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Türkiye 2023 Report

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European Economic and Social Committee and the Committee of the Regions**

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1. INTRODUCTION

1.1 CONTEXT

Türkiye¹ remains a key partner for the European Union and a candidate country. Türkiye has been linked to the EU by an association agreement since 1964 and a Customs Union was established in 1995. The European Council granted Türkiye the status of candidate country in December 1999 and accession negotiations were opened in October 2005. Within the framework of accession negotiations, 16 chapters have been opened and one has been provisionally closed. Accession negotiations with Türkiye, however, remain at a standstill, in line with the Council Conclusions of June 2018 as reiterated by the Council Conclusions of December 2022. Türkiye continued to move away from the EU and did not reverse the negative trend in relation to reform, despite its repeated statements of commitment to EU accession. The EU's serious concerns on the continued deterioration of democratic standards, the rule of law, the independence of the judiciary and respect for fundamental rights were not addressed.

Presidential and parliamentary elections were held in Türkiye in May 2023. The ruling coalition retained its majority in the parliament and the incumbent President was re-elected. The priorities of the new government include post-earthquake relief and reconstruction, financial stability and a constitutional overhaul.

In February 2023, two powerful earthquakes and multiple aftershocks struck south-eastern Türkiye. The devastating earthquakes caused the death of tens of thousands of people and resulted in widespread destruction of public and private infrastructure, including schools and healthcare facilities. The EU's reaction was immediate and substantial emergency assistance was provided both through humanitarian funding and the EU Civil Protection Mechanism. In March 2023, the European Commission and the Swedish Presidency of the Council of the EU hosted, in coordination with the Turkish authorities, an international donors' conference to mobilise funds from the international community to support the early recovery, relief and reconstruction of the affected areas. This conference raised more than EUR 6 billion. The implementation of the assistance pledged by the European Commission has begun.

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 Türkiye. The European Council in June 2022 reconfirmed its expectation that Türkiye fully respects international law, contributes to the de-escalation of tensions in the interest of regional stability in the Eastern Mediterranean and promotes good-neighbourly relations in a sustainable way. The European Council in June 2023 invited the High Representative and the Commission to submit a report to the European Council on the state of play of EU-Türkiye relations, building on the instruments and options identified by the European Council and with a view to proceeding in a strategic and forward-looking manner. The Foreign Affairs Council discussed Türkiye in July 2023.

During the reporting period, Türkiye did not engage in any unauthorised drilling activities in the Eastern Mediterranean. It continued to refuse to recognise the Republic of Cyprus and repeatedly advocated a two-state solution in Cyprus, contrary to relevant UN Security Council Resolutions.

¹ In line with the request of the Republic of Türkiye regarding the use of the country's new official name in English, this document uses the name "Türkiye" instead of "Turkey" in English. This administrative change is limited to the nomenclature used in EU documents, does not have a retroactive effect, and entails no legal consequences. This approach is without prejudice to the nomenclature used by Member States.

The 2016 EU-Turkey Statement continued to yield results and remained the key framework for cooperation on migration. Türkiye sustained its remarkable efforts to host 3.6 million refugees from Syria and other countries. The EU has mobilised close to EUR 10 billion to support refugees and host communities since 2012. The Commission continued to implement the additional package of EUR 3 billion covering 2021-2023, providing assistance in areas such as basic needs, border management, education, healthcare, protection and socio-economic support.

1.2. SUMMARY OF THE REPORT ²

There are serious deficiencies in the functioning of Türkiye's **democratic institutions**. Democratic backsliding continued during the reporting period. Structural deficiencies in the presidential system remained in place.

Presidential and parliamentary elections took place on 14 May 2023. A second round of the presidential election was held on 28 May. The elections were held under the new electoral law adopted in March 2022. The elections offered voters a choice between genuine political alternatives and voter participation remained high, but biased media coverage and the lack of a level playing field gave an unjustified advantage to the incumbent.

The constitutional architecture kept powers centralised at the level of the Presidency and does not ensure a sound and effective separation of powers between the executive, the legislature and the judiciary. The ineffective checks-and-balances mechanism means that the executive branch is democratically accountable only through elections.

Political pluralism continued to be undermined by the targeting of opposition parties and individual members of parliament. The government's pressure on mayors from opposition parties continued to weaken local democracy. Most regulatory authorities remain directly linked to the Presidency. The recommendations by the Council of Europe's Venice Commission on the presidential system remain unaddressed.

The **situation in the south-east region** remained a cause for concern, particularly after the earthquakes in February 2023. The Turkish government conducted security and military operations in Iraq and Syria. Border areas faced a security risk with terrorist attacks by the Kurdistan Workers' Party (PKK), which is listed as a terrorist group by the EU. The government has a legitimate right and a responsibility to fight terrorism, but it is essential that it does so in full compliance with the principles of the rule of law, human rights and fundamental freedoms. Anti-terror measures need to be proportionate. There was no progress in resuming a credible political peace process to resolve the Kurdish issue. Following the earthquakes, the Kurdistan Communities Union (KCK) declared a period of unilateral truce, during the run-up to the May elections, which was terminated in June. Turkish officials linked the PKK-affiliated People's Protection Units (YPG) to an attack in Istanbul in November 2022, but the PKK denied involvement. The EU unambiguously condemned the PKK's attacks and expressed solidarity with the families of the victims. Türkiye continued to carry out airstrikes against the PKK and affiliated groups in northern Syria and Iraq.

² This report covers the period from June 2022 to June 2023. It is based on input from a variety of sources, including contributions from the government of Türkiye, the EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law. The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

Serious backsliding regarding **civil society** issues continued. Civil society organisations faced increased pressure and shrinking space to operate , limiting their freedoms of expression, association and assembly. The implementation of the Law on preventing financing of proliferation of weapons of mass destruction placed further restrictions on civil society organisations. However, despite increasing pressure from the authorities, civil society continued to be vocal and to participate actively in civic life, including by providing support to the people affected by the February 2023 earthquakes.

Civilian oversight of the security forces was not consolidated. The executive branch maintained significant control over the security forces. The civilian component of the Supreme Military Council (YAŞ) remained unchanged. The military judicial system's authority was curbed, with civilian higher courts reviewing appeals against military court decisions. However, effective civilian oversight of the security forces remained incomplete and lacking in effective accountability mechanisms. Strengthening parliamentary oversight of security institutions is necessary.

Türkiye is in between some and moderate level of preparation in the field of **public administration reform**. It made no progress in this area over the reporting period. There is still a lack of political will to reform the public administration and public financial management. The restructuring of the executive branch and the overhaul of the public administration in line with the presidential system introduced in 2018 resulted in highly centralised policymaking system. The level of accountability of the administration remains insufficient. Its human resources management system needs to be reformed. Politicisation of the public administration has continued. The share of women in managerial posts in the civil service is still low.

Türkiye remains at an early stage of preparation in the area of **judiciary**. Serious backsliding continued and, despite several judicial reform packages in recent years, the structural deficiencies in the judicial system remained unaddressed. The continued refusal to implement certain rulings of the European Court of Human Rights (ECtHR) remains a matter of concern. There was no progress in eliminating undue influence and pressure by the executive on judges and prosecutors, which negatively affects the independence, impartiality and quality of the judiciary. Implementation of the 2021 Human Rights Action Plan (HRAP) and the 2019 Judicial Reform Strategy (JRS) continued, but the activities foreseen in these documents fell short of addressing the structural problems and issues identified in the previous reports of the European Commission. The lack of objective, merit-based, uniform and pre-established criteria for recruiting and promoting judges and prosecutors remains a source of concern.

Türkiye is at an early stage in the **fight against corruption**. There was no progress in the reporting period. Outstanding deficiencies in key areas of the fight against corruption over the last years remained unaddressed. A fully-fledged corruption prevention policy still remains to be developed, including the relevant institutions, contrary to the United Nations Convention against Corruption, to which Türkiye is party. Legislative gaps still remain in several fields of the fight against corruption. The limitations of the legal framework and the institutional architecture allowed undue influence on the investigation and prosecution phases of corruption cases. The accountability and transparency of public institutions need to be improved. The absence of an anti-corruption strategy and action plan indicates the lack of will to fight decisively against corruption. The Council of Europe's Group of States against Corruption (GRECO) recommendations remained unimplemented. Overall, corruption remains a problem.

Türkiye has some level of preparation in **the fight against organised crime** and there was some progress at operational level through participation in an increasing number of joint operations with EU Member States and neighbouring countries. Nevertheless, it is important for Türkiye to further increase its operational willingness to cooperate and exchange information with EU law enforcement partners. The legal framework for the fight against organised crime and police cooperation is only partially aligned with the EU *acquis*. The completion of an international agreement between the EU and Türkiye on the exchange of personal data between Europol and the Turkish authorities responsible for fighting serious crime and terrorism is still pending, considering also that the Turkish data protection legislation is still not aligned with the EU *acquis*. The legal framework regulating the fight against money laundering and terrorist financing needs to be improved in line with the recommendations of the Financial Action Task Force (FATF) and the Venice Commission on the Law on preventing financing of proliferation of weapons of mass destruction.

The deterioration of human and fundamental rights continued. The Turkish legal framework includes general guarantees of respect for human and fundamental rights, but the legislation and its implementation need to be brought into line with the European Convention on Human Rights (ECHR) and European Court of Human Rights (ECtHR) case law. No legislative amendments were adopted to eliminate the remaining elements of the 2016 state of emergency laws.

Türkiye's refusal to implement certain ECtHR rulings is a source of concern regarding the judiciary's adherence to international and European standards. Türkiye has not implemented the July 2022 ruling of the Grand Chamber of the European Court of Human Rights, which was issued in the framework of the infringement procedure launched by the Committee of Ministers against Türkiye, that points to a drifting away from the standards of human rights and fundamental freedoms that it has subscribed to as a member of the Council of Europe.

The implementation of the human rights action plan adopted in 2021 continued. However, it did not address critical issues. The overall human rights situation did not improve.

On freedom of expression, the serious backsliding continued. Broad restrictions on the activities of journalists, writers, lawyers, academics, human rights defenders and critical voices continued to have a negative effect on the exercise of their freedoms. The implementation of the criminal laws relating to national security and anti-terrorism continued to contravene the ECHR and to diverge from ECtHR case law.

The May 2023 election campaign witnessed restrictions on freedom of expression, both private and public media did not ensure editorial independence and impartiality in their coverage of the campaign, detracting from the ability of voters to make an informed choice.

There was no progress in the area of freedom of assembly and association, where legislation and its implementation are not in line with the Turkish Constitution, European standards or the international conventions that Türkiye is party to. There were recurrent bans, disproportionate use of force and interventions around peaceful demonstrations. Demonstrators were subject to investigations, court cases and administrative fines on charges of terrorism-related activities or of violating the Law on demonstrations and marches.

The rights of the most disadvantaged groups and people belonging to minorities need better protection. Roma³ people are still largely excluded from formal employment and their living conditions deteriorated severely. In January 2023, Türkiye adopted a new Roma strategy

³ In line with the terminology of European institutions the umbrella term 'Roma' is used here to refer to a number of different groups, without denying the specificities of these groups.

covering the period 2023-2030 and an action plan covering the period 2023-2025. The February 2023 earthquakes affected the Roma population disproportionately, and increased the difficulties they faced in the affected areas in terms of living conditions, livelihood and basic needs and health, especially for women and children. Gender-based violence, discrimination and hate speech against minorities and against lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons are still a matter of serious concern.

On **migration and asylum policy**, Türkiye made some progress. The EU-Turkey Statement remained the main framework for cooperation between the EU and Türkiye. Some progress was made in further strengthening the capacity for surveillance and protection of the land borders with Iran and Iraq. The Commission expects Türkiye to uphold its commitments under the EU-Turkey statement, in line with the European Council conclusions of October 2021, including prevention of irregular migration from land and sea routes, and resuming returns. The return of irregular migrants from the Greek islands under the EU-Turkey Statement remained suspended. The full and effective implementation of the EU-Turkey readmission agreement towards all EU Member States is pending. Political and technical dialogue is ongoing on migration and security. The next EU-Türkiye high level dialogue on migration is scheduled to take place on 23 November 2023. Overall, the number of illegal border crossings between Türkiye and Greece remained significantly lower than it was prior to the adoption of the EU-Turkey Statement. In 2022, the number of irregular migrants arriving increased on most routes by comparison with 2021. In the first half of 2023, the number of irregular arrivals from Türkiye into the EU was lower than in the same period in 2022. Arrivals in Greece increased by 62%, while the sea route to Italy saw a substantial decrease (down by 52%) and the number of arrivals in Cyprus via the Green Line went down significantly by 42%. Türkiye has still not implemented the provisions relating to third-country nationals in the EU-Turkey readmission agreement, which entered into force in October 2017.

Türkiye continued to make significant efforts to host and meet the needs of one of the largest refugee communities in the world. Out of the almost EUR 10 billion in EU support to refugees allocated since 2011, some EUR 7 billion had been disbursed by September 2023. Efficient integration measures are needed to address the prolonged presence of refugees in the country. Access to public health for migrants and refugees should be improved. No outstanding benchmarks under the visa liberalisation roadmap were fulfilled. Türkiye still needs to further align its legislation with the EU *acquis* on visa policy.

Türkiye is an active and significant actor in the area of **foreign policy**, which constitutes an important element in the context of the EU-Türkiye relationship. Nevertheless, Türkiye's unilateral foreign policy remained at odds with the EU's priorities under the common foreign and security policy (CFSP). Türkiye maintained a very low alignment rate of 10% with the EU stance on foreign and security policy (as of August 2023), compared to 8% in 2022. Its rhetoric in support to terrorist group Hamas following its attacks against Israel on 7 October 2023 is in complete disagreement with the EU approach.

Following Russia's war of aggression against Ukraine, Türkiye condemned the Russian military aggression, including at the UN General Assembly, and engaged politically and diplomatically, including by facilitating the export of Ukrainian grain and the exchange of prisoners. The UN- and Türkiye-brokered Black Sea Grain Initiative was terminated by Russia in July 2023. Türkiye also sought to facilitate talks between Ukraine and Russia and to work on de-escalation and bringing about a cease-fire. Nevertheless, Türkiye refrained from aligning itself with the EU's restrictive measures against Russia. As of March 2023, Türkiye has implemented a ban on exporting to Russia sanctioned goods originating from the EU, the

United States and the United Kingdom. This ban specifically targeted goods that were in transit, stored in warehouses or located within free zones in Türkiye. However, the potential transportation of dual-use and sensitive technology goods, as well as the unrestricted movement of sanctioned goods from Türkiye to Russia still need to be addressed. Overall, Türkiye significantly intensified its trade and economic ties with Russia, and the Turkish economy became more dependent on Russia in crucial sectors, particularly in energy.

Türkiye intensified its ‘regional normalisation’ policy with the Arab states, with Armenia and with Israel. Following the Hamas terrorist group’s attacks against Israel in October 2023, Türkiye refrained from condemning and qualifying them as terrorism and strongly criticised Israel’s response. Türkiye strongly condemned the loss of civilian lives on both sides and proposed to act as a mediator between Israel and Hamas. Türkiye is currently re-evaluating its ties with Israel. On the Middle East Peace Process (MEPP), Türkiye’s position aligns with the EU’s position supporting the two-state solution. Türkiye’s *rapprochement* with the Syrian regime, brokered by Russia, occurred in spite of the lack of a political resolution to the Syrian conflict and is at odds with the EU’s policy. At the same time, Türkiye shared a common goal with the EU to achieve a stable and prosperous Syria, primarily by implementing UNSCR 2254. Türkiye has a growing presence and geopolitical ambition in the South Caucasus and Central Asia. It also continued its efforts to extend its relations with African, Latin American and Asian countries. Türkiye’s pragmatic engagement on Afghanistan and its vocal position on the developments in Sudan underscored its ambition to be a key player in the context of major international crises.

Türkiye continued to seek involvement in the common security and defence policy (CSDP) and EU defence initiatives while persisting in its exclusion of a Member State from all possible cooperation with NATO. Türkiye remained actively involved in EU crisis management missions and operations within the framework of the CSDP. In March 2023, the Turkish National Assembly approved Finland’s NATO accession and during the NATO summit in July 2023, the Turkish President pledged to promptly submit Sweden’s accession protocol to the Turkish parliament for ratification. The president submitted the bill for ratification to the Parliament on 23 October 2023.

Regarding **good neighbourly relations and regional cooperation**, Türkiye continued to refuse to recognise the Republic of Cyprus and repeatedly advocated a two-state solution in Cyprus, contrary to relevant UN Security Council Resolutions. The EU remains fully committed to a comprehensive settlement of the Cyprus problem within the UN framework, in accordance with the relevant UNSC resolutions, in line with the principles on which the EU is founded and the *acquis*. The EU has called, most recently in the European Council conclusions of June 2023, for the speedy resumption of negotiations and expressed its readiness to play an active role in supporting all stages of the UN-led process with all appropriate means at its disposal. There were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean during the reporting period.

Relations between Türkiye and Greece deteriorated until early 2023. However, following the devastating earthquakes in Türkiye in February 2023, there was a marked improvement in the relations. As of February 2023, violations of Greek airspace diminished drastically, and no flights over Greek inhabited areas were reported.

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 essential requirement to ensure stable and secure environment in the Eastern Mediterranean and the development of a cooperative and mutually beneficial relationship between the EU and Türkiye. Türkiye is expected to unequivocally commit itself 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.

Regarding the **economic criteria**, the Turkish economy is well advanced but made no progress over the reporting period. Serious concerns persist over the proper functioning of Türkiye's market economy. There was backsliding on important elements, such as the conduct of monetary policy and the institutional and regulatory environments over most of the reporting period. Since the May parliamentary and presidential elections, the authorities have taken some steps to revert to more stability oriented macroeconomic policies. Although economic growth remained robust in 2022, Türkiye moved further away from market-oriented policies, which weakened its economic fundamentals and increased vulnerabilities and risks. Inflation decreased somewhat but remained very high as monetary policy prioritised exceptionally low interest rates, which remain deeply negative in real terms and are sustained by a web of regulatory and prudential measures. After the presidential and parliamentary elections in spring 2023, monetary policy has started to tighten, also signalling a gradual simplification of the macroprudential framework. The current account deficit increased to 5.4% of GDP in 2022, driven by a negative terms-of-trade shock and large imports of non-monetary gold. The relatively good budget performance in recent years masks an underlying trend of growing fiscal risks. The authorities' commitment to fiscal discipline wavered, as the fiscal stance turned pro-cyclical in 2023, with earthquake-related expenditure pressure adding to pre-electoral budgetary largesse. However, the fiscal stance was tightened after the elections and a revised budget, including sizeable tax increases, was adopted in July.

The institutional and regulatory environment lacks predictability and transparency, and complicates the post-electoral economic policy normalisation. Market exit remains costly and slow. However, Türkiye has made progress in digitalising government services to businesses. Although the size of the informal economy has fallen in recent years, it still accounts for a significant share of economic activity. State intervention in price-setting mechanisms persists. The provision of State aid lacks proper implementation rules, enforcement and transparency. The banking sector remained broadly stable but is facing financial stability challenges due to the numerous overly complex and far-reaching macroprudential and regulatory measures. The labour market strengthened further, although structural challenges remain significant, in particular for youth and female employment. Regional labour market disparities declined and reached one of the lowest levels in years. The recent net minimum wage increases were procyclical.

Türkiye has a good level of preparation and made limited progress in achieving the capacity to cope with competitive pressure and market forces within the EU. Despite improved vocational training, the mismatch between the education system and labour market needs remains a concern. Expenditure on research and development continued to increase, albeit at a very slow pace, and is still below the government's target. Investment was relatively subdued in 2022. There was progress in the diversification of energy supplies and the share of energy generated from renewable sources increased significantly. However, the local content requirement in the renewable energy generation sector is a discriminatory practice and a cause for concern. Trade openness increased further, but integration with the EU continued falling, although remaining high. Deviations from Türkiye's obligations under the EU-Turkey Customs Union continue to hinder bilateral trade.

Türkiye is moderately prepared in the area of **public procurement**, with significant gaps remaining to align with the EU *acquis*. There was backsliding in the reporting period as Türkiye increased the use of the negotiated procedure and of discriminatory domestic price

advantage practices, and continued to allow offsets that favour local content. Türkiye is moderately prepared on **statistics** and made some progress, with work continuing to harmonise its statistical methodology with EU standards. The Turkish Statistical Institute (TurkStat) improved its compliance with the timeframes for publishing annual national accounts and excessive deficit procedure notifications. It took further steps to improve cooperation with other main data providers. However, Türkiye needs to increase the credibility of TurkStat and public trust in official statistics. Türkiye has a good level of preparation on **financial control**. It made no progress over the reporting period. The public internal financial control policy paper was not updated. The purpose, authority and responsibility of internal audit are undermined by the lack of a legal requirement to have internal audit units in ministries.

Regarding its **ability to assume the obligations of membership**, Türkiye has pursued alignment with the EU *acquis* on a rather ad hoc basis and to a limited degree.

The **internal market cluster** is key to the good functioning of the EU-Turkey Customs Union and to integrating Türkiye into the EU's internal market. Türkiye has achieved a good level of preparation for the free movement of goods. However, technical barriers to trade and requirements discriminating against EU products remained in place. Preparations in the areas of freedom of movement for workers, the right of establishment and freedom to provide services are at an early stage, and substantial efforts are still required to align with the *acquis*. Türkiye is moderately prepared on free movement of capital, as limitations remain on foreign ownership and on capital movement. Türkiye needs to continue to address outstanding issues in its framework regulating the fight against money laundering and terrorist financing.

Türkiye is well advanced in the area of company law but needs to make further progress in aligning with the EU *acquis*. Türkiye has a good level of preparation in the area of intellectual property law, notably in terms of legislative alignment, but it needs to improve implementation and enforcement. Türkiye has some level of preparation in the area of competition policy. Backsliding was observed as serious concerns persist in relation to the legislative framework, enforcement capacity and transparency in the field of State aid. Türkiye has a good level of preparation in the area of financial services, however the banking sector faced a challenging operating environment in the reporting period. Türkiye has a good level of preparation on consumer and health protection, with limited progress made, notably on strengthening its surveillance system for health (security) services. The capacity of the healthcare system was seriously affected by the February 2023 earthquakes in south-east Türkiye.

Within the **cluster on competitiveness and inclusive growth**, Türkiye has some level of preparation in the area of digital transformation and media. Türkiye's preparations in the area of science and research are well advanced and Türkiye made good progress during the reporting period, notably as a result of joining Horizon Europe and continued efforts to raise awareness of, and capacity for the programme. Türkiye is moderately prepared on education and culture, and continued to make some progress, notably through the continued implementation of the national qualifications system and the increased participation in some EU programmes. Access to education in south-east Türkiye was significantly impacted by the February 2023 earthquakes.

On the economy-related chapters, backsliding continued on economic and monetary policy, where Türkiye has some level of preparation. The Central Bank continued to loosen its unorthodox monetary policy stance, which triggered multi-year high inflation and unhinged inflation expectations. Until the parliamentary and presidential elections in May 2023, the

Central Bank was subject to significant political pressure to keep real interest rates deeply negative. Far-reaching prudential and regulatory measures disrupted the functioning of financial markets and increased risks. After the elections, the Central Bank has started to tighten monetary policy and the new government took measures to limit the bulging fiscal deficit. Türkiye is moderately prepared and made limited progress on enterprise and industrial policy. Major challenges in relation to measures incompatible with EU industrial policy principles remain unaddressed. Türkiye has some level of preparation in the area of social policy and employment. The labour market situation improved but concerns remain over trade union rights and effective social dialogue, persistent levels of informal economic activity and the gender gap in employment. The February 2023 earthquakes had a major impact on the labour market in the affected regions.

Türkiye is moderately prepared on taxation. It made no progress during the reporting period and still needs to enable tax information exchange with all EU Member States. Türkiye maintains a good level of preparation for the customs union but made limited progress over the reporting period. However, Türkiye's deviations from its obligations under the EU-Turkey Customs Union continued, contributing to a number of trade irritants.

Regarding the **cluster on the Green Agenda and sustainable connectivity**, Türkiye is moderately prepared in transport policy. It made limited progress during the reporting period, mainly linked to the update of the nationally determined contribution under the Paris Agreement with a specific chapter on transport mitigation policies. Türkiye is moderately prepared in the area of energy, and made limited progress overall. Efforts continued on renewable energy deployment, reforms in the natural gas sector and legislative alignment on nuclear safety. Türkiye continues to be an important transit country for the EU, but remains reliant on Russia for fossil fuel imports and nuclear energy. Türkiye is well advanced on trans-European networks and made no progress. The trans-Anatolian pipeline continues to operate smoothly and transmit gas to the European section of the Southern Gas Corridor. The construction of the flagship Halkali-Kapikule railway line connecting the EU border to Istanbul continued.

Türkiye has some level of preparation in the area of environment and climate change, and made limited progress over the reporting period. On climate change, Türkiye submitted its updated nationally determined contribution under the Paris Agreement. It faces critical environmental and climate challenges, and needs more ambitious and better coordinated environment and climate policies, strategic planning, substantial investment and stronger administrative capacity.

On the **cluster covering resources, agriculture and cohesion**, Türkiye reached some level of preparation in the area of agriculture and rural development. Backsliding continued during the reporting period, as its agricultural policy keeps moving away from the main principles of the EU common agricultural policy and as Türkiye continued to restrict imports of agricultural products from the EU. Türkiye is a major exporter of food products to the EU and made limited progress in the area of food safety, veterinary and phytosanitary policy, where it reached some level of preparation. Full implementation of the EU *acquis* in this area requires significant further work. Türkiye is moderately prepared in the area of fisheries and aquaculture, and made some progress on fisheries governance, inspection and control.

Türkiye is moderately prepared in the area of regional policy and the coordination of structural instruments, and continued to make some progress in accelerating the absorption of IPA II funds and setting up the structures for IPA III funds. Türkiye has some level of preparation in the area of financial and budgetary provisions but made no progress during the reporting period.

In the **external relations cluster**, Türkiye is moderately prepared in the area of external relations and made no progress over the reporting period. Türkiye has some level of preparation in the area of foreign, security and defence policy, and made no progress overall in the reporting period. Türkiye is a significant actor in the area of foreign policy, which constitutes an important element in the context of the EU-Türkiye relationship. Stepping up efforts to ensure alignment with the EU's common foreign and security policy would be a significant signal of Türkiye's commitment to the EU in the new geopolitical context.

2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

Democracy

The functioning of Türkiye's democratic institutions continued to be severely hampered. The structural shortcomings of the presidential system remained. Democratic backsliding and political polarisation increased in the run-up to the presidential and parliamentary elections. Following the earthquakes, which hit 11 provinces in February 2023, a state of emergency was introduced in the affected provinces and expired in May 2023. Furthermore, even though the nationwide state of emergency was lifted in July 2018, a number of legal provisions granting extraordinary powers to government officials and maintaining a number of the emergency's restrictive elements remain in effect. Some of these provisions have been extended for another 2 years, but most of the provisions related to the 2018 state of emergency expired in July 2022.

The State of Emergency Inquiry Commission ruled on all the applications within the scope of the 2018 Law on the establishment of the Inquiry Commission on the State of Emergency Measures and completed its work in January 2023. Of the total number of applications submitted to the Inquiry Commission (127 292), the Inquiry Commission accepted 17 960 cases and rejected 109 332.

Elections

Presidential and parliamentary elections took place on 14 May 2023. A second round to determine the new President of the Republic was held on 28 May. According to the preliminary conclusions of the OSCE's Office for Democratic Institutions and Human Rights (the ODIHR), which deployed an election observation mission, voters had a choice between genuine political alternatives and voter participation was high. However, the incumbent-biased media coverage and the lack of a level playing field gave an unjustified advantage to the incumbent.

Parliamentary elections were held in Türkiye on 14 May 2023 to elect the 600 members of the Grand National Assembly. The governing Justice and Development Party (AKP) of the incumbent President, Recep Tayyip Erdoğan, led the People's Alliance, which also included the Nationalist Movement Party (MHP), the Great Union Party (BBP) and the New Welfare Party (YRP). The People's Alliance retained its majority in the parliament with 322 members of parliament. During the second round of the presidential elections on 28 May, President Erdoğan was re-elected with 52.18% of the vote (the Republic People's Party CHP opposition candidate Kemal Kılıçdaroğlu received 47.82%). The elections took place in a deeply polarised environment. The elections offered voters a choice between genuine political alternatives and voter participation remained high, however, biased media coverage and the lack of a level playing field gave an unjustified advantage to the incumbent. In the

subdued yet competitive campaign, candidates were able to campaign freely. However, harsher rhetoric, inflammatory and discriminatory language by both contestants, along with the continued intimidation and harassment of supporters of some opposition parties undermined the process. Election days were generally calm and well-administered. However, instances of deficient implementation of certain procedures, particularly during the vote count, were noted. The electoral campaign was held during the state of emergency in the 11 provinces affected by the earthquakes, where voting difficulties were widely reported. OSCE/ODIHR deployed an election observation mission (EOM) with 28 long-term and 350 short-term observers, with additional embedded observers from the Parliamentary Assembly of the Council of Europe (PACE). Local NGOs and the political parties also deployed thousands of volunteers to monitor the elections. The elections were held under the new electoral law adopted in March 2022. The new law introduced significant changes, such as a revised seat allocation system, changes to eligibility criteria for political parties and changes to the method of appointing mid-level electoral councils. It positively addressed an ODIHR recommendation to lower the parliamentary threshold from 10% to 7%. Most other ODIHR recommendations (including those related to seat distribution, voter and candidate rights, campaign financing and election dispute resolution) remain unaddressed. The Venice Commission criticised several aspects of the amended law, such as the new system for selecting the chairpersons and members of provincial and district election appeal boards with a lottery rather than taking experience into account.

Any further amendments that Türkiye makes to its electoral framework, including its legislation on political parties, need to be made in line with international standards, after thorough consultation.

The 48 mayors displaced by government-appointed trustees following the 2019 local elections in the south-east have not been reinstated and no action was taken to address the relevant Venice Commission's June 2020 opinion. This remains a source of serious concern as it undermines local democracy and denies voters their preferred representation.

Parliament

The presidential system has largely weakened the national parliament's legislative and oversight functions. The President's extensive powers allow him to take decisions across a broad spectrum of policy areas, thereby limiting the parliament's legislative function. The parliament lacks the tools needed to hold the government to account. Targeting of the political opposition continued. The closure case of the People's Democratic Party (HDP) is still ongoing.

During the reporting period, the legislative function of the parliament was curtailed by the extensive use of presidential decrees and presidential decisions. From January to December 2022, the parliament adopted 80 of the 749 proposed laws. By contrast, during the same period, 273 presidential decrees issued under the state of emergency on a variety of policy issues (including socioeconomic issues) were brought before parliamentary committees.

The parliament's legislative and agenda-setting duties remained mainly under the control of the ruling AKP-MHP alliance, which has a parliamentary majority. Opposition parties had a very limited ability to influence parliamentary debates.

The fourth GRECO evaluation report of 2022 highlighted the points that the asset declarations made by members of parliament are not verified for their accuracy, and that there are no effective sanctions for violations of rules in this area. Moreover, the content of

these declarations is not made publicly available promptly after their submission to the parliament.

Parliamentary oversight of the executive remained very weak. The parliament lacks the necessary means to hold the government accountable. Members of parliament can submit written questions to the Vice-President and ministers, but it is not foreseen by the law that they can submit formal questions to the President. Ordinary presidential decrees are not subject to parliamentary review. However, presidential decrees issued under the state of emergency must be submitted to the parliament for approval. The supervision of public expenditure by the parliament must be substantially strengthened.

Political pluralism continued to be undermined by the judiciary's targeting of opposition parties and of individual members of parliament (particularly from the People's Democratic Party (the HDP)) for alleged terrorism offenses. The system of parliamentary immunity did not provide sufficient legal protection for opposition parliamentarians to express their views within the limits of free speech. Approximately 5 000 HDP members and officials are currently imprisoned. One of the detained defendants in the Gezi trial was elected as a deputy from the Workers' Party of Türkiye (the TIP) in the May 2023 elections but was not released from prison and was therefore not allowed to be sworn in as a member of parliament. By the end of the 27th legislative term (2018-2023), the total number of members of parliament subject to the legislative immunity resolution and a request for the lifting of their immunity was 206 (180 of them belonged to the parliamentary opposition). During the reporting period, no deputies had their immunity revoked or were detained on terrorism-related charges. Two former HDP co-chairs and several former HDP legislators are still in prison despite a European Court of Human Rights ruling in their favour.

The HDP's closure case on terrorism charges, including the banning from political life of 451 HDP members, remain pending before the Constitutional Court. In April 2023, the HDP waived its right to oral defence, arguing that the case was politically motivated and that it should be postponed until after the May 2023 elections. The General Assembly of the Court recorded the party's decision and sent the file to the Rapporteur. In January 2023, the Constitutional Court suspended State funding for the HDP but reinstated it in March following an appeal. In June 2023, the Constitutional Court ruled that the Treasury aid paid to the HDP could not be legally blocked.

Despite the March 2022 lowering of the electoral threshold from 10% to 7%, **the legal framework for elections and political parties** remains problematic. Türkiye has yet to implement the outstanding recommendations of the OSCE's Office for Democratic Institutions and Human Rights and of the Council of Europe's Venice Commission. The level of participation of women in decision-making, politics and employment remained low by international standards. Following the May 2023 elections, the percentage of women in the parliament increased from 17.1% during the previous term to 20.1% (from 104 to 121 out of 600). This is the highest ever ratio of women's representation in the parliament but women are still under-represented.

Governance

The presidential system continues to be characterised by a lack of checks and balances, as well as the politicisation of the public administration. Most regulatory authorities remain directly linked to the Presidency. The recommendations by the Council of Europe's Venice Commission on the presidential system still need to be addressed. The government's pressure on mayors from opposition parties continued to weaken local democracy.

As highlighted by the Venice Commission's 2017 opinion and the European Commission's previous country reports, the presidential system still lacks the necessary checks and balances to prevent an undue concentration of power and to safeguard the independence of the judiciary. The highly centralised presidential system continues to impair the legislative branch of government, the judicial branch and the public administration.

The use of traditional **instruments of oversight of the executive by the parliament**, such as a vote of confidence and the ability to ask the executive oral questions, has not been allowed since the entry into force of the presidential system in 2018. The absence of effective checks and balances and the parliament's inability to effectively supervise the office of the President mean that the latter's political accountability is limited to election time. The public administration, courts and security forces are under the heavy influence of the executive. The Presidency exercises direct authority over all key institutions and regulatory bodies. The public sector remained politicised, especially at senior management level.

The legal framework allowed regulatory authorities to be subject to excessive political influence. The President has the authority to appoint the chiefs and board members of the vast majority of the regulatory agencies. These regulatory bodies, notably in the media sector, issued decisions that disproportionately target (including with heavy pecuniary fines) media that are critical of the government.

The **Ombudsman's** caseload continued to increase during the reporting period and a high number of cases was adjudicated. However, the Ombudsman did not address politically sensitive issues concerning human rights and fundamental freedoms.

As regards **local self-governance**, the government maintained its pressure on opposition mayors, including through administrative and judicial investigations. In December 2022, the metropolitan mayor of Istanbul was sentenced to a suspended prison sentence on charges of insulting members of the Supreme Electoral Council. The mayor is also under administrative investigation by the Ministry of Interior for allegedly 'employing terrorists' in the municipality. In June 2023, a new case was opened against the mayor for alleged involvement in rigging a public works tender in 2015. In May, during a rally in Erzurum, the mayor was among those physically attacked, with the violence being condoned rather than condemned by senior AKP officials.

In the south-east, local democracy remained severely constrained. Since the 2019 municipal elections, 48 HDP mayors have been removed from office on terrorism-related accusations. Governors continued to serve as trustees in place of the deposed mayors. Hundreds of elected municipal officials have been detained on suspicion for ties to terrorism. These actions violate citizens' right to be governed by their elected representatives.

The legal framework governing the tutelary powers of the Ministry of Interior over locally elected officials was not revised in accordance with Türkiye's commitments under the European Charter of Local Self-Government.

The municipal law provides for the engagement of local administrations with the public and with civil society. Citizens' assemblies, which seek to bring together professional and civil society organisations and other local stakeholders, remained inactive in most provinces.

Civil society

Serious backsliding regarding the civil society environment continued. Civil society faced continuous pressure from the authorities. Human rights organisations, which were closed under the state of emergency, were not offered any legal remedy in relation to confiscations. Human rights defender Osman Kavala and his co-defendants in the Gezi trial remained in

prison without parole, despite a ruling by the ECtHR.

The implementation of the Law on preventing financing of proliferation of weapons of mass destruction added further restrictions and pressure on civil society.

Despite all these negative developments, civil society continued to be vocal and to participate actively in civic life, including by providing support to the people affected by the February 2023 earthquakes. Systematic and inclusive mechanisms for the effective consultation of independent civil society organisations on new legislation and policies need to be put in place.

A free, empowered and diverse civil society is a key component of any democratic system. Civil society organisations in Türkiye continued to make crucial contributions in areas, such as education, women's rights, rights for LGBTIQ persons, rights of persons belonging to minorities, rights of persons with disabilities, freedom of religion and belief, the environment, anti-discrimination and support for refugees.

In the immediate aftermath of the February 2023 earthquakes, civil society faced pressure from the authorities when delivering aid on the ground and was prevented from reporting on the situation in the affected regions.

Human rights organisations and human rights defenders faced judicial and administrative pressure, partly due to Türkiye's broad definition of terrorism. In some cases, however, the judiciary issued positive decisions, acquitting and releasing a number of human rights defenders from prison. As regards the infringement procedure launched by the Committee of Ministers of the Council of Europe in February 2022, the ECtHR ruled in July 2022 that Türkiye had failed to fulfil its obligations under Article 46 (1) of the Convention. Türkiye's refusal to implement the ECtHR's ruling in the Kavala case contravenes its obligations as a long-standing member of the Council of Europe. The seven co-defendants of Osman Kavala in the Gezi case, who were each sentenced in April 2022 to 18 years of imprisonment, remained in prison. In the Büyükada case, the Court of Cassation annulled the terrorism-related convictions of all the defendants in October 2022, ruling that they had been made with 'inadequate investigation'. The case was referred back to the local court, which acquitted the four human rights defenders in June 2023.

Some media outlets close to the government continued to portray human rights defenders as terrorists and criminals, notably for accepting funds from international donors, including the EU. The defamatory rhetoric used by high-level public officials to comment on court proceedings of human rights defenders is a matter of serious concern and casts doubt on the integrity of judicial proceedings and on the right to a fair trial.

Women's organisations faced pressure in the form of defamation, detentions, investigations and arrests. Women activists also faced detentions and police violence while exercising their right to freedom of assembly. The closure case against the Tarlabası Community Centre in Istanbul continued. The court cases against the executives of the Rosa Women's Association based in Diyarbakır continued. Concerning the closure case against 'We Will Stop Femicides Platform' on the grounds of 'conducting activities contrary to law and morality', in September 2023, the first instance court decided to reject it.

Stigmatisation, hate speech and discriminatory discourse targeting LGBTIQ civil society organisations and persons remained very strong. Anti-LGBTIQ discourse was instrumentalised by the governing coalition during the electoral campaign. Anti-LGBTIQ rallies took place in a number of cities during the autumn of 2022, whereas pride marches were banned and heavily repressed by the police.

The legal framework regulating the work of civil society organisations lacks clarity and carries the risk of arbitrariness during implementation. It remained compulsory for all associations to register their members in the Ministry of Interior's information system. This legal obligation is not in line with the OSCE/Council of Europe guidelines on freedom of association.

The Law on preventing financing of proliferation of weapons of mass destruction continued to be used by the authorities to disproportionately target independent rights-based organisations, despite the Venice Commission's and the UN Special Rapporteurs' recommendations that the government should reconsider certain aspects of the legislation. The Law should not be used to hinder civil society's freedom of association and assembly, including their fundraising activities.

The Law on collection of aid continued to impose burdensome requirements for permits that discourage fundraising activities by civil society organisations and de facto limit civil society activities. The distribution of public funds to civil society organisations remained untransparent. Heavy taxation hampered the functioning and development of foundations and associations. The status of 'public benefit' for associations and 'tax exemption' for foundations are vaguely defined and are arbitrarily granted by the President. Foreign donors providing financial support to civil society in Türkiye were often slandered and beneficiary NGOs ran the risk of having their activities criminalised because they had received foreign funds.

In August 2022, the Ministry of Interior's Directorate General for Relations with Civil Society published the draft civil society strategy document and action plan (2023-2027) for consultation. Despite public consultations, strategy development lacked transparency and clarity.

Open and transparent participatory and consultation mechanisms are needed for cooperation between the authorities and civil society, for policymaking and for amending the legal framework. Overall, the legal, financial and administrative environment needs to be more conducive to developing civil society in Türkiye.

Civilian oversight of the security forces

In the reporting period, the executive branch continued to hold extensive authority over the security forces. The civilian component of the Supreme Military Council (YAŞ), which is responsible for setting the military agenda and making such decisions as appointments, promotions and dismissals of high-ranking military personnel, did not change. The scope of the military judicial system was curbed. Civilian higher courts continued to review appeals against the decisions of military courts. However, civilian oversight of the security forces remained incomplete due to the lack of effective accountability mechanisms. Parliamentary oversight of the security institutions needs to be strengthened. The legal framework for overseeing military expenditure was not improved.

The culture of impunity continued to prevail within the security sector, where security personnel benefited from de facto judicial and administrative protection in cases involving alleged human rights violations and the disproportionate use of force. Military personnel and high-ranking command officials still have special legal privileges when prosecuted. Moreover, the investigation of alleged offences committed by security personnel requires prior authorisation by either military or civilian superiors.

Situation in the east and south-east

The situation in the south-east remained worrying and was exacerbated by the earthquakes in February 2023, which also affected part of the region. The Turkish government continued its domestic and cross-border security and military operations in Iraq and Syria, including after the earthquakes. The security situation remained precarious in border areas with terrorist attacks led by the Kurdistan Workers' Party (PKK), which remains on the EU list of persons, groups and entities involved in acts of terrorism. The government retains a legitimate right to fight terrorism, however, related activities should be in line with the rule of law, fundamental rights and freedoms. There was no progress towards the resumption of a credible political peace process to achieve a sustainable solution to the Kurdish issue. The Kurdistan Communities Union (KCK) declared a unilateral truce in Türkiye after the earthquakes in February and extended it until the Turkish presidential and parliamentary elections in May. The truce was terminated in June 2023.

In the aftermath of the November 2022 attack in Istanbul, which left 6 dead and 81 wounded, Turkish officials rapidly arrested a Syrian national, as the alleged main perpetrator of the attack, and attributed the attack to the PKK-linked People's Protection Units (YPG), even though the PKK denied its involvement. Türkiye launched a series of airstrikes in northern Syria and Iraq against the PKK and affiliated groups.

In March 2023, the Council of Europe's Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) published a report on its visit to the high-security prison on the island of Imralı, where the PKK's leader Öcalan and three other inmates are being held. The report stated that detention conditions had significantly improved for Mr Öcalan and remained satisfactory for the three other inmates. However, the CPT expressed serious concern that the prisoners' contact with the outside world had been further limited. During the reporting period, Mr Öcalan was not allowed to receive visits from his family or his lawyers.

In Diyarbakir's Sur municipality, after the state took possession of land from its owners for public use, several court cases were launched by owners challenging the assessed value of their expropriated property. The principle of participation by the local residents was ignored in the planning of the area's reconstruction. Serious violations of human rights by security forces (including alleged instances of torture, ill-treatment, arbitrary arrests and procedural rights violations) continued to be reported. There have also been reports of severe acts of violence and other abuses committed by the security forces in the aftermath of the earthquakes and during the state of emergency.

Eastern and south-eastern provincial governors often imposed blanket bans on meetings, demonstrations and events in their provinces. The longest of these has been in force in Van since 2016. The broad interpretation of terrorism, judicial and administrative pressure imposed on journalists, political opponents, bar associations and human rights defenders working on the Kurdish issue raised repeated concerns. Many associations, Kurdish-language media outlets and cultural rights institutions remained closed.

The 15 Kurdish journalists and one media worker, who were detained in Diyarbakır in June 2022, were released in July 2023 under judicial control condition and the next trial session is due in November. Over 100 people (including several journalists, lawyers, members of political parties, artists and members of civil society) were detained in April 2023 in a coordinated operation across 21 Turkish provinces on the grounds of alleged 'membership in a terrorist organisation'. Some lawyers and journalists were released, but a court case was launched against 11 Kurdish journalists. The 2021 Constitutional Court judgment annulling a provision of the emergency decree regarding the closure in 2016 of media outlets on the grounds of 'posing a threat to national security' and annulling a provision that allowed the

seizure of properties of closed media outlets was not implemented. In January 2023, the Diyarbakir Regional Court of Appeals upheld the prison sentence against journalist Abdurrahman Gök for photographing the killing by the police of university student Kemal Kurkut during the 2017 Newroz celebrations in Diyarbakır. The local court had sentenced Gök in June 2022 to more than one year in prison on the grounds of propagandising for a terrorist organisation while acquitting him of ‘being a member of an illegal organisation’.

Hate crimes and hate speech against Kurds continued. The court case in relation to the hate killing of HDP staff member Deniz Poyraz in Izmir was concluded in December 2022 and the court sentenced the perpetrator to aggravated life imprisonment (i.e. the most severe penalty under Turkish law) on the charge of ‘intentional killing’ as well as other minor offences. Several attacks against HDP buildings and election offices have been reported, including during the electoral campaign period.

In January 2023, an investigation was launched against the presidents of 12 bar associations over their joint statement against Turkish military operations in northern Syria and Iraq and calling for peace, on the grounds of ‘insulting the Turkish Nation, the State of the Republic of Türkiye and its institutions’.

The March 2023 Kurdish Newroz celebrations took place amid a heavy police presence. The Diyarbakir Bar association reported that law enforcement forces used excessive and disproportionate force during the celebrations. The police detained 350 people, most of whom were shortly released.

The Kobane trial of 108 members and executives of the HDP continued. During the April 2023 session the prosecutor of the case issued his final opinion and demanded aggravated life sentences for 36 HDP executives (including the party’s former co-chair Selahattin Demirtaş) and the re-arrest of 12 released defendants. The trial was adjourned to July 2023 and is still ongoing. There were numerous new detentions and arrests of HDP members and mayors, municipal council members and municipal executives on terrorism-related charges in the east and south-east of Türkiye. Requests by the prosecution to the parliament to remove the immunity of almost all HDP lawmakers are pending. The closure case against the HDP continued in the Constitutional Court (see above under ‘the parliament’).

Former HDP co-chair Selahattin Demirtaş remained in prison despite two final ECtHR judgments ruling in favour of his immediate release. In March 2023, the Committee of Ministers of the Council of Europe urged Türkiye to release Mr Demirtaş, in line with the ECtHR judgments. The Constitutional Court’s ruling of June 2020 on the violation of Mr Demirtaş’ right to liberty and security was not implemented. Former HDP MP and co-chair Aysel Tuğluk, who was reportedly seriously ill, was released from prison in October 2022.

In October 2022, the ECtHR, in its ruling on the case of 13 imprisoned former HDP MPs, found that several articles of the ECHR had been violated and stated that the arrests were politically motivated. In July 2022, the Constitutional Court ruled that the Turkish State had violated the rights of former HDP co-chair Figen Yüksekdağ to freedom of thought and expression by stripping her of her parliamentary immunity in 2016, and ordered the State to pay Yüksekdağ TRY 30 000 for non-pecuniary losses.

In June 2023, out of the 65 municipalities won by the HDP in the 2019 local elections, 48 remained ruled by State-appointed trustees and another 6 by AK party mayors. Since the first trustee appointment in June 2019, 83 co-mayors have been detained, 39 mayors arrested and 6 HDP co-mayors remain in prison. The March 2022 Recommendations on Türkiye of the

Congress of Local and Regional Authorities of the Council of Europe need to be implemented.

Court cases continued regarding government-funded construction projects on cultural, historical and religious heritage sites, which were damaged in the 2015 and 2016 operations. There were renewed tensions around several new mining projects, including in the Tunceli Mountains, which is part of a national park and a sacred site for Alevi.

There was no comprehensive and consistent approach in place for missing persons, the exhumation of mass graves or the independent investigation of all alleged cases of extrajudicial killing by security and law enforcement officers. Most of the investigations of cases of enforced disappearance from the 1990s have passed the 20-year statute of limitations. Out of more than 1 400 cases of missing persons since then, only 16 court cases have been launched and 14 of these ended in the acquittal of the alleged perpetrators. Concerns remained about the continued justification of extraterritorial abductions and forced returns under the pretext of combating terrorism and protecting national security. The village guard system, a paramilitary force supporting the Turkish security forces, was maintained. Some village guards were linked to widespread human rights violations and excessive use of force, particularly against the Kurdish population. The village guard system is hindering the return of displaced villagers and continues to impede progress towards a political resolution of the Kurdish issue.

Refugees and internally displaced persons

Türkiye continues to host one of the largest refugee populations in the world. In August 2023, according to official data, Türkiye was hosting 3 298 817 Syrian refugees with temporary protection status, and some 91 711 Syrians with residence status. Around 1.7 million of these were being hosted in the 11 provinces affected by the earthquakes.

According to official sources, 223 881 Syrians had been granted Turkish citizenship in December 2022. 561 758 Syrian refugees had voluntarily returned to Syria from Türkiye according to government data. In May 2023, according to the Presidency for Migration Management, in addition to the Syrian refugees, Türkiye hosted 300 720 asylum-seekers from other countries. In December 2022, 1 345 488 foreign nationals holding residence permits were present in Türkiye, including humanitarian residence permit holders. The return of irregular migrants from the Greek islands, which Türkiye unilaterally suspended on public health grounds in March 2020, has not resumed. The EU has repeatedly called on Türkiye to resume return operations in line with the commitments made under the EU-Turkey Statement. Resettlement of Syrian refugees from Türkiye to EU Member States continued in the reporting period totalling 39 648 by September 2023. Recurrent allegations of human rights violations in the field of migration, particularly in removal centres, remain a concern. Over the last year, media and civil society continued to report on policies and practices in breach of human rights standards and Turkish legislation. Türkiye needs to further align its practice in removal centres with European standards, in particular with regard to protection of human rights (including access to legal counselling and interpreters) and protection of vulnerable groups (in particular, children staying with their families) (see Chapter 24).

Public discontent with the presence of Syrian refugees increased, and became an important electoral topic and a matter of constant debate. A large majority of refugees and asylum seekers do not have effective access to the labour market, in particular to formal employment, due to low employability (lower levels of education and skills), language barriers and limited access to information and services.

Türkiye made sustained significant efforts to support refugees and ensure wider access to healthcare and schooling, although restrictions to registration hampered access to these services. By February 2023, over 846 000 refugee children had been enrolled in formal education in Türkiye, which was about 104 000 more than the previous academic year. Over 720 000 of these were of Syrian origin. However, more than 400 000 school-aged refugee children were still out of school and did not have any access to education opportunities. Refugees (mainly Syrians under temporary protection) continued to benefit from free-of-charge healthcare services provided in 190 migrant health centres funded by the EU through its Facility for Refugees in Turkey and in Turkish hospitals. The EU supported the employment of almost 4 000 healthcare workers to ensure that refugees and people under subsidiary protection have access to healthcare services. Over 7 million primary health care consultations were conducted in EU-supported primary level healthcare facilities in 2022. The capacity of mental health and psychosocial support services, reproductive health services, mobile health services and health literacy for the refugees have also improved. Furthermore, the health infrastructure was also improved by the completion of the construction of two new state hospitals in Dörtöyl Hatay and Kilis, which were fully financed by the EU and inaugurated during the reporting period.

There was no progress on the situation of **internally displaced persons** resulting from the violence in the south-east in the 1990s and in more recent years.

After the February 2023 earthquakes, which affected an estimated 15 million people in 11 provinces, there were massive population relocations, both within the provinces and away from them. An estimated 2.9 million people have moved away from the affected provinces.

Public administration reform

Türkiye is **in between some and moderate level of preparation** in the field of public administration reform. It made **no progress** over the reporting period. The country still lacks the political will to reform the public administration and public financial management. The restructuring of the executive branch and overhaul of the public administration in line with the presidential system introduced in 2017 resulted in very high levels of centralisation of the policymaking system. The level of accountability of the administration remains insufficient. Its human resources management system remains outdated and needs to be reformed. The politicisation of all branches of the administration has continued. The share of women in managerial posts in the civil service is still low. The public administration does not use evidence-based methods or participatory mechanisms in policymaking.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- prepare and adopt an interinstitutional public administration reform document in line with EU principles and values, and with the necessary political ownership and support;
- introduce merit-based recruitments, appointments and promotions, notably to the senior positions;
- review the policymaking process to achieve inclusive and evidence-based methods of preparing policy planning documents and legislative proposals.

Strategic framework for public administration reform

Türkiye still lacks both a comprehensive **strategy for public administration reform** and the political will to reform. In 2022, the administration produced numerous policy planning and sectoral policy documents on multiple aspects of public administration. In the absence of a comprehensive strategy, these documents lack a sound budget forecast and a coherent

approach. An administrative unit with the legal mandate to design, coordinate and monitor public administration reform and public policy documents has yet to be established. The unit would need to coordinate with the Ministry of Finance and Treasury to ensure strategic planning is consistent with fiscal planning and to efficiently tackle the issue of managerial accountability.

Policy development and coordination

Türkiye continued the strong trend to centralise policymaking under the presidential system, further preventing an inclusive, participatory and **evidence-based policymaking** process. Policy coordination, policy planning and inter-agency cooperation among government institutions needs to be improved. In the absence of well-functioning administrative controls and parliamentary scrutiny, policy planning, monitoring and reporting of government performance remains inadequate. The administration does not carry out regulatory impact assessments or **public consultations** systematically.

Public financial management

Türkiye still lacks an overarching **public financial management reform programme**. Parliamentary engagement and oversight over the budget remain weak. Numerous exceptions introduced in the public procurement Law limit the transparency of tenders and public expenditure. (*see also Chapter 5 – Public procurement*). Türkiye does not have in place an independent oversight body to ensuring fiscal discipline. Given the lack of adequate ex post monitoring and reporting, major public investment programmes lack transparency.

On external audit, the Turkish Court of Accounts (TCA) continued to carry out a range of ex post controls. The TCA's audit reports continued to provide substantive information for parliamentary oversight and public scrutiny. However, shortcomings remain in the legal framework of the Law on the Court of Accounts and in the associated process of parliamentary scrutiny. There needs to be greater parliamentary and judicial follow-up to the TCA's audit reports.

There is limited parliamentary oversight of the budget, which resulted in a low degree of **budget transparency**. The Turkish State Wealth Fund (TWF) lacks accountability and transparency. The 2022 audit report was not published on the TWF website, which contains limited information overall (*see Chapter 32 - Financial control*).

Following the February earthquakes, the parliament adopted a law creating a Disaster Reconstruction Fund, governing the allocation of resources to restore infrastructure in areas affected by various natural disasters such as earthquakes, floods, fires and landslides in regions classified as 'disaster zones'. However, the law lacked details on the decision-making process, and on the transparency rules for managing the Fund, apart from an obligation to report financial data to the public on a quarterly basis.

Public service and human resources management

The 1965 legal framework governing human resources management in the civil service is outdated. The civil service legal framework fails to ensure the political neutrality of the civil service. There is growing concern about the lack of **merit-based recruitment** and appointments in the civil service. The appointment procedure for senior civil service posts lacks competitive objective criteria, leaving appointments open to nepotism and political interference. There is a set of uniform criteria for demotion, dismissals and disciplinary measures, but there is a general lack of transparency in implementing the criteria. The civil service remuneration system is not standardised across the institutions. The ethics committees were ineffective against allegations of corruption and wrongdoings.

Accountability of the administration

Under the presidential system, accountability is centralised and held by the President. Given that internal control and audit do not function effectively, the level of accountability of agencies is weak and insufficient to protect **citizens' right to good administration**.

Citizens' right to access public information is regulated by the Law on the right to information, which does not require proactive disclosure and provides broad exemptions. A simplified online access system received millions of requests to access information. The Board of Review of Access to Information is responsible for assessing appeals filed against a refusal to provide access to public information. The backlog of cases continues to hamper citizens' rights to administrative justice and their right to seek compensation.

Strong concerns remain on the quality of the work of the Inquiry Commission on the State of Emergency Measures, even though it has completed the examination of all cases. Strong concerns remain as to whether cases were examined individually, whether the rights of defence were upheld and whether the assessment procedure was in line with international standards.

Service delivery to citizens and businesses

A thorough process is needed to **simplify administrative procedures**. However, in the continuous absence of a law on general administrative procedures, which is necessary to give citizens and businesses greater legal certainty, simplifying administrative procedures remains problematic.

The government continued to develop user-focused administration at central and local government level and expanded access to e-government services. Several public services are accessible through e-government tools. A monitoring system needs to be set up to reduce the barriers to access services for persons with disabilities.

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, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is respect for fundamental rights in law and in practice.

Türkiye remains at an **early stage** of applying the EU *acquis* and European standards in the area of rule of law and fundamental rights. There was **backsliding** during the reporting period.

Major issues identified in previous reports, such as the systemic lack of independence of the judiciary and the urgent need to improve the human rights situation, remain unaddressed. The 2019 judicial reform strategy (JRS) and the 2021 human rights action plan (HRAP) tackle some of the areas where reforms are needed but did not include concrete steps to remedy the most acute problems.

Functioning of the judiciary

Türkiye remains at an **early stage** in this area. Serious **backsliding** continued and despite the several judicial reform packages in recent years, the structural deficiencies in the judicial system remained unaddressed. The continued refusal to implement certain rulings of the

ECtHR remains a matter of serious concern. Undue pressure by the authorities on judges and prosecutors continued to have a negative effect on the independence and quality of the judiciary. Implementation of the 2019 JRS and the 2021 HRAP continued, but the activities foreseen in these documents fell short of addressing the structural problems and the issues identified in the previous reports of the European Commission. The lack of objective, merit-based, uniform and pre-established criteria for recruiting and promoting judges and prosecutors remains a source of concern. Several politically motivated cases against opposition politicians were initiated during the reporting period.

The Commission's recommendations from last year were not addressed. Türkiye needs to adopt and implement measures to significantly improve the overall functioning of the country's judicial system.

In the coming year, Türkiye should in particular:

- create a political and legal environment in line with European standards that allows the judiciary to carry out its duties independently and impartially; 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 abide by ECtHR jurisprudence;
- amend the structure and process of selecting the members of the Council of Judges and Prosecutors (HSK) so that the role and influence of the executive is limited; and introduce safeguards against any interference by the HSK or high-level officials in judicial proceedings;
- provide effective guarantees against transfers of judges without their consent;
- in accordance with the guarantee of judicial independence under the Constitution, limit any suspension of judges from office to cases where there are well-founded suspicions of serious misbehaviour; and take measures to remedy the damage caused by dismissals that have taken place in breach of procedural rights;
- revise the system of disciplinary proceedings so that it is based on objective criteria and without any 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 and based on concrete evidence, and follows 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 the right to an effective appeal.

Strategic documents

Implementation of the 2021 HRAP and the 2019-2023 JRS continued. A new (seventh) judicial reform package was adopted in April 2023. The government's implementation report for the JRS stated that, as of May 2023, 70% of the activities had been completed. However, the actions included in the HRAP do not address Türkiye's fundamental human rights shortcomings. The 7th judicial reform package failed to address many structural issues of concern related to the judicial system indicated in the previous annual reports of the European Commission. However, it did provide some positive steps regarding the increased sentences

for smuggling and the possibility of postponing the execution of a sentence for convicted women due to a child's sickness.

Management bodies

Concerns remain around the structure of the Council of Judges and Prosecutors (HSK), its lack of independence from the executive and the appointment process for its members. In accordance with the Constitution, the President appoints 4 out of 13 members and the parliament elects 7 by qualified majority. The remaining 2 seats are allocated *ex officio* to the Minister of Justice and the Deputy Minister. None of the members are elected by their peers. Due to its lack of independence, the HSK has been suspended from participating in the European Network of Councils for the Judiciary since December 2016.

The budget allocated to the HSK increased to TRY 312 551 000 in 2023 (TRY 193 657 975 in 2022).

Independence and impartiality

Although the principle of separation of powers and judicial independence is enshrined in the Constitution and other legislative provisions, there are strong concerns regarding political influence on the judiciary. The HRAP included some actions to improve the independence of the judiciary, but these actions have not been implemented.

High-level officials and representatives of the executive (including the President) continued to comment publicly on ongoing judicial cases, thus undermining judicial independence. They also publicly criticised the ECtHR and Constitutional Court case law. Lower courts at times ignored or significantly delayed implementation of decisions reached by the Constitutional Court. The non-implementation of the administrative courts' decisions by the administration also remains an issue of concern.

Individual applications to the Constitutional Court had limited effect, especially with regard to politically motivated trials.

Accountability

The obligation for judges and prosecutors to declare their assets every 5 years is still applicable. No information is available on the sanctions imposed if this procedure was not followed. A credible and functioning verification system needs to be developed, including appropriate follow-up for late or incorrect declarations of assets.

Professionalism and competence

The selection and recruitment of judges and prosecutors is conducted in a non-transparent manner. The Ministry of Justice supervised the selection boards for new judges and prosecutors, while the HSK had no role in the selection boards. The annual appraisal of judges and prosecutors was done by the HSK. There was limited progress in setting objective, merit-based, standardised and pre-established criteria for recruiting and promoting judges and prosecutors.

Quality of justice

As of September 2023, Türkiye had 16 225 full-time judges (19.13 per 100 000 inhabitants) and 7 601 full-time prosecutors (8.96 per 100 000 inhabitants). Out of 23 826 judges and prosecutors, 8 871 are women. The final budget for the entire justice system increased to TRY 51.2 billion in 2022 (while TRY 34.37 billion was initially approved) compared with almost TRY 24 billion in 2021.

Pre-service training for candidate judges and prosecutors and in-service training continued to be delivered by the Justice Academy. The Academy has scientific, administrative and financial autonomy by law, but there are still concerns related to its independence because its management is left to its president, who is appointed by the President of the Republic. The Academy's lack of independence affects its capacity to provide training programmes that meet the requirements of openness, competence and impartiality. The European Judicial Training Network (EJTN) therefore maintained the suspension of the Academy's observer status that was originally decided in 2017.

The quality of judicial decisions and indictments remains insufficient due to the lack of legal reasoning and sufficient factual evidence to lead to convictions that often relate to alleged offences supporting terrorism. The defence lawyers' access to case files for a specific catalogue of crimes is sometimes restricted until the indictment is issued. In some politically sensitive cases, the indictments took months to be finalised.

Pre-trial detention continues to be frequently imposed, despite the fact that this is a measure of last resort by European standards. Defendants were increasingly held in prisons or detention centres far from the location of the alleged crime, appearing at their hearing via an audiovisual system rather than in person. Frequent transfers of judges and prosecutors continued to impair the quality of justice, as did the appointment of newly recruited and less experienced judges and prosecutors to criminal courts.

Trial-monitoring organisations and lawyers reported that in politically sensitive cases judges frequently barred journalists and observers and sometimes even the defendants' lawyers from the courtroom. In terrorism-related cases, the practice of providing evidence extracted coercively from secret witnesses who cannot be cross-examined or from a single witness without supporting evidence remained a major concern. Frequent use of the confidentiality of decisions in political cases should be revised because it is often used to limit lawyers' access to their clients' files, thus violating the right of defence.

In October 2022, the Council of State ruled in favour of the reinstatement of 178 judges and prosecutors dismissed under the 2016 state of emergency decrees on the basis of alleged ties to the Gülen movement, arguing that the acts attributed to them were insufficient to prove their links to the movement. The Council of State also ordered the State to pay compensation and damages to the judges and prosecutors. As of March 2023, 3 683 of the dismissals had been finalised and 3 cases were ongoing. 845 dismissed/suspended judges and prosecutors had been reinstated. As of March 2023, 343 judges and prosecutors who had filed a complaint with the Council of State on the issue of their removal had been reinstated. This decision followed an ECtHR ruling that the government had violated the ECHR by detaining 167 judges and prosecutors after the attempted coup in 2016.

Efficiency

The backlog of cases remained a problem. Large parts of the judiciary continued to be under severe pressure to handle cases quickly. Delays in criminal cases, which are often postponed for months, and delays in cases where the defendants were arrested pending trial violate the defendants' rights.

Regarding the backlog of cases in the high courts, at the end of 2022, 293 207 criminal and 64 126 administrative cases for the Court of Cassation were postponed to 2023, compared with 296 907 and 76 455 respectively in 2021. 120 773 cases for the Council of State were transferred from 2022 compared with 128 961 in 2021. As regards the regional courts of appeals, in 2022, a total of 809 989 cases were transferred from 2021; the courts received 1 258 366 new cases and settled 1 146 065 cases. Individual applications to the Constitutional

Court continued to increase. In 2022, 109 779 applications were lodged and 73 036 were concluded.

Fight against corruption

Türkiye is at an **early stage** in the fight against corruption. There was **no progress** in the reporting period. Türkiye has not addressed outstanding deficiencies in key areas of the fight against corruption in recent years. It has not taken preventive action and has not set up anti-corruption bodies in line with the United Nations Convention against Corruption, to which Türkiye is party. The legal framework and institutional architecture need to be improved to limit undue political influence on the prosecution and adjudication of corruption cases. The accountability and transparency of public institutions need to be improved. The absence of an anti-corruption strategy and action plan indicated a lack of political will to fight decisively against corruption. The Council of Europe's Group of States against Corruption (GRECO) recommendations remained unimplemented. Overall, corruption remains a major issue. In the coming year, Türkiye should in particular:

- implement its international obligations in relation to the fight against corruption, in particular the United Nations Convention against Corruption and the relevant Council of Europe Conventions;
- ensure effective follow-up of the recommendations issued by GRECO, including through adopting the necessary legislation;
- elaborate an anti-corruption strategy that reflects a clear political will and vision to effectively address corruption, underpinned by a credible and realistic action plan.

Track record

The track record of investigations, prosecutions and convictions in corruption cases remained poor, particularly in relation to high-level corruption cases involving politicians and public officials. Sentences are lenient and do not have a deterrent effect. Cooperation between audit and inspection units with prosecution offices needs to be improved. Political party and election campaign financing, local administrations, land administration and management, and the construction and transportation industries (especially when implementing projects via public-private partnerships) remained particularly prone to corruption. The increasing use and wide scope of exemptions in procurement procedures undermined the integrity of public procurement. Outstanding GRECO recommendations on political party financing have not been addressed.

Institutional framework

Prevention measures

Türkiye continued to lack a permanent, functionally independent anti-corruption prevention body. The level of coordination between various preventive bodies remains inadequate. The State Supervisory Council, which is responsible for coordinating preventive anti-corruption measures, is not independent. Financial control of political parties remained ineffective. There have been no regular awareness-raising campaigns on anti-corruption.

Law enforcement

There are no specialised law enforcement authorities, prosecution services and courts specifically dedicated to the fight against corruption. The executive retained undue political influence over the judicial police. Financial investigations are not systematically started in

corruption and organised crime cases. The legal framework of anti-corruption remains weak, including for the private sector.

Legal framework

Türkiye is party to all international anti-corruption conventions, including the United Nations Convention Against Corruption. However, Türkiye needs to fully implement such provisions. 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) have not been adopted.

In November 2022, the OECD Working Group on Bribery also underlined Türkiye's continued inaction with respect to long-standing recommendations on the liability of legal persons in particular in relation to foreign bribery, as well as issues concerning whistle-blower protection and prosecutorial independence, and the lack of enforcement of its foreign bribery laws.

Türkiye failed to comply with the GRECO recommendations on judicial independence, and on transparency of the legislative process and political party financing. Legal loopholes remain in the Criminal Code's corruption-related provisions, which do not meet the standards put in place by the Criminal Law Convention on Corruption. Public procurement legislation is not in line with the EU's *acquis*. The legal privileges of public officials continued to provide legal protection for public officials and hamper anti-corruption criminal and administrative investigations. The legal framework on conflicts of interest as well as public officials' asset declarations remained inadequate. Türkiye has no legislation governing lobbying.

Strategic framework

Previous anti-corruption strategies and action plans failed to meet most of their key objectives. Outstanding anti-corruption measures for these action plans have not been followed up. There is no ongoing anti-corruption strategy and action plan, and no efforts were made to develop new ones with the involvement of relevant institutions and civil society.

Fundamental rights

Human rights continued to deteriorate and no progress was made on last year's recommendations. The Turkish legal framework includes general guarantees of respect for human and fundamental rights, but the legislation and its implementation need to be brought into line with the European Convention on Human Rights (ECHR) and the European Court of Human Rights (ECtHR) case law. No legislative amendments were adopted to eliminate the remaining elements of the 2016 state of emergency laws. The Council of Europe's Parliamentary Assembly continued to monitor Türkiye's respect for human rights, democracy and the rule of law. Türkiye's continued refusal to implement certain ECtHR rulings further increased concerns regarding the judiciary's adherence to international and European standards. The 2021 HRAP continued to be implemented but did not address critical issues or improve the overall human rights situation. Trials and convictions of journalists, writers, lawyers, academics, human rights defenders and other critical voices for alleged support for terrorism have continued.

In addition to addressing the shortcomings set out in this section, which have still not been addressed, Türkiye should in particular in the coming year:

→ align its criminal and anti-terror legislation, and its implementation of European standards, the ECHR, ECtHR case law and the Venice Commission recommendations;

- ensure that any allegations of offences are subject to due process, based on concrete evidence and fully transparent procedures carried out under the authority of an independent and impartial judiciary; and fully respect the right to a fair trial and relevant procedural rights, in particular the presumption of innocence, the principle of legal certainty, the right to defence, equality of arms and the right to an effective remedy;
- improve the legislative framework and its implementation, in order to effectively tackle all forms of violence against women, including domestic violence, psychological and physical abuse, sexual harassment, rape, so-called ‘honour’ crimes, stalking and forced marriage;
- improve the legislative framework and its implementation to effectively tackle all forms of racism and discrimination, including against LGBTIQ persons and ensure the protection of minorities.
- implement the ECtHR judgments as a matter of priority, including in the case of *Kavala v Türkiye*.

Türkiye is a party to most **international human rights instruments**, but serious human rights violations continued. The Council of State ruled in January 2023 that the President’s decision to withdraw from the Council of Europe Convention on preventing and combating violence against women and domestic violence (the Istanbul Convention) was lawful. Türkiye 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. The Parliamentary Assembly of the Council of Europe continued its full monitoring procedure.

In June 2023, there were 23 851 applications pending before the ECtHR. The ECtHR delivered judgments on 637 applications and found breaches of the European Convention on Human Rights (ECHR) in 66 out of 69 cases (against 70 violations in 2022) that mainly concerned the right to respect for private and family life, the right to a fair trial, the right to liberty and security and freedom of assembly and association. During the reporting period, there were 13 232 new applications allocated to a decision body of the ECtHR. There are currently 184 cases against Türkiye under enhanced supervision by the Committee of Ministers.

There were no developments with regard to the implementation of the ECtHR’s July 2022 Grand Chamber judgment on the Kavala case as part of the ongoing infringement procedure launched by the Committee of Ministers of the Council of Europe against Türkiye (see the ‘Judiciary’ section).

Regarding promotion and enforcement of human rights, the March 2021 **human rights action plan** (HRAP) continued to be implemented. The annual monitoring report, which was due in March 2023, has not been published and an evidence-based assessment of the implementation of the HRAP is missing. The HRAP does not include measures to address the main shortcomings in the human rights situation in Türkiye that were identified in previous years’ reports by the European Commission.

The Human Rights and Equality Institution of Türkiye (HREI) and the Ombudsman are the main human rights institutions. The Ombudsman processes complaints against the actions of the public administration while the HREI only accepts cases that fall outside the Ombudsman’s remit. The HREI lacks *ex officio* powers to initiate investigations and to intervene in cases with legal remedies. The number of cases treated by the two institutions increased, but concerns remain regarding the operational, structural and financial independence of both institutions and the appointment of their members. The effectiveness of

both institutions remained limited. The HREI was accredited to the Global Alliance for National Human Rights Institutions with a B status in October 2022.

In 2022, the HREI received 2 020 applications (1 185 in 2021), visited 63 institutions (including prisons) and adopted 69 reports prepared within the scope of visits. The HREI makes prison visits in its role as the National Preventive Mechanism (NPM), but does not have set and independent criteria for announced visits. In some visits, it only interacted with the administration and did not speak to the detainees. It has not visited all the prisons with the highest number of allegations of human rights violations, or did so with a significant delay. The recommendations mainly deal with minor issues and do not make concrete statements on serious human rights abuses. The HREI needs to improve its reputation regarding effectively tackling human rights issues and engaging in constructive dialogue with civil society. The HREI remained largely ineffective due to legislative and structural restrictions, including by not accepting applications filed by civil society organisations and by being overly cautious in tackling cases of torture and ill treatment. 132 of the 3 638 applications filed with the parliament's Human Rights Inquiry Committee in 2022 were not processed.

The term of office of the State of Emergency Commission expired in January 2023. The Commission found 17 960 of the 109 332 filed applications to be admissible but rejected 86% of them.

The space for civil society organisations and human rights defenders continued to be very limited due to continuous pressure through judicial and administrative investigations, threats, surveillance, arbitrary detentions and ill-treatment of human rights defenders. The chairperson of the Turkish Medical Association was arrested after calling for an investigation into allegations that the Turkish armed forces had used chemical weapons in Northern Iraq. She was later released and the case is ongoing. Similar cases, coupled with smear campaigns by some media outlets close to the government and aggressive language by high-level officials, had a chilling effect on civil society. Intimidation of, and court cases against, lawyers who provide legal assistance to members of the civil society and human rights defenders continued.

The three court cases lodged against the Human Rights Association's chairperson ended in acquittal, but appeals were made against two of them and are pending before courts of appeal. The court case continued regarding the 2015 killing of Tahir Elçi, a lawyer and the chairperson of the Diyarbakir Bar Association. Several female human rights defenders and activists were detained and faced fines for participating in demonstrations for women's rights. The GÖÇİZ-DER court case in which 23 human rights defenders are being tried for 'using EU and UN funds to conduct research and develop projects on social migration movements in line with the aims and objectives of the PKK' continued. There were concerns regarding the recurrent and disproportionate use of anti-terrorism legislation against NGOs and human rights defenders.

The retrial of the Büyükada case resulted in the acquittal of four human rights defenders, including Amnesty International Türkiye's honorary chair, who had been originally sentenced to over 6 years in prison on charges of 'membership in a terrorist organisation'.

Concerning the **right to life**, urgent measures need to be taken by the authorities to align legislation with ECtHR case-law in order to ensure that credible and effective investigations are held into reported killings by the security services. The legislation adopted in June 2016, which grants judicial privileges to the security services and increases the risk of impunity, has remained in force. In many cases, the authorities did not grant permission to prosecute civil servants, thus seriously limiting accountability and fostering a climate of impunity for the

security forces. No credible investigations were launched into some of the death cases reported in the media. No adequate investigations have been carried out regarding the alleged cases of abductions and enforced disappearances by the security services that have been reported since the 2016 attempted coup. Alleged killings by the security forces in the south-east, especially during the events in 2015, have not been investigated and prosecuted effectively. Military or police officers have been implicated in most of these cases (as also underlined by the ECtHR judgments and the reports of the UN Working Group on ‘Enforced or Involuntary Disappearances on Turkey’) and investigations have never been properly carried out. The statute of limitations remains a major concern as regards the impunity of the offenders. Most of the crimes dating from the 1990s in the south-east have ended in impunity through acquittal or due to the statute of limitations (for example, the murder of the writer Musa Anter in Diyarbakır in 1992).

According to various reports, **torture and ill-treatment** continued to occur in detention centres, prisons, informal places of detention and transportation vehicles, and on the street during demonstrations. Disproportionate use of force by security forces continued. Although tasked with the role of the National Preventive Mechanism (NPM), the HREI 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 (OPCAT) and did not effectively process cases referred to it. The authorities have not authorised the publication of the 2016, 2018, 2021 and 2022 reports by the Council of Europe’s Committee for the Prevention of Torture (CPT). There have been reports documenting several cases of violence, torture and other abuses committed by the police and gendarmerie in the regions affected by the February 2023 earthquakes as well as threats against lawyers who documented a torture case. In some limited cases, administrative actions were taken against the accused officers.

The UN Subcommittee on Prevention of Torture (SPT) visited Türkiye in September 2022 to assess how the authorities and Türkiye’s national preventive mechanism had implemented the SPT’s previous recommendations. Effective investigations into allegations of torture and ill treatment remained limited.

While the number of **prisons** continued to increase, overcrowding remains a major problem. As of April 2023, the prison population exceeded 350 000 (with a capacity of 290 000) and continued to be the largest in Europe. Incidents broke out in Hatay’s T-Type Closed Prison after the authorities denied the inmates’ requests to see their families affected by the earthquakes. Pilot projects are being implemented in several prisons to improve inmates’ contact with their families, notably via secure video teleconference systems. However, allegations of human rights violations (including arbitrary restrictions on the rights of detainees, denial of access to medical care, mistreatment, limitation of open visits and solitary confinement) continued to be reported. Education, rehabilitation and resocialisation programmes remained limited. The new S-type security prisons are assessed as increasing inmates’ isolation. Communal activities remained limited and arbitrary. Transfer to remote prisons continued, sometimes without early warning. Such transfers had a negative effect on family visits, especially for poor families and juvenile inmates.

There were allegations of discrimination by prison authorities, especially against LGBTIQ persons. There was no improvement regarding investigations into allegations of suicides, strip-searches and discriminatory behaviour by prison guards. Concerns related to the independence of the Forensic Medicine Institute persisted. Access to medical care for sick inmates continued to be uneven and at times delayed or denied, causing deaths in prison or soon after release. Following complaints about food quality and living conditions, the daily allowance for prison food was increased from TRY 20 to TRY 50 in March 2023.

The HREI, as the national preventive mechanism, is also tasked with monitoring the prison administration and observation boards, but this work has remained ineffective. The work of the boards is not transparent and not supervised by independent bodies.

On the **protection of personal data**, the 2016 Personal Data Protection Law is still not aligned with the EU *acquis*, notably with the General Data Protection Regulation (GDPR) and the Law Enforcement Directive (LED) that constitutes a potential obstacle in several policy areas, including with regard to enhanced operational cooperation with Eurojust and Europol. The scientific commission that was established in 2021 to advance *acquis* harmonisation continued its work, but progress has been slower than anticipated. The legislation needs to be improved, notably with regard to the exceptions for processing of personal data by judicial and law enforcement authorities and the independence of the Personal Data Protection Authority. 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) has yet to be signed.

On **freedom of thought, conscience and religion**, freedom of worship continued to be generally respected. The lack of legal personality for the non-Muslim and Alevi communities remained a serious concern, notably in relation to the lack of legal status for the patriarchates, the chief rabbinate, synagogues, churches and Cem houses (Alevi places of worship). The Venice Commission's recommendations on the legal status of non-Muslim religious communities and the right of the Greek Orthodox Ecumenical Patriarchate in Istanbul to use the title 'Ecumenical' have yet to be implemented and have continued to be challenged.

Following the publication in June 2022 of the long-awaited Community Foundations Election Regulation, the vast majority of minority foundations completed their elections, albeit under strict control and restricted by the state electoral process, and new boards of directors have taken office. However, rules for the election of the board members in the foundations controlling community hospitals have yet to be issued. Five articles of the Election Regulation were improved in September 2022. Decisions in cases related to the property of religious communities still need to be implemented. The lack of legal provisions on conscientious objection to army service remained an issue for Jehovah's Witnesses and other citizens because refusal to serve in the military results in conviction for desertion. Several ECtHR judgments and a decision by the United Nations that found violations of the rights of Jehovah's Witnesses remained unimplemented. School textbooks need to be revised in order to remove all discriminatory elements and hate rhetoric against all religious and faith groups.

Further damage to Hagia Sophia was reported, indicating a lack of proper care of this historical monument. No steps were taken to address the UNESCO World Heritage Committee's grave concern about the potential impact of the monument's status change into a mosque on the outstanding universal value of Hagia Sophia. No steps were taken to re-open the Halki (Heybeliada) Greek Orthodox Seminary, which has been closed since 1971.

Attacks continued against Cem houses and Alevi religious leaders during the reporting period. The court case concerning the July 2022 attacks in Ankara was concluded at the first instance court in July 2023, with the main perpetrator sentenced to 3 years in prison, for damaging places of worship and for deliberate injury. A presidential decree establishing the Alexi-Bektash Culture and Cemevi Presidency was adopted in November 2022. The Decree defines the duties and powers of this new state body attached to the Presidency of the Republic. However, it does not recognise Cem Houses as places of worship. Alevi organisations held demonstrations in several cities, demanding legal rights and official recognition of Cem houses.

In March 2023, Türkiye submitted an action plan to the Council of Europe regarding the implementation of four ECtHR judgments filed by the Alevi community on compulsory religion and ethics classes and the status of Cem houses. In June 2023, the Committee of Ministers reviewed the cases. On the positive side, this review led to developments allowing the partial elimination of the imbalance in religious public services provided to the Alevi community by the State. However, no measures were taken by the authorities to address the shortcomings identified by the Court as regards the compulsory religious culture and ethics classes.

Hate speech and hate crimes against Christians, Protestants, Jews and Alevis continued (see the section on minorities below). No official data exists, but the general trend is that those most targeted and subjected to hate speech and crimes are Syrians (often refugees), Greeks, Armenians, Jews and Alevis. The Jewish community and the Chief Rabbi hold annual holocaust remembrance ceremonies in İstanbul, which are occasionally attended by authorities at local level. Protestants continued to face problems in gaining official recognition for their places of worship. Hate speech and insults against atheists and deists continued. The court case on the killing/disappearance of the Chaldean Catholic couple in Şırnak in 2020 continued.

The Diyanet (Religious Affairs Presidency) Academy that was established with the amended March 2022 law started vocational training for imams and Diyanet staff. Reports of maltreatment and sexual abuse within some Sunni sects continued. The increased work, powers and influence of the Diyanet continued in all spheres of public life.

Acts of vandalism and destruction of minority worship places and cemeteries were reported during the period and need to be investigated and prosecuted effectively. In July 2022, the Jewish cemetery in Istanbul was vandalised and 81 gravestones were damaged. In January 2023, a fire broke out at the Surp Pırgiç Armenian Church lodgings and resulted in the death of two elderly residents. The authorities condemned the incidents and investigations were launched. Regarding the fight against antisemitism, Türkiye is an observer country to the International Holocaust Remembrance Alliance and it has been taking actions to support and preserve Jewish cultural heritage.

Two non-Muslim persons were elected as members of parliament in May 2023, one Armenian and one Syriac. As the Venice Commission underlined in 2010, Türkiye should continue the reform process and introduce legislation to eliminate all obstacles preventing non-Muslim religious communities from exercising all their rights and acquiring legal personality, in accordance with European standards.

There are reports concerning the ill-treatment and detention of members of the Ahmadi Religion, currently kept in the detention centre of Edirne, for attempting to seek asylum at the border with Bulgaria. A request for interim measure with the European Court of Human Rights for their release was rejected on the grounds that national measures need to be exhausted first.

Freedom of expression

Türkiye continues to be at an early stage in this area and the serious backsliding observed in recent years continued. The implementation of the criminal laws relating to national security and anti-terrorism continued to contravene the ECHR and to diverge from ECtHR case law. Cases and convictions of journalists, human rights defenders, lawyers, writers, opposition politicians, students, artists and social media users continued. The dissemination of

opposition voices and freedom of expression were impaired by the increasing pressure and restrictive measures. Regarding the May 2023 elections, the ODIHR identified an environment with restrictions on freedom of expression, both private and public media did not ensure editorial independence and impartiality in their coverage of the campaign, thus reducing voters' ability to make an informed choice.

The recommendations from the European Commission's last five annual reports were not addressed. In the coming year, Türkiye should in particular:

- release journalists, human rights defenders, lawyers, writers and academics being held in pre-trial detention and ensure that the criminal cases against them are concluded in accordance with the criteria set by the ECHR and the ECtHR;
- ensure a safe and pluralist environment that enables the media to carry out their work independently and without fear of reprisals and dismissals. This includes ending the practice of both state and non-state agents of intimidating, interfering with, and putting pressure on the media;
- revise criminal legislation, in particular the anti-terror law, the Criminal Code, the data protection law, the internet law, the new media law in relation to the definition of 'fake news', and the Radio and Television Supreme Council (RTÜK) law, to ensure that they comply with European standards and are implemented in a proportionate manner, which does not curtail freedom of expression;
- ensure that criminal law provisions on defamation and other similar offences are not used as a means of putting pressure on critical voices.

Intimidation of journalists

Activities of journalists, writers, lawyers, academics, human rights defenders, opposition politicians and critical voices continued to be restricted through arrests, detentions, prosecutions and convictions. These practices continued to hinder the exercise of their freedoms and led to self-censorship. A few journalists covering the search and rescue efforts in the area of the earthquakes were reportedly blocked by the police on the basis of the three-month State of Emergency declared in the region. Some were taken into custody on the grounds that they had taken pictures without permission. Earthquake victims who spoke to journalists were also threatened.

Türkiye is ranked 165th out of 180 in the Reporters without Borders (RSF) 2023 annual World Press Freedom Index (down from 149th in 2022). As of June 2023, 59 journalists and media employees were in prison, either awaiting trial or serving a sentence. In 2022, at least 40 (41 in 2021) journalists were taken into custody and 28 (35 in 2021) journalists were sentenced to a total of 50.5 years in prison (92.5 in 2021). A large number of cases continued to be launched against writers and journalists. Threats and physical attacks on journalists and media organisations due to their work continued during the reporting period. At least 55 opposition journalists in Türkiye were physically assaulted by politically motivated groups. Prosecutions were initiated against over 700 people, with some 180 people being detained and more than 40 people arrested, for their social media posts on the February 2023 earthquakes.

Legislative environment

The current laws on anti-terrorism, the internet, intelligence services and the Criminal Code impede freedom of expression and run counter to European standards. Selective and arbitrary application of legislation continued to raise concerns as it infringes the basic principles of the

rule of law and right to a fair trial. Despite legislative changes introducing the need for a strong evidence base in ‘catalogue crimes’, cases relating to freedom of expression remained in the category of crimes that automatically requires ‘arrest pending trial’.

No legislative changes to the Criminal Code and the anti-terrorism law to comply with ECtHR case law took place in relation to the Council of Europe Committee of Ministers 2021 resolution on a long-standing series of freedom of expression cases against Türkiye.

The case fi to enable the concentration of resources on rescue efforts, led with the Council of State by the Union of Turkish Bar Associations against the circular issued by the President in January 2022 addressed to all print, audio and visual media, including social media and digital platforms, is ongoing. The circular’s aims include to ‘protect youth, children and family institutions from bad habits and ignorance and to protect national and moral values from alienation and degeneration’.

A new Media Law was adopted by the parliament in October 2022. It raises concerns due to its vague and ambiguous language with regard to what constitutes ‘false or misleading information’, as it allows arbitrary use of the law to stifle criticism of the government. The Law leaves the final decision as to what is ‘fake news’ to the judiciary, which does not have the tools to examine complex situations and does not provide guarantees of independence from the executive power. Equally worrying is the provision of the Law that stipulates imprisonment for the crime of disinformation. The Law also increases the punitive powers of the Press Advertisement Agency (BIK) and increases the sanctions to be imposed on internet service providers that breach provisions related to information requests from the authorities. On the positive side, the Law allows internet news sites to benefit from public advertisements and allows journalists working for internet sites to receive press cards and enjoy certain social security benefits.

The new Media Law may have serious negative consequences for freedom of expression as it may foster self-censorship and stifle public debate. Several hundred cases were launched against social media users on the basis of the Law in relation to the government’s post-earthquake response. The opposition Republican People’s Party (CHP) leader was the first high-profile public figure to be charged with ‘disinformation’ for his criticism of the government response to the earthquakes. He was also charged with ‘insulting the Turkish nation, the State of the Republic of Türkiye, and the institutions and organs of the State’. An individual application was lodged with the Constitutional Court on behalf of the first journalist convicted on charges of ‘openly disseminating information misleading the public’ in December 2022.

The Venice Commission issued an urgent opinion in October 2022 on the draft amendments to the Turkish Penal Code introducing a provision on ‘false or misleading information’. This opinion criticised the new Media Law for its lack of proportionality and the risk of increased media self-censorship and violation of the right of anonymity over the internet.

Implementation/institutions

Selective and arbitrary application of the legislation continued to raise concerns. The quality of the indictments and accusations remains low as they fail to make a direct and credible link between the alleged offence and the act. The alleged offences are often acts which constitute constitutional guarantees, such as attending press conferences or trade union activities.

Despite the 2022 final ECtHR ruling on the Vedat Şorli case, which pronounced that the article of the Turkish Penal Code providing a maximum sentence of 4 years for insulting the President is not in line with ECHR principles. This article continued to be used extensively to

prosecute persons who criticised the President.

Following the Constitutional Court judgment of July 2019 (finding that the conviction of the ‘Academics for Peace’, who had been dismissed from their positions after signing a declaration criticising the government over human rights violations in the 2015-2016 operation in the south-east, violated their freedom of expression), some courts have since ruled in their favour and opened the way for their reinstatement. As a result, a number of academics were reinstated in their university positions.

The 15 Kurdish journalists and one media worker, who were detained in Diyarbakır in June 2022, were released in July 2023 under judicial control condition. The next trial session is due in November.

11 journalists were detained in April 2023 and subsequently charged with ‘membership of a terrorist organisation’.

In January 2023, the Turkish Medical Association (TMA) Chair was sentenced to 2 years, 8 months and 15 days in prison for ‘terror propaganda’ because she had called for an investigation into the alleged use of chemical weapons by the Turkish armed forces. She was released from pre-trial detention and the case is being appealed.

The Press Advertising Agency (BIK), which is responsible for placing public advertisements in the media, replaced its General Board Decision on the Code of Press Ethics of 1994. The new Decision now includes vague wording on possible violations that may contribute to further media self-censorship. It also includes ambiguous and generic provisions such as ‘sharing information and visuals on terror organisations’ that are open to interpretation and can contribute to media censorship. The Constitutional Court ruled in August 2022 that the broad-ranging authority granted to the BIK concerning the imposition of sanctions (such as public advertisement bans and fines) and the way it was used violated the right to freedom of expression. BIK then issued a decision stating that it would not examine applications on Code of Press Ethics until the parliament amended the law. At the same time, the BIK continued to allocate public advertising in a discriminatory way that favoured pro-government media. The discriminatory application of its powers risks pushing independent media into self-censorship. Measures therefore need to be taken to ensure that the State advertising budget is fairly distributed in an impartial, accountable and transparent way.

Public Service Broadcasters

The public service broadcaster Turkish Radio and Television Corporation (TRT) is affiliated with the Presidential Communication Authority, and the Radio and Television Supreme Council (RTÜK) is affiliated with the Ministry of Culture and Tourism. No changes were made to TRT’s editorial policy, which reflects the government’s official lines. RTÜK has continued to impose fines on independent television and radio channels for their broadcasting content, on the vague grounds that the content is ‘contrary to the national and moral values of society, general morality and the principle of family protection’. Media outlets critical of the government were frequently fined by RTÜK on various grounds, ranging from displaying the imprisoned former HDP co-chair Demirtaş’ new book to ‘failing to be objective’ when reporting on the government’s response to the earthquakes. The Industry and Technology Ministry did not extend the operating license of Deutsche Welle’s (DW) Turkish office, which closed at the end of March 2023. This decision meant that DW was not able to insure its employees who can therefore only continue practising journalism as freelancers. In August 2023, upon the request of the RTÜK, a criminal judge of peace decided to block access to the Voice of America Turkish service, for providing broadcasting services over the internet without obtaining a broadcast license. The concerns relating to RTÜK’s independence and

neutrality persisted as members continue to be elected by the parliament without any consultation of civil society or professional media organisations. Currently, six members are nominees of the ruling coalition, two from the CHP party and one from the HDP party.

Economic factors

The ownership of the Turkish media outlets, which is heavily concentrated in a few large companies close to the government, undermined the independence of editorial policies as it lacked transparency. In addition, the distribution channels of printed media, which are used to allocate public advertising revenues and deliver newspapers to retail outlets, are owned by a single company close to the government. The Broadcasting Law, which does not ensure fair competition because it does not prevent monopolisation, was not amended.

Internet

The current legislation and its implementation do not guarantee an open and free internet in Türkiye. There were frequent website and social media bans for those who expressed views critical of the government. Authors of such websites faced harassment and at times prosecution. There are no official statistics on banned websites or the blockage of content, in accordance with the rulings of the criminal judges of peace. In August 2023, upon the request of the RTÜK, a criminal judge of peace decided to block access to the Voice of America Turkish service, for providing broadcasting services over the internet without obtaining a broadcast license.

By March 2023, RTÜK had issued 25 penalties based on its authority to inspect online broadcasts. In February 2023, the Information and Communication Technologies Authority (BTK) blocked access to one of Türkiye's most popular social networks, the online discussion forum Ekşi Sözlük, due to its coverage of the post-earthquake response. The authorities also reduced Twitter's bandwidth on the second day of the earthquakes. Access was reinstated the next day after severe criticism that this had put search and rescue efforts at risk. Legal action was taken against 609 persons, 150 people were detained and 29 were arrested for 'provoking the public into hatred and hostility' on social media platforms in connection with the recent earthquakes.

Professional organisations and working conditions

Journalism in Türkiye remains a precarious and risky profession, with low wages, a high risk of judicial harassment and no job security. Trade union rights are limited and labour legislation is not properly applied. According to the Journalists Union of Türkiye, only 11% of journalists are unionised. The new Media Law made the issuing of press cards and accreditations highly arbitrary, due to the composition of the Press Card Commission, in which only 1 of the 19 members comes from the journalists' union and the others have been appointed by the executive branch of the government. Investigative journalism on politically sensitive issues continued to be subject to editorial pressure, self-censorship and judicial harassment (see also Chapter 10 on digital transformation and media).

The existing legislation includes vague provisions that can be used to restrict freedom of artistic expression. A number of artistic events and performances were banned by the authorities, and artists critical of government policies were subject to intimidation and insulting remarks by pro-government figures and RTÜK officials.

There was no progress in the area of **freedom of assembly and association** where legislation and its implementation are not in line with the Turkish Constitution, European standards or

the international conventions that Türkiye is party to. Bans on peaceful gatherings were widely imposed and public events were often dispersed with a disproportionate use of force by the police. Demonstrators frequently faced investigations, court cases and administrative fines on charges of terrorism or of violating the Law on demonstrations and marches. Attacks on opposition gatherings and premises were often not investigated or prosecuted. Türkiye needs to urgently apply the ECtHR case law and to revise relevant national laws.

Protests and demonstrations for human rights, environmental rights, and political and socio-economic rights were banned and dispersed by the police on several occasions (including demonstrations by dismissed civil servants, on the occasion of the International Women's Day and by mothers of disappeared persons). Participants in public events were often detained (including with the use of force) and later released. The legislation on meetings and demonstrations allowed authorities to prohibit meetings and demonstrations on the basis of vague, discretionary and arbitrary criteria. All activities related to the "Armenian Genocide Commemoration Day" were banned in April 2023. All activities and gatherings to mark anti-homophobia and Pride Month in May and June 2023 were also banned. Some activists that participated in the June march were detained and later released.

In a positive development, the Constitutional Court ruled in September 2022 that the blanket ban on demonstrations issued by Ankara's governor between 2016 and 2018 constituted a violation of the Constitution. The Constitutional Court ruled in February 2023 that the Beyoğlu District's governor's ban on the gathering of the Saturday Mothers violated their rights. Following the Court's decision, the Saturday Mothers tried to meet in their original venue, but they were repeatedly detained and released on the same day. The court case against 46 human rights defenders and the relatives of Saturday Mothers continued.

Dozens of women and a journalist were detained for gathering to mark the International Day for the Elimination of Violence against Women in November 2022. There were reports of torture and ill-treatment by the police in Cizre. The 'November 25 Platform' lodged a criminal complaint about the police brutality on that day in İstanbul.

Regarding freedom of association, many human rights defenders were detained or arrested and NGOs, especially in the south-east, were subjected to police raids. The legal provision requiring information on the identity of members of associations by the authorities remained in place. Regarding political associations, the 8th Administrative Court of Ankara found unlawful the stance of the Ministry of Interior, which prevented the establishment of the Green Party by not providing a 'received' certificate for the application and decided to stay the execution of the process. The Court of Appeal has since removed the stay of execution decision regarding the Ministry of Interior's act, the Green Party is again prevented from being established and the case is still pending. The file for the establishment of the Humanity and Freedom Party is pending before the Constitutional Court.

The Law on the prevention of financing of the proliferation of weapons of mass destruction has continued to be implemented in a manner not compatible with international human rights standards and this is threatening freedom of association in Türkiye. The Council of Europe Venice Commission's July 2021 opinion on the law was not taken into account. Türkiye used the Financial Action Task Force (FATF) recommendations to categorise NGOs as medium to high risk for terrorism financing abuse in an arbitrary way, and to subject rights-based NGOs to frequent and burdensome audits. Many associations and foundations, especially recipients of international funds, have been subjected to repeated audits. The case against the Ministry of Interior's October 2021 circular, requiring NGOs to be audited based on a risk analysis, is ongoing. The recommendations made in the 2021 Venice Commission opinion should be implemented, including with regard to fundraising activities by NGOs.

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

On **property rights**, the Inquiry Commission on the State of Emergency Measures, whose term ended in January 2023, did not provide an effective domestic remedy for confiscations. There are ongoing court cases against the decisions of the Inquiry Commission. The case of the Istanbul Metropolitan Municipality against the Directorate-General for Foundations (DGF) on the ownership of the Taksim Gezi Park is ongoing.

In March, the EctHR found Türkiye in violation of property rights in the case of the Chief Rabbinate of Türkiye – İzmir Jewish Synagogue Foundation and ordered a retrial of the case. In December 2022, the Constitutional Court found the transfer of the Armenian Sanasaryan Inn to the State unlawful. There will be a retrial of the case, which was launched by the Armenian Patriarchate. In January 2023, the Constitutional Court ruled that there had been a violation of the right to property regarding the Greek Bebek Aya Haralambos Church, Bebek Aya Yani Cemetery Dova Church and the Cemetery Foundation. In April 2023, the Mor Batlo Syriac Orthodox Church and the cemetery in Mardin/Turabdin were transferred to the Housing Development Administration (TOKI). Court cases regarding the 2016 expropriations in Diyarbakir Sur District are ongoing.

In the south-east, the restoration of cultural and religious heritage and urban housing construction continued. Several important cultural and religious heritage sites were damaged by the February 2023 earthquakes in the region, especially in Hatay/Antakya. Regarding the implementation of the Law on foundations for minority communities, many appeals on rejected claims for the restitution of property were ongoing either before a local court or at the EctHR. Litigation brought forward by state institutions or municipalities against returned immovable property resulted in lengthy legal proceedings and uncertain property rights. The case of the Mor Gabriel Monastery Syriac Orthodox Church Foundation's land borders continued before the Constitutional Court. Other cases in relation to the ownership of the land of the Mor Gabriel Monastery continued. Other non-Muslim community foundations also have properties that have not yet been returned. Council of Europe Resolution 1625 of 2008 regarding property rights on the islands of Gökçeada (Imbros) and Bozcaada (Tenedos) still needs to be fully implemented. There is an urgent need to revise the relevant legislation on the issue of property rights for non-Muslim minorities and other legislation covering all issues of property rights to ensure a more comprehensive framework.

Legislation on **non-discrimination** is not in line with European standards and not duly enforced in practice. There were serious concerns regarding the implementation of the April 2021 Law on security investigations and archive checks for people who are to be appointed to public posts for the first time, as this takes into consideration not only final convictions but also other factors (e.g. ongoing investigations, pending cases and even intelligence against a person). The law decree issued under the State of Emergency to allow arbitrary dismissals expired in July 2022. However, dismissals with no objective criteria of civil servants continued on the basis of the Law on civil servants. Reports on profiling and discrimination against civil servants in employment on vague legal grounds continued. Cases of discrimination and hate crimes based on ethnic, religious grounds, sexual orientation and gender identity continued to be reported. Diyarbakir football team was subjected to racist attacks in two different provinces during matches. The HREI, which is in charge of applying non-discrimination legislation, finalised the examination of 166 applications in 2022 but received 355 new applications during the year falling under the scope of the task of 'combating discrimination'. The finalised decisions are sent to the relevant public authorities, but there is no systematic follow-up of corrective actions that were taken. School textbooks

still need to be revised, especially regarding some content on minorities, secularism, religion and gender equality. The HREI and the Ombudsman did not accept applications on sexual orientation and identity. Türkiye should urgently adopt a law on combating discrimination in line with the EU *acquis* as well as the ECHR, covering discrimination on the grounds of sexual orientation. Protocol 12 of the ECHR, which provides for the general prohibition of discrimination, remained unratified and the recommendations of the Council of Europe Commission against racism and intolerance (ECRI) were not implemented. Legislation against hate crime, including hate speech, is still not in line with international standards and does not cover hate offences on the basis of sexual orientation, ethnicity, age or gender identity. No progress was made with the 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.

In the area of **gender equality**, the backsliding on the rights of women and girls remained. Türkiye ranked 129th out of 146 countries, as measured by the World Economic Forum's Global Gender Gap Report 2023 (compared to 124th place in the 2022 Report).

Widespread promotion of stereotyped gender roles and definitions continued, including in school textbooks and in the media. Statements by the authorities targeting independent women's organisations and women activists threatened the freedom of operation of women's rights associations. State authorities increasingly came under the influence of Sunni religious sects that promote illegal practices, such as early marriage. Efforts should be increased to prevent school drop-out due to early marriage (e.g. establishing early warning systems in schools, ensuring that domestic violence is properly investigated and prosecuted, and establishing a sufficient number of shelters for vulnerable individuals).

The Council of State concluded in its final ruling that the decision to withdraw from the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence (also known as the Istanbul Convention) was in compliance with Turkish law. The Istanbul Convention is an important international standard, so this constitutes serious backsliding in Türkiye's progress. According to reports, 334 women were killed in 2022 (339 in 2021) and 245 more women died in suspicious circumstances. There is no comprehensive data collection system in this area. Despite the continued implementation of the Fourth National Action Plan for Combating Violence against Women (2021-2025), there are no effective policies (including deterrent sentences), implementation of legislation is weak and the quality of available support services is low. The February 2023 earthquakes worsened the already difficult situation of women and children in the region, due to the collapse of women's shelters, crowded temporary accommodation and a lack of proper preventive policies. In the earthquake areas, priority has been given to certain basic needs, but the provision of hygiene products for women, separate and protected toilets, and reproductive health facilities was neglected.

The protection of the **rights of the child** remained weak, including in the juvenile justice system and in relation to the consequences of the earthquakes. Urgent action is needed to ensure protection of children in the areas affected by the February 2023 earthquakes in order to avoid exploitation and abuse.

Several human rights violations were reported in the regions affected by the earthquakes, including against children and persons with disabilities. The Religious Affairs Presidency issued a ruling (fatwa) soon after the earthquakes, stating that there is no religious obstacle to a marriage between a person and their adopted child. This is cause for very serious concern. A coherent and effective monitoring mechanism by public institutions for children in earthquake regions, including for unaccompanied and missing children, is urgently needed.

In January 2023, a Parliamentary Commission for Investigation of Child Abuse was established at the National Grand Assembly. A national action plan needs to be put in place to combat and prevent child, early and forced marriages and to raise awareness of the harmful impacts of child marriage. Consistent efforts are needed to eradicate child labour, especially among refugees.

Türkiye is effectively pursuing a de-institutionalisation strategy. However, 60% of the children living in the childcare system are in institutional care. Adequate funding should be directed towards reinforcing community-based care and ensuring proper de-institutionalisation. Particular concern is caused by the construction of new institutions following the earthquakes and the wars in Syria and Ukraine.

Children can benefit from free legal aid for criminal disputes, but no such scheme is in place for civil cases and/or other complaint mechanisms. Concerns remained about juveniles facing arrest and detention on charges of membership of terrorist organisations. Non-custodial measures for children need to be improved. The capacity of NGOs and bar associations to intervene, monitor and lodge strategic litigation is limited, both in law and practice. There is an insufficient number and geographical coverage of specialised child courts, child assize courts and qualified staff including judges, prosecutors, lawyers and experts. Almost half of the children on trial are still being tried before non-specialised courts. There are currently 81 juvenile courts and 12 juvenile high criminal courts, in accordance with the law that requires that there is a juvenile court in every province. However, this is not enough for the needs of big cities. Child-specific services (such as child-friendly interview rooms and child monitoring centres) were reportedly interrupted in various cities. A comprehensive training programme for all professionals working with children in contact with the law, with a certification mechanism and incentives, needs to be developed.

Concerning the **rights of persons with disabilities**, a national action plan to implement the ‘2030 Barrier-Free Vision Document’ was adopted by the government in February 2023, covering actions until 2025. The action plan pursues a rights-based approach and largely reflects the EU strategy in this field. The Monitoring and Evaluation Board on Rights of Persons with Disabilities became operational in November 2022 and convenes twice a year under the coordination of the Ministry of Family and Social Services, of which it is structurally part. Türkiye has ratified the UN Convention for the Protection of the Rights of Persons with Disabilities and its Optional Protocol, but shortcomings persist in its transposition and implementation. There is insufficient data collection in the field of accessibility of services and public infrastructure. The consequences of the February 2023 earthquakes will need to be reflected in the national action plan, including to ensure that public institutions include persons with disabilities in their preparedness, evacuation and post-disaster recovery plans. This will require a number of actions, including a thorough assessment of the number of people who became disabled as a consequence of the earthquakes, along with proper rehabilitation and psychological support measures.

Türkiye continued to pursue a de-institutionalisation policy for persons with disabilities, coupled with a home-based care support programme. However, independent-living mechanisms and opportunities remained very limited. The human resources capacity of services for people with chronic mental disorders and intellectual disabilities was enhanced in 2022. Quality standards developed for community mental health centres are now in active use. However, Türkiye has no mental health legislation and no independent monitoring mechanism for mental health institutions. In school education, the proportion of students with disabilities attending inclusive classrooms reached 75%. The remaining 25% (more than 60 000 children) continued to attend special schools.

The lack of protection for the fundamental rights of **lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons** continued to raise serious concerns. The lack of legal protection against hate speech and hate crimes based on sexual orientation or gender identity was further exacerbated by negative stereotyping in the media and discriminatory rhetoric from high-level officials, including the highest political level. Anti-LGBTIQ rallies were organised in various parts of the country during the reporting period and were allowed by the authorities. LGBTIQ associations were regularly targeted by pro-government media for being funded by foreign countries. Discrimination, intimidation and violence against the LGBTIQ community and especially transgender persons increased, in part due to the lack of effective criminal sanctions. Several court cases related to LGBTIQ persons who were murdered or seriously assaulted continued. Access to gender reassignment surgery and to health and social services remained cumbersome and problematic for trans persons. LGBTIQ prisoners suffered discrimination and solitary confinement. LGBTIQ activities, marches and pride parades were banned in several provinces and police intervened to disperse participants.

The appeal case against the Middle East Technical University (METU) students who took part in a pride gathering on the university campus in May 2019 continued. A new court case was launched against METU students for their participation in the pride march of 2022. The court case against the former executives of the Ankara Bar Association for criticising the Diyanet's president's homophobic speech continued. A court case against the Izmir Bar Association's former president and ten board members started in April 2023 on charges of insulting religious values, due to the statement they issued on their official website against the discriminatory Friday sermon of the president of religious affairs against private life, different life preferences and LGBTIQ individuals. The Human Rights and Equality Institution (HREI) continued to not process applications by LGBTIQ persons on the grounds that it does not consider discrimination against LGBTIQ to be within its remit, because the law establishing the HREI does not consider 'sexual orientation and gender identity-based discrimination' to be a criterion for discrimination.

On **procedural rights**, legislation and its implementation are not in line with the EU *acquis* or European standards, since basic minimum procedural rights' standards are missing. The 2023 earthquakes seriously hindered access to justice in the affected areas, especially for disadvantaged groups, women and children. In addition to the loss of life, many lawyers' offices and some bar associations' premises were destroyed by the earthquakes. The Union of Bar Associations provided support to lawyers in the affected regions but, overall, problems of access to justice remained extensive. Several complaints were launched by bar associations concerning human rights violations, property rights and other issues.

ECtHR judgments condemning Türkiye for violating the right to a fair trial and the presumption of innocence due to its failure to respect procedural rules continued to be handed down. The 2018 law issued under the state of emergency that restricted fundamental freedoms (including in the Code on Criminal Procedures and Anti-Terror Law) remained in force.

Access to legal assistance for convicted children remained limited. Lawyers (especially those providing legal assistance to human rights defenders and civil and political activists) continued to face difficulties in performing their duties. In some cases, lawyers were subjected to ill-treatment by law enforcement personnel.

Protection of victims' rights is regulated under the penal legislation. The presidential decree on Supporting the Victims of Crime has been in force since June 2020. Accordingly, there is a specialised Department of Victims' Rights under the Ministry of Justice. The 'Judicial Support and Victim Services Directorates' established in 167 courthouses provide

information, orientation and psycho-social support services to the victims of crime during judicial proceedings. Currently, there are 166 forensic interview rooms in 159 courthouses in 81 provinces, where victims can give their statements outside the courtroom with the support of experts and without having to face the alleged perpetrator. Compensation and redress for victims remained limited. Steps need to be taken to align national legislation with the EU Victims' Rights Directive and the directive relating to compensation for crime victims.

Hate speech and hate crime remained a serious issue for persons belonging to ethnic and national **minorities**. No steps were taken to revise school textbooks to remove discriminatory and derogatory references. Minorities continued to face difficulties, such as the lack of legal status for religious institutions, protection for languages, schooling support, clergy training, the economic non-viability of media in minority languages and complications in enjoying property rights for foundations. The lack of legal personality for minority communities' churches, synagogues, patriarchates, monasteries and chief rabbinate continued to create difficulties in exercising their freedom of association and religion, and impacted their property rights. Minority schools received no public funds. Regular and substantive subsidies to the newspapers run by members of the Armenian, Greek, Jewish and Syriac communities were granted by the Press Advertising Authority, in order to ensure their viability, given their limited circulation. In the court case against public officials involved in the killing of Armenian journalist Hrant Dink in 2007, the Court of Cassation in June 2023 upheld some of the convictions given by the local court and some acquittals. In April 2023, as a result of an on-going investigation, a new case was launched against some of the perpetrators of Dink's murder on charges of 'being a member of an armed organisation', 'deliberate killing' and 'attempting to remove the constitutional order'. The first hearing was held in June 2023.

The 'Armenian Genocide Commemoration Day' was banned by the Istanbul governorate and other provinces. During the reporting period, a member of the Armenian community was appointed as a sub-province governor (kaymakam) for the first time. The restoration studies continued on the Büyükada (Prinkipo Island) Greek Orphanage, a cultural heritage monument. Mechanisms should be in place to support the participation of minorities in decision-making and to ensure that they are adequately represented in the public administration and in politics (see also Chapter 23 on cultural rights).

Concerning the **Roma**, Dom and Abdal communities, Türkiye adopted in January 2023 a new Roma strategy and a related action plan covering the period until 2030. The aim is to align with the EU Roma Strategic Framework, however, a horizontal objective of fighting antigypsyism and discrimination and quantitative national targets connected to indicators and baselines that would allow measuring progress towards the EU level headline targets remains to be defined. The implementation of the strategy needs to be monitored inclusively, including with the broad participation of civil society. Ten municipalities across Türkiye voluntarily took part in an EU programme to promote participation in local governance using social mediators. Specific policy measures are needed for the inter-sectional vulnerabilities of Roma women. No official data on the situation and living conditions of Roma exists in Türkiye.

The February 2023 earthquakes increased the difficulties of the Roma population in the affected areas in terms of living conditions, livelihood, basic needs and health, especially for women and children. Dramatic increases in housing prices particularly hit Roma families, who often live in poor conditions and have limited property ownership. Lack of emergency savings and high dependence on informal jobs made Roma in earthquake-affected regions more vulnerable. The Roma were among the vulnerable groups who had more difficulties in accessing relief aid. A holistic approach is needed to address drug use disorder among the

Roma, taking particular account of social and economic factors. Roma children being more integrated into the education system would contribute to eliminate child labour and early marriage. Targeted support measures for Roma entrepreneurs and self-employed need to be introduced. The problem of incorrect diagnosis of Roma children with mental disabilities or learning difficulties should be effectively tackled. No EU-Türkiye Joint Roma Seminar was held. Concrete measures should be taken to prevent the increase of antigypsyism and to combat prejudice and discrimination against Roma. The capacity of the National Roma Contact Point to programme and mainstream funds targeting all aspects of Roma inclusion remained limited. No members of parliament in the new parliamentary term have an overt Roma identity.

On **cultural rights**, there were no legislative developments to allow public services to be provided in languages other than Turkish. Legal restrictions on mother-tongue education in primary and secondary schools remained in place. Optional courses in Kurdish and Circassian are provided in public state schools, but the requirement of a minimum of 10 students for these courses continued to be an impediment. The small number or complete lack of teachers for these courses remained another limiting factor. University programmes are available in Kurdish, Arabic, Syriac, Zaza and Circassian. Only a few political parties explicitly included mother-tongue education in their election platforms. The state-appointed trustee mayors in the south-east continued changing the original names of streets. The increased powers of the governors and arbitrary censorship continued to have a negative impact on arts and culture and a number of art and culture groups in Kurdish language were dismissed by the trustees. A dozen concerts, festivals and cultural events were banned by governorates and municipalities on the grounds of ‘security and public order’. Kurdish cultural and language institutions, media outlets and numerous art spaces remained mostly closed, as they have been since the 2016 coup attempt, which contributed to a further shrinking of their cultural rights (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, residence and work permits, external migration and asylum. Schengen cooperation entails the lifting of border controls within the EU. The Member States also cooperate with Türkiye in the fight against organised crime and terrorism, and on judicial, police and customs matters, all with the support of the EU justice and home affairs agencies.

Türkiye is **moderately prepared** in the area of justice, freedom and security. **Some progress** was made in relation to the further strengthening of the surveillance and protection capacity of the land border with Iran. Türkiye has still not implemented the provisions pertaining to third-country nationals in the EU-Turkey readmission agreement, which entered into force in October 2017. Türkiye continued to make significant efforts to host and meet the needs of 3.6 million refugees. Türkiye still needs to align its legislation on data protection with European standards.

Most of last year’s recommendations still need to be addressed and remain valid. In the coming year, Türkiye should in particular:

- fully implement the EU-Turkey Statement of March 2016 (notably the returns from the Greek islands and the prevention of irregular routes to all Member States) 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, which could have a positive effect for the possible conclusion of an international agreement between the EU and Türkiye on the exchange of personal data between Europol and Türkiye;
- 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;
- adopt and implement a strategy and action plan on border management with the aim of enhancing coordination between border services at national and international levels.

Fight against organised crime

Türkiye has **some level of preparation** to implement the EU *acquis* in this area. **Some progress** was made at operational level through participation in an increasing number of joint operations with EU Member States and neighbouring countries. A new strategy and new action plan against organised crime were adopted. However, Türkiye needs to improve the effectiveness of law enforcement in fighting certain forms of crime, such as money laundering and financial crimes. Coordination remains crucial for all stakeholders involved in fighting organised crime.

In the coming year, Türkiye should in particular:

- improve the legal framework and practices on counterterrorism in line with the EU *acquis*; and continue addressing the remaining recommendations in order to be delisted from the Financial Action Task Force's (FATF) 'grey list';
- conclude an international agreement with the European Union on cooperation with Eurojust;
- enhance efforts in the fight against the smuggling of migrants, including final convictions and asset confiscation;
- revise Law No 7262 in line with the recommendations of the Venice Commission;
- increase its operational willingness to cooperate and exchange information with EU law enforcement partners.

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 Interior (MoI). The Coast Guard Command also plays an important role in preventing migrant smuggling and trafficking in human beings. The Financial Crimes Investigation Board (MASAK) is the Turkish financial intelligence unit attached to the Ministry of Treasury and Finance. Cybercrime is addressed by a specialised department for combating cybercrime affiliated to the Turkish national police (the TNP) as well as the public order division of the gendarmerie at central level and the 31 provincial gendarmerie branches.

The TNP comprised a total of 339 563 officers (equivalent to 399.48 officers per 100 000 inhabitants). By comparison, the EU average is 335.3 officers per 100 000 inhabitants (Eurostat, 2019-2021). The total number of gendarmerie staff (excluding conscripts) was 196 285 (equivalent to 230.34 gendarmerie personnel per 100 000 inhabitants). The Coast Guard Command comprised of 8 343 personnel (equivalent to 9.81 personnel per 100 000 inhabitants). Between April 2022 and April 2023, 1 054 personnel were dismissed from the

gendarmerie. These figures include the personnel dismissed due to their affiliation to the Gülen movement and the Parallel State Structure (PDY).

The **legal framework** for the fight against organised crime and police cooperation is partially aligned with the EU *acquis*.

Türkiye adopted a new national strategy (2022-2027) and an action plan (2022-2024) against organised crime in December 2022. The Ministry of Interior's Department of Smuggling Intelligence, Operations and Data Collection is responsible for coordinating the implementation.

The legal framework pertaining to trafficking in human beings is largely in accordance with international conventions and the EU *acquis*. A new action plan on trafficking in human beings requested by the Council of Europe's Group of Experts on Action against Trafficking in Human Beings (GRETA) has not been adopted. Türkiye needs to fully align its definition of trafficking in human beings with the Council of Europe Convention on Action against Trafficking in Human Beings.

The completion of an international agreement between the EU and Türkiye on the exchange of personal data between Europol and the Turkish authorities with responsibility for fighting serious crime and terrorism is still pending considering also that the Turkish data protection legislation is still not aligned with the EU's *acquis*.

Türkiye is party to the Council of Europe's 'Budapest' Convention on cybercrime, but it has yet to sign its Second Additional Protocol on enhanced cooperation and disclosure of electronic evidence, which was opened for signature in May 2022.

Türkiye's Information and Communication Technologies Authority has been a member of INHOPE (International Association of Internet Hotlines) since 2011 and cooperates with other hotlines to fight against **child sexual abuse**. Article 21 (entitled 'Protection of Children') of the By-law on the provision of radio, television and on-demand media services via the internet environment requires media service providers that have been granted an online broadcasting license and online media platform operators that have been granted an authorisation certificate for the online transmission of media services to take measures to ensure parental control. It also makes these institutions responsible for taking the necessary technical measures to protect children and young audiences. In this context, examples such as PIN systems, and child profile and protective symbol systems are used by media service providers operating in Türkiye to protect children in online audiovisual media services. In January 2023, the Turkish parliament set up a research commission with the objective of preventing child abuse. The establishment of this commission was prompted by a specific case involving the forced marriage of a six-year-old girl (*see the section on fundamental rights of the child*).

MASAK is a member of the Egmont Group of Financial Intelligence Units, which facilitates cooperation and intelligence sharing between national financial intelligence units to investigate and prevent money laundering and terrorist financing.

Türkiye is party to the UN Convention against Transnational Organised Crime and the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime and on the Financing of Terrorism (CETS No 198).

Türkiye has a witness protection system to protect witnesses from intimidation and threats. However, the scope of the Law on witness protection needs to be expanded to include all types of serious crimes and procedural rules need improvement.

Implementation and enforcement capacity

In the reporting period, operational capacity continued to be strengthened through new recruitment and training programmes.

In total, 6 145 operations were carried out by the gendarmerie and the Turkish national police (the TNP) to tackle organised crime, cybercrime, smuggling of migrants and trafficking in human beings.

Concerning firearms trafficking, 2 388 small and light weapons (SALW) were seized by the gendarmerie and 4 138 by the TNP during the reporting period. In 2022, 877 cases of firearms trafficking (Article 12 of the Turkish Criminal Code) were brought before criminal courts, resulting in the conviction of 584 persons.

Since July 2004, cooperation between Europol and Türkiye has been based on the Strategic Agreement on Cooperation. This does not include the possibility of sharing personal data, but it does facilitate cooperation in a range of areas. A Turkish liaison officer has been seconded to Europol since 2016. Türkiye is connected to and configured for the full use of the Secure Information Exchange Network Application (SIENA) with third parties and EU Member States. The EU (through Europol) and Türkiye have a joint interest in stepping up law enforcement cooperation to effectively address common challenges.

16 EU Member States have 30 liaison officers in Türkiye and Türkiye has 10 liaison officers in 7 EU Member States. A cooperation agreement with the European Union Agency for Law Enforcement Training (CEPOL) has been in place since 2010. Its revision has been pending since the end of 2022. Exchange and training programmes were carried out involving the gendarmerie and the TNP. As well as participating in the courses held by EU Member States, TNP also organises joint workshops with CEPOL.

The track record on combating money laundering and terrorist financing showed a gradual improvement. Turkish judicial statistics showed a consistent upward trend. There were 19 files, 49 separate offences and 47 convictions in 2020, while there were 26 files, 61 separate offences and 61 convictions in 2021. In 2022, 39 criminal files and 118 offences resulted in 116 convictions.

The domestic terrorist asset freeze mechanism continued to be implemented through the joint decisions issued by the Ministry of Treasury and Finance and the Ministry of Interior. In 2021, the assets of 1 145 real persons and 16 corporate identities were frozen through three interministerial decisions. In 2022, 4 interministerial decisions resulted in the assets of 64 real persons and 14 corporate identities being frozen.

The country's geographic location makes it an important player in the fight against organised crime groups, in particular drug trafficking, migrant smuggling, arms trafficking, intellectual property crime and money laundering. Türkiye is used as a financial hub between south-east Asian countries, the Gulf region and Europe for facilitating illicit money flows in exchange for irregular migrants and illicit commodities. As far as participation in the European Multi-disciplinary Platform against Criminal Threats (EMPACT) is concerned, Türkiye was in 2022 a participant in one operational action (in the operational action plan on intellectual property crime, counterfeit goods and currencies). In 2023, Türkiye is participating in 16 operational actions. Regarding cross-border cooperation, Türkiye has not participated in any EU joint investigation teams (JITs) to date.

Türkiye continues to be an important transit and destination country for **trafficking in human beings**. By the end of 2022, the number of victims identified by the Turkish authorities stood at 345 (compared to 2021 when 403 victims were identified). Sexual and

labour exploitation constitute the highest number among the purposes of trafficking. Most victims are of Syrian origin. In 2022, 115 cases of trafficking in human beings (Article 80 of the Turkish Criminal Code) were brought before Türkiye's criminal courts. 23 cases ended with convictions. 65 people accused of trafficking were convicted by the criminal courts of first instance.

There are two shelters in Ankara and Kirikkale provinces run by the Presidency for Migration Management (PMM). Their total capacity to host victims of trafficking in human beings is 42 persons. There is an urgent need to increase the capacity to host and provide services to victims of human trafficking. Additional shelters are planned for the provinces of Aydin and Kutahya. Türkiye should bolster its collaboration with civil society organisations to enhance its capacity in identifying victims and delivering essential victim support services. Specialised services should be strengthened for all victims of trafficking.

The many Syrian and other refugees, including children, are vulnerable to being exploited through forced labour. Reports of early marriages increased in the wake of the pandemic as a negative economic coping mechanism.

There are insufficient training programmes for law enforcement agencies, prosecutors and judges that focus on a victim-centred approach. Partnership with civil society should be sought in order to encourage the identification of victims of trafficking and to provide them with shelter and services. The reasons why the crime of trafficking in human beings is not prosecuted should be identified and measures should be taken to ensure that victims are allowed to appear in court via video link when the circumstances of the case and the vulnerability of the persons concerned require this.

Gun violence in Türkiye has surged in recent years, while the overwhelming majority of firearms owned by individuals are unregistered due to lax enforcement of the Law on unregistered weapons.

In 2022, 47 079 suspects were detected in 8 252 cases of cybercrime (Articles 243/1, 244, 103 and 226 of the Turkish Criminal Code), resulting in the conviction of 123 persons. In the reporting period, there was no national strategy and action plan in place against cybercrime.

The National Cyber Security Strategy and Action Plan 2020-2023 covers public administration systems, information systems belonging to critical infrastructures operated by the public and private sectors, small and medium-sized industry, and all the components of cyber space at the national level (including all private and legal persons).

Cooperation in the field of drugs

Institutional set-up and legal alignment

The High Council for the Fight against Drugs consists of 12 ministers and is responsible for coordination and monitoring at national level. The national strategy and the action plan aimed at combating illegal drugs, which have been in effect for the period of 2018-2023, are coming to an end. The secretariat for coordinating their implementation is within the Ministry of Health's Directorate-General for Public Health. All ministers involved in the implementation of the strategy and action plan are also members of the High Council. A research committee conducts research into drug addiction and a scientific committee provides recommendations for studies, training and awareness-raising activities on drug abuse. An Action Plan on the Fight Against Methamphetamine 2022-2024 has been in force since August 2022 under the coordination of the Ministry of Interior. The Ministries of Justice, Family and Social Services, Interior, Defence, Health and Trade take part in the implementation.

Türkiye is a member of the European Information Network on Drugs and Drug Addiction (Reitox).

The Turkish Monitoring Centre for Drugs and Drug Addiction (TUBİM) continues to act as the national focal point of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) and is the national drug observatory. Türkiye has had a participation agreement in place with the EMCDDA since 2007 and is a member of the Management Board of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). It has a monitoring role at national and international level and drafts the annual Turkish drug report. It collects data, makes risk assessments and provides recommendations with regard to the National Early Warning System on new psychoactive substances. A total of 1 006 new psychoactive substances have been included in the national legislation and 35 of these were put on the list in 2022. The instant data-flow system, which uses encryption and anonymisation of personal data for monitoring and reporting, is operational. The responsible body for controlling drug precursors is the Turkish Medicine and Medical Devices Agency of the Ministry of Health, which grants licences and permits for manufacture, possession, selling, purchase, transportation, consumption, distribution, importation, exportation and legal use including for pharmaceutical and industrial purposes.

Within the framework of the 7th Judicial Reform Package adopted in April 2023, some penalties have been increased under the Turkish Penal Code with regard to manufacturing and trading certain types of drug substances, which have a higher potential to cause addiction and serious health problems. The minimum imprisonment penalty was increased from 10 to 15 years. Some amendments were made in relation to treatment, rehabilitation and probation. Random tests may be conducted under probation, and compulsory treatment and rehabilitation can be exercised on the convict or prisoner.

Implementation and enforcement capacity

Türkiye remains a transit route for drugs between Asia and Europe, but information exchange and collaboration with EU law enforcement partners are to be enhanced, particularly for heroin. In 2022, Turkish law enforcement services conducted operations that resulted in the seizure of, inter alia, 71 967 kg of cannabis including skunk (2021: 64 125 kg), 2 276 kg of cocaine (2021: 2 841 kg), 7 957 kg of heroin (2021: 22 202 kg), 16 210 kg of methamphetamine (2021: 5 528 kg), 5 050 325 ecstasy tablets (2021: 7 618 013) and 23 945 026 captagon tablets (2021: 13 790 648).

In 2022, a total of 69 430 cases in relation to Article 188/3 of the Turkish Criminal Code involving 90 919 suspects were launched by the prosecution for illicit drug related offences. 28 181 suspects were convicted.

In the field of prevention, the Ministry of Health (MoH) operates 237 counselling centres in 81 provinces. In 2022, 30 new centres became operational. The anti-drug counselling hotline received 78 152 calls in 2022. There are 135 treatment centres for drug dependence in 81 provinces. 59 of the centres focus on inpatient treatment and 20 of those are specifically dedicated to treating children. The other 76 centres are outpatient centres and 20 of those are specifically dedicated to children. The waiting time for applicants to be admitted to the treatment centres is currently 1-3 days. Bed capacity is 1 372. Despite improvements, the rehabilitation and treatment capacity remains insufficient.

Fight against terrorism

Institutional set-up and legal alignment

Türkiye's continuing efforts to tackle terrorism reduced terrorist activity and improved the security situation. The country continued to face threats from various terrorist groups. The EU has condemned all acts of terrorist violence perpetrated in Türkiye. Türkiye has prioritised the fight against the PKK and the dismantling of the Gülen movement. The PKK remains on the EU's list of persons, groups and entities involved in acts of terrorism. Türkiye has a legitimate right to fight terrorism. However, bringing the Turkish anti-terrorism legislation in line with EU standards still remains an essential outstanding reform.

The legal framework regulating the fight against money laundering and terrorist financing should be aligned with the recommendations provided by the FATF and those outlined by the Venice Commission on the Law on preventing financing of proliferation of weapons of mass destruction.

Türkiye has been on the list of jurisdictions under increased monitoring (the 'grey list') of the Financial Action Task Force (FATF) since October 2021. Türkiye's EU candidate status and commitment to address shortcomings identified by the FATF and to align with the EU's *acquis* have prevented it from being added to the EU's high-risk third countries list. Türkiye's response to the concerns of the EU and the FATF continues to be closely monitored in the framework of the Association Agreement. Türkiye must diligently adhere to the outstanding FATF Action Plan items to secure its removal from the grey list. With regard to the outcomes of the FATF's Mutual Evaluation Report on Türkiye and the recommended actions by the FATF, Türkiye promulgated an overarching national AML/CFT strategy document in July 2021. The strategy document was revised in 2022 to comply with the outstanding recommended actions. Türkiye also updated its National Risk Assessment at the end of 2022. The country is also supported by the EU's Global Facility on Anti-Money Laundering and Countering the Financing of Terrorism project.

In 2022, Türkiye adopted regulations regarding politically exposed persons and guidance to the private sector on detecting terrorist financing. It also increased its financial intelligence agency's proactive dissemination of financial intelligence. In July 2023, the FATF concluded that Türkiye has taken positive steps towards improving its AML/CFT regime. Türkiye is now compliant with 14 recommendations, largely compliant with 25 recommendations, with only one recommendation (Recommendation 15 on new technologies) remaining as partially compliant.

The Law on the prevention of financing of proliferation of weapons of mass destruction has not been revised in line with the Venice Commission's recommendations. The Ministry of Interior and the Financial Crimes Investigation Board (MASAK) developed a risk-based methodology for the audit of the non-profit organisations (NPOs). As a result of the risk-based methodology, the Ministry of Interior's audits prioritised the humanitarian aid NPOs. More than 600 NPOs have been audited repeatedly in accordance with the provisions of law since 2021. None of the audited NPOs and their executives have been prosecuted as a result of these audits. Civil society remained concerned about potential disproportionate implementation of the law to further restrict the legitimate activities of NGOs and to put additional pressure on critical voices.

Türkiye is an active member of the Global Coalition against Daesh.

Implementation and enforcement capacity

Türkiye faces threats from various terrorist groups. Türkiye actively engaged in the regular biannual review of the EU terrorism list under Common Position 2001/931/CFSP ('CP 931'). The PKK, IBDA-C, DHKP/C and TAK remain on the EU's terrorism list. However, terrorism prosecutions often disproportionately targeted legitimate activities of political

opposition. Counterterrorism efforts need to be pursued in accordance with the rule of law and fundamental rights and freedoms.

In the reporting period, MASAK continued to strengthen its institutional capacity as well as its cooperation with law enforcement agencies and judicial authorities. MASAK has consistently built a sound track-record. The number of suspicious transaction reports submitted decreased from 504 995 in 2021 to 425 322 in 2022. Systematic inter-agency cooperation between the law enforcement agencies, prosecution and MASAK has improved. As a result of its anti-money laundering / countering the financing of terrorism (AML/CFT) analysis and inspections, MASAK forwarded criminal complaints to the prosecution for 496 persons.

Türkiye reaffirmed its commitment to freeze the assets of persons/entities designated by the United Nations Security Council Sanctions Committee. The government also continued to use the domestic assets freezing instrument as a deterrent.

Judicial cooperation in civil and criminal matters

Judicial cooperation in civil and commercial matters is regulated by the Law on international civil law and procedural law, circulars and international conventions. Türkiye is a party to most international conventions. However, it 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 1996 Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Co-operation in Respect of Parental Responsibility and Measures for the Protection of Children, the 2007 Convention on the International Recovery of Child Support and Other Forms of Family Maintenance and the 2005 Convention of Hague on Choice of Court Agreements. Türkiye has not yet ratified the European Convention on the Compensation of Victims. In 2022, within the scope of the Convention on Civil Procedure, 15 judicial legal assistance requests were made by EU Member States and 196 by Türkiye. Within the scope of the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, 77 judicial legal assistance requests were made by EU Member States and 1 937 by Türkiye.

The main legislation governing judicial cooperation in criminal matters has been in place since 2016 and Türkiye has acceded to most of the international conventions. 33 mutual legal assistance requests following the introduction of videoconferencing have been processed and 2 of these have been finalised. Under the new ‘consensual extradition’ procedure, extradition of an offender now takes 1-2 months on average, whereas the previous extradition procedure lasted around a year. As for the transfer of sentenced persons, introduction of the procedure of ‘exact execution’ paved the way for the removal of the obligation on local courts to comply with domestic legislation. In 2022, a total of seven convicts were transferred to Türkiye from EU Member States under the new procedure, while one convict was transferred from Türkiye to an EU Member State. The independence and accountability of the justice system has to be substantially strengthened for a smooth application of the principle of mutual recognition of judgments and court decisions in criminal matters.

In 2022, EU Member States accepted 18 extradition requests from Türkiye, while 29 were rejected, 19 requests became redundant and 151 are still pending. Of the 15 extradition requests from EU Member States, 3 were rejected and 12 are still pending. EU Member States did not agree to any transfer of convicts to Türkiye, but Türkiye agreed to 2 transfers to EU Member States. Five contact points have been designated by Türkiye to coordinate and follow up judicial cooperation on criminal matters with Eurojust. In 2022, Türkiye was involved in 13 Eurojust cases on terrorism, terrorism financing, cybercrime (fraud), migrant

smuggling, attempted murder, money laundering, forgery and drug smuggling (compared with 15 cases in 2021). However, negotiations for an International Agreement with the EU on cooperation with Eurojust have not started yet.

Cooperation arrangements should also be established with the European Public Prosecutor's Office (EPPO), which started operating in June 2021. In 2022, there were four EPPO cases involving Türkiye. Until August 2023, Türkiye had not formally communicated whether it would cooperate with the EPPO on the basis of the declarations made by Member States to the European Convention on Mutual Assistance in Criminal Matters, recognising the EPPO as a national competent authority for the purpose of the Convention.

Legal and irregular migration

Institutional set-up and legal alignment

The Presidency for Migration Management (PMM) is in charge of coordinating migration policy; ensuring coordination between relevant agencies and organisations; carrying out functions and actions related to foreigners' entry into, stay in and exit from Türkiye as well as their removal, international and temporary protection; and the protection of victims of trafficking in human beings. The PMM currently has 13 267 personnel.

Following the December 2019 amendment of the Law on foreigners and international protection, which introduced alternatives to detention, the implementing regulation on alternative obligations to administrative detention was adopted on 14 September 2022. The regulation breaks down the procedures applicable for the implementation of each alternative to detention. In addition to alternatives to detention based on residence and notification duty that were already implemented (before the regulation entered into force), methods such as return counselling and family-based return have been rolled out. Alternatives to detention that require an electronic infrastructure (such as voice recognition software and electronic bracelets) have yet to be put into practice. Irregular migration bureaus are set up to monitor the implementation of alternatives to detention in all the Provincial Directorates of Migration Management (PDMMs). Monitoring working groups were established in the İstanbul, Ankara, İzmir and Antalya PDMMs.

Implementation and enforcement capacity

The EU-Turkey Statement remained the main framework for cooperation between the EU and Türkiye.

The PMM suffered loss of personnel and infrastructure due to the devastating February 2023 earthquakes, which affected 11 provinces of Türkiye. The buildings of the PDMMs in Malatya, Osmaniye, Hatay, Adıyaman and Gaziantep were damaged, while a large number of personnel from other provinces have been appointed to the affected areas to provide services to foreigners. In the reporting period, PMM continued to employ a limited number of psychologists, social workers, interpreters and lawyers, some of whom are financed by the EU.

According to the International Organization for Migration (IOM), 378 migrants lost their lives in the Eastern Mediterranean in 2022 (111 in 2021). Between January and September 2023, 22 421 irregular migrants arrived in the EU from Türkiye (including Greece, Italy and Bulgaria) compared to 22 821 arrivals during the same period in 2022. The sea route to Italy saw a substantial decrease (down by 55%), while arrivals in Greece increased considerably by 123%. However, the number of arrivals in Cyprus via the Green Line went down by 42% between January and September 2023, in comparison with the same period in 2022.

The average number of daily irregular arrivals in Greece from Türkiye was 42 in 2022 (up from 20 in 2021). In 2023, by September, the average number of daily irregular arrivals in Greece from Türkiye increased to 78. Turkish irregular migrants occupied the top spot among those who arrived in Greece, followed by Syrians and Afghans. In 2022, the number of irregular arrivals in Cyprus reached 17 365 (11 600 in 2021), most of whom crossed the Green Line after arriving from Türkiye via the non-government-controlled area of Cyprus. In 2023, by September, 6 969 irregular arrivals were recorded in the government-controlled area of Cyprus.

As regards the irregular sea route from Türkiye to Italy in 2023, 4 913 irregular arrivals were recorded until September, compared to 10 805 in the same period in 2022. The total number of irregular migrants who arrived in the EU from Türkiye in 2022 stood at 33 514 (including 15 582 in Greece, 15 805 in Italy, 1 884 in Bulgaria and 173 in Romania), a substantial increase compared to 21 295 irregular arrivals in 2021 (7 410 in Greece, 12 916 in Italy, 936 in Bulgaria and none in Romania). At the same time, in 2022, the number of irregular arrivals in Cyprus via the Green Line also increased substantially to 17 365, from 10 918 in 2021.

280 206 irregular migrants were apprehended in Türkiye in 2022 (162 996 in 2021). As in past years, irregular migrants from Afghanistan, Syria and Pakistan were the most frequently apprehended nationalities. The Turkish Coast Guard (TCG) rescued 49 518 irregular migrants at sea in 2022 (23 676 in 2021).

In 2023, by August, the Turkish authorities had apprehended 102 746 irregular migrants, around 24 405 of whom were intercepted by the TCG. Nationals of Afghanistan, Syria and Palestine topped the list of nationalities. According to the government, law enforcement forces apprehended 9 149 smugglers in 2022 (an increase on the 7 942 apprehensions in 2021). As regards 2023, as of August, 3 259 migrant smugglers had been apprehended. 1 720 people and organised crime groups were convicted for migrant smuggling in 2022.

No progress was made as regards the full implementation of the EU-Turkey Readmission Agreement. Türkiye maintained its position that it would not implement the provisions concerning third-country nationals until the visa requirement for its citizens travelling to the Schengen Area is lifted.

Türkiye has unilaterally suspended the return of irregular migrants from the Greek islands on public health grounds since March 2020. The European Commission and Greece have repeatedly called on Türkiye to resume return operations in line with the commitments made under the EU-Turkey Statement. The resumption of returns to Türkiye remains key to effectively fighting irregular migration and migrant smuggling networks in the region. Between 2016 and 2020, 2 140 persons (including 412 Syrian nationals) were readmitted to Türkiye from Greece under the ‘One-for-One’ scheme. The bilateral Readmission Protocol between Greece and Türkiye remained suspended. Türkiye did not readmit third-country nationals from Bulgaria under either the bilateral border agreement or the EU-Turkey Readmission Agreement.

As regards resettlement from Türkiye to the EU under the ‘One-for-One’ scheme, 5 046 Syrian refugees were resettled in eight EU Member States in 2022. Moreover, the Resettlement Support Facility run by the European Union Agency for Asylum in Istanbul facilitated the processing of 2 585 resettlement candidates. The total number of Syrian refugees resettled from Türkiye to the EU Member States under the ‘One-for-One’ scheme reached 39 648 as of September 2023. At the same time, 561 758 Syrian refugees were voluntarily repatriated from Türkiye to Syria between 2016 and 2023 according to government data. Out of the total number, 58 758 Syrians were repatriated in 2022.

Türkiye returned effectively 124 441 irregular migrants to their home countries in 2022, an increase of more than 160% on the 2021 figure of 46 653. The total number of irregular migrants returned since 2018 reached 372 790. The total number of Afghan nationals returned from Türkiye in 2022 was 66 534, while 12 385 Pakistani nationals and 40 898 other countries' nationals had been returned to their countries as of 22 December 2022. None of these returns were carried out within the scope of the readmission agreements that are in force between Türkiye and third countries. Türkiye did not sign any new readmission agreements in the reporting period.

Türkiye continued voluntary returns of irregular migrants financed through national as well as EU funds. 737 irregular migrants were returned through the national voluntary return scheme while 2 259 were returned with the assistance of IOM and EU financing in 2022.

According to the government, 280 206 irregular migrants were prevented from entering Turkish territory in the eastern and southern provinces in 2022 by Turkish security forces.

Some of the 30 removal centres were heavily damaged by the February 2023 earthquakes and the capacity to host irregular migrants dropped from 18 000 to 15 710. The removal centre in Hatay was evacuated due to heavy damage and is no longer operational, whereas hosting of migrants in other removal centres was suspended pending reparations. The number of temporary accommodation centres managed by the PMM increased from 7 to 9, leading to an increase in capacity from around 66 000 to 77 000. Temporary accommodation centres also started hosting earthquake victims of Turkish origin along with Syrians.

Civil society, bar associations and various media reported incidents of alleged human rights violations as well as pervasive challenges relating to access to rights and services in removal centres, particularly with regard to access to information and legal aid. In 2022, more than 280 000 irregular migrants were apprehended, most of whom were subject to return procedures in removal centres. A limited number of irregular migrants (939) benefited from free legal aid in 2022 (1 059 in 2021). In addition to the free legal aid scheme, 37 876 migrants were able to have access to and meet their lawyers in removal centres.

Overall, irregular migration continued to be a polarising topic in society and was heavily used by political parties in their electoral campaigns.

1 345 488 foreigners were legal residents in Türkiye on 1 December 2022 (1 275 741 in 2021). Nationals of Iraq, Russia, and Turkmenistan were the most common holders of residence permits. The number of Russian nationals with residence permits increased from approximately 66 000 in 2021 to around 155 000 in 2023. Approximately 560 000 Ukrainians have arrived in Türkiye since the beginning of Russia's war of aggression against Ukraine in February 2022. Many had already left for a third country or voluntarily returned to Ukraine by September 2022. Around 46 000 Ukrainians were residing in Türkiye in April 2023.

The legislation on the acquisition of nationality by foreign investors remained unchanged during the reporting period. Moreover, according to Articles 35 and 36 of the Land Registry Law, natural persons who are the nationals of countries designated by the President of the Republic can acquire real estate in Türkiye. As of October 2022, the list contained 185 countries. The list is not publicly available because it is not published on the website of the General Directorate of Land Registry. Such schemes pose risks in relation to security, money laundering, tax evasion, terrorist financing, corruption and infiltration by organised crime. As a candidate country, Türkiye should refrain from any measure that could jeopardise the attainment of the EU's objectives when using its prerogatives to award nationality.

Asylum

Institutional set-up and legal alignment

The Presidency for Migration Management (PMM) is the main institution responsible for all asylum-related procedures. The status determination processes are carried out by the Provincial Directorates of Migration Management (PDMMs) as well as by the International Protection Bureaus (decision centres) in Ankara and Istanbul (established in 2018 and 2019 respectively), with a view of reducing case backlog. A new International Protection Bureau was established in Samsun in 2022. In addition to those bureaus, mobile teams were established in 2019. Decisions on refugee status determination are subject to administrative and judicial appeal procedures.

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 to the 1951 Geneva Convention as a result of which the vast majority of persons seeking international protection in Türkiye cannot apply for fully-fledged refugee status but only for ‘conditional refugee’ status and subsidiary protection. Conditional refugee status limits the stay in the country ‘until the moment a recognised conditional refugee is resettled to a third country’. By law, Syrian refugees are granted a specific refugee status under the Temporary Protection Regulation. However, in February 2022, the Ministry of Interior announced that newly arriving Syrians who have not been registered will not automatically receive temporary protection status in 16 provinces. According to the announcement, residence permit applications by foreigners would not be accepted in any neighbourhood in which 25% or more of the population consisted of foreigners (this was reduced to 20% in June 2022).

Implementation and enforcement capacity

Türkiye continued to host one of the largest refugee populations in the world, with (as of 31 August 2023) 3 298 817 Syrians under temporary protection and slightly over 300 000 non-Syrians (including those who hold or who have applied for international protection status). The number of asylum seekers slightly increased over the reporting period. 33 246 international protection applications were received in 2022 (29 256 in 2021). 19 400 applications were made by Afghans, 7 131 by Ukrainians and 4 083 by Iraqis. This was a different pattern from 2021 due to the Russia’s war of aggression against Ukraine. In 2022, Türkiye granted international protection (refugee status, conditional refugee status or subsidiary protection) to 12 857 applicants, a slight decrease compared with 13 227 in 2021. The authorities rejected 12 030 applications (11 908 in 2021). In 2022, the cumulative total of pending international protection applications stood at 272 336. Despite a slight decrease on last year, this remains a significant backlog that has not been reduced over the years. There is no publicly accessible data on international protection with a breakdown by category of decisions and of pending cases at the end of the year.

As of June 2022, Türkiye officially closed registration of temporary protection applications in 16 provinces in an attempt to avoid an increase in the number of foreigners where they already exceed 20% of the total population. When asylum seekers are denied registration in a ‘closed’ province, they are most often not officially referred to another province with supporting documentation. Outside the officially ‘closed’ provinces, NGOs and lawyers repeatedly referred to the de facto closure of international protection registration in other provinces, except for highly vulnerable cases. Such barriers to registration hinder access to all other essential services and put asylum seekers in an irregular situation if they are apprehended.

Almost half of all Syrians in Türkiye are registered in four provinces – Istanbul, Gaziantep, Hatay and Şanlıurfa. The rest reside in various other provinces across Türkiye. 67 548 Syrians are hosted in seven temporary accommodation centres (50 736 in 2021). 230 998 Syrians had been granted Turkish citizenship as of April 2023.

The destructive earthquakes of 6 February 2023 affected a total of 11 provinces (Kahramanmaraş, Hatay, Gaziantep, Malatya, Kilis, Osmaniye, Diyarbakır, Adana, Adıyaman, Şanlıurfa) where most of the migrant and refugee population (in particular 1 738 035 Syrians under Temporary Protection) had been living. According to a statement by the Interior Minister, 6 969 foreigners (mostly Syrians) lost their lives because of the earthquakes. The earthquakes have led to great human mobility, including refugees and migrants, inside the country.

In ordinary circumstances, Türkiye imposes travel restrictions on refugees, prohibiting them from travelling out of the provinces in which they are registered with local authorities unless they have a permit. On 7 February 2023, the authorities lifted these restrictions for about 1.7 million refugees under temporary and international protection in the earthquake region for 90 days (with the exception that they could not travel to İstanbul). A second circular reduced this to 60 days and granted those travelling from the worst-affected five provinces (Hatay, Malatya, Kahramanmaraş, Adıyaman, and Gaziantep) unconditional access to other provinces, but made travel from the other five (Kilis, Diyarbakır, Şanlıurfa, Adana, and Osmaniye) dependent on the applicant's home being seriously damaged and the existence of medical needs that could only be met in other provinces. This circular is still in place and is extended on a regular basis excluding İstanbul. Another administrative order gave Syrians under temporary protection, registered and residing in the 11 earthquake-affected provinces, the opportunity to return to Syria temporarily. Syrians returning temporarily can stay in Syria for up to 6 months. Temporary returns to Syria started in February 2023 and by June the total number of temporary returns was 70 086 individuals. By September 62 936 individuals had returned to Türkiye. The deadline for re-entry to Türkiye was 15 September 2023, after which the temporary protection status of Syrians who had not returned to Türkiye was cancelled.

The earthquakes and their consequences resulted in increasing discomfort for a large portion of the public. In the lead-up to the general elections in May 2023, opposition politicians made speeches that further fuelled anti-refugee sentiment and called for Syrians to return to Syria.

Throughout 2022, the PMM continued the verification of data of Syrians under temporary protection, updating and completing the information gathered during their original registration. 2 071 051 Syrians' data was verified in 2022.

Additionally, in the context of the 20% rule, the PMM introduced an address-verification exercise for Syrians. As a result of this exercise, the temporary protection status of Syrians who were found to be residing in locations other than their officially registered addresses has reportedly been deactivated. The PMM invited these individuals to approach their provincial offices to declare their current residential addresses so that they could reactivate their protection status. In practice, deactivation of the status means discontinued access to services such as education and healthcare.

A key mechanism for identifying vulnerable asylum seekers is protection desks in PDMMs which interview and make referrals based on their specific needs assessment. There are protection desks in 50 provinces. In 2022, protection desks identified and processed referrals for 153 054 asylum seekers. In 2022, 181 unaccompanied children were referred to the Ministry of Family and Social Services (MoFSS) by various agencies. Unaccompanied children continue to face protection risks, particularly during initial identification and age

assessment processes, which are undertaken by different agencies (including law enforcement services). Children are referred to hospitals for bone x-rays, which give a broad two-year age range. In the absence of holistic age-assessment processes, individuals whose results indicate that they are aged 16-18 might be registered as adults. A multi-disciplinary approach to age assessment procedures, which take psychosocial aspects into consideration, is necessary in order to increase compliance with European standards.

Applicants for international protection, conditional refugee status holders and people under temporary protection, i.e. Syrians, can apply for work permits. However, a large majority of refugees and asylum seekers do not have effective access to the labour market, in particular to formal employment, due to low employability (lower levels of education and skills), language barriers and limited access to information and services. Around 400 000 refugee children in Türkiye (especially in the 15-18 age group) do not regularly attend school. According to the Ministry of National Education, 822 524 refugee students were enrolled at schools in 29 provinces in January 2023.

The EU has mobilised close to EUR 10 billion in support for refugees in Türkiye since 2011. The full operational budget of EUR 6 billion of the EU Facility for Refugees in Turkey was committed, with over EUR 5.1 billion disbursed by June 2023. The Facility mobilises both humanitarian and development assistance for refugees and host communities in Türkiye to meet basic needs, increase access to education and healthcare (including for vulnerable groups, children and women) and strengthen border protection at the eastern borders with Iran and Iraq.

A first top-up of EUR 535 million was allocated in 2020 and an additional EUR 3 billion was mobilised by the EU in June 2021 to continue support for refugees and host communities in Türkiye in 2021-2023. This funding is committed to continuing the provision of basic needs, inclusive quality education for refugees, their socio-economic empowerment in Türkiye as well as border management. Part of it (EUR 350 million) is being mobilised to support refugees and host communities in the regions affected by the February 2023 earthquake.

The PMM and the European Union Agency for Asylum (EUAA) continued their cooperation with the implementation of the 2022-2023 Cooperation Roadmap, which offers capacity-building support and peer-to-peer exchanges on best practices in the fields of asylum, reception, resettlement and organisational change.

NGOs and lawyers report concerns about the quality of decisions on asylum, their reasoned notification and challenges with the awareness of and access to legal aid for appeals.

Visa policy

Türkiye made no progress in meeting the six unfulfilled benchmarks of the visa liberalisation roadmap (on the anti-terror law, personal data protection legislation, implementation of the EU-Turkey Readmission Agreement, conclusion of an international agreement with the EU on Europol, implementation of the Group of States against Corruption (GRECO) recommendations on anti-corruption and judicial cooperation with all EU Member States).

Türkiye needs to further harmonise its visa policy with the EU's visa policy. This would include further aligning Turkish visa requirements with the EU lists of visa-free and visa-required countries; full phasing-out of the issuing of visas at borders (currently the citizens of 33 countries are eligible to obtain a visa on arrival, compared with 24 in 2021) and of electronic visas; and ensuring that the issuing of visas at its diplomatic missions is carried out in line with the conditions and procedures set out in the EU Visa Code. Türkiye continues to apply a discriminatory visa regime against nationals of Cyprus, but it has abolished the short-

stay visa requirements for the other 26 Member States.

Türkiye has introduced the biometric collection of fingerprinting for sticker visas issued by its diplomatic missions in a number of countries (primarily in Africa) with a view to increasing the authorities' capacity to tackle irregular migration. The authorities have relaxed the rules governing the entry and residence of Ukrainian nationals in Türkiye as a result of Russia's war of aggression against Ukraine.

Schengen and external borders

Institutional set-up and legal alignment

No new legislation for the sector was adopted during the reporting period. The coordination of the work of the State bodies dealing with border management matters is the responsibility of the Directorate-General for Provincial Administration in the Ministry of the Interior (MoI). The Border Management Implementation Board did not meet in the reporting period, while preparations for its 6th meeting since its establishment in 2016 have been underway for some time. Its supervising body, the Integrated Border Management Coordination Board, has not yet met. In addition, relevant interinstitutional meetings were held at technical level on specific topics.

The Ministry of the Interior created a new department in autumn 2021 for the coordination of the future work of the National Coordination and Joint Risk Analysis Centre (NACORAC). Several border management services within the Turkish administration assigned staff to NACORAC, which is located in Ankara. Given its responsibilities at Türkiye's green border, personnel from the Land Forces Command (in the Ministry of National Defence) should be assigned. The centre was formally established in 2016 and an inauguration ceremony was held in November 2022 to formalise the handover of EU-financed equipment, but it is not yet fully operational. Staff detachments from all other relevant institutions have been completed, but the staff assignment process from the Land Forces Command is still ongoing. NACORAC has started collecting data from central and local institutions, albeit at a basic level. The risk analysis process has also been initiated to a limited extent, while negotiations with all relevant institutions for enhanced data-sharing are ongoing.

Following the establishment in February 2021 of the Institute of Heads of Civil Border Administration, transfer of certain border management responsibilities from governors in 11 border regions (mostly in eastern Türkiye) to the Directorate-General for Provincial Administration has continued. Two heads were appointed at land borders during the reporting period, bringing the total number of heads appointed by the Directorate-General for Provincial Administration for border gates to eight (six at airports, including Istanbul, Ankara, Izmir and Antalya; and two at land borders). This reform seeks to streamline the coordination of border management at central level.

In terms of new coordination mechanisms at local level, 'Security Commissions' have been established (under the chairmanship of the Civil Border Administration with the participation of the representatives of the Ministry of Transport and Infrastructure, the Ministry of Trade, the Ministry of Health, the Turkish National Police and the gendarmerie) and will meet every month at civil airports, ports and border gates to develop, implement and evaluate measures with regard to security, training and inspection services.

Similar to last year's recommendations, in order to bring the country's border management system in line with the EU *acquis*, Türkiye should further improve inter-service and international cooperation, accelerate the adoption of an integrated border management (IBM) strategy and update its IBM national implementation action plan from 2006. It also needs to

take steps to enact new legislation to set up a non-military border management body in charge of all aspects of border management, including border surveillance at the green border, which is currently under the responsibility of the Turkish land forces.

Implementation and enforcement capacity

Türkiye continued to invest significant effort and financial resources in modernising border security at the land border, especially in the south and south-east of the country. After the construction of a modular security wall and a panel/barbed-wire fence, patrol roads, lighting, sensors and thermal cameras along the Syrian border, the installation of modern electro-optical communication and surveillance masts continued at the Iranian border. Communication and surveillance masts were also being erected on the western land border. The EU provides substantial support to Türkiye to modernise its border surveillance infrastructure, including at its eastern borders with Iran and Iraq.

Relations with the European Border and Coast Guard Agency (Frontex) are based on the Memorandum of Understanding of 2012 and a three-year cooperation plan covering the period 2020-2022. The authorities continued to provide monthly reports on irregular migration flows at the country's western land and sea borders. Türkiye did not engage in joint operations in the reporting period but did participate in training sessions and conferences.

Cooperation with neighbouring Greece and Bulgaria within the framework of a trilateral Police and Customs Co-operation Centre at the Bulgarian-Turkish border crossing point at Kapitan Andreevo/Kapıkule continued through data-sharing, and regular ad hoc meetings between the countries' respective authorities within the scope of existing agreements.

Türkiye continued contributing to Interpol's databases, albeit only on the basis of manual inquiries in case of need (using the 'POLNET' website of the TNP's Interpol & Europol Department). Interpol's 'Stolen and Lost Travel Documents' (SLTD) database is not integrated with Türkiye's local database and there is no access to other international police databases. Local database connections are used by authorised officers of the Turkish National Police in all 81 provinces. Certain staff members in the following services have access to the databases: the Presidency of Migration Management (PMM), the Disaster and Emergency Presidency (AFAD), the Nuclear Regulatory Authority, the Turkish Atomic Energy Authority, the Ministry of Trade (DG Customs Enforcement), the Turkish Coast Guard Command and the General Gendarmerie Command.

Türkiye has committed itself to removing all anti-personnel landmines by 31 December 2025 in order to fulfil its obligations under the Ottawa Convention (or Anti-personnel Mine Ban Treaty). This deadline has been extended several times since 2014. So far, only a relatively small stretch of the total of 2 949 km of land border has been cleared entirely. Türkiye needs to substantially increase its national investment in removing mines not only along its borders with Syria, Iraq, Iran, and Armenia, but also inside Türkiye in order to fulfil its obligations under the Ottawa Convention. The EU is currently providing significant financial support for demining.

2.3. ECONOMIC CRITERIA

Table 5.1: Türkiye - Key economic figures	2014-19 average	2020	2021	2022
GDP per capita (% of EU-27 in PPS) ¹⁾	65	61	63	69
Real GDP growth	4.3	1.8	11.4	5.6
Economic activity rate of the population aged 15+ (%) , total	52.1	49.3	51.4	53.1
<i>female</i>	32.8	30.9	32.8	35.1
<i>male</i>	72.0	68.2	70.3	71.4
Unemployment rate of the population aged 15+ (%) , total	11.1	13.2	12.0	10.4
<i>female</i>	13.8	15.0	14.7	13.4
<i>male</i>	9.9	12.3	10.7	8.9
Employment of the population aged 15+ (annual growth %)	2.3	-4.8	7.9	6.7
Nominal wages (annual growth %)	16.5	18.0	19.3	73.2
Consumer price index (annual growth %)	11.2	12.3	19.6	72.3
Exchange rate against EUR	4.2	8.0	10.4	17.4
Current account balance (% of GDP)	-2.7	-4.5	-0.9	-5.4
Net foreign direct investment, FDI (% of GDP)	1.1	0.6	0.8	0.9
General government balance (% of GDP)	-2.0	-2.9	-2.3	-1.1
General government debt (% of GDP)	29.0	39.7	41.8	31.7

Notes :

1) Eurostat

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.

2.3.1. The existence of a functioning market economy

The Turkish economy is **well advanced** but made **no progress** over the reporting period. Serious concerns persist over the continued proper functioning of Türkiye's market economy. There has been prolonged backsliding on important elements, such as the conduct of monetary policy and the institutional and regulatory environment over most of the reporting period. Since the May parliamentary and presidential elections, the authorities have taken some steps to revert to more stability-oriented macroeconomic policies.

Although economic growth remained robust in 2022, Türkiye moved further away from market-oriented policies, which weakened its economic fundamentals and increased vulnerabilities and risks. Inflation decreased somewhat but remained very high as monetary policy prioritised exceptionally low interest rates, which remain deeply negative in real terms and are sustained by a web of regulatory and prudential measures. After the presidential and parliamentary elections in spring 2023, monetary policy has started to tighten, also signalling a gradual simplification of the macroprudential framework. The current account deficit increased to 5.4% of GDP in 2022, driven by a negative terms-of-trade shock and large imports of non-monetary gold. The relatively good budget performance in recent years masks an underlying trend of growing fiscal risks. The authorities' commitment to fiscal discipline wavered, as the fiscal stance turned pro-cyclical in 2023, with earthquake-related expenditure pressure adding to pre-electoral budgetary largesse. However, the fiscal stance was tightened

after the elections and a revised budget, including sizeable tax increases, was adopted in July.

The institutional and regulatory environment lacks predictability and transparency, and complicates the post-electoral economic policy normalisation. Market exit remains costly and slow. However, Türkiye made progress in digitalising government services to businesses. Although the size of the informal economy has fallen in recent years, it still accounts for a significant share of economic activity. State intervention in price-setting mechanisms persists. The provision of State aid lacks proper implementation rules, enforcement and transparency. The banking sector remained broadly stable but is facing financial stability challenges due to the numerous overly complex and far-reaching macroprudential and regulatory measures. The labour market strengthened further, although structural challenges remain significant, in particular for youth and female employment. Regional labour market disparities declined and reached one of the lowest levels in years. The recent net minimum wage increases were pro-cyclical.

The Commission's recommendations from 2022 were not fully implemented and remain valid. In order to improve the functioning of the market economy, Türkiye should in particular:

- restore the independence of the central bank and tighten monetary policy in order to reduce inflation sustainably towards the target;
- develop a credible medium-term fiscal consolidation plan that underpins a gradual return to primary surpluses, while accommodating transparent reconstruction spending and addressing fiscal risks, including from contingent liabilities;
- further improve the business environment, including by reducing State interference in price-setting mechanisms, simplifying the macroprudential and regulatory framework, and enhancing the transparency and control of State aid.

Economic governance

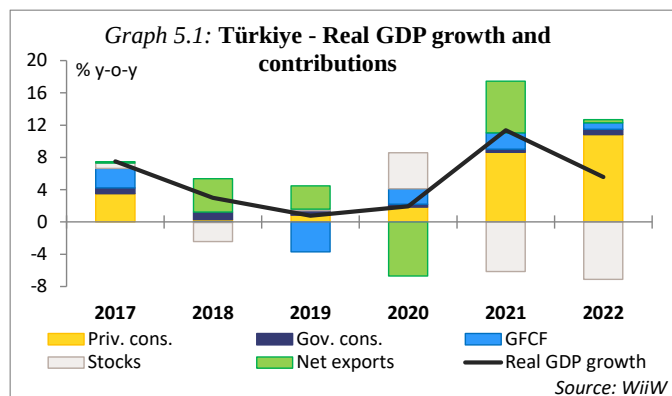
Türkiye moved further away from market-oriented policies, weakening economic fundamentals and increasing risks, but has taken some steps to reverse this course since the May elections. Monetary policy prioritised maintaining deeply negative real interest rates, despite soaring inflation and tightening global financial conditions. This necessitated the adoption of far-reaching macroprudential and regulatory measures that have disrupted the functioning of the financial markets and increased vulnerabilities. However, the central bank has started to tighten monetary policy after the presidential and parliamentary elections in spring 2023, also signalling a gradual simplification of the macroprudential framework. Fiscal policy turned strongly expansionary in the first half of 2023, with earthquake-related expenditure pressure adding to pre-electoral budgetary largesse. Ad hoc policy measures have increasingly become the norm, undermining, in conjunction with high macroeconomic instability, the credibility of medium-term planning. A budget rebalancing and large tax hikes in July have sought to limit the bulging budget deficit. Subsidies and transfers to curb the effects of Russia's war of aggression against Ukraine increased significantly in 2022 but are planned to decline in 2023. Türkiye has not joined the EU restrictive measures against Russia and continued to benefit from its extensive and growing trade relations with it, particularly in energy, tourism and agriculture. The implementation of the policy guidance set out in the conclusions from the Economic and Financial Dialogue of May 2022 has been limited.

Macroeconomic stability

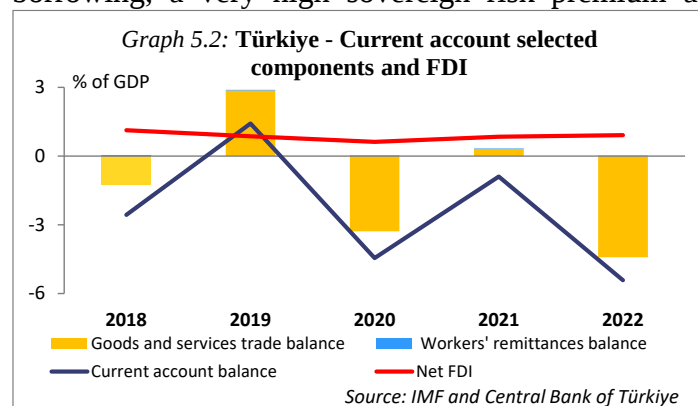
Türkiye's economic growth remained upbeat but unbalanced.

Real GDP grew by 5.5% in 2022, which was above the five-year average (2018-2022) of 4.5%, although, after a strong first half of the year, it decelerated in the second half. It expanded further in the first half of 2023 and growth even strengthened a bit, despite the devastating February earthquakes. Domestic demand, in particular very

strong household consumption fuelled by pre-election expenditure, remained the main driver of this. Net exports' contribution to growth turned negative in the second half of 2022, following a loss in export momentum and a pick-up in imports, which worsened further in early 2023. Inventories continued to wind down and very weak construction investment pulled down total investment growth last year. A notable expansion of technology-intensive and export-oriented sectors lifted industrial production to record high levels in 2022. The 6 February earthquakes caused a tragic loss of life and significant destruction of capital assets. High frequency indicators captured the first negative economic effects of the earthquakes already in February, with steep monthly falls in industrial production and retail sales, and declining economic confidence. However, economic activity rebounded quickly in the following months and consumer confidence increased sharply to levels not seen in 5 years, before steeply falling back in the aftermath of the elections. Due to Türkiye's relatively strong performance during the COVID-19 crisis, income convergence with the EU resumed, with per capita GDP in purchasing power standards rising to 69% of the EU average in 2022 from 59% in 2019, and above its 2015 high of 68%.



External imbalances increased and remained a major vulnerability. The current account deficit swelled to 5.4% of GDP in 2022 and increased further in the first half of 2023 to more than double its average in 2018-2022, as the negative terms-of-trade shock and large imports of non-monetary gold (a traditional safe asset in times of policy uncertainty in Türkiye) drove the trade deficit back into double digits for the first time in a decade. However, excluding gold and energy trade, the current account recorded a 5% surplus. The high external deficits remain a key macroeconomic vulnerability, aggravated by the strong reliance on short-term borrowing, a very high sovereign risk premium and the low level of foreign exchange



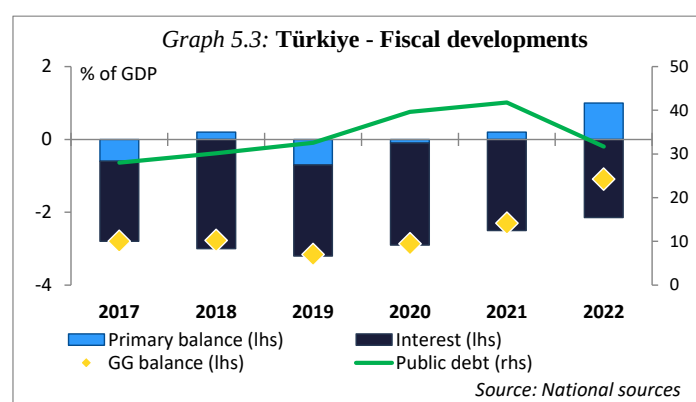
reserves (with a large share in non-core foreign currencies). The central bank's net foreign assets even turned negative in April as it used its reserves to defend the exchange rate before the elections. Reflecting deteriorating market perception of domestic economic policy, the five-year credit default swap has been high and very volatile. After peaking in the summer of 2022 above 900 bps (basis points), it declined to between

500 bps and 600 bps by the end of the year before spiking again following the presidential and parliamentary elections in the spring of 2023. External debt remained moderately high at

around 50% of GDP in early 2023, decreasing from the peak of 60% of GDP that it reached during the COVID-19 crisis. However, the debt stock remains sensitive to the lira's exchange rate fluctuations and its structure worsened as economic agents increased their reliance on short-term funding as a response to rising refinancing costs. Banks' increased exposure to foreign currency swaps with the central bank raises economy-wide foreign currency liquidity concerns. The external debt roll-over ratios have been stable at close to 100% for the banking sector but have rapidly come down under 100% in early 2023 (albeit from high levels) in the non-banking sector. The non-financial sector's foreign exchange deficit remained broadly unchanged at less than 10% of GDP and its short-term position remained positive – important factors attenuating external vulnerability.

Inflation remained high as, before the elections, monetary policy prioritised the maintenance of exceptionally low interest rates sustained by an expanding web of regulatory and macroprudential measures. Inflation peaked at 85.5% in October 2022. It declined steeply in the following months on the back of sizeable base effects before rebounding again since June, exceeding the 5% target by a very large margin. Before the elections, inflation targeting and the free-floating exchange rate were effectively no longer the guiding framework of monetary policy. The monetary policy transmission mechanism was broken, with limited responsiveness by key market interest rates to the central bank policy rate. Despite very high inflation and tightening global financial conditions, the central bank lowered its key policy rate in the autumn of 2021 and cut it further in several steps by a cumulative 1 050 bps to 8.5% in February 2023 (the last 50 bps cut was delivered after the earthquakes). To sustain the resulting deeply negative real-interest rate and alleviate its policy contradictions, the authorities have introduced an increasingly complex web of regulatory and macroprudential measures to reduce dollarisation, support the lira, lower inflationary pressures, ration and direct credit, and cap interest rates. This set of measures achieved some short-term results but failed to address the fundamental drivers of high inflation; namely deeply negative real interest rates, the absence of an effective policy anchor and the lack of institutional independence of the central bank and key agencies. After depreciating by 40% against the US dollar in the first three quarters of 2022, the lira remained broadly stable before resuming its depreciation trend in early March 2023, which intensified (along with exchange rate volatility) after the May elections. Starting in June and under the guidance of a new central bank governor, the central bank increased the key policy rate to 25.0% in August and signalled a gradual further tightening of monetary conditions and simplification of the existing micro- and macroprudential framework.

The authorities' commitment to fiscal discipline wavered and the fiscal stance turned pro-cyclical in early 2023, necessitating the adoption of a revised budget in July. The budget continued to outperform expectations, ending 2022 with a central government budget deficit of 0.9% of GDP – significantly below the revised budget target of 3.4% and the



previous year's deficit of 2.8% of GDP. The general government deficit fell to 1.1% of GDP, which was also far below the expected 3.2% of GDP. The initial 2023 central government budget targeted a deficit of TRY 659.4 billion (3.5% of GDP) but was based on a rather optimistic macroeconomic assumption of 5% real GDP growth and 24.9% average consumer price inflation. Total revenue was planned to increase by

36.0% and expenditure by 52.0% in comparison with the 2022 budgetary outcome. The budget introduced some new measures but failed to fully exit the 'crisis mode' of ad hoc decisions. On the revenue side, the 2% accommodation tax adopted in 2021 started to be applied at the beginning of 2023. The corporate income tax rate has been lowered as planned to 20%. Government expenditure increased strongly in early 2023 due to the elections and the earthquakes. The government budget continued underwriting costly and poorly targeted measures to support the lira and cushion the impact of high energy prices, although lower-than-expected international gas prices and financial repression measures that forced domestic banks to increase their holdings of government bonds led to some savings. Some spending measures with a large budgetary impact (including public wage and pension hikes, and the removal of the age requirement for early retirement) were finalised after budget adoption and were not fully reflected in the original budget. The fiscal stance was tightened after the elections. A revised budget was adopted in July, including multiple and sizeable tax increases (VAT, corporate income tax, special consumption tax, motor vehicle tax, etc.) and additional expenditure to cover earthquake reconstruction needs and pre-election spending measures.

The relatively good budget performance in recent years masks an underlying trend of growing fiscal risks. The government debt ratio peaked at 42.3% of GDP in early 2022 but came down to 31.2% of GDP in early 2023, helped by the strong denominator effect from the very high level of inflation. Concerted 'liratisation' efforts increased the share of new domestic borrowing in lira to 90% in 2022. Nonetheless, two thirds of the total debt stock remains denominated in foreign currencies, while the average time to maturity of the debt stock remained unchanged at 5.4 years, as external debt maturity decreased for the fifth year in a row. Some measures, such as the FX-guaranteed lira deposits, had a direct and sizeable impact on the budget and are a significant source of (contingent) budget liabilities, even after they were fully transferred to the central bank in July. Successive crises and shocks triggered the adoption of numerous ad hoc measures with budgetary effects that have strained public finance management. The multiple and sizeable tax exemptions and reductions undermine tax bases and complicate planning, while successive tax amnesties have become the rule rather than the exception, despite official policy declarations. The planned new single consolidated framework for all public-private partnerships has yet to be adopted. Even though fiscal performance has been consistently robust in recent years, there are still no national fiscal rules or independent fiscal institutions to monitor fiscal performance. The medium-term budget framework is subject to frequent changes and is not sufficiently credible and binding.

The macroeconomic policy mix remained largely focused on the pursuit of growth at the expense of rising economic vulnerability. Fiscal policy turned expansionary in early 2023, despite the very high level of inflation and large external imbalances. The maintenance of deeply negative real interest rates by the central bank and the complex web of regulatory and macroprudential measures to sustain them created major vulnerabilities, led to market fragmentation and disrupted price signals. The low level of policy credibility and institutional weaknesses (including the lack of central bank independence) undermine the effectiveness of the policy mix and hinders the post-electoral economic policy normalisation.

Functioning of product markets

Business environment

The institutional and regulatory environment is characterised by weaknesses in transparency, predictability and rule-based implementation. The government's highly interventionist pre-election policy increased uncertainty and volatility on the product and financial markets. Türkiye lacks a mechanism for systematically consulting business organisations and social partners during the preparation of new legislation. Intellectual property right enforcement continues to be very weak. According to the e-Government Benchmark report of the EU for 2022, Türkiye performed above the EU average in enabling regular areas of business operation (such as administrative and tax requirements, human resources and refund of VAT) on digital platforms, except for those that require cross-border transactions. However, Türkiye's performance is lower in online services for new business, which remain relatively cumbersome. Market exit remained costly and time-consuming due to complicated insolvency procedures. Türkiye digitalised some steps in the insolvency procedure, such as liquidation, but it still takes 1 037 days on average to complete a bankruptcy process through the judicial system. Even though alternative dispute resolution mechanisms have been promoted, commercial judicial processes are slow and a large backlog of commercial court cases remains. The number of newly established businesses increased by 27.8% in 2022, while the number of liquidated companies went up by 26.0% and the number of closed ones by 42.8%. The acquisition and management of companies under the trusteeship of the Savings Deposits Insurance Fund (SDIF) are carried out in a non-transparent manner. In June 2023, the trusteeship of the Fund was managing 620 companies based in 35 provinces across Türkiye, with a total asset value of TRY 128.9 billion and 27 213 employees.

The informal sector's share in the economy declined but remains structurally high and well above the OECD and EU averages. In 2022, the share of unregistered employment fell to 26.8% from 34.8% in 2019, while in the non-agricultural sector it was down to 16.8% from 23.3%. The government announced its new action plan for the fight against the informal economy (2023-2025) in December 2022. The plan includes 44 actions to measure the size of the informal economy; raise the level of social awareness and voluntary compliance; improve cooperation and interagency data sharing; adopt legal, administrative and technical measures; and strengthen audit capacity. However, the plan lacks performance indicators to track its implementation progress.

State influence on product markets

The State increased its intervention in the price-setting mechanism of key sectors. More than a quarter of the consumer basket is composed of goods whose prices are set or heavily influenced by public authorities. A 25% upper cap on rent increases was applied until July 2023. A month before the May elections, the Energy Market Regulatory Authority cut electricity tariffs by 15%. Households and places of worship were exempted from natural gas

payment for a month and 25 cubic meters have been provided free of charge to citizens starting in June 2023 for the following 11 months. Meanwhile, the regulators have continued carrying out intensive price audits to investigate allegations of unfair pricing and stockpiling, particularly in essential products. The VAT exemption period for new equipment and machinery deliveries to the manufacturing sector for innovation, design and R&D activities was extended until the end of 2024. Following the February 2023 earthquakes, the VAT rate applicable to prefabricated buildings and containers to be delivered to the earthquake zone was reduced from 18% to 1% until 31 December 2023.

State aid transparency and control remains weak. Legislation to implement the State aid law has not been adopted. The newly established Directorate-General for State Aid has not been assigned any enforcement power regarding the State aid law. The lack of implementing legislation and an operational institutional framework mean that this law is not enforceable. Türkiye 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*. The current structure of State aid control is neither independent nor operational (see Chapter 8). The committed investment for the 64 supported projects reached TRY 491 billion in May 2023. As is the case for the general incentive scheme, Türkiye has not published data concerning the actual support granted to these projects. Small and medium-sized enterprises (SMEs) benefit from numerous support measures and initiatives in a fragmented way. The SME Development Organisation of Türkiye (KOSGEB) and the Ministry of Industry and Technology conducted evaluations of four more support programmes in the reporting period and published them on KOSGEB's website.

Privatisation and restructuring

The scope of privatisation remained limited. Privatisation receipts increased from USD 413 million in 2021 to USD 504 million in 2022 (less than 0.1% of GDP), with 87.5% related to the sale of real assets. The Turkish Wealth Fund (TWF) holds shares in major companies in the financial (including state-owned banks, Borsa Istanbul and consolidated public insurance companies), telecommunications, petrochemicals, real estate, mining, agriculture and transport sectors. The Law on the Istanbul Financial Centre adopted in June 2022 granted the TWF the right to conduct all business and management operations in the Istanbul Financial Centre area for 20 years, with a managing company established as a joint stock company. The involvement of the TWF through this company means that these operations will be exempted from audit by the Turkish Court of Accounts (*see Chapter 32*). In addition to the numerous immunities granted to the TWF, this law provides a series of new tax exemptions, deductions and incentives. The TWF's total assets increased to TRY 3.2 trillion (44.1% of GDP) at the end of 2021, up from TRY 2.2 trillion (43.6% of GDP) in 2020.

Functioning of the financial market

Financial stability

The banking sector has remained broadly stable but is facing financial stability challenges. The commercial banks' average regulatory capital ratio declined from its peak of 20.4% in early 2022 to 18.7% in July 2023 but stayed significantly above the required minimum. The decline was more pronounced in State-owned banks, whose capitalisation fell to 14.5% in early 2023 – a two-decade low – despite several recapitalisation rounds in previous years, before rebounding to 16.3% in July. The fall in capitalisation was the result of banks' support for the authorities' economic and development agenda, including in the aftermath of the February 2023 earthquakes. Some of the macroprudential measures to

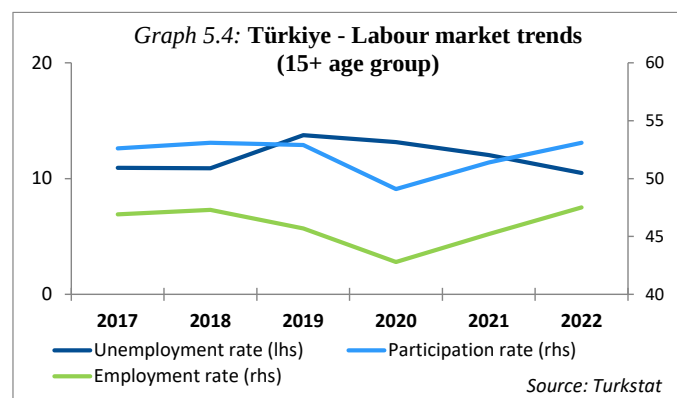
protect capital adequacy have been modified but remain in place (e.g., allowing the use of an outdated FX rate and the suspension of mark-to-market accounting rules). Credit growth, the extremely negative real interest rates and growing collateral valuation brought the non-performing loans ratio down to a new low (falling in July 2023 to 1.6% in the banking sector as a whole and to just 1.0% in the State-owned banks) while loan-loss provisioning increased further. The share of stage 2 loans under close monitoring also declined to below 10%. Bank profitability improved but remained negative in real terms. The average return on assets was 3.7% and return on equity was 49.9% for the banking sector as a whole in 2022, but were only 2.0% and 29.9% respectively in State-owned banks. FX-guaranteed deposits were around a quarter of total deposits in mid-2023, bringing the share of lira-denominated deposits to 57.4% (still below their level a decade ago), while underlying dollarisation increased.

Access to finance

The financial sector operates in an overregulated environment. Far-reaching macroprudential and regulatory measures have disrupted the functioning of the financial markets. Reducing interest rates and keeping them down necessitated additional actions to mitigate the fundamental contradictions of such a policy in a high-inflation environment. A series of incentives and restrictions have been introduced since late 2021, covering: FX-protected lira-denominated deposits; maintenance of a certain share of lira-denominated deposits; reserve and security requirements; collateral in swap and interbank money markets; tax exemptions; FX-surrender requirements for exporters; capital adequacy ratios; risk weighting; and commercial loans. These measures rationed and directed credit, and replaced price signals with quantitative targets or directly socialised risk. As part of the economic policy changes initiated after the elections, the authorities have undertaken some limited steps to gradually simplify the macroprudential framework. After declining in 2022, total lending rebounded in early 2023 (mainly driven by SME, consumer, and credit card loans) but was, at 52.1% of GDP in June, still far below its five-year moving average. Lending to non-financial companies remained largely subdued – except for SME loans, which were supported by regulatory measures. The very high level of inflation led to banking-sector assets falling sharply from 127% of GDP in 2021 to 96% in 2022, while the share of foreign-owned banks in total banking sector assets declined from 25.9 % to 24.9%.

Functioning of the labour market

The labour market strengthened but structural challenges remain significant. Job creation was very strong in 2022 but slowed down in early 2023. In the second quarter of 2023, the seasonally adjusted labour force participation and employment rates reached 53.4% and 48.2% respectively. The labour force moved into more productive activities. There were



notable job gains in industry and construction, and particularly large job creation in services, while agriculture continued shedding labour. The shift in employment out of agriculture also caused a decline in the share of workers without social security registration to around a quarter of all employment in early 2023. The seasonally adjusted unemployment rate declined to single digits for the first time in 5 years. However, time-related

underemployment and the potential labour force increased from an already high level, indicating labour market slack that is still structurally significant (as evidenced by the 23.5% labour under-utilisation). Women's participation in the labour market continued to increase, although the gap with male participation remained very high (above 35 pps). Türkiye maintained its strong focus on supporting entrepreneurial learning and women's entrepreneurship. However, job creation lagged and the gap between the male and female employment and unemployment rates widened further. In the second quarter of 2023, the share of young people (15-24 years) not in employment, education or training (NEET) stood at 20.8%, falling across most educational levels. Regional labour market disparities declined and reached one of the lowest levels in years, with the unemployment rate across different regions ranging from 6.2% to 19.2% in 2022. Following two large increases in 2022, the net minimum wage was raised again by 54.6% in early 2023 and by 34.0% in July – pro-cyclical rises that fostered inflation and further disrupted the functioning of the labour market.

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

Türkiye has a **good level of preparation** and made **limited progress** in achieving the capacity to cope with competitive pressure and market forces within the EU. Despite improved vocational training, the mismatch between the education system and labour market needs remains a concern. Expenditure on research and development has continued to increase, albeit at a very slow pace, and is still below the government's target. Investment was relatively subdued in 2022. There was progress in the diversification of energy supplies and the share of energy generated from renewable sources increased significantly. However, the local content requirement in the renewable energy generation sector is a discriminatory practice and a cause for concern. Trade openness increased further, but integration with the EU continued falling, although remaining high. Deviations from Türkiye's obligations under the EU-Turkey Customs Union continue to hinder bilateral trade.

The Commission's recommendations from 2022 were not fully implemented and remain valid. In order to improve competitiveness and support long-term growth, Türkiye should in particular:

- continue increasing enrolment in education (especially pre-education), support the school-to-work transition and the activation of young people who are not in education, employment or training (NEET) NEET and incentivise female labour market participation;
- take further steps to diversify energy supplies and increase the share of renewables in the energy mix;
- improve SMEs' access to long-term finance.

Education and innovation

Efforts to improve human capital continued, but skills mismatch remains a key concern. Total expenditure on education was 4.8% of GDP in 2021, representing a real year-on-year decrease of 27.1%. Government spending was 3.4% of GDP in 2021, decreasing further by 0.6 pps from 2020. In the 2021-2022 school year, net enrolment rates decreased for primary education (the first 4 years) but increased for lower secondary education (the second 4 years), upper secondary (the final 4 years) and (marginally) for tertiary education. There has been a significant progress in pre-school attendance (see Chapter 26). However, Türkiye continues to score poorly in educational attainment in the Gender Gap Index calculated by the

World Economic Forum, ranking 129th of 146 countries in 2023. The share of students in vocational and technical secondary education has reversed its previous downward trend and increased by 0.6 pps to 28.0% in 2022. The share of pupils in religious education fell below 10% in upper secondary education for the first time in 8 years. It also decreased, albeit marginally to 13.4%, in lower secondary education. Türkiye has the largest skills gap for workers with tertiary education among the OECD countries. There is a persistent mismatch between the skills acquired in the education system and the requirements of the labour market, including those relevant for the digital transformation and green transition.

Investment in R&D increased further, albeit at a slow pace and lagging the EU's performance. R&D expenditure increased gradually from 0.8% of GDP in 2013 to 1.4% in 2021, but the gap with the EU average of 2.3% remains large. The government has intensified its support for business research and innovation, including through tax incentives. The private sector continues to be the main driver of R&D, with a 61.3% share of R&D expenditure. There is still significant room to enhance cooperation between research institutions and economic operators. In the Global Innovation Index 2022, Türkiye's overall score has improved so that it now ranks 37th out of 132 countries, thus entering the top 40 for the first time ever. However, according to the EU innovation scoreboard, Türkiye's innovation score declined from 49.2% in 2021 to 47.7% in 2022 and the performance gap with the EU has widened further. The number of domestic patent applications increased by 6.8% in 2022 by comparison with 2021, but Türkiye's total international patent applications declined significantly by 25.0% in the same period.

Physical capital and quality of infrastructure

Investment activity was relatively subdued in 2022. In 2022, total investment accounted for 29.2% of GDP, up by 1.0 pps from its 2021 level. Construction's share of total investment fell to a historic low level in 2022, but rebounded in the first half of 2023, with the government's social housing project and its reconstruction efforts in the aftermath of the February earthquakes. Machinery and equipment's share of investment followed the opposite pattern, falling from its 2022 peak to 44.6% in the second quarter of 2023. Total net foreign direct investment (FDI) were 0.9% of GDP in 2022, close to its 5-year average. Geopolitical uncertainties, the build-up of macroeconomic imbalances and an unpredictable business and regulatory environment remain the main obstacles to attracting foreign investment.

Diversification of energy supplies has improved and the use of renewables substantially increased. Türkiye has high ambitions to become a regional energy hub and is investing heavily in the exploration of new gas fields in the Mediterranean and the Black Sea, as well as in building new LNG terminals. However, dependence on oil and gas imports (particularly natural gas imports from Russia) remains high and energy demand is steadily growing despite energy efficiency measures. The establishment of a national emissions trading system (ETS) aligned with the EU ETS and with a sufficient level of ambition (notably in the overall cap on allowances) remains a necessary precondition for the economy's cost-effective decarbonisation. Türkiye raised the share of renewable energy in the country's installed power capacity to 54% in 2022. Private investment continued driving growth in renewable installations and the preferential feed-in-tariff was extended until 2030. In addition, the National Energy Plan (2023-2035) released in January 2023 aims at further increasing the shares of renewable energy sources and of nuclear energy in installed capacity and in primary energy consumption by 2035. The plan was prepared in line with Türkiye's 2053 Net Zero Emission Target, which implies a further increase of up to 50% of renewable energy sources in primary energy consumption, as well as a sharp decrease in the share of fossil resources from 83.3% in 2020 to 20.8% by 2053.

Competition and pricing mechanism issues persist in the energy sector. There was limited progress in liberalising energy markets, as the unbundling of the State-owned gas company BOTAS was once again suspended. As a result, BOTAS remained vertically integrated (comprising gas trade, pipeline and LNG infrastructure) and retained its dominant market position – thus hindering transparent, cost-reflective and non-discriminatory pricing. The local content requirement practices in the renewable energy generation sector are discriminatory and a cause for concern because they impair EU companies’ competitiveness in the Turkish energy market. Türkiye continues to be an important gas-transit country, ensuring the smooth operation of the Trans-Anatolian Pipeline (TANAP) which, as part of the Southern Gas Corridor (SGC), transmits natural gas from Azerbaijan to Europe by connecting to the Trans Adriatic Pipeline (TAP) (*see Chapter 15*).

The COVID-19 pandemic accelerated the economy’s digital transformation. The telecommunication sector is subject to specific taxation and various fees that were increased as part of the budget consolidation efforts in July. Although the ICT sector’s share in GDP remains low at 2.3% in 2022, the number of broadband internet subscribers reached 90.6 million in 2022, up from 88.2 million in 2021. The total number of mobile broadband users was 71.7 million at the end of 2022, representing a population penetration rate of 84% that remains significantly below the OECD average of 124.5%. Türkiye nevertheless has the lowest average download speed of fixed broadband connection in the OECD. The share of citizens using e-government rose from 58.9% in 2021 to 68.7% in 2022. Türkiye ranks 16 out of 35 countries with an overall score of 72% in e-Government maturity, which is above the EU average (68%). Digitalisation efforts in business continued, with the share of enterprises involved in e-sales increasing to 19.3% in 2021, up by 6.8 pps from 2020 level (*see Chapter 10*).

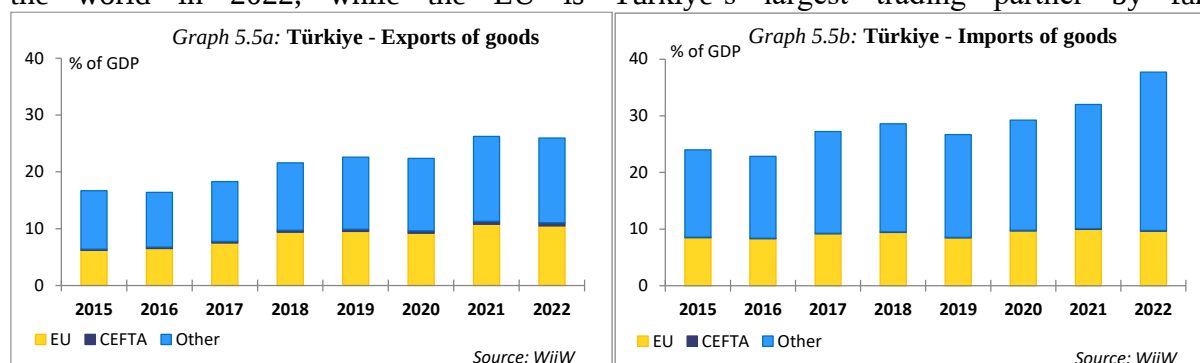
Sectoral and enterprise structure

The economy is dominated by the service sector, but its share declined. Service sector employment remained largely unchanged in the last 5 years, accounting for 56.6% of total employment in 2022. Service activities surged in 2022, led particularly by accommodation and food, transportation, and financial and insurance services. However, their share in GDP declined to a multi-year low of 56.6%, largely due to the expansion of industry. Industry accounted for 21.7% of employment in 2022, up by 0.3 pps from its 2021 level. It increased its share of GDP from the low 20s pre-COVID-19 to above 26% of GDP in 2021 and 2022. The construction sector slowed down, with its share in GDP decreasing slightly from 5.1% in 2021 to 4.9% in 2022. Similarly, the sector’s share in total employment declined to 6.0%, down by 0.1 pps from its 2021 level. By contrast, the agriculture sector’s share in GDP increased from 5.5% in 2021 to 6.5% in 2022. However, its share in total employment dropped further to 15.7% in 2022 (down by 1.5 pps from its 2021 level).

Small and medium-sized enterprises are the backbone of the economy but face multiple challenges. SMEs employ around three quarters of all workers and generate more than half of the economy’s value added. Around 56% of SMEs in the manufacturing sector operate in low technology sectors. Türkiye has continued to implement various economic support schemes targeting SMEs. Targeted credit support improved SMEs access to finance and their share in total loans increased to around 28% in the first half of 2023, up from 24% in the previous 5 years. However, long-term finance remains a key problem for SMEs and they are financed mostly through short-term loans or equity. KOSGEB provides support to companies on R&D, innovation, product development, internationalisation, entrepreneurship and investment in high technology and strategic products. The Scientific and Technological Research Council of Türkiye also implements SME support schemes.

Economic integration with the EU and price competitiveness

Economic integration with the EU declined further but remains high. Türkiye is the EU's seventh largest trading partner, representing 3.3% of the EU's total trade in goods with the world in 2022, while the EU is Türkiye's largest trading partner by far.



The EU's share of Turkish exports declined to 40.5% in 2022 – on a downward trend since 2018 – while the share of Turkish imports originating in the EU decreased strongly from 31.5% in 2021 to 25.6% in 2022 – well below its long-term average and largely due to strong price effects and increased energy imports from non-EU countries (notably Russia). The EU's share of FDI inflows into Türkiye increased markedly from 40% in 2021 to 79% in 2022. The EU's share in the overall stock of FDI rebounded to 68% in 2022 but was still below its long-term average of around 70%. Trade openness continued to increase steeply in 2022, reaching 81% of GDP (up from levels around 50% before 2017) as both exports and imports reached new highs.

In 2022, Türkiye removed some of the additional duties imposed on products of non-EU origin and in free circulation within the EU-Turkey Customs Union. However, many additional duties remain in force, in breach of the rules of the EU-Turkey Customs Union. Non-tariff barriers, such as import surveillance and excessive customs checks, continue to hinder trade flows.

2.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL

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.

Türkiye is **moderately prepared** in the area of public procurement, with significant gaps remaining to align with the EU *acquis*. There was **backsliding** in the reporting period as Türkiye increased the use of the negotiated procedure (lacking transparency), of discriminatory domestic price advantage practices and continued to allow offsets that favour local content.

The Commission's recommendations from last year were not implemented, and therefore remain valid. In the coming year, Türkiye should in particular:

- revise its public procurement legislation to further align it with the 2014 EU directives on public procurement, including utilities, concessions and public-private partnerships, and to increase transparency;
- reduce the excessive use of the negotiated procedure that distorts competition and limits transparency;

→ repeal exemptions that are incompatible with the EU *acquis* and refrain from the use of discriminatory domestic price advantages and offset practices.

Institutional set-up and legal alignment

In terms of the **legal framework**, Türkiye's national public procurement legislation broadly reflects the principles of the Treaty on the Functioning of the European Union. However, it includes compulsory domestic price advantages and offsets, which allow authorities to demand compensatory measures if goods are not produced domestically, which is discriminatory and contradicts the EU *acquis*.

The Public Procurement Law (PPL) is partially aligned with the EU Public Procurement Directives of 2014. A growing list of exclusions that are incompatible with the *acquis* reduces the scope of public procurement rules. In addition, many sector-specific laws limit transparency. The legislation allows the mandatory procurement of goods and services from the State Supply Office for public institutions and organisations. In practice, this mandatory centralised purchasing system enables Türkiye to expand the scope of exclusions, as State Supply Office procurements under TRY 66.2 million are exempt from the PPL. The thresholds are also higher than those used in the EU for supplies and services.

The country still lacks a unified framework for coordinating, supervising and monitoring public-private partnership operations. A more consistent legal framework for concessions and public-private partnerships is needed to increase transparency and efficiency. Türkiye does not publicly disclose information on public-private partnership contracts in a transparent manner in order to avoid allegations of political influence on public tenders. Doing so would also enable a better evaluation of contingent fiscal liabilities.

Public procurement legislation and policy papers, including Türkiye's Green Deal action plan, do not include strategies for transitioning to green procurement, which would contribute significantly to sustainable consumption and production.

Türkiye's 11th Development Plan (2019-2023) and 2023 Presidential Annual Programme aim to increase domestic production by using public procurement as tool to grant subsidies. For this purpose, it makes available a compulsory domestic price advantage of up to 15% for some 'medium and high-technology industrial products' and has put in place legislation encouraging offset practices. Based on updated statistics, a high percentage of international tenders apply the domestic price advantage, rising from 37% in 2017 to 43.5% in 2022. The overall value of these tenders increased from 44% to 52.4% of the total over the same timeframe. The domestic price advantage, distorting competition against international tenderers, was applied in 63% of supply tenders, 38% of work tenders, 74% of consultancy and 18% of service tenders, corresponding to 41%, 65%, 23% and 74% of the total value of tenders respectively.

The operational independence of the **Public Procurement Board** within the Public Procurement Authority is potentially impaired since the President of the Republic is authorised to directly appoint the chair and members without specific regard to candidates' education or sector experience.

Implementation and enforcement capacity

The size of Türkiye's public **procurement market** increased slightly from 4.1% in 2021 to 4.8% of GDP in 2022.

The level of monitoring of **contract awards and implementation** is satisfactory. The Public Procurement Authority issues statistics every six months to help measure performance and

improve the public procurement system. The capacity of contracting authorities to manage public procurement processes continued to improve. Türkiye extended the mandatory use of electronic procurement to cover 47 659 tenders (up from 30 198 in 2021).

Mechanisms are in place to identify and tackle corrupt and fraudulent practices, including rules on integrity and conflict of interest. However, the use of the negotiated procedure continued to increase significantly, reaching nearly one third of all tenders (both in value and number). Contracting authorities are allowed to exercise discretion in certain unexpected circumstances that cannot be objectively measured. This limits competition and transparency regardless of any threshold when using this procedure. In 2022, it was the case in 91.34% of the tenders (in value) where the negotiated procedure was used. Such widespread use of this practice, which limits transparency and competition, strengthened allegations of political influence on public tenders. It is important to develop instruments to evaluate contract performance and benchmark the economic performance, effectiveness, and efficiency of public procurement procedures and of contract management by an individual contracting authority or entity. A risk indicator system is needed to alert on potential integrity problems in the procurement process.

Efficient remedy system

The **right to a legal remedy**, secured in the Constitution and the Public Procurement Law, creates an institutional framework and a mechanism for handling complaints. The review and remedies system ensures that complaints and penalties are dealt with and resolved in an efficient, timely and competent manner. However, the system needs to be further aligned with the EU Remedies Directive. To that end, creating a fully independent procurement review board, separate from the Public Procurement Authority and ensuring the independence of board members, remains pending as a priority.

The implementation **capacity** of the Public Procurement Board remains stable with 341 staff. The Board received 1 773 complaints in 2022 (2.08% of contracts that allow for complaints), down from 2 343 complaints in 2021 (which corresponded to 3.25% of contracts). The appointment policy and the Board's position as part of the Public Procurement Authority remained a source of concern. A fully independent Public Procurement Board would eliminate potential conflicts of interest and increase transparency.

Chapter 18: Statistics

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

Türkiye is **moderately prepared** on statistics and made **some progress** in the reporting period, with work continuing to harmonise its statistical methodology with EU standards. The Turkish Statistical Institute (TurkStat) improved its compliance with the timeframes for publishing annual national accounts and excessive deficit procedure notifications. It took further steps to improve cooperation with other main data providers. However, Türkiye needs to increase the credibility of TurkStat and public trust in official statistics.

The Commission's 2022 recommendations were only partially met, and therefore remain valid. In the coming year, Türkiye should in particular:

→ increase the credibility of TurkStat and public trust in its macroeconomic statistics by different measures, including setting transparent, professional criteria on the appointment of the president of TurkStat and any grounds for dismissal, which cannot compromise TurkStat's professional or scientific independence;

- step up efforts to fully align national accounts with the European System of Accounts 2010 (ESA 2010) and the requirements of the ESA 2010 transmission programme;
- improve statistics on agriculture, migration and asylum, and make progress towards alignment with the new requirements in short-term business statistics.

As regards **statistical infrastructure**, Türkiye's statistics legislation is based on the European Statistics Code of Practice. TurkStat is an associated institution to the Ministry of Treasury and Finance. However, there are concerns about the credibility of TurkStat and about the declining public trust in certain macroeconomic statistics. Frequent previous changes in management have significantly undermined the institution's credibility. The principles of transparency and merit-based selection processes are important for the integrity of the institution. The institution still lacks transparent appointment and dismissal procedures, including transparent, professional criteria for the appointment of the president of TurkStat.

Preparations for the fifth strategic plan (2024-2028) are ongoing. In February 2023, TurkStat published a new regulation outlining the principles and procedures for preparing and implementing official statistics programmes. Improvements have been made to the use of public institutions' administrative records and in cooperation between TurkStat and other data providers. Registers in the statistical office are updated regularly. The main classifications are aligned with the EU *acquis*.

Regarding **macroeconomic statistics**, Türkiye improved the level of compliance of its annual national accounts in terms of timeliness, but there are still data gaps, both for annual and quarterly national accounts. Gross National Income (GNI) calculations are not yet fully in line with the ESA 2010, and its GNI inventory is not fully aligned with the latest Eurostat GNI Inventory Guide. Türkiye made some progress in the excessive deficit procedure reporting, in particular in terms of data timeliness, but further efforts are required to timely prepare and transmit complete excessive deficit procedure notifications and government finance statistics. Türkiye produces good quality statistics on international trade in goods. It continued reporting quarterly balance of payments and international investment position data. It provided monthly data for the harmonised index of consumer prices. Türkiye submits all the data required for the calculation of purchasing power parities.

Türkiye continues to extend the use of administrative data to produce **business statistics**. TurkStat works on aligning its statistical business registers with the European Business Statistics Regulation requirements. Short-term business statistics are partly aligned. Research and development statistics have achieved a high level of compliance. The annual surveys on the use of information and communication technologies meet EU standards to a large extent. Rail, maritime and regional transport statistics also have a high level of compliance. In August 2022, a data transfer agreement was signed between TurkStat and the Ministry of Transport and Infrastructure for road freight transport statistics. The country has not yet transmitted data to Eurostat on foreign affiliates statistics.

On **social statistics**, Türkiye published the results of the 2021 population and housing census in December 2022. TurkStat conducted a survey on building and dwelling characteristics to provide administrative data sources on housing characteristics for the census. It carries out the survey on income and living conditions in line with EU standards and sends data to Eurostat. Social protection statistics are highly compliant with EU standards and labour market statistics are fully aligned. TurkStat has yet to provide Eurostat with Labour Force Survey data in line with the new EU *acquis*. Türkiye regularly sends data for the labour cost index, though the data is not yet fully complete. It runs the structure of earnings survey every four years, in line with EU legislation. Statistics on education and vocational training are

available. Based solely on administrative registers, Türkiye published indicators on higher education employment for the first time in August 2022. Public health statistics are available, but further progress is needed on health expenditure, non-monetary healthcare statistics and causes of death statistics. TurkStat also provides some data on the functioning of the justice system and prison statistics. Türkiye also produces statistics on immigration and emigration, but it does not yet collect statistics on asylum in line with EU requirements.

On **agricultural statistics**, Türkiye has not carried out an agricultural census since 2001. The 2016 farm structure survey results have not yet been sent to the Eurofarm system. TurkStat and the Ministry of Agriculture and Forestry have to strengthen their efforts to improve administrative registers. Statistics for most of the crops and for most of the critical animal production, milk and dairy are available and sent to Eurostat, even though sometimes with delay. Cereals and oil seed crop balances are also transmitted to Eurostat. The economic accounts for agriculture are still not fully in line with the EU *acquis*.

Energy statistics are mostly in line with EU requirements. Monthly and annual energy statistics are sent regularly. Data on energy prices are also sent to Eurostat regularly and are of good quality. Work is ongoing on energy consumption in households. TurkStat is making progress in physical energy flow accounts. On **environmental statistics**, Türkiye produces waste and water statistics, but further progress is still needed on water resources, water abstraction and waste generation statistics. Statistics related to greenhouse gas emissions, environmental taxes, material flow accounts, air emission accounts and environmental protection expenditure accounts are available.

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.

Türkiye has a **good level of preparation** on financial control. It made **no progress** over the reporting period. The public internal financial control policy paper was not updated. The purpose, authority and responsibility of internal audit are undermined by the lack of a legal requirement to have internal audit units in ministries.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- organise a new round of public expenditures and financial accountability (PEFA) to assess the performance of the current public finance management, help prepare a comprehensive public financial management strategy and update the public internal financial control policy paper and the related action plan;
- adopt a national anti-fraud strategy;
- review the arrangements for including municipalities and state-owned enterprises in the treasury single account.

Public internal financial control

The **strategic framework** is partially in place. There has been no progress on the update of the public internal financial control policy paper since 2012. Türkiye still lacks a comprehensive strategic framework for public administration reform and for public finance management. Public finance management-related goals are contained in different planning

documents and strategies, and there is no mechanism to coordinate implementation of reforms and to ensure regular monitoring and reporting.

The Turkish administration has a uniform management structure that combines elements of **managerial accountability** and delegation with a results-oriented performance management system. The Public Financial Management and Control Law (PFMC Law) applies to all public institutions and specifies the elements of financial control. It sets out the responsibilities of the heads of public institutions, including managerial duties and delegates authority to authorising officers, with the Ministry of Finance and Treasury assigned a coordinating role. Further efforts are needed to harmonise legislation, managerial accountability, including reporting structures, delegating decision-making responsibilities and the functioning of internal control. The use of public finance management diagnostic tools such as PEFA could help identify and fill current gaps in implementing the public financial management and control Law.

The PFMC Law regulates **internal control**, which functions largely in line with international standards. Implementation of internal control systems remains undermined by capacity and ownership issues. Work needs to continue to apply risk management. The monitoring and reporting of irregularities also merits further development. Türkiye has a treasury single account, but the fact that it includes in its scope local administrations and state-owned enterprises raises concerns.

Internal audit practice is regulated in line with international standards in the PFMC Law. The internal audit manual and a code of ethics prepared by the Central Harmonisation Unit have not been updated since 2013. Türkiye has adopted implementing legislation on working procedures and principles of internal audit and took steps to increase the number of internal auditors and provide training. However, there is still no legal requirement for ministries to have an internal audit unit, only for internal auditors. In addition, there is no formal status for heads of internal audit as unit heads. There is no entity that performs the role of an audit committee and therefore auditors report directly to their deputy ministers or to a senior manager. These reporting arrangements could compromise auditor independence. There is no systematic follow-up to the implementation of internal audit recommendations. The lack of clarity in the legislation and in practice between the internal audit and inspection organisations compromises the effectiveness of the internal audit function.

Two **Central Harmonisation Units (CHU)** are tasked with setting standards, monitoring and reporting on implementing public internal financial control. The CHU for financial management and control sets standards and the methodology providing guidance, training and overall coordination to public administrations in this field. The Internal Audit Coordination Board is the CHU for internal audit, which notably monitors the internal audit systems of the public administrations, develops internal audit standards and publishes manuals. The CHU for financial management and control has prepared a draft guide on internal control quality reviews and completed pilot projects in three public administration bodies. The Internal Audit Coordination Board consists of seven members appointed by the President for four years and is now fully attached to the Ministry of Finance and Treasury. Further action is needed to ensure its independence and boost its capacity, organisational structure and resources to fulfil its mandate.

External audit

The **constitutional and legal framework** provides for the independence of the Turkish Court of Accounts (TCA). There are concerns regarding the fiscal discipline, transparency and accountability of the Türkiye Wealth Fund (TWF), chaired by the President of the Republic

and not fully subject to direct audit by the TCA. The TWF is audited by an independent audit firm and by auditors appointed by the President. Not all companies in the TWF portfolio are audited by the TCA. The 2022 audit report was not published on the TWF website. In 2022, amendments to the Law on the establishment of the Türkiye Wealth Fund Management Company (TWPMC) introduced exemptions and exceptions. These new provisions are applicable to companies, funds and their subsidiaries of which the TWF or the TWPMC is the controlling shareholder. Operations and management of the Istanbul Financial Centre will be carried out by a TWF managing company, which is not accountable to the TCA. The Disaster Reconstruction Fund, created in 2023 to manage the funds allocated to disaster recovery work, is excluded from the general budget and the TCA audit scope. The law establishing the Fund requires it to be audited in line with international auditing standards, but it does not clearly specify the procurement principles to be used for Fund expenditure.

Turkish Court of Accounts 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. The TCA has both audit and judicial functions. In 2022, it had 1 837 staff, including 819 auditors, down from 1 920 staff in 2021, of which 865 were auditors. The TCA is implementing its 2019-2023 strategic plan, which includes running risk-based audits and strengthening its human resources capacity. It has updated its manuals for public enterprise audit, performance audit, audit reporting and local government company audit.

The TCA has improved the **quality of audit work**. It submits four audit reports a year to the parliament in addition to a statement of general conformity. The TCA reports are only evaluated by parliament during its budget deliberations.

Regarding the **impact of audit work**, TCA reports are published online every year, with the exception of those on state-owned economic enterprises. The audited institutions should systematically and swiftly implement the TCA recommendations. A working group between the TCA and the Ministry of Treasury and Finance is operational but more parliamentary scrutiny of TCA audit findings and recommendations is needed. There is a need to separate the discussion of budget and audit issues. Setting up a working group between the TCA and the parliament solely dedicated to discussing the performance of public institutions and their spending could be instrumental in this regard.

Protection of the EU's financial interests

Although Türkiye has reached a good level of alignment with the EU *acquis*, it still needs to fully align its legislation with the EU Directive on the fight against fraud to the EU's financial interests by means of criminal law. The State Supervisory Council was designated as the **anti-fraud coordination service** (AFCOS); AFCOS is operational and held its first meeting in June 2022. There is no national anti-fraud strategy for protecting the EU's financial interests. Türkiye reported 917 cases to the Commission via the online irregularity management system from 2006 to 2022, of which 127 cases were reported in 2022. Türkiye needs to continue on the path of its improved track record of **cooperating with the European Commission** during investigations. It should keep on building its track record on reporting of irregularities along the trends of the last years.

Protection of the euro against counterfeiting

Türkiye has reached a high level of alignment with the EU *acquis* in this area. A dedicated department in the Central Bank carries out technical analysis of counterfeit money, including euro banknotes and coins. In addition, the Turkish State Mint carries out technical analyses of counterfeit coins, including euro coins. Credit institutions that do not withdraw counterfeits

from circulation are subject to financial penalties.

3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

Cyprus

Türkiye continued to refuse to recognise the Republic of Cyprus. Despite repeated calls by the Council of the EU and the European Commission, Türkiye has yet to fulfil 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. Türkiye did not fulfil its obligation to ensure the full and non-discriminatory implementation of the Additional Protocol to the Association Agreement and did not remove all obstacles to the free movement of goods, including restrictions on direct transport links with the Republic of Cyprus. Türkiye also refused to cooperate with the Republic of Cyprus on security-related issues, including terrorism. Türkiye continued to veto applications by the Republic of Cyprus to join several international organisations, including the Organisation for Economic Co-operation and Development (OECD).

There were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean during the reporting period. Türkiye issued several navigational telexes (NAVTEX) for conducting seismic surveys and scientific research activities but none in areas that include parts of the Exclusive Economic Zone (EEZ) of Cyprus. The EU remains committed to defending its interests and those of its Member States as well as to upholding regional stability. In November 2022, following the third annual review of the framework for restrictive measures in response to Türkiye's unauthorised drilling activities in the Eastern Mediterranean, the European Council extended the regime for a further year until 12 November 2023. Currently, two individuals are subject to sanctions.

Türkiye's military exercises in the maritime zones of Cyprus continued. Violations by Turkish unmanned aerial vehicles in the Nicosia flight information region and the national airspace of the Republic of Cyprus also continued unabated. Türkiye continued to increase the militarisation of the occupied area by upgrading the military drone base in Lefkoniko and the naval base in Bogazi. The harassment of Cypriot fishing vessels by Türkiye also continued.

In the reporting period, Türkiye continued to criticise the decision of the UN Security Council (UNSC) to renew the mandate of the United Nations Peacekeeping Force in Cyprus (UNFICYP) without the consent of the Turkish Cypriot community. UNFICYP's mandated authority extends throughout the island of Cyprus and the restrictions on its freedom of movement can pose serious risks to the safety and security of United Nations personnel serving in peacekeeping operations. In August 2023, after unauthorised construction work was conducted by the Turkish Cypriot side within the UN buffer zone near Pyla/Pile, Türkiye rejected the UN Security Council's statement condemning the violation of the status quo, which subsequently led to escalating tensions. This escalation included the assault on UNFICYP peacekeepers by Turkish Cypriot personnel on 18 August 2023, an act strongly condemned by the EU. In October 2023, the UN brokered an understanding between both sides on the way forward regarding Pyla/Pile area, which was welcomed by Türkiye and the EU. Nevertheless, these developments continued to undermine the prospect of resuming negotiations and reaching a comprehensive settlement of the Cyprus problem.

Despite international condemnations, and the inadmissibility of the settlement of any parts of Varosha by people other than its inhabitants as stipulated in UNSC resolution 550 (1984),

Türkiye continued with its plan to open the entire fenced-off area of Varosha, creating a new fait accompli on the ground. The new restrictions imposed in 2022 on the activities of UNFICYP within the fenced-off area of Varosha remained in effect – challenging UNFICYP’s ability to execute its tasks in accordance with its mandate, and violating UNSC Resolution 789 (1992).

Türkiye repeatedly advocated for a two-state solution in Cyprus, contrary to relevant UN Security Council Resolutions. In November 2022, the so-called but not internationally recognised ‘Turkish Republic of Northern Cyprus’ was accepted as an observer in the Organization of Turkic States (OTS). This violates the principle of territorial integrity and the UN Charter. The EU recognises only the Republic of Cyprus as a subject of international law, in accordance with the relevant UN Security Council Resolutions and has stressed that any action to facilitate or assist in any way the international recognition of Turkish Cypriot secessionist entity severely damages efforts to create an environment conducive to resuming settlement talks under the auspices of the United Nations.

The EU remains fully committed to a comprehensive settlement of the Cyprus issue, within the UN framework, in accordance with the relevant UNSC resolutions and in line with the principles on which the EU is founded and its *acquis*. The EU has called, most recently in the European Council conclusions of June 2023, for the speedy resumption of negotiations and expressed its readiness to play an active role in supporting all stages of the UN-led process, with all the appropriate means at its disposal.

As emphasised in the Negotiating Framework and Council declarations, Türkiye 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 that Türkiye reaffirms its commitment to the UN-led settlement talks on Cyprus in line with the relevant UNSC resolutions, including their external aspects. No unilateral actions should be taken that could raise tensions on the island and prevent the resumption of talks. On Varosha, Türkiye must immediately reverse the unilateral actions announced on 20 July 2021 and all steps taken since October 2020 that run contrary to the relevant UNSC resolutions. The EU underlines the importance of the status of Varosha and calls for full respect of UNSC resolutions (particularly Resolutions 550, 789 and 1251).

Peaceful settlement of border disputes

Relations between Türkiye and Greece deteriorated until early 2023. Hostile rhetoric grew during this period, including threatening statements regarding the sovereignty of Greek islands. However, the February 2023 earthquakes prompted a marked improvement in relations. Greece rapidly provided humanitarian aid and support to Türkiye, which helped de-escalate tensions and rhetoric. This was followed by several high-level phone calls and meetings. The Turkish and Greek foreign ministers met in March 2023 on the margins of the International Donors’ Conference organised by the European Commission and the Swedish Presidency of the Council of the EU. The Turkish and Greek deputy foreign ministers met in Ankara in March 2023 to relaunch the fourth round of the Positive Agenda talks between the two countries. The Greek Defence Minister visited Türkiye in April 2023.

In July, the Greek Prime Minister met with the Turkish President on the sidelines of the NATO Summit in Vilnius. The meeting took place in a good atmosphere. The two leaders agreed to build on the positive momentum and activate multiple channels of communication in the coming period, including holding the next meeting of the High-Level Cooperation

Council between Greece and Türkiye in Thessaloniki. The two leaders tasked the Ministers of Foreign Affairs to guide the process and keep them informed on progress.

The possible extension of Greek territorial waters to 12 nautical miles in the Aegean Sea under Article 3 of the United Nations Convention on the Law of the Sea (UNCLOS) continued to weigh on Greece-Türkiye relations. The 1995 declaration of the Turkish Grand National Assembly that any unilateral action by Greece to extend its territorial waters would be considered a *casus belli*, still holds.

The Turkish violations of Greek airspace intensified in 2022 and in December 2022 Türkiye also threatened Greece with retaliation if the latter proceeded with any expansion of its territorial waters in the Aegean. As of February 2023, violations of Greek airspace diminished drastically, and no flights over Greek inhabited areas were reported.

As highlighted by the Council Conclusions in December 2022 and the European Council's Conclusions of June 2022 and stemming from obligations under the Negotiating Framework, Türkiye is expected to make an unequivocal commitment to good neighbourly relations, international agreements and the peaceful settlement of disputes having recourse, if necessary, to the International Court of Justice. Türkiye 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 UNCLOS.

In October 2022, Türkiye and the Government of National Unity of Libya signed a memorandum of understanding (MoU) for the development of bilateral scientific, technical, technological, legal, administrative and commercial cooperation in the field of hydrocarbons on land and at sea based on the 2019 MoU on the delimitation of maritime jurisdiction areas between Türkiye and the National Unity Government of Libya. The MoU infringes on the sovereign rights of third states, does not comply with UNCLOS and cannot produce any legal consequences for third states. Actions that could undermine regional stability should be avoided.

Regional cooperation

Good neighbourly relations are an essential part of Türkiye's accession process. Bilateral relations with other enlargement countries were good overall but remained challenging with neighbouring EU Member States, particularly Greece and Cyprus. Tensions in the Aegean and Eastern Mediterranean were markedly reduced after the February 2023 earthquakes.

Türkiye's policy in the Western Balkans is generally aligned with the EU's strategic objectives of regional stability, Euro-Atlantic integration and economic development. Türkiye portrayed itself as an EU partner in the region, while leveraging its distinctive cultural and economic ties. Türkiye continued to ask for action against alleged members of the Gülen movement in the region, urging their extradition and the closure of all affiliated schools. This caused friction with some countries in the region.

Türkiye's relations with **Albania** have continued to strengthen with regular high-level contacts and the agreement by the two countries to bring their bilateral relations to the level of strategic partnership. Albania extradited, Faruk Fatih Ozer, the founder of the Turkish crypto-exchange Thodex. Türkiye reiterated its readiness to strengthen Albania's defence capacity.

Türkiye remained close to **Bosnia and Herzegovina** and President Erdoğan visited the country in September 2022. Türkiye maintained regular contacts with all members of Bosnia

and Herzegovina's tripartite Presidency, keeping a balanced approach and supporting the country's territorial integrity and stability. Türkiye supported the Office of the High Representative.

Türkiye's relations with **Serbia** are very good. The two Presidents maintained frequent contacts. President Erdoğan visited Serbia in September 2022. President Erdoğan emphasised Türkiye's readiness to support a solution between Serbia and Kosovo *. The two countries signed a number of agreements, including on the mutual abolition of tourist visas.

Türkiye maintained strong cultural and economic ties with **Kosovo** and continued to lobby for its international recognition. Prime Minister Kurti paid his first official visit to Türkiye in February 2023. Türkiye and Kosovo explored cooperation opportunities in the economic, commercial, security and defence fields.

Türkiye's relations with **Montenegro** were stable. The two countries publicly stated that they aimed at further developing their bilateral cooperation.

Türkiye and **North Macedonia** continued to engage actively in the economic, educational and cultural sectors. The two countries celebrated 30 years of diplomatic relations.

Türkiye is **Georgia's** second largest trading partner and its relations with Georgia are at a strategic partnership level. High-level contacts were regular. Türkiye strongly supported Georgia's territorial integrity and sovereignty. Türkiye also supported Georgia's NATO integration efforts.

Türkiye's relations with the **Republic of Moldova** remained stable and at the level of strategic cooperation. Türkiye continued to support Moldova's sovereignty and territorial integrity. Türkiye also welcomed the EU's decision to grant candidate status to Moldova.

Türkiye's relations with **Ukraine** are at the level of strategic partnership. Türkiye consistently supported Ukraine's territorial integrity. Türkiye rejected Russia's aggression against Ukraine, called for the rights of Crimean Tatars to be respected, provided humanitarian aid and military assistance to Ukraine and engaged politically and diplomatically, including in the facilitation of the export of Ukrainian grain and of the prisoners' exchange, aiming at facilitating talks between Ukraine and Russia and working on de-escalation and bringing about a cease-fire.

4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: INTERNAL MARKET

This cluster covers: free movement of goods (Chapter 1), freedom of movement for workers (Chapter 2), right of establishment and freedom to provide services (Chapter 3), free movement of capital (Chapter 4), company law (Chapter 6), intellectual property law (Chapter 7), competition policy (Chapter 8), financial services (Chapter 9), and health and consumer protection (Chapter 28). This cluster is key to the good functioning of the EU-Turkey Customs Union and to integrating Türkiye into the EU's internal market.

Türkiye has achieved a good level of preparation for the free movement of goods. However, technical barriers to trade and requirements discriminating against EU products remained in place. Preparations in the areas of freedom of movement for workers, and the right of

* 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.

establishment and freedom to provide services are at an early stage, and substantial efforts are still required to align with the *acquis*. Türkiye is moderately prepared on free movement of capital, as limitations remain on foreign ownership and on capital movement. Türkiye needs to continue to address outstanding issues in its framework regulating the fight against money laundering and terrorist financing, while ensuring objective implementation that does not restrict the legitimate rights of NGOs.

Türkiye is well advanced in the area of company law but needs to make further progress in aligning with the EU *acquis*. Türkiye has a good level of preparation in the area of intellectual property law, notably in terms of legislative alignment, but it needs to improve implementation and enforcement. Türkiye has some level of preparation in the area of competition policy. Backsliding was observed as serious concerns persist in relation to the legislative framework, enforcement capacity and transparency in the field of State aid. Türkiye has a good level of preparation in the area of financial services, however the banking sector faced an increasingly challenging operating environment in the reporting period. Türkiye has a good level of preparation on consumer and health protection, with limited progress made, notably on strengthening its surveillance system for health (security) services. The capacity of the healthcare system was seriously affected by the February 2023 earthquakes in the affected regions.

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.

Türkiye has achieved a **good level of preparation** on the free movement of goods. It made **some progress** in aligning with the EU *acquis*, particularly under the 'old approach' and the 'new and global approach' to product legislation. The market access barrier on agricultural and forestry tractors was removed following alignment with the EU *acquis*. However, technical barriers to trade, unjustified checks for EU products and requirements discriminating against EU products remained, in breach of Türkiye's obligations under the Customs Union.

The Commission's recommendations from last year were only partially met, and therefore remain valid. In the coming year, Türkiye should in particular:

- eliminate the remaining non-tariff barriers to the free movement of goods that are in breach of Customs Union obligations, including the surveillance regimes for the import of certain products, export restrictions, prior registration requirements, conformity assessments and inspections, licencing surveillance and other documentation requirements for imports, and non-acceptance of EU certificates of good manufacturing practices;
- review the remaining schemes setting local content requirements or relocating production;
- increase the coverage and effectiveness of market surveillance measures and ensure timely reporting on results for public transparency.

General principles

The EU framework for the free movement of goods is largely in place in Türkiye. However, implementation issues remain, as Türkiye continues to implement a range of non-tariff barriers to the free movement of goods that are in breach of Customs Union obligations. In the reporting period it further extended the scope of the surveillance regime to cover the

import of certain products, such as photovoltaic cells. Export restrictions, prior registration requirements, risk-based import control system, conformity assessments and inspections and other documentation requirements remained in place. Türkiye still does not accept EU good manufacturing practices certificates. While Türkiye adopted several measures to adjust the localisation and prioritisation schemes for pharmaceuticals, the EU's assessment on whether Türkiye has completed the implementation of all findings in the Arbitrators' Award is still ongoing. The local content requirements in renewable energy remain in place and new local content requirements were put in place for tobacco products. These schemes create *de facto* market access barriers for EU products, which are not in line with the Customs Union. Türkiye's product safety controls on imported goods processed through its electronic TAREKS system can require the provision of additional documentation and information on products coming from the EU, contrary to the Customs Union provisions.

Non-harmonised areas

Türkiye's mutual recognition legislation in the non-harmonised areas is in line with the EU *acquis*. However, Türkiye has notified only five product legal acts in the non-harmonised areas in the reporting period. This is not sufficient, given the size of Türkiye's economy and legislative activity and close ties with the European Union's economy under the Customs Union.

Harmonised areas: quality infrastructure

Türkiye is aligned with the EU *acquis* on standards, technical regulations, conformity assessment, accreditation, metrology and market surveillance. It has also aligned with the EU *acquis* on general product safety, the European Conformity mark (CE mark), conformity assessment bodies, notified bodies and conformity assessment methods.

The national **Standards** Institute is independent, adequately resourced and financed, and able to implement European and international standards. Since 2012 it is a full member of the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC). By the end of the reporting period, it had adopted 24 318 national standards aligned with European standards. The rate of harmonisation with both CEN and CENELEC standards is 99.96%. Eight Turkish economic operators are full members of the European Telecommunications Standards Institute (ETSI) and one is an observer.

Türkiye has 64 **notified bodies**, five recognised third-party organisations, and two technical approval bodies in place. The Turkish **Accreditation** Agency (TÜRKAK) is a signatory of multilateral agreements as part of the European cooperation for Accreditation (EA) and takes part in the mutual recognition of data agreement of the OECD Good Laboratory Practices Working Group (OECD-GLP). The National **Metrology** Institute (TÜBİTAK-UME) is a member of the European Association of National Metrology Institutes (EURAMET). The Ministry of Industry and Technology participates in the European Legal Metrology Organisation (WELMEC). TÜBİTAK-UME chairs a Technical Committee and participates in the Committee of the European Metrology Programme for Innovation and Research at EURAMET.

Türkiye implements **market surveillance** in compliance with the EU *acquis* and submits its annual programme to the European Commission. There is a horizontal framework for market surveillance in place in line with the applicable EU *acquis*. The relevant ministries published separate market surveillance regulations governing personal protective equipment and construction products in the reporting period. According to the market surveillance report for 2022, a total of 233 644 products were checked by market surveillance authorities in 2022

representing a 11.8% increase as compared to 2021. About 10 881 products were found uncompliant or unsafe as against 12 455 products in 2021. Access to information on market surveillance activities is important for producers and consumers. The budget allocated to market surveillance increased by 51% in 2022 as compared to 2021, in a high inflation environment. Surveillance remained limited with regard to activities in e-commerce.

Harmonised area: sectoral legislation

On the **‘new and global approach’ to product legislation**, Türkiye adopted legislation to align with the latest *acquis* on medical devices and in vitro diagnostic medical devices. It also aligned with the *acquis* on eco-design and on energy labelling of several types of heaters, computers, servers, and several types of household goods.

On the **‘old approach’ to product legislation**, in January 2023, the new Turkish legislation on agriculture and forestry tractors entered into force, phasing out the discriminatory treatment of EU tractors in terms of engine emission requirements, thus solving the relevant market access barrier. It also adopted legislation aiming to align with the *acquis* on certain medicinal products, good distribution practices of medicinal products for human use and on vaccines and immune serums. Türkiye adopted legislation designed to align with the latest *acquis* on good clinical practice and pharmacovigilance. Türkiye aligned to a large extent its cosmetics regulatory framework with the *acquis* by adopting a new cosmetics regulation in May 2023. A new guideline on free from claims in cosmetics was published in June 2023. Türkiye does not accept EU good manufacturing practice certificates on medicines for human use, in breach of Customs Union rules. Regarding **chemicals**, Türkiye has adopted two new regulations on the export and import of hazardous chemicals and on hazardous substances in electrical and electronic equipment, aligning with the EU *acquis*. Türkiye is almost fully aligned with the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), apart from on biocidal products.

On **procedural measures**, Türkiye has specific licencing and regulation systems for economic operators dealing with **drug precursors**, with a strict follow-up and monitoring system in cooperation with the police and customs. It is aligned with the EU *acquis* regarding licencing procedures for **firearms**. However, it made no progress on alignment with the *acquis* on **cultural goods**.

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 **no progress** was made during the reporting period.

Türkiye made no progress on **access to the labour market** or on the **coordination of social security systems**. The number of bilateral social security agreements with EU Member States remained the same, with 15 agreements concluded. Türkiye should prepare its legislation and administrative practices in view of joining the European Labour Authority and the European Employment Services (**EURES**) network. There were no developments on future participation in the EURES network.

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. EU rules on postal services focus on improving the quality of

universal service, gradual market opening to competition, and the establishment of an independent regulator.

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. Right of establishment continues to be restricted, service providers registered in the EU still face requirements on registration, licencing and authorisation. Postal services are not regulated in line with the *acquis*. Continuous and substantial efforts are needed on the mutual recognition of professional qualifications. Overall, substantial efforts are still required to achieve alignment in this area.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- align its national legislation with the Services Directive and set up a point of single contact;
- continue aligning with the EU *acquis* in the area of postal services;
- align its national legislation with the EU *acquis* on mutual recognition of professional qualifications, including the Professional Qualifications Directive and the Proportionality Test Directive.

There was no progress on the **right of establishment**, which continues to be restricted by several requirements in Türkiye.

Regarding the **freedom to provide cross-border services**, service providers registered in the EU still face requirements on registration, licencing and authorisation. The point of single contact has not yet been created.

No progress was made in the **area of postal services**. Legislation regulating postal services in accordance with the EU *acquis* has not yet been adopted. Türkiye has yet to align with the provisions of the Postal Services Directive, as a reserved area in the letter mail market is maintained for the state-owned universal service provider. The Information and Communication Technologies Authority (ICTA) monitors postal market development. National legislation still needs to be aligned with the provisions of the Regulation on cross-border parcel delivery services.

On the **mutual recognition of professional qualifications**, the Vocational Qualifications Authority continued to implement the national qualification framework. The number of occupations that require compulsory certifications has increased (204 occupations in total). The number of national occupational standards reached 901 and the number of national qualifications prepared in line with occupational standards reached 650. The Turkish Referencing Report to the European Qualifications Framework is still not updated. Some regulated professions still require reciprocal mutual recognition. Nationality and language requirements have not been removed. However, it is possible to make an online application for the recognition and equivalence of higher education qualifications. There is no specific regulation or practice governing the temporary or occasional provision of services. Continuous and significant steps are needed to align national legislation with the EU *acquis* in this area.

Chapter 4: Free movement of capital

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

Türkiye is **moderately prepared** on free movement of capital. Overall, there was **some progress** in this area in the reporting period. Limitations on foreign ownership persist in numerous sectors. There are still restrictions on capital movements and foreign exchange-denominated transactions. Türkiye has improved its instant payment system infrastructure. The country remains on the list of jurisdictions under increased monitoring ('grey list') by the Financial Action Task Force (FATF). Though the FATF did not call for the use of increased due diligence measures in the reporting period, Türkiye needs to take more steps to implement its action plan and tackle the strategic shortcomings in its anti-money laundering and countering the financing of terrorism (AML/CFT) regime. It is important for Türkiye to ensure an objective implementation that does not instrumentalise measures to target or restrict the legitimate rights of NGOs.

The Commission's recommendations from last year were implemented to some extent. In the coming year, Türkiye should in particular:

- minimise limitations on foreign ownership and on capital movements;
- make further progress in tackling the strategic shortcomings in its AML/CFT regime, in line with the EU *acquis* and FATF recommended actions in order to be delisted from the FATF grey list;
- address the recommendations of the Venice Commission regarding the law on the prevention of financing of the proliferation of weapons of mass destruction.

Concerning **capital movements and payments**, restrictions on foreign ownership are still in place in many sectors, including broadcasting, education, transportation, financial services, the electricity market and real estate. Türkiye's legislation on real estate acquisition by foreigners remains opaque and does not apply to all EU nationals in a non-discriminatory way. On this point, Türkiye lags behind its commitments under the EU-Turkey Association Agreement. The ability for citizens of neighbouring countries in border provinces to buy real estate is still restricted for national security reasons. Türkiye maintains its restrictions on capital movements and foreign exchange-denominated transactions. Exporters are still required to sell 40% of their foreign-earned income to the Central Bank and Türkiye brought in some additional incentives to encourage exporters to convert their foreign-earned revenues into Turkish lira. Türkiye also imposes a range of informal measures on banks and operators to limit the purchase of foreign currencies.

Türkiye has made some progress in **payment systems** adding to the good level of preparation already achieved. The Central Bank has increased the scope and coverage of the Instant and Continuous Transfer of Funds (FAST) system. Banks began to provide services via the Open Banking Gateway (GEÇİT) infrastructure. Türkiye also launched FAST Merchant Payments in 2023. The first payment transactions were made on the Digital Turkish Lira Network. Meanwhile, the Central Bank published guidelines on data sharing services in payment services in December 2022. The Central Bank also launched the Security Overlay Service to facilitate the exchange of information with a view to improving the detection of illicit transactions. All Turkish banks had stopped accepting the Russian MIR payment system by October 2022.

Türkiye has made some progress in the **fight against money laundering and terrorist financing**. Türkiye has been on the Financial Action Task Force (FATF) list of jurisdictions under increased monitoring ('grey list') since October 2021, but has not been added to the EU's list of high-risk third countries. This is due to Türkiye's candidate status, high-level political commitment to the EU to tackle the outstanding shortcomings identified by the FATF and to its endeavours to reach full alignment with the EU *acquis*.

Türkiye revised its national strategy document **on anti-money laundering and countering the financing of terrorism** in 2022 to comply with FATF recommended actions. In 2022, Türkiye adopted regulations regarding politically exposed persons to comply with the FATF Standards and the EU *acquis*. Also in 2022, Türkiye issued guidance to the private sector on detecting terrorist financing and increased its financial intelligence agency's proactive dissemination of financial intelligence. In July 2023, the FATF concluded that Türkiye has taken positive steps towards improving its AML/CFT regime. Consequently, the FATF upgraded the country's ratings on five of its recommendations, including Recommendation 8 on the audit of the non-profit organisations. Türkiye remains partially compliant on one recommendation. Nevertheless, the law on the prevention of financing of the proliferation of weapons of mass destruction has not been revised in line with the Venice Commission's recommendations.

The Turkish Financial Crimes Investigation Board (MASAK) strengthened its capacity and the level of cooperation with law enforcement agencies and judicial authorities. The number of suspicious transaction reports submitted fell from 504 995 in 2021 to 425 322 in 2022. The number of money laundering prosecutions has been rising in recent years. 70 cases resulted in conviction between 2013 and 2018. Since 2018, 225 people have been convicted in money laundering cases and in 2022 alone, 4 904 people were convicted in Türkiye.

Türkiye reaffirmed its commitment to freeze the assets of people/entities designated by the United Nations Security Council Sanctions Committee. The government also continued to use the domestic assets freeze instrument effectively.

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.

Türkiye is **well advanced** in the area of company law. **Some progress** was made during the reporting period, by adopting the financial reporting standards for small and micro companies. However, there was no progress on the other 2022 recommendation, which remains valid.

In the coming year, Türkiye should in particular:

- align national legislation with the *acquis* on encouraging long-term shareholder engagement;
- align national legislation with the *acquis* on cross-border conversions, mergers and divisions and on the use of digital tools and processes in company law.

On **company law**, Türkiye took limited legislative action over the reporting period. Alignment is needed on some outstanding issues in the context of cross-border mergers, domestic mergers and divisions, and takeovers. Alignment is also necessary with the 2019 *acquis* on the use of digital tools and on cross-border operations (mergers, divisions, conversions) with the rules on shareholders' rights, including on the encouragement of long-term shareholder engagement and on gender equality on boards of directors. As regards the disclosure of company documents in the business register, the country still lacks provisions requiring all limited liability companies to publish annual accounts and on the online filing of company documents. Türkiye also lacks a fully online process to register limited liability companies.

On **company reporting**, a Presidency decision on the procedures and principles for

determining the companies subject to independent audit was published in November 2022. This lowered the audit exemption thresholds. In January 2023, the Public Oversight, Accounting, and Auditing Standards Authority (POA) published the financial reporting standard for small and micro enterprises. Based on changes in the International Code of Ethics for Professional Accountants (including International Independence Standards), the POA also updated the standards in the Code of Ethics for Auditors, in March 2023. There is still a lack of clarity regarding the alignment of non-financial information and reports on payments to the government. Türkiye will need to align with the 2022 EU Directive on corporate sustainability reporting. As regards **transparency** requirements for listed companies, the Law on capital markets regulates the general responsibilities of issuers. Implementing rules are published by the Capital Markets Board with the aim of aligning with the EU *acquis* in this area. The Turkish Commercial Code was amended to increase transparency and provide the identity information of bearer shareholders.

Chapter 7: Intellectual property law

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

Türkiye has a **good level of preparation**, notably in terms of legislative alignment. **No progress** was made during the reporting period. Some legislative discrepancies remain, as do outstanding problems regarding implementation and enforcement, notably in relation with judicial procedures. Türkiye was the second major country of provenance by number of counterfeit articles entering the EU.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- improve enforcement measures to efficiently fight against industrial and intellectual property rights infringements, including online sales of counterfeit and pirated goods, improve the level of specialisation in courts dealing with IPR infringements and resolve difficulties in the judicial procedures to obtain search and seizure warrants for criminal law enforcement;
- improve cooperation with IPR owners for efficient implementation and effective enforcement of the Law on industrial property, in particular in cases of accelerated and simplified destruction procedures by the judiciary and the customs authorities;
- ensure the collection and processing of accurate statistical data, especially on effective judicial enforcement of intellectual and industrial property rights, with a view to facilitating the analysis of systemic IPR shortcomings.

Regarding **copyright and related rights**, Türkiye amended one specific article of the Law on copyright and extended legal protection against circumvention of technological measures to all works, performances, phonograms, productions and broadcasts, in addition to computer programmes. The Law on copyright has yet to be fully modernised to provide sufficient protection, in line with technological developments. Systemic issues continue, particularly regarding collective rights management, the lack of autonomy and the supervision of collective rights management organisations (CMOs), as well as discrimination against foreign right holders in the management of CMOs. A number of issues remained unresolved, in particular the lack of fair distribution of private copy levies, licencing difficulties,

uncertainties in online education exceptions, public performance right problems, unauthorised use of copyrighted material via online platforms and well-known e-commerce websites. Türkiye is not yet aligned with the Directive on copyright and related rights in the Digital Single Market.

Regarding **industrial property rights**, the Turkish Patent and Trademark Office continued to strengthen its administrative capacity and digitalise services. The lack of a precise definition of bad faith applications as regards trade marks has made the invalidation procedure ineffective. The procedures to revoke, oppose and invalidate trade marks remained expensive and lengthy. There are currently no legal provisions for supplementary protection certificates.

Another area of continued concern is the absence of an effective system for protecting undisclosed test and other data generated to obtain marketing approval for pharmaceutical and agrochemical products. Even though Türkiye has in place a regulatory data protection regime since 2005, the scope is limited and excludes biologics and combination products. The length is also limited reducing the effective protection period in Türkiye. Turkish law links the length of the regulatory data protection with the duration of patent protection. Hence, once a product is considered off-patent, it automatically loses its regulatory data protection.

Concerning judicial **enforcement**, criminal courts rarely order deterrent fines for commercial scale IP infringements, even though legal provisions may provide for higher penalties. Stakeholders continue to report complaints about inefficient litigation procedures, including at courts of appeal. They report difficulties and inconsistencies in deciding preliminary injunctions and monetary compensation claims, storage and destruction problems and financial burdens related to the storage of counterfeit goods, and the overuse of expert witness statements.

Despite strong evidence provided by right holders about counterfeiting, few search and seizure warrants are granted and very few counterfeit goods are seized. Public prosecutors and judges require additional evidence, which is not reasonable to substantiate the claims of the right holders. Obtaining preliminary injunctions also remains difficult and the level of deterrence of the penalties ordered by judicial authorities is reportedly low. Enforcement authorities, in particular the police and judges, need to increase the efficiency of action against IP infringements. The number of IP courts has decreased over the past years in Türkiye, which has a negative effect on the quality and consistency of the court decisions. Action to combat counterfeiting at physical marketplaces remains insufficient. The Law on e-commerce and its implementing regulation introduced new provisions relating to the notice and takedown procedure and clarified the responsibility of e-commerce intermediary and direct service providers in complaints regarding the infringement of intellectual property rights. There has been an increase in online sales of counterfeit goods at well-known e-commerce marketplaces. In this context, and with a view to stopping IPR infringements, it will be important for Türkiye to apply notice and takedown procedures.

The number of customs applications for seizures increased from 2 431 in 2021 to 2 637 in 2022. However, Türkiye needs to improve customs enforcement to combat counterfeit goods, in particular for goods in transit and exports, which makes Türkiye the second major country of provenance by number of counterfeit articles entering the EU, according to the 2022 report on the EU enforcement of IPR. The number of articles coming from Türkiye detained at the EU borders by customs authorities has increased. Counterfeiting concerns a wide range of products from food and alcoholic beverages to vehicles, vehicles accessories and spare parts. The customs enforcement legislation is not fully aligned with the *acquis*.

There are only limited awareness campaigns from public institutions on the dangers of counterfeiting and piracy to public health, consumer safety, rule of law and labour market, and on the economic benefits of IPR-intensive sectors. Stronger political commitment is needed to enforce IPR and to stop the flow of counterfeit trade from Türkiye to the EU.

Chapter 8: Competition policy

EU rules enable free competition. They include antitrust rules against restrictive agreements between companies and the abuse of a dominant position, and also include rules on concentrations between companies which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if strict conditions are met, with a view to prevent distortion competition.

Türkiye has **some level of preparation** in the area of competition policy. **Backsliding** was noted due to serious concerns in relation to the legislative framework, enforcement capacity and transparency in the field of State aid. Institutional framework and the new administrative structure clearly deviate from the EU *acquis*. By repeatedly postponing the creation of a functional enforcement structure, Türkiye's legislative framework is, *de facto*, ineffective. The lack of a transparent State aid inventory covering all aid schemes remains a source of concern.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- ensure the independence and functionality of the State aid institutional framework in accordance with the EU *acquis*;
- implement the State aid Law by adopting implementing legislation without further delay;
- make available a transparent and up-to-date inventory of all aid schemes.

Antitrust and mergers

The **legislative framework** is broadly aligned with the EU *acquis*. The Law on the protection of competition broadly reflects Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU). Implementing legislation in this field is largely in place. The relevant legislation must still be aligned in order to ensure full compliance with the Vertical Block Exemption Regulation.

In terms of the **institutional framework**, the Turkish Competition Authority (TCA) is responsible for enforcing the Law on the protection of competition. Its decision-making body, the Competition Board, has seven members. Despite being affiliated with the Ministry of Trade, the TCA has administrative and financial autonomy.

The enforcement capacity of the Authority is adequate. In 2022, overall **implementation** was effective and the number of decisions in the areas of antitrust (78 compared with 74 in 2021), exemption/negative clearance decisions (19 compared with 22 in 2021) and merger/acquisition/joint venture/privatisation (245 compared with 309 in 2021) were comparable with those adopted in the previous year. The total amount of fines levied by the Authority for infringements of competition law (fines related to substance) remained at TRY1.7 billion, an average for the previous five years. The total number of ex-officio investigations and preliminary investigations increased from 15 in 2021, to 18 in 2022. In 2022, 80% of the 139 judgements concluded as a result of appeals against the Turkish Competition Authority decisions were upheld by Turkish courts.

State aid

Action taken in 2022 on the **legislative framework** amounted to a backslide. Türkiye's Law on the monitoring and supervision of State aid is broadly in line with Articles 107 and 108 TFEU. However, by repeatedly postponing the creation of a functional enforcement structure, Türkiye has rendered its legislative framework, *de facto*, ineffective.

Following the abolition of the Directorate General for State Aid (DGSA), in 2022, Türkiye established a new DGSA, under the Presidency of Strategy and Budget. However, the new DGSA does not have the same full legal mandate as its predecessor. The decree establishing the new DGSA gives a different definition of State aid than the definition given in Law on the monitoring and supervision of State aid, which was aligned with the EU *acquis*. The President postponed implementation of the law and its implementing legislation indefinitely. As a result, not only the law is not enforceable, but the **institutional framework** and the new administrative structure also clearly deviate from the EU *acquis*. Accordingly, Türkiye still needs to make substantial efforts to align its legislation with the EU *acquis*.

In 2023, the project-based investment programme – where the transfer of State resources is provided on a selective basis (i.e. only to certain undertakings) – included 64 projects with an investment amount of TRY 491 billion (incentives granted since the beginning of 2022, covering 25 projects with an investment of TRY 336 billion). The breakdown of State aid for these investments was not disclosed, contrary to the commitments made under the EU-Turkey Customs Union. The lack of a transparent State aid inventory covering all aid schemes – including the amount or budgeted amount of the State support granted – remains a source of concern.

Liberalisation

State-owned enterprises are subject to competition and State aid rules, however the overall challenges in the area of State aid also apply to state-owned enterprises.

Chapter 9: Financial services

EU rules aim to ensure fair competition among, 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.

Türkiye has a **good level of preparation** in the area of financial services. It made **limited progress** in the reporting period by strengthening the insurance market and developing new alternative financing instruments. However, Türkiye's pre-2023 election approach to apply a set of unorthodox macroprudential and regulatory measures made the operating environment for the banking sector increasingly challenging during the reporting period. The country should make further efforts to align with the financial services *acquis*, focusing on the priorities identified based on the current state of play.

The Commission's recommendations from last year were partially implemented, and therefore remain valid. In the coming year, Türkiye should in particular:

- gradually phase out distortive macro-prudential and regulatory measures and improve the transparency of asset quality review;
- further strengthen bank governance and supervision, crisis management and the resolution framework;
- continue to support the development of Türkiye's capital markets and their supervision.

Regarding **banks and financial conglomerates**, Türkiye is in line with the Basel III framework (but not taking into account the Basel III Finalisation of 2017) according to the

Basel Committee. In October 2022, Türkiye released the 2022-2025 participation finance strategy, with the aim of building a legal, administrative and corporate infrastructure for participation finance.

Overall, the banking sector has remained resilient, with the indicators tracking asset quality improving. The share of non-performing loan ratios continued to fall, down to 1.9% in February 2023. The capital adequacy ratio of the banking sector remained above the legal thresholds, supported by the sector's strong profitability performance. Action is needed to improve the transparency and predictability of the financial sector regulatory framework, including by carefully phasing out distortive regulatory measures and conducting transparent asset quality reviews.

Türkiye made some progress on **insurance and occupational pensions**. In October 2022, the Insurance and Private Pension Regulation and Supervision Agency (SEEDK) published a new regulation laying down the procedures and principles for the collection, storage and sharing of insurance data. Under a new regulation on the state contribution to the private pension system, state contributions can be received in the following years for contributions paid above the annual limit. In November 2022, SEEDK announced its roadmap for traffic insurance aiming at overcoming structural weaknesses in the sector. It mainly plans to switch to person-based insurance and to improve the arbitration process. In June 2023, a possibility of electronic applications was introduced for insurance arbitration system through an online platform. Following the February 2023 earthquakes, SEEDK took several measures to ease the burden of insurers such as extending the maturities of all expired mandatory earthquake insurance policies or removing the penalty for delays to compulsory motor insurance.

As regards **financial market infrastructure**, the Capital Markets Board adopted some amendments to the sale methods and distribution principles applied to initial public offering of shares to protect investors' rights. It also amended the criteria for institutional investors. Portfolio management companies are now considered individual investors and no longer as institutional investors. To raise awareness of sustainability among companies trading in the Borsa Istanbul markets, Türkiye launched futures contracts based on BIST Sustainability 25 Index for trading on the derivatives market in January 2023.

Regarding **securities markets and investment services**, the Borsa Istanbul made some amendments to the regulations on precious metals in August 2022 by expanding the scope of conversion transactions to include all precious metals. As part of the efforts to develop alternative investment instruments, Turkish State mint gold certificates started trading on the commodity market segment of the Borsa Istanbul Equity Market at the end of November 2022.

On **sustainable and digital finance**, Türkiye took a number of steps to accelerate the digital transformation of the banking sector over the last few years. Amendments were made to the remote identification services of banks, mainly allowing legal entities to access these services, and facilitating the use of the system by persons with disabilities. The use of crypto currency and crypto assets directly or indirectly as an instrument of payment is still banned in Türkiye. In February 2022, Türkiye adopted guidelines on green debt instruments, sustainable debt instruments, green lease certificates and sustainable lease certificates. They are based on the Green Bond Principles of the International Capital Markets Association (ICMA) and aim to improve transparency and international comparability of green bonds, sustainable bonds, green sukuk and sustainable sukuk.

Chapter 28: Consumer and health protection

EU rules protect consumers' economic interests and 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, and medicines for human and veterinary use. The EU also has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to cross-border health threats, including communicable diseases.

Türkiye has a **good level of preparation** on consumer and health protection. **Limited progress** was achieved overall over the reporting period in this chapter. Efforts were made to strengthen its surveillance system for health (security) services and to tackle serious cross-border health threats. However, implementation issues remain regarding consumer protection and enforcement, and consumers continue to face problems in exercising their rights. The capacity of the healthcare system was seriously affected by the February 2023 earthquakes in south-east Türkiye.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- strengthen consumer rights enforcement and further improve coordination and cooperation with the consumer movement and with enforcement bodies; increase raising awareness activities and take more measures on infringements in the digital environment and more measures to support vulnerable consumers;
- strengthen its primary healthcare services by providing sufficient resources for public health emergencies risk assessment and risk management at central and provincial levels;
- boost its workforce and administrative capacity to ensure effective multi-sectoral preparedness and response to disasters, within and across the relevant sectors.

Consumer protection

While Türkiye's national legislation remains mostly aligned with the *acquis* on consumer protection in **non-safety-related issues**, with further legislative alignment on consumer arbitration, issues remain in the application of consumer rights. Consumers face problems in exercising their right to choose, and consumer awareness and education remain insufficient. The level of cooperation and coordination between consumer organisations and enforcement bodies remains low. The national consumer information system (TÜBİS) is complex, preventing its widespread usage. Consumer NGOs lack financial and professional support and are unable to participate actively in legal and public decision-making mechanisms. Consumer arbitration committee members remain insufficiently trained and lack a common understanding of the legal issues. Of 602 613 decisions taken by consumer arbitration committees in 2022, 50% were in favour of consumers and 50% against them. Cooperation between out-of-court and court consumer systems is yet to be improved. Alignment with the representative actions Directive is at an early stage and significant work is still needed.

On **safety-related measures**, there is a low level of consumer awareness of the national unsafe products information system. Regular monitoring and more robust regulatory tools are required to combat online sales of counterfeit goods that endanger consumer and public health (*see Chapter 7- Intellectual property law*). Market surveillance of e-commerce remained limited, although the volume of online shopping has increased (*see Chapter 1-Free movement of goods*).

Public health

In the field of public health, while Türkiye was recovering from the impact of COVID-19 pandemic, two earthquakes hit the country in February 2023. The earthquakes had a direct impact on 15 million people, claiming over 50 500 lives and injuring over 120 000 people. Hospitals, family health centres and public health laboratories in the region suffered damage. The earthquakes interrupted the diagnostics chain from health facility to laboratory. Disease surveillance was set up for infections and communicable disease outbreaks, including airborne and waterborne diseases. The capacity of the health system remained insufficient to meet the healthcare needs in the earthquake-affected areas, especially the mental health needs, and psychological and nutrition needs. The COVID-19 pandemic and the February 2023 earthquakes have shown that inter-sectoral linkages and collaboration on emergency prevention, preparedness and response are vital in ensuring public health safety and wellbeing in the aftermath of disasters.

Türkiye's health system faces a growing burden from **non-communicable diseases**, including cardiovascular diseases and cancer. These illnesses have a significant impact on premature mortality. In 2022, Türkiye scaled up its cancer screening activities to 7.3 million scans across the country from 4.4 million in 2021. Of these scans, 2.8 million were for breast cancer, 2.7 million for cervical cancer, and 1.8 million were for colon cancer.

Türkiye made good progress on serious cross-border health threats including **communicable diseases**, especially in workforce development and in building institutional capacity for central and provincial public health professionals. To strengthen the capacity to detect and counter the threats posed by outbreaks of infectious diseases, Türkiye introduced a molecular laboratory-based surveillance component to its national health surveillance system. It prepared acute public health threats guidelines for biological, chemical, environmental and radio nuclear threats at central level and distributed the guidelines to the provincial authorities for implementation.

On **tobacco control**, the actions planned to meet the targets set under Türkiye's 2017-2025 non-communicable diseases action plan to reduce tobacco and salt consumption by 30% are insufficient. Tobacco is consumed by 31% of the Turkish population.

No progress was made regarding **patients' rights in cross-border healthcare**, neither on **drug abuse prevention**. On **blood, tissues, cells and organs**, Türkiye developed a patient blood management software for ensuring quality, safety and effectiveness of transfusion applications.

On **mental health**, Türkiye set up community mental health centres and provided psychological first aid for children as part of the earthquake response., Türkiye's capacity to provide mental health and psychosocial support is not sufficient to meet the needs resulting from the crisis. In earthquake-impacted regions, 20% of people are estimated to have developed a mental health disorder due to earthquake-related traumas, and 5% are experiencing severe long-term mental health problems.

On **health inequalities**, vulnerable groups namely LGBTIQ persons, people living with HIV and sex workers as well as refugees are subject to discrimination and continue to face significant challenges to access healthcare information and services.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

This cluster covers: digital transformation and media (Chapter 10), taxation (Chapter 16), economic and monetary policy (Chapter 17), social policy and employment (Chapter 19), industrial policy (Chapter 20), science and research (Chapter 25), education and culture (Chapter 26), and Customs Union (Chapter 29).

Türkiye has some level of preparation in the area of digital transformation and media. It continued to backslide as it did not address concerns regarding the lack of sufficient competition, lack of transparency of media funding, concentration of media ownership, political influence on editorial policies, restrictions on the freedom of expression and the lack of independence of regulatory authorities. Türkiye's preparations in the area of science and research are well advanced and Türkiye made good progress during the reporting period, notably as a result of joining Horizon Europe and continued efforts to raise awareness of and capacity for the programme. Türkiye is moderately prepared on education and culture, and continued to make some progress, notably through the continued implementation of the national qualifications system and the increased participation in some EU programmes. Access to education in south-east Türkiye was significantly impacted by the February 2023 earthquakes.

On the economy-related chapters, backsliding continued on economic and monetary policy, where Türkiye has some level of preparation. The Central Bank continued to loosen its unorthodox monetary policy stance, which triggered multi-year high inflation and unhinged inflation expectations. Until the parliamentary and presidential elections in May 2023, the Central Bank was subject to significant political pressure to keep real interest rates deeply negative. Far-reaching prudential and regulatory measures disrupted the functioning of financial markets and increased risks. After the elections, the Central Bank has started to tighten monetary policy and the new government took measures to limit the bulging fiscal deficit. Türkiye is moderately prepared and made limited progress on enterprise and industrial policy. Major challenges in relation to measures incompatible with EU industrial policy principles remain unaddressed. Türkiye has some level of preparation in the area of social policy and employment. The labour market situation improved but concerns remain over trade union rights and effective social dialogue, persistent levels of informal economic activity and the gender gap in employment. The February 2023 earthquakes had a major impact on the labour market in the affected regions.

Türkiye is moderately prepared on taxation. It made no progress during the reporting period and still needs to enable tax information exchange with all EU Member States. Türkiye maintains a good level of preparation for the customs union but made limited progress over the reporting period. Several longstanding and new trade barriers still infringe the basic provisions of the EU-Turkey Customs Union.

Chapter 10: Digital transformation and media

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

Türkiye has **some level of preparation** in this area. **Backsliding** continued during the reporting period. Concerns persist regarding the lack of sufficient competition, the lack of transparency of media funding, the concentration of media ownership, political influence on editorial policies, restrictions on the freedom of expression, and the lack of independence of regulatory authorities.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

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

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

On **electronic communications and information technology**, Türkiye made no progress in aligning its legislation with the *acquis* on market access and universal service. Concerns remain regarding the lack of financial and administrative independence of the regulatory authorities. More transparency in spending is needed. Further regulatory and administrative steps are required to establish a competitive and consumer-friendly market in telecommunications.

Competition on the market for fixed voice communications remains limited. The market share of alternative fixed voice operators was 12.9% in the first quarter of 2023, down from 14.6% in the last quarter of 2022. The lack of sufficient competition on the broadband market remains a concern. The number of fixed broadband subscribers increased to 22.3% in March 2023, against the OECD average of 34.7%. The total number of mobile broadband users was 71 million, which corresponds to a penetration rate of 84.4% of the population at the end of 2022, against the OECD average of 128.2%. The number of LTE subscribers rose to 84 million in the first quarter of 2023 as compared to 82.9 million at the end of 2022.

There was no progress reported in the procurement of 5G. Türkiye still needs to allocate additional frequencies for the development and predictability of the sector. In 2022, 94.1% of households had access to the internet, increasing from 92% the previous year. In the last quarter of 2022, Türkiye published a new Regulation on the electronic seal. The regulation covers the procedures and principles governing electronic seal certificates and the obligations of electronic seal holders, further regulating this area. Türkiye has yet to revise its Data Protection Law to align with the *acquis*.

Regarding the recording of a new unified Cypriot plan below 700 MHz under the Geneva 06 ITU plan, Cyprus is still facing an objection from Türkiye to such recording in International Telecommunications Union (ITU). It is essential that Türkiye's objection in ITU be lifted; the television channels below the 700 MHz band, including those channels that have been agreed to be used by Turkish Cypriots, are still not registered in this ITU Plan, which deprives from the necessary regulatory protection against interferences coming from neighbouring countries, a situation where both Greek and Turkish Cypriots are affected.

The level of enforcement of consumer rights in the telecommunication sector remained very weak. The main focus of consumer complaints included the quality of internet services, subscription services for fixed lines and cable TV services.

Regarding the **information society services**, the number of services offered by the e-Government Gateway reached 7 229. The number of integrated institutions increased to 994. The number of citizens using e-government increased from 57 663 331 in 2021 to 61 743 325 in 2022, and to 63 193 741 by May 2023. In order to ensure better services to citizens and establish a governance structure to enable public administrations from all levels and sectors to co-create and coordinate the exchange of information across network and information systems, Türkiye should seek alignment with both the European Interoperability Framework and the Interoperable Europe Act.

The volume of e-commerce in Türkiye reached TRY 800.7 billion in 2022, increasing 109% compared with the previous year. Following the amendment of the e-commerce Law in July 2022, Türkiye published an implementing regulation on e-commerce service providers and e-commerce intermediary service providers. Some objectives of the revised e-commerce Law

are in line with the Digital Markets Act, such as preventing unfair competition and monopolisation.

On **audiovisual policy**, the mainstream media remains dominated by pro-government voices. According to independent reporting, the government can exert power in the management of 90% of the most-watched TV stations and newspapers. This impedes media independence, pluralism, encourages self-censorship, and limits the scope of public debate. A large share of these companies' revenue stems from state advertising and public tenders. Türkiye aimed at aligning its national legislation regarding audiovisual media services with Directive 2010/13/EU and efforts are underway to align the new rules introduced by Directive 2018/1808 into the national legislation. Yet, the legislation on the rules of radio, television and on-demand media services lacks clarity in terms of its scope, definitions, licencing criteria, and has controversial rules regarding jurisdiction and restricting access to online content.

Between mid-June 2022 and March 2023, the Radio and Television Supreme Council (RTÜK), issued 1 768 penalties to media service providers. 1 405 (nearly 80%) of these penalties were due to infringements of the Law regulating commercial communications. In the same period, Turkish courts imposed 128 broadcasting bans on broadcasters. A pending application by the Turkish Bar Association at the Council of State continues to halt and cancel the execution of a presidential decree, dated January 2022, obliging media entities and institutions to eliminate content that contravenes Turkish values and culture and to take necessary action to prevent its dissemination. The decree risks violating basic rights and freedoms and leading to self-censorship.

Chapter 16: Taxation

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

Türkiye is **moderately prepared** on taxation, with **no progress** made over the reporting period. In line with the tax screening process used for the purpose of drawing up the EU list of non-cooperative jurisdictions, Türkiye still needs to activate effective exchange relationships with all EU Member States to enable the automatic exchange of financial account information.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- put arrangements in place for the automatic exchange of tax information with EU Member States;
- align the range of excisable energy products with the EU *acquis*;
- continue to combat the informal economy and report on progress transparently through performance indicators.

In the area of **indirect taxation**, Türkiye still has a wide range of products that are subject to a 1% value added tax (VAT), in breach of the EU *acquis*. The accommodation tax, introduced in December 2019, entered into force in 2023. The VAT exemption period for deliveries of new machinery and equipment to the manufacturing industry for innovation, design and R&D activities introduced in 2018, was extended until the end of 2024. Following the February 2023 earthquakes, Türkiye declared a state of *force majeure* in the affected provinces until the end of June 2023. As a result, in addition to the delayed liabilities,

taxpayers were allowed to pay their arrears in 24 instalments. It also reduced the VAT rate applicable to prefabricated buildings and containers for delivery to the regions affected by the earthquakes from 18% to 1% until December 2023. The legislation on structure, exemptions, special schemes and the scope of reduced rates is not fully aligned with the EU *acquis*.

Although the overall level of taxation on cigarettes is close to EU levels, Türkiye's legislation on cigarette excise duties differs from the EU *acquis* in terms of specific and proportional elements of the tax. Excise duties on energy products are lower than the EU minimum rates and coal, coke and electricity are not subject to excise duties, which is not in line with the EU *acquis*. Kerosene is subject to excise duty, but it is zero rated. A 7.5% digital services tax (on digital advertising, content, and intermediary services) has been in force since March 2020.

On **direct taxation**, Türkiye issued a new amnesty on the repatriation of foreign and domestic assets in July 2022, and a new provision on tax restructuring entered into force in March 2023. This means that, since 2016, Türkiye has adopted five tax repatriations and six tax restructuring measures, extending their implementation periods repeatedly. Thus, contrary to the emphasis made in policy papers of the importance of taxpayer voluntary compliance and the priority placed on increasing the predictability of the taxation system declared, tax restructuring and cash repatriation have become established practices. Such uninterrupted periods of capital repatriations and regular tax restructuring practices undermine the effectiveness of the voluntary tax collection mechanism and distort the reliability and predictability of the taxation system.

Türkiye extended implementation of the corporate income tax exemption brought in to promote the FX-protected TRY time deposit account scheme until the end of 2023. Due to the high levels of inflation in 2022, it postponed the inflation accounting (adjustment) practice to the end of 2023. In March 2023, it brought in a one-time additional tax on corporate income taxpayers to compensate for the tax losses incurred as a result of the earthquakes.

Türkiye has exempted the minimum wage from income tax since 2022, including the tax on all wages corresponding to the minimum wage.

On **administrative cooperation and mutual assistance**, Türkiye is still listed in Annex II to the Council Conclusions on the EU list of non-cooperative jurisdictions for tax purposes for criterion 1.1 (automatic exchange of tax information on financial accounts), as it is still not fully in line with the requirements. The OECD Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) decision in November 2022 qualified Türkiye as 'largely compliant' on the exchange of information on request and Türkiye fulfilled the Council Conclusions on criterion 1.2, exchange of tax information on request. In February 2023, the Council concluded that Türkiye should continue the technical work and ensure that tax information is exchanged effectively with all EU Member States to meet criterion 1.1 of the EU list.

To manage its **operational capacity and computerisation**, the Turkish Revenue Administration uses an electronic document management system. The use of e-tax statements, which began in 2004, reached 99.9% of taxpayers by 2022. Türkiye is in the process of developing an integrated public finance management information system. In 2022, it unveiled a new action plan to combat the informal economy (2023-25). However, the new action plan lacks performance indicators and a publicly accessible system to track implementation.

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.

Türkiye has **some level of preparation** on economic and monetary policy. There was **backsliding** during the reporting period, as the Central Bank continued to loosen its unorthodox monetary policy stance, which triggered multi-year high inflation and unhinged inflation expectations. Until the parliamentary and presidential elections in May 2023, the Central Bank was subject to significant political pressure to keep real interest rates deeply negative. Far-reaching prudential and regulatory measures disrupted the functioning of financial markets and increased risks. After the elections, the new government has started a process of policy normalisation, gradually removing some of these measures and tightening the monetary and fiscal policy stance. In 2022, Türkiye made efforts in sending fiscal notifications.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- restore the functional independence of the Central Bank and implement an appropriately tight monetary policy stance, reinstalling interest rates as the key monetary policy tool, with a focus on price stability and re-anchoring inflation expectations;
- continue to gradually unwind the most disruptive regulatory measures under a transparent monetary policy framework, and underpinned by consistent communication;
- further align fiscal reporting and notifications under the excessive deficit procedure (EDP), as well as government finance statistics (GFS) reporting, with ESA 2010, by gradually expanding data coverage and quality.

On **monetary policy**, over the last decade the Central Bank drifted away from the official inflation target of 5% that it set jointly with the government. Concerns over the Central Bank independence persist. The President of the Republic has extensive powers to appoint and dismiss the Central Bank Governor and Board members and has made repeated public comments about the need to lower interest rates. The monetary policy framework proved to be inefficient in anchoring inflation expectations, strengthening the lira and restoring market confidence. According to the Law on the Central Bank, monetary financing of the public sector is prohibited, and the public sector cannot have privileged access to financial institutions.

Inflation reached a peak of 85.5% on an annual basis in October 2022, before falling gradually to 38.2% in June 2023 on the back of a strong base effect. Inflation rebounded again in the following months driven by renewed depreciation of the lira and sizeable tax increases that needed to curb the mounting budget deficit. Reducing interest rates and keeping them very low was the announced policy ‘anchor’ until the summer, which required wide-ranging and disruptive macroprudential and regulatory measures to reduce its fundamental contradictions in a context of high inflation. The Central Bank kept the real interest rate deeply negative, despite soaring inflation and global tightening of financial conditions. It lowered its key policy rate by 500 basis points from 14% to 9% between August and November 2022, and by an additional 50 basis points, down to 8.5% in February 2023 in the aftermath of the February 2023 earthquakes. After the presidential and parliamentary elections in May, and under a new governor, the Central Bank has started a policy normalisation, raising its key rate to 25% in August and launching a process of a

gradual unwinding of some of the macroprudential and regulatory measures. The costs of the FX- and gold-protected time lira deposit scheme has been fully transferred to the Central Bank and are not yet publicly disclosed.

Meanwhile on **economic policy**, Türkiye consolidated the medium-term fiscal plan with the medium-term programme for 2023-2025 set out in a single document. A more credible economic plan, based on more updated assumptions and fully reflecting all fiscally relevant measures, has not been developed before September 2023. Türkiye could improve the credibility of its macroeconomic forecasts by providing alternative scenarios. Türkiye is still not aligned with the Directive on Requirements for Budgetary Frameworks and lacks numerical fiscal rules and an independent fiscal body to monitor compliance with these rules. The excessive deficit procedure (EDP) notification tables for 2021 and 2022, with the latest one received in April 2023, were largely complete. However, further progress is needed on the coverage and quality of EDP notifications and government finance statistics reporting.

Türkiye submitted its 2023-2025 **Economic Reform Programme** (ERP) on time. However, it did not consult external stakeholders on the document and did not publicly present it before adoption. Further efforts are needed to boost the institutional capacity needed to design, implement and monitor structural reforms. The ERP included measures to nurture competitiveness, tackle the green transition and strengthen digital transformation. However, the analysis of structural challenges is incomplete and some of the measures fall short of addressing the core problems in these areas. Implementation of the policy guidance set out in the conclusions of the Economic and Financial Dialogue of May 2022 has been limited, with a lower rate of implementation than in the previous year.

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 inclusion and social protection, and social dialogue at European level.

Türkiye has **some level of preparation** on social policy and employment. It made **no progress** over the reporting period. The labour market situation improved, but concerns remain over trade union rights and effective social dialogue, persistent levels of informal economic activity, and the gender gap in employment. The February 2023 earthquakes had a major impact on the labour market in the affected regions.

The Commission's recommendations from last year were met only to a very limited degree, and therefore remain valid. In the coming year, Türkiye should in particular:

- remove obstacles limiting the exercise of trade union rights and use social dialogue mechanisms effectively;
- tackle emerging challenges in health and safety at work, particularly in relation to fatal incidents in the construction and mining sectors, as well as plastic waste recycling;
- increase the employment rate of women by adopting effective active labour market and work-life balance policies.

Türkiye made no progress on **labour law**. A number of workers in agriculture, forestry and domestic services, as well as apprentices, remain exempt from several protective clauses of the labour law. Although unregistered employment fell to 26.8% in 2022, its high level hampers worker's access to effective minimum wage protection and other labour rights and social protection. Digital labour platforms need to be regulated to ensure that platform workers can fully exercise their right to labour law protection. Capacity-building efforts to

tackle child labour continued at national and local levels. Nevertheless, child labour practices that breach international standards persisted, affecting adolescents and migrant boys in particular. Türkiye lacks adequate data on child labour that would provide the evidence needed to tackle the root causes of the problem. Regulatory frameworks for emerging jobs, such as platform workers, need to be strengthened.

In the area of **health and safety at work**, despite some alignment there are several implementation challenges, in particular as regards to enforcement and labour inspection resources. The government continued workplace inspections and awareness-raising efforts to improve health and safety at work, in high-risk sectors in particular. Workplace inspections slightly increased to 26 434 in 2022 (up from 24 099 in 2021), conducted by the Directorate of Guidance and Inspection of the Ministry of Labour and Social Security. Yet, the number of fatal workplace incidents continued to rise. According to the latest available official data, in 2021, 1 394 people lost their lives at work, increasing from 1 240 the previous year. The informal economy remains a major risk factor as many workplace accidents took place in sectors where undeclared work is common. Asbestos, dust, and construction-specific risks for employees need to be accounted for in rubble-removal and reconstruction efforts in the earthquake-affected regions. Plastic recycling facilities in Istanbul and Adana pose long-term health threats for workers and surrounding residents. Observance to occupational safety and health standards should be supervised.

There was no progress on **social dialogue**. Türkiye does not have a functioning economic and social council, and the existing tripartite social dialogue mechanisms are very limited in scope. The unionisation rate was 14.42% for private-sector employees and 72.63% for civil servants. In the private sector, serious impediments to unionisation persist, including lengthy legal appeal procedures suspending bargaining certification of trade unions. The government continued imposing *de facto* bans on strikes in non-essential services. Adequate protection in line with International Labour Organisation conventions needs to be provided against anti-union dismissals and discrimination. Türkiye has yet to recognise the right to strike for civil servants, and collective agreements need to have wider material scope beyond social and financial rights.

On **employment policy**, the labour market situation in Türkiye has improved. The employment rate (15+) was 47.5% in 2022, compared with 45.2% the previous year. The unemployment rate (15+) fell from 12% in 2021 to 10.4% in 2022. The composite measure of labour underutilisation fell from 24.4% in 2021 to 21.3% in 2022. Despite a 2.3 percentage point increase, the labour force participation rate of women (15+) remained low at 35.1%. The youth unemployment rate (15-24) continued to fall from 22.6% in 2021 to 19.4% in 2022. Female youth unemployment fell from 28.7% to 25.2%. The rate of unemployed young people aged 15-24 neither in employment nor in education or training fell slightly from 24.7% in 2021 to 24.2% in 2022, yet it remained particularly high for women (32.3%). Adult learning (25-64) was at 5.8% in 2020.

The number of job and vocational counsellors in the Turkish Employment Agency (ISKUR) remained around the same level at 4 734, against 4 755 in 2021. The number of people registered in active labour market programmes fell significantly by 65%. At the same time, the number of vocational training courses on offer fell sharply from 5 027 to 514, and the number of on-the-job training courses from 93 840 to 40 332 in 2022. The vocational training courses previously available for vulnerable groups were discontinued in 2022. Türkiye should reverse the trend and invest in more re- and upskilling of its labour force through targeted active labour market policies. The number of people, not in employment, education or

training, under the new counselling model initiated by ISKUR, increased to 100 150 in 2022, up from 80 730 in 2021.

The informal economy continues to undermine the social security and welfare systems, and one of the most affected groups are the Roma community. Efforts to grant Syrian migrants access to the formal labour market continued. This remains low, given the large working age population of Syrian migrants.

Due to loss of life, injury, workplace damage, and internal displacements, the February 2023 earthquakes had a major impact on the labour market in the affected regions. Türkiye authorised the swift execution of payments under short-term work allowances, and people who were not entitled to this payment received wage support in cash. The government also declared an employee dismissal ban in the earthquake zone.

For the **European Social Fund**, Türkiye maintained a good level of preparation. The Ministry of Labour and Social Security continued to manage an operational programme under IPA II, covering areas of employment, education and social inclusion. (*Concerning the effectiveness of management of IPA funds, refer to Chapter 22 - Regional policy and coordination of structural instruments*).

On **social inclusion and protection**, Türkiye still lacks a dedicated poverty reduction strategy. Sustained price increases further posed the risk of poverty for the unemployed and wage labourers in precarious jobs. The poverty rate reached 14.4%, up from 13.8% in 2021. The severe-material-deprivation rate reached 28.4% in 2022 (2021: 27.2%). The child poverty rate for 2022 was particularly high at 41.6%. In 2022, social assistance payments amounted to TRY 151.9 billion, or 1.01% of GDP. Türkiye has fragmented benefits at local and national level, and it still lacks a general minimum income scheme. It has adopted a national strategy on Roma (2023-2030), including measures on employment and social protection.

Türkiye needs to step up efforts to **de-institutionalise care** and move towards community and family-based care services.

Türkiye lacks a strategy for **non-discrimination in employment and social policy**. There is still no ban under Turkish law on discrimination on the grounds of sexual orientation. The effectiveness of the Human Rights and Equality Institution and the Ombudsman in combating workplace discrimination is limited. Clear rules of conduct are needed for public-sector recruitment, as are appropriate remedies for victims of discrimination. The adopted 2023-2025 action plan on the rights of persons with disabilities includes measures on non-discrimination, such as legal sanctions and soft measures as the revision of the legal framework. When accessing employment however, legislation and practices that discriminate against persons with disabilities persist. This includes the law on judges and prosecutors that prohibits the appointment of physically disabled candidates. The principle of reasonable accommodation should be promoted among employers by providing both financial and non-financial incentives.

On **equality between women and men** in employment and social policy, the gender gap remained very high, despite improvements on the labour market. Legislative work is needed to achieve full alignment with the EU Directive on work-life balance for parents and carers. Beyond big urban centres, access to quality and affordable formal care services and early childhood education is rudimentary in Türkiye (*see Chapter 26 – Education and culture*). The barriers that women still face in accessing employment include the lack of childcare facilities, gender bias in caring responsibilities, and discriminatory stereotypes. Further action is needed to prevent harassment and violence at work, including data collection and awareness raising.

The share of women in decision-making positions remained very limited (*see Chapter 23 - Judiciary and fundamental rights*). Despite the increase from 17.3% in 2022, following the 2023 elections, the representation of women in parliament remains low at 20.1%; 600 members of parliament comprise of 481 men and 121 women.

Chapter 20: Enterprise and industrial policy

EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).

Türkiye is **moderately prepared** on enterprise and industrial policy. It made **limited progress** over the reporting period with phasing out of discriminatory treatment of certain EU products. However, concerns persist that the public procurement practices are incompatible with EU industrial policy principles. There are also concerns over the lack of transparency in State aid for large investments, the large informal economy, the long-term financing needs of small and medium-sized enterprises (SMEs), and the insufficient legal framework for microfinance.

The Commission's recommendations from last year were only partially implemented, and therefore remain valid. In the coming year, Türkiye should in particular:

- remove schemes, such as local content requirements and public procurement price premiums that are incompatible with industrial policy principles and substitute them with measures that encourage innovation effectively;
- publish the results of implementation of the industry strategy from 2019 to 2021 as well as the amounts distributed under the industry support programme;
- continue conducting assessments on the impact of the SME support framework and identify any gaps and overlaps.

On **enterprise and industrial policy principles**, Türkiye maintained the scope of the 15% domestic price advantage in public procurement and made it compulsory for medium and high-tech industrial products. In 2022, the percentage of international tenders using the domestic price advantage increased to 43% (*see Chapter 5 – Public procurement*). Türkiye adopted a national technology entrepreneurship strategy (2022-2025) in October 2022, aiming to stimulate competitive technology entrepreneurship and to strengthen the ecosystem. A policy tool under the strategy allows the use of public procurement to develop techno-entrepreneurship, including models enabling direct procurement. While Türkiye adopted several measures to adjust the localisation and prioritisation schemes for pharmaceuticals, the EU's assessment on whether Türkiye has completed the implementation of all findings in the Arbitrators' Award is ongoing. In January 2023, the new Turkish legislation entered into force, phasing out the discriminatory treatment of EU agricultural and forestry tractors in terms of engine emission requirements.

Türkiye has yet to publish the results of performance indicators tracking the industrial strategy adopted in 2019. In December 2022, Türkiye adopted a new action plan and strategy to combat the informal economy (2023-2025). As in previous versions, this new strategy lacks performance indicators. In July 2022, Türkiye established a Coordination Board on Sustainable Development to monitor and coordinate the work on aligning with the UN sustainable development goals. Türkiye continued to successfully implement the Small Business Act framework.

On **enterprise and industrial policy instruments**, Turkish legislation is still not fully

harmonised with the Late Payment Directive. Türkiye continued to implement various schemes supporting companies, particularly small and medium-sized. It granted incentives, subsidies, and amnesties on public liabilities to companies in earthquake-affected regions. However, support for innovation eco-systems is fragmented across numerous programmes. Smart specialisation strategies were formulated in some regions, but limited information is available on how these strategies will be implemented.

The SME support administration (KOSGEB) continued to run a range of technical assistance and financing schemes. In total, nine evaluation reports are publicly available on KOSGEB's website. As of March 2023, 98 technology development zones were in place; 82 were operational. 1 627 patents were obtained from 51 085 completed projects in these zones (compared with 1 511 patents obtained from 47 456 completed projects in 2021).

On policy instrument, Türkiye signed the Single Market Programme Association Agreement in March 2023, and completed the national ratification procedures necessary for the entry into force. Türkiye is participating in the SME pillar of this programme. There were no **sectoral policy** changes adopted. Türkiye's 11th development plan, along with the complementary industry and technology strategy, focus on technological transformation of manufacturing at all levels, and follow a sectoral prioritisation approach. Under the technology-focused industrial movement programme and under the project-based investment support programme, Türkiye intends to support investments in strategically chosen sectors such as machinery, computers, electronics, optics, electrical hardware, pharmaceuticals, chemistry, and transport vehicles. In 2023, a total of 64 projects received support with an investment of TRY 491 billion under the project-based investment support programme (*see Chapter 8 – Competition policy*). The breakdown of State aid for these investments was not disclosed, contrary to the commitments made under the EU-Turkey Customs Union. For the last three tenders, the overall financial amounts were not disclosed on the relevant Ministry's website.

Chapter 25: Science and research

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

Overall, Türkiye's preparation in the area of science and research is **well advanced**. It made **good progress** during the reporting period, notably linked to Türkiye's participation in Horizon Europe and continued action to raise awareness of and capacity for the programme. There is good, active and expanding cooperation between the EU and Türkiye on research and innovation.

In the coming year, Türkiye should in particular:

- continue its efforts to align its national research area (TARAL) with the new European Research Area;
- step up efforts to increase innovation to remedy the continued fall down the rankings in the European Innovation Scoreboard.

On **research and innovation policy**, in March 2023, the Turkish Statistical Institute revised the calculation method for R&D expenditure and provided updated data in line with the Frascati Manual guidance: the share of R&D expenditure in GDP rose slightly to 1.4% in 2021 from 1.37% in 2020. The total number of full-time equivalent R&D personnel increased by 11%, from 199 371 in 2020 to 221 811 in 2021, but the share of female personnel in research remained at 32%. Türkiye came closer to the commitment made in its industry and

technology strategy to increase national R&D expenditure and personnel to 1.8% and to 300 000 respectively by 2023. However, a wide gap remains between R&D expenditure in Türkiye and the EU-27 average (2.26% in 2021).

According to the 2023 European Innovation Scoreboard, Türkiye remains an Emerging Innovator, performing at 47.6% of the EU average. Türkiye's performance is below average of the Emerging Innovators (54.0%) and the performance it achieved in 2022 (47.7%). The gap between Türkiye's performance and the EU average is widening. According to the Scoreboard, Türkiye has strengths in knowledge-intensive services, as well as in government support for R&D conducted by businesses. However, Türkiye does not yet provide data on some relevant indicators, such as "Venture capital expenditures" and "Air emissions by fine particulate matter". Providing the full set of indicators might help raise Türkiye's overall performance in the European Innovation Scoreboard.

On the policy side, Türkiye updated the study entitled Priority Research, Development and Innovation (RDI) Areas for 2022 and 2023. With a focus on green and digital technologies, in line with EU priorities, the updated study has three main pillars: RDI topics in priority and key technologies, RDI topics for compliance with the EU Green Deal and adaptation to climate change, and strategic and needs-oriented RDI topics.

Support measures focus both on developing the innovation ecosystem and on building the innovation capacity of enterprises. However, support continues to focus on regions with more mature innovation systems, which widens the gap between urban hubs and less developed regions in Türkiye.

Türkiye's action plan to boost the national research and innovation capacity and awareness on **Horizon Europe** contributes to the positive trend of Türkiye's performance in the programme. Türkiye has improved its performance in recent years, practically doubling the average yearly amounts at the end of Horizon 2020 and doubling again over the first years of Horizon Europe. Cooperation on the EU Missions is promising, particularly in the context of climate-neutral and smart cities' mission. Istanbul and Izmir were selected among 100 cities interested in becoming climate neutral by 2030.

Türkiye is in the process of implementing the 2019 national European Research Area (ERA) roadmap, which needs to be updated. Türkiye has yet to actively engage in a set of European Research Area priorities. Türkiye's participation in the activities of the European Institute of Innovation and Technology (EIT) is satisfactory.

There is good and active cooperation between the EU and Türkiye on research and innovation. A High-Level Dialogue on Science, Technology and Innovation took place in autumn 2022. It underlined the shared ambition to design and deploy cutting-edge technologies and to transform the research and innovation outputs into green and sustainable industrial products.

Chapter 26: Education and culture

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

Türkiye is **moderately** prepared on education and culture. There was **some progress** in the reporting period, notably through the continued implementation of the national qualifications system and the increased participation in some EU programmes. On cultural policy, Türkiye took some steps to implement the UNESCO Convention on the Protection and Promotion of

the Diversity of Cultural Expressions. Türkiye does not have a national youth strategy nor an officially recognised national youth council. The February 2023 earthquake seriously disrupted the education system in the affected areas.

The Commission's recommendations from last year were only partially met, and therefore remain valid. In the coming year, Türkiye 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 dropouts;
- ensure the good functioning of the Turkish Qualifications Framework and Turkish Higher Education Quality Council;
- take further steps to implement the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

On education, access to early childhood education (ECE) in Türkiye varies by age group and region. The net enrolment rate for preschool education (age 5) increased from 56.89% in 2020-2021 to 81.63% in 2022, and the combined enrolment rate for children aged 3-5 increased from 28.35% to 44.05%. In 2019-2020, before the COVID-19 pandemic, the rate for preschool education (age 5) was 71.22%, and the combined rate for children aged 3-5 was 41.78%. The need to expand flexible and community-based ECE models, set targets and strategies to include vulnerable children, and guarantee effective and free access to and the quality of ECE services remains a valid recommendation for Türkiye.

The net enrolment rate in primary school fell slightly from 93.23% in 2021 to 93.16% in 2022, and increased slightly in lower secondary school from 88.85% to 89.84%. In secondary education, the net enrolment rate continued to increase from 87.93% to 89.67%. A slight increase in the enrolment rates of higher education was registered from 44.41% in 2021 to 44.66% in 2022.

Although Türkiye increased the duration of compulsory education for children to 12 years in 2012, the level of non-attendance at the upper secondary level (grades 9-12) remains significant, though varying from province to province.

Regarding students in special education, the enrolment rate increased from 425 816 in 2021 to 472 686 in 2022. Given public investments in recent years, a large majority of children with special needs (75%) receive inclusive education in mainstream classrooms. However, nearly 50 000 children with special needs still study in separate classrooms, and more than 50 000 are in separate schools. Reliable data is needed on the educational achievements of boys and girls with disabilities as well as on school attendance rates.

The February 2023 earthquakes seriously disrupted the education system in the affected areas. Türkiye has made large investments to improve its digital learning platform called Education Information Network, to reduce the impact of emergencies (e.g. pandemic, earthquake, refugee crisis) on children's learning and to increase preparedness for future shocks.

Türkiye remains advanced in its implementation of the Bologna process, though notable disparities remain in the quality of Türkiye's 208 higher education institutions. In March 2023, the European Quality Assurance Register for Higher Education (EQAR) approved the Turkish Higher Education Quality Council's registration based on compliance with the Standards and Guidelines for Quality Assurance in the European Higher Education Area (ESG). Türkiye is also actively participating in 7 European Education Area (EEA) working

groups, which foster European collaboration on education and prepare youth for the green and digital transitions.

On **technical and vocational education and training (TVET)**, Türkiye continues to implement the National Vocational Qualifications System (NVQS) by the Vocational Qualifications Authority (VQA). As of June 2023, the number of national occupational standards published in the Official Gazette reached 901 (893 in June 2022), and the number of qualifications approved was 648 (up from 586 in June 2022). During the reporting period, the number of authorised certification bodies in Türkiye increased to 277 from 272, and the number of VQA vocational qualification certificates issued for individuals through exams and skills tests run by the certification bodies increased to 2 507 663 from 2 253 424.

Although the Turkish Qualifications Framework (TQF) is operational in Türkiye, the vocational training provided by vocational education and training institutions remains incompatible with the needs of national qualification (NQ) candidates. This is due to candidates falling short of demonstrating full competence, seeking to obtain a higher qualification, or moving horizontally/vertically between qualifications in the related occupation. To improve the functioning of the TQF, in addition to the existing vocational education and training institutions, continuous education centres of universities should prepare modular vocational training courses for specific occupation levels that are in line with the expected NQ learning outcomes and in cooperation with the authorised certification bodies.

Since 30% of the minimum wage payment to students of the vocational training centres was introduced in December 2021, the number of students in centres has increased from 159 000 in 2021 to 1 200 000 in 2022. Despite considerable progress in this area, the credibility of the NVQS remains a serious challenge in VET implementation in Türkiye. It is essential to closely align the quality and validity of vocational education and training provided by companies with the requirements of the associated national qualifications and with the occupational standards on which they are based. The accreditation of national qualifications education and training providers and the programmes they deliver is crucial to the successful functioning of the NVQS and TQF in Türkiye.

On **education, training and youth**, Türkiye continues to participate in EU programmes. For Erasmus+ and the European Solidarity Corps, the number of contracted projects increased from 918 in 2021 to 1075 in 2022, with an overall budget of EUR 225 million. The number of participants who carried out a mobility activity (from and to Türkiye) within both programmes, exceeds 239 000. Regarding the European Solidarity Corps programme, the number of awarded applications remained constant at 184 in both 2021 and 2022, with a total budget of over EUR 5 million.

On **culture**, the freedom of cultural expression is still restricted in Türkiye. The authorities continue to censor, confiscate, restrict distribution, or reclaim funding for books and films based on allegations of ‘harmful and obscene contents’, ‘terror propaganda’, or ‘scenario change’. The ban on live music at night, imposed during the COVID-19 pandemic, remains in place. Music events and festivals are cancelled at the discretion of governors, district governors, or mayors, citing security and public morality concerns (*see also political criteria*). The February 2023 earthquakes caused damage to Türkiye's cultural heritage in the affected regions. The Ministry of Culture and Tourism reported that more than 8 500 registered cultural assets in 10 provinces have been affected by the disaster. Action plans to salvage cultural assets were prepared. The restoration and conservation of damaged cultural properties has commenced.

To implement the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, Türkiye's cultural industries platform is operational. The platform, set up by the Ministry of Culture and Tourism, is a forum to share opinions, statistics and data, where civil society organisations, public or private-sector entities, can inform users about events or activities planned in support of cultural industries. The Cultural Industries Support and Incentives Guide was updated in 2023, listing support and incentive mechanisms of public institutions for cultural and creativity-intensive industries.

Türkiye's participation in the EU's Creative Europe programme is not yet finalised. Türkiye is seeking to re-join parts of the programme, having left it in 2017.

Regarding **youth**, Türkiye still lacks a national youth strategy and an officially recognised national youth council. The number of youth centres increased from 388 in 2021 to 451 (June 2023) located in 81 provinces of Türkiye. More than 850 000 higher education students, including foreign students, are living in 800 student dormitories located all over the country. 1.5 million higher education students, including students receiving education abroad, receive an education credit or a state scholarship.

There are 64 **sports** federations in Türkiye. The revenue of sports federations flows from participation shares, registration fees, sponsorship, advertisement, donations and similar incomes.

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 as well as adequate implementation and enforcement capacity, and access to the common computerised customs systems.

Türkiye maintains a **good level of preparation** for the Customs Union. It made **limited progress** in the reporting period.

Several longstanding and new trade barriers still infringe the basic provisions of the EU-Turkey Customs Union. Duty relief, free zones and surveillance measures are not fully aligned with the EU *acquis*, again in clear contradiction with Türkiye's obligations under the Customs Union.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- step up efforts to fully align new legislation with the EU Customs Code;
- bring risk-based controls and simplified procedures in line with the EU *acquis*;
- fully eliminate import and export restrictions as well as additional duties on goods in free circulation in the EU-Turkey Customs Union.

Türkiye made limited progress on **customs legislation**. Türkiye lifted some additional duties applied on imports of a long list of products originating in third countries, which are in free circulation in the EU or imported from third countries. However, the scope was not significantly narrowed as new additional duties were introduced in parallel.

Turkish customs authorities started to systematically request subsequent verifications of movement certificates and certificates of origin documents for textiles and materials used in the production of textiles and to require financial guarantees to release the goods in certain cases pending the result of the post-verification.

Türkiye's implementation of value-based import surveillance measures and the lack of a legal remedy to recover overpaid amounts are neither aligned with the EU *acquis* nor compatible with transparent, objective and verifiable customs valuation procedures. Turkish authorities are continuing to implement export tax measures on hides, skins and wet-blue leathers and an export licencing regime on copper scrap. New export registrations were put in place on a number of products, in particular feldspar and clays and were often applied in an opaque and discretionary manner.

Turkish Customs Law needs to be fully harmonised with the EU Customs Code, including implementation of risk-based controls and simplified procedures to facilitate legitimate trade while ensuring security and safety. The designation of specialised customs offices is not compatible with the provisions of the Customs Union. Rules on free zones and duty relief are yet to be aligned with the EU *acquis*.

On **administrative and operational capacity**, efforts continued to strengthen customs enforcement capacity for border controls. Yet, more work is needed to align the Law on the customs enforcement of intellectual property rights and in particular on export and in-transit operations. Risk-based controls to enforce safety and security measures need to be improved and brought in line with Customs Union provisions. Türkiye implements the computerised transit system as part of its membership in the Convention on a Common Transit Procedure. However, it has not yet put in place tariff IT systems. It needs to implement the IT strategy in line with business initiatives and update the documented customs business processes in line with the legal basis.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers: transport policy (Chapter 14), energy (Chapter 15), trans-European networks (Chapter 21) and environment and climate change (Chapter 27).

Türkiye is moderately prepared in transport policy. It made limited progress during the reporting period, mainly linked to the update of the nationally determined contribution under the Paris Agreement with a specific chapter on transport mitigation policies. Türkiye is moderately prepared in the area of energy, and made limited progress overall. It increased its energy dependence on Russia. Progress continued on renewable energy deployment, reforms in the natural gas sector and legislative alignment on nuclear safety. Türkiye is well advanced on trans-European networks and made no progress. The trans-Anatolian pipeline continues to operate smoothly and transmit gas to the European section of the Southern Gas Corridor. The construction of the flagship Halkali-Kapikule railway line connecting the EU border to Istanbul continued.

Türkiye has some level of preparation in the area of environment and climate change and made limited progress over the reporting period. Türkiye submitted its updated nationally determined contribution under the Paris Agreement. It faces critical environmental and climate challenges, and needs more ambitious and better coordinated environment and climate policies, strategic planning, substantial investment and stronger administrative capacity.

Chapter 14: Transport policy

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

Türkiye is **moderately prepared** in transport policy. It made **limited progress** in the reporting period. Türkiye published its first updated Nationally Determined Contribution (NDC), under the Paris Agreement with a specific chapter on transport mitigation policies. The number of cities implementing sustainable urban mobility plans (SUMP) increased. The new railway framework law has not yet been adopted and the reform of the incumbent railway operator has not progressed.

The Commission's recommendations from last year were only partially met, and therefore remain valid. In the coming year, Türkiye should in particular:

- consider charting project-led pathways to achieve its net-zero targets for the decarbonisation of the transport sector;
- prioritise disaster resilience of urban mobility in Turkish cities and include disaster aspects as a part of the evolving SUMP;
- improve policy dialogue and increase institutional coordination between local and central authorities on sustainable urban mobility.

Regarding **general transport**, Türkiye published its first updated nationally determined contribution (NDC), under the Paris Agreement with a specific chapter on transport mitigation policies. The number of cities implementing sustainable urban mobility plans (SUMP) increased. The preparation of Türkiye's online electronic legislation inventory tool, which will digitally track Türkiye's transport legislation in English to create a continuous monitoring system with the EU *acquis*, reached its final stage. Regarding sustainable urban mobility, policy guidance and better institutional coordination between local and central bodies still need to be improved.

On **road transport**, the legal framework has a good level of alignment with the EU *acquis*. Limited progress was made during the reporting period. Turksat, the communications satellite operator of Türkiye, advanced work to create a user portal to provide access to best practices on the intelligent transport services, which is compatible with the EU. The Director General for Communications was appointed as the national access point for Intelligent Transport Systems (ITS) issues. Institutional capacity remains insufficient to meet Türkiye's national ITS targets. No progress was made on the smart tachographs transition for road transport. The implementing legislation on the transport of dangerous goods by road entered into force in June 2022. In the area of road safety, the number of road fatalities remains well above the EU average and continuous efforts are needed in the implementation of the road safety strategy.

Türkiye is moderately prepared in the field of **rail transport** and made no further progress during the reporting period. The comprehensive railway framework Law was not adopted and Türkiye is not aligned with the EU's fourth railway package. A draft law aiming to align with the Directive on Railway Interoperability reached its final stage of preparation. The independence of the National Safety Authority, currently assigned to the DG for Railway Transport Services, has yet to be achieved. The subsidies to the incumbent railway operator and the financial independence of transport operator from the infrastructure manager remain major issues.

Türkiye achieved a good level of preparation in aligning with the EU *acquis* in the field of **maritime transport**. Some progress was made during the reporting period. Türkiye issued a new regulation to support the shifting of freight from road to maritime services. According to a new regulation adopted in August 2022, Türkiye will provide USD 2 per nautical mile to roll-on/roll-off operators to open new ro-ro lines. To this end, a new line was opened from Izmir to Sète. Türkiye's efforts on maritime decarbonisation and green shipping continued

through the renewal of the maritime fleet with energy-efficient and more environmentally friendly ships. The switch to alternative fuels like green hydrogen and green methanol is planned under the scope of government incentives. A national legislation implementing the EU Port Services Regulation is yet to be developed.

Türkiye's legislation on **inland waterways** is not yet aligned with the EU *acquis*. Türkiye has limited inland waterways and it has not signed the main international agreements on this issue.

Türkiye is moderately prepared in the field of **aviation**. It made some progress during the reporting period. Discussions started on the renewal of the working arrangements between Türkiye and the European Union Aviation Safety Agency. The regulations on training organisations, continuous air worthiness management and maintenance personnel licencing were updated to further align with the EU *acquis*. Türkiye adopted the regulation on CORSIA requirements for carbon off-setting and implementation. The regulation on accreditation of institutions carrying out monitoring, reporting and verification services entered into force.

The lack of adequate communication between air traffic control centres in Türkiye and Cyprus continued to compromise air safety in the Nicosia flight information region, requiring an operational solution. Türkiye continues to refuse to accept the principle of EU carrier designation in its air services agreements with Member States, which is a cornerstone of the EU internal market in aviation.

There was limited progress on **combined transport**. The by-law on combined freight transport was published in May 2022.

Regarding **EU passenger rights**, further efforts are needed to align in all modes of transport.

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

Chapter 15: Energy

EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety, radiation protection and nuclear safeguards.

Türkiye is **moderately prepared** in the area of energy. **Limited progress** was achieved during the reporting period. Overall, energy dependency on Russia has increased; Türkiye reduced gas imports from Russia but it increased imports in oil and coal and inaugurated a new nuclear power plant built and operated by Russia. While the rollout of renewable energy continued at good pace, local content requirement practices in the sector remained in place. Türkiye made some legislative changes related to the natural gas market, but the reformative effect of these changes is contradictory. Türkiye made efforts in the legislative alignment of nuclear safety regulations.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- deepen natural gas market reform by setting up a legally binding plan and a timetable for unbundling activities and by updating the natural gas market Law to ensure it is compatible with the EU's third energy package;
- complete the legislative alignment on nuclear safety and stress tests on the Akkuyu nuclear power plant;

→ discontinue local content requirement practices in the renewable energy sector, as such practices contradict WTO and EU-Turkey Customs Union rules.

On **security of supply**, Türkiye remains an important transit country, ensuring the smooth operation of the Trans-Anatolian Pipeline (TANAP), which transmits Azeri natural gas to Europe by connecting to the Trans-Adriatic Pipeline. Natural gas also continued to flow to Europe, which also includes Russian gas via the TurkStream pipeline. Türkiye actively expanded its import capacity for liquefied natural gas (LNG) as well as its gas storage capacity. The country now has five LNG import facilities, three of which are floating storage regasification units. The latest new facility started operations in early 2023. The largest gas storage facility at Tuz Gölü has a capacity of 5.4 bcm and the second gas storage facility at Silivri has a capacity of 4.6 bcm since December 2022.

Although significant amounts of natural gas have been discovered in the Black Sea by the Turkish Petroleum Corporation (TPAO), Türkiye remains dependent on energy imports. Russia provides more than one third of the country's natural gas imports and a quarter of the country's oil imports and is building, operating and owns the first nuclear power plant in Türkiye, launched in April 2023. Faced with rising energy prices, Türkiye took measures to satisfy consumer demand while providing support to cushion high energy prices. Türkiye continued to invest in becoming a natural gas hub thanks to the country's existing infrastructure of pipelines, LNG terminals, gas storage facilities, gas exchange and a balancing system.

On the **internal energy market**, Türkiye made only limited progress on the natural gas market reforms. It suspended yet again the unbundling of the state-owned gas company BOTAŞ and has not set a date to achieve it. Amendments to the Natural Gas Market Law, adopted in April 2023, lifted the restrictions on long-term gas imports, simplified the export scheme and abolished the strict limitations and time-based obligations aimed to reduce the market share of BOTAŞ. The entry of new long-term importers and exporters to the gas market depends on the Ministry of Energy. The Energy Market Regulatory Authority (EMRA) was authorised to draft regulations for determining quantities, terms, and procedures for spot pipe gas imports in line with the opinion of the Ministry of Energy. The new law also changed the approach to transmission tariffs and paved the way for setting exclusive tariffs for gas exports that will be based on a separate methodology. These changes will not help transparent, cost-reflective and non-discriminatory pricing.

Türkiye has modernised its wholesale electricity market and it follows developed market practices. The eligibility limit in the electricity market was reduced to 1 000 kWh by an EMRA Board decision in December 2022. Türkiye brought in the concept of 'aggregator' as a separate market operation in the electricity market by amending the Law on the electricity market of December 2022. The implementing regulation for licencing was amended in November 2022 but additional work is needed to address the missing issues.

On **hydrocarbons**, Türkiye is at an advanced stage of alignment with the EU *acquis*. However, alignment with the Directive on the safety of offshore oil and gas operations remains insufficient, also regarding the transit of hydrocarbons. Amid growing concerns about energy price inflation, Türkiye has accelerated action to produce gas domestically from its recently discovered Sakarya field in the Black Sea, with an estimated potential of 710 billion cubic meters.

On **renewable energy**, Türkiye announced ambitious goals when it published its latest national energy plan (2023-2035) in January 2023. The plan envisages maximising solar and wind energy to achieve the country's greenhouse gas emission targets. The declared goal is to

increase the share of renewable energy in primary energy consumption from 16.7% currently to 23.7% in 2035, and the share of nuclear energy from zero to 5.9% in 2035. With the integration of intermittent renewable resources, the need for flexibility in the system will increase.

At the beginning of 2023, Türkiye published a new hydrogen technologies strategy and roadmap strategic document, highlighting that green hydrogen will be an important element for the country to achieve its net-zero emission targets. The local content requirement practices in Türkiye continue to raise concerns as they contradict WTO and the EU-Turkey Customs Union rules and undermine the competitiveness of the EU and other international companies on the Turkish energy market.

As regards **energy efficiency**, in the context of Türkiye's 2053 climate targets, energy efficiency and renewable energy standards in buildings are being tightened, electrical vehicles are promoted and the use of different modes of transport is prioritised. In the buildings and transport sectors, Türkiye plans to achieve an energy savings potential of 50% to reach its climate targets.

On **nuclear energy, nuclear safety and radiation protection**, Türkiye's latest national energy plan estimated that the total installed nuclear power capacity in the system will reach 7.2 GW by 2035. The first reactor in the Akkuyu power plant (built with a 99.2% investment by Russia's Rosatom) became operational in April 2023. Türkiye continued work to build 11 more large-scale reactors across the country.

Following Türkiye's voluntary commitment to conduct stress tests on the Akkuyu power plant using the EU model, an agreement between the Commission and the Turkish nuclear regulatory authority has been reached to move from the previously envisaged two-phase approach to a more streamlined single-phase approach. In July 2022, Türkiye ratified the Joint Convention on the safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

Chapter 21: Trans-European networks

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

Türkiye is **well advanced** on trans-European networks. It made **no progress** during the reporting period. Concerning energy networks, smooth operation of the Trans-Anatolian Pipeline (TANAP) continues to transmit gas to the European section of the Southern Gas Corridor. On transport networks, construction of the flagship Halkali-Kapikule railway line connecting the EU border to Istanbul continued, despite significant difficulties.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- establish a transparent, cost-reflective and non-discriminatory gas transit regime in line with the EU *acquis*;
- take concrete steps to prepare the Yavuz Sultan Selim bridge railway connections;
- accelerate action to align with key pieces of the EU *acquis* to facilitate alignment in the TEN-T networks.

Concerning **the transport networks**, Türkiye continued to progress in the construction of the new Halkali-Kapikule high speed railway line connecting the Asian part of Türkiye and

Europe. The progress rate on the main line reached 64%. The contracts under the Ispartakule-Cerkezkoy (Stage II) and Ispartakule-Halkali (Stage III) sections were signed, but implementation remains at a very early stage.

There has been no progress on the preparatory work for the railway connection between the new railway line and the Yavuz Sultan Selim bridge to allow rail traffic towards the Asian side of the straits. Due to high congestion, services and infrastructure at the border crossing points between the EU and Türkiye should be strengthened in view of the expected increase over the long term in transport flows.

Türkiye made no progress on **energy networks**. The operation of the TANAP transmitting gas to the European section of the Southern Gas Corridor continues. Türkiye is actively expanding its import capacity for liquefied natural gas as well as its gas storage capacity. In October 2022, Türkiye and Russia agreed to explore the scope for Türkiye to become a major gas hub, by expanding the current TurkStream pipeline and creating a gas distribution centre on the borders to Greece and Bulgaria. In January 2023, an agreement of cooperation for 13 years was signed between Türkiye's National Petroleum Corporation BOTAŞ and Bulgargaz, for a volume of up to 1.5 billion cubic meters per year. The first transit via Marmara Ereğlisi LNG Terminal took place in April 2023. Regarding gas networks and transmission system operator cooperation, BOTAŞ applied for observer membership at the European Network of Gas Transmission System Operators (ENTSO-G). The state-owned BOTAŞ remains vertically integrated and dominates the market with its trading and grid operator functions, which stifles market competition. Amendments to the natural gas market Law adopted in April 2023 changed the gas import and export rationale of Türkiye (*see Chapter 15 – Energy*). BOTAŞ completed the Saros Floating Storage Regasification Unit (FRSU) Terminal in February 2023, as a result of which Türkiye now has five LNG import facilities.

Concerning electricity networks, Türkiye renewed the Turkish Electricity Transmission System Operator's observer membership of the European Network of Transmission System Operators for Electricity (ENTSO-E) as of January 2023 for a 3-year duration. The safe integration of increased amounts of intermittent renewable energy remains a major challenge in modernising the electricity network.

Chapter 27: Environment and climate change

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

Türkiye has **some level of preparation** and made **limited progress** over the reporting period in this area. On climate change, Türkiye submitted its updated Nationally Determined Contribution (NDC) under the Paris Agreement with a slightly increased, albeit still critically insufficient, mitigation goal. It still lacks a long-term strategy for decarbonisation substantiating its net-zero-emission goal. The main strategic documents on climate policy still have a time horizon to 2023 and need to be thoroughly updated. Enforcement and implementation remain weak. Türkiye has yet to set and then implement more ambitious and better coordinated environment and climate policies. The level of strategic planning, including quantified objectives and milestones, substantial investment and stronger administrative capacity, which are key prerequisites to increase preparedness, remains low.

The Commission's recommendations from last year were only partially met, therefore remain valid. In the coming year, Türkiye should in particular:

- ensure that environmental standards are met when building back better in the earthquake-affected areas, notably through full implementation of the Environmental Impact Assessment Directive and other horizontal environmental legislation, and ensure that protection from exposure to asbestos in these areas is duly implemented;
- complete alignment with the directives on industrial pollution, water and waste as well as on nature protection and air quality;
- complete its alignment with the EU *acquis* on climate action, notably but not limited to emission trading, and finalise the pending contributions required under the Paris Agreement on climate change.

Environment

Türkiye has achieved some level of preparation in the area of **horizontal legislation**, but no progress was made over the reporting period. Turkish legislation is aligned with the Strategic Environmental Assessment Directive and mostly aligned with the Environmental Impact Assessment (EIA) Directive. However, Türkiye is still not party to the Espoo Convention and thus, non-alignment with EIA procedures in transboundary contexts persists. Moreover, Türkiye is not yet party to the Aarhus Convention on access to information, public participation in decision-making and access to justice in environmental matters. The level of alignment on Environmental Liability Directive remains limited. The National Environment Agency, set up in 2020, became operational in 2022.

On **air quality**, Türkiye has yet to adopt national legislation in line with EU directives on ambient air quality and national emission ceilings. It reports on severe air pollution in some cities on an annual basis. It has a national strategy for air quality monitoring and all eight planned regional networks are established and operational with 360 monitoring stations.

The legal framework on **waste management** is partially aligned with the EU *acquis*. Türkiye continued to implement the legislation on zero waste adopted in 2019. In 2023, Türkiye's recycling rate increased to 27%. Preparations continued for the introduction of the Deposit Management System, designed to recycle disposable beverage packages. On medical waste treatment, alignment and capacity building for sorting and recycling continued. The level of implementation of waste management plans at local and regional level is insufficient. Türkiye has not adopted legislation on ship recycling to mirror the requirements of the EU Ship Recycling Regulation and concerns persist regarding safety, sound waste management and environmental hazards in some of these facilities. Two Turkish shipyards were removed from the EU list of ship recycling facilities, but three more Turkish shipyards were added to it. On textiles, the Turkish apparel sector published in January 2023 a sustainability strategy and action plan to transform the sector by aligning it with the EU *acquis*. The February 2023 earthquakes had a major impact on the waste management systems of affected municipalities, impacting the existing infrastructure and equipment. In addition, the management of construction debris remains a major environmental problem in terms of polluting the ecosystems into which the debris is dumped, including due to the release of asbestos.

In the area of **water quality**, the legislative alignment is advanced, but the level of implementation and enforcement remain low. Türkiye has started preparing river basin management plans in line with the Water Framework Directive and has already adopted 8 out of 25 basins plans. Preparations of all 25 flood risk management plans are close to completion, but the preparation of drought management plans and groundwater management plans is at an early stage. Türkiye has not yet aligned its provisions with the revised EU Directive on drinking water and transboundary consultations on water issues have not advanced. Wastewater treatment capacity has increased as a result of continuous investments

and with the construction of 1 176 wastewater treatment plants (WWTPs) in the country, reaching a coverage of 89% of the municipal population. Türkiye aimed to reach 100% by the end of 2023, but the February 2023 earthquakes, which damaged much urban infrastructure in the affected area, including drinking water, sewerage networks and stormwater collection systems and the WWTPs, hampers the progress on this. The preliminary estimated cost of the damage is USD 3 billion. Alignment with the EU marine strategy remains pending.

Türkiye has some level of preparation on **nature protection**. Türkiye committed to setting national targets to implement the Kunming-Montreal Global Biodiversity Framework, adopted at the 15th Conference of Parties to the UN Convention on Biological Diversity (COP15), in December 2022. However, nature protection remains a challenge in Türkiye. It made no progress on adopting the framework legislation, the national biodiversity strategy or an action plan. Planning and construction in wetlands, forests and natural sites are still not in line with the EU *acquis*. In December 2022, Türkiye amended the mining regulation to allow mining in agricultural areas, protected areas, national parks and coastal areas, which caused concern among NGOs and the general public.

In **industrial pollution and risk management**, alignment with the EU *acquis* is at an early stage. Türkiye ratified the Minamata Convention on mercury management in October 2022 and committed to phasing out existing mercury mines and the use of mercury in product and processes. Türkiye made no progress on aligning the Industrial Emissions Directive, the eco-management and audit scheme or the Directive on the limitation of emissions of volatile organic compounds.

On **chemicals**, Türkiye has achieved an advanced level of legislative alignment overall, but the level of implementation and enforcement remains weak. Türkiye is almost fully aligned with the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). The transitional period of enforcement finishes at the end of 2023.

Alignment with legislation on **noise** is well advanced but the level of implementation and enforcement remains weak. The noise legislation was amended to extend its scope in 2022.

On **civil protection**, Türkiye is a participating state of the Union Civil Protection Mechanism (UCPM). In the wake of the February 2023 earthquakes, Türkiye activated the Mechanism. Subsequently, all member and participating states offered major collaborative support via the Emergency Response Coordination Centre (ERCC) of the European Commission. Türkiye has not yet installed the Secure Trans-European Services for Telematics between Administrators system to be able to connect through the Common Emergency Communication and Information System (CECIS) with the ERCC.

Climate change

Türkiye has achieved some level of preparation in this area and made limited progress over the reporting period. It is in the process of revising the current climate change strategy and action plan (2011-2023) and has adopted an implementing legislation on fluorinated greenhouse gases (F-gases). Türkiye submitted an updated nationally determined contribution (NDC) to the UN Framework Convention on Climate Change (UNFCCC) in April 2023. The overall objective is slightly higher than in the previous NDC and it contains an economy-wide goal. However, the emission reduction target remains critically insufficient, as it means that emissions could rise by over 30% by 2030. This is neither in line with the EU's collective objective to cut emissions by at least 55% by 2030 compared with 1990, nor with the latest Intergovernmental Panel on Climate Change report. It remains crucial to step up the level of ambition in line with science. It is also necessary to adopt a long-term strategy on decarbonisation that reconciles the new NDC and Türkiye's objective to reach net-zero

emissions by 2053. Türkiye has not published a national adaptation plan nor an adaptation communication under the Paris Agreement.

Regarding its other commitments under the UNFCCC, Türkiye submitted the latest national inventory on greenhouse gases in April 2023. It has yet to adopt a climate law and provisions for the establishment of a domestic emission trading system. Similarly, on climate adaptation, Türkiye has yet to adopt a new national adaptation strategy beyond 2023. Türkiye still does not fully implement the Fuel Quality Directive, nor does it align with EU emissions standards for new light and heavy-duty vehicles. Türkiye needs to draw up an alignment plan for the Carbon Capture and Storage Directive and for the certain pieces of legislation under the Fit for 55 package adopted during the reporting period.

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

This cluster covers: agriculture and rural development (Chapter 11), food safety, veterinary and phytosanitary policy (Chapter 12), fisheries and aquaculture (Chapter 13), regional policy and coordination of structural instruments (Chapter 22), and financial and budgetary provisions (Chapter 33).

Türkiye reached some level of preparation in the area of agriculture and rural development. Backsliding continued during the reporting period, as its agricultural policy keeps moving away from the main principles of the EU common agricultural policy and as Türkiye continued to restrict imports of agricultural products from the EU. Türkiye is a major exporter of food products to the EU, and made limited progress in the area of food safety, veterinary and phytosanitary policy, where it reached some level of preparation. Full implementation of the EU *acquis* in this area requires significant further work. Türkiye is moderately prepared in the area of fisheries and aquaculture, and made some progress on fisheries governance, inspection and control.

Türkiye is moderately prepared in the area of regional policy and the coordination of structural instruments, and continued to make some progress in accelerating the absorption of IPA II funds and setting up the structures for IPA III funds. Türkiye has some level of preparation in the area of financial and budgetary provisions but made no progress during the reporting period.

Chapter 11: Agriculture and rural development

The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of national resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.

Türkiye achieved **some level of preparation** on agriculture and rural development. **Backsliding** continued, however, as Türkiye's agricultural support policy moved away from the principles under the EU common agricultural policy and the country still continues to restrict imports of agricultural products from the EU. It still lacks a strategy for producing agricultural statistics and has not yet implemented a functioning integrated administration and control system (IACS).

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

→ adopt and start implementing a strategy for producing agricultural statistics and

implement IACS;

→ develop and start implementing a strategy to align its agricultural support policy with the EU *acquis*;

→ ensure the smooth implementation of the EU instrument for pre-accession assistance for rural development (IPARD III), including the entrustment of new measures and smooth extension of IPARD III to the whole country.

On **horizontal issues**, Türkiye took no significant steps to advance on sustainable agriculture under the Turkish Green Deal action plan. Türkiye continued to move away from the principles governing agricultural direct support under the EU's common agricultural policy. In particular, it increased support coupled to production and continued to shift to a region- or basin-based management model. Türkiye has not started implementing the integrated administration and control system (IACS). It revised the province-based application of the farm accountancy data network (FADN) and, as of 2022, procedures are carried out country-wide based on NUTS-1 level, consisting of 12 regions. It has not yet completed the agricultural census and adoption of the strategy for agricultural statistics remains pending. Further alignment requires agriculture support measures to be brought in line with EU policies.

Limited progress has been observed on **common market organisation**, mainly in terms of implementation of the related strategy. Türkiye has yet to fully implement its obligations under the trade agreement with the EU for agricultural products by opening quotas for beef and live animals on a lasting basis. Türkiye needs to implement a transparent system to manage import quotas.

On **rural development**, Türkiye has adopted a sectoral agreement underpinning the EU instrument for pre-accession assistance for rural development (IPARD III). Meanwhile, implementation of the IPARD II continued steadily, although it has been affected by the consequences of the earthquakes.

On **quality policy**, Türkiye continued to implement legislation on the protection of geographical indications, which is largely aligned with the EU *acquis*.

On **organic farming**, further alignment with the EU *acquis* is needed. There is potential to further develop the sector and to use the support opportunities available under the IPARD III programme.

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 the quality of seeds, plant protection material, the protection against harmful organisms and animal nutrition.

Türkiye has **some level of preparation** in the area of food safety, veterinary and phytosanitary policy. Overall, it achieved **limited progress** in this area over the reporting period, particularly on animal identification and registration. On food safety, it has yet to upgrade food establishments to meet EU standards. Full implementation of the EU *acquis* in this area requires significant further work.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

→ upgrade food establishments to meet EU standards, notably for raw milk;

- meet EU maximum limits for pesticide residues, and effectively address recurrent shortcomings;
- make further progress in addressing zoonoses.

Türkiye made limited progress in implementing the *acquis* on **general food safety**. The number of notifications to the rapid alert system for food and feed on pesticide residues in fruits and vegetables imported from Türkiye into the EU remained high, a trend observed since 2020.

Türkiye continued its work to fully align its **veterinary policy** with the EU *acquis*. On animal diseases, Türkiye increased cooperation with neighbouring countries in controlling infectious and transboundary diseases in the veterinary field by running vaccination campaigns and increased the work on animal identification and registration. Further structural and administrative work is still necessary to fully implement the *acquis* on animal welfare. Türkiye made limited progress on controlling zoonoses.

Türkiye continued to run training, inspection and monitoring programmes on the **placing of food, feed and animal by-products on the market**, which resulted in better administrative capacity for official controls. It made no progress on developing the national plan for upgrading agri-food establishments. Significant work is still needed to apply new rules on registering and approving food establishments. Substantial work is also required on animal by-products, notably to prepare a strategy on raw milk and on the entry into force of general rules to be implemented by raw milk producers. It has yet to adopt specifications of raw milk and rules on the use of milk that does not meet the somatic cell criteria. Türkiye's provisions on funding inspections are not yet aligned with the EU system.

Türkiye made progress on the alignment of its **food safety rules** with the EU *acquis* on issues such as labelling. However, progress on **specific rules for feed** and on **phytosanitary policy** remained limited. Interinstitutional collaboration on food safety, veterinary and phytosanitary policies is too low to properly integrate the EU's One Health Approach into its policies. Türkiye has yet to align its legislation on novel food and on **genetically modified organisms**.

Chapter 13: Fisheries and aquaculture

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. Further, it promotes a sustainable aquaculture.

Türkiye is **moderately prepared** in this area. It made **some progress** on fisheries governance, on inspections and control, namely by improving and extending the scope of legislation and strengthening institutional capacity and infrastructure.

The Commission's recommendations from last year were partially met, and therefore remain valid. In the coming year, Türkiye should in particular:

- step up efforts to align fisheries management with EU law, including data collection and data sharing for scientific stock assessments;
- step up efforts to align its market policy with EU rules, in particular on the criteria governing the recognition and roles of professional organisations;
- improve fisheries control and inspection at sea in view of improving compliance at both the Mediterranean and Black Seas, and of effectively fighting illegal, unreported and unregulated fishing activities (IUU), including catch documentation schemes.

Türkiye made some progress on **resources and fleet management**. It amended its commercial fisheries regulation to further protect aquatic biodiversity. It closed the anchovy fishing season in the Marmara Sea earlier to protect and ensure sustainable fishing of the stocks. It improved the institutional capacity and infrastructure for data collection and stock assessment. The information systems established to manage fisheries and fishing fleet became functional and contributed to monitoring, control and surveillance. The country needs to reduce the by-catch of sensitive species, in line with the General Fisheries Commission for the Mediterranean's (GFCM) recommendations and promote the use of selective gear. A Fisheries and Aquaculture Scientific and Technical Advisory Council was established in August 2022, with a first meeting in December, to provide scientific opinion for fisheries and aquaculture management. Türkiye ran support programmes for the exploitation of pufferfish, an invasive species, to protect marine biodiversity.

The amended Fisheries Law also provided for some **structural action**, such as a stronger conservation regime. Structural measures are in place to support traditional coastal fisheries.

On **inspections and control**, Türkiye continued to make progress on legislative alignment and on implementing the recommendations for control measures by the International Commission for the Conservation of Atlantic Tunas (ICCAT) and the GFCM. In line with ICCAT rules, Türkiye has implemented the circular that regulates Bluefin tuna (BFT) fisheries and has identified the BFT fishing vessels for the 2023-2025 period. The number of inspections increased, and 169 fisheries vessels were confiscated in 2022 due to IUU fishing. New technologies such as drones are used in fisheries inspections.

On **market policy**, Türkiye developed IT tools for the collection of data from producer organisations and for disseminating market intelligence. These tools were set up to support the development and control of professional organisations in line with EU market policy. Türkiye provides **State aid** for aquaculture and to improve data quality on marine and inland artisanal fishing vessels for sustainable management of fisheries.

Regarding **international agreements**, Türkiye continued cooperating with the EU in regional and international platforms. As the EU implements the provisions of the United Nations Convention on the Law of the Sea, including in the common fisheries policy, Türkiye's ratification of the Convention would improve cooperation with the EU on fisheries and maritime policy. Türkiye participated with an active and supportive stance in the works of the GFCM.

Chapter 22: Regional policy and the coordination of structural instruments

Regional policy is the EU's main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through "shared management" between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU acquis elements such as environmental or public procurement legislation.

Türkiye is **moderately prepared** on regional policy and on coordinating structural instruments. Overall, it made **some progress** in accelerating the absorption of IPA II funds and setting up the structure for IPA III funds.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

→ address structural weaknesses in implementing regional policy;

- accelerate implementation of ongoing operations under IPA II to deliver high quality results by the set deadlines and avoid de-commitments;
- ensure the proper functioning of local democracy.

Regarding the **legislative framework**, Türkiye made no progress in the reporting period. It has yet to set up mechanisms for evidence-based policymaking, policy and programme evaluations, and impact assessments.

A general framework is needed to put in place appropriate statistical tools to monitor and evaluate performance of the National Strategy for Regional Development (NSRD) and Regional Development Agencies (RDAs). The limited impact of implementing the NSRD on national policymaking persists, and regional level considerations continue to be inadequately reflected at central level. Türkiye has put in place key tools for implementation, namely the growth poles support programme, social development support programme, producing cities programme, institutional transformation and sustainability support programme, the working and producing youth programme, Regional Development Fund, and the RDAs project support, but the tools' functionality can be improved. Türkiye started preparations on the twelfth development plan (2024-2028).

Concerns remain regarding state overregulation and interventionism in the planning decisions taken by local authorities, as well as the lack of consultations with local authorities. The financial autonomy of local authorities remains restricted by their limited capacity to calculate the rate of local taxes, and the fact that a large proportion of local revenue (more than half) still comes from the State budget.

Türkiye has achieved no progress to remedy the situation faced by locally elected representatives. The government continues to open criminal investigations against mayors on the grounds of a broad definition of 'terrorism' in Türkiye's anti-terror legislation. It suspends the representatives targeted and replaces them with unelected officials, a practice that seriously undermines the democratic choice of Turkish citizens and impedes the proper functioning of local democracy in Türkiye.

On the **institutional framework**, the functioning of the Indirect Management by Beneficiary Countries (IMBC) authorities remains monitored by the National IPA Coordinator office (NIPAC) in coordination with the National Authorising Officer (NAO) and with regular oversight by the Presidential Office. The Financial Cooperation Committee, gathering all IMBC authorities, met on a regular basis. There is a continuous need to strengthen the role of the NIPAC to coordinate effectively amongst ministries, to prioritise interventions under IPA III, and monitor their impact. Türkiye made good progress regarding the institutional set-up and the system for managing IPA funds in IMBC, which still needs some adaptation to the IPA III requirements and alignment with the Financial Framework Partnership Agreement between Türkiye and the Commission.

Türkiye made some progress in **administrative capacity of the IPA structures**. Implementation of the action plan drawn up by the NIPAC and NAO continued to deliver some results. However, the capacity of IMBC structures require strengthening to ensure efficient and timely contracting and implementation of IPA programmes, improved capacities for programming, monitoring and evaluation activities, as well as strengthened Audit Authority. There is no clear staff retention policy and strategy. The action taken to re-focus the IMBC on specific sectors together with the political instability have not aided staff motivation in some structures. Most Operating Structures have reduced their ex-ante control rejection rates to below 10%.

Türkiye made some progress on **programming**, in line with the coordination framework set up under IPA III. The NIPAC coordinates the programming process, ensuring overall monitoring and evaluation of the implementation. For this purpose, the NIPAC coordinates the work to implement the evaluation plans, which are presented to the Commission annually. However, as there is no clear EU alignment strategy, the programming lacks a national anchor strategy.

On **monitoring and evaluation**, all but one Operating Structures (the Ministry of Transport) have set up and operationalised their monitoring systems, including Management Information Systems (MISs). The main weaknesses are observed in the systems operated by the NIPAC and the NAO. To overcome these weaknesses, work is ongoing to revise the existing MIS used by the NIPAC, namely NIPAC online. The process aims to ensure the system meets the requirements for IPA III procedures. A specific electronic system to manage the follow-up and implementation of Results Oriented Monitoring (ROM) and procedures is also fully functional.

Concerning **financial management, control and audit**, the Operating Structures have built capacity for programming, implementation and absorption. Over-programming has become an issue in the context of very low de-commitment rates. Management and control systems have improved, including controls on tender files. Türkiye has made progress on the rate of ex-ante tender approvals and on the number of monitoring activities. It has also improved the approach taken to project management. The principle of single audit is duly reflected in the work of the Audit Authority for audits and supervision of the NAO. A monitoring framework protocol was developed by NIPAC-NAO in the IPA I period, and since then the NAO supervises execution of the protocol. The Audit Authority drafts audit strategies and specific manuals and submits them to the Commission for review. In addition, there is a general circular issued by the President and specific provisions for EU project audits, as set out in the regulation of the Audit Authority (*see Chapter 32 – Financial control*).

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; (iii) the non-recycled plastic resource and (iv) 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.

Türkiye has **some level of preparation** in the area of financial and budgetary provisions. It made **no progress** over the reporting period. The country needs to set up solid coordination structures, build administrative capacity and adopt implementing rules for the correct application of the own resources system.

The Commission's recommendation from last year was not met, and therefore remains valid. In the coming year, Türkiye should in particular:

→ further align the gross national income inventory with Eurostat's GNI Inventory Guide.

Türkiye has already put in place the basic principles and institutions in the underlying policy areas linked to the application of the own resources system (*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 Türkiye's customs legislation with

the *acquis* on customs. Türkiye has yet to adopt a draft customs law aligned with the Union Customs Code. This will facilitate preparation in **traditional own resources** (mainly customs duties).

For the **value added tax-based resource**, systems are not yet in place to correctly calculate the VAT base and the weighted average rate. VAT and customs duties fraud remains an issue as does the size of the informal economy. Legislation on structure, exemptions, special schemes and the scope of reduced rates is not fully aligned with the EU *acquis*.

Concerning the **gross national income-based resource**, Türkiye has undertaken efforts to bring its national accounts and GNI calculations fully in line with the European system of accounts (ESA 2010). It also needs to improve the exhaustiveness of the estimates to ensure that they take account of the non-observed economy. The GNI inventory is not fully aligned with Eurostat's Inventory Guide and the transmission of data does not always occur in a timely manner.

In terms of the **administrative infrastructure**, Türkiye needs to set up a fully operational coordination structure, with sufficient administrative capacity and the implementing rules needed to ensure that it can correctly calculate, forecast, account for, collect, pay, monitor and report own resources to the EU in line with the EU *acquis*.

CLUSTER 6: EXTERNAL RELATIONS

There are two chapters in this cluster: external relations (Chapter 30), and foreign, security and defence policy (Chapter 31). Türkiye is moderately prepared in the area of external relations and made no progress over the reporting period. Large deviation from the Common Customs Tariff was still in place. Divergence from the EU Generalised Scheme of Preferences persisted, in violation of the EU-Turkey Customs Union. Türkiye's official development assistance was largely directed towards humanitarian support for the Syria-related activities on Türkiye's own territory.

Türkiye has some level of preparation in the area of foreign, security and defence policy, and made no progress overall in the reporting period. Türkiye's unilateral foreign policy remained at odds with the EU priorities under the common foreign and security policy.

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 on humanitarian aid and development policy.

Türkiye is **moderately prepared** on external relations. It made **no progress** over the reporting period. Türkiye removed some additional customs duties but also introduced other duties, thus resulting in a very limited re-alignment. Türkiye is still not in line with the Common Customs Tariff as a wide scope of additional customs duties remained in place, as were a number of trade agreements with the third countries where the EU has no such agreements. The divergence from the EU Generalised Scheme of Preferences persisted, in breach of the EU-Turkey Customs Union. Türkiye's official development assistance was 0.79%, above the 0.7% target enshrined in Sustainable Development Goal 17. A large share of its official development assistance comprised humanitarian support for projects related to Syria but carried out in Türkiye.

The Commission's recommendations from last year were not met, and therefore remain valid. In the coming year, Türkiye should in particular:

- re-align the customs tariff completely with the Common Customs Tariff;
- complete the alignment with the EU's Generalised Scheme of Preferences and dual-use export control regime.

Türkiye made no progress on the **common commercial policy**. It lifted some of the additional duties but it brought in other duties. It has yet to tackle a major deviation from the Common Customs Tariff, which has fundamentally distorted the once good level of alignment with the EU common commercial policy, by eliminating the remaining additional duties. Türkiye also needs to align fully with the EU's Generalised Scheme of Preferences in terms of countries and products. Türkiye did not initiate any new safeguard investigations but it continues to run review investigation of two safeguard measures to extend them. The initiation of anti-circumvention investigations based on weak evidence is a cause of concern. There is a need for closer coordination between the EU and Türkiye within the World Trade Organisation, in particular on the Doha Development Agenda, in the OECD and in the G-20.

The 1998 Agreement on agricultural products, and the 1996 Agreement on coal and steel products covered by the European Coal and Steel Community need to be aligned with current rules of the Pan-euro-Mediterranean (PEM) Convention on rules of origin. Discussions between EU and Türkiye continue on the (revised) PEM Convention transitional rules of origin aiming for a complete agreement, including issues of full cumulation and duty drawback.

Türkiye has 82 bilateral investment treaties in force, 23 of which are with EU Member States. On export controls of **dual-use goods**, Türkiye 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. Türkiye's non-alignment with EU restrictive measures against Russia and its intensified trade and economic ties with Russia increase the potential transportation of dual-use goods. Türkiye has an export credit agency and is a Participant in the Arrangement on Officially Supported Export Credits since 2019.

Regarding **bilateral agreements with third countries**, Türkiye continued to implement its free trade agreement with Malaysia and Venezuela, diverging from the common commercial policy under the EU-Turkey Customs Union as the EU has no such agreements with those countries. Moreover, a free trade agreement that Türkiye signed with the United Arab Emirates entered into force. In addition, Türkiye signed preferential trade agreements with Uzbekistan and Pakistan and implemented the agreement with Pakistan. Türkiye continued to implement the agreement with Azerbaijan and extended its current scope to include some additional agricultural and industrial products.

As for **development policy** and **humanitarian aid**, Türkiye granted official development assistance in 2022 of EUR 7 billion, which is equivalent to 0.79% of its gross national income (GNI). It increased in real terms in volume compared with previous years and remained above the 0.7% target enshrined in the Sustainable Development Goal 17. The assistance was largely directed towards humanitarian support for projects related to Syria but carried out in Türkiye.

Chapter 31: Foreign, security and defence policy

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

Türkiye has **some level of preparation** in the area of foreign, security and defence policy, and made **no progress** overall in the reporting period. Türkiye is an active and significant actor in the area of foreign policy, which constitutes an important element in the context of the EU-Türkiye relationship. However, Türkiye's unilateral foreign policy remained at odds with the EU's priorities under the common foreign and security policy (CFSP).

Following Russia's war of aggression against Ukraine, Türkiye condemned the Russian military aggression, and engaged politically and diplomatically, including in the facilitation of the export of Ukrainian grain and the prisoners' exchange. Türkiye worked towards facilitating talks between Ukraine and Russia and on de-escalation and bringing about a cease-fire. Nevertheless, Türkiye refrained from aligning with EU restrictive measures against Russia, and has significantly intensified trade and economic ties with Russia in several sectors (energy, tourism, transport, etc).

Türkiye also intensified its "regional normalisation" policy with the Arab states, with Armenia, and Israel. Its rhetoric in support to terrorist group Hamas following its attacks against Israel on 7 October 2023 is in complete disagreement with the EU approach. The *rapprochement* with the Syrian regime, facilitated by Russia, in the absence of a political solution to the Syrian conflict, is at odds with the EU's policy. Türkiye has a growing presence and geopolitical ambition in the South Caucasus and Central Asia, and continued the efforts to extend relations with African, Latin American and Asian countries. Türkiye's pragmatic engagement on Afghanistan, and vocal position on the developments in Sudan, underscored its ambition to be a key player in the context of major international crises.

The Commission's recommendations from last year were only partially met, and therefore remain valid. In the coming year, Türkiye should in particular:

- take decisive steps to significantly improve alignment with High Representative statements on behalf of the EU and relevant Council decisions on CFSP;
- step up cooperation on preventing and detecting circumvention of restrictive measures, in particular regarding advanced technology items that can be diverted for military purposes;
- further enhance the political dialogue on foreign and security policy with the EU and seek collaboration on convergent interests while working on reducing divergences.

The **political dialogue** between the EU and Türkiye on foreign and security policy issues continued, through contacts at senior officials' level. There were regular contacts between the High Representative/Vice-President of the European Commission and the Minister of Foreign Affairs of Türkiye, who also met on the sidelines of the UN General Assembly in New York in September 2023. In June 2023, the President of the European Commission and the President of the European Council held a telephone call with the President of Türkiye, and both Presidents met with the Turkish President in the margins of the NATO summit in Vilnius in July 2023. The President of the European Council also met the Turkish President on the margins of the G20 meeting in September 2023. Türkiye attended the Brussels VII Syria Conference organised in June 2023 by the EU.

The institutional framework enabling Türkiye's participation in **the EU common foreign and security policy** (CFSP) and, respectively, **the common security and defence policy** (CSDP) remained in place, at both the Ministry of Foreign Affairs and the Ministry of Defence, but Türkiye maintained a very low alignment rate of 10% with relevant High Representative statements on behalf of the EU and relevant Council decisions (as of August 2023), compared to 8% in 2022.

As a general policy, Türkiye consistently refrained from aligning with EU **restrictive measures** against Russia and maintained its position of not supporting sanctions adopted outside the UN framework. Türkiye continued to operate flights to Russia. The EU's International Special Envoy for the implementation of EU sanctions visited Türkiye in March and July 2023 to underline the importance of taking concrete steps and cooperating to fight against the circumvention of EU restrictive measures against Russia in a joint and systemic manner. While Turkish customs authorities highlighted the good technical cooperation with EU Member States on a case-by-case basis, Türkiye should continue to find ways to prevent the re-export of sensitive items that can be used for military purposes by Russia.

As regards the **non-proliferation** of weapons of mass destruction, Türkiye is a party to most international treaties and conventions and participates in export control regimes and other politically binding arrangements, complying with its legally-binding obligations and political commitments. However, it continued to prevent the participation of the Republic of Cyprus in the Conference on Disarmament, its membership in the Wassenaar Arrangement and in the Zangger Committee. While Türkiye aligns with a number of EU positions in multilateral non-proliferation and disarmament fora, its alignment record has further worsened since February 2022. It is still to ratify the Arms Trade Treaty.

Türkiye continued to seek involvement in CSDP and EU defence initiatives, whilst at the same time continuing to exclude a Member State from all possible cooperation with NATO. Türkiye's narrow interpretation of the EU-NATO cooperation framework continued 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. After protracted negotiations, Türkiye's National Assembly ratified Finland's NATO accession bid in March 2023. On the sidelines of the NATO summit in Vilnius in July 2023, the Turkish President committed to forward the accession protocol for Sweden to the Turkish parliament as soon as possible. The president submitted the bill for ratification to the Parliament on 23 October 2023.

Türkiye actively **engaged with international organisations**, while continuing to obstruct the accession of EU Member States. At the UN General Assembly, in September 2022, Türkiye reiterated its support for the reform of the UN Security Council, making a plea for multilateralism. Türkiye participated in the G20 Bali Summit in November 2022 and the 29th OSCE Ministerial Council in December 2022. Türkiye attended the 4th Summit of the Council of Europe in May 2023, but it did not join the 37 Member States + Canada, Japan, the US and the EU that created a register of damage for Ukraine as a first step towards an international compensation mechanism for the victims of the Russian aggression. In September 2022, Türkiye was invited as a guest to the 22nd Summit of the Shanghai Cooperation Organisation (SCO) and reiterated its wish to become a full member. In February 2023, Türkiye attended the G20 meeting in New Delhi and hosted the 23rd meeting of the foreign ministers of MIKTA (Mexico, Indonesia, Republic of Korea, Türkiye, and Australia) on the sidelines of G20. In many international organisations, Türkiye continued to oppose the participation of international and European Non-Governmental Organisations, accusing them, without providing evidence, of supporting terrorist organisations. Türkiye is not a State Party to The Rome Statute of the International Criminal Court.

In terms of **security measures**, in the reporting period there was no Security of Information Agreement (SIA) for the exchanges of EU classified information (EUCI) with Türkiye. Since 2006, a framework participation agreement allows Türkiye's participation, including reception of EUCI, in the context of CSDP missions.

In the framework of the **EU crisis management missions and operations under the CSDP**,

Türkiye continued to participate in Operation EUFOR ALTHEA as the biggest non-EU troop contributor.

Regarding **hybrid threats**, in the context of international conflicts and crises, foreign information manipulation and interference (FIMI) activities, including the circulation of false information and propaganda on social and mainstream media, was observed in Türkiye's information environment. Türkiye did not restrict the operations of Russian state-controlled media outlets in the context of Russia's war of aggression against Ukraine.

Türkiye continued to progressively expand its global diplomatic network and pursued the development of intense relations and strategic partnerships with countries worldwide, while enhancing regional normalisation efforts.

In 2022, Türkiye recognised **Russia's war of aggression against Ukraine** as a state of war and rejected the Russian military aggression. During the reporting period, Türkiye maintained a position it describes as a 'balanced' one between the warring parties. Turkish high officials have had regular contacts with both Russian and Ukrainian counterparts. The UN- and Türkiye-brokered Black Sea Grain Initiative was terminated by Russia in July. Türkiye continued to refrain from aligning with the EU packages of restrictive measures against Russia. As of March 2023, Türkiye implemented a ban on exporting sanctioned goods, originating from the EU, the United States, and the United Kingdom, to Russia. This ban specifically targeted goods that were in transit, stored in warehouses, or located within free zones in Türkiye. However, the potential transportation of dual-use and sensitive technology goods, as well as the unrestricted movement of sanctioned goods from Türkiye to Russia still need to be addressed. Türkiye also significantly increased its trade and economic relations with Russia. Frequent high-level Turkish-Russian contacts took place in the run-up to the opening of the Akkuyu nuclear facility, financed and operated by Russia's Rosatom, attended online by the Russian President.

Türkiye, a NATO ally, remained both an important and a challenging partner for the **United States**. Türkiye and the US engaged on regional issues, including Ukraine, Afghanistan, humanitarian access to Syria, and counter-terrorism activities. Key points of friction included the Russian made S-400 air defence missile system owned by Türkiye, the participation of Türkiye in the F-35 programme, Turkish criticism of US support for the YPG forces in northern Syria, tensions in the Eastern Mediterranean and the Aegean Sea, and the respect of human rights in Türkiye. A number of high-level meetings took place between the two countries including a meeting of the two Presidents in the margins of the G20 summit in November 2022 and at the NATO summit in July 2023, and two meetings of the US-Türkiye Strategic Mechanism. Türkiye and **Canada**, as NATO allies, maintain open channels of communication at high level, reiterating and reaffirming their commitment for strong bilateral cooperation. Canada acted quickly to mobilise support following the earthquakes.

Türkiye's efforts for *rapprochement* in the Gulf region continued and intensified in the reporting period. Türkiye and the **United Arab Emirates (UAE)** held high level meetings and signed a Comprehensive Economic Partnership Agreement in March 2023. In July 2023, during the Turkish President's visit to the UAE, 13 agreements on investments estimated to be worth USD 50.7 billion were signed. Relations with **Bahrain** remained stable, while ties with **Saudi Arabia** continued to strengthen. In March 2023, the two countries signed an agreement, for a USD 5 billion swap deposit to the Turkish Central Bank. Additionally, in July 2023 they sealed a substantial defence export deal, involving the sale of Turkish drones to Saudi Arabia. Türkiye and **Oman** held in November 2022 the Joint Economic Commission and signed a cooperation agreement to boost bilateral trade and investments. Türkiye enhanced its relations with **Kuwait** in the defence industry sector, signing a contract for the

purchase of Turkish-made Bayraktar drones in January 2023. Türkiye and **Qatar** continued their cooperation in various fields and maintained close coordination on regional and international issues. **Turkish-Egyptian** normalisation efforts picked up pace in the first half of 2023, and both countries agreed to exchange ambassadors. After an initial encounter at Presidential level in 2022, contacts continued at the level of Ministers of Foreign Affairs and culminated in the meeting between the Presidents on the sidelines of the G20 meeting in September 2023.

Türkiye's relations with **Israel** were re-launched in 2022. In August 2022, the two countries decided to restore full diplomatic relations, including the exchange of ambassadors, and, in September 2022, the Turkish President held talks with the Israeli Prime Minister. Despite the *rapprochement*, Türkiye continues to criticise Israel's actions in the occupied Palestinian territory, in particular related to the respect of the *status quo* of the Holy sites in Jerusalem. Following the Hamas terrorist group's attacks against Israel in October 2023, Türkiye refrained from condemning and qualifying them as terrorism and strongly criticised Israel's response. Türkiye strongly condemned the loss of civilian lives in both sides and proposed to act as mediator between Israel and Hamas. Türkiye is currently re-evaluating its ties with Israel. On the **Middle East Peace Process** (MEPP), Türkiye's position aligns with the EU's position supporting the two-state solution.

Türkiye remained critically important actor in the **Syrian** crisis and shares with the EU the objective of achieving a stable and prosperous Syria, in the first place through the implementation of UNSCR 2254. While in the past Turkish approach was more similar to the EU's position, that of exercising and maintaining pressure on Damascus, since December 2022 Türkiye has become involved in a series of meetings, encouraged and facilitated by Russia, with the Syrian regime. These culminated in a quadripartite meeting of the Ministers of Foreign Affairs of Russia, Türkiye, Iran and the Syrian regime in Moscow in May 2023. Türkiye still maintains a military presence in parts of northern Syria and resumed significant military cross-border operations into northern Syria in November 2022. Following the February earthquakes, two additional crossing points on the Turkish border temporarily opened to allow humanitarian aid into the quake-stricken northwest of Syria.

Regarding relations with **Libya**, Türkiye advocated for an agreement in the framework of the Libyan-led and Libyan-owned political process and supported the efforts of the new UNSG Special Representative to hold national elections in 2023. Based on the 2019 Turkish-Libyan maritime delimitation agreement, in October 2022, Türkiye signed a Memorandum of Understanding with the Libyan Government of National Unity to develop bilateral scientific, technical, technological, legal, administrative, and commercial cooperation in the field of hydrocarbons on land and at sea. The EU considers the Turkish-Libyan maritime agreement an infringement upon the sovereign rights of third states, non-compliant with the Law of the Sea and having no legal consequences for third states. Ankara continued to claim that the UN embargo provisions, the articles on the withdrawal of all mercenaries, foreign fighters and foreign forces from the Libyan territory, and the suspension of military training in the cease-fire agreement had no bearing on the legitimate government. Türkiye's lack of cooperation continued to hamper the EU's efforts to implement the UN embargo effectively. In March 2023, Türkiye, as a flag state, withheld its consent to Operation IRINI's request to inspect a vessel, the tenth such incident since Operation IRINI started.

Türkiye continued its anti-terrorism operations against PKK groups and affiliates in **Iraq** and in the semiautonomous Kurdistan Region of Iraq. The last operation, launched in November 2022, was strongly condemned by the Iraqi government. In August 2023, on a visit to Iraq, the Turkish Foreign Minister asked Iraq to designate PKK as a terrorist organisation. Türkiye

maintained a high-level dialogue with **Iran** although some tensions were noticeable in the contexts of the Syrian and north-Iraqi theatres.

Türkiye-**Armenia** normalisation process continued with regular contacts between the two special envoys, although Türkiye links progress with developments in Armenia-Azerbaijan relations. The Turkish and Armenian leaders met for the first time in October 2022, in the margins of the European Political Community summit and in June 2023 the Armenian Prime Minister participated in the inauguration ceremony of the Turkish President. After three decades, in February 2023, the Türkiye-Armenia border reopened temporarily to facilitate the passage of Armenian humanitarian aid transports to the quake-struck Turkish region, followed by a visit of the Armenian Foreign Minister to Türkiye. Direct cargo flights between the two countries started in January 2023 but were interrupted a few months later. As regards the conflict between Armenia and Azerbaijan, while voicing support to the peace negotiations, Türkiye expressed full support to the military actions undertaken by **Azerbaijan** both in September 2022 and in September 2023. Türkiye continued maintaining a very close relationship with Azerbaijan, ensuring a strong collaboration and continuous consultation on the normalisation process with Armenia. The two countries had regular high-level visits and consultations, and held joint military exercises. Türkiye extended by one year the deployment of a small military contingent to Azerbaijan, in the framework of the joint Russian-Turkish monitoring centre established in Aghdman after the November 2020 Tripartite Statement signed by Azerbaijan, Armenia and Russia to monitor the ceasefire in the Nagorno-Karabakh conflict zone. Türkiye supports the construction of a transport corridor to Azerbaijan via Armenia and emphasises energy and trade cooperation, vocally supporting prospects for connectivity as means to ensure peace and prosperity of the region. Türkiye, Azerbaijan and Georgia also cooperate through a trilateral platform, the last edition of which was held in February 2023 in the format of Defence Ministers.

In **Central Asia**, EU and Türkiye policies converged to some extent. Türkiye attached great importance to connectivity and maintained close relations with the countries in the region. Türkiye and **Kazakhstan** further developed their cooperation in the defence industry sector. Türkiye and **Turkmenistan** focused on the possible transportation of Turkmen gas to Western markets. At the invitation of **Uzbekistan**, Türkiye participated as a guest in the Council of Heads of State of the Shanghai Cooperation Organisation regional security group summit in September 2022. The Turkish President attended the 9th Summit of the **Organisation of the Turkic States** (OTS) in Samarkand in November 2022, and held an Extraordinary Summit of the Heads of State of OTS in Ankara in March 2023.

Türkiye's relations with **Pakistan** remained strong, with regular high-level exchanges. In August 2022, Türkiye and Pakistan signed a preferential trade agreement offering each other concessions on tariff lines. Türkiye increasingly became an important source of military equipment, notably for the Pakistani marine. Türkiye maintained a pragmatic approach on **Afghanistan**, holding regular talks with the Taliban *de facto* authorities, hosting Afghan political opponents without facilitating the formation of a joint opposition or armed resistance, and increasing trade. Türkiye continued sending humanitarian aid to Afghanistan and kept operating the Maarif schools.

Türkiye systematically focused on development opportunities in **Asia** through its Asia Anew Initiative and becoming the axis connecting Asia to Europe. Türkiye is part of the multilateral Middle Corridor Initiative, which aims to develop connections with China via Türkiye, the Caucasus and Central Asia, in synergy with the Chinese Belt and Road Initiative. On the sidelines of the Shanghai Cooperation Organisation regional security group Summit in September 2022, the Turkish President met with his Chinese counterpart and agreed to

elevate their strategic cooperation to a higher level. Türkiye continued to strengthen its trade ties with **China**, its second biggest trading partner. Türkiye continued to voice its views regarding the treatment of the Uyghurs, a Turkic ethnic group in China, but in a less visible manner than before. Türkiye and **Indonesia** agreed to further enhance their bilateral relations and announced the formation of a High-Level Strategic Cooperation Council during the visit of the Turkish President in the margins of the G-20 Summit in November 2022. The Turkish President and the Prime Minister of **India** met in September 2022 and September 2023 and discussed ways to deepen the bilateral cooperation.

Türkiye maintained its diplomatic engagement with countries of **Latin America**, aiming to expand and strengthen the political relations. Türkiye pursued its active policies in Africa, maintaining strong ties in particular with **Somalia** in the **Horn of Africa**. Türkiye maintained a balanced position between the warring parties in the **Sudanese** conflict.

ANNEX I – RELATIONS BETWEEN THE EU AND TÜRKİYE

Within the framework of accession negotiations, 16 chapters have been opened so far and one of these was provisionally closed. In December 2022, the Council of the European Union reiterated its position of June 2018 that Türkiye continues to move further away from the European Union and that accession negotiations with the country are therefore at a standstill and no further chapters can be considered for opening or closing.

The European Council has repeated 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 Türkiye. The EU is ready to engage with Türkiye in a phased, proportionate and reversible manner to enhance cooperation in a number of areas of common interest, subject to the established conditionalities set out in European Council conclusions. 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. The European Council in June 2022 also recalled that it expects Türkiye to fully respect international law, to de-escalate tensions in the interest of regional stability in the Eastern Mediterranean, and to promote good-neighbourly relations in a sustainable way. With its June 2023 conclusions, the European Council reconfirmed its commitment to a comprehensive settlement of the Cyprus problem, within the UN framework, in accordance with the relevant UNSC resolutions and in line with the principles on which the EU is founded and the *acquis*. It also called for the speedy resumption of negotiations and stated that the EU is ready to play an active role in supporting all stages of the UN-led process, with all appropriate means at its disposal. The European Council in June 2023 invited the High Representative and the Commission to submit a report to the European Council on the state of play of EU-Türkiye relations, building on the instruments and options identified by the European Council and with a view to proceeding in a strategic and forward-looking manner.

The Council adopted conclusions in July 2019, as a response to Türkiye's unauthorised drilling activities in the Eastern Mediterranean. In November 2022, following the third annual review of the framework for restrictive measures in response to Türkiye's unauthorised drilling activities in the Eastern Mediterranean, the European Council extended the regime for a further year, until 12 November 2023. Currently, two individuals are subject to sanctions.

Reforms and developments in Türkiye continued to be monitored by the bodies set up under the Association Agreement, with subcommittees kept being held throughout the reporting period. High-level engagement continued in areas of joint interest in the second half of 2022.

Türkiye is the EU's seventh largest trading partner, while the EU is Türkiye's largest, representing more than one third of Turkish **trade** and its main source of investment. Türkiye's exports to the EU amounted to EUR 98.68 billion in 2022 and imports from the EU amounted to EUR 99.65 billion.

In May 2023, Türkiye participated in the annual **economic policy dialogue** between the representatives of the EU Member States, the Western Balkans and Türkiye, the European Commission and the European Central Bank, as well as representatives of the central banks of the Western Balkans and Türkiye. The dialogue aims to prepare the future participation in the European Semester of the Western Balkans and Türkiye. The EU and Türkiye also continue to coordinate in the framework of the G-20.

Regarding the **Customs Union**, the Commission recommended opening negotiations with Türkiye on the modernisation of the Customs Union in December 2016. In March 2021, the EU Leaders invited the Commission to intensify talks with Türkiye to address current difficulties in the implementation of the Customs Union, ensuring its effective application to all Member States, and invited in parallel the Council to work on a mandate for the modernisation of the Customs Union. Such a mandate may be adopted by the Council subject to additional guidance by the European Council. The Commission continued intensified engagement with Türkiye to discuss issues hampering the smooth functioning of the Customs Union. The European Commission and Türkiye continue their engagement on the EU Green Deal.

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. Türkiye sustained its considerable efforts to provide significant support to 3.6 million refugees, of which 3.3 million Syrians (as of September 2023). In the context of the EU-Türkiye visa liberalisation dialogue, no outstanding visa liberalisation benchmarks were fulfilled. An international agreement on the exchange of personal data between Europol and the Turkish authorities competent for fighting serious crime and terrorism is yet to be concluded. The Council of December 2022 recalled that the full and effective implementation of the EU-Turkey Readmission Agreement and cooperation in the area of justice and home affairs with all EU Member States remain essential.

Türkiye and the EU continued to have fruitful cooperation for supporting refugees in Türkiye. Out of the almost EUR 10 billion in EU support to refugees allocated since 2011, EUR 6 billion were provided under the Facility for Refugees in Turkey. The full operational budget of the Facility was contracted by the end of 2020. Facility funding continued to support projects focused on humanitarian assistance, education, migration management, health, municipal infrastructure, and socio-economic support. Over 2 million refugees, including those most vulnerable, continue to receive basic needs support and close to 774 390 refugee children are enrolled in school with Facility and post-Facility support. Other achievements of the Facility include the construction of 160 new schools (out of a target of 348) and delivering over 30.3 million primary health care consultations. After bridge funding of EUR 535 million in 2020, the Commission continued implementation of an additional package of EUR 3 billion covering the 2021-2023 period requested by the Council. This additional funding continues providing support, in particular in key areas such as basic needs, health care and education, border management, and protection and socio-economic support. Overall, some EUR 7 billion has been disbursed by September 2023.

Regarding **bilateral financial assistance**, projects under the **Instrument for Pre-accession Assistance (IPA)** for Türkiye continued to be implemented, in compliance with the political guidance of the EU Budgetary Authority. Financial assistance under the IPA III focuses on priorities linked to the fundamental pillars of the enlargement strategy and sectors of common strategic interest, mainly related to the green, connectivity and digitalisation agendas, as well as on building more resilient and more sustainable economies and societies.

Following the February 2023 earthquakes, the Commission rapidly deployed humanitarian and relief support to Türkiye. It also hosted, together with the Swedish Presidency of the Council of the EU, an International Donors' Conference for the people in Türkiye and Syria on 20 March, where it pledged EUR 1 billion for the people in Türkiye. Beyond immediate relief and humanitarian assistance, the EU will also provide longer term reconstruction assistance. Assistance will be mobilised for the benefit of the population in Türkiye affected

by the earthquakes, including refugees and their host communities, covering the areas of health, education, socioeconomic support, job creation and recovery of municipal infrastructure, notably water and sanitation.

Türkiye has expressed interest to participate in a number of **EU programmes** in the period 2021-2027 and has signed association agreements for its participation in Erasmus+, Horizon Europe, the European Solidarity Corps programme, the Customs programme, the Single Market Programme (small and medium size enterprises (SME) component) and the Digital Europe Programme. Negotiations on association agreements for the participation in other programmes continue. Türkiye participates in the European Environmental Agency, the European Monitoring Centre for Drugs and Drug Addiction and the Union Civil Protection Mechanism. The Turkey Investment Platform (TIP) under the European Fund for Sustainable Development Plus Instrument (EFSD+) will enable stronger EU support to investments through guarantee programmes in the three overarching policy priorities, namely the Green Deal, global gateways as well as jobs and growth. To facilitate progress on sustainable development in the country, Türkiye is participating as an observer in a pilot project under the Technical Support Instrument.

STATISTICAL DATA (as of 31/08/2023)
Türkiye

Basic data	Note	2010	2017	2018	2019	2020	2021
Population (thousand)		72 561 s	79 815 s	80 811 s	82 004 bs	83 155 s	83 614 s
Total area of the country (km²)	1)	785 347 w	780 270 sw	779 972 w	779 972 w	779 972 w	779 972 w

National accounts	Note	2010	2017	2018	2019	2020	2021
Gross domestic product (GDP) (million national currency)		1 167 665	3 133 704	3 758 774	4 311 733	5 048 220	7 248 789
Gross domestic product (GDP) (million euro)		584 856	760 497	658 544	678 180	626 742	689 547
GDP (euro per capita)		8 000	9 470	8 090	8 210	7 520	8 190
GDP per capita (in purchasing power standards (PPS))		13 127	19 363	19 177	18 481	18 325	20 337
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		52.7	66.0	63.3	59.0	61.0	62.7
Real GDP growth rate: change on previous year of GDP volume (%)		8.4	7.5	3.0	0.8	1.9	11.4
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 (2015 = 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 (%)		10.2	6.8	6.4	7.1	7.5	6.2
Industry (%)		21.0	23.3	24.9	24.3	25.6	29.1
Construction (%)		6.9	9.6	7.9	6.0	5.9	5.7
Services (%)		62.0 s	60.3 s	60.7 s	62.7 s	61.0 s	59.1 s
Final consumption expenditure, as a share of GDP (%)		77.6	73.0	70.9	72.4	71.9	68.4
Gross fixed capital formation, as a share of GDP (%)		24.6	29.9	29.7	25.9	27.4	28.1
Changes in inventories, as a share of GDP (%)		2.1	0.8	- 0.3	- 0.7	4.1	3.7
Exports of goods and services, relative to GDP (%)		21.2	26.0	31.2	32.5	28.7	35.3
Imports of goods and services, relative to GDP (%)		25.5	29.7	31.4	30.2	32.2	35.5
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

Business	Note	2010	2017	2018	2019	2020	2021
Industrial production volume index (2015 = 100)		69.8	112.7	114.2	113.6	115.4	135.6
Number of active enterprises (number)		2 678 787 w	3 100 412 w	3 160 371 w	3 228 421 w	3 304 088 w	3 578 931 w
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		:	14.1	13.3	12.9	14.7	:
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		12.8	12.1	11.5	:	:	:

People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)		77.6 sw	74.2 sw	74.4 sw	73.8 sw	73.9 sw	74.0 sw
Value added by SMEs (in the non-financial business economy) (EUR million)	2)	84 181 sw	127 683 sw	106 199 sw	110 591 sw	95 660 sw	88 925 psw
Total value added (in the non-financial business economy) (EUR million)	2)	153 453 w	236 088 w	202 005 w	208 171 w	181 250 sw	178 072 psw

Inflation rate and house prices	Note	2010	2017	2018	2019	2020	2021
Consumer price index (CPI), change relative to the previous year (%)		8.6 d	11.1 d	16.3 d	15.2 d	12.3 d	19.6 d
**Annual change in the deflated house price index (2015 = 100)		:	:	:	:	:	:

Balance of payments	Note	2010	2017	2018	2019	2020	2021
Balance of payments: current account total (million euro)		- 34 121.9	- 35 995.3	- 17 585.8	9 696.1	- 28 125.9	- 5 958.1
Balance of payments current account: trade balance (million euro)		- 42 605.3	- 51 370.2	- 33 861.9	- 15 027.1	- 33 199.4	- 24 845.2
Balance of payments current account: net services (million euro)		12 688.0	22 968.3	25 774.4	34 541.0	12 476.9	27 103.6
Balance of payments current account: net balance for primary income (million euro)		- 5 436.3	- 9 811.8	- 10 144.2	- 10 590.5	- 7 560.4	- 9 012.0
Balance of payments current account: net balance for secondary income (million euro)		1 231.7	2 218.4	651.9	781.2	149.4	792.9
Net balance for primary and secondary income: of which government transfers (million euro)		425.9	1 644.7	223.5	547.5	90.9	355.2
**3 year backward moving average of the current account balance relative to GDP (%)		:	- 3.8	- 3.5	- 2.0	- 1.9	- 1.3
**Five year change in share of world exports of goods and services (%)		:	6.8	5.6	8.8	- 2.0	7.4
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)	3) 4)	5 745.6 w	7 444.8 s	7 805.3 s	5 978.0 s	3 942.6 s	5 832.2 s
Foreign direct investment (FDI) abroad (million euro)	3) 4)	1 117.9 w	2 321.7	3 049.7	2 653.2	2 829.2	4 204.1
of which FDI of the reporting economy in the EU-27 countries (million euro)	3) 4)	430.1 w	713.8	1 716.7	1 266.9	1 065.9	1 748.6
Foreign direct investment (FDI) in the reporting economy (million euro)	3) 4)	6 863.5 w	9 766.5	10 855.0	8 631.2	6 771.8	10 036.3
of which FDI of the EU-27 countries in the reporting economy (million euro)	3) 4)	3 878.8 w	2 555.0	3 094.7	1 174.7	1 206.5	2 349.1
**Net international investment position, relative to GDP (%)		- 46.7 w	- 51.5 w	- 42.2 w	- 40.7 w	- 53.9 w	- 31.7 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)	5)	0.2 sw	0.1 sw	0.1 sw	0.0 sw	0.0 sw	0.0 sw

Public finance	Note	2010	2017	2018	2019	2020	2021
General government deficit / surplus, relative to GDP (%)		- 2.8 w	- 2.8 w	- 2.9 w	- 4.4 w	- 4.7 w	:
General government gross debt relative to GDP (%)		:	28.0 w	30.2 w	32.7 w	39.8 w	:
Total government revenues, as a percentage of GDP (%)		32.6 w	31.2 w	31.8 w	31.0 w	31.2 w	:
Total government expenditure, as a percentage of GDP (%)		35.3 w	34.0 w	34.7 w	35.4 w	35.9 w	:

Financial indicators	Note	2010	2017	2018	2019	2020	2021
Gross external debt of the whole economy, relative to GDP (%)	3)	39.7 sw	52.5 sw	54.8 sw	54.7 sw	60.4 sw	54.3 sw
Gross external debt of the whole economy, relative to total exports (%)		196.1 w	202.0 w	179.0 w	166.6 w	209.3 w	154.7 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		65 975.6 w	99 086.3 w	84 551.5 w	108 083.1 w	135 348.7 w	143 842.8 w
Money supply: M2 (M1 plus deposits with maturity up to two years, million euro)		286 594.7 w	357 980.4 w	321 665.4 w	367 703.3 w	369 288.3 w	347 910.9 w
Money supply: M3 (M2 plus marketable instruments, million euro)		300 181.9 w	370 715.7 w	330 910.9 w	384 079.8 w	379 878.0 w	354 818.1 w

Total credit by monetary financial institutions to residents (consolidated) (million euro)		282 814.2	377 583.0	349 848.6	409 716.3	408 386.7	397 220.1
**Annual change in financial sector liabilities (%)		:	31.4	18.2	11.8	38.9	50.1
**Private credit flow, consolidated, relative to GDP (%)	6) 7)	12.3 w	15.0 w	- 2.9 w	4.2 w	13.0 w	7.6 w
**Private debt, consolidated, relative to GDP (%)		56	84	82	80	89	89
Interest rates: day-to-day money rate, per annum (%)		6.59	11.58	17.76	20.52	10.85	17.87
Lending interest rate (one year), per annum (%)	7)	12.56 w	18.12 w	28.96 w	15.86 w	16.25 w	22.79 w
Deposit interest rate (one year), per annum (%)	8)	8.97 w	13.53 w	22.31 w	14.56 w	13.51 w	17.85 w
Euro exchange rates: average of period (1 euro = ... national currency)		1.997	4.121	5.708	6.358	8.055	10.512
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)		153.2	75.9	55.7	49.7	40.2	30.6
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)		0.0 sw	- 0.3 sw	- 0.4 sw	- 0.5 sw	- 0.5 sw	- 0.5 sw
Value of reserve assets (including gold) (million euro)	3)	64 847.2 w	95 361.6 w	78 770.5 w	94 413.6 w	81 937.5 w	94 006.1 w

External trade in goods	Note	2010	2017	2018	2019	2020	2021
Value of imports: all goods, all partners (million euro)		138 720	207 000	188 337	181 038	182 328	219 224
Value of exports: all goods, all partners (million euro)		85 298	139 229	142 290	153 201	140 035	180 299
Trade balance: all goods, all partners (million euro)		- 53 422	- 67 771	- 46 047	- 27 836	- 42 293	- 38 925
Terms of trade (export price index / import price index * 100) (number)	9)	:	98.1 sw	94.4 sw	94.5 sw	98.5 sw	85.9 sw
Share of exports to EU-27 countries in value of total exports (%)		40.0 s	40.9 s	43.3 s	42.2 s	41.1 s	41.1 s
Share of imports from EU-27 countries in value of total imports (%)		36.5 s	33.6 s	32.9 s	31.6 s	33.1 s	31.1 s

Demography	Note	2010	2017	2018	2019	2020	2021
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		11.8	10.8	10.1 be	9.1 be	:	:
Infant mortality rate deaths of children under one year of age (per thousand live births)		12.0	9.2	9.3	9.1	:	:
Life expectancy at birth: male (years)		74.2	75.7	76.2	76.4	:	:
Life expectancy at birth: female (years)		79.4	81.3	81.6	81.8	:	:

Labour market	Note	2010	2017	2018	2019	2020	2021
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)	10) 11)	55.9	61.9	62.3	62.2	58.7	61.2 bw
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)	10) 11)	50.0	55.3	55.6	53.8	51.0	53.9 bw
Male employment rate for persons aged 20–64 (%)	10) 11)	72.7	76.1	76.0	73.2	70.1	73.6 bw
Female employment rate for persons aged 20–64 (%)	10) 11)	28.0	34.5	35.2	34.4	32.0	34.1 bw
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)	10) 11)	29.6	34.4	35.3	33.6	31.1	33.4 bw
Employment by main sectors							

Agriculture, forestry and fisheries (%)	10) 11)	23.7 s	19.4 s	18.4 s	18.1 s	17.6 s	17.2 bw
Industry (%)	10) 11)	19.9 s	19.1 s	19.7 s	19.8 s	20.5 s	21.3 bw
Construction (%)	10) 11)	6.3 s	7.4 s	6.9 s	5.5 s	5.7 s	6.2 bw
Services (%)	10) 11)	50.1 s	54.1 s	54.9 s	56.6 s	56.2 s	55.3 bw
People employed in the public sector as a share of total employment, persons aged 20–64 (%)	11) 10)	13.5 w	13.3 w	15.4 w	16.8 w	17.7 w	16.9 bw
People employed in the private sector as a share of total employment, persons aged 20–64 (%)	11) 10)	86.5 w	86.7 w	84.6 w	83.2 w	82.3 w	83.1 bw
Unemployment rate: proportion of the labour force that is unemployed (%)	10) 11)	10.7	10.9	10.9	13.7	13.2	12.0 bw
Male unemployment rate (%)	10) 11)	10.4	9.4	9.6	12.4	12.4	10.7 bw
Female unemployment rate (%)	10) 11)	11.4	13.9	13.8	16.5	14.9	14.8 bw
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)	10) 11)	19.7	20.5	20.2	25.2	25.1	22.6 bw
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)	10) 11)	2.8	2.4	2.4	3.2	3.3	3.7 bw
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)	10) 11)	9.2	8.9	9.1	12.3	11.8	10.4 bw
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)	10) 11)	7.0	9.4	9.8	10.6	10.0	10.0 bw

Social cohesion	Note	2010	2017	2018	2019	2020	2021
Average nominal monthly wages and salaries (national currency)	12)	1 142 w	2 287 w	2 509 w	2 857 w	3 501 w	3 904 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		:	:	:	:	:	:
GINI coefficient		44	43	43	42	43	43
Poverty gap		32.3	26.4	25.8	27.4	27.5	27.5
*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 (%)	11) 10)	43.1	32.5	31.0	28.7	26.7	23.0 bw

Standard of living	Note	2010	2017	2018	2019	2020	2021
Number of passenger cars relative to population size (number per thousand population)		102.0	149.0	151.0	150.0	157.0	163.0
Number of mobile phone subscriptions relative to population size (number per thousand population)		837.0 w	964.0 w	977.0 w	972.0 w	982.0 w	1 019.0 w
Mobile broadband penetration (per 100 inhabitants)		9.8 w	70.5 w	74.5 w	75.0 w	78.5 w	82.7 w
Fixed broadband penetration (per 100 inhabitants)		10 w	15 w	16 w	17 w	20 w	21 w

Infrastructure	Note	2010	2017	2018	2019	2020	2021
Density of railway network (lines in operation per thousand km ²)	13) 14)	12.2 sw	13.1 s	13.2 s	13.3 s	13.3 sw	13.5 sw
Length of motorways (kilometres)		2 080	2 657	2 842	3 060	3 523	3 532

Innovation and research	Note	2010	2017	2018	2019	2020	2021
Public expenditure on education relative to GDP (%)		:	4.4	4.3	4.4	4.0	3.5 sw
*Gross domestic expenditure on R&D relative to GDP (%)		0.79	0.95	1.03	1.06	1.09	1.13
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		0.36	0.34	0.35	0.35	0.28	0.28
Percentage of households who have internet access at home (%)		41.6	80.7	83.8	88.3	90.7	92.0

Environment	Note	2010	2017	2018	2019	2020	2021
*Index of greenhouse gas emissions, CO ₂ equivalent (1990 = 100)		181.4 w	240.4 w	238.5 w	231.2 w	238.4 w	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		191.5	175.3	167.7	168.6	162.7	159.7
Electricity generated from renewable sources relative to gross electricity consumption (%)		26.5 w	29.4 w	32.2 w	43.6 w	41.9 w	35.6 w
Road share of inland freight transport (based on tonne-km) (%)		94.3 w	95.4 w	94.8 w	94.8 w	94.6 w	95.6 w

Energy	Note	2010	2017	2018	2019	2020	2021
Primary production of all energy products (thousand TOE)		31 412	36 466	39 909	45 134	43 636	46 208
Primary production of crude oil (thousand TOE)		2 478	2 695	3 010	3 102	3 274	3 518
Primary production of solid fuels (thousand TOE)		16 741	15 682	16 547	17 429	15 006	17 151
Primary production of gas (thousand TOE)		562	292	351	390	363	324
Net imports of all energy products (thousand TOE)		74 712 s	116 755 s	109 980 s	105 649 s	104 983 s	115 096 s
Gross inland energy consumption (thousand TOE)		105 375	150 445	148 120	150 123	148 064	161 774
Gross electricity generation (GWh)		211 097	296 429	303 852	302 796	305 426	333 412

Agriculture	Note	2010	2017	2018	2019	2020	2021
Agricultural production volume index of goods and services (at producer prices) (2010 = 100)		:	:	:	:	:	:
Utilised agricultural area (thousand hectares)		:	38 120.0	38 239.0	37 712.0	37 747.0	38 038.0
Livestock numbers: live bovine animals (thousand heads, end of period)		:	16 105.0 p	17 220.9 p	17 872.3	18 158.0	18 036.1
Livestock numbers: live swine (thousand heads, end of period)		:	:	:	:	:	:
Livestock numbers: live sheep and live goats (thousand heads, end of period)		:	44 312.3 s	46 117.4 s	48 481.5 s	54 112.6 s	57 519.2 s
Raw milk available on farms (thousand tonnes)		:	:	:	:	:	:
Harvested crop production: cereals (including rice) (thousand tonnes)		32 773.0	36 598.8	34 705.8	35 202.1	38 050.8	32 602.0
Harvested crop production: sugar beet (thousand tonnes)		17 942.0	21 149.0	18 900.0	18 055.0	23 026.0	18 250.0
Harvested crop production: vegetables (thousand tonnes)		:	30 826.0	29 987.0	31 041.0	31 120.0	31 691.0

Source: Eurostat and/or the statistical authorities in Türkiye

: = not available
b = break in series
d = definition differs
e = estimated value
p = provisional
s = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

* = Europe 2020 indicator

** = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) Area values are calculated by reference to corine classifications and adapted to LUCAS. Corine data production period is 6 years.
- 2) Data converted in EUR by Eurostat
- 3) Average of year exchange rate used to convert to euros.
- 4) Based on BPM6.
- 5) Average of year exchange rate used to convert to Turkish Lira.
- 6) Data cover debt securities and loans.
- 7) Updated values.
- 8) Average of monthly data. Overnight deposit facility.
- 9) With the January 2021 press release, foreign trade statistics according to the general trade system were used in the calculation of the indices and the base year was updated as 2015=100. Data are given as of January 2013. Since the indices based on 2015=100 are not withdrawn annually, the requested data cannot be provided. Indices are calculated with Fisher index formula and 2015=100.
- 10) *In HLFS, the series is not comparable to previous years due to the adjustments in the definition, scope and design of the survey with the year 2021.
- 11) Annual LFS results.
- 12) Source: Income and Living Conditions Survey.
- 13) Main lines only.
- 14) Main lines only.
Area values are calculated by reference to corine classifications and adapted to LUCAS. Corine data production period is 6 years.

