needs to be reformed. The removal of hundreds of press cards on security grounds has a deterrent effect on the work of foreign correspondents in Turkey.

The Constitutional Court made several judgements in individual applications regarding freedom of expression. The Constitutional Court ruled in favour of journalists who were detained pending trial in the absence of sufficient evidence. It has also ruled that four orders of broadcast and publication bans on the police operation against several ministers in 2013, known as the

'December 17-25' operations violated freedom of expression and freedom of the press. The Court decided that there was a violation of freedom of expression in the case of an HDP Member of Parliament, who was subsequently released from prison.

The non-compliance with Constitutional Court judgments by lower courts, including in relation to freedom of expression, is of concern. As of June 2020, only 602 out of 822 individuals known as 'Peace Academics' were acquitted at trial, in spite of a Constitutional Court decision of July 2019. Despite their acquittal, the number of academics who were reinstated and received compensation was negligible. Moreover, in mid-April 2020, the Turkish Higher Education Council Law was amended and entered into force. The amendments introduce sanctions against academics in relation to terrorism charges that are likely to have a negative impact on academic freedom, and therefore freedom of expression. The Şehir University in Istanbul was closed by a presidential decree of 30 June 2020. In December 2019, trustees had been appointed to the Foundation for Sciences and Arts, which had established the university in 2018 and was co-founded by former Prime Minister Ahmet Davutoğlu.

Regarding the internet and the implementation of the Internet Law, Twitter Transparency reported that 230 tweets and 264 accounts were withheld, while the Turkish authorities asked for the removal of 8,993 specific accounts in the first half of 2019. As of end of July 2020, access to 408,494 websites is currently blocked by Turkey. Only 21,087 of these were blocked on the order of criminal peace judges, public prosecutors' offices or by a court decisions. The rest were blocked by other state institutions. There are no official statistics on banned websites to show the scale of judicial control of requests relating to content takedowns, or the blockage of content based on decisions of criminal judges of peace. In May 2020, Turkey's Constitutional Court ruled that a prior decision to block access to an entire news website violated the freedom of speech and the press. Access to Wikipedia in Turkey, blocked since April 2017, was lifted in December.

Public service broadcasters

RTÜK's independence and neutrality is increasingly subject to criticism, as members continue to be elected by Parliament without consultation of civil society or professional media organisations.

The Turkish Radio and Television Corporation (TRT) is affiliated with the Presidential Communication Authority and RTÜK with the Ministry of Culture and Tourism. The editorial policy of the public service broadcaster TRT closely reflects the government's official lines. RTÜK continued to suspend and fine channels for their broadcasting content on the vague grounds that it is 'contrary to the national and moral values of society, general morality and the principle of family protection'. It also imposed several bans and fines on media outlets following the COVID-19 outbreak, arguing that these media had unfairly targeted the authorities in relation to issues on the pandemic.

Economic factors

There has been no change in the media ownership structure and its lack of transparency continues to cast doubt on the independence of editorial policies. Turkish media outlets are in the hands of a few holding groups with strong ties to the government. State-sponsored advertising is not fairly and transparently distributed. This further distorts the market and adds to the economic pressure on some media outlets from major customers, including the state. One independent newspapers critical of the government still faces an indefinite ban from the agency responsible for the distribution of the state advertising budget. This agency does not publish its annual reports, reducing its accountability and transparency. Independent and sustainable financing of the public service broadcaster is not ensured. The Broadcasting Law does not ensure fair competition, as it does not prevent monopolisation.

Professional organisations and working conditions

The representation of journalists continues to be divided between the professional journalists' associations and the pro-government union. Journalism in Turkey is a precarious profession, with low wages, a high risk of judicial harassment and a lack of job security. Working conditions, insufficient trade union rights and application of labour legislation, difficulty in obtaining a press card and arbitrary accreditations remain major concerns. Editorial pressure, self-censorship and judicial harassment for investigative journalism, especially on politically sensitive issues have become a norm. In October 2019, the Hürriyet newspaper fired 45 journalists with no compensation, 43 of whom were dismissed for their trade union activities. *(See also Chapter 10 - Information society and media)*

There was further backsliding in the area of **freedom of assembly and association** where legislation and its implementation are not in line with the Turkish Constitution, European standards, and international conventions that Turkey is party to. Recurrent bans, disproportionate interventions and excessive use of force in peaceful demonstrations, investigations, administrative fines and prosecutions against demonstrators on charges of 'terrorism-related activities' continued to be reported. The applicable ECtHR case-law on freedom of assembly needs to be implemented without delay and relevant national laws need to be revised accordingly.

The application by the Human Rights Association to cancel the regulation adopted in October 2018, which obliges associations to disclose all their members to authorities, was rejected by the Council of State. The appeal process continues. In 2019, the Constitutional Court handed down verdicts on freedom of assembly in 37 individual applications where it ruled that there was a violation in 19 of these applications and no violation in 7 of them. In September, the Constitutional Court concluded in its judgement on the 2009 May Day demonstration that the demonstrators' freedom of assembly was violated. This is the first domestic high court ruling on arbitrary prevention of the 1 May Day commemorations. The ECtHR ruled violation of freedom of assembly in its judgement *Zülküf Murat Kahraman v. Turkey*. In October 2019, the Constitutional Court found a violation of rights in the prohibition of demonstrations under the state of emergency in a case against a member of the Education Union. In June, representatives of bar associations marching to Ankara were stopped by the police from entering the city.

Several projects considered environmentally hazardous by the public led to heated debates. Thousands of people peacefully protested against the gold mine project in the Kaz Mountains (Mount Ida), while several environmental protests were banned by the authorities. A conference organised by the Hrant Dink Foundation was banned by the Kayseri and Istanbul governorate, without any justification. According to independent monitoring data between April 2019 and December 2019, security forces intervened in at least 1,138 peaceful meetings and demonstrations, during which at least 2,851 persons were detained. Events and demonstrations relating to the Kurdish issue, Turkey's military operation in Syria, protests against the appointment of trustees or organised by opposition groups were prohibited on security grounds. Several provincial governors, especially in the east and south-east, continued to use extraordinary powers contained in a law introduced after the end of the state of emergency to restrict the right to peaceful assembly, including through the imposition of blanket bans.

Politicians, trade unions and workers across Turkey celebrated 1 May peacefully. The peaceful gatherings of the 'Saturday Mothers' who held weekly meetings in Galatasaray Square in Istanbul, have remained banned, forcing the gathering to take place in a side street. A blanket ban remains imposed on all protests in the square. In May 2019, the Ankara governorate banned the commemoration of the centenary of the killing of the Pontic population in Turkey. Following the lifting in April of a blanket ban on all LGBTI events imposed by the Ankara governorate, LGBTI events were banned individually. Blanket bans were issued by the Izmir, Antalya and

Mersin governorates in June 2019 to prevent Pride week events taking place. The Istanbul Pride march was banned for the fifth year in a row without credible justification.

Issues of **labour and trade union rights** are further covered in *Chapter 19 - Social policy and employment.*

On **property rights**, there continues to be a lack of effective domestic remedy for confiscations, since the Inquiry Commission on the State of Emergency Measures is slow to issue decisions and lacks transparency. In the south-east, restoration of cultural and religious heritage and urban housing construction continues, as well as court cases regarding the 2016 expropriations in Sur. Regarding the implementation of the Law on Foundations to minority communities, most of the appeals regarding rejected claims for the restitution of property are pending either before a local court or at the ECtHR. In May 2019, the ECtHR rejected the application of the Mor Gabriel Monastery Syriac Orthodox Church Foundation regarding the forestry land, which is within the walls of the Monastery. The Monastery Foundation appealed against this decision to the ECtHR Grand Chamber. Other cases in relation to the ownership of the land of the Mor Gabriel Monastery are ongoing. Specific concerns regarding Christians and Jews in Antakya who are not covered by the Foundations Law, which provides compensation for the violation of property rights of non-Muslim foundations, have not been addressed. The Council of Europe's recommendations on protecting property rights and education rights still need to be fully implemented. The Council of Europe Resolution 1625 (2008) regarding property rights on the islands of Gökçeada (Imbros) and Bozcaada (Tenedos) needs to be fully implemented. Relevant legislation on the issue of property rights of non-Muslim minorities and legislation covering all issues of property rights still need to be revised.

In the field of **non-discrimination**, legislation is not in line with European standards and is not protected by law or enforced fully in practice. The HREI, which is in charge of applying non-antidiscrimination legislation, only finalised 18 decisions of 70 received applications on antidiscrimination charges by January 2020. School textbooks need to be revised, especially regarding some content on secularism, religion and gender inequality. As stated in previous Commission recommendations, Turkey should urgently adopt a law on combating discrimination in line with the EU *acquis* as well as the ECHR, including sexual orientation and gender identity. Turkey should also ratify Protocol 12 of the Convention, which provides for the general prohibition of discrimination, and implement the recommendations of the Council of Europe's European Commission against Racism and Intolerance. Hate crime legislation is not in line with international standards and does not cover hate offences based on sexual orientation or gender identity. Ratification of the Additional Protocol to the Convention on Cybercrime, concerning the criminalisation of acts of a racist and xenophobic nature committed through computer systems was still pending.

Equality between men and women is in place in the legislative and institutional framework. However, due to continued weak implementation, lack of coordination between institutions and lack of awareness and commitment of law enforcement officials on how to address gender based violence, gender disparity and violence against women remain of serious concern. In the *Civek v. Turkey* judgement of February 2016, the ECHR condemned Turkey for the second time for the inadequate response of the duty bearers in protecting the victims of violence against women. No recent reliable official data exists on the prevalence of femicides. According to reports, more than 2,600 women have been murdered in Turkey since 2010, with 474 women killed in 2019. Turkey needs to introduce a comprehensive data collection system in this area to assess the scale and nature of the issue in order to guide future planning, policy making and monitoring. Services for women survivors of violence continued to be very limited and the number of centres to provide such services remains inadequate. As of December 2019, there were 146 women's shelters.

Child, early and forced marriages remain a source of concern, as does discretionary mitigation in court cases of violence against women, possibly mirroring sexist prejudice and victim blaming. Incest is reported by civil society to be increasing but there is no policy action or acknowledgement of this by the authorities. Overall, there is a lack of political commitment to address gender equality issues, and a growing reluctance to use the term 'gender equality' in official documents. The most recently published national action plan on gender equality was published for 2008-2013 and has not been renewed since. Instead, a women's empowerment strategy document covering 2018-2023 was issued. The national action plan on combating violence against women (2016-2020) remains in place.

Independent women's rights organisations have been largely excluded from the process of drafting laws and developing policies and regulations regarding women's issues while pro-government and more conservative organisations are being consulted. Public statements by high-level policymakers and influential politicians emphasising traditional gender stereotypes is a concern, as this discriminates against women and hampers the effective and efficient implementation of international conventions. No concrete steps to harmonise the domestic legislation with the Istanbul Convention have taken place. Authorities, including the HREI, have increasingly argued against the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the Istanbul Convention as they allegedly contradict 'Turkish family values'.Turkey has continued to make considerable efforts to uphold the rights of refugee, migrant, and asylum-seeker children to education, health and protection *(see Chapter 24).* However, there was overall limited progress on the **rights of the child**. The 2013-2017 national children's rights strategy and its action plan, as well as the national strategy to prevent violence against children have yet to be updated. The third judicial reform strategy sets out several activities under its objective dedicated to the juvenile justice system. Areas of continuing concern include: early and forced child marriage, child poverty, child labour, violence against children and children with disabilities. Gaps remain regarding access to quality inclusive education and in upholding the rights of children in the justice system and protection from violence and abuse, particularly for most vulnerable groups, including Roma. In addition, there are limited child protection mechanisms and services. Juveniles continued to face arrest and detention on charges of membership of terrorist organisations and significant numbers of children continue to be detained and imprisoned, mostly in pre-trial detention, often for long periods and not always in institutions specifically for children. The quality of legal aid for juveniles and rehabilitation activities in prisons is a matter of concern.

Concerning the **rights of people with disabilities**, in 2019, the UN Committee on the Rights of Persons with Disabilities expressed concern about the prevalence of the medical, charitable and paternalistic approaches to disability, exemplified by disability assessments based on medical reports, which reduce those with disabilities to their impairments and health condition. Turkey needs to revise its legislation and policies to harmonise them with the principles of dignity, individual autonomy and equality of people with disabilities in all areas of life. A national action plan on the rights of people with disabilities needs to be adopted involving organisations of persons with disabilities. Discriminatory provisions, which are not compatible with EU *acquis* provisions, remain in legislation, such as restricting access to certain public professions (i.e. diplomat, judge, governor and prosecutor) and the penal code requiring proof of hatred motivation for disability-based discrimination.

The framework for monitoring the implementation of the UN Convention on the Rights of Persons with Disabilities lacks independence and does not comply with the principles relating to the status of national institutions for the promotion and protection of human rights (the Paris Principles). In relation to the implementation of the Convention, there is limited inclusion of organisations representing persons with disabilities in legislative, policy-making and monitoring processes. Accessibility to buildings and public services, as well as the data collection system need to be improved and accessibility standards need to be enforced. However, public awareness

on accessibility of urban transport and other services is increasing thanks to public and private initiatives. Effectiveness of the accessibility monitoring and inspection commissions established at provincial level need to be increased and their decisions should be implemented. With regard to equal recognition of legal capacity, the current guardianship regime needs to be reviewed and supported and decision-making mechanisms should be promoted, particularly concerning the right to marry and the right to vote. The introduction of mobile ballot boxes, which are brought directly to those with disabilities, allowed 78% of all voters with disabilities to cast their vote in the general elections of June 2018.

There are no specific measures in national policy documents to address cases of multiple discrimination or vulnerabilities, such as disabled women or disabled Roma. Parliament has established an inquiry commission on the situation of people with Down syndrome, autism and other developmental disorders. The first national autism action plan expired in December 2019 and has not been renewed yet. Its implementation has been very limited. Turkey has no mental health legislation. Children with disabilities benefit from public health care, aids and rehabilitation and physiotherapy services, regular allowances, carer benefits and free school transport. However, according to the UN, children with disabilities in Turkey are unable to develop to their full potential, and experience exclusion from social life, as a result of shortcomings in their physical environments, insufficiencies in the support and services they receive, and various forms of active or passive discrimination. The Ministry of National Education is conducting programmes to promote inclusive education and in-service trainings for school teachers of children with special needs. However, school participation of children with disabilities remains low.

There are serious concerns regarding the fundamental rights of **lesbian, gay, bisexual, transgender and intersex** (LGBTI) people. No changes have been introduced to the military disciplinary system or to the medical regulations which define homosexuality as a ‘psychosexual disorder/illness’. The implementation of the law on disciplinary provisions for the security forces stipulating dismissal for all security personnel for ‘abnormal/pervert’ actions needs to be monitored. Freedom of assembly and association and freedom of expression for LGBTI NGOs continues to be restricted. Smear campaigns in pro-government media and hate speech by high-level government officials, including the President of the Directorate of Religious Affairs (Diyanet), the Human Rights and Equality Institution of Turkey and the Ombudsman Institution and the chair of the Red Crescent Society of Turkey reflect the government's discriminatory stance against the LGBTI community/rights. Hate speech against LGBTI people is not effectively prosecuted and the government is reluctant to prevent and take action to punish and end discriminative practices and incidents against LGBTI people. Turkey is among the countries with the highest murder rate of transgender persons. There is no specific legislation to address these crimes. There is limited protection of LGBTI organisations, which have been threatened.

On **procedural rights**, the strategy plan for restructuring the system of legal aid, accompanied by an action plan for 2018-2021 is in place. No concrete steps were taken to further align legislation with European standards, some aspects of which are guaranteed by law, including legal aid and the right to translation and interpretation in criminal matters. Turkey has been repeatedly criticised by the ECtHR for violating the right to a fair trial and presumption of innocence, notably due to its failure to respect procedural rules. The maximum detention period of up to 12 days before the detainee is brought before a judge is still in place and the ban on access to defence during the first 24 hours of police custody is still allowed under the Anti-Terror Law. Law officials (judges, prosecutors and other civil servants) suspended from the civil service by state of emergency decrees continued to be barred from acting as lawyers, since the Ministry of Justice's appeals against restoring their licences have so far always been accepted by the judiciary.

Hate speech and threats directed against **minorities** remain a serious problem. This includes hate speech in the media targeting national, ethnic and religious groups. Furthermore, school

textbooks need to be revised to delete remnants of discriminatory references. Attacks or acts of vandalism on minority worship places continue and need to be investigated. In June 2019, the ECtHR found a violation of Article 8 in the case of *Aktaş v. Turkey*, regarding an acquisition of a Syriac surname. On minority foundations, no new regulation on the election procedures for non-Muslim foundations has been published since 2013. In the absence of such regulation, these foundations are unable to hold elections for their board members and exercise their rights to elect and be elected. The Ministry of Interior continued interfering in the election process of the Armenian Patriarch and changed the election regulation, which led to strong negative reactions within the Armenian community. In July 2019, the Constitutional Court published its decision in an application regarding interventions in the Armenian Church's patriarchal election process, and underlined that the administration had no legal basis for intervening in the patriarchal elections and thus the state had violated religious freedom by interfering in and blocking the election of the Armenian Patriarch in recent years. A new Armenian patriarch was elected in December 2019. The construction of the Mor Ephrem Syriac Orthodox Church in Istanbul started in August after more than 10 years of bureaucratic procedures. In January 2020, 3 Syriac Christians, including a priest, were detained in Mardin under charges of aiding and abetting a terror organisation. State subsidies for minority schools have decreased and are not regular. The Press Advertising Authority (BİK) decided to increase the current funding to newspapers run by members of the Armenian, Greek, and Jewish communities. The court case against public officials on the killing of Armenian journalist Hrant Dink continued. Regarding minorities, full respect for and protection of language, religion, culture and fundamental rights in accordance with European standards have yet to be fully achieved. The issue of property rights of non-Muslim minorities and the need for a revision of legislation covering all issues regarding property rights is pending. As the Venice Commission underlined in 2010, Turkey should continue the reform process and introduce legislation, which makes it possible for all non-Muslim religious communities to acquire legal personality.

Concerning **Roma**, in December 2019 Turkey adopted the second action plan (2019-2021) to implement its national strategy (2016-2021) for Roma. The monitoring and evaluation mechanism of this comprehensive action plan, however, needs to become effective and more NGO inclusive and the measures in it need to be gender mainstreamed. Local authorities need to be properly involved for effective implementation of the strategy and should secure financial resources for its implementation. The anti- discrimination component of the strategy needs to be further strengthened by including concrete commitments to eliminate all forms of discrimination against Roma. Unemployment in Roma-populated districts was reportedly very high in the absence of holistic active employment measures, with the exception of community work programmes, which offer a temporary solution. Roma children suffered from significant levels of deprivation and relative poverty. Public schools in Roma neighbourhoods were reportedly understaffed and were often poorly resourced, contributing to a high level of school drop out among Roma children. Many young Roma children received fake mental disability reports and attend "special education centres" for slow learners, hampering their prospects of proper education and future employment. Efforts to protect Roma children and youngsters from drug abuse should be stepped up via preventive social services and enhanced educational opportunities. Health services were accessible to all Roma, but affordability of curative services was compromised due to increased medical costs and transport costs to city hospitals located outside large cities. Early and forced marriages are common among Roma. The urban renewal projects continued to affect densely Roma-populated neighbourhoods. In the absence of title deeds in most cases, Roma families were negatively affected and displaced without compensation. The national Roma strategy does not cover Syrian Dom communities. No fully-fledged EU-Turkey Joint Roma Seminar has been held so far. In June 2020, hundreds of Roma were forcibly evicted by the municipality of Izmir from the tents and barracks they had been living in for years.

On **cultural rights**, the Government did not legalise the provision of public services in languages other than Turkish. Legal restrictions on mother-tongue education in primary and secondary schools remain. Optional courses in Kurdish continue in public state schools, as do university programmes in Kurdish, Arabic, Syriac and Zaza. The increased powers of the governors, which increased arbitrary censorship had negative impact on the arts and culture field. Following a second round of appointment of trustees, mostly in HDP municipalities, efforts to promote the creation of language and culture institutions in these provinces were further undermined. The closure of Kurdish cultural and language institutions and Kurdish media outlets and numerous art spaces in the aftermath of the coup attempt of 2016 continued to lead to further shrinking of cultural rights. The Supporting, Evaluation and Classification of Cinema Films law, published in January, raised concerns of further censorship in filmmaking. *(See also Chapter 26 - Education and Culture).*

2.2.2 Chapter 24: Justice, freedom and security

The EU has common rules for border control, visas, external migration and asylum. Schengen cooperation entails the lifting of border controls within the EU. EU Member States also cooperate with Turkey in the fight against organised crime and terrorism, and in judicial, police and custom matters and are supported by the EU Justice and Home Affairs Agencies.

Turkey is **moderately prepared** in the area of justice, freedom and security. There was **some progress**, in particular in the area of migration and asylum policy. Turkey continued to make significant efforts in hosting and addressing the needs of almost four million refugees, and in preventing illegal crossings towards the EU. Throughout 2019, Turkey was committed to the implementation of the EU-Turkey Statement of March 2016 and played a key role in addressing the challenges of migratory flows along the Eastern Mediterranean route, but as of late February 2020, encouraged crossings to the EU and called for a new agreement replacing the March 2016 Statement. A comprehensive amendment to the Law on Foreigners and International Protection was adopted in December with implications on irregular migration and asylum that need to be followed up with implementing legislation. There was some progress in the implementation of the recommendations of last year's report. However, Turkey is not implementing the provisions relating to third-country nationals in the EU-Turkey readmission agreement, despite these entering into force in October 2017. Turkey still needs to align its legislation on data protection with European standards, which is a precondition for an international agreement with the EU on the exchange of personal data between Europol and Turkey, currently being negotiated. Most of the recommendations remain valid. In the coming year, Turkey should in particular:

→ continue implementing the EU-Turkey Statement of March 2016 and implement all the provisions of the EU-Turkey readmission agreement towards all EU Member States;

→ align legislation on personal data protection with European standards, to allow for the conclusion of an EU-Turkey international agreement for the exchange of personal data between Europol and Turkey;

→ revise legislation and practices on terrorism in line with the European Convention on Human Rights, European Court of Human Rights case-law and the EU acquis and practices. The proportionality principle should be observed in practice.

Fight against organised crime

Turkey has **some level of preparation** in the fight against organised crime. There was **limited progress** overall. The majority of the recommendations from last year remain to be addressed. The 2019-2021 national action plan for the implementation of the 2016-2021 national strategy on the fight against organised crime, was adopted in May 2019.

In the coming year, Turkey should in particular:

→ collect and use aggregate statistics to facilitate threat assessment, policy development and implementation and improve the track record on dismantling criminal networks and confiscating criminal assets;

→ improve the legal framework regulating the fight against money laundering and terrorist financing further to the 2019 Financial Action Task Force (FATF) Mutual Evaluation Report;

→ improve its legislation on cybercrime, asset confiscation and witness protection;

→ amend the data protection law to bring it in line with European standards in order to allow for intensified cooperation with Europol;

→ establish an Asset Recovery Office in line with the EU *acquis*.

Institutional set-up and legal alignment

There are a number of **specialised departments** dealing with various forms of organised crime, under two main law enforcement agencies, namely the gendarmerie and the police under the Ministry of the Interior. Operational capacity, which was affected by the measures taken after the coup attempt, was strengthened. Training of new staff continued.

The **legal framework** for the fight against organised crime and police cooperation is partially aligned with the EU *acqui*s. No new structure has been established following the abolition of the Cyber Security Council. An Asset Recovery Office, as a designated agency to identify and trace criminal assets, has still not been established. The central authority for the international recovery of assets remains the Centre for Recovery of Proceeds from Crime, located in the General Directorate of International Law and Foreign Relations of the Ministry of Justice. Legal provisions on extended confiscation, third-party confiscation, and precautionary freezing of assets need to be aligned with the EU *acquis*. The scope of the law on witness protection needs to be expanded to include all types of serious crime, while its procedural rules also need improvement.

The Ministry of the Interior continues to coordinate the implementation of the 2016-2021 **strategy** for combating organised crime. An action plan for the implementation of this strategy covering 2019-2021 was adopted in May 2019. It sets out actions to reach the overall aims, including an effective institutional cooperation and coordination as well as stronger international cooperation.

Implementation and enforcement capacity

In 2019, of 1,544 cases of organised crime, 2,374 people were convicted (there were 972 cases in 2018 with 1,744 convictions). In the fight against smuggling (fuel, cigarettes, historical works, commodities etc.), in 2019, 19,111 persons were convicted in 21,678 cases, while in 2018, 569 suspects were arrested of 20,187 people in 13,047 cases.

The measures taken after the attempted coup of July 2016 continued to affect the professional capacity of the law enforcement agencies. In 2019, 104 personnel (officers, non-commissioned officers, civil servants) from the Coast Guard Command were dismissed (192 in 2018) as a result of terrorism related investigations. In 2019, 2,304 personnel (officers, non-commissioned officers and gendarmerie specialised sergeants) from the gendarmerie were dismissed. This number includes the dismissals based on terrorism related charges as well as others, such as disciplinary investigations. The number was 689 in 2018. 4,724 new personnel were recruited in 2019 by the Gendarmerie and 294 by the Coast Guard Command.

Cooperation between Europol and Turkey is based on a Strategic Agreement on Cooperation, which entered into force in July 2004. While excluding the possibility of sharing personal data, it facilitates cooperation in a range of areas. An operational agreement on the exchange of personal data between Europol and the Turkish authorities competent for fighting serious crime

and terrorism was negotiated between the EU and Turkey, but has not been signed, given that Turkey first needs to align its data protection law with European standards.

The establishment of the Turkish Liaison Office at Europol (May 2016) exceptionally under the Strategic Agreement confirmed the importance Europol and Member States attach to cooperation with Turkey. However, Turkey did not participate in any Operational Action Plans (OAPs) in 2018, 2019 nor 2020. Turkey's cooperation with the EU agencies on organised crime, on money laundering and on trafficking of drugs should be increased, particularly given Turkey's position as a major trans-shipment point for heroin entering Europe and for the smuggling of precursors. Turkey is connected and configured for the full use of Europol's Secure Information Exchange Network Application (SIENA) with third parties and EU Member States. Information exchange with Turkey via SIENA is at a low level and so far in 2020 presents a decreasing trend both in terms of SIENA messages exchanged and SIENA cases initiated by Turkey. Information transmitted to Europol about smugglers and criminal groups operating in Turkey or linked to Turkey, are facilitated mainly by operational partners, based on migrants voluntary statements and investigative activities.

A Cooperation Agreement with the European Union Agency for Law Enforcement Training (CEPOL) has been in place since 2010 and cooperation continued between CEPOL and the Turkish National Police Academy.

Overall, Turkey signed 47 cooperation agreements in relation to the fight against terrorism and crime with 22 Member States, with a view to sharing information and conducting joint operations. In total, 180 security cooperation agreements are in place with 106 countries.

The number of suspicious transaction reports submitted to the Financial Crimes Investigation Board (MASAK) decreased to 203,786 in 2019 (222,743 in 2018. The number of files that were analysed and evaluated by MASAK also decreased, from 23,893 in 2018 to 19,016 in 2019. 9 people were convicted for **money laundering** in 2019 compared with 9 in 2018. *(See also Chapter 4: Free movement of capital)*

Turkey should develop and implement a more comprehensive and coherent legal framework for the **confiscation of the proceeds of crime**. Financial investigations into a person's assets should be allowed to continue (for years if needed) after a criminal conviction in order to fully and effectively implement a previously issued confiscation order. Turkey should urgently improve its capacity to manage frozen or confiscated assets so that they do not lose economic value (asset management).

Turkey continues to be an important transit and destination country for **trafficking in human beings**. By the end of 2019, the number of victims identified by Turkish authorities was 215, of which 59 were women. This represented an increase compared with 2018 when the number was 134, yet in sharp contrast to the high number of vulnerable refugees and irregularly staying migrants in the country. By 9 April 2020, the number of victims identified by Turkish authorities stood at 46.

The Council of Europe's Group of Experts on Action against Trafficking in Human Beings (GRETA) published its first report on Turkey's implementation of the Council of Europe Convention on Action against Trafficking in Human Beings in October 2019. The report calls on Turkey to adopt a new action plan together with a mechanism for monitoring its implementation. The action plan should address all victims of trafficking, including Turkish nationals, and all forms of exploitation, taking into account the gender dimension of trafficking and the particular vulnerability of children. Turkey should improve the identification of victims. The report also underlines the importance of involving specialised NGOs and further developing coordination at national and provincial levels, using a comprehensive multidisciplinary, victim-focused approach. Another key finding of the GRETA report is the need for Turkish authorities to strengthen the effectiveness of investigations and prosecutions with a view to securing proportionate and dissuasive convictions for trafficking in human beings offences for all types

of exploitation. Generally, the cooperation between Turkey and Member States with the support of Europol and Eurojust to combat smuggling of migrants and goods was successful, with joint investigation teams performing simultaneous actions against organised criminal groups smuggling migrants from the Middle East. In the first half of 2019, Turkish authorities arrested 3,776 smugglers, including in one incident in May where they arrested 20 members of an international smuggling operation. The smuggling operations at the border between Turkey and Greece continue, and increased during the month of March 2020, following public declarations on the borders to the EU being 'open' for migrants and refugees.

Following the amendments to the Law on Foreigners and Temporary Protection, individuals suspected to be involved in facilitating trafficking in human beings and migrants' smuggling can now be arrested without a warrant.

Turkey has strong standards preventing the sale of blank-firing, gas and alarm weapons that can be converted into live-firing guns. Since December 2019, these standards also apply to the manufacture of such weapons for export. Consequently, Turkey addressed the legal loopholes that previously enabled the export of blank-firing, gas and alarm weapons, which did not comply with EU standards and were one of the main current sources of **firearms trafficking.**

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

Cooperation in the field of drugs

Institutional set-up and legal alignment

The High Council for the Fight against Drugs is responsible for interinstitutional coordination and monitoring. It includes ministers involved in delivering the objectives of the national anti-drug strategy for 2018-2023. The Board for the Fight against Drugs supports the work of the High Council, and the Ministry of Health provides the secretariat. The research committee conducts research on drug addiction and new types of addiction. A separate scientific committee, composed of academics, is tasked with making scientific recommendations for studies and training on drug abuse. This committee is established within the Turkish Monitoring Centre for Drugs and Drug Addiction under the counter narcotics department of the police. The National Early Warning System on new psychoactive substances is managed by the same Centre.

Implementation and enforcement capacity

Turkey remains a transit route for drugs between Asia and Europe. In 2019, Turkish law enforcement bodies conducted operations that resulted in the seizure of 80,707 kg of cannabis, 1,509 kg of cocaine, 18,531 kg of heroin, 8,909,892 ecstasy tablets and 22,738,579 captagon tablets.

Since 2008, a total of 861 new psychoactive substances have been included in legislation as a result of the activities of the National Early Warning System. The number of sniffer dogs used by the police increased to 441 from 431 in 2019. Narcotics teams specialised in fighting drugs operate now in all 81 provinces, to focus especially on high-risk locations such as schools. Turkey continued to report to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). The quality and quantity of data Turkey provides has been improving in recent years. Rehabilitation and treatment capacity in the country needs to be further increased, despite the increase in the number of treatment centres.

Turkey's capacity for data collection and analysis was strengthened. The Turkish Monitoring Centre for Drugs and Drug Addiction worked on a dynamic system for an instant data flow concerning the fight against drugs, which should be fully operational in November 2020.

Fight against terrorism

Turkish efforts to tackle terrorism resulted in an improved security climate, but Turkey still faces threats from terrorist groups. The EU has condemned all acts of terrorist violence perpetrated in Turkey. The Government has a legitimate right and responsibility to fight terrorism, but efforts need to be undertaken in accordance with the rule of law, human rights, and fundamental freedoms. Amending the Anti-Terror Law and practices in line with EU standards and the EU *acquis* remains an essential step.

In its threat perception, Turkey has prioritised the fight against the PKK and the dismantling of the Gülen movement, nationally designated as a terror organisation in May 2016. The PKK remains on the EU's list of persons, groups and entities involved in acts of terrorism.

Institutional set-up and legal alignment

The General Directorate of Security has a specialised police unit responsible for counter-terrorism. The institutional capabilities are well-developed. While maintaining the effectiveness of its fight against terrorist threats, Turkey needs to bring its legislation on terrorism and corresponding practices into line with European standards.

The country is party to the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism. In December, the Mutual Evaluation Report was published, further to the fourth round of the Financial Action Task Force mutual evaluations. *(See Chapter 4 – Free movement of capital)*

Implementation and enforcement capacity

Turkey continued its efforts to fight home-grown and foreign terrorist fighter (FTF) cells. Cooperation continued with EU Member States on detecting and repatriating FTFs, which is one of the key areas of joint interest. Since 2011, Turkey issued entry bans for more than 96,000 foreigners and deported 7,973 FTFs or suspected FTFs, of which 734 in 2019. However, police and judicial cooperation with EU Member States and EU agencies in combating terrorism remained limited due to the absence of a personal data protection law in line with European standards and the EU *acquis*, and differences over the definition of, and penalties for, terrorist offences. Turkey should continue its efforts to effectively prevent and counter radicalisation leading to violent extremism and terrorism, in full compliance with fundamental rights.

Legal and irregular migration

Institutional set-up and legal alignment

The Ministry of the Interior's Directorate-General of Migration Management (DGMM) is the key institution for managing migration in Turkey. Apart from contact points appointed to Afghanistan and Pakistan, the DGMM also appointed liaison officers to the Greek islands to facilitate the implementation of the EU-Turkey Statement of 18 March 2016. The DGMM employs only a limited number of psychologists, social workers, interpreters, and lawyers. This should be expanded considering the wide range of services provided by the institution throughout the country and in view of the increased migratory pressure the country is facing.

The DGMM finalised a strategy and action plan on the fight against irregular migration to cover the period 2019-2023 but these are yet to be endorsed by the Migration Board, an inter-ministerial coordination body established by presidential decree in September 2018.

At the law enforcement level, the Anti-Migrant Smuggling and the Border Gates units of the Turkish National Police merged in March 2020[3]. This can contribute to better coordination between border checks and investigative capacities in the area of migrants smuggling.

Turkey did not sign any additional bilateral readmission agreements. In October, Turkey signed a Security Cooperation Agreement with Serbia, which includes intensified cooperation on migrant smuggling and trafficking in human beings.

The legislation in this area is partially aligned with the EU *acquis*. A comprehensive amendment to the Law on Foreigners and International Protection was adopted in December 2019. It reinstated automatic suspensive effect for all appeals against removal decisions, including those issued for reasons of public order, public health or involvement with a terrorist organisation, bringing the legislation into line with the jurisprudence of the Constitutional Court on this issue. The amendment also introduced alternatives to administrative detention, which still have to be specified in the implementing legislation, shortened the period of appeal against deportation orders from 15 to 7 days, expanded the scope of execution of entry bans and deportation orders, limited access to healthcare to 1 year after the application for asylum is submitted, and centralised the management of temporary accommodation centres from the governorates to DGMM. An amendment to the Penal Code in December 2019 resulted in increased penalties for those convicted of trafficking in human beings, up to two times higher in cases where the crime is committed through a criminal organisation. Moreover, the Criminal Procedures Code now includes the possibility of pre-trial detention for individuals suspected of migrant smuggling and trafficking in human beings.

In June, a joint declaration signed by the DGMM, the Ministry of Foreign Affairs, the Turkish Cooperation and Coordination Agency (TIKA) and the Red Crescent announced the intention to set up a National Assisted Voluntary Return mechanism.

Implementation and enforcement capacity

Turkey reiterated its commitment to the effective implementation of the EU-Turkey Statement of 18 March 2016. However, on 28 February 2020, the Turkish government announced it would cease controlling its land and sea borders with Europe and open the passage for migrants wishing to cross. This led to the setting up of an informal camp at one of the border crossing points between Turkey and Greece in Pazarkule Edirne, which ended up hosting close to 25 000 migrants and refugees in dire conditions.

In the extraordinary Council meetings of EU Ministers of Home Affairs on 4 March 2020, and of EU Ministers of Foreign Affairs on 6 March 2020, the EU reiterated the need for Turkey to abide by the EU-Turkey Statement of 18 March 2016. While the EU acknowledged the increased migratory burden and risks Turkey is facing on its territory and the substantial efforts it has made in hosting close to four million refugees, it strongly rejected Turkey using migratory pressure for political purposes. The EU also called on the Turkish government and all actors and organisations on the ground to counter the dissemination of false information. Following the meeting between the Presidents of the Council and the Commission with the President of Turkey on 9 March 2020 in Brussels, the High Representative/Vice-President of the Commission was tasked, to take stock of the implementation of the EU-Turkey Statement in cooperation with his Turkish counterpart.

Starting on 30 March, the Turkish authorities organised transport for the migrants and refugees out of the border area in Pazarkule and closed the border with Greece and Bulgaria except for commercial traffic because of the COVID-19. the Turkish Minister of Interior indicated that the authorities acted in the framework of the current public health precautions in place, and that this move did not mean a change in Turkey's policy to allow irregular migrants' exits over its borders: migrants would be free to approach the Greek border once the COVID-19 precautions were lifted, as the government had no intention to prevent anyone who wishes to leave Turkey.

According to the International Organisation for Migration (IOM), the number of lives lost in the Eastern Mediterranean during irregular crossing attempts stood at 66 in 2019 and 71 in 2020, compared with 156 in 2018, 62 in 2017 and 434 in 2016. The total number of arrivals from Turkey to the EU in 2019 was 76,040 with the main three nationalities being Afghans, Syrians and Iraqis. In terms of arrivals to Greece, in 2019, Afghans were the main nationality arriving by sea (43%), while Turkish nationals were the largest group arriving by land (78%). In spite of the increase in irregular migration in 2019 from Turkey to the EU, the figures continue to be far

below those recorded prior to the EU-Turkey Statement. The daily average of irregular arrivals from Turkey to the Aegean islands was 161 in the year up to 1 December, against a daily average of 1,794 recorded before the activation of the Statement. Several actions taken by Turkey's law enforcement agencies prevented cases of illegal entry both from coastal areas and over the land border with Greece. In 2019, 12,917 new applicants for international protection were registered in Cyprus, compared to 7,761 in 2018. Between January 2020 and mid-June 2020, a total of 3,228 applications for international protection have been lodged in Cyprus, of which 2,955 by March 2020. The majority of these applications were filed by irregular migrants departing from Turkey.

Turkey continued to implement the 'One-for-One' resettlement scheme under the EU-Turkey Statement, in cooperation with the EU Member States and the relevant UN agencies in Turkey. Between April 2016 and June 2020, 26,835 Syrian refugees were resettled from Turkey to the EU, of whom more than 7,000 in 2019.

Resettlement operations worldwide have been temporarily suspended in April and May 2020, due to the COVID-19 health crisis, in line with a joint statement released by UNHCR and IOM. Returns from Greece to Turkey under the EU-Turkey Statement remained slow. In 2019, Turkey accepted 163 returnees from the Greek islands, including 22 Syrians, with the total number of returnees since 2016 reaching 1,968, including 367 Syrians. 139 migrants were returned from Greece to Turkey under the EU-Turkey Statement in 2020, as of 26 April. On 16 March to June 2020, the Turkish authorities suspended return operations due to the COVID-19 pandemic until further notice. In June, the Hellenic Police sent two request to the Turkish authorities, asking when the return operations under the EU-Turkey statement are expected to resume. To date, the Turkish side has not replied. Resettlement from the Republic of Cyprus has not been possible due to the absence of cooperation between Cyprus and Turkey, notably when it comes to transferring applicants to Cyprus.

Migratory pressure on Turkey continued to increase significantly throughout 2019. Turkey registered 268,003 apprehensions of irregular migrants within its territories in 2018, a number which increased to 454,663 in 2019. Apprehensions of irregular migrants in 2020 reached 62,368 as of 24 June 2020. The country-wide confinement from mid-April to June restricted the movement of irregular migrants to, from and within Turkey. Irregular migrants from Afghanistan, Pakistan and Syria were the three most frequently apprehended nationalities. The number of human smugglers apprehended almost doubled and reached 8 996 by the end of 2019. A further 1,649 apprehensions of human smugglers took place in 2020 as of 24 June 2020. The government did not report the number of investigations for trafficking in human beings in 2018 or 2019, nor did it designate specialised prosecutors for trafficking cases.

In January 2020, a Cooperation Plan for 2020-2022 was signed between Turkey and Frontex, which foresees an enhanced cooperation in the area of risk analysis, an increased exchange of observers in operational activities, the joint organisation of a workshop in Turkey (possibly at Istanbul Airport on false documents) and the deployment of a Turkish Liaison officer at the Turkish Embassy in Warsaw.

The number of **removal centres** increased by 10 to 28 centres with a total capacity of 20,000 people. In October 2019, the ECtHR underlined in its judgment *G.B. and others v. Turkey* the importance of effective and speedy review of the lawfulness of such detentions, in particular detention conditions of families with children. Turkey should strengthen certain procedural safeguards enabling effective access to legal mechanisms to challenge the conditions of detention in removal centres.

Turkey returned 96,201 irregular migrants throughout 2019, among them reportedly around 55,000 migrants to Afghanistan. In 2019, 2,344 people were returned from Turkey through the IOM's assisted voluntary return and reintegration programmes.

Implementation of the EU-Turkey readmission agreement remained unsatisfactory. Provisions of the agreement that apply to Turkish nationals were not implemented consistently by all Turkish diplomatic missions in the EU and the agreement was not implemented vis-à-vis all Member States. In relation to third-country nationals, Turkey maintained its position that it would not implement the provisions that entered into force in October 2017 until the visa requirement for Turkish citizens travelling to the Schengen Area for a short stay was lifted. The Bilateral Readmission Protocol between Greece and Turkey remained suspended. Turkey does not apply the EU-Turkey Readmission Agreement towards Cyprus. Turkey did not readmit third-country nationals from Bulgaria under either the bilateral border agreement or the EU-Turkey Readmission Agreement.

Turkey continued to attract migrants from many countries. The number of foreigners legally residing in Turkey reached 1,101,030 at the end of 2019, up from 856,740 in December 2018. Iraq, Syria, and Turkmenistan were the primary countries of origin. Following the reintroduction in September 2018 of the lowered minimum amount of investment required to apply for Turkish investor citizenship scheme, some 9,000 foreign investors received Turkish citizenship. Such schemes pose risks as regards security, money laundering, tax evasion, terrorist financing, corruption and infiltration by organised crime. As a candidate country, Turkey should refrain from any measure that could jeopardise the attainment of the EU's objectives when using its prerogatives to award nationality. Although seasonal migrant workers had legal status in Turkey since 2016, there was no official data regarding their number. Informal employment of migrants and refugees remained of concern. Although the legislation for issuing "Turquoise Cards" to highly qualified foreigners and investors has been in place since 2017, Turkey did not implement it and has not issued any such card yet.

Asylum

Institutional set-up and legal alignment

The DGMM is the main **institution** responsible for all asylum-related issues. In an effort to further harmonise status determination processes across provincial directorates of migration management (PDMMs), and reduce the backlog of international protection applications, the DGMM has an International Protection Bureau (Decision Centre) in Ankara and one in Istanbul. In 2019, these Decision Centres processed more than 8,000 international protection applications. In addition to these centres, the DGMM established so-called 'mobile units' composed of migration experts and interpreters, who were dispatched to assist with case processing in PDMMs with the largest backlog of international protection applications. The Strategy and the Action Plan on Harmonisation was published in December 2019, aiming to increase social cohesion between refugees, migrants and host communities in Turkey.

Legislation in this area is partially aligned with the EU *acquis*. The Law on Foreigners and International Protection maintains the reservation (geographical limitation) expressed in the New York Protocol of the 1951 Geneva Convention, according to which the vast majority of persons seeking international protection in Turkey cannot apply for fully-fledged refugee status but for 'conditional refugee' status and subsidiary protection only. Conditional refugee status limits the stay in the country 'until the moment a recognised conditional refugee is resettled to a third country'. Syrian refugees are granted a specific refugee status under the Temporary Protection Regulation.

Implementation and Enforcement Capacity

Turkey continued to provide generous assistance to refugees, hosting the largest refugee community in the world, with 3.6 million Syrians under temporary protection and around 370,000 non-Syrians registered under international protection. The number of asylum seekers declined over the reporting period; 56,417 international protection applications were lodged in 2019, down from 114,537 in 2018. Of these, 35,042 were Afghans and 15,532 were Iraqis. In 2019, Turkey granted international protection (refugee status, conditional refugee status or

subsidiary protection) to 5,449 applicants, compared with 72,961 in 2018. The authorities rejected 5,212 applications compared with 13,942 in 2018. At the end of December 2019, a total of 56,417 asylum seekers and refugees from countries other than Syria were registered in Turkey; of these, 35,042 were Afghans and 15,532 were Iraqis. The backlog stood at 328,608 cases of international protection. Despite the DGMM's efforts, long waiting times for registering for international protection status continue in some provinces. As part of COVID-19 related measures, asylum procedures have been temporarily suspended in March 2020, except for persons with special needs.

The DGMM issues ID cards for international protection applicants once their registration is completed. An ID card legalises an applicant's stay in Turkey and provides access to the national health insurance scheme, public schools, free interpretation services and other social assistance. Interpretation is available at PDMMs and Decision Centres particularly for status determination interviews. The availability of interpretation services should be further improved.

In 2019, the DGMM continued to close down the temporary accommodation centres, by referring Syrians in such centres to designated provinces for registration and residence. There are currently seven temporary accommodation centres, with a total of 63,518 residents, down from 13 centres with 144,036 residents in 2018. Apart from the temporary accommodation centres, the DGMM operates one reception centre in Yozgat with a capacity of 100 people, where the most vulnerable asylum seekers are temporarily accommodated. Unaccompanied minors are referred to childcare facilities managed by the Ministry of Family, Labour and Social Services.

International protection applicants and status holders are required to register and reside in 62 'satellite cities' across Turkey. While Syrians may apply for registration in 80 provinces, registration in 15 provinces is conditional upon certain circumstances, including work, education or medical purposes. Syrians who do not fulfil those conditions are referred to other provinces where they are required to register and reside. In 2019, Turkish authorities have stepped up efforts to enforce this rule, most notably in Istanbul, from where 97,255 Syrians were relocated to provinces where they are registered. Syrians who were not registered were taken to the Öncüpınar temporary accommodation centre, where they were given the option to register or voluntarily return to Syria. Additionally, as part of the intensified law enforcement measures in Istanbul, 90,000 non-Syrian irregular migrants were apprehended and placed in removal centres. In this context, there were many allegations of Syrians forcibly returned to Syria, as well as migrants of other nationalities in removal centres being coerced to sign voluntary return forms. Authorities denied that this was a systematic policy.

The DGMM uses GöçNet, a government database containing data on applicants for temporary and international protection, including biometric data in the form of photos and fingerprints. The police and gendarmerie have access to GöçNet.

Cooperation between the DGMM and the European Asylum Support Office (EASO) further improved in 2019 with the adoption of the EASO-DGMM Cooperation Roadmap 2019-2021, which aims to support the DGMM in areas relating to country of origin information, training system, decision centres and mobile units, information management and analysis, people with special needs and contingency planning.

Throughout 2019, the DGMM continued the verification of data of Syrians under temporary protection, updating and completing the information gathered during their original registration. By December 2019, the data of 2.7 million Syrians had been verified. This will provide updated data to design evidence-based programmes for targeted assistance, and should be made available to policymakers across relevant government bodies.

The Turkish authorities increased efforts to facilitate entrance to the labour market and encourage legal employment. Applicants for international protection, conditional refugee status holders and people under temporary protection (Syrians) can apply for work permits. According

to the Turkish authorities, the number of work permits issued to Syrians was close to 100,000 in 2019 compared with 38,289 at the end of 2018. This increase is attributed to the information and integration activities carried out by the government and to reduced administrative fees for work permits. The Turkish authorities increased efforts against illegal employment, within the framework of the intensified law enforcement measures in Istanbul and were working to reduce the school dropout rates by offering alternative vocational education. However, in the context where the majority of refugees and migrants in Turkey continue to be employed in the informal sector, NGOs and media report an increased number of migrant and refugee minors at risk of, or involved in, child labour. The COVID-19 pandemic increased the unemployment rate among refugees by 88% since March 2020, with 63% of them being food insecure, according to recent NGO reports.

During 2019, implementation of the first tranche (EUR 3 billion) of the EU Facility for Refugees in Turkey continued, while programming of the second tranche (EUR 3 billion) accelerated. The full operational budget of the Facility was committed by the end of 2019. Of a total of EUR 6 billion, EUR 5.1 billion had been contracted, out of which EUR 3.8 billion had been disbursed. The Facility mobilises both humanitarian and development assistance for refugees and host communities in Turkey. It is helping 1.7 million refugees meet their basic needs, helping 685,000 refugee children go to school and has facilitated the training of over 170,000 educational staff. It is also supporting the building of 320 schools and access for over 80,000 children to back-up and catch-up classes and for 42,000 children to school transport. In addition, over 3,000 health workers are employed in health care centres for migrants and refugees, two hospitals are being built, close to 12 million primary health care consultations have been delivered and over 3.5 million vaccination doses have been provided to refugee infants and pregnant women. The Facility is also providing support on registration of refugees and civil documentation. The EU decided to mobilise additional EUR 485 million from the 2020 budget to ensure the continuation of flagship projects funded under the 2016-19 Facility providing refugees with basic needs and access to education. Assisting refugees affected by the Syrian crisis and their hosting countries will continue to be needed, and the recent Communication on a new Pact on Asylum and Migration noted that continued and sustained EU funding in some form will be essential.[4]

Visa policy

Regarding the EU-Turkey visa liberalisation dialogue, a presidential circular of May 2019 called for the acceleration of work to fulfil the six outstanding benchmarks of the visa liberalisation roadmap, namely the fight against corruption, judicial cooperation in criminal matters with all EU Member States, intensified cooperation with Europol, amendments to the data protection and anti-terror legislation, and implementation of the EU-Turkey Readmission Agreement in all its provisions and towards all Member States. However, little progress in terms of implementation has been noted. In October 2019, Turkey amended its Anti-Terror Law but the changes do not satisfy the fulfilment of the roadmap benchmark on anti-terror legislation. The negotiations on an agreement on the exchange of personal data between Europol and Turkey continued also requiring Turkey to fulfil the European Data Protection requirements *(see under Chapter 23)*.

Turkey also needs to further align its legislation with the EU *acquis* on visa. This includes aligning visa requirements with the EU lists of visa-free and visa-required countries, full phasing-out of issuing of visas at borders and of e-visas, and ensuring that the issuing of visas at consulates is carried out in line with the conditions and procedures set out in the EU Visa Code. Turkey lifted its visa restrictions towards five EU Member States in February and March 2020 (Austria, Belgium, the Netherlands, Poland and Spain).

Schengen and external borders

[4] COM(2020) 609 final on a New Pact on Migration and Asylum

Institutional set-up and legal alignment

During the reporting period, no new legislation in the area of border management was adopted. Cooperation between the different agencies involved in border management matters is formally coordinated by the Directorate-General of Provincial Administration under the Ministry of the Interior. Coordination remained weak, not least because of the high number of state bodies dealing with border management issues, including the Ministry of Defence, which is in charge of border surveillance at the 'green' border.

A National Coordination and Joint Risk Analysis Centre (NACORAC) in Ankara was formally established in 2016. It is not yet operational. Among other things, the Centre will provide a platform for collecting, exchanging and processing data on border security and carry out joint risk analysis among the different border authorities.

In order to bring the country's border management system closer in line with the EU *acquis*, Turkey should improve inter-service cooperation, and adopt an Integrated Border Management (IBM) strategy. It also needs to enact new legislation to set up a non-military and professional border management body in charge of border checks of people at border crossing points as well as border surveillance at the 'green' and 'blue' borders, the green borders being patrolled by the Land Forces.

Implementation and enforcement capacity

After finalisation of the construction of a wall and a barbed-wire fence along the Syrian border, similar works continued at the Iranian border. The government's goal is to reduce smuggling activities, terrorist attacks, and irregular migration flows in the east of the country. The construction of a wall, together with the installation of modern communication and surveillance equipment, was complemented by efforts to remove all anti-personnel landmines by December 2022, to which Turkey committed under its Ottawa Treaty obligations. Turkey needs to substantially increase national investment to make faster progress towards this commitment.

Cooperation with neighbouring Greece and Bulgaria in the framework of a trilateral Police and Customs Co-operation Centre at the Bulgarian-Turkish border crossing point Kapitan Andreevo/Kapıkule continued.

Judicial cooperation in civil and criminal matters

Judicial cooperation in civil matters is regulated by the Law on International Civil Law and Procedural Law, circulars and international conventions. Turkey is a party to most of these international conventions. In 2019, within the scope of the Convention on Civil Procedure, 10 judicial legal assistance were requested by EU Member States, 128 requested by Turkey. Within the scope of the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, 119 judicial legal assistance were requested by EU Member States and 1,175 requests by Turkey.

However, Turkey has not acceded to relevant international conventions in the area of civil justice, many of which were drawn up by the Hague Conference on Private International Law, including in particular the Hague Convention of 30 June 2005 on the Choice of Court Agreements. Turkey has not ratified the European Convention on the Compensation of Victims and the Protocol of 23 November 2007 on the Law Applicable to Maintenance Obligations.

Turkey should take effective measures to ensure an acceptable reduction in delays to proceedings resulting from the 1980 Hague Convention on civil aspects of international child abduction and to foster the use of international mediation in such cases. The establishment of the appeal court system in 2016 aims for an accelerated conclusion of child abduction cases. However, Turkey should take more effective measures to ensure an acceptable reduction in delays to proceedings resulting from the 1980 Hague Convention and to foster the use of international mediation in such cases. Following the entry into force of the 1996 Hague

Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Co-operation in Respect of Parental Responsibility and Measures for the Protection of Children, coordination was established between the Central Authority and the Ministry of Family, Labour and Social Services. The latter is providing a detailed social investigation report on the child and measures are being taken to protect the child.

The main legislation governing judicial cooperation in criminal matters is in place since 2016 and Turkey has acceded to most of the international conventions. The legislation provides for mechanisms to speed up international judicial cooperation in criminal matters, which has started to yield positive results. As for the transfer of convicted criminals, the introduction of the procedure of 'exact execution' paved the way to the removal of the obligation of local courts to comply with domestic legislation. However, the independence and accountability of the justice system have to be substantially strengthened for a smooth application of the principle of mutual recognition of judgments and court decisions in criminal matters.

In 2019, EU Member States accepted 12 extradition requests from Turkey while 22 were rejected and 208 are pending. There were 9 extradition requests from EU Member States, of which 7 are pending. EU Member States accepted 10 transfers of convicts to Turkey and Turkey accepted 3 transfers to an EU Member State. Turkey still does not cooperate with all EU Member States in these matters. Six contact persons have been assigned by Turkey to coordinate and follow up judicial cooperation with Eurojust. In 2019, Turkey was involved in 12 Eurojust cases on terrorism, the same number as in 2018.

3. Fundamentals first: economic development and competitiveness

Table : **Turkey - Key economic figures**	**2011-16** average	**2017**	**2018**	**2019**
GDP per capita (% of EU-28 in PPS)[1)]	61.7	65.0	64.0	60.0
Real GDP growth	6.5	7.5	3.0	0.9
Economic activity rate of the population aged 15-64 (%), total[1)]	54.8	57.9	58.5	58.4
female	*33.5*	*37.5*	*38.3*	*38.7*
male	*76.2*	*78.2*	*78.5*	*78.1*
Unemployment rate (%), total[1)]	9.6	11.1	11.1	14.0
female	*11.6*	*14.2*	*14.0*	*16.8*
male	*8.8*	*9.6*	*9.7*	*12.7*
Employment (annual growth %)[1)]	2.4[2)]	3.5	1.8	-2.4
Nominal wages (annual growth %)	13.0	10.2	20.6	24.0
Consumer price index (annual growth %)	7.9	11.1	16.3	15.2
Exchange rate against EUR	2.75	4.15	5.68	6.35
Current account balance (% of GDP)	-5.6	-4.8	-2.7	1.2
Net foreign direct investment, FDI (% of GDP)	1.2	1.0	1.2	0.8
General government balance (% of GDP)[1)]	-0.2	-2.8	-2.8	-3.0
General government debt (% of GDP)	30.6	28.0	30.2	32.5[3)]

Notes :
1) Eurostat
2) 2015-2016
3) State government
Source: national sources

In line with the conclusions of the European Council in Copenhagen in June 1993, EU accession requires the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union.

Economic governance has become even more central in the accession process in recent years. The Commission's monitoring takes place in two processes: the Economic Reform Programme exercise and the assessment of compliance with the economic criteria for accession. Each enlargement country prepares an annual Economic Reform Programme (ERP), which sets out a medium-term macro-fiscal policy framework and a structural reform agenda aimed at ensuring competitiveness and inclusive growth. The ERPs are the basis for country-specific policy guidance jointly adopted by the EU and the Western Balkans and Turkey at ministerial level in May each year.

3.1. The existence of a functioning market economy

The Turkish economy is **well advanced,** but made **no progress** over the reporting period and serious concerns persist over its functioning.

The economy rebounded from the summer 2018 sharp currency depreciation and the resulting recession faster than expected, helped by expansionary policies and a strong contribution of net exports. However, the recovery remained fragile given the weak labour market and the need to repair corporate balance sheets. As the COVID-19 crisis unfolded, the authorities took a number of measures to cushion the economic impact of the pandemic, including a significant monetary expansion. These measures were constrained, however, by a limited policy space, in particular on the fiscal side, and institutional weaknesses. The current account balance, which had improved markedly since 2017, started deteriorating again by the end of 2019, triggering a sizeable increase of import duties and non-tariff barriers. Due to high external financing needs, Turkey remained exposed to rapid changes in investor sentiment, aggravated by the pandemic and rising geopolitical risks. Inflation fell from a very high level but remained elevated and well above target. Monetary policy credibility weakened further because of the dismissal of the governor of the Central Bank of the Republic of Turkey (CBRT) and recurrent political pressures. Price competitiveness continued to benefit from the weakening of the lira and the real effective exchange rate depreciated in 2019, a trend that accelerated further in 2020.

The government continued to further improve the regulatory environment for businesses. However, the informal sector remains large. State interventions in price setting mechanisms continued, and there is a continued lack of state aid implementation rules, enforcement and transparency, while the institutional set up remains incomplete. The financial sector remained stable. However, vulnerabilities increased, in particular due to rapid credit growth in state-owned banks, and various regulatory measures aimed at boosting lending activity. The high level of unemployment, in particular among young people and women, paired with declining employment, low labour mobility and a high share of undeclared work remain major concerns.

In order to improve the functioning of the market economy Turkey should in particular:

→ increase growth-enhancing public expenditure, improve budget transparency and prepare an exit strategy to lower the use of one-off and temporary measures over the medium term;

→ conduct monetary policy with the view of achieving price stability, anchoring inflation expectations, and increasing the trust in the lira;

→ further strengthen the business environment, reduce state interference in price setting and enhance the transparency and control of state aid;

→ increase labour market flexibility and step up active labour market policies.

Economic governance

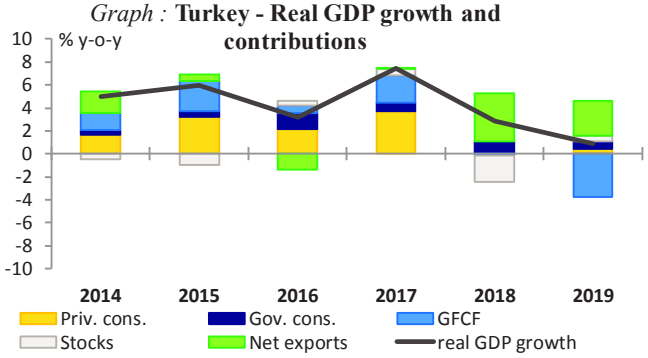
Economic governance is hampered by a weakening institutional environment and reduced

policy credibility. Prior to the COVID-19 crisis, in a still difficult economic environment, the authorities resorted to ad hoc policy measures mainly focused on boosting short-term economic growth. As the crisis began to unfold in March 2020, they took a number of additional measures to cushion the economic impact of the pandemic that were constrained, however, by a limited policy space. Following the introduction of a presidential executive system in mid-2018, the way economic policy is planned and implemented is not yet fully settled. In the autumn of 2019, the government adopted new medium-term development and strategic documents with very ambitious, but partly inconsistent targets, which have become obsolete in view of the COVID-19 crisis. Previous targets, set after the 2018 depreciation of the lira, have been mostly missed. The institutional environment weakened, and the dismissal in 2019 of the governor of the Central Bank and the recurrent pressure by the authorities on monetary policy decision-makers remain a concern. The appointment of a banker convicted for bank fraud in the US as the chairperson of the Istanbul Stock Exchange is also problematic. The policy guidance jointly agreed at the May 2019 Economic and Financial Dialogue between the EU and the Western Balkans and Turkey has been implemented to a limited extent.

Macroeconomic stability

The Turkish economy had not yet fully recovered from the dislocations caused by the 2018 recession when the COVID-19 pandemic disrupted the global economy. Preliminary data indicate that real GDP growth reached 0.9% in 2019. Following nearly two decades of impressive catching up, economic convergence has reversed in the last few years. In 2019, per capita GDP (measured in purchasing power standards) stood at 60% of the EU average, falling from a peak of 67% in 2015. Economic performance was volatile and the economy went through a short but intense recession at the end of 2018, triggered by a loss of investor confidence amid high external and internal imbalances. The resulting sharp fall in domestic demand, investment in particular, led to a strong import retrenchment. Fiscal expansion and increased credit activity by state-owned banks softened the effects of the recession. Monetary policy reacted to the strong depreciation of the lira with a significant tightening, but monetary conditions became more supportive to growth from the second half of 2019, with a fast and sizeable reduction in interest rates. The investment decline and the slump in the construction sector, however, extended into 2020, as large excesses from previous years have taken more time to correct. Although economic growth accelerated at the turn of 2019, the economy was exposed to the fallout from the pandemic due to its high integration in global value chains and dependence on tourism and transport – two of the most heavily affected sectors. The first effects of the crisis were already visible by the end of the first quarter of 2020 when economic activity fell precipitously, while in the second quarter GDP contracted by 9.9% y/y.

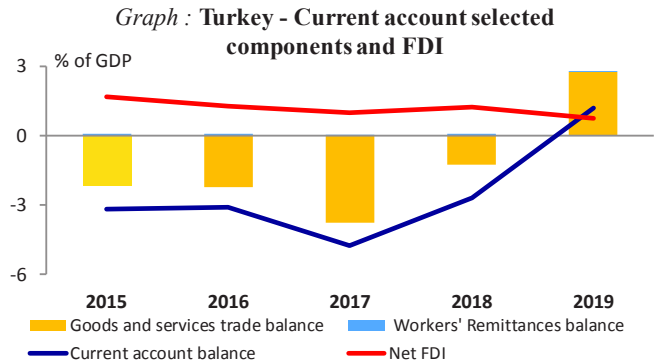
Graph : **Turkey - Real GDP growth and contributions**



Source: Macrobond, own calculations

The recession and rapid fall in domestic demand had led to a marked turnaround and closing of the current account deficit before it started deteriorating again by the end of 2019. Turkey has developed its tradable sector steadily over the years. However, strong imports had led to persistent external imbalances, which were a major vulnerability in the past two decades. Following the 2018 sharp lira depreciation, imports declined strongly, leading to a reversal of the

Graph : **Turkey - Current account selected components and FDI**



Source: IMF and Central Bank of Turkey

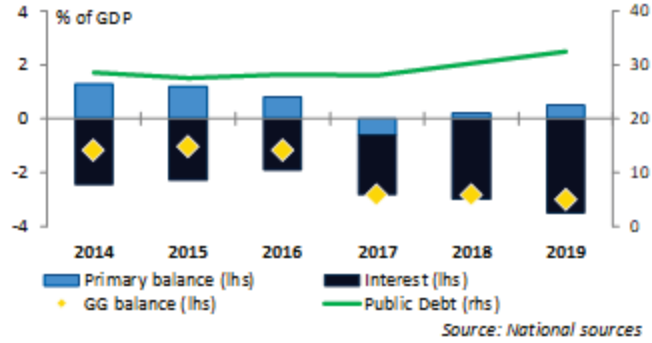
current account from an annualised deficit of more than 6% of GDP in mid-2018 to a small surplus in 2019 – the first since late 2002. Exports, including a strong 2019 tourism season, helped as well. Exports reached above 30% of GDP in 2019, covering 106% of the import of goods and services. Improved price competitiveness aided this export boom as the real effective exchange rate depreciated tangibly. However, by the end of 2019, the factors that have led to the strengthening of the external position weakened and, along with the recovery of domestic demand, the current account started to deteriorate again. The first COVID-19 effects on trade became visible in March and external trade activity, foremost exports, decelerated strongly in the spring.

Despite reduced pressures on its current account, Turkey remains exposed to rapid changes in investor sentiment, aggravated by COVID-19 and geopolitical risks. Net portfolio investment, which for years has been a major source of external financing, has nearly dried up since the sharp depreciation of the lira in the summer of 2018. There was also a reversal in other investment, driven mainly by continuing bank deleveraging. Net capital outflows were softened by an inflow of net foreign direct investment (0.7% of GDP in 2019), which, however, has been much lower than in previous years. Balance-of-payment developments, including some unconventional instruments used by the central bank, like the repayment of export credits in foreign currency, led to an increase in gross official reserves in 2019. However, reserves declined strongly in 2020 as the central bank tried to slow down the depreciation trend of the lira. Increased financial market stress was also evident in rising credit default swaps, which nearly tripled since the beginning of the year to above 600 before retracting to a still elevated level. The depreciation of the lira drove Turkey's gross external debt up to 58% of GDP in 2019. Turkey's external position is very vulnerable due to large external financing needs, volatile capital flows, uncertainty related to geopolitical developments, a high country risk premium, and the need to rebuild foreign reserves.

Although inflation fell from a very high level, it remains elevated and well above target, while monetary policy eased significantly amidst a persistent credibility gap. In the course of 2019, inflationary pressures subsided due to weak demand, strong base effects and the relative stabilisation of the lira. However, exchange rate volatility resumed by the end of the year, triggered by geopolitical factors and sanction threats. The pressure on the lira intensified in 2020 and it lost more than 15% against the U.S. dollar in the first half of the year. Inflation remained elevated at double-digit levels. The central bank has missed its inflation target of 5% for many years, entrenching high inflation expectations. Monetary policy credibility weakened further because of the abrupt dismissal of the central bank's governor in June 2019. Under the new central bank leadership, the key policy rate was cut from 24% in mid-2019 to 8.25% in May 2020. Underlying monetary conditions eased even more as the authorities adopted a series of macro-prudential measures to support credit growth. The policy reaction to the economic repercussions of COVID-19 included measures to provide commercial banks with liquidity support, including in foreign currency, and supporting credit to the corporate sector, exporters, and the government.

Fiscal space has become more constrained, alongside with a rising budget deficit. Maintaining fiscal discipline was a major asset of economic policy in Turkey until 2017. In 2019, the authorities used fiscal policy in a counter-cyclical way, mostly by accommodating the recession's negative impact on tax revenue and increasing spending on wages and current transfers. Capital outlays were curtailed, in line with the stated intention to freeze infrastructure investments. The central government cash deficit expanded by close to 30%

Graph : **Turkey - Fiscal developments**



Source: National sources

year-on-year in real terms to 2.9% of GDP. However, the underlying deficit, net of one-off and other temporary measures (including exceptional receipts from the central bank), approached nearly 6% of GDP. Government debt rose as well, staying firmly above 30% of GDP, triggering a significant increase in interest payments. Even though the level of government debt is still modest, the high underlying budget deficit, costly financing options, and significant uncertainties from the international environment severely constrain fiscal space. Refinancing risks for the state increased in view also of the issuing of shorter-maturity debt, while state-owned banks increased their exposure to the government. The initial fiscal policy reaction to the COVID-19 crisis has been cautious and limited. In addition to the general uncertainty about the extent and duration of the pandemic, the main reason for the restrained discretionary fiscal response was that Turkey entered the crisis with an already high fiscal imbalance and faced a steep increase in its sovereign risk premium since mid-February 2020. Nevertheless, the fiscal cost of the crisis will be significant mainly because of revenue losses due to the work of automatic stabilisers.

The macroeconomic policy mix turned expansionary. Fiscal policy played an important role in cushioning the effects of the recession in early 2019, with monetary policy also contributing from mid-2019, helped by a more favourable external financial environment. The policy mix became even more expansionary, with a strong prevalence of monetary policy measures, in reaction to the pandemic. However, institutional weaknesses, weak credibility linked to the repeated failure to achieve targets and the absence of strong policy anchors, and heightened uncertainty related to geopolitical factors undermined the effectiveness of the policy mix.

Functioning of product markets

Business environment

The government made progress in improving the regulatory business environment. Turkey increased its ranking to 33 in the 2020 Doing Business Index, moving up 27 places in the space of 2 years, based on a range of improvements across different areas in 2019 and some specific improvements in 2020 in registering a property and paying taxes. Because of the difficult economic environment, the number of newly created businesses fell by 1.4% in 2019, while the number of liquidated ones increased by 4.7%. In 2019, the level of investments reached a multi-year low. The large size of the informal economy points to continuing challenges in the regulatory environment. Starting a business is relatively cumbersome, while market exit has remained costly and time-consuming. Turkey's performance in resolving insolvency has deteriorated, with procedures still lasting an average of 5 years and the recovery rate falling slightly in 2019. Public-private consultations are not formally required, and most new legislation is adopted without such consultations.

There has been serious backsliding in recent years with regard to the judicial system, while the protection of property rights improved. Turkey ranked 104th of 141 countries with regard to judicial independence in the World Economic Forum's 2019 Global Competitiveness Report. Turkey, however, improved its performance in the area of property right index (rank 78) and intellectual property protection (87) in 2019. Turkey scored poorly in the area of efficiency of the legal framework in settling disputes, ranking 111. It also ranked only 109 of 126 in the Rule of Law Index of the World Justice Project in 2019. The government adopted a new judicial reform strategy in May 2019, covering 2019-2023. The strategy falls short of addressing concerns regarding the independence of the judiciary (see Chapter 23 for more details). Turkey is not taking meaningful steps in the fight against corruption, which continues to undermine the existence of a level playing field in the economy (see Chapter 23). Turkey's performance in enforcing commercial contracts deteriorated further, remaining a lengthy process taking an average of 623 days in 2019. As of early February 2020, the management of 815 companies based in 37 provinces across Turkey with a total asset value of TRY 60.9 billion (EUR 9 billion), and with a total of 40,681 employees, remains under the trusteeship of the Savings Deposit Insurance Fund.

The informal sector remains large, and its share has increased during 2019 due to the economic slowdown and the drop in formal employment opportunities. At close to 30% of GDP, the informal sector represents a considerable share of economic activity in Turkey, well above the OECD average. The rate of unregistered employment increased from an already high level. In May 2019, the Revenue Administration published an action plan and a strategy for the fight against the informal economy for 2019-2021, aiming to increase the level of voluntary compliance, strengthen audit capacity, review and regulate the legislation, enhance inter-agency data sharing and increase awareness. However, the new action plan does not present concrete performance indicators. There are plans to simplify business registration procedures via the introduction of a centralised system for business licence applications. Turkey hosts the largest refugees population in the world (close to four million, with over two million at working age), increasing the pressure on informal employment While efforts were made to increase the number of official work permits, most of working refuges are informally employed with no social protection and very poor working conditions.

State influence on product markets

The state has increased its interventions in the price-setting mechanism in key sectors. More than a quarter of the consumer price inflation basket in Turkey is composed of goods whose prices are set or heavily influenced by public authorities, either directly or indirectly (price limits, tax rate adjustments). In 2019, with the aim of containing food price fluctuations, the Ministry of Agriculture and Forestry introduced subsidies for raw milk and put in place regulatory measures for raw milk and meat markets. There were some instances of ad hoc reductions in value added tax rates with the same objective of reducing prices (temporary tax cuts in durable goods, including automobiles, furniture and white goods). The government also decided to postpone the regular adjustment of tobacco and alcohol taxes in the beginning of 2020.

There was backsliding in State aid transparency and control. Legislation to implement the State aid law, originally scheduled to be passed by September 2011, has still not been adopted. Turkey has not formally set up a comprehensive State aid inventory or adopted an action plan to align all State aid schemes with the EU *acquis*. Additionally, Turkey has abolished the administrative structure responsible for implementing State aid legislation, while transferring its mandate to the Economic Policies Council. The Directorate-General Economic Programs and Research, established in 2019 under the Ministry of Treasury and Finance, was assigned the role of coordinating State aid. The current structure of state aid control is considered neither independent nor operational. The government announced support for priority investments (including national automobile factory) worth TRY 36.5 billion under a generous, project-based incentive scheme. Small and medium enterprises (SMEs) benefit from numerous support measures and initiatives, for which there is a lack of systematic monitoring and evaluation are at an early stage.

Privatisation and restructuring

The process of privatisation has nearly come to a standstill. Privatisation receipts declined from USD 1.4 billion in 2018 to USD 0.1 billion in 2019. Privatisation of hydroelectric power plants continued in 2019 and the rest of the privatisation portfolio has mainly consisted of the sale of immovable assets such as land and buildings. Government assets within the scope of the Turkish Sovereign Wealth Fund (TWF) appear to be ring-fenced from privatisation. The TWF holds shares in major companies in the financial, telecommunications, petrochemicals, real estate, and transport sectors. In early 2020, it increased further its presence in telecommunications and financial sectors. It is a member of the International Forum of Sovereign Wealth Funds and is committed to applying the Santiago principles on professional management, transparency, performance, sustainability, risk management and accountability. However, concerns over auditing of the TWF have still not been addressed. Under a broader set

of measures to react to COVID-19, the TWF was exempted from some rules mostly related to (publicly held) corporations' transactions, merger and acquisition, unlawful exercise of control, and shareholders' rights. Practically, the fund has been allowed to inject cash or acquire controlling stakes of private companies considered to be of strategic importance and in distress due to the coronavirus outbreak. In February 2019, the Government has established a joint stock company called International Health Services (UHSAŞ), under the Ministry of Finance and Treasury and affiliated to the Ministry of Health, which is mainly engaged in the promotion of health tourism. The company is also authorised to carry out public procurement of medicines and medical devices and was active after the COVID-19 outbreak with the purchase and supply of personal protective equipment.

Functioning of the financial market

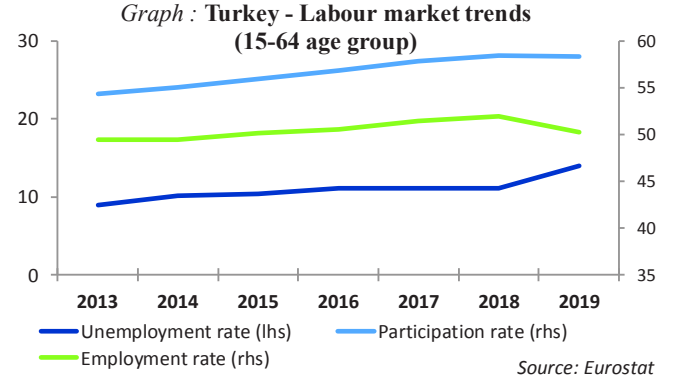
Financial stability

The financial sector remained stable, although it is still experiencing the fallout from the 2018 recession. Commercial banks, dominating the financial sector, continued their solid performance despite the difficult economic environment. The capital adequacy ratio increased from 17.3% at end-2018 to 19.5% in the first half of 2020. The TWF swapped government debt for subordinated debt issued by state-owned banks in order to strengthen their capital. The 2018 recession, however, has taken its toll, and non-performing loans (NPLs) increased from below 3% in 2017 to 5.4% by the end of 2019, along with rising stage 2 loans (loans for which the risk of non-payment has increased significantly). By June 2020, NPLs declined because of the significant credit expansion. NPLs in state-owned banks remained below the average level for the whole banking system, although loan restructurings and discretion in recognising impairments may be clouding proper assessment. The Banking Regulation and Supervision Agency took several steps to address the rising NPLs, inviting banks to reclassify TRY 46 billion in loans, mostly in the construction and energy sectors, as NPLs, and to prepare roadmaps to reduce NPL ratios by the end of 2020. The dollarisation of the system remained high, with foreign exchange deposits accounting about half of all deposits. Banking sector profitability declined in 2019. The decline was more pronounced in state-owned banks, largely because of the authorities' use of these banks to boost lending. The authorities intervened frequently in defence of the lira, relying on foreign exchange swap operations with domestic banks and heavily disrupting the offshore currency swap market. In December, the Financial Action Task Force assessed Turkey's anti-money laundering and counter terrorist financing system and recommended Turkey to swiftly address the gaps identified in the report *(see also chapter 4 – Free movement of capital).*

Access to finance

Supported by strong regulatory measures, bank lending recovered from the sharp fall in the aftermath of the 2018 lira depreciation. Commercial bank credit was a major engine of growth in the period leading up to the 2018 currency turbulence but contracted sharply afterwards. After falling throughout most of 2019, total bank assets have started increasing again since the last quarter of the year and accelerated strongly in 2020 to reach 120% of GDP in June. Real credit had declined both in the corporate and households segments but, driven by base effects and monetary policy and macro-prudential decisions, it rebounded strongly in the last quarter of 2019. However, while lending to households turned to growth, corporate lending lagged behind. Aggressive credit expansion by state-owned banks allowed them to gain market share at the cost of growing risk exposure. State-owned banks have also significantly increased their exposure to the government. The trends of growing state banks activity and expanding credit accelerated in 2020, as the authorities

Graph : **Turkey - Labour market trends (15-64 age group)**



Source: Eurostat

took, in a rapid succession, numerous regulatory measures to soften the economic repercussions of the pandemic. Interest rate spreads between commercial loans and deposits in USD have increased from their long-term average of around 2.2% to close to 3% in 2019. The spreads between consumer and commercial loans and deposits in lira have reached historic highs during the 2018 financial market turbulence and have been very volatile since then, despite declining significantly to new lows in the spring of 2020.

Functioning of the labour market

The decline in employment, paired with high level of unemployment, in particular among young people and women, low labour mobility and a high share of undeclared work remain major concerns. Labour market indicators worsened following the 2018 recession. The unemployment rate for 15-64 year-olds peaked at a multiyear high of 15% in early 2019 and stood at 14% on average for the year. The continuing sharp decline in investment undermined employment creation and average employment fell by 658,000 or 2.4% in 2019. Strong increases in public sector employment mitigated the strong decline in overall employment. The average unemployment rate for women (16.8%) remained persistently higher than that for men (12.7%). Steady population growth and an influx of Syrian refugees under temporary protection continued to exert pressure on the labour market. The labour force increased further while the participation rate (58.5% on average) stood unchanged. The problem of youth unemployment (15-24 years) worsened, and the youth unemployment rate rose by 5.1 pps to 25.4% on average in 2019. The rate of youth not in employment, education or training topped 30% for the first time ever in August 2019, and was 26.0% on average in 2019, showing the grave economic situation young people face. There are significant regional disparities in labour market indicators, which increased further in 2019, with unemployment levels ranging from 7.6% to 30.9%. Labour mobility is constrained by rigidities in labour regulation, in particular on severance pay and non-transferable rights. Undeclared work has increased and needs to be further addressed. The share of people not registered with any social security institution rose to 36.1% in August 2019 – a level not seen since 2014, and remained high afterwards. Since mid-March, when Turkey started implementing containment measures, the number of people who requested a short-term working allowance (a scheme providing temporary income support to workers in workplaces that suspended their activities) has reached more than 3 million or around 10% of the labour force.

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

Turkey has made **limited progress** and has a **good level of preparation** in achieving the capacity to cope with the competitive pressure and market forces within the EU. Expenditure on research and development increased, although remaining well below the Government's target. Investment excesses and misallocations declined. Progress was made in the diversification of energy supplies but reforms are needed to open up the natural gas market and increase competition on it. Significant problems remain in education as regards quality and access. Women face difficulties in accessing quality education and the labour market. Although Turkey remains well integrated with the EU market in terms of both trade and investment links, the relative share of the EU in Turkey's foreign trade declined further amid a growing list of deviations from Turkey's obligations under the EU-Turkey Customs Union.

In order to improve competitiveness and support long-term growth, Turkey should in particular:

→ continue increasing enrolment in education and step up VET training;

→ improve capital allocation by basing public investment decisions on sound cost-benefit analysis, taking into account environmental and social concerns.

Education and innovation

Despite some improvements, significant problems remain in education in terms of both quality and access. Turkey continues to score poorly in educational attainment in the Gender

Gap Index calculated by the World Economic Forum, ranking 113th of 144 countries in 2020. Total expenditure on education was TRY 214.6 billion (5.8% of GDP) in 2018, representing an increase of 21.6% year-on-year. The net enrolment rate for pre-school education for the age group of 5 increased from 66.9% to 68.3% between 2018 and 2019. For the same period, the net enrolment rates in primary school (first 4 years) increased from 91.5% to 91.9%, but fell for lower secondary school (second 4 years) from 94.5% to 93.3%. In secondary education (final 4 years), the net enrolment rate increased from 83.6% to 84.2% between 2018 and 2019. A mismatch continues to exist between the requirements of the labour market and the skills produced by the education system. However, as part of its national employment strategy and action plan 2017-2019, Turkey has taken some steps to align the education system with the requirements of the labour market, such as the Initial Vocational and Technical Education E-Graduate Tracking System and various active labour market programmes. Turkey's scores in the 2018 OECD PISA (Programme for International Student Assessment) test improved, but still remain relatively low in comparison with the OECD average in reading, mathematics and science.

Research and development expenditure increased from 0.86% of GDP in 2014 to 1.03% in 2018, but remained well below the government's target of 1.8% by 2023. This is also well below the EU average. About half of this investment came from the private sector. Cooperation between research institutions and the private sector still needs to be further strengthened. In the Global Innovation Index, Turkey continued to receive high scores on intellectual property filing activity, but its overall innovation index still remains low (ranked 49th) despite a slight improvement in 2019.

Physical capital and quality of infrastructure

High investment activity in the years before the 2018 recession led to the accumulation of imbalances and the misallocation of capital. Total investment was high, at close to 30% of GDP over 2013-2018 but declined strongly, following the 2018 lira depreciation, to 26.1% of GDP in 2019. The share of construction in total investment went up from around 50% in the beginning of the decade to an average of 57% after 2013, indicating investment misallocations. In parallel, the share of investment in machinery and equipment fell from close to 40% to around 35%. The strong decline of construction activity in 2019 has led to a rebalancing of the share of investment to its level at the beginning of the decade. Government investment averaged around 3.4% of GDP in the years before 2016. As part of the authorities' response to domestic and external challenges, it picked up to 4.1% of GDP in 2017 and 4.5% in 2018. However, the suspension of a number of investment projects in the second half of 2018 has led to a marked decline in government investment expenditure in 2019. The government has advanced the preparation of and held its first tender for the Istanbul Canal project, connecting the Black Sea to the Sea of Marmara, despite strong domestic opposition, environmental and social concerns, and unclear financing and economic returns.

Some progress was made in the energy sector. The volume of spot market transactions in natural gas in Turkey's natural gas spot trading platforms, operated by the Energy Exchange Istanbul (EXIST) has increased in 2019. Reforms are needed, however, to open up the natural gas market and increase competition on it. The state-owned and vertically integrated enterprise BOTAŞ continues to dominate the market, which does not allow for real viability of the energy exchange. The Turkish electricity Transmission System Operator's (TEIAŞ) application to extend its observer membership of the European Network of Transmission System Operators for Electricity (ENTSO-E) was not approved but Turkey continued to participate in technical discussions. Progress was made in the diversification of energy supplies, through the completion of works and start of operations of the TANAP and Turkstream pipelines. The renewable energy sector of Turkey is advanced, with generous feed-in-tariffs and incentive schemes, which expire by the end of 2020. Local-content requirements in big renewable energy tenders in Turkey limit access by EU and other international companies to tenders in that sector.

In telecommunications, the number of broadband internet subscribers reached 76.6 million in 2019. Mobile broadband penetration slightly increased, though it is still below the OECD average. The share of households with access to internet at home grew from 83.8% in 2018 to 90.7% in the first quarter of 2020. Over the same period, internet usage by individuals aged 16-74 increased from 72.9% to 79.0%. The number of 4.5G subscribers reached 75.4 million in the first quarter of 2020.

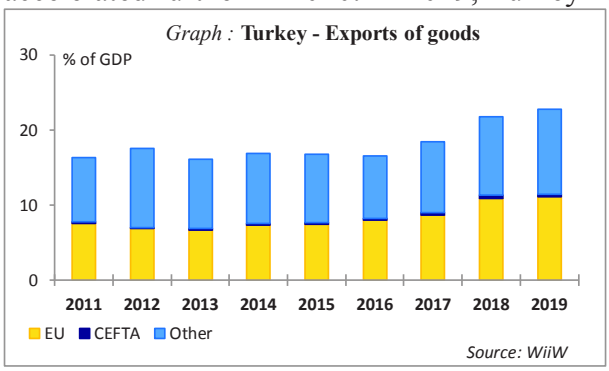
Sectoral and enterprise structure

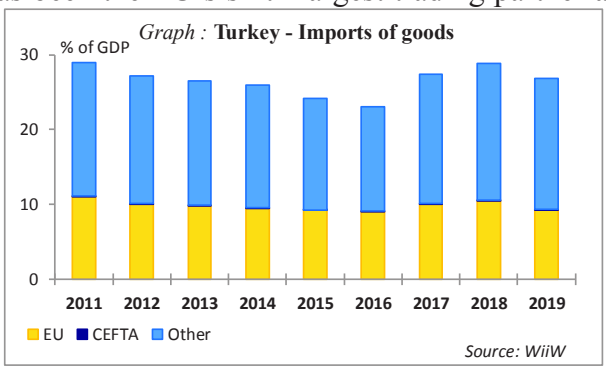
The sectoral breakdown of employment shows a continued shift towards the services sector (including construction), while industry's share of GDP has increased lately. The share of employment in services and construction increased from 58.1% in 2013 to 62.0% of total employment in 2019. The share of these two sectors in GDP, however, remained broadly unchanged over the same period and accounted for 61.3% of GDP in 2019. Industry accounted for 19.8% of employment in 2019, down by 0.9pp from its 2013 level. It increased its share of GDP from below 20% in 2013 to 22.3% of GDP in 2019. Although representing only 6.4% of GDP in 2019, agriculture remained an important sector, employing 18.2% of the workforce.

SMEs employ around three quarters of Turkey's workforce and generate more than half of the economy's total value added. Turkey continued to implement various corporate support schemes, mostly targeting SMEs. A new economic incentive package worth EUR 4.5 billion, entitled IVME, was announced in May 2019, providing advantageous loans through three public banks. In response to the COVID-19 outbreak, the Credit Guarantee Fund's limits were increased and repayments of SME loans were postponed by three months. Five new investment funds of a total of EUR 105 million for techno-entrepreneurs and start-ups were established in cooperation with 12 research universities in Turkey. Access to long-term financing still remains a challenge for SMEs, however. Several technical assistance and financing schemes run by the SME support administration (KOSGEB) are operational. KOSGEB signed protocols with the Turkish Exporters Assembly and the Foreign Economic Relations Board in order to increase the export performance and internationalisation of SMEs. Following the COVID-19 pandemic, the scope of KOSGEB supports was extended to include the services sector, craftsmen and artisans. A new support scheme was established for companies with production capability of personal protective equipment and disinfectants.

Economic integration with the EU and price competitiveness

Although Turkey's trade integration with the EU remained high, it declined further on the import side, amid challenging trade relations. Driven mainly by a strong increase in exports, trade openness increased from 55.8% of GDP in 2017 to 62.5% of GDP in 2018. It rose further to 62.7% of GDP in 2019, with the level of exports of goods and services surpassing imports for the first time in decades. Price competitiveness continued to benefit from the weakening of the lira and the real effective exchange rate depreciated on average by 1.4% in 2019, a trend that accelerated further in 2020. In 2019, Turkey has been the EU's sixth largest trading partner and





the EU remains by far Turkey's largest trading partner. However, the share of Turkish exports of goods going to the EU fell from a high of 50.2% in 2018 to 48.7% in 2019, while the share of Turkish imports coming from the EU declined from 36.6% to 35.0%. The EU share of Turkish imports fell from close to 40% a decade ago, displaced by a more active trade by Turkey with some Middle Eastern countries and India. The EU remained the largest source of foreign direct investment (FDI) in Turkey, although its share in the overall stock of FDI declined from 72% in 2013 to 58% in 2019. The EU-Turkey Customs Union, in force since 1996, remained the basis of bilateral trade relations for industrial goods. However, Turkey continued the practice of introducing new tariff increases on certain products of non-EU origin circulating freely within the Customs Union and the forced localisation policy in the pharmaceutical sector, which the EU has challenged at the World Trade Organisation. Protectionist measures intensified in the wake of the pandemic and in view of restraining a widening trade imbalance; the authorities increased significantly the scope and rate of the additional duties on goods of non-EU origin, while intensifying non-tariff barriers like import surveillance and customs checks.

4. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

Cyprus

Tensions in the region further increased in the reporting period as a result of Turkey's actions and statements challenging the right of the Republic of Cyprus to exploit hydrocarbon resources in Cyprus' Exclusive Economic Zone.

Turkey deployed two drilling and two seismic vessels in the Cypriot Exclusive Economic Zone, including in the areas that have been licensed by the Government of Cyprus to European oil and gas companies, as well as in Cypriot territorial sea. Despite repeated calls from the EU to cease its illegal activities, Turkey launched six new drilling sessions since May 2019. The Turkish Armed Forces accompanied the drilling ships during their operations. Cyprus also reported a dramatic increase in the number of Turkish military exercises within its Exclusive Economic Zone.

The EU reiterated on several occasions that Turkey needs to commit itself unequivocally to good neighbourly relations, international agreements and the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice. In July 2019, in light of the unauthorised drilling activities of Turkey in the Eastern Mediterranean, the Council decided to suspend negotiations with Turkey on the Comprehensive Air Transport Agreement, not to hold for the time being the EU-Turkey Association Council or any further meetings of the EU-Turkey high-level dialogues, to endorse the Commission's proposal to reduce the pre-accession assistance to Turkey for 2020, and to

invite the European Investment Bank to review its lending activities in Turkey, notably with regard to sovereign-backed lending. In reaction to Turkey's unauthorised drilling activities, tThe EU further adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework.

Turkey stressed that it would not accept negotiating with the Republic of Cyprus for delimiting maritime zones in the Eastern Mediterranean – as Turkey continues to refuse to recognise the Republic of Cyprus. In July 2019, Turkey supported the cooperation proposal of the Turkish Cypriot leader to the President of the Republic of Cyprus concerning the exploration and exploitation of hydrocarbon resources around Cyprus. It further stated that, while it would be ready to discuss with other parties the issue of maritime delimitation, talks with the Republic of Cyprus to delimit maritime zones could only start after a settlement of the Cyprus issue. Cyprus has announced that it is in the process of seeking recourse at the International Court of Justice in The Hague.

In its conclusions of 1 October 2020, the European Council strongly condemned violations of the sovereign rights of the Republic of Cyprus, which must stop. The European Council stressed that the EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Turkey. Pursuing dialogue in good faith and abstaining from unilateral actions which run counter to the EU interests and violate international law and the sovereign rights of EU Member States is an absolute requirement in this regard. All differences must be resolved through peaceful dialogue and in accordance with international law.

In September 2019, Turkey announced its intention to open the fenced area of Varosha and to open a consulate general in Famagusta. Several representatives of the Turkish government, including the Vice President, visited Varosha. The status of the area is laid down in UN Security Council resolutions, which state that attempts to settle any part of Varosha by people other than its inhabitants are inadmissible. Turkey has announced the deployment of Unmanned Aerial Vehicles and increased its military activities within the maritime zones of Cyprus as well as in areas where the Republic of Cyprus does not exercise effective control. The senior UN official conducting consultations on behalf of the UN Secretary-General continued her engagement with the parties to the Conference on Cyprus, as part of the efforts to facilitate agreement on the terms of reference for resuming negotiations on the Cyprus issue. Informal discussions of the UN Secretary-General with both Cypriot leaders took place in Berlin in November 2019, upon the invitation of the UN Secretary General. Both leaders reaffirmed their commitment and determination to achieve a settlement, based on a bi-communal and bi-zonal federation with political equality as set out in the relevant United Nations Security Council resolutions. As emphasised in the Negotiating Framework and Council declarations, Turkey is expected to actively support the negotiations on 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 and the EU *acquis*. It is important to preserve the progress made so far and to pursue preparations for a fair, comprehensive and viable settlement, including in its external aspects. Turkey's commitment and contribution in concrete terms to this comprehensive settlement remains crucial.

In its conclusions of 1 October 2020, the European Council stressed that it support the speedy resumption of negotiations, under the auspices of the UN, and remains fully committed to a comprehensive settlement of the Cyprus problem within the UN framework and in accordance with the relevant UNSC resolutions, including UNSC resolutions 550 and 789, and in line with the principles on which the EU is founded. It expects the same of Turkey. The EU stands ready

to play an active role in supporting the negotiations, including by appointing, upon resumption, a representative to the UN Good Offices Mission.

The process of granting the Committee on Missing Persons full access to all relevant archives and military areas has seen welcome developments, which need to be followed up by concrete actions and further expedited.

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 2015. 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 the Republic of Cyprus.

Turkey continued to veto applications by the Republic of Cyprus to join several international organisations, including the Organisation for Economic Co-operation and Development (OECD). In January 2020, Turkey blocked the Republic of Cyprus' participation as an observer at the United Nations Conference on Disarmament.

Peaceful settlement of border disputes

In September 2020, Greece and Turkey agreed to re-launch bilateral exploratory talks, which should remain a valuable channel of communication between both sides to find common ground for the start of negotiations on the delimitation of the continental shelf. The EU welcomed the confidence building steps by Greece and Turkey, as well as the announcement that they will resume their direct exploratory talks aiming at the delimitation of the Continental Shelf and Exclusive Economic Zone of the two countries.These efforts should be sustained and broadened.

The signing of a bilateral Memorandum of Understanding on the delimitation of maritime jurisdiction areas between Turkey and the National Accord Government of Libya in November 2019 increased tensions in the Eastern Mediterranean, as it ignored the sovereign rights of Greece’s islands in the area concerned. In this respect, the European Council, in December 2019, unequivocally reaffirmed its solidarity with Greece and Cyprus regarding actions by Turkey in the Eastern Mediterranean and the Aegean Sea. It stressed that the Memorandum infringes upon the sovereign rights of third States, does not comply with the United Nations Convention on the Law of the Sea and cannot produce any legal consequences for third States. Furthermore, the EU stated that the sovereignty and sovereign rights over the maritime zones of all neighbouring coastal states, including those generated by their islands, need to be respected. The delimitation of exclusive economic zones and continental shelf should be addressed through dialogue. In May 2020, EU Foreign Ministers reaffirmed the EU’s position on the Eastern Mediterranean drillings as well as Turkey’s provocative and aggressive behaviour in relation to Cyprus and Greece, underlining that abstaining from unilateral actions is a basic element to allow dialogue between the EU and Turkey to advance and that Turkey’s illegal actions have serious negative impact across the range of EU-Turkey relations.

The launch of a tender for offshore oil and gas exploration, including part of the continental shelf off the Greek island of Castellorizo, continued to be objected by Greece. Aiming at emphasising its territorial claims, Turkey unilaterally deployed in August and up until 12 September 2020 a survey and military ships in the continental shelf off Castellorizo. In May 2020, the Turkish Petroleum Corporation submitted applications to the Turkish Government for the granting of exploration and exploitation permits south and south-east of four Greek islands.

The threat of *casus belli* in relation to the possible extension of Greek territorial sea to 12 nautical miles, as set out in a 1995 Turkish Grand National Assembly resolution, still stands, and was reiterated in relation to the possible extension of the Greek territorial waters in the

Aegean Sea. The reconfirmation of the 2017 agreement to ease increasing tensions in the Aegean Sea reached during a meeting at the margins of the UN General Assembly in New York in September between the Greek Prime Minister and the Turkish President, has not been followed up in practice. Greece and Cyprus continue to complain about repeated and increased violations and an increasing militarisation of their territorial waters and airspace by Turkey. Flights over Greek inhabited areas increased significantly, in violation of international law. Overflights of Greek mainland in the Evros river border region were also reported. As highlighted by the Council conclusions of July and October 2019, and stemming from obligations under the Negotiating Framework, Turkey is expected to unequivocally commit to good neighbourly relations, international agreements and the peaceful settlement of disputes having recourse, if necessary, to the International Court of Justice. Turkey must avoid threats and actions that damage good neighbourly relations, normalise its relations with the Republic of Cyprus and respect the sovereignty of all EU Member States over their territorial sea and airspace as well as all their sovereign rights, including *inter alia* the right to explore and exploit natural resources, in accordance with EU and international law, in particular the United Nations Convention on the Law of the Sea (UNCLOS). Accordingly, Turkey is expected to refrain from any drilling activities of hydrocarbons in the maritime zones of other states.

Regional cooperation

Good neighbourly relations form an essential part of Turkey's process of moving towards the EU. Bilateral relations with other enlargement countries were generally good, but have become increasingly challenging with neighbouring EU Member States, particularly Greece and Cyprus. Operational cooperation with Greece on migration continued until the end of February 2020, when Turkey announced a change its migration policy and declared its borders with EU Member States open. This action led to considerable tensions with Greece (*see chapter 24*). From 30 March, the Turkish authorities organised transport for migrants and refugees away from the border area with Greece and closed the borders with Greece and Bulgaria except to commercial traffic because of the COVID-19 outbreak. Furthermore, tensions in the Aegean Sea and Eastern Mediterranean were not conducive to good neighbourly relations and undermined regional stability and security.

Turkey continued to conduct a proactive foreign and economic policy with the Western Balkans and supported the countries of the region in their respective efforts in joining NATO and the EU. Turkey also improved its relations in the fields of culture and security. Turkey attended the South East European Cooperation Process (SEECP) Summit in July 2019 and assumed the Chairmanship-in-office in June 2020 for 2020-2021. The Turkish authorities continued to exert pressure on authorities in the Western Balkans to locally prosecute and extradite alleged members of the Gülen movement, leading to the expulsion of one individual from Albania to Turkey. Turkey provided equipment to individual partners in the Western Balkans in their fight against the COVID-19 pandemic.

Turkey's relations with ***Albania*** continued to be good and Turkey was among the first countries to provide rescue teams and medical aid to Albania following November's deadly earthquake and pledged almost EUR45 million at the International Donors' Conference 'Together for Albania'. Turkey's relations with ***Bosnia and Herzegovina*** remained positive. Turkey supported the forming of a government at the state level. Turkey continued to support the Office of the High Representative for Bosnia and Herzegovina. Turkey's relations with ***Kosovo***[*] remain good.

Turkey and ***Montenegro*** continued to have friendly and comprehensive relations. High-level visits took place in October. Turkey ratified the protocol for ***North Macedonia***'s membership of NATO in July. Political consultations took place in May and July.

[*] This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Turkey further increased its investments in ***Serbia*** and developed relations with the country in all areas**.** At a High Level Cooperation Council in October, both countries agreed to increase bilateral cooperation in a number of areas. A trilateral summit between Bosnia and Herzegovina, Serbia and Turkey took place in October, during which an official ceremony for the start of construction work of the Sarajevo-Belgrade highway was held.

5. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

5.1. Chapter 1: Free movement of goods

The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these from creating unjustified barriers to trade.

Turkey is at a **good level of preparation** for the free movement of goods. It made **limited progress** in addressing last year's recommendations, notably on aligning with the 'New and Global Approach' EU *acquis*. Technical barriers to trade continued to prevent the free movement of some goods and requirements that discriminate against EU products continued to be in place, violating Turkey's obligations under the Customs Union.

In the coming period, Turkey should in particular:

→ eliminate non-tariff barriers to the free movement of goods that are in breach of Customs Union obligations, such as surveillance regimes for the import of certain products, export restrictions, prior registration requirements, conformity assessments and inspections, licensing surveillance and other documentation requirements for imports and non-acceptance of EU good manufacturing practices certificates;

→ re-consider schemes imposing local content requirements or relocation of production particularly in the area of medicines for human use;

→ increase the coverage and effectiveness of market surveillance measures;

→ implement the EU *acquis* on mutual recognition of goods lawfully marketed in another Member State.

General principles

The framework for the free movement of goods is largely in place in Turkey. However, issues related to implementation remain. A range of non-tariff barriers to the free movement of goods that are in breach of Customs Union obligations were still in place or newly introduced. These included surveillance regimes for the import of certain products, export restrictions, prior registration requirements, conformity assessments and inspections, licensing surveillance and other documentation requirements, as well as non-acceptance of EU good manufacturing practices certificates and discrimination against EU products. Furthermore, schemes to ensure the local manufacture or local content requirements create *de facto* market access barriers for EU products and are considered not in line with the Customs Union.

At the COVID-19 outbreak, Turkey restricted entry of non-Turkish truck drivers to its territory. These measures were later progressively eased in order to facilitate the transport and trade of essential goods between the EU and Turkey. Temporary export restrictions for some specific hygiene products and medical equipment were revoked in May 2020. Turkey introduced early March a prior authorisation requirement for exports of a number of personal protection equipment (PPE) items, which is still in place.

Non-harmonised area

Although a legal base to ensure ***mutual recognition in the non-harmonised area*** has been in place since July 2013, the number of notifications from Turkey decreased from 26 in 2018 to 9

in 2019. This is insufficient considering Turkey's legislative activity in this area. Turkey should make sure that the legal base follows the latest EU *acquis* on the mutual recognition of goods lawfully marketed in another Member State applicable since April 2020.

Harmonised area: quality infrastructure

Turkey is aligned to the EU *acquis* on technical regulations, standards, conformity assessment, accreditation, metrology, and market surveillance. A new Product Safety and Technical Regulations Law was adopted in March 2020, replacing the outdated framework legislation on the same subject.

The Turkish Standards Institute is independent, able to implement European and international standards. It has adequate staff resources and financing, and since 2012 is a full member of the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC). By December 2019, it had adopted 20,579 national standards aligned with European standards. The rate of harmonisation with CEN and CENELEC standards is *98%* and 95%, respectively. Six Turkish economic operators are full members of the European Telecommunications Standards Institute (ETSI) and one is an observer. A national standardisation strategy for 2017-2020 and the National Development Programme (NDP) 2019-2023 are in place including a measure on increasing the participation of stakeholders in standardisation.

Turkey has 49 ***notified bodies***, two technical approval bodies and one recognised third party organisation in place as of March 2020. The Turkish Accreditation Agency (TÜRKAK) is a signatory of nine multilateral agreements as part of the European cooperation for accreditation association. The National ***Metrology*** Institute (TÜBİTAK-UME) is a member of the European Association of National Metrology Institutes (EURAMET) and participates in the Committee of the European Metrology Programme for Innovation and Research (EMPIR). The Ministry of Industry and Technology participates at the European Legal Metrology Organisation (WELMEC).

Turkey performs ***market surveillance*** in line with the EU *acquis* and submits its annual programme to the European Commission. However, the number of products subject to market surveillance checks in 2018 (the last reported year) decreased by 22% as compared with 2017, and the market surveillance budget also declined. Market surveillance is not done on the basis of risk assessment, and remains limited with regard to products placed on the market by e-commerce. Only 31% of unsafe products were subject to fines in 2018, raising concerns on the enforcement of product safety legislation.

Harmonised area: sectoral legislation

On the ***'new and global approach' product legislation,*** implementing legislation was issued for in-vitro diagnostic medical devices and measuring instruments.

On ***'old approach' product legislation,*** Turkey adopted amending legislation on motor vehicles. Turkey did not accept EU *good manufacturing practice* (GMP) certificates on medicines for human use, in contradiction to Customs Union rules. Turkey is only partly aligned with the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals *(REACH*). Turkey's schemes impose the requirement of local manufacturing on medicines for human use and on agricultural and forestry tractors, which create market access barriers for EU products. Turkey requires submission of safety assessment reports before imported cosmetic products are placed on the market, in contradiction to the EU *acquis* and its own Cosmetics Regulation, which was transposed to align with the EU *acquis*. Turkey imposed a requirement for additional excessive documentation and information on risk assessment on footwear, machineries, telecom and electrical equipment, although such additional checks should be justified on the basis of a risk analysis. These additional administrative requirements create additional market access barriers and discriminate against EU products. Turkey continued to

systematically delay the application of new EU emission limits for motor vehicles, which represents a trade barrier.

On ***procedural measures***, there is a specific licensing and regulation system for economic operators dealing with ***drug precursors***, with a strict follow-up and monitoring system in cooperation with the police and customs authorities. Turkey is aligned regarding licensing procedures for firearms. There was no progress on alignment to the EU *acquis* on **cultural goods**.

5.2. Chapter 2: Freedom of movement for workers

Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.

Preparations in the area of freedom of movement for workers are at an **early stage** and there was **no progress** during the reporting period.

There was no progress on **access to the labour market** or **coordination of social security systems**. So far, Turkey has concluded 16 bilateral social security agreements with EU Member States, but no new bilateral social security agreements were signed during the reporting period. There were no developments on future participation in the European employment services network (**EURES**).

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

EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. Postal services are gradually being opened up to competition.

Preparations in the area of right of establishment and freedom to provide services are at an **early stage**. There was **no progress** in the reporting period. Substantial efforts are still needed to align with the EU *acquis*. There was no implementation of the 2019 report's recommendations.

In the coming year, Turkey should in particular:

→ align with the Postal Services Directive

→ align with the Services Directive on the provision of cross-border services and set up a point of single contact;

→ align its national legislation with the EU *acquis* in the area of the mutual recognition of professional qualifications.

No progress was made on the **right of establishment** where many requirements still restrict this right, while regarding the **freedom to provide cross-border services**, registration, licensing and authorisation requirements are still in place for service providers registered in the EU. There is no point of single contact yet. Preparations to transform the retail sector information system (PERBIS) into a sector-specific point of single contact were not finalised.

No progress was observed in the **area of postal services**. Turkey did not align with the Postal Services Directive as regards the provision of universal postal services. A reserved area still exists in the standard postal letter service sector and the universal service provider still maintains its exclusive rights.

On the ***mutual recognition of professional qualifications***, the Vocational Qualifications Authority continued to issue occupational standards. Some regulated professions remained subject to reciprocal recognition requirements. Nationality and language requirements have yet to be removed. Alignment of national legislation with the EU *acquis* in this area needs to continue.

5.4. Chapter 4: Free movement of capital

In the EU, capital and investments must be able to move without restriction and there are common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.

Turkey is **moderately prepared** on free movement of capital. Overall, there was **no progress** in this area in the reporting period. Restrictions imposed on capital outflows and foreign exchange-denominated transactions after the August 2018 currency crisis are still in force. Legislation on real estate acquisition is not aligned with the EU *acquis.* There was no implementation of the 2019 report's recommendations.

In addition to addressing the shortcomings set out below, Turkey should in particular:

→ draft and adopt an action plan on real estate acquisition by foreigners to lift restrictions and increase transparency;

→ further align with the EU *acquis* by strengthening measures to prevent the misuse of its financial system for the purposes of money laundering and the financing of terrorism;

→ continue alignment of the legislative framework and administrative set up with a view to comply with the Financial Action Task Force's (FATF) recommendations.

On **capital movements and payments**, Turkey's legislation on real estate acquisition by foreigners remains opaque and does not apply to all EU nationals in a non-discriminatory way. An action plan to further liberalise the purchase of real estate by foreigners needs to be adopted and implemented, bringing Turkey's laws in line with the EU *acquis.* Restrictions applying to foreign ownership remain in place in many sectors such as radio and TV broadcasting, aviation and maritime transportation, education, mining and the electricity market. The restrictions introduced after the August 2018 currency crisis, on capital movements for residents and non-banking corporations, in particular for transactions denominated in foreign currencies (such as banning the use of foreign currencies in the purchase, sale or lease of some movable and immovable properties) are still in place. The temporary measure forcing the transfer of export earning into the country evolved into a permanent provision of the Turkish legislative framework. However, the obligation to convert these revenues into domestic currency was lifted. The Banking and Supervision Agency (BRSA) also restricted domestic banks' ability to do swap operations and other derivatives operations with foreign counterparties.

Turkey has reached a good standard in **payment systems**. In December, Turkey adopted a new legislation on payment service providers and electronic money institutions, aiming at further alignment with the EU *acquis*. The supervisory and regulatory authority over payment service providers and electronic money institutions was transferred from the Banking Regulation and Supervision Agency to the Central Bank.

Turkey made limited progress in the **fight against money laundering and financing of terrorism**. The country is party to the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism. Turkey was subjected to the fourth round of the Financial Action Task Force's (FATF) mutual evaluations, and needs to continue its alignment of the legislative framework and administrative set up with a view to comply with the FATF's recommendations. The Mutual Evaluation Report published in December 2019 found that Turkey's legal framework on fight against money laundering and terrorist financing has certain shortcomings in key areas, which would need to be addressed in order to demonstrate the effectiveness of the Turkish system. The country currently lacks an up-to-date strategy and an action plan to fight money laundering and terrorist financing. It needs to pursue money laundering and terrorist financing in line with the country's risk assessment (the number of money laundering investigations currently results in only few convictions). Turkey also needs to develop a national strategy to permanently deprive criminals of the proceeds of their crimes and strengthen its ability to freeze assets of entities designated by the United Nations Security Council without delay. In reforming its legal framework, Turkey is

now in the monitoring process, carried out by the FATF's International Co-operation Review Group and needs to address the findings of the Mutual Evaluation Report in order to avoid listing by FATF. Failure to address these recommendations would put Turkey at risk of being included in the EU list of high-risk third countries presenting strategic deficiencies in their anti-money laundering/countering financing of terrorism regimes.

The Financial Crimes Investigation Board of Turkey (MASAK) strengthened its administrative and enforcement capacity, and improved its cooperation with law enforcement agencies and judicial authorities. The number of suspicious transaction reports submitted to the MASAK decreased from 222,743 in 2018 to 203,786 in 2019. In 2019, nine people were convicted for money laundering. The number of confiscations and of seizure of assets remained limited in relation to money laundering and terrorism financing as stand-alone crimes.

Turkey maintains its Citizenship law, which enables foreign investors to obtain Turkish citizenship on the basis of investment. The conditions are either to invest USD 250,000 in Turkish real estate, which must be maintained for a minimum of 3 years, or deposit USD 500,000 into a Turkish Bank Account, to be held for a minimum of 3 years with no access to funds. Such investor citizenship schemes pose risks for the EU. A robust monitoring system linked to this scheme should be put in place, in particular to counter possible security risks such as money laundering, terrorist financing and infiltration of organised crime. In addition, as provided for by the new EU anti-money laundering rules, particular attention should be given to enhanced customer due diligence in the context of the investors' citizenship programme.

5.5. Chapter 5: Public procurement

EU rules ensure that the public procurement of goods and services in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.

Turkey is **moderately prepared** in the area of public procurement. **No progress** was made in the past year. Large gaps remained in its alignment with the EU *acquis*. The coverage of public procurement rules is significantly reduced by various exemptions. With the persistence of local content requirements, Turkey still maintains offsets and discriminatory rules. The Commission's recommendations from last year have not been implemented, and remain valid.

In addition to addressing the shortcomings set out below, Turkey should pay particular attention in the coming year to:

→ revise its public procurement legislation to further align it with the 2014 EU Directives on public procurement including concessions to provide for remedies in line with EU public procurement directives and to increase transparency;

→ eliminate the discriminatory domestic price advantages and set-off practices and repealing exemptions;

→ establish a fully independent procurement review board, separate from the public procurement authority and ensuring the independence of board members.

Institutional set-up and legal alignment

Concerning the **legal framework**, Turkey's national public procurement legislation broadly reflects the principles of the Treaty on the Functioning of the European Union. However, compulsory domestic price advantages and offsets, which allow authorities to demand compensating measures if goods are not produced domestically, is discriminatory and thus contradicts the EU *acquis*. Offset practice is not subject to any lower limit as well.

The Public Procurement Law (PPL) is partly aligned with the 2004 EU Public Procurement Directives and still needs to be fully harmonised with the 2014 EU Public Procurement Directives in order to remedy the inconsistencies with the EU *acquis.* The legislation, which is

compatible with and supported by budget and expenditure regulations, allows public contracts to be prepared, awarded, and managed in line with sound project management principles. However, many sector-specific laws limit transparency and the coverage of public procurement rules is significantly reduced by a long and increasing list of exclusions of varying importance and scope. Turkey does not have a comprehensive legislative framework for concessions and public-private partnerships.

Turkey's 11th Development Plan (2019-2023) aims at increasing domestic production particularly for chemistry, pharmaceuticals and medical devices, electronics, machinery and electrical equipment, automotive and railway services sectors by means of using public procurement as a subsidising tool. For such purpose, a domestic price advantage of up to 15% remains available for 'medium and high-technology industrial products' and the offset practices are promoted. In 2019, the share of domestic price advantage in tenders open to international competition was 51.39% up from 43.75% in 2018, while in terms of the contract value it was 48.93%, a slight increase compared to 44% in 2018.

The **Public Procurement Authority (PPA)** is responsible for implementing the Public Procurement Law and monitoring the public procurement system. The Ministry of Treasury and Finance (MoTF) is in charge of coordinating policy formulation and implementation. The PPA is affiliated to MoTF but is nominally autonomous. However, the operational independence of the Public Procurement Board within the PPA is impaired, since the President of the Republic is authorised to directly appoint its president and members, while the specific requirements on education and sector experience have been removed.

Implementation and enforcement capacity

Turkey's **public procurement market** corresponds to 3.3% of country's GDP in 2019 compared with 5.7% in 2018. Procedures continued to generally respect transparency and efficiency principles.

Operational responsibility for preparing and carrying out public-private partnerships (PPP) projects lies with the line ministries or other authorities concerned. The President has the power to approve the public-private partnerships, while the early-stage review of the projects is carried out by the Strategy and Budget Directorate affiliated to the Presidency. Turkey still does not have a functioning single framework for coordinating, supervising and monitoring public-private partnership operations. In 2019, there were four PPP projects, down from eight in 2018.

Monitoring of the contract awards and implementation is satisfactory. The PPA issues statistics on a six-month basis, which provide the source for measuring performance and making improvements to the public procurement system.

Contracting authorities' **capacity to manage public procurement processes** continued to improve. Turkey promoted the effective use of e-procurement. In 2019, the electronic procurement (put into practice in the last quarter of 2016) was used for 4,551 tenders corresponding to a total contract amount of TL 4.1 billion, thus recording a significant increase from 309 tenders for a total amount of TL 60 million implemented in 2018. The number will continue to rise in 2020 as in the framework of COVID-19 administrative package, the PPA instructed the procurement authorities to use electronic procurement for the new and cancelled tenders.

Mechanisms to identify and address corrupt and fraudulent practices are in place, including rules on **integrity and conflict of interest**. However, Turkey needs to develop a risk indicator system that signals potential integrity problems in the procurement process. Turkey should also fill the substantial number of vacant posts in the PPA in order to strengthen its administrative and coordination capacity.

Efficient remedy system

The **right to legal remedy** is secured in the Constitution and the PPL lays down the institutional set up and mechanism for handling complaints. Contracting authorities' decisions on complaints can be appealed before the Public Procurement Board within the PPA. The review and remedies system provides for effective, swift and competent handling and resolution of complaints and sanctions. However, further alignment of the legislation with the EU Remedies Directive is needed.

The **implementation capacity** of the Public Procurement Board remains stable with 141 staff. The Public Procurement Board received 1,864 complaints in 2019 (2.87 % of contracts), compared with 2,017 complaints in 2018, at the time amounting to 2.41% of the contracts. The appointment policy and the Board's position as part of the PPA remained a concern. A fully independent Public Procurement Board would avoid possible conflicts of interest and ensure transparency.

5.6. Chapter 6: Company law

The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.

Turkey is **well advanced** in company law. **Limited progress** was made through amendments to the ethics code for independent auditors in line with international standards. The 2019 recommendations were not met and therefore remain valid.

In the coming year, Turkey should in particular:

→ finalise technical alignment with the EU *acquis* in the company law area;

→ adopt the financial reporting standard for small and micro companies to achieve further EU *acquis* alignment.

On **company law**, no legislative action was taken during the year to address outstanding alignment issues, which include cross-border mergers, domestic mergers and divisions, and takeovers. The Ministry of Trade started providing business registry documents electronically upon request of the company representative. However, overall financial documents of companies are still not accessible in the business register (EU company law and accounting rules require such documents to be disclosed and made publically available).

Concerning **corporate accounting** and **auditing**, the alignment with the EU *acquis* on financial reporting standard for small and micro companies is pending. There is no clarity concerning alignment of non-financial information and reports on payments to government. Specific provisions apply for the statutory audit of public-interest entities, and a system of investigations and sanctions for the companies that are subject to independent audit is in place. During the reporting period, Turkey issued an amended version of the ethics code for independent auditors, in line with the revisions in the Ethics Code by the International Ethics Standard Board. Further work is required to align with the EU *acquis* on accounting and statutory audit.

5.7. Chapter 7: Intellectual property law

The EU has harmonised rules for the legal protection of intellectual property rights (IPR) and of copyright and related rights. Rules for the legal protection of IPRs cover, for instance, patents and trademarks, designs, biotechnological inventions and pharmaceuticals. Rules for the legal protection of copyright and related rights cover, for instance, books, films, computer programmes and broadcasting.

Turkey has a **good level of preparation** in this area. There was **limited progress** during the reporting period, with the continued consultations on revisions of the legislation of the copyright and related rights, and increased awareness raising campaigns. Recommendations from last year's report were only partially met and remain valid.

In the coming year, Turkey should in particular:

→ adopt copyright legislation in line with the EU *acquis*

→ improve enforcement measures to combat industrial and intellectual property infringements, including further specialisation in Intellectual Property Rights (IPR) courts and facilitated procedures to obtain search and seizure warrants;

→ sustain a constructive dialogue with IPR owners and enhance awareness raising on concerns related to counterfeiting and piracy, focusing on the benefits of a strong IPR protection system for economic growth.

Concerning **copyright and related rights**, consultations on revising the legislation continued through a series of meetings conducted throughout 2019, but no progress was achieved. Despite the high level of alignment with the EU *acquis,* systemic issues continued negatively affecting the overall efficiency of the copyright system. The Copyright Training Centre organised several training programs for the members of provincial inspection commissions.

Concerning **industrial property rights**, the Industrial Property Training Centre coordinated a number of awareness seminars for public agencies and gave several specialised courses. The IPR Academy's implementing regulation entered into force. The legislative amendments reduced the administrative burden on IPR applicants. The implementation and enforcement of the industrial property legislation continued to be slow. Regulatory data protection was still not in alignment with the Customs Union Agreement.

Concerning judicial **enforcement**, most of the experienced IPR judges are no longer serving and their replacements did not receive comprehensive specialised training on IPR proceedings. Although there was a slight improvement in various cities, the industry still faced difficulty in obtaining search and seizure warrants against counterfeit goods, particularly in Istanbul. Although the industrial property legislation allows for accelerated destruction, the related provisions were still not widely implemented. Combined with the long judicial proceedings, this led to growing amounts of stored counterfeit goods that created a financial burden on the rights holders. Judges continued to unnecessarily order expert witness statements. The supervision of trademark and patent agents improved but the conflict of interest situations of expert witnesses remain an issue. The IPR strategy that expired in 2018 was not replaced. The Turkish National Police conducted several awareness raising activities, including radio broadcasts through the police channel. The re-established Justice Academy together with the IPR Academy designed a curriculum to train lower court judges in this respect. In December 2019 and in March 2020, IPR specialised courts judges and prosecutors, lower criminal courts judges and prosecutors as well as Supreme Court relevant chambers' judges participated in seminars on IPR civil and criminal enforcement measures in the EU and in Turkey.

Turkey continued to be among the top producers of counterfeit beverages, perfumes, cosmetics, shoes, clothing, and personal accessories. Such illicit and, in certain cases, hazardous products were still readily available in open bazaars and in international fairs in touristic areas of Turkey. The wide use of unauthorised software continued to be an issue.

In 2018, the number of seizures at the customs increased by 14% while the number of items seized at the customs increased by 60% compared with 2017. A number of training sessions on counterfeiting for the customs officers were launched in cooperation with around 70 trademark owners.

5.8. Chapter 8: Competition policy

EU rules protect free competition. They include antitrust rules against restrictive agreements between companies and abuse of dominant position and also include rules on concentrations between companies, which would significantly impede competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive

conditions are met, with a view to prevent distortion of competition.

Turkey has **some level of preparation** in the area of competition policy. There was **backsliding,** on account of an increase in state aid and its lack of transparency. Long awaited amendments were made to the Law on the Protection of Competition. Concerns remain in the enforcement capacity in the field of State aid. Legislation on anti-trust and mergers is largely aligned with the EU *acquis.*

In addition to addressing the shortcomings set out below, in the coming year Turkey should in particular:

→ step up the enforcement of the State Aid law by adopting implementing legislation without further delay and give access to an updated inventory of aid schemes;

→ establish an operational and independent State aid authority and ensure transparent implementation of the State aid rules.

Anti-trust and mergers

The **legislative framework** is broadly aligned with the EU *acquis.* The Law on the Protection of Competition reflects Article 101 and 102 of the Treaty on the Functioning of the European Union. Implementing legislation in this field is largely in place. In June 2020, the Law on the Protection of Competition was amended, addressing several of the Commission's recommendations.

Regarding the **institutional framework,** the Turkish Competition Authority is responsible for implementing the Law on the Protection of Competition. Its mandate is very similar to that of the European Commission. The Competition Board is the decision making body of the Turkish Competition Authority and is composed of seven members. The Turkish Competition Authority is a largely independent institution. However, the direct appointment of the president and the members of the Competition Board by the President of the Republic without involvement of the relevant public institutions impairs the independence of the Turkish Competition Authority. In 2019, the President of the Republic appointed a member of the Capital Market Board as the chairperson of the Competition Board.

The Turkish Competition Authority's **enforcement capacity** is adequate. Overall **implementation** was effective, but there was a fall in the number of decisions, in particular on anti-trust (down from 191 in 2013 to 69 in 2019), and in the total amount of fines imposed related to substance (down from TRY 1,187,220,597.35 in 2013 -TRY/EUR 2.93- to TRY 237,674,114.94 in 2019- TRY/EUR 5.95). The total number of *ex officio* investigations and preliminary investigations remained low (from 17 in 2012, to 10 in 2019). The Turkish Competition Authority conducted an average of 67 dawn raids throughout 2019). In 2019, out of the 61 judgements concluded as a result of the appeals against the Turkish Competition Authority decision, 85% of them were upheld by Turkish courts.

State aid

The **legislative framework** is partially in line with the EU *acquis.* State aid regulations do not cover agriculture, fisheries and services sectors, which are not part of the EU-Turkey Customs Union. Turkey's Law on the Monitoring and Supervision of State Aid is broadly in line with Articles 107 and 108 of the Treaty on the Functioning of the European Union. However, concerning implementing legislation Turkey repealed a set of deadlines previously defined in the law and empowered the former Council of Ministers (since July 2018 the President) to delay the enforcement of implementing legislation for an unlimited period. Therefore, the implementing legislation required to enforce the State aid control is not in place and Turkey has yet to adopt an action plan for alignment with the EU *acquis.*

Concerning the **institutional framework**, the Economic Policies Council is responsible for

implementing the law and the President of the Republic is the appointing authority of this Council's members. In August 2019, another institution, Directorate-General Economic Programs and Research, was also established under the Ministry of Treasury and Finance and assigned for coordinating the State aid. The current structure is not considered independent and operational.

No assessment of Turkey's **enforcement capacity** or **implementation** in this area can be made as there is no functional organisational structure or implementing legislation in force. A state aid inventory has yet to be set up and made accessible. Furthermore, the implementation of the project basis investment programme, where in practice, support is provided on a selective basis, is a source of concern. In August 2019, Turkey also announced the technology-driven industry initiative embedded in the project basis investment programme and the 2012 incentives scheme. This new incentive scheme is aimed at securing or increasing the domestic production in medium-high- and high-technology level products, such as chemicals (pharmaceuticals), medical and dental instruments, computers, electronics and optics, electrical devices, machinery, transportation vehicles, as identified in the 11th Development Plan. Turkey has to ensure transparency and compatibility of these State aid schemes.

Liberalisation

Competition and State aid rules apply to state-owned enterprises. The competences concerning the privatisation process lie with the President, who has assumed power over the privatisation decisions and procedures.

5.9. Chapter 9: Financial services

EU rules aim at ensuring fair competition between and the stability of financial institutions, namely banking, insurance, supplementary pensions, investment services and securities markets. They include rules on authorisation, operation and supervision of these institutions.

Turkey has a **good level of preparation** in the area of financial services. There was **some progress** during the reporting period in the areas of market supervision, with the establishment of an Insurance and Private Pension Regulation and Supervision Agency, and market development with a new implementing regulation for equity crowdfunding.

In addition to addressing the shortcomings set out below, in the coming year Turkey should in particular:

→ further strengthen bank governance and supervision, crisis management and the resolution framework;

→ improve the transparency of asset quality review by publishing the details of stress test scenarios and methodology;

→ continue to support the development of Turkish capital markets and their proper supervision.

For **banks and financial conglomerates**, the Banking Regulation and Supervision Agency revised the rules on banks' loan transactions, by reducing the threshold of total risk amount for which borrowers are requested to provide additional documents. In February 2020, Turkey amended the Banking Law, to oblige banks to submit pre-emptive recovery plans constituting of an assessment of potential risks that could lead to financial structure deterioration, and of measures to mitigate those risks. The Agency published the main conclusions of its asset quality review processes, without however presenting the details of stress test scenarios and methodology. The lack of transparency and details in the bank stress tests undermines the credibility of the regulatory and supervisory authority.

As part of the measures to mitigate the economic impact of the COVID-19 outbreak, the time allowed for certain loans to remain unpaid before they are classified as non-performing loans

was increased from 90 to 180 days. Furthermore, the Central Bank lowered reserve requirements for banks with a growing lending portfolio, as a measure to support the economy. This creates incentives for banks to increase their activity faster. The banking sector was providing flexible loan payment options for their customers and restructuring possibilities for corporate debtors in view of supporting the economy amid the COVID-19 outbreak. The President of the Republic has the power to directly appoint the president and members of the Agency and of the Saving Deposit Insurance Fund. A new legislative framework has strengthened the penalties and measures against manipulations and misleading information within the financial system. The Banking Regulation and Supervision Agency adopted a new implementing regulation, listing the transactions and practices considered to be manipulative and misleading in the financial markets.

There was some progress in the area of **insurance and occupational pensions**, with the adoption of legislation in October 2019, paving the way for the establishment of the Insurance and Private Pension Regulation and Supervision Agency. It is set as a new associated institution under the Ministry of Treasury and Finance.

There was no further progress on **financial market infrastructure** while some progress was made on **securities markets and investment services**. The Capital Markets Board adopted the new implementing regulation for equity crowdfunding in October 2019. Following the amendments introduced in the Capital Market Law in February 2020, the funds for crowdfunding platforms could be also raised through borrowing in addition to equity crowdfunding. The independence of the Board remained limited, as the President of the Republic has the power to directly appoint its president and members. The appointment of a banker convicted for bank fraud in the US as the Head of the Istanbul Stock Exchange was also a source of concern.

5.10. Chapter 10: Information society and media

The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audio-visual media services. The rules protect consumers and support universal availability of modern services.

Turkey has **some level of preparation** in the area of information society and media. Overall, there was **backsliding**. Serious concerns regarding the lack of transparency of media funding, concentration of media ownership, political influence on editorial policies, restrictions on freedom of expression and lack of independence of regulatory authorities were not addressed. There was inadequate competition in fixed voice and broadband markets and excessive taxation and costs for operators and consumers of information and communications technologies. No progress can be reported in the media sector in terms of alignment with the EU *acquis* in the reporting period.

As last year's recommendations were not addressed, they remain valid. In the coming year Turkey should in particular:

→ strengthen the independence of the regulatory authority and its board members and amend the Internet Law in line with the Venice Commission's recommendations with a view to ensuring media pluralism;

→ align the universal service, authorisation arrangements, market access and rights of way in electronic communications with the EU *acquis;*

→ finalise the digital switchover process;

→ take steps to strengthen the public broadcaster's independence.

On **electronic communications and information and communications technologies,** there was no progress in aligning the legislation with the EU *acquis* on market access and universal service. The independence of the Information and Communication Technologies Board and Cyber Security Council remains a concern. Competition in fixed voice market slightly improved.

The share of alternative fixed voice operators was 49.4% in the third quarter of 2019, against 45.5% in 2018. The broadband market still lacked a sufficient level of competitiveness. Municipalities charged high fees for rights of way and for base station installations, which further increased costs. Accessibility to physical network and increased fibre penetration are required for effective competition in this market. Mobile broadband penetration slightly increased to 75% in 2019 against the OECD average of 109.7%. The fixed broadband penetration rate was 16.1% compared to the OECD average of 30.8%. The number of 4.5G subscribers reached 76 million in the third quarter of 2019 with an increase of 4.7 million new subscriptions compared to 71.3 million subscribers in the last quarter of 2018. Turkey did not amended its Internet Law in line with the UN and Council of Europe recommendations, which is a source of concern. The establishment of a Digital Transformation Office under the Presidency was completed. The Office is responsible for the digital transformation of public services in Turkey and will help establish a digital transformation ecosystem together with the stakeholders from the private sector, academia and civil society. It will also engage in projects related to cyber security, big data and artificial intelligence.

Concerning the **information society services,** the national strategy covering 2015-2018 needs to be updated. The proportion of citizens using e-government increased from 50.22% in 2018 to 54.2% in 2019.

In the area of **audio-visual policy**, in the run up to the local elections of 31 March 2019 and the re-run of the Istanbul municipal elections held on 23 June 2019, the candidates of the ruling party and its allies enjoyed a notable advantage, which was reflected in proportionally excessive coverage by government-affiliated public and private media. Since the adoption of a decree in 2017, the Radio and Television Supreme Council (RTÜK) has no authority over broadcasters during elections to ensure impartiality. In October 2019, the Congress of Local and Regional Authorities of the Council of Europe concluded in its final election monitoring report that the framework conditions for ensuring a level playing field for all contestants and genuine media freedom have proved weak in the most recent local elections (*See political criteria*).

The media ownership structure fails to provide the public with unbiased, pluralistic and independent news. The concentration of media outlets in the hands of a few holding groups with strong ties to the government or dependent on public contracts, represents a threat to free and independent media. According to professional media organisations, 90% of Turkish media is now owned by pro-government groups. Since 2018, the public broadcaster TRT has been overseen by the Directorate of Communications, which is a presidential institution. TRT's decision in May 2019 to replace experienced media workers with new staff from other institutions with no or little public broadcasting experience raises concern.

The Regulation on Radio, Television and Voluntary Online Broadcasts entered into force in August 2019. It does not apply to personal communications, but empowers RTÜK to inspect online broadcasts, including news websites broadcasting from abroad and obliges media service providers and platform operators that wish to provide services merely on the internet, to obtain broadcasting licenses from RTÜK. There were around 600 applications for licenses. The same rules apply for service and content providers abroad. Media service providers who already hold a valid broadcast license from RTÜK can broadcast their content online with their existing license, thereby exempting mainstream broadcasters, who are largely pro-government. The regulation lacks clarity in terms of its scope, definitions, licencing criteria and costs, and contains controversial provisions regarding jurisdiction and restricting access to online content. Furthermore, the regulation allows RTÜK to impose its own definition and interpretation of obscenity, general morality or national integrity for internet broadcasting, as it does for TV broadcasting. The regulation is likely to affect economically small media operators, thus potentially further limiting media pluralism. There have been around 600 applications for licenses. There are two pending applications before the Council of State requesting the cancellation of the regulation arguing that some articles contradict freedom of expression and

principles of the rule of law. Throughout 2019, RTÜK imposed 57 monetary fines on 12 TV channels, one radio channel and 23 broadcasts for their news reports, films and programmes, and suspended 24 programmes. Broadcast bans authorised by criminal judges of peace and various courts were imposed by RTÜK on a wide range of cases such as child abuse, terror attacks, divorce and even flood-related news. In October 2019, two days after the launch of Turkey's military operation into northeast Syria, RTÜK announced on its website, without prior discussion among its members, that it would silence broadcasters that speak out against the military operation. Between January and May 2020, RTÜK sanctioned TV and radio channels 39 times and fined 28.

In July 2019, Parliament held elections for three vacant seats in RTÜK that resulted in the appointment of opposition representatives for the first time in almost two years. However, in September 2019, on the proposal of its chairperson, RTÜK ousted one of the members nominated by the opposition. Reportedly, the reasons for his dismissal were his criticism regarding the lack of transparency in RTÜK and some of its decisions as well as his disclosure of misconduct within the RTÜK management. The dismissed member brought his case before the Ankara Administrative Court. This development further questions the independence of the regulatory authority.

Following the first case of COVID-19 on 11 March 2020, in their programmes media outlets featured experts that presented their views. Subsequently, they received official notifications from RTÜK, encouraging them to invite experts pre-selected by the Supreme Council, in an attempt to restrict freedom of expression.

In July 2020, the Parliament adopted a law on the 'Arrangement of Internet Publication and Combating Crimes Committed through These Publication'. This law triggered controversy as it places new obligations on social media providers, which would lead to heavy fines and restricted bandwidth if they fail to comply with these new requirements and gives the government sweeping new powers to regulate social media content.

TV, radio and digital broadcasts in languages other than Turkish continued. There were 32 broadcasters, including the public broadcaster TRT, which broadcasted in Albanian, Arabic, Armenian, Assyrian, Bosnian, Circassian, English, German, Kurdish, Laz, Uyghur and Russian.

Preparations for the completion of the digital switchover were ongoing.

5.11. Chapter 11: Agriculture and rural development

The common agricultural policy (CAP) supports farmers and rural development. This requires strong management and control systems. There are also common EU rules for quality policy and organic farming.

Turkey reached **some level of preparation** in the area of agriculture and rural development. **No progress** was made with respect to the Commission's recommendations from last year. There is still no strategy for producing agricultural statistics. Strategic policy orientations suggest that Turkey's agricultural support policy may be moving away from the common agricultural policy's principles.

In the coming year, Turkey should in particular:

→ adopt and start to implement a strategy for producing agricultural statistics;

→ develop and start to implement a strategy to align its agricultural support policy.

On **horizontal issues**, in October 2019 Turkey adopted the Agricultural Policy Strategic Plan for 2019-2023, which focuses among other issues on improving the welfare of rural areas and increasing the yield and quality of agricultural production to ensure stable food supply. The plan, together with the policy orientations given by the National Agriculture and Forestry Council in November 2019, suggest that Turkey's agricultural support policy may be moving away from the

common agricultural policy's principles, notably by increasing the support coupled to production and aiming at shifting to a region or basin based management model. As regards future strategic planning processes, Turkey is encouraged to conduct more effective and inclusive consultations with the EU.

Important steps were taken for the development of an integrated administration and control system (IACS). The farm accountancy data network (FADN) covers all 81 provinces and was integrated into the agricultural production and registration system. The agricultural census is not yet complete and the strategy for agricultural statistics remains to be adopted. Further alignment with EU policies requires the decoupling of payments from production and linking area-based payments to cross-compliance standards.

On **common market organisation**, no progress was made regarding legislative alignment.

There was a sharp decline in imports of live cattle, beef and derivate products from the EU in the reporting period. Turkey remains to fully implement its obligations under the EU-Turkey trade agreement for agricultural products, by opening quotas for beef and live animals on a lasting basis. Proper and transparent management of import quotas needs to be implemented.

In the EU pre-accession assistance programme for **rural development** (IPARD II), some progress was made in 2019. 3,826 new applications were received and 649 projects were contracted with EUR65.4 million of EU contribution to investments in agricultural holdings and in processing and marketing, and farm diversification (measures 1.3 and 7). 53 Local Action Groups applied for the LEADER measure in 12 provinces. Some work was done on the National Rural Network. Implementation of the pilot agri-environment measure continued.

On **quality policy**, Turkey continued to implement legislation on protection of Geographical Indications, which is largely aligned to the EU *acquis*.

Alignment with the EU *acquis* on principles and implementation of **organic farming** is well advanced. The Turkish Accreditation Agency accredits organic agriculture control bodies.

The farm advisory system remains to be fully harmonised with the EU *acquis*; the outcome of a recently EU-financed project should be fully taken into consideration to ensure a fully functional IACS.

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

EU hygiene rules for foodstuff production ensure a high level of food safety. Animal health and welfare and the safety of food of animal origin are safeguarded together with quality of seeds, plant protection material, protection against harmful organisms and animal nutrition.

Turkey reached **some level of preparation** in the area of food safety, veterinary and phytosanitary policy. There was **some progress** in the past year concerning enforcement capacity for animal welfare and food safety legislation. The Commission's recommendations from last year were only partially taken up. Food establishments are yet to be upgraded to meet relevant EU standards. Full implementation of the EU *acquis* in this area requires significant further work.

In the coming year, Turkey should in particular:

→ upgrade food establishments to meet EU standards, including submitting a national programme and a monitoring plan;

→ make further progress in addressing zoonoses.

There was limited progress in aligning and implementing the EU *acquis* on **general food safety**. Turkey is yet to fully align its **veterinary policy** with the EU *acquis.* The identification and registration of bovines and small ruminants continued. Turkey extended the electronic identification system to cattle. Border inspection posts at land and sea borders and at the Sabiha

Gökçen Airport in Istanbul are still not fully operational.

Turkey continued its fight against animal diseases. Foot and mouth disease outbreaks decreased as a result of mass vaccination. The disease-free zone ensured by vaccination in the area of western Turkey bordering Bulgaria and Greece was maintained by strict movement controls. Vaccination against lumpy skin disease continued. Significant efforts are still needed to fully align with the EU *acquis* on transmissible spongiform encephalopathies and surveillance systems, including full compliance with the February 1998 Decision of the EC-Turkey Association Council on the trade regime for agricultural products. A regulation on welfare and protection of aquatic vertebrate animals used for scientific purposes was published. Implementation of the legislation concerning animal welfare during transport was not yet launched and further structural and administrative work is necessary to fully implement the EU *acquis* in this area. There was some progress on zoonoses, with the implementation of the salmonella control programme.

Turkey continued implementing training, inspection and monitoring programmes for the **placing of food, feed and animal by-products on the market**. The administrative capacity for official controls was improved. No progress was made on developing the national plan for upgrading agri-food establishments. Significant work is still needed to apply the new rules on registering and approving food establishments. Substantial work on animal by-products is still required. Provisions for funding inspections were not yet aligned with the EU system.

Alignment of **food safety rules** with the EU *acquis* advanced on issues such as labelling, additives and purity criteria, flavourings, food supplements and enzymes. A regulation on food irradiation was published. Relevant legislation on infant formulae and follow on formulae and on foods for total diet replacements were adopted. Progress on **specific rules for feed** remains limited.

Some progress was made on **phytosanitary policy**. A regulation concerning combat against *Xylella fastidiosa* leaf blight was published. Turkey ratified the revised International Plant Protection Convention. Alignment is yet to be ensured for novel food and for **genetically modified organisms**.

5.13. Chapter 13: Fisheries

The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules on markets and aquaculture and support for fisheries and coastal communities.

Turkey has **some level of preparation** in the area of fisheries. **Good progress** was made as regards the adoption of key amendments to the fisheries law, on fisheries and aquaculture, resources and fleet management, and inspection and control.

In the coming year, Turkey should in particular:

→ implement the fisheries law;

→ enhance further multilateral cooperation on fisheries, including at the General Fisheries Commission for the Mediterranean (GFCM) Ministerial Conference on Black Sea fisheries sustainability and at the GFCM post-2020 Strategy Conference.

The law amending the current fisheries law was adopted in November 2019. The new law aims to ensure sustainable fisheries management and to conserve the resources by improving control measures and sanctions. Progress was made on control. Nevertheless, Turkey needs to implement it at operational level in order to fight Illegal, unreported and unregulated (IUU) fishing efficiently, focusing also on the GFCM Regional Plan of Action to fight and eliminate IUU fishing.

Some progress was made on **resources and fleet management.** The number of vessels monitored via the vessel monitoring system increased from 1,500 to 1,608. The institutional capacity of data collection and stock assessment increased. On **inspections and control**, good progress was made in legislative alignment and on implementation of the International Commission for the Conservation of Atlantic Tunas (ICCAT) and the General Fisheries Commission for the Mediterranean (GFCM) recommendations. Turkey cooperated with the EU and was actively involved in the GFCM High Level Conference on MedFish4Ever initiative in June 2019 on Mediterranean fisheries.

On **market policy**, no progress was made on building up the ministry's capacity. Regarding **international agreements**, the EU cooperated with Turkey on the preparation of the 43rd GFCM annual session. As the EU implements provisions of the United Nations Convention on the Law of the Sea, inter alia in the common fisheries policy, Turkey's ratification of the Convention would improve cooperation with the EU on fisheries and maritime policy.

5.14. Chapter 14: Transport policy

The EU has common rules for technical and safety standards, security, social standards, and market liberalisation in road transport, railways, inland waterways, combined transport, aviation and maritime transport.

Turkey is **moderately prepared** in transport policy. **Some progress** was made in the reporting period in completing key sector reforms and most of the 2019 recommendations remain valid. Negotiations on a comprehensive agreement in the aviation sector were suspended in line with the July 2019 Council conclusions on Turkish drilling activities in the Eastern Mediterranean.

Turkey should in particular:

→ adopt its new Road Safety Strategy for 2021-2030 and establish the road safety lead authority to ensure better coordination among the relevant stakeholders;

→ phase out the subsidies to the incumbent railway operator State Railways of the Republic of Turkey (TCDD) in order to facilitate a competitive market environment for all railways operators;

→ adopt its national Intelligent Transport System (ITS) architecture in line with the EU framework to ensure interoperability and connectivity.

As regards the EU *acquis* on **general transport**, Turkey launched a comprehensive study to assess the level of alignment in the transport sector and identify action plans to bridge the gaps based on economic impact assessment. Turkey is not yet aligned with the Clean Power for Transport package. There was an increased interest from Turkish municipalities for the European urban mobility initiatives such as sustainable urban mobility planning and road safety. Urban mobility needs a concrete policy framework and a clear policy framework adopted with the consultation of all stakeholders, in particular the large cities.

The organisational structure of the Ministry of Transport and Infrastructure was changed. The Directorate-General for Railways Regulation, DG for Road Regulation and the DG for Dangerous Goods and Combined Transport were merged in one DG for Transport Services. Moreover, the DG for Maritime and Inland Waters and the DG for Merchant Marine were merged in one DG for Maritime Affairs. The impact of these significant changes will need to be further observed and analysed.

On **road transport**, the legal framework is at a good level of preparation regarding the alignment with the EU *acquis*. Some progress was made in the reporting period. Turkey doubled the number of roadside inspections on commercial vehicles in the last five years. The Regulation on Energy Efficiency in Transport was published in May 2019. Turkey is expected to set targets in line with the Stockholm Declaration and the new EU road safety strategy covering 2021-2030 to halve road fatalities by 50%. The establishment of a road safety lead authority is a key step to

ensure better targeting, monitoring and coordination among the relevant stakeholders. No progress was made in the adoption of the EU *acquis* for intelligent transport services. A structured legal framework and stronger institutional capacity are needed in order to provide wider support for the Intelligent Transport System (ITS) sector development, including urban mobility.

Turkey is moderately prepared in the field of **rail transport.** Some progress was made during the reporting period. Draft regulations on railway interoperability and on railway passenger rights are in their final stage of preparation, pending further consultation with the European Commission. Railway liberalisation did not take full effect due to continuing subsidies to the incumbent railway operator. According to the legislation, the transition period for the State Railways of the Republic of Turkey company (TCDD) was set to end by 2020 and subsidies should not be further extended in order to ensure that other players can benefit from railway liberalisation. Under the same legislation, the provisions that only domestically produced freight and passenger rolling stock can be registered until the end of 2020 do not allow market players the flexibility to choose from a wide array of rolling stock. Certain inconsistencies with the EU *acquis* persist regarding the institutional setup of the Turkish railways. Effective independence of the railway regulator from the Ministry of Transport and Infrastructure needs to be ensured. The railway regulatory authority was incorporated into a new DG for Transport Services.

Turkey has achieved a good level of preparation in aligning with the EU *acquis* in the field of **maritime transport**. Limited progress was made during the reporting period. Turkey is aiming to establish the maritime single window which should also take into consideration the EU system. Turkey was developing a financial facility to ensure green shipping and decarbonisation of maritime transport. This is a positive step towards complying with the Clean Power for Transport package and contributing to fulfil the global climate objectives set under the Paris Agreement (to which Turkey is not yet a party). Turkey still needs to invest more in the institutional and technical capacity required to fulfil its responsibilities under IMO conventions. Turkey has to align with the relevant EU legislation on maritime ports.

Turkey has to align with the relevant EU legislation on inland waterway. Turkey did not sign the main international agreements on inland waterways. Turkey has limited inland waterways.

While Turkey is moderately prepared in the field of **aviation**, there was limited progress during the reporting period. Negotiations on a comprehensive air transport agreement between the EU and Turkey were suspended by the EU in July 2019 because of Turkey's illegal drilling activities in the Eastern Mediterranean. No progress was made on the renewal of the working arrangements between the Turkish Directorate-General for Civil Aviation and EASA. The lack of adequate communication between air traffic control centres in Turkey and Cyprus continued to compromise air safety in the Nicosia flight information region, requiring an operational solution. In other areas of the EU *acquis* on aviation, Turkey made some progress in aligning its regulations with the EU *acquis* but further efforts are needed, particularly in air traffic management and aviation safety.

There was no progress on **combined transport**.

As long as restrictions remain in place on vessels and aircraft registered in Cyprus, related to Cyprus, or whose last port of call was Cyprus, Turkey will not be in a position to fully implement the EU *acquis* relating to this chapter.

5.15. Chapter 15: Energy

EU energy policy covers security of supply, the internal energy market, hydrocarbons, renewable energy, energy efficiency, nuclear energy, nuclear safety and radiation protection.

Turkey is **moderately prepared** in this chapter. **Good progress** was made overall, in particular on security of supply, renewable energy, energy efficiency and nuclear energy. The 2019 recommendations were addressed to some extent. Turkey updated its regulatory framework on

nuclear energy. Structural and staffing transition between the new regulatory body and its predecessor is yet to be completed.

On hydrocarbons, Turkey continued its unauthorised drilling activities in the Eastern Mediterranean.

In the coming year, Turkey should in particular:

→ proceed with the gas market reform by setting up a legally binding plan and a timetable for the unbundling of activities and establishing transparent, cost-reflective and non-discriminatory pricing in the gas sector;

→ cooperate in the organisation of a transparent peer review of the national stress test report of the Akkuyu nuclear plant with the Commission and the European Nuclear Safety Regulators Group (ENSREG);

→ continue supporting the development of renewable energy generation and energy efficiency by adopting clear and fair financing mechanisms.

The very good progress on **security of supply** continued. The Trans-Anatolian Pipeline project (TANAP) was fully completed and ready to commence transmitting the first gas to the European section of the Southern Gas Corridor (SGC). With the expected completion of the last component of the SGC, the Trans-Adriatic Pipeline, the construction of SGC will thus be finished in 2020. The two lines of the TurkStream pipeline project conducted by Turkey with Russia were completed by the end of 2019.

The construction of a third Floating Storage Regasification Unit (FSRU) in Saros on the Aegean coast is planned alongside the ongoing expansion of the country's second underground gas storage facility in Salt Lake. Considering the soon-to-expire natural gas contracts, Turkey published the call for natural gas import licence applications covering 2023 - 2043 in order to grant the entities with licences the right to import natural gas from Iraq with an annual amount of 2.7 bn m^3/year. These developments are crucial for security of supply and indicate Turkey's strategic intention to balance imports of natural gas through pipelines with imports of liquefied natural gas, which grew substantially in 2019.

As regards electricity networks, Turkey's progress in aligning with the EU network codes and increasing its capacity of efficient interconnections continued. Connections with Bulgaria and Greece were already in operation, while studies were also conducted regarding connections with Romania. The Turkish Electricity Transmission System Operator's (TEIAŞ) application to continue as an observer member of the European Network of Transmission System Operators for Electricity (ENTSO-E) was not approved, but Turkey continued to participate in technical discussions on pertinent topics.

As regards gas networks and Transmission System Operator (TSO) cooperation, the membership of Turkey's National Petroleum Corporation BOTAŞ to the European Network of Transmission System Operators for Gas (ENTSO-G) is not foreseen at the moment. The state-owned BOTAŞ remained vertically integrated and dominant on Turkey's gas market with its trading and grid operator functions, which stifles market competition. Limited progress can be reported on the establishment of a transparent, cost-reflective and non-discriminatory gas transit regime. The gas market law update is long overdue.

On the **internal energy market**, limited progress was made on transparent, cost-reflective and non-discriminatory pricing mechanisms for electricity and gas. The volume of spot market transactions in natural gas on Turkey's natural gas spot trading platforms, operated by the EXIST Energy Exchange, has increased in 2019. Yet, the dominant market position of the vertically integrated BOTAŞ would not allow for a real viability of the energy exchange. With some of the country's long-term natural gas supply contracts expiring in the coming years,

Turkey has a chance to reassess and adopt more transparent and diversified pricing mechanisms, taking advantage of more spot price indexing.

On **hydrocarbons**, Turkey is at an advanced stage of alignment with the EU legislation but it has to further align with Directive 2013/30/EU on the Safety of Offshore Oil and Gas Operations, also as regards transit of hydrocarbons. In the reporting period, Turkey was deploying drilling and seismic vessels in the Cypriot Exclusive Economic Zone, including in an area that has been licensed by the Government of Cyprus to European oil and gas companies, as well as in Cypriot territorial sea. Despite repeated calls from the EU to cease its illegal activities, Turkey launched six new drilling sessions. In reaction to these activities, the EU adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework.

Turkey is well advanced on **renewable energy** and continued to increase its power generation capacity from local and renewable sources. The share of renewable energy in the country's power generation stood at 34% in 2019, most of which was hydropower (20%). Changes were introduced in the scope definition of renewable energy installations, which had an impact on the applicable state incentives. The legislative changes made it impossible for renewable energy installations under 5 MW to receive state incentives, such as preferential feed-in-tariffs and some tax exemptions. The legislative changes made in 2019 addressed budgetary concerns related to the current feed-in-tariffs, which expire by the end of 2020. Tenders within the scope of Renewable Energy Resource Areas will be held in Turkish Lira instead of US dollars. Concerns remained regarding local-content requirements, which affected the EU and other international companies' access to tenders in the renewable energy sector in Turkey.

On **energy efficiency**, the implementation of the National Energy Efficiency action plan saw some progress. The envisaged national energy efficiency financing mechanism is still not in place. International donor funding and concessional debt are still the main means of funding for the urgently-needed energy efficiency projects across the country. A new legal obligation was introduced for public buildings to save at least 15% of their energy bill compared to the calculated average consumption of the building in the last 3 years. A new concessional loan and grant agreement was signed to improve the public institutions capacity and infrastructure in energy efficiency. Turkey's policies on energy efficiency in buildings are well developed and aligned with the EU *acquis*. The existing gaps are mainly related to insufficient detail as regards targets, standards and implementation methodologies. The existing legislation does not fully address the growing demand for cooling and the potential use of renewable energy technologies in buildings. The public sector's involvement in improving energy efficiency suffers from the lack of a dedicated agency for energy efficiency, which could harmonise the efforts of all stakeholders, including various government departments and agencies. This role is played, with certain institutional limitations, by the Department of Energy Efficiency and Environment, established in 2019 within the Ministry of Energy and Natural Resources.

Some progress was made on **nuclear energy, nuclear safety and radiation protection**. Turkey updated its regulatory framework. A chairman was appointed in 2019 to the newly created Regulatory Body of the Atomic Industry. However, the newly created Body was restructured once again in the first half of 2020. The process of structural and staffing transition between the new regulatory body and its predecessor is yet to be completed. Turkey has not yet acceded to the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, and is not yet a member of the European Community Urgent Radiological Information Exchange system.

In July 2019, Turkey transmitted the revised Stress Tests National Report related to the Akkuyu nuclear power plant project following the voluntary commitment taken in 2011 to conduct such stress tests using the EU model. The next step will be the organisation of a transparent peer

review of the National Report coordinated by the Commission and the European Nuclear Safety Regulators Group (ENSREG). Turkey has an observer status in ENSREG.

5.16. Chapter 16: Taxation

EU rules on taxation cover value added tax and excise duties as well as aspects of corporate taxation. They also deal with cooperation between tax administrations, including the exchange of information to prevent tax evasion.

Turkey is **moderately prepared** in the area of taxation. **No progress** was made in this area, and last year's recommendations were not addressed. In the context of the identification of an EU list of non-cooperative jurisdictions for tax purposes, Turkey took further measures but needs to solve all open issues for the automatic exchange of tax information to be implemented effectively with all EU Member States.

In addition to addressing the shortcomings set out below, in the coming year Turkey should in particular:

→ put arrangements in place for the effective implementation of the automatic exchange of tax information with all EU Member States;

→ align the range of excisable energy products with the EU *acquis;*

→ step up the fight against the informal economy and follow-up the progress through performance indicators.

As regards **indirect taxation**, a wide range of products is subject to a 1% value added tax, deviating from the EU *acquis* (a 15% minimum rate is standard although Member States can apply reduced rates of VAT to certain goods and services). VAT for passenger transport services by air was also lowered from 18% to 1% for 3 months as part of the COVID-19 response measures. Legislation on structure, exemptions, special schemes and the scope of reduced rates need to be further aligned with the EU *acquis*.

On excise duties, the overall level on cigarettes is close to EU levels but Turkey's legislation on cigarette excise duties is not in line with the EU *acquis* in terms of the specific and ad valorem elements of the tax. Excise duties on energy products are generally well above the EU minimum rates, but kerosene, coal and electricity are not subject to excise duties, contrary to the EU *acquis*. The regular practice of introducing temporary tax cuts and restructuring public debts continued in 2019 and is detrimental to voluntary tax compliance in Turkey. On the other hand, in December 2019 Turkey introduced a tax on accommodation services at 2% (1% until the end of 2020) and a tax on digital advertising and content at 7.5%.

In the area of **direct taxation**, in December 2019, legislation was adopted to increase the top personal income tax rate to 40%. An Action Plan and Strategy for the Fight against the Informal Economy was adopted. Within the scope of measures to counter the impact of the COVID-19 outbreak, the implementation of the accommodation tax was delayed until 1 January 2021.

As regards **administrative cooperation and mutual assistance**, Turkey was granted time until 31 December 2020 in the framework of the EU listing process on non-cooperative tax jurisdictions to solve all open issues regarding the implementation of common reporting standard on automatic exchange of information and notify all EU Member States as intended exchange partners. Failure to fulfil these commitments would put Turkey at risk of being included in the EU list of non-cooperative tax jurisdictions.

In the context of the COVID-19 response measures, in March 2020, the Turkish Revenue Administration (TRA) laid down the principles of tax related components of the stimulus package. The following categories of taxpayers were granted "force majeure" status for the period of 1 April to 30 June 2020 (or during the curfew declared by the Ministry of Interior): (i) taxpayers with income tax liability in terms of commercial, agricultural and professional

earnings; (ii) taxpayers operating in 17 sectors directly affected by the COVID-19 outbreak; (iii) taxpayers operating in sectors which were temporarily suspended by the Ministry of Interior; (iv) taxpayers having chronic illness or aged 65 and over. Force majeure status meant that the deadline for submitting tax statements was extended to July 2020, and the due date for taxes was extended by six months.

Turkey signed the Multilateral Competent Authority Agreement in 2017 and incorporated it at domestic level on 31 December 2019. Turkey remains committed to improve its rating led by the Global Forum for the implementation of the exchange of information on request standard and to apply the OECD base erosion and profit shifting minimum standards.

Regarding **operational capacity and computerisation**, the Revenue Administration remained affiliated to the Ministry of Treasury and Finance within the scope of the presidential system and maintained its mandate. An electronic document management system has been used by the Revenue Administration since 2013. Efforts to establish an integrated public finance management information system are ongoing. In May 2019, the Revenue Administration published a Strategy and an Action Plan for the fight against the informal economy (2019-21). The former action plan covering 2015-17 period had estimated the rate of the informal economy to GDP at 26.5% in 2014 and targeted 5 percentage points decrease until 2018. However, the new action plan does not provide concrete performance indicators, while the informal sector continues to represent a considerable percentage of economic activity in Turkey, with a share of 27% of GDP (OECD, 2017).

5.17. Chapter 17: Economic and monetary policy

EU rules require the independence of central banks and prohibit them from directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.

Turkey remains **moderately prepared** in the area of economic and monetary policy. **Backsliding** continued during the reporting period, reflecting the intensified political pressure on the central bank, undermining its independence and credibility. Reserve requirements were lowered and state-owned banks were encouraged by the Government to increase lending to the economy. Deadlines for the submission of the Economic Reform Program (ERP) and fiscal notifications were not always respected. There was no implementation of the 2019 report's recommendations.

In addition to addressing the shortcomings set out below, in the coming year Turkey should:

→ avoid any political interference undermining the independence and credibility of the central bank;

→ submit timely fiscal notifications aligned with ESA 2010 and the ERP by the set deadlines.

On **monetary policy**, the central bank continued to pursue price stability and financial stability objectives through multiple instruments but the inflation target was not met, a recurrent feature of recent years. The inflation target is determined jointly by the central bank and the government. The appointment and dismissal procedures within the central bank are not transparent, especially as regards the grounds on which the President of the Republic dismissed the governor in July 2019. Political pressure on the central bank to lower interest rate increased further, undermining its institutional and operational independence and credibility. After the change of the governor, the central bank successively lowered its main policy rate by a total of 1,425 basis points, from 24% to 8.25% between July 2019 and May 2020. The central bank also reduced the reserve requirement for banks with a real annual loan growth rate between 5% and 15%, as a way of encouraging economic recovery. The government called on state-owned banks to increase lending to the economy (a number of state-owned banks have provided loans at below market rates and restructured the debts of consumers and businesses). However, the EU

acquis require the public sector not to have privileged access to financial institutions and not to benefit from monetary financing. The amendments introduced to the Central Bank Law have changed the principles for allocating the annual net profit of the Central Bank by cancelling the obligatory allocation of 20% of the profit to the Reserve Fund and paved the way for transferring accumulated extraordinary reserve funds to the Treasury without approval of the General Assembly. Such transfers were made several times during the reporting period.

On **economic policy**, further alignment with the Directive on requirements for budgetary frameworks is needed, including the introduction of numerical fiscal rules and establishment of an independent fiscal council that monitors fiscal policy. Further efforts are required to align fiscal reporting and notifications under the excessive deficit procedure with ESA 2010. Turkey needs to improve the delimitation of the general government sector and the application of the accrual principle in accounting for tax receipts and deductions. Further improvements are also needed on the credibility of macroeconomic forecasts and related policy plans. The New Economy Programme presents an optimistic macroeconomic framework for 2020-2022, characterised by internally inconsistent assumptions of parallel strong economic rebound, fast inflation reduction and balanced current account.

The 2020-2022 Economic Reform Programme (ERP) was formally submitted on 10 February 2020, one week late. The structural reform priority measures it contains improved in terms of description, timeline, estimated impact and risks. However, they only reflect to a limited extent the important policy reforms announced in Turkey's New Economic Programme 2020-2022.

5.18. Chapter 18: Statistics

EU rules require that Member States are able to produce statistics based on professional independence, impartiality, reliability, transparency, and confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information.

Turkey is **moderately prepared** in the area of statistics. Turkey made **some progress** in further aligning with the EU *acquis* and in the use of administrative records of public institutions. Further efforts are needed to align macroeconomic and agricultural statistics with the EU *acquis*. There was no significant implementation of last year's recommendations.

In addition to addressing the shortcomings set out below, in the coming year Turkey should continue to:

→ improve compliance with the European System of National and Regional Accounts (ESA 2010);

→ strengthen coordination between TurkStat and other data providers;

→ improve statistics on agriculture and migration.

As regards **statistical infrastructure**, Turkey's statistics legislation is based on the principles of the European Statistics Code of Practice. However, a presidential decree adopted in July 2018 shortened the length of the term of office of the President of the Turkish Statistical Institute (TurkStat) from 5 to 4 years and changed the appointment procedures of its senior officials. There are still concerns regarding the transparency of the appointment and dismissal processes within TurkStat. Significant efforts were made to improve the use of public institutions' administrative records and their integration into statistical production. Closer cooperation between TurkStat and other data providers will help to improve the quality of these registers and increase the use of administrative data.

For **macroeconomic statistics**, Turkey continues its efforts to integrate administrative records into the national accounting system. The GNI inventory submitted to Eurostat in 2017 represents a substantial improvement compared to the earlier version, but still needs to be further aligned with Eurostat's GNI Inventory Guide. Seasonally adjusted quarterly national accounts are

transmitted to Eurostat. TurkStat compiled the annual Institutional Sector Accounts 2016-2018. Regional accounts were calculated at level 3 of the nomenclature for statistical regions for 2015-2018. However, only the aggregate figures could be published, as detailed data were flagged confidential. Turkey produces highly compliant statistics on international trade in goods. Turkey was sending Excessive Deficit Procedure (EDP) tables with improving quality and coverage. However, the transmission was usually delayed significantly. Important areas for improvement in government finance statistics are the publication of statistics on accrual basis, an agreement between the three main statistical authorities (Turkstat, Turkish Ministry of Finance, Central Bank) on the timely procurement of data, the institutionalisation of data quality controls, and the delimitation of the boundaries of the general government. The harmonised index of consumer prices is implemented in line with the EU *acquis.*

For **business statistics**, TurkStat has started to use administrative records to produce indicators related to short-term and structural business statistics. Short-term statistics are largely aligned, with the exception of the services producer price index and the monthly index of production in construction. Innovation, ICT and full data sets for R&D statistics are produced and sent to Eurostat. Rail, maritime and regional transport statistics are highly compliant, but further progress is needed on road freight data. Tourism statistics are also available. Further progress is needed in foreign affiliate statistics (FATS).

As for **social statistics,** data from the income and living conditions survey are available. Labour market statistics are fully aligned with the EU *acquis,* as the methodology for employment data follows EU practice since 2014. Data on education and vocational training are available. Alignment in public health statistics is very high for data related to causes of death and health surveys, but further progress is needed for data on health expenditure and non-monetary healthcare. Social protection statistics are highly compliant. Crime statistics are produced and submitted to Eurostat. Statistics on immigration and emigration were produced for the first time in September 2018, based on administrative registers. However, there are still problems of comparability with EU data because of definitional problems.

As regards **agricultural statistics**, no agricultural census has been carried out since 2001. Crop, and the most critical animal production, milk and dairy statistics are available. Supply balance sheets are also available for almost all basic crop products and for wine. Work is still ongoing for the economic accounts for agriculture and the agricultural input price index, but progress appears slow. The microdata and methodological report of the Farm Structure Survey carried out in 2016 and published in 2018 have not yet been shared with Eurostat. Turkey also provides statistics on fisheries and aquaculture.

As for **environmental statistics**, waste statistics are available, but further progress is needed for construction waste data. Environmental accounts on greenhouse gas emissions and statistics on environmental taxes, material flow and environmental protection expenditure are available. **Energy statistics** are in line with the EU *acquis*. Energy prices are available in good quality and are sent regularly to Eurostat.

5.19. Chapter 19: Social policy and employment

EU rules in the social field include minimum standards for labour law, equality, health and safety at work and non-discrimination. They also promote social dialogue at European level.

Turkey has **some level of preparation** in the area of social policy and employment. There was **no progress** during the reporting period. The 2019 recommendations have not been implemented. In the coming year, Turkey should in particular:

→ remove obstacles limiting the enjoyment of trade union rights and the functioning of the bilateral and tripartite social dialogue

→ improve the enforcement and implementation of legislation pertaining to workers' rights, in particular the labour law and the laws on health and safety at work including its secondary legislation;

→ promote women's employment by stepping up appropriate work-life balance policies.

In the field of **labour law**, Turkey is moderately prepared, but considerable gaps in enforcement and implementation of core legislation persist. The overall rate of unregistered employment reached 34.5% in 2019. Agriculture and forestry workplaces with less than 50 employees and domestic workers are still not covered by labour law, except for matters of health and safety at work. The number of labour inspectors has slightly increased, but efforts to improve inspection capacities need to continue in line with the benchmarks set by the International Labour Organisation (ILO). Statistics concerning mediation on labour disputes (mandatory before resorting to labour courts) indicate that 65% of cases were concluded with an agreement. The impact of the mandatory mediation system needs to be evaluated. For the first time since 2012, Turkey published in March 2020 data on child labour. It declined among children aged below 17 years covered by the labour force survey from 893,000 in 2012 to 720,000 in 2019. For children aged 14 and below, the reduction was particularly significant from 292,000 to 146,000. Half of working children are in the service sector (45.5%, up from 31% in 2012, nearly one third (30.8%) in agriculture (down from 44.8% in 2012, while the share in industry remained stable (23.7%). However, it is not clear whether or to what extent these figures include refugee children. Child labour prevention units made up of staff in the Ministry of Family, Labour and Social Services have been established in all provinces. Child labour practices persist due to household poverty, negative social norms, business practices as well as ineffective inspection and sanctions. The impact of the national programme for the elimination of child labour covering 2017-2023 is yet to be seen.

On **health and safety at work**, legislation is largely in line with the EU framework directive. The requirement for low-risk firms with less than 50 employees to employ occupational health and safety (OHS) professionals was introduced in July 2020. Occupational accidents claimed 1,542 lives in 2018, down from 1,636 in 2017. Turkey has implemented an awareness campaign on work safety in the construction sector. A nationwide project on improving OHS management systems in mining enterprises was launched. Migrant child labourers are increasingly involved in agricultural work, which exposes them to occupational risks. Identification and reporting systems in the field of OHS should be improved. Turkey needs to strengthen its prevention and diagnosis system for occupational diseases, and should publish respective official statistics. Increasing levels of informal work and practice of long working hours beyond legal limits are major factors increasing safety risks for employees.

There was no progress in **social dialogue** last year. Turkey held its 11th labour assembly meeting, bringing together national social partners, in May 2019. It focused on the future of work agenda of ILO, but no conclusions were adopted. The Economic and Social Council has not convened since 2009. Other formal social dialogue mechanisms are either not utilised or lack genuine democratic involvement of all parties thus cannot promote consensus building. Trade union participation among private sector employees who are formally employed stood at 13.84% (January 2020). Trade union participation among the 2.54 million public servants is high at 66.7% (July 2019), but decreasing since 2016. Anti-union discrimination by employers is reportedly very strong. Managers and members of some unions continued to face arbitrary dismissals, harassment and detention for various union activities of a peaceful nature. These factors undermine the rights to freedom of association. Public sector employees have no right to strike, and several categories of them including senior public employees, magistrates and prison guards are deprived of the right to organise. This is not in line with the core labour standards of ILO to which Turkey committed itself. The collective bargaining system in the public sector needs to be improved in line with ILO standards, including the composition and functioning of the public employee arbitration board. Turkey needs to ensure that its law does not interfere

with the right to organise a trade union according to ILO Convention 87. Trials of trade union members and other workers involved in the Istanbul airports protests in September 2018 continued. The State of Emergency Inquiry Commission, mandated to examine dismissals of public servants, continued to have a very large backlog of unresolved cases for those affected by measures under the state of emergency. A public school teacher, after being reinstated by the Commission, sued the state and was granted full compensation by a court for her financial losses after being dismissed under the state of emergency. This was the only such case in the reporting period. (*See chapter 23 - Judiciary and Fundamental Rights*).

On **employment policy**, the labour market situation deteriorated with low labour market participation by women and high rates of informality among the essential shortcomings in 2019. The unemployment rate increased from 11.2% to 14%, while the overall employment rate (15+) fell from 52% to 50.3%. The labour force participation rate remained at 58.5% with a wide gap between the participation by men (78.2%) and women (38.7%). Although there has been an increase in the absolute number of women in the labour market, the employment rate for women decreased slightly from 32.9% to 32.2%. The decrease in the employment rate for men was even stronger (from 70.9% to 68.3%). The long-term unemployment rate (23.5% of all unemployed) remains another challenge. The youth unemployment rate increased to 25.4% as compared to 20.3%, with a large difference between men (22.5%) and women (30.6%). The rate of young people who are not in employment, education or training (NEETs) increased from 24.5% to 26%. Total public sector employment amounted to 4,612,000 people, showing a 7.4% increase.

The number of job and vocational counsellors in the Turkish Employment Agency (ISKUR) reached 4 788, with the employment of new 831 counsellors in 2019. Further increases in the number of the counsellors are needed. Active labour market measures provided by ISKUR covered a total of 615,834 jobseekers in 2019, primarily for 3-to-9 months on-the-job training for young people (402,393 participants) and short vocational training courses for unemployed (124,920 people) with a 50% employment guarantee. More tailor-made efforts and outreach strategies are needed to improve the employability of low skilled, women and young people, NEETs in particular. Turkey continued its employment incentives programmes of previous years, funded by the Unemployment Insurance Fund. Additional three-month wage support incentives and minimum wage support to businesses were introduced in 2019, but an overall picture of the number of beneficiaries and the budget involved is not available. Further efforts are needed to increase employability and access to the labour market for people with disabilities. There are over 55,000 civil servants with a disability, slightly less than 3%. Approximately one million Syrian refugees are employed, 95% informally. Efforts have continued to give these refugees access the formal labour market, but no more than 100,000 work permits were delivered by the end of 2019. The influx of informal workers originating from Syrian refugees under temporary protection increased the already big informal sector in Turkey. Given this situation, measures to reduce informality should continue in a more focused and comprehensive way. The specific situation of Syrian refugees and migrants may require tailor made policy responses. Roma remain largely excluded from formal jobs in the absence of targeted policy measures. Turkey has a good level of preparation for using the **European Social Fund**. The Ministry of Family, Labour and Social Services continues to manage similar sectoral funds under IPA programmes, covering areas of employment, education, lifelong learning and social inclusion. *(Concerning the effectiveness of management of IPA funds, refer to chapter 22 – Regional policy and coordination of structural instruments).*

In **social inclusion and social protection**, poverty and income inequalities have been increasing. The Gini coefficient of 0.408 and the income quintile ratio (P80/P20) of 7.8 in 2018 indicate that income inequality has slightly increased and remained higher than the EU average. The at-risk-of-poverty-rate rose to 21.2% in 2018, and the severe material deprivation was 26.5%. Regional disparities on poverty remained high. 34.6% of children experienced severe material deprivation in 2017, an improvement compared to the previous year, yet the highest

rate in Europe. Expenditure on social protection amounted to only 12.1% of GDP, compared to 26.8% in the EU (2017). Turkey has no specific policy framework for poverty reduction. Yet, some social assistance programmes are in place for citizens in need. In 2019, 43 different programmes provided a total support of TRY 55 billion to nearly 3.5 m households. An increase of 12% to TRY 69.5 billion is projected for 2020. Social assistance beneficiaries were referred to the public employment service for employment or active labour market measures. Turkey continued to provide a wide range of public and social services to refugees, predominantly Syrian nationals. Financial assistance for home-based care targeting elderly and severely disabled persons continued. Turkey needs to promote community-based support services and affordable occupational therapy services, while making public services more accessible. There is an urgent need to increase quality social services including care services for elderly people. Coordination between social services and social assistance needs to be improved.

Turkey has no strategy or action plan for **non-discrimination in employment and social policy.** Data on discrimination in employment, social policy and social protection is not available. Discrimination on the grounds of sexual orientation and gender identity is not prohibited by law. (*see Chapter 23 – Judiciary and fundamental rights*).

On **equality between women and men in employment and social policy***,* there were no legislative developments in relation to part-time work for working parents in the public sector. The employment rate for women was 32.2% while it was 68.3% for men in 2019. While the enrolment of 5-year old children in preschool education had increased to 68% in 2018-2019, compared to 43.5% five years earlier, early childhood education and care for children below 5 years old is still very limited (around 100,000 children between 3-5 years old) and largely concentrated in metropolitan areas. The government has launched the mother-at-work project providing financial support to mothers of children aged 0-15 for participation in employment-guaranteed vocational training courses or on-the-job training. Of 18,288 participants in 2019, only 316 benefitted from an additional child-care support for children aged 2-5 years. To support work-life balance, half-time work allowances were paid to 7,132 beneficiaries in 2019, making a total of only 25,987 since 2016. Part-time work is less developed in Turkey with 10%, compared to the EU average of 19%. There is very limited focus on gender equality in national policy documents. The legislative and institutional mechanisms needed to balance family and working life as a basic component of all national policies promoting women's employment are still lacking. The gender pay gap is 12.9% and motherhood pay gap is 29.6%. Turkey is among the countries where there is a high disproportion between men and women in time spent in unpaid work. There is no official data for sexual harassment in the workplace. The Gender Equality Monitoring and Evaluation Commission established in the Turkish Employment Agency (İŞKUR) has an important role to play if it could function effectively. Representation of women in decision-making positions is very limited *(Please see also Chapter 23)*.

5.20. Chapter 20: Enterprise and industrial policy

EU enterprise and industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized firms.

Turkey has a **good level of preparation** in the area of enterprise and industrial policy. Turkey made **some progress** by implementing some of the results of the Small Business Act report, notably in the field of access to finance and by adopting a new Industrial Strategy, as well as a Strategy and an Action Plan on the fight against the informal economy. Yet, challenges remain, especially the schemes to ensure local manufacturing and generous state aid for large investments, as well as the long-term financing of small and medium-sized enterprises and the legal framework for microfinance.

In the coming year, Turkey should in particular:

→ improve policy compliance following the results of the Small Business Act report, notably on skills and innovation;

→ set up an evaluation plan for the development plan and the industrial strategy, including the impact of the preceding versions.

On enterprise and industrial policy principles, there has been some progress on the policy framework, with the adoption of the new 11th Development Plan and the Industrial Strategy both covering the period between 2019 and 2023. The new Industrial Strategy contains measurable indicators, but it was not based on an evaluation of the impact of the previous strategies. A Strategy and Action Plan to tackle the informal economy was issued. No information is available about the outcome of the preceding action plan. The informal economy remains a key challenge for Turkey.

A new Agency on Tourism Promotion and Development was established in July 2019, aiming to increase the share of tourism income in GDP, through promotion and marketing.

The government made progress in improving the regulatory business environment; however, according to the Small Business Act report, Turkey's performance in enforcing contracts and resolving insolvency deteriorated.

Turkey's focus on localisation schemes (some of which create obstacles to the free movement of goods with the EU - *see Chapter 1*) and the strategic use of public procurement for the benefit of local industry have continued during the reporting period. Turkey maintained the scope of the 15% domestic price advantage in public procurement with compulsory use for medium and high-technology industrial products, contrary to EU rules (see *also Chapter 5*). The Industrialisation Executive Board described in the 11th National Development Plan is expected to develop strategic models in public procurement that will support domestic production. Such steps, as well as existing and planned schemes for localisation in sectors such as pharmaceuticals, medical devices, biotechnological products and agricultural and forestry machinery, are not considered effective means to raise innovation performance and are incompatible with the principles of the EU industrial policy.

Support for innovation eco-systems is fragmented across numerous programmes and concentrated regionally. EU industrial policy, in contrast, emphasises the significance of a territorially-balanced innovation system for a country's competitiveness and industrial transformation and stresses the catalytic function of public policy in this respect.

On enterprise and industrial policy instruments, Turkish legislation is not yet fully harmonised with the Late Payment Directive. The 11th Development Plan and the new Industrial Strategy focus on technological transformation of manufacturing. Turkey intends to support investment in 400 product groups in strategically chosen sectors such as machinery, computer, electronic, optics, electrical hardware, pharmaceuticals, chemistry, and transport vehicles. The amount of state aid granted for this investment is not disclosed, contrary to the commitments under the EU-Turkey Customs Union. Turkey has continued to implement various schemes supporting companies, particularly small and medium firms. A new economic incentive package worth EUR 4.5 billion was announced in May 2019 providing advantageous loans through three public banks.

Furthermore, five new investment funds for techno-entrepreneurs and start-ups were created in cooperation with 12 research universities in Turkey, with a total size of EUR 105 million. Several technical assistance and financing schemes run by the SME support administration (KOSGEB) are operational. Turkey has continued to support technology development zones. There were 85 of these zones as of January 2020 (69 in 2017), 67 of them operational. In 2019, 1,117 patents were obtained from 33,921 completed projects (compared with 1,022 patents from 29,053 projects in the previous reporting period). Turkey remains active in the COSME programme, the Erasmus for Young Entrepreneurs, the Enterprise Europe Network and in the

Small Business Act assessment process. KOSGEB is in charge of the overall coordination of the 11 Enterprise Europe Network consortia consisting of 48 partner organisations.

5.21. Chapter 21: Trans-European networks

The EU promotes trans-European networks in the areas of transport and energy to strengthen the internal market and contribute to growth and employment.

Turkey is **well advanced** on trans-European networks. **Good progress** was made, especially on energy networks. Turkey's role in fostering energy security in the region and the EU was asserted through the completion of the Trans-Anatolian Pipeline project (TANAP), the backbone of the Southern Gas Corridor. On transport networks, some progress was made. The construction of the Halkali-Kapikule railway line started in May 2019. Last year's recommendations remain valid.

In addition to addressing the shortcomings set out below, in the coming year Turkey should in particular

→ accelerate efforts to align with key pieces of the EU *acquis* to facilitate alignment in TEN-T networks;

→ establish a transparent, cost-reflective and non-discriminatory gas transit regime in line with the EU *acquis;*

→ convene the railway overview board to monitor the progress, financing and tendering of the Halkali-Kapikule railway line project and other conditionality under the project financing agreement.

As regards **transport networks**, construction of the Halkali-Kapikule railway line project began in May 2019. It is a project of European interest in the TEN-T railway network and lies on a cross-border section, which has the potential to become one of the key freight corridors from the EU to Turkey and Asia. As part of the bilateral project agreement signed in February 2019, Turkey committed to complete the railway connection between the European and Asian rail networks through the third Bosphorus bridge until 2029. The EU funding (EUR 275 million) is conditional on the completion of the other sections of the Halkali-Kapikule railway line, the finalisation of the railway connection to the Yavuz Sultan Selim Bridge from the European and Asian sides as well as the connection to the Anatolian Railway network. Turkey agreed to convene the railway overview board to start jointly monitoring the progress, financing and tendering of these conditionality projects under the bilateral project agreement. Turkey is regularly encoding TEN-T network data to the transport information management systems. Current and future investments in infrastructure need to fully comply with EU standards on public procurement, state aid and environmental impact assessment. Additionally, all infrastructure investments must be aligned with cost-benefit analyses that need to be carried out in accordance with EU best practices. As a reaction to the COVID-19 pandemic, following initial disruptions, green corridors were established and are functioning effectively throughout the major border crossing points.

As regards **energy networks**, very good progress was achieved on *gas networks* and in particular on the Trans-Anatolian Pipeline project (TANAP), the backbone of the Southern Gas Corridor (SGC). In 2019, TANAP saw its full completion on Turkey's territory. TANAP and the Trans-Adriatic Pipeline Project (TAP) are connected. In addition, the two lines of the TurkStream pipeline project conducted by Turkey with Russia were completed by the end of 2019. The construction of the on-land connecting line to the Turkish Petroleum Pipeline Corporation's (BOTAŞ) existing transit pipeline is ongoing. Limited progress was made on establishing a transparent, cost-reflective and non-discriminatory gas transit regime. *(see Chapter 15 – Energy).* As regards *electricity networks*, Turkey continued progress in aligning to the EU network codes and increasing its capacity of efficient interconnections. Technical studies

for additional interconnection lines with Bulgaria and Greece were ongoing, while studies have also been conducted regarding connections with Romania. The Turkish electricity Transmission System Operator's (TEIAŞ) application to continue as an observer member of the European Network of Transmission System Operators for Electricity (ENTSO-E) was not approved, but TEIAŞ continues to be present in technical discussions of the relevant working groups.

5.22. Chapter 22: Regional policy and the coordination of structural instruments

Regional policy is the EU's main investment policy for sustainable and inclusive economic growth. Member States bear responsibility for its implementation, requiring adequate administrative capacity and sound financial management of project design and execution.

Turkey is **moderately prepared** in the area of regional policy and the coordination of structural instruments. Overall, **some progress** was demonstrated in this area, including because of the acceleration of the absorption of IPA II funds and more effective strategic planning. There was no progress in strengthening implementation of audit recommendation as well as of monitoring and evaluation.

In the coming year, Turkey should in particular:

→ continue focusing on the finalisation of the ongoing operations under IPA II, in order to ensure full implementation of the EU funds by the set deadlines to deliver high quality results and avoid de-commitments;

→ ensure effective strategic planning and risk management at the programme level;

→ implement action plans established by the National IPA Coordinator (NIPAC), National Authorising Officer (NAO) and Audit Authority (AA) in order to strengthen the monitoring and evaluation activities concerning the implementation of sector operational programmes and improve the overall performance in managing EU funds.

Limited progress was made in the **legislative framework.** The tasks and responsibilities of the authorities involved in the Indirect Management by Beneficiary Country (IMBC) system were updated in the last quarter of 2019. No progress was made regarding the **policy framework** on evidence-based policies and results based programming. No mechanisms for evidence-based policymaking, policy and programme evaluations and impact assessment are yet in place. There are still no general framework nor appropriate statistical tools for monitoring and evaluating implementation of the National Strategy for Regional Development (NSRD) and the performance of the Regional Development Agencies' (RDAs). Notwithstanding the existence of the NSRD and the RDAs, national policy-making is still quite centralised. Local actors are still not adequately represented in the RDAs' Board of Directors.

There was no progress on the **institutional framework.** The functioning of the IMBC authorities is monitored by the National IPA Coordinator office (NIPAC) in coordination with the National Authorising Officer (NAO) under the regular oversight of the Presidential Office. The Financial Cooperation Committee, which groups all IMBC authorities, has met more regularly. However, the role of the NIPAC continues to remain weak. A permanent Head of the Audit Authority responsible for auditing the functionality and efficiency of the management and control mechanisms was appointed in April 2019. The Audit Authority, the NAO, the NAO management structure, including the support office and the National Fund, are all located under the same ministry; internal organisational measures need to fully guarantee the independence of the Audit Authority from the influence of the other bodies that are under its audit scope. The State Supervisory Council was designated to investigate irregularities committed against EU interests.

There was some progress in the strengthening of the **administrative capacities of IPA management authorities,** with lower staff turnover, improved internal procedures, increased contracting and disbursement rates, better execution of training programmes as well as technical

assistances for capacity development. However, procurement and financial forecasting still need to be improved. The action plans established by the NIPAC and NAO are positive steps in view of strengthening supervision and monitoring capacity and improving the overall performance with a focus on attaining the envisaged project results and outcomes.

Some progress was made in **programming.** Project pipelines were established by all IPA structures for the IPA II period under 2014-2020 multi-annual operational programmes (MAAPs). Annual programming for 2019 and 2020 was launched in parallel. While procurement accelerated, contracting and implementation need to be enhanced.

Concerning **monitoring and evaluation**, only limited progress was made. No evaluation was launched by the IMBC authorities. Steps were taken to improve project implementation, data analysis and monitoring capacity. But, there is still a need to improve the results frameworks, develop risk indicators and report at outcome level.

Concerning **financial management, control and audit**, de-commitment risk for IPA II funds remains high, in particular IPA 2015 funds within MAAPs, which need be used by the end of 2020. Despite some progress noted, the Operating Structures still lack capacities for the preparing tender documentation and procurement. In many instances, the recommendations of the Audit Authority are not implemented because of disagreement between the Audit Authority and the auditee. It is important that a system is put in place to ensure that the Audit Authority findings are addressed within a reasonable timeframe. Similarly, findings of internal audits need to be followed up more systematically. However, in relation to regional integration and territorial cooperation there have been some achievements in setting up management and control systems as well as with the implementation of IPA I projects.

5.25. Chapter 25: Science and research

The EU provides significant support for research and innovation. All Member States can benefit from the EU's research programmes, especially where there is scientific excellence and solid investment in research.

Overall, Turkey's preparations in the area of science and research are **well advanced**. Turkey made **some progress,** notably in the fields of energy, the European Research Council, and in Marie Skłodowska-Curie Actions. Turkey also made some progress to implement last year's recommendations. The development of an action plan to boost the national research and innovation capacity as well as its alignment with the European Research Area (ERA) is a positive step in this regard. However, its implementation and impact should be closely monitored.

In the coming year, Turkey should in particular:

→ improve its efforts towards aligning its national research area (TARAL) with the ERA;

→ update the National Science, Technology and Innovation Strategy (2011-2016);

→ increase participation and success rates in Horizon 2020 by implementing its action plan and prepare for Horizon Europe to maximise the benefits of EU R&I Framework Programmes.

On **research and innovation policy**, the share of the R&D expenditure to GDP increased to 1.03% in 2018 compared with 0.96% in 2017 (EU28 average is 2%). Total number of full time equivalent R&D personnel increased to 172 119 in 2018 compared with 153 552 in 2017. The share of female personnel has not changed and remained at 32%. The new Industry and Technology Strategy foresees ambitious targets such as the gross domestic expenditure on R&D to be increased to 1.8% by 2023 and the full time equivalent R&D personnel number to be increased to 300 000 by 2023. Although there was progress in 2018, the gap between actual figures, the 2023 targets and the EU28 average remains significant.

On **framework programmes**, Turkey's participation in Horizon 2020 and its success rate were increasing but were still at a low level. The total Turkish success rate in Horizon 2020 is around 10.2% as compared to 12% overall Horizon 2020. Turkish entities received EUR 219.2 million euros of direct EU contribution.

More efforts are needed in further increasing Turkey's Horizon 2020 participation. As a positive action, Turkey developed a new action plan to boost the national research and innovation capacity as well as cooperation with and alignment to the European Research Area (ERA). This action plan, together with the Horizon 2020 roadmap, is expected to lead to a tangible impact on Turkey's participation in Horizon 2020 and its successor Horizon Europe. Robust monitoring mechanisms to follow up the implementation of the action plan need to be established.

On alignment with the ERA, Turkey achieved its best performances on gender equality and gender mainstreaming in research and knowledge transfer priorities. It is ranked third among ERA countries for inclusion of gender dimension in research content. In the area of knowledge transfer, Turkey achieved 13% share of public R&D funded privately, exceeding twice the EU28 benchmark (7%). Turkey's weakest performance was observed in transnational cooperation and open access priorities. In all remaining priorities, Turkey's scores were generally below the ERA averages. Turkey needs to continue its efforts towards aligning its National Research Area (TARAL).

On Innovation Union, Turkey remains a 'moderate innovator' according to the European Innovation Scoreboard for 2019 where the performance relative to the EU has increased strongly by 12.5%. In 2018, there was a significant increase of innovation performance mainly due to the number of innovators, the amounts of investments by firms and an innovation friendly environment. However, structural difficulties persist in the low share of employment in high-tech manufacturing and knowledge-intensive services as well as the limited FDI net inflows.

5.26. Chapter 26: Education and culture

The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policies through the open method of coordination. Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged background.

Turkey is **moderately prepared** on education and culture. There was **some progress** on this chapter, notably regarding the national qualifications system. Turkey made some progress to implement last year's recommendations. Turkey recognises the value of culture in development policies and encourages the promotion and protection of its cultural heritage.

In the coming year, Turkey should in particular:

→ further improve inclusive education, with a particular focus on girls and children from disadvantaged groups and closely monitor and continue work to reduce the proportion of school drop-outs;

→ ensure the good functioning of the Turkish Qualifications Framework;

→ take concrete steps to implement the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

In the area of **education,** the level of public expenditure fell from 4.3 % of GDP in 2018 to 3.7 % of GDP in 2019.

There was some progress in the net enrolment rate for pre-school education for 2018-2019, which increased from 66.9% to 68.3%. The net enrolment rate in primary school for 2018-2019 increased slightly from 91.7% to 92.1% for girls and from 91.4% to 91.8% for boys. In the 2018-2019 school year, lower secondary enrolment fell (compared to 2017-2018) for both girls (from 94.7% to 93.6%) and boys (from 94.3% to 92.9%). In upper secondary education, net

enrolment increased from 83.6% to 84.2% for 2018-2019 with 84.5% of boys and 83.9% of girls enrolled.

The 2018 PISA test scores by 15 year-olds represented an improvement over the previous round in 2015. The 2018 round included 15.2 students per teacher, slightly above the OECD average of 13.1. Inequality in educational opportunities persists, with resources unevenly distributed among schools and more disadvantaged provinces.

Turkey is at an advanced stage of implementing the Bologna process, although significant quality differences persist among the country's 209 universities. The reorganisation of the Higher Education Quality Council (THEQC) led to greater administrative and financial independence. THEQC became a national authority mandated to independently evaluate Turkish higher education institutions. THEQC became a member of the European Association for Quality Assurance in Higher Education (ENQA) in April 2020.

Implementation of a national vocational qualifications system by the Vocational Qualifications Authority (VQA) is ongoing. VQA, the competent authority for preparing national occupational standards and national qualifications and for authorising certification bodies, is also in charge of implementing the Turkish Qualifications Framework (TQF).

As of June 2020, the number of national occupational standards published in the Official Gazette had reached 855 and 498 qualifications had been approved. During the reporting period, the number of authorised certification bodies increased from 182 to 217. The number of VQA vocational qualifications certificates issued increased from 431,907 to 1,047,044. The number of occupations on heavy and dangerous works, for which vocational certificates became mandatory in October 2019, reached 143. Studies regarding the full implementation of TQF continued under the coordination of the VQA.

Although the TQF is referenced to the European qualifications framework, Turkey still needs to ensure that principles and procedures relating to quality assurance, credit systems, inclusion of qualifications, and validation of non-formal and informal learning are fully in place. In the formal vocational education and training sector, implementing the modular curricula and credited module system, instead of the current class passing system, remains an important issue for the effective application of the TQF. An amendment to the Law on Private Education adopted in May 2018 still undermines the effective implementation of the TQF in Turkey as it puts on equal footing holders of certificates for completion of training issued by a private educational institution and holders of certificates issued by an accredited vocational qualification institution. The amendment undermines the efforts made to establish a quality-assured vocational qualification system in Turkey and should be reconsidered.

Turkey has been participating in the EU education programmes since 2004. In the current financial period (2014-2020), around 280,000 participants from Turkey have taken part in the Erasmus+ programme. During these years, Turkey has received the highest number of applications for Erasmus+ among all the participating countries. Turkey is the 6th sending country and the 15th receiving country in terms of individual mobility. Since 2014, the Erasmus+ Turkish National Agency has contracted almost 8,000 projects, for a total amount of EUR 617 million. As of June 2020, applications for the Erasmus+ programme's mobility actions had increased from 10,584 in 2018 to 12,816 in 2019, with a budget of nearly EUR 123 million.

As for **culture**, the National Culture Action Plan (2017-2022) was implemented. It covers cultural policies, cultural diplomacy, cultural economy, cultural assets, museums and archaeology, performance arts, cinema, radio and television, music, visual arts, language and literature, publishing and libraries, and the connections between culture and the following areas: media, architecture, local administrations, Turkish diaspora, family and children. The Ministry of Culture and Tourism (MOCT) invested in promoting and protecting cultural heritage, notably through the opening of three museums and the joint undertaking of archaeological excavations involving Turkish and foreign experts. Work is ongoing to prepare a national inventory system.

Turkey is preparing a road map for implementing the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Two rounds of consultation were held in March and October 2019 respectively for developing cooperation with NGOs and strengthening cultural industries. Nevertheless, 33 cases of artistic freedom violation were documented. The Turkish government was the main violator of artistic freedom and primarily executed the violations under the rationales of countering terrorism and protecting the state. Silencing artists through misapplied anti-terror legislation intensified self-censorship after 2018, when the state of emergency decrees were adopted into permanent legislation.

Measures have yet to be taken to implement the Convention. Turkey has formally expressed interest in re-joining the Creative Europe programme for the 2021-2027 period.

In October, new procedures for evaluating and classifying cinema films came into effect. It became compulsory for movie theatre operators to inform the MOCT of the films they screen and the number of tickets sold. Films produced in Turkey or imported are now evaluated and classified before they are authorised for commercial circulation and screening. If a film is deemed inappropriate, it will not be made available for commercial circulation and screening and will be authorised for screening with a +18 sign, only during festivals, special screenings or similar cultural and artistic events. This requirement concerns mostly low budget, independent local and foreign films and documentaries and has been criticised as it may further discourage the production, distribution and screening of films with high age ratings for financial reasons.

Local authorities have the power to cancel artistic and cultural events for maintaining public order or for security reasons. In November 2019, a photo exhibition in Diyarbakir in the memory of lawyer Tahir Elci was denied permission on such grounds. Cultural NGOs have started employing lawyers when organising festivals, events, and exhibitions and self-censoring on their legal advice. Finding public spaces to perform artistic work has become more difficult, as renting requires prior permissions from both the local authorities and the police. Artists working for the public sector also suffer from arbitrary decisions. In January, 150 artists and technical staff of the state opera, ballet and theatre were dismissed without prior judicial process, based on a Presidential Decree which regulates the number of contract personnel in public institutions, allegedly because they failed to pass the security check *(see Chapter 23: Judiciary and fundamental rights).*

On **youth and sport**, Turkey actively participates in the youth actions of the Erasmus+ programme. Turkey joined the European Solidarity Corps programme in 2019, with a budget of EUR 6 million. Turkey became a leading partner in ten projects under Erasmus+ Sport 2019 call. The National Youth and Sports Policy Paper continued to be implemented. It includes key topics defined in European Union Work Plan for Sport (2017-2020) such as anti-doping, good governance, innovation in sport, sport and health, social inclusion and education through sport. As an Erasmus+ Programme country, Turkey also participated in the European Week of Sport.

5.27. Chapter 27: Environment and climate change

The EU promotes strong climate action, sustainable development and protection of the environment. EU law contains provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.

Turkey **has some level of preparation** in this area. There was **some progress**, mainly in increasing capacity in waste management and wastewater treatment and legislative alignment, but enforcement and implementation still remain weak. Therefore, the 2019 recommendations remain valid. More ambitious and better coordinated environment and climate policies need to be established and implemented. Strategic planning, substantial investment and stronger administrative capacity are required as well.

In the coming year, Turkey should in particular:

→ complete alignment with the directives on waste, water and industrial pollution, and ensure that the Environmental Impact Assessment Directive is correctly implemented;

→ ensure alignment with the EU *acquis* and actual implementation on public participation and the right to access environmental information;

→ ratify the Paris Agreement on climate change, start implementing its contribution to the Agreement, and complete its alignment with the EU *acquis* on climate action.

Environment

Turkey has achieved some level of preparation in the area of **horizontal legislation**. Implementation of the Directive on Infrastructure for Spatial Information is still at an early stage. Provisions in the Environmental Impact Assessment (EIA) legislation that waive licencing and other restrictions for strategically important investment projects remain a major concern. Procedures for transboundary consultations are not aligned with the EIA and the Strategic Environmental Assessments (SEA) Directives. The existing EIA legislation continued to be implemented. However, there were concerns about the application of the rule of law in court decisions on environmental issues, about public participation as well as about the right to environmental information. The public concerns on the Kanal İstanbul Project, for the artificial sea-level waterway connecting the Black Sea to the Sea of Marmara, led to several court cases against the EIA positive decision. In March 2020, the first tender was launched for the planning phase of reconstructing two historic bridges located in the area where the canal is expected to be built. A comprehensive impact analysis is required for this major project that will impact riparian states of the Black Sea and the Mediterranean Sea. Turkey is still not party to the Aarhus and Espoo Conventions. Turkey aligned with the SEA Directive in some sectors. Alignment on environmental liability remained limited.

On **air quality**, national legislation still needs to be adopted in line with EU directives on ambient air quality and national emissions ceilings. Severe air pollution in some cities is reported on an annual basis. Local clean air action plans were prepared for 64 out of 81 provinces. A national strategy for air quality monitoring was in place and 7 out of 8 planned regional networks were operational. Air quality monitoring data was published online.

The legal framework on **waste management** is partially aligned with the new EU *acquis*. Turkey adopted a strategy promoting a zero waste management approach, efficient use of natural resources, landfilling reduction and increased recycling and reuse. A ban on the free distribution of lightweight plastic bags came into force in January 2019; Turkey adopted the by-law on zero waste in July 2019 that included a roadmap for municipalities, buildings and settlements to be completed by 2023. Turkey also plans to introduce a deposit fee for plastic bottles by 2021. Work continued to bring waste treatment facilities up to EU *acquis* standards. Alignment and capacity for sorting, recycling and medical waste treatment increased. However, significant efforts are necessary to implement waste management plans at local and regional level. Economic instruments to promote recycling and the prevention of waste generation improved, but remain limited. In March 2020, Turkey extended the previous recycling and re-use targets initially defined until end of 2020, to cover the years 2020, 2021-2031 and beyond 2031. Accordingly, the target percentages for total recycling were also increased. Legislation on ship recycling which would mirror the requirements of the EU Ship Recycling Regulation, was pending adoption. In the meantime, the current notification procedure practices were in line with the Basel Convention.

In the area of **water quality**, the legislative alignment is advanced but implementation and enforcement should be improved. Over 30% of water bodies were identified as sensitive areas. Management plans for five out of 25 river basins were completed and adopted. Transboundary consultations on water issues were still at an early stage. The law on Protection of Drinking Water Basins was amended in March 2020. Wastewater treatment capacity increased as a result

of continuous investments. A by-law on bathing water was adopted in September 2019. Alignment with the EU Marine Strategy is still pending.

Turkey has some level of preparation on **nature protection.** The framework legislation, the national biodiversity strategy and an action plan have yet to be adopted. Regulations allowing planning and construction in wetlands, forests and natural sites are still not in line with the EU *acquis.* The lists of habitats and species detected in Turkey under the Habitats and Birds Directives were prepared. The institutional framework for managing future Natura 2000 sites needs to be streamlined and adequately resourced. Investments, particularly in hydropower and mining, need to comply with EU environmental legislation, especially for potential Natura 2000 areas. In 2019, a review of existing natural site areas was initiated. A number of changes to the status of such protected areas occurred over the course of the year including, but not limited to, the removal of the National Park of Cappadocia from the list of national parks. This change raised concerns with regard to its legal basis, transparency and the lack of stakeholders' participation.

In **industrial pollution and risk management**, alignment with the EU *acquis* is at an early stage. The by-law harmonising the EU Directive on SEVESO III was adopted in March 2019. Alignment with the Industrial Emissions Directive, the eco-management and audit scheme, and the Paints Directive were still pending.

On **chemicals,** the overall level of legislative alignment is advanced but implementation and enforcement remains weak. Turkey is only partly aligned with the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals *(REACH)*. The regulatory framework to implement the directive on the protection of animals used for scientific purposes was adopted in April 2019. In March 2020, Turkey adopted a law aiming to align with the EU *acquis* on biocidal products.

Alignment with legislation on **noise** is well advanced but implementation and enforcement should be improved. Preparation of noise mapping and local noise action plans are at an advanced stage.

On **civil protection**, Turkey's collaboration under the EU Civil Protection Mechanism (UCPM) increased in 2019, notably with regard to tackling the COVID-19 pandemic. Turkey is encouraged to commit further response capacities to the European Civil Protection Pool and to offer assistance under the Union Civil Protection Mechanism during emergencies. The establishment of the Common Emergency Communication and Information System (CECIS) is still pending. Turkey, as a Participating State of UCPM, has not yet completed its obligation to submit the summary of the country's national risk assessment and risk assessment management capability for disaster risks. Turkey is encouraged to install the Secure Trans European Services for Telematics between Administrators (sTESTA) system to be able to connect through the CECIS with the Emergency Response Coordination Centre (ERCC) of the European Commission. The COVID-19 pandemic highlighted the need to strengthen the legal framework and institutional capacities as well as human and financial resources of civil protection authorities also with regard to health emergencies. Turkey should step up cooperation in the framework of the UCPM.

Climate change

No progress was made in this area over the reporting period. A national strategy consistent with the EU 2030 climate and energy framework was not formulated, and mainstreaming of climate action into other sector policies was still limited. The existing national strategy and action plan addressed climate change mitigation concerns only partially and in a short-term perspective. Turkey has not yet ratified the Paris Agreement on climate change. Regarding its commitments under the UN Framework Convention on Climate Change, Turkey submitted the latest national inventory on greenhouse gasses in April 2020.

Turkey did not align its legislation with the Emission Trading Directive as well as with the EU's economy-wide greenhouse gas monitoring mechanism. Further efforts are needed to fully implement the Fuel Quality Directive and to initiate alignment on emissions standards for new cars. Turkey also needs to establish an alignment plan for the Carbon Capture and Storage Directive.

5.28. Chapter 28: Health and consumer protection

EU rules protect consumers' economic interests in relation to product safety, dangerous imitations and liability for defective products. The EU also ensures high common standards for tobacco control, blood, tissues, cells and organs, patients' rights and communicable diseases.

There is a **good level** of preparation for legislative alignment of consumer and health protection. There was **no progress** on last year's recommendations, though there were some positive developments on institutional capacity in the area of consumer protection and on the establishment of structures needed to implement the EU *acquis* in public health.

In the coming year, Turkey should in particular:

→ ensure effective protection of consumers by better enforcement and better coordination of and cooperation with consumer groups;

→ increase its institutional/administrative capacity, inter-sectoral cooperation, financial resources and appropriate diagnostic facilities to address public health issues at central and provincial level.

Consumer protection

The national legislation is largely aligned with the EU *acquis* on **consumer protection** in **non-safety** related issues. Although insufficient, there was improvement in enforcement, consumer awareness, coordination and cooperation with sectoral stakeholders. There is an on-going training and public awareness campaign aiming at all relevant parties and the general public. A series of promotional advertisements have been made available to the public.

In the first half of 2020, the DG For Consumer Protection and Board of Advertisements imposed fines on sellers due to infringements of consumer rights in a number of areas, including price-fixing arrangements, especially for essential personal hygiene consumer products related to the COVID-19 pandemic. Due to COVID-19 pandemic restrictions, the official deadlines for submitting complaints, petitions and pleas in consumer arbitration committees, as well as periodical committee meetings, were postponed to the period after 15 June 2020.

Turkey made good progress in training judges and arbitration committee members in almost all provinces on EU consumer policy, EU best practices, and the implementation of the relevant legislation. However, the average duration for the resolution of disputes remained a concern. Impartiality of expert witnesses in consumer conflicts was still an issue and there was a considerable decrease in the use of expert witnesses by the arbitration committees. The consumer organisations need strengthening. Better coordination and cooperation among consumer protection stakeholders should be encouraged.

Turkey continued to improve its market surveillance and consumer protection regime. With regard to **safety-related measures**, the long-awaited Product Safety and Technical Regulations Law was published in March 2020 and will enter into force one year after its publication. One of the important new features of this law is the inclusion of product safety provisions in e-commerce, radio and TV marketing in favour of the protection of consumers. (See *Chapter 1: Free movement of goods).* Hence, such products will be subject to market surveillance and producers face measures in case of non-safety. For the first time, the Directorate General for Consumer Protection and Market Surveillance (DGCMS) performed an analysis towards systemic improvement of the deficiencies in consumer protection. Three distinct reports were

made available, which related to the efficiency of consumer arbitration committees (CAC), evaluation of the decisions given by the CACs and a needs analysis for the consumer associations. Turkey should take into consideration these reports in developing further policy initiatives and ensure that these analyses are regularly updated. The DGCMS continued market surveillance inspections pursuant to the Law on the Protection of Consumers.

Public Health

In the area of **public health,** some progress was made in the alignment with the EU *acquis*.

In the field of **tobacco control**, a new regulation of March 2019 requires plain packaging and larger health warnings by the manufacturer as of December 2019 and by the retailer as of January 2020. These measures are expected to serve as dis-incentives for would-be smokers, especially among the youth, and curb tobacco and cigarette sales. A warning about a ban on cigarette sales for those under the age of 18 was replaced with a warning that such sales carry a prison sentence.

Estimates from the Tobacco Atlas indicate about 83,100 deaths from tobacco-caused diseases in Turkey each year, making it the main risk factor for **non-communicable diseases** (NCDs) along with poor **nutrition** and lack of **physical activity**. Combined with aging of the population, the share of the non-communicable diseases NCDs is increasing in the total burden of diseases. In 2018, deaths from circulatory system diseases accounted for 38.4% of total deaths, followed by tumours (19.7%) and respiratory diseases (12.5%). In the fight against risk factors for NCDs, the number of Healthy Life Centres increased to 202. Under the **cancer** control programme, cervical and breast cancer screenings reached 80% and 37% of the respective target groups. The Europe's Beating Cancer Plan that will be adopted by the European Commission by the end of 2020[5] could be used as guidance by Turkey to strengthen its national cancer control policies. Prevalence of obesity was on the rise; one in four children was either overweight or obese. Turkey has the second highest diabetes prevalence (12.8%) among OECD countries. The Healthy Nutrition and physically active Life Programme, which introduced inter-sectoral interventions to attain 25% reduction in the causes of premature deaths in the country by 2025, become operational through the opening of Healthy Life Centres.

There was good progress in the area of **communicable diseases and serious cross border threats to health**. The Communicable Diseases Guideline was updated putting in place the operational procedures to be followed by provincial health staff in case of a threat to health. The Implementing Regulation on the Surveillance and Control Principles of Communicable Diseases was amended. Accordingly, the number of notifiable diseases rose from 73 to 80, with revised case definitions compatible with the EU directives. To maintain coordination within the Ministry of Health and with other Ministries in case of a national and international public health threat, roles and responsibilities of the central and local public authorities were defined by a circular published on 15 March 2019.

Turkey completed its antibiotic use policies and antimicrobial resistance (AMR) control mechanisms, in line with the Global and Regional AMR action plan. Inspections on sale of antibiotics without prescription continued under the control of the Turkish Medicines and Medical Devices Agency. The monitoring of the electronic prescription system reveals improvements with a reduction in prescriptions of antibiotics from 35% to 25%.

On **blood, tissues, cells and organs**, the capacity building of the blood banking system was ongoing. The number of temporary blood banks within the curative system of the Ministry of Health fell to 13 in 2019 compared with 37 in 2018, indicating an increase in the supply capacity of the Turkish Red Crescent (TRC). TRC collected 89% of the total blood needed in 2019, compared to 82.6% in 2016. Following the improvements in the online hemo-vigilance software programme, testing of the monitoring system was launched in January 2020.

[5] https://ec.europa.eu/health/non_communicable_diseases/cancer_en

No progress can be reported on the alignment of organ legislation with the EU *acquis*. Existing legislation on tissues and cells was under revision. A system was established to monitor all relevant phases of transplant programmes from donor to recipient, including adverse events and reactions. In the field of blood, tissues, cells and organs, administrative capacity for enforcement still needs to be strengthened both at central and local levels.

On **mental health**, no progress can be reported. Since 2012, there has been a dramatic increase in suicide rates in Turkey. In 2018, according to official statistics, 3 161 people ended their lives. Unfavourable economic and labour market conditions continue to pose challenges for effective universal health coverage.

In the context of COVID-19 pandemic outbreak in March 2020, the Ministry of Health took measures to minimise the burden on health facilities and medical professionals and protect the public health. **Turkey put in place actions in line with the EU Directives on communicable diseases and WHO International Health Regulations.**

According to the official declarations from the Turkish authorities, the Turkish healthcare system was coping with the COVID-19 needs. Testing and hospitalisation were granted free to all individuals irrespective of their social security coverage. However, there is no external assessment available on the capacity of the Turkish health system. Turkey set up a task force of experts to coordinate COVID-19 containment, which took stringent measures, including closure of schools, public places, weekend curfews, strict confinement of young and elderly persons.

Turkey was cooperating with the European Centre for Disease Prevention and Control (ECPM) through the EU funded project since the early phase of the crisis, and made use of the donated positive control material for SARS-Cov-2 testing, developed by the Joint Research Centre. Turkey started in June 2020 sharing data with the ECPM.

5.29. Chapter 29: Customs Union

All Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment, adequate implementing and enforcement capacity, and access to the common computerised customs systems.

Turkey maintains **a good level of preparation** for the customs union. There was **backsliding** in the reporting period. Turkey continued to extend the scope of additional duties applied on imports of a large number of products originating in third countries, which are in free circulation in the EU, thus infringing the fundamental principle of the Customs Union. The requirement for a certificate of origin for goods in free circulation in the EU is in breach of the Customs Union rules. Duty relief, free zones and surveillance measures remain not fully in line with the EU *acquis* nor with Turkey's obligations under the Customs Union. The recommendations from last year were not implemented.

In the coming year, Turkey should in particular:

→ step up efforts to align with the EU Customs Code;

→ bring risk-based controls and simplified procedures in line with the EU *acquis;*

→ eliminate import and export restrictions hampering the effective free movement of goods.

There was backsliding in the area of **customs legislation**. Turkish customs law needs to be aligned with the EU Customs Code and risk-based controls and simplified procedures need to be improved to facilitate legitimate trade, while ensuring security and safety. Rules on surveillance, free zones and duty relief are yet to be aligned with the EU *acquis*. Turkey continued to extend the scope of additional duties applied on imports of a large number of products originating in third countries. Turkey reintroduced export restrictions on copper scrap and failed to wholly eliminate the restriction on certain leather products, which is in violation of the Customs Union

rules. The designation of specialised customs offices and the requirement for a certificate of origin for goods in free circulation in the EU are not compatible with the provisions of the Customs Union. The unilateral decision by Turkey to increase duty on imports of sweet corn to a disproportionally high level was contrary to Customs Union rules.

On **administrative and operational capacity**, efforts to strengthen customs enforcement capacity for border controls continued. Customs enforcement of intellectual property rights continued to improve, though. Further alignment is required. Efforts to improve risk-based controls to enforce safety and security measures need to be bolstered. Turkey implemented the computerised transit system as part of its membership of the Convention on a Common Transit Procedure. However, tariff IT systems (TARIC, Surveillance) are yet to become operational. The IT strategy in line with business initiatives needs to be implemented and the documented customs business processes aligned to the legal basis need to be kept up-to-date.

5.30. Chapter 30: External relations

The EU has a common trade and commercial policy towards third countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules in the field of humanitarian aid and development policy.

Turkey is **moderately prepared** in the area of external relations. The **backsliding** continued in the reporting period. The level of alignment with the Common Customs Tariff (CCT) diminished as Turkey continued to apply and extend additional customs duties, while divergence from the EU Generalised Scheme of Preferences further increased in breach of Turkey's legal commitments under the EU-Turkey Customs Union. The recommendations from last year were not implemented.

In the coming year, Turkey should in particular:

→ urgently re-align the customs tariff with the CCT;

→ complete alignment with the EU's Generalised System of Preferences and dual-use export control regime.

No progress was made on the **common commercial policy**. Turkey's once good level of alignment with the EU common commercial policy was further eroded by the unilateral imposition of additional duties. While Turkey eliminated additional duties on one specific product, those on a large number of imported products remained in place and further extensions were added (*see Chapter 29 - Customs Union*). In addition, Turkey continued to deviate from the EU Generalised Scheme of Preferences in terms of both countries and products. The opening of new investigations based on weak evidence and the use of safeguards where more targeted trade defence measures - such as the anti-dumping instrument - would have been more appropriate, remained a cause of concern. There is a need for closer coordination between the EU and Turkey within the World Trade Organisation, in particular on the Doha Development Agenda, and at the OECD and the G-20.

On export controls on **dual-use goods**, Turkey did not align with the EU position on certain multilateral export control arrangements, such as the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies and the Missile Technology Control Regime. There is still no alignment with the EU position on medium and long-term export credits.

Regarding **bilateral agreements with third countries**, the free trade agreement signed with Kosovo* entered into force. Turkey continued to implement its free trade agreement with

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Malaysia although the EU has no such agreement with that country. In addition, Turkey continued the process of concluding an agreement with Venezuela.

As for **development policy** and **humanitarian aid**, official development assistance (ODA) granted by Turkey reached EUR 7.3 billion, equivalent to 1.10% of its gross national income (GNI) in 2018, thus further exceeding the 0.7% target enshrined in Sustainable Development Goal 17. This assistance was largely directed towards humanitarian support for Syria-related activities on Turkey's own territory.

5.31. Chapter 31: Foreign, security and defence policy

Member States must be able to conduct political dialogue under EU foreign, security and defence policy, to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures.

Turkey has **some level of preparation** in the area of foreign, security and defence policy. There was **backsliding** in the framework of political dialogue on foreign and security policy as Turkey's foreign policy increasingly collided with the EU priorities under the Common Foreign and Security Policy. Dialogue with the EU was hampered by Turkey's provocative actions in the Eastern Mediterranean and the corresponding EU reaction. The latter included the adoption of a framework for restrictive measures. Turkey intervened militarily in north-east Syria as well as in Libya and signed bilateral memoranda with the Libyan Government of National Accord on maritime delimitation and on security and military cooperation. Turkey reached agreements with the US and with Russia on a ceasefire in north-east Syria, which included the establishment of a Turkish-controlled area along the border in Syria, with the declared objective of fighting against the alleged PKK allies in Syria. Cooperation with the EU on counter-terrorism and on the EU's common security and defence policy was discussed in senior officials meetings. However, the political context impacted on the further holding of the respective structured dialogues. Turkey continued to provide substantial assistance to over 4 million refugees, out of which 3.6 million are Syrian.

In the coming year, Turkey should in particular:

→ take decisive steps to significantly improve alignment with EU declarations and Council decisions on common foreign and security policy;

→ enhance the political dialogue on foreign and security policy with the EU.

The **political dialogue** between the EU and Turkey on foreign and security policy issues continued, including as part of the March 2019 EU-Turkey Association Council and senior officials meetings. Discussions focused on Eastern Europe, the Western Balkans and Asia. Following the July 2019 Council conclusions, the high-level political dialogue did not take place. Contacts at Presidential and Ministerial level continued, notably in the framework of the Turkish President's meeting with the Presidents of the European Council and of the European Commission on 9 March 2020. Following this meeting, the High Representative/Vice President was tasked, together with his Turkish counterpart, to take stock of the implementation of the March 2016 Joint Statement. Intensified contacts have followed.

A Political Directors' meeting took place in September 2019. The discussions touched upon cooperation on foreign policy issues, including Common Security and Defence Policy (CSDP), counterterrorism and regional issues. Turkey attended a number of events organised or supported by the EU, including the Brussels III and IV Syria Conferences and the EU-hosted high-level meeting on Syria in the margins of the 74th session of the UN General Assembly. In January 2020, the EU Special Representative for Central Asia held bilateral consultations with Turkey in Ankara. Turkey conducts High Level Strategic/Cooperation Councils with 25 countries and is part of eight trilateral or quadrilateral regional mechanisms. It held the chairmanship of the Parliamentary Assembly of the Union for the Mediterranean.

(See Political criteria — Regional issues and international obligations - for more information on developments in bilateral relations with other enlargement countries and EU Member States.)

The institutional framework enabling Turkey's participation in the **common foreign and security policy (CFSP)** and CSDP is in place. In 2019, Turkey aligned, when invited, with 19 out of 91 relevant High Representative declarations on behalf of the EU and Council decisions, that representing an alignment rate of around 21%. Turkey continued not to align with most EU restrictive measures, including related to Russia, Venezuela and Syria. Turkey has not yet signed the statute of the International Criminal Court and not yet ratified the Paris Agreement on Climate Change. Turkey held the Chairmanship of the Organisation of Islamic Cooperation (OIC) Summit until the end of May 2019.

In October 2019, Turkey launched 'Operation Peace Spring' in north-east **Syria**, carried out by Turkish Armed Forces and the opposition Syrian National Army. The proclaimed Turkish objectives of the operation were the removal of the Democratic Union Party/People's Protection Units (PYD/YPG), that Turkey considers to be a terrorist organisation, from the border region, and establishing a buffer zone to resettle Syrian refugees. This operation led to a deterioration in Turkey's relations with the EU, the US and countries in the region. The EU condemned Turkey's unilateral military action in north-east Syria and urged Turkey to end its military action, withdraw its forces and respect international humanitarian law. The vast majority of Member States decided to halt arms export licensing to Turkey.

Separate agreements with the US and with Russia, concluded in October, resulted in the creation of a Turkish-controlled area stretching from Tel Abyad to Ras al-Ayn and going 30 km deep into the Syrian territory. The Turkish authorities supported activities conducted by the Syrian Interim Government to bring back stability and create administrative structures on the ground. They further encouraged the Syrian Interim Government to produce results in the investigation and judicial outcome of alleged war crimes conducted by Turkey-backed Syrian National Army elements. In September 2019, Turkey hosted the 5th Astana Summit in Ankara, which contributed significantly to the finalisation of the composition of the Constitutional Committee. Turkey continued to support the National Coalition for Syrian Revolutionary and Opposition Forces, based in Istanbul.

The situation in the Idlib region, which was marked by a renewed advance by the regime on the province in 2019, escalated even more in the beginning of 2020 and raised concerns for Turkey and for the international community in view of possible spill-over effects and of a potential new humanitarian crisis with close to 1 million new Syrian IDPs moving close to the Syrian-Turkish border. Turkey suffered numerous casualties among the military and civilian staff present in Idlib and reacted with attacks on military positions of the Syrian regime, notably in the framework of the Turkish operation 'Spring Shield', which it launched days after airstrikes killed 34 Turkish soldiers. In March 2020, Russia and Turkey reached a ceasefire agreement that stabilised frontlines in north-west Syria, established a new corridor along the M4 highway, and created a framework for joint Russian-Turkish military patrols. Turkey maintained its military observation posts on the ground, including those situated in territories now controlled by the Syrian regime, and brought in further reinforcements to the region. Turkey cooperates with the United Nations High Commissioner for Refugees and initiated a regional dialogue regarding the conditions for safe, voluntary and dignified return of Syrian refugees.

Relations with the US continued to be strenuous, also in light of the continued US opposition to the purchase of Russian S-400 air defence systems by Turkey. US sanctions against Turkey remained an option and legislation passed by the US Senate in late 2019 renewed a decision to exclude Turkey from the US-led F-35 fighter jet programme. The same piece of US legislation included a measure to sanction companies involved in Russian natural gas pipelines to Europe, which also affects TurkStream. Other irritants in the relation were the longstanding request of Turkey for the extradition of Fethullah Gülen, penalties on Halkbank for the alleged breach of

sanctions on Iran and the US policy on Palestine, notably on the issue of settlements and the future status of Jerusalem. The Turkish President had regular contacts with the US President and visited the US in November 2019 to discuss regional and bilateral issues. During the Idlib crisis in February 2020, the US openly expressed support for the Turkish Armed Forces trying to stop the offensive of the Syrian regime with the support of Russian aviation and Iranian militias. In spite of irritants, the US-Turkey cooperation continued against Da'esh and in the security field as NATO allies.

Relations with the **Libyan** Government of National Accord (GNA) were marked by the signing of a Memorandum of Understanding on the delimitation of maritime jurisdictions in the Mediterranean Sea in November 2019, ratified by the Turkish Grand National Assembly. The EU stressed that the Turkey-Libya Memorandum of Understanding on the delimitation of maritime jurisdictions infringes upon the sovereign rights of third States, does not comply with the Law of the Sea and cannot produce any legal consequences for third States. A second Memorandum of Understanding was signed on the security and military cooperation, which was not supported by the opposition parties during ratification in the Turkish Grand National Assembly. Following the attack by General Haftar forces on Tripoli in April 2019, the GNA formally requested the military support from five countries, the USA, Italy, Algeria, the UK and Turkey, with the latter being the only one to have responded positively. The significant military deployment of Turkish military assets continued since then. The EU expressed its strong concern about the decision of the Turkish Grand National Assembly to the military deployments in Libya, in a blatant violation of the UN arms embargo regime. In response to the Turkish military build-up, Russia also stepped up the deployment of its military assets to Libya, with both countries further deepening their military foothold. The increasing foreign interference in Libya by these and other regional actors continued to seriously challenge the implementation of the UN-led Berlin process that aims to relaunch the political process as the only responsible way out of the Libyan crisis.

Turkey and **Russia** further developed their bilateral cooperation in a range of areas, including cooperation in defence, economic, energy, tourism and culture fields. On Idlib/Syria and Libya, though, they support different conflicting parties. Turkey and Russia leaders met and spoke regularly, and both countries are coordinating military control in north-east Syria as well as in parts of north-west Syria. In January 2020, Russia and Turkey inaugurated the TurkStream pipeline, which will supply Turkey and some EU countries with natural gas from Russia.

Relations with **Ukraine** further developed, with mutual visits by the Presidents, notably in the areas of defence and aerospace. Turkey continues to stand on Ukraine's side regarding Russia's illegal annexation of Crimea and support to the "rebels" in the Donbass region. Turkey welcomed the exchange of prisoners between Moscow and Kiev.

Turkey supported the safeguarding of the Joint Comprehensive Plan of Action on **Iran** and acknowledged the EU initiatives on the matter. US sanctions and the contracting Iranian economy seriously affected bilateral trade, leading to a decrease by one third in 2019 as compared to 2012. Turkey maintained close relations with **Iraq** and various high-level meetings took place amid growing tensions between Iran and the USA, notably following the US targeted drone strike near the Baghdad International Airport that killed Iranian major general Qasem Soleimani of the Islamic Revolutionary Guard Corps. Turkey, at all occasions, reiterated its support to Iraq's sovereignty and political stability. The Turkish Minister of Foreign Affairs visited Baghdad and advocated for de-escalation and stability in the region. Turkey proposed a draft joint document designed to become a new framework for cooperation in the military and security fields. Turkey also maintained good relations with Iraq's Kurdistan Regional Government administration and launched the military operations 'Claw-Eagle' and 'Claw-Tiger' in June 2020 on Iraqi territory in its fight against terrorism, in particular against the PKK, which remains on the EU list of persons, groups and entities involved in acts of terrorism.

Turkey intensified its relations with **Tunisia** and **Algeria** through high-level visits, notably at the end of December in light of the developments in Libya. Relations with **Egypt** remained tense and respective positions further diverged on the situation in Libya and on the issue of energy cooperation in the Eastern Mediterranean. Turkey continued to criticise **Israel** for its settlement policy and intervened in defence of the Palestinian interests, including in its strong rejection of the US Middle East initiative. It mobilised humanitarian support for Palestine. Turkey praised the report by the UN Special Rapporteur extrajudicial, summary or arbitrary killings released in June on the killing of journalist Jamal Khashoggi at the Consulate of **Saudi Arabia** in Istanbul. In March 2020, Istanbul Prosecutor's office indicted 20 Saudi nationals on charges of murder and incitement to murder and issued arrest warrants. Both sides blocked media outlets that are affiliated with the respective other governments. High-level meetings took place between Turkey and **Qatar**, who agreed to provide Turkey with USD 2 billion in currency swaps to help support the Turkish economy. Turkey increased its military presence in Qatar. Relations with the **United Arab Emirates** (UAE) were marked by increasing tensions, as opposed sides in the Libyan conflict and in view of media reports of the UAE demarches in Damascus against the Idlib ceasefire.

Regarding the **South Caucasus** countries, after 14 years, the Turkey-**Georgia** Economic Commission resumed talks on trade and economic relations and agreed to work on a simplified customs line to help end transportation delays. Turkey and **Azerbaijan** inaugurated the Europe link of the strategic Trans-Anatolian Natural Gas Pipeline in November, and continue to strengthen their historical, strategic and cultural ties. Turkey's relations with **Armenia** did not improve, in spite of some attempts of dialogue.

Turkey considers the **Central Asian states** as strategic partners in regional and global affairs, and Turkey's regional strategy focused on enhanced connectivity and energy projects, as well as on the Turkic Council. Cooperation with **Kazakhstan, Turkmenistan, Tajikistan** and **Kyrgyzstan** developed, in particular on trade. Turkey signed a cooperation deal on information sharing with **Afghanistan**, to which Turkey continued to provide humanitarian and development assistance. Turkey also attended the signature of the US-Taliban peace agreement and promoted itself as a candidate to mediate the intra-Afghan negotiation dialogue. Turkey continued to contribute to NATO's mission in Afghanistan. Turkey expressed its concern on the annulment of article 370 of India's Constitution granting special status to Jammu-Kashmir, and asked **India** and **Pakistan** to engage in a dialogue within the framework of the relevant UN resolutions.

Turkey and **China** worked together to align Turkey's Middle Corridor infrastructure strategy with China's Belt and Road Initiative. The first freight train traveling from China to Europe crossed via Istanbul through the sub-sea Bosphorus rail tunnel in November 2019. Turkey further developed its cooperation with **Indonesia** in the defence industry. Turkey and **Japan** worked on an economic partnership deal and agreed on technical cooperation between their respective state-run aid agencies. A trilateral meeting was held with **Malaysia** and **Pakistan**. Turkey held talks with **Thailand** and **Philippines** on trade and defence cooperation.

Turkey further strengthened its relations with partners in **Africa** and **Latin America**. Turkey increased the number of embassies on the African continent to 42 and hosted the 3rd African Muslim Religious Leaders summit. It increased trade relations on the continent and a Turkey-Africa partnership summit was scheduled to take place in 2020, but had to be postponed due the COVID-19 pandemic. Relations with Asia and Africa represent renewed priorities for the Turkish foreign relations.

Turkey continued to actively participate in Operation EUFOR ALTHEA in the framework of the **EU common security and defence policy (CSDP)**, conducted under the 'Berlin Plus' arrangements between the EU and NATO. It remains the biggest non-EU troop contributor to this military crisis management operation and the largest single third country contributor to CSDP. Turkish participation in the EU Advisory Mission (EUAM) Ukraine and the EU Rule of

Law Mission (EULEX) in Kosovo was suspended after Turkish seconded staff was withdrawn following the attempted coup of 2016, but Turkey later expressed its interest in continuing to contribute to these missions and submitted applications to EULEX.

Turkey, together with other non-EU NATO Allies, continues to request to be involved in EU defence initiatives (PESCO, EDF). Turkey's narrow interpretation of the EU-NATO cooperation framework continues to pose an obstacle to building a genuine organisation-to-organisation relationship, in particular by limiting the exchange of information and blocking the inclusive participation of all Member States in joint activities of the two organisations.

Turkey is currently contributing to eight UN peacekeeping operations. Turkey participated at President level in the UN General Assembly in September 2019, making a strong plea for multilateralism, and continued to voice support for a reform of the UN Security Council. It reiterated its dedication to the 2030 Agenda of the Sustainable Development Goals. In June 2020, a former Turkish Minister for EU Affairs was elected President of the 75th session of the UN General Assembly. Turkey participated at the **G20 Osaka Summit** and the **OSCE** Ministerial Council in Bratislava. In light of the COVID-19 pandemic, Turkey maintained that global cooperation is indispensable in order to fight efficiently the pandemic and participated in the Coronavirus Global Response International Pledging Event hosted by the European Union on 4 May 2020, pledging EUR 75 million. Turkey stepped up its foreign policy initiatives mainly by providing humanitarian aid to more than 120 countries, including EU Member States.

5.32. Chapter 32: Financial control

The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audit of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and the euro against counterfeiting.

Turkey **has a good level of preparation** on financial control. **Limited progress** was made in the reporting period. The Turkish Court of Accounts (TCA) published its 2019-2023 Strategic Plan. While a new anti-fraud coordination service (AFCOS) was assigned to facilitate cooperation and exchange of information with the European Commission, the AFCOS network has yet to be re-established. The purpose, authority and responsibility of internal audit is undermined by the absence of a legal requirement to have internal audit units in Ministries. The Turkey Wealth Fund remained not fully subject to the direct audit by the Turkish Court of Accounts. Last year's recommendations were only partially addressed and remain valid.

In the coming year, Turkey should:

→ update the Public Internal Financial Control policy paper and its action plan and ensure that a formal coordination, monitoring and reporting framework is put in place for the updated action plan;

→ ensure systematic and timely implementation of external audit recommendations;

→ re-establish the AFCOS network and adopt a national anti-fraud strategy.

Public internal financial control (PIFC)

The **strategic framework** is partially in place. The update of the Public Internal Financial Control policy paper is in progress since 2012. There is no mechanism in place to coordinate implementation of the reforms and to ensure regular monitoring and reporting on implementation. As Turkey does not have a strategic framework for public administration reform in place, it is not clear to what extent all the enabling conditions for managerial accountability are being addressed. *(See also Public administration reform)*

Exceptional management and control procedures or derogations applied by the authorities during the COVID-19 crisis need to be well documented, accompanied by adequate safeguards and considered for special audits.

The Turkish administration has a uniform management structure that combines elements of **managerial accountability** and delegation with a results-oriented performance management system. Further efforts are needed to address harmonisation of legislation, managerial accountability, including delegation of decision-making responsibilities, and functioning of internal control. The Public Financial Management and Control (PFMC) Law applies to all public institutions and sets out the relevant responsibilities of the heads of public institutions, including managerial duties and the delegation of authority to authorising officers.

The PFMC Law regulates **internal control**, which functions largely in line with international standards. The application of risk management is still at an early stage, and monitoring and reporting of irregularities are yet to be further developed. Turkey has a treasury single account, but the inclusion of local administrations and regulatory and supervisory agencies within its scope raises concerns.

Internal audit practice is regulated in line with international standards in the PFMC Law. An internal audit manual and a code of ethics are in place, as are manuals prepared by the Central Harmonisation Unit, but they have not been updated since 2013. There is no legal requirement for Ministries to have an internal audit unit, just internal auditors, and there is no formal status for heads of internal audit as a Unit Head. There is no entity performing the role of an Audit Committee and auditors report directly to their Deputy Ministers or a senior manager. These reporting arrangements could compromise auditors' independence in planning and performing their work. Quality review needs to be systematically implemented. There is generally a lack of data on internal audit planning and implementation of recommendations. There is no systematic follow-up of the implementation of internal audit recommendations.

Two **Central Harmonisation Units**, one for financial management and control and the other for internal audit, are in charge of developing and disseminating methodological guidance, monitoring and reporting on PIFC implementation. The former does not perform internal control quality reviews. The Internal Audit Coordination Board, which notably monitors the internal audit systems of the public administrations, develops IA standards and publishes manuals, is not operating, hampering the CHUs from developing their work.

External audit

The **constitutional and legal framework** provides for the independence of the Turkish Court of Accounts (TCA). The TCA law is in line with International Organisation of Supreme Audit Institutions (INTOSAI) standards. It provides for an almost exhaustive audit mandate and gives the TCA full discretion in discharging its responsibilities. Concerns exist around fiscal discipline, transparency and accountability in relation to the Turkey Wealth Fund (TWF), now directly affiliated with the President of the Republic and not fully subject to the direct audit by the TCA. Only a number of companies in the TWF portfolio are audited by the TCA and some TWF activities are not subject to external audit. The TWF is audited by auditors appointed by the President, who is also the Chairman of the TWF.

The TCA has both audit and judicial functions. In 2018, it had 1,844 staff, including 772 auditors. The TCA published its 2019 - 2023 Strategic Plan, which notably foresees the development of risk-based audit and the development of its human resources capacity.

The TCA has improved the **quality of audit work** carrying out 275 performance audits in 2018. The audit reports largely comply with international standards. The TCA submits annually four audit reports to the Parliament (External Audit General Evaluation Report, Accountability General Evaluation Report, Financial Statistics Evaluation Report, and Report on State

Enterprises) in addition to a statement of general conformity. The reports of the TCA are only considered by the Parliament during its deliberations on the budget.

Regarding the **impact of audit work**, the TCA assesses the internal control environment of audited entities as part of its audit work, and thus contributes to PIFC development. The TCA reports on state-owned enterprises are analysed by the commission of state-owned enterprises, while other audit reports are analysed by the committee on planning and budget. The TCA reports are published online every year, with the exception of those on state economic enterprises. The TCA annual audit report is discussed in the relevant parliamentary committee, but increased parliamentary scrutiny and an appropriate mechanism for following-up audit findings and recommendations still need to be ensured. The low number of referrals for prosecution continues to be of concern. Many TCA recommendations are not systematically and swiftly implemented by the audited institutions. A working group between the TCA and the Ministry of Treasury and Finance is operational and there is a need for a similar working group with the Parliament.

Protection of the EU's financial interests

While Turkey has reached a good level of EU *acquis* **alignment**, it still needs to fully align its legislation with the EU Directive on the fight against fraud to the Union's financial interests by means of criminal law. Turkey assigned the State Supervisory Council (SSC) as the **anti-fraud coordination service** (AFCOS) to work with the European Commission. However, an AFCOS network, involving other relevant authorities, still has to be re-established. Turkey also needs to adopt a national anti-fraud strategy. Turkey should significantly strengthen its **cooperation with the European Commission** during investigations, and continue to report irregularities and suspected fraud cases to the Commission. Turkey reported 637 cases to the Commission via the online irregularity management system since 2012, of which 109 cases in 2019 only. Turkey needs to continue to develop a solid track record on investigations and reporting of irregularities.

Protection of the euro against counterfeiting

Turkey has reached a high level of EU *acquis* **alignment** in this area. **Technical analysis** of counterfeit money, including euro banknotes and coins, is carried out by a dedicated department in the Central Bank and technical analysis of counterfeit coins including euro coins are performed by the Turkish State Mint. Credit institutions that do not withdraw counterfeits from circulation are subject to financial penalties. Turkey ensures **cooperation** with the Commission and the European Central Bank and takes part in the actions of the Pericles 2020 programme.

5.33. Chapter 33: Financial and budgetary provisions

This chapter covers the rules governing the funding of the EU budget ('own resources '). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; and (iii) a resource based on value-added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.

Turkey has **some level of preparation** in the area of financial and budgetary provisions. **No progress** was made during the reporting period. Solid coordination structures, administrative capacity and implementing rules for the correct application of the own resources systems will need to be set up in due course.

In the coming year, Turkey should in particular:

→ further align the GNI Inventory with Eurostat's GNI Inventory Guide.

Basic principles and institutions in the underlying policy areas linked to the application of the own resources system are already in place (see *Chapters 16 - Taxation, 18 - Statistics, 29 - Customs union and 32 - Financial control).* The Customs Union with the EU on processed agricultural goods and industrial goods (with the exception of coal and steel products) continues

to ensure considerable alignment of Turkey's customs legislation with the EU *acquis* on customs while a draft customs law aligned with the Union Customs Code is yet to be adopted. This will facilitate preparation in **traditional own** resources, i.e. mainly customs duties.

For the **value added tax-based resource,** preparation is needed to correctly calculate the statistical VAT base, the weighted average rate and the positive and negative corrections to offset the impact of derogations from the EU *acquis.* Sound measures are needed to combat VAT and customs duties fraud and resolute actions are needed to tackle the non-observed economy.

Concerning the **gross national income-based resource**, Turkey will need to continue its efforts to ensure that its national accounts and GNI calculations take account of the informal economy and exhaustiveness in general and to bring them fully in line with the European system of accounts (ESA 2010).

As concerns the **administrative infrastructure**, Turkey will need to set up a fully operational coordination structure, with appropriate administrative capacity and implementing rules, to ensure that it will be able to correctly calculate, forecast, account for, collect, pay, control and report own resources to the EU in line with the EU *acquis*.

Annex I – Relations between the EU and Turkey

Within the framework of **accession negotiations**, 16 chapters have been opened so far and one of these was provisionally closed. In June 2019, the General Affairs Council reiterated the Council's position of June 2018 that Turkey has been moving further away from the European Union. Turkey's accession negotiations have therefore effectively come to a standstill and no further chapters can be considered for opening or closing.

Dialogue between the EU and Turkey was hampered by Turkey's provocative actions in the Eastern Mediterranean and the corresponding **EU reaction**. In light of the unauthorised drilling activities of Turkey in the Eastern Mediterranean, in July 2019 the Council decided to suspend negotiations with Turkey on the Comprehensive Air Transport Agreement, not to hold for the time being the EU-Turkey Association Council as well as further meetings of the EU-Turkey high-level dialogues, to endorse the Commission's proposal to reduce the pre-accession assistance to Turkey for 2020, and to invite the European Investment Bank to review its lending activities in Turkey, notably with regard to sovereign-backed lending. The EU further adopted a framework for targeted measures against Turkey in November 2019 and decided in February 2020 to add two individuals to the list of designations under this sanctions framework.

On 1 October 2020, the European Council stated that, provided constructive efforts to stop illegal activities vis-à-vis Greece and Cyprus are sustained, the European Council agreed to launch a positive political EU-Turkey agenda with a specific emphasis on the modernisation of the Customs Union and trade facilitation, people to people contacts, High level dialogues, continued cooperation on migration issues, in line with the 2016 EU-Turkey Statement. The EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Turkey. The European Council also stressed that in case of renewed unilateral actions or provocations in breach of international law, the EU will use all the instruments and the options at its disposal, including in accordance with Article 29 TEU and Article 215 TFEU, in order to defend its interests and those of its Member States. Reforms and developments in Turkey continued to be monitored by the bodies set up under the **Association Agreement**, with subcommittees kept being held throughout the reporting period. The Commission, jointly with the European External Action Service, has maintained EU-Turkey relations in all key areas of joint interest based on a **broad engagement**. President Michel and von der Leyen met President Erdoğan in Brussels in March 2020. High Representative/Vice President Borrell continued engagement with Foreign Minister Çavuşoğlu, including in view of the situation in the Eastern Mediterranean and the implementation of the EU-Turkey Statement of March 2016. The political dialogue between the EU and Turkey on foreign and security policy issues continued, including as part of the March 2019 EU-Turkey Association Council and senior officials meetings.

Turkey is 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 originates in the EU. As part of the Economic Reform Programme exercise, Turkey participated in the multilateral economic dialogue with the Commission and Member States held in May 2019 to prepare the country for participation in multilateral surveillance and economic policy coordination as part of the EU's Economic and Monetary Union. The EU and Turkey also continue to coordinate in the framework of the G-20.

Regarding the **Customs Union,** the Commission adopted a recommendation for opening of negotiations with Turkey on the modernisation of the Customs Union in December 2016. This recommendation has been forwarded to the Council where it has been under consideration, without prejudice to Member States' position. In June 2019, the General Affairs Council reiterated that, under the prevailing circumstances, no further work towards the modernisation of the EU-Turkey Customs Union could be foreseen. The Customs Union Joint Committee met in

July 2019 to discuss a significant number of issues hampering the smooth functioning of the Customs Union.

In the area of **visa, migration and asylum**, the implementation of the March 2016 EU-Turkey Statement has continued to deliver concrete results in reducing irregular and dangerous crossings on the Eastern Mediterranean Route to Europe and in saving lives at sea. Turkey sustained its considerable efforts to provide significant support to close to 4 million refugees, of which 3.6 million Syrians. In the context of the EU-Turkey visa liberalisation dialogue, despite an announced acceleration of work by Turkey, no outstanding visa liberalisation benchmarks were fulfilled. The EU and Turkey continued negotiations, launched in November 2018, on an international agreement on the exchange of personal data between Europol and the Turkish authorities competent for fighting serious crime and terrorism.

Turkey and the EU further built on the fruitful cooperation under the Facility for Refugees in Turkey. The Facility manages a total of EUR 6 billion; the full operational budget of the Facility was committed by the end of 2019; disbursements have reached EUR 3.8 billion, with the balance to be disbursed in the course of implementation of Facility projects. Facility funding continued to support projects focused on humanitarian assistance, education, migration management, health, municipal infrastructure, and socio-economic support. In 2020, an additional EUR 485 million were mobilised by the EU to ensure the continuation of urgent humanitarian aid to refugees in Turkey.

Regarding bilateral financial assistance, the financial envelope under the Instrument for Pre-accession Assistance (IPA) for Turkey was further reduced by the EU Budgetary Authority in line with previous years' decisions based on a lack of performance and backsliding on reforms. The IPA allocation for Turkey for 2020 amounts to EUR 168.2 million. The assistance includes actions related to fundamental rights, home affairs, support to civil society, co-financing ofTurkey's participation in Union programmes and agencies, and the Jean Monnet Scholarship Programme. It also includes two actions on strengthening the institutional capacity of the Audit Authority of Turkey and the second phase of a Town Twinning programme supporting green actions in Turkish municipalities.

Taking into consideration the exceptional circumstances caused by the outbreak of the COVID-19 pandemic, the Commission, upon request of the Turkish authorities, agreed to extend the operational implementation deadlines for some of the ongoing annual and multi-annual programmes. It was also agreed to redirect up to EUR 83 million of EU assistance to support the fight against the pandemic and support the most vulnerable.

Turkey participates in the following **EU programmes**: Erasmus+, Horizon 2020, Customs 2020, Fiscalis 2020, COSME (Competitiveness of Enterprises and Small and Medium-sized Enterprises) and EASI (Employment and Social Innovation). Since 2019 it has also participated in the European Solidarity Corps programme. Turkey participates in the European Environmental Agency, the European Monitoring Centre for Drugs and Drug Addiction and the Civil Protection Mechanism.

STATISTICAL DATA (as of 03.04.2020)

Turkey

Basic data	Note	2007	2014	2015	2016	2017	2018
Population (thousand)		69 730	76 668	77 696	78 741	79 815	80 811
Total area of the country (km²)		785 347	785 347	783 562	780 270s	780 270s	779 972b

National accounts	Note	2007	2014	2015	2016	2017	2018
Gross domestic product (GDP) (million national currency)		880 461	2 044 466	2 338 648	2 608 526	3 110 650	3 724 388
Gross domestic product (GDP) (million euro)		492 841	703 412	772 979	780 225	754 902	652 520
GDP (euro per capita)		7 020	9 110	9 880	9 840	9 400	8 020
GDP per capita (in purchasing power standards (PPS))		11 640	17 180	18 490	18 630	19 540	19 730
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		47.4	64.7	67.3	66.2	66.9	65.4
Real GDP growth rate: change on previous year of GDP volume (%)		5.0	5.2	6.1	3.2	7.5	2.8
Employment growth (national accounts data), relative to the previous year (%)		:	:	:	:	:	:
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		:	:	:	:	:	:
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:	:
**3 year change (T/T-3) in the nominal unit labour cost growth index (2010 = 100)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		:	:	:	:	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		8.5	7.5	7.8	7.0	6.9	6.5

Industry (%)		22.2	22.7	22.4	22.3	23.3	24.9
Construction (%)		7.7	9.2	9.3	9.7	9.7	8.0
Services (%)		61.6	60.6	60.5	61.0	60.1	60.6
Final consumption expenditure, as a share of GDP (%)		76.1	74.9	74.2	74.7	73.5	71.5
Gross fixed capital formation, as a share of GDP (%)		28.1	28.9	29.7	29.3	30.1	29.9
Changes in inventories, as a share of GDP (%)		0.6	0.1	-1.3	-1.1	0.9	-0.3
Exports of goods and services, relative to GDP (%)		21.2	23.8	23.3	22.0	24.8	29.5
Imports of goods and services, relative to GDP (%)		26.1	27.6	26.0	24.9	29.3	30.6
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

Business	Note	2007	2014	2015	2016	2017	2018
Industrial production volume index (2015 = 100)		69.4	94.5	100.0	103.4	112.7	114.1
Number of active enterprises (number)		:	2 888 180	2 941 233	2 981 381	3 100 412	:
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		:	12.2	12.1	12.3	:	:
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		:	10.8	:	:	:	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)		:	75.6	75.1	74.6	74.2	:
Value added by SMEs (in the non-financial business economy) (EUR million)		:	110 973	124 863	130 934	127 683	:
Total value added (in the non-financial business economy) (EUR million)		:	197 147	228 309	241 711	236 088	:

Inflation rate and house prices	Note	2007	2014	2015	2016	2017	2018

Harmonised consumer price index (HICP), change relative to the previous year (%)		8.8	8.9	7.7	7.7	11.1	16.3
**Annual change in the deflated house price index (2015 = 100)		:	:	:	:	:	:

Balance of payments	Note	2007	2014	2015	2016	2017	2018
Balance of payments: current account total (million euro)		-26 960.2	-32 852.1	-28 940.1	-29 936.8	-41 918.2	-22 118.7
Balance of payments current account: trade balance (million euro)		-34 170.7	-47 868.3	-43 378.1	-36 942.8	-52 186.4	-34 914.4
Balance of payments current account: net services (million euro)		10 280.2	20 079.0	21 836.9	13 789.0	17 648.9	22 055.9
Balance of payments current account: net balance for primary income (million euro)		-4 580.8	-6 201.7	-8 698.5	-8 294.3	-9 783.1	-10 165.7
Balance of payments current account: net balance for secondary income (million euro)		1 511.1	1 138.9	1 299.7	1 511.4	2 402.4	734.8
Net balance for primary and secondary income: of which government transfers (million euro)		1 732.9	840.0	978.8	1 493.4	2 223.6	:
**3 year backward moving average of the current account balance relative to GDP (%)		-5.1	-5.6	-5.0	-4.1	-4.4	-4.3
**Five year change in share of world exports of goods and services (%)		:	:	12.0	10.3	1.2	-0.1
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)		14 550.2	4 568.3	11 632.3	9 211.3	7 277.2	:
Foreign direct investment (FDI) abroad (million euro)		1 536.7	5 020.7	4 336.2	2 480.8	2 328.9	:
of which FDI of the reporting economy in the EU-27 countries (million euro)		:	:	:	:	:	:
Foreign direct investment (FDI) in the reporting economy (million euro)		16 086.8	9 589.0	15 968.5	11 692.1	9 606.1	:
of which FDI of the EU-27 countries in the reporting economy (million euro)		:	:	:	:	:	:

**Net international investment position, relative to GDP (%)		-45.9	-47.6	-44.6	-42.8	-54.3	:
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		-1.5	9.5	6.2	-10.8	-13.3	:

Public finance	Note	2007	2014	2015	2016	2017	2018
***General government deficit / surplus, relative to GDP (%)		:	0.2	0.6	-1.1	-2.8	-2.8
***General government gross debt relative to GDP (%)		:	28.8	27.5	28.2	28.2	30.4
Total government revenues, as a percentage of GDP (%)		:	32.3	32.6	33.0	31.4	32.2
Total government expenditure, as a percentage of GDP (%)		:	32.1	31.9	34.1	34.2	35.0

Financial indicators	Note	2007	2014	2015	2016	2017	2018
Gross external debt of the whole economy, relative to GDP (%)		37.0	43.4	46.7	47.4	53.4	:
Gross external debt of the whole economy, relative to total exports (%)		172.0	183.9	201.6	218.2	216.9	:
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		44 644.3	91 570.7	97 885.2	103 716.8	99 085.4	:
Money supply: M2 (M1 plus deposits with maturity up to two years, million euro)		201 366.4	360 157.5	373 608.3	381 255.6	357 979.5	:
Money supply: M3 (M2 plus marketable instruments, million euro)		215 308.2	375 844.0	387 047.8	393 581.4	370 812.3	:
Total credit by monetary financial institutions to residents (consolidated) (million euro)	1)	140 157.0	423 556.4	448 738.3	447 892.0	440 778.9	:
**Annual change in financial sector liabilities (%)		:	17.3	14.5	17.5	19.8	:
**Private credit flow, consolidated, relative to GDP (%)	2)	:	11.1	14.2	13.6	13.9	:
**Private debt, consolidated, relative to GDP (%)		:	74.6	79.4	84.8	85.1	:
Interest rates: day-to-day money rate, per annum (%)		17.32	9.15	10.70	9.32	11.58	17.76
Lending interest rate (one year), per annum (%)		21.52	14.77	16.85	15.79	18.12	:

Deposit interest rate (one year), per annum (%)	3)	17.15	9.25	10.72	10.33	13.53	:
Euro exchange rates: average of period (1 euro = … national currency)		1.786	2.906	3.026	3.343	4.121	5.708
Trade-weighted effective exchange rate index, 42 countries (2010 = 100)		110	70	65	60	50	36
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2010 = 100)		-0.4	-18.2	-22.3	-23.3	-29.1	-44.3
Value of reserve assets (including gold) (million euro)		55 757.0	95 828.4	99 624.2	95 863.2	95 361.6	:

External trade in goods	Note	2007	2014	2015	2016	2017	2018
Value of imports: all goods, all partners (million euro)		123 959	182 338	186 536	179 468	207 000	188 337
Value of exports: all goods, all partners (million euro)		78 126	118 654	129 555	128 792	139 229	142 290
Trade balance: all goods, all partners (million euro)		-45 833	-63 684	-56 981	-50 676	-67 771	-46 047
Terms of trade (export price index / import price index * 100) (number)	4)	104.5	100.3	107.1	111.2	105.0	102.3
Share of exports to EU-27 countries in value of total exports (%)		48.6	37.2	37.2	39.7	40.9	43.3
Share of imports from EU-27 countries in value of total imports (%)		37.2	34.2	35.3	36.3	33.6	32.9

Demography	Note	2007	2014	2015	2016	2017	2018
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		12.8	12.3	11.8	11.2	10.8	10.1
Infant mortality rate deaths of children under one year of age (per thousand live births)		16.5	11.1	10.7	10.0	9.2	9.3
Life expectancy at birth: male (years)		:	75.4	75.4	75.4	75.7	76.2
Life expectancy at birth: female (years)		:	80.9	81.0	81.0	81.3	81.6

Labour market	Note	2007	2014	2015	2016	2017	2018
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)	5)	52.7	58.9	59.9	60.9	61.9	62.3
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		48.2	53.2	53.9	54.3	55.3	55.6
Male employment rate for persons aged 20–64 (%)		73.0	75.0	75.3	75.5	76.1	76.0
Female employment rate for persons aged 20–64 (%)		24.2	31.6	32.6	33.2	34.4	35.2
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		27.1	31.4	31.9	33.4	34.4	35.2
Employment by main sectors							
Agriculture, forestry and fisheries (%)		:	21.1	20.6	19.5	19.4	18.4
Industry (%)		:	20.5	20.0	19.5	19.1	19.7
Construction (%)		:	7.4	7.2	7.3	7.4	6.9
Services (%)		:	51.0	52.2	53.7	54.1	54.9
People employed in the public sector as a share of total employment, persons aged 20–64 (%)		14.5	13.1b	13.5	13.8	13.3	15.4
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		85.5	86.9b	86.5	86.2	86.7	84.6
Unemployment rate: proportion of the labour force that is unemployed (%)	5)	8.9	9.9	10.3	10.9	10.9	10.9
Male unemployment rate (%)	5)	8.8	9.1	9.3	9.6	9.4	9.5
Female unemployment rate (%)	5)	9.2	11.9	12.6	13.6	13.9	13.8
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)	5)	17.3	17.8	18.4	19.5	20.5	20.1
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)	5)	2.6	2.0	2.2	2.2	2.4	2.5
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)	5)	7.2	8.4b	8.9	9.1	8.9	9.1

Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)	5)	5.9	8.1	8.4	9.3	9.4	9.8

Social cohesion	Note	2007	2014	2015	2016	2017	2018
Average nominal monthly wages and salaries (national currency)		859	1 648	1 828	2 031	2 287	:
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2010 = 100)		:	:	:	:	:	:
GINI coefficient		43	41	42	43	43	:
Poverty gap		28.9	28.4	27.8	26.6	26.4	:
*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 (%)		46.9	38.3	36.7	34.3	32.5	31.1

Standard of living	Note	2007	2014	2015	2016	2017	2018
Number of passenger cars relative to population size (number per thousand population)		92.8	128.6	136.3	143.7	150.8	153.4
Number of mobile phone subscriptions relative to population size (number per thousand population)		878.0e	925.3b	935.2	940.4	964.0	977.0
Mobile broadband penetration (per 100 inhabitants)		0.0	41.7	49.7	64.8	70.5	74.5
Fixed broadband penetration (per 100 inhabitants)		6.5	11.5	12.1	13.2	14.8	16.3

Infrastructure	Note	2007	2014	2015	2016	2017	2018
Density of railway network (lines in operation per thousand km²)	6)	11.3	13.1	13.2	13.2	13.3	13.5
Length of motorways (kilometres)		1 908	2 278	2 282	2 542	2 657	2 842

Innovation and research	Note	2007	2014	2015	2016	2017	2018
Public expenditure on education relative to GDP (%)		:	4.4	4.4	4.7	4.2	4.2
*Gross domestic expenditure on R&D relative to GDP (%)		0.69	0.86	0.88	0.96	0.96	1.25
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		:	0.32	0.32	0.29	0.34	0.35
Percentage of households who have internet access at home (%)		19.7	60.2	69.5	76.3	80.7	83.8

Environment	Note	2007	2014	2015	2016	2017	2018
*Index of greenhouse gas emissions, CO_2 equivalent (1990 = 100)		178.6	208.9	215.4	227.4	240.1	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2010 constant prices)		179.8	154.8	157.1	161.0	161.6	154.4
Electricity generated from renewable sources relative to gross electricity consumption (%)		19.0	20.9	32.0	32.9	29.4	32.1
Road share of inland freight transport (based on tonne-km) (%)		94.8	95.1	95.9	95.6	95.4	94.8

Energy	Note	2007	2014	2015	2016	2017	2018
Primary production of all energy products (thousand TOE)		27 469	28 803	31 463	35 707	36 471	39 912
Primary production of crude oil (thousand TOE)		2 116	2 606	2 661	2 722	2 700	3 015
Primary production of solid fuels (thousand TOE)		15 010	13 814	12 798	15 498	15 682	16 547
Primary production of gas (thousand TOE)		735	395	314	302	292	351
Net imports of all energy products (thousand TOE)		75 803	94 014	103 702	106 056	116 709	109 943
Gross inland energy consumption (thousand TOE)		101 403	122 213	132 326	139 620	150 404	148 079
Gross electricity generation (GWh)		191 453	251 625	261 288	273 694	296 429	:

Agriculture	Note	2007	2014	2015	2016	2017	2018

Agricultural production volume index of goods and services (at producer prices) (2010 = 100)		:	:	:	:	:	:
Utilised agricultural area (thousand hectares)		39 504	38 558	38 551	38 328	37 964	37 797
Livestock numbers: live bovine animals (thousand heads, end of period)	7)	11 036.8	14 223.1	13 994.1	14 080.2	15 943.6	17 042.5
Livestock numbers: live swine (thousand heads, end of period)		1.8	2.7	1.6	1.3	1.4	1.6
Livestock numbers: live sheep and live goats (thousand heads, end of period)		31 748.7	41 485.2	41 924.1	41 329.2	44 312.3	46 117.4
Raw milk available on farms (thousand tonnes)		12 329.8	18 630.9	18 654.7	18 489.2	20 699.9	22 120.7
Harvested crop production: cereals (including rice) (thousand tonnes)		29 257	32 714	38 637	35 281	36 133	34 409
Harvested crop production: sugar beet (thousand tonnes)		12 415	16 743	16 023	19 593	21 149	17 436
Harvested crop production: vegetables (thousand tonnes)		25 661	28 487	29 552	30 267	30 826	30 033

Source: Eurostat and the statistical authorities in Turkey

: = not available
b = break in series
e = estimated value
s = Eurostat estimate
u = low reliability
* = Europe 2020 indicator
** = Macroeconomic Imbalance Procedure (MIP) indicator
*** = The government deficit and debt data of enlargement countries are published on an "as is" basis and without any assurance as regards their quality and adherence to ESA rules.

Footnotes

1) Data cover loans granted by MFIs to residents. Participation Banks and Investment and Development Banks are included.

2) Data cover debt securities and loans.
3) Average of monthly data. Overnight deposit facility.
4) Underlying indices are calculated with Fisher index formula.
5) Unemployment based on four weeks criterion and using only active jobs search methods.
6) Main lines only.
7) Excluding buffaloes.