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(Luxembourg, 23 June 2014)

Delegations will find attached the statements by Turkey tabled on the occasion of the 52nd meeting of the EU-Turkey Association Council.

52nd SESSION OF THE TURKEY-EU ASSOCIATION COUNCIL

**STATEMENT BY H.E. MR. AHMET DAVUTOĞLU,
MINISTER OF FOREIGN AFFAIRS
OF THE REPUBLIC OF TURKEY**

**AND BY H.E. MR. MEVLÜT ÇAVUŞOĞLU,
MINISTER FOR EU AFFAIRS AND CHIEF NEGOTIATOR**

**AGENDA ITEM 3: ACCESSION STRATEGY, IN PARTICULAR IN THE LIGHT OF
THE ACCESSION PARTNERSHIP AND OF THE COMMISSION'S 2013
PROGRESS REPORT**

LUXEMBOURG, 23 JUNE 2014

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TURKEY'S FOREIGN POLICY

The recent developments in Europe and the Middle East should have laid bare how Turkey and Turkey's external action remains crucial and increasingly relevant in achieving our shared ideal of transforming Europe into a space of liberties, prosperity and security, permanently anchored to the timeless strength of universal values. Much has been achieved in this respect, and whatever difficulties the European project has to face today, we do not doubt that it is a success story. Yet, it is an unfinished job. Evidently, Europe has yet to fulfil many promises of its potential. In this regard, we believe that Turkey has a unique role to play.

Even a brief glance at the headlines of the last few weeks will be enough to convince us that regional crises have gained ground around the world, and each is bound to have profound implications. Until a few weeks ago, analysts and policy-makers alike, could still talk of a changing political and security environment; the manifold nature of new threats, and the economic and social impacts of the process of globalization. Now, the change is there and we have arrived at a place stranger than we could have assumed. Unless Europe and its allies recapture a sense of time and a deeper understanding of Europe's place in this much changed world, all sorts of radicalism will continue to find their way into our lives as individuals, as interest groups and as nations. The dangers we face today are collective and as such, they require collective action.

The catch-word in describing Turkey's foreign policy has been the power of our country to influence and inject stability, by laying out a non-broken line of successive achievements that can be emulated. This description may now seem to be somewhat worn-out. After all, force found its way in Europe, the Middle East is in shambles, and conflicting nationalisms arise in many parts of the world along with attendant arms race. These are not, of course, the harbingers of positive change that will bring a secure and a prosperous future in its wake. Hence, the search for sanity and stability, and the importance of Turkey's choices.

Turkey's foreign policy has always recognized the peculiarity of its geographic position, and the flow of history that has been shaped by this very peculiar location, in the middle of almost everywhere. Yet, the defining events of Turkey's history took place in Europe more than anywhere else. Exactly a century ago, Turkey had been left with no other choice but to participate in the First World War. Indeed, the Ottoman Empire was one of the six major belligerent Powers in the Great War which ushered in modernity. Turkish troops did not only fight in Asian fronts like Iraq, Syria and Palestine, but even more so in European fronts like Gallipoli, Galitzia, Thrace and the Caucasus. It is this presence in south-Eastern Europe which dates back to 14th Century that led successive Turkish governments to seek Turkey's place in pan-European projects. We are a member of every European organization and we are negotiating with the European Union for full-membership. We regard seeking our place in Europe as nothing less than reaching out to our birth-right. This is the modern expression of our European identity.

Today, the responsibilities of Turkey have not diminished, neither have expectations from Europe. We want to see a more wholesome Europe that will capably defend herself against home-grown radicalisms as well as projecting its power abroad. Turkey is ready, willing and capable to contribute to this indispensable aim.

In this respect, foreign and defence policy is a specific field of close dialogue and cooperation between Turkey and the EU. The fact that current security challenges which may have a direct impact on the EU like the Ukraine and the Middle East are in close neighborhood of Turkey, is further testimony to our common destiny.

It is in this very challenging environment that Turkish foreign policy is formulated and executed. Our foreign policy, given the circumstances, needs to maintain the capacity, foresight and dynamism to respond proactively to the rapid shifts in the threat environment in order to preserve our own security and also help steer the region towards more than a semblance of normality and stability.

Given our increasing means and capabilities, regional issues cannot be our exclusive preoccupation. Turkey follows a multidimensional foreign policy which is pro-engagement and employment of soft power. For instance, reaching out to geographies such as Africa, Latin America and Asia Pacific by enhancing bilateral trade relations as well as increasing the number of our diplomatic missions in these regions have been a remarkable aspect of our foreign policy over the past decade. Turkey's presence is continually increasing across regions ranging from Africa to the Pacific, Latin America and to Oceania. The number of Turkish Embassies in Africa is expected to rise from 35 to 39 by the end of 2014.

In line with the priorities of our Africa Strategy, we have undertaken a comprehensive policy in this continent, fostering close political relations and boosting bilateral trade.

In the Asia-Pacific region as well, while strengthening our relations with the regional countries, we are enjoying "strategic relationships" with China, Japan and the Republic of Korea.

In Latin America and the Caribbean, Turkey has intensified closer bilateral cooperation in all areas, enhancing its overall relations also through regional institutions and organizations.

With this dynamic understanding of foreign relations, we have taken the lead in a number of thematic issues in pursuit of global peace and security. Very much fitting to its endeavors for peaceful resolution of conflicts, Turkey has spearheaded with Finland the "Mediation for Peace" initiative at the UN. This is aimed at highlighting the importance of mediation as a powerful tool in peaceful resolution of conflicts and enhancing coordination among various actors at a global scale. It has generated considerable interest within the UN as well as at international fora.

Turkey has also been at the forefront in the field of development and humanitarian aid. Turkey's total official development assistance reached 3.5 billion US Dollars in 2013 and it now ranks the fourth largest donor world-wide. As a testimony of its activism in the field of humanitarian diplomacy, Turkey will be hosting the first ever World Humanitarian Summit in 2016 in Istanbul.

All in all, we continue to believe that Turkey will indeed bring in substantial contributions to the EU on many accounts once it becomes a member. In foreign policy, for now, this is incumbent on establishing a continuous and meaningful dialogue through a reinforced set of institutional coordination mechanisms. Such a mutually rewarding cooperation calls for the elimination of the impediments on our strategic dialogue, some posed by the EU's rules and regulations, some others of political nature.

It should also be noted that full coordination and joint action between Turkey and the EU will become practicable only when Turkey becomes part of the EU decision making as a full member.

Foreign policy and international security continue to be major areas where we need to cooperate. We face the same challenges. The universal principles we share, from territorial integrity to human rights, are endangered in our shared neighborhood. Indeed, the security situation to our south-east and now to our north is untenably precarious.

Whilst the violence and human tragedy in Syria continue unabated in its fourth year, ethnic, political and sectarian fault lines in Iraq have broken into full scale conflagration threatening to engulf the wider region. As two leading actors looking as much to a common future as a past in a shared geography, such developments in our immediate neighborhood require well-coordinated responses.

We need to act together in order to realize our potential in achieving common goals based on our common principles and values. We note with appreciation our bilateral exchanges at all levels. However, there is room for further improvement especially on issues related to the Middle East and Western Balkans.

It is more than a year since we held the follow-up screening meetings on Chapter 31 (Foreign, Security and Defence Policy).

Chapter 31 is still among the chapters blocked by the Greek Cypriots. Given our common challenges and the great joint potential for cooperation we enjoy, the paradoxical nature of this situation is now beyond reason.

Security and defence is another important aspect of our relationship.

Turkey's contribution to EU operations and missions is a clear indicator of its willingness to work together with the EU for international peace and security. We are currently contributing to two EU operations, EUFOR-ALTHEA in Bosnia-Herzegovina and EULEX in Kosovo. We have participated to nine EU operations and missions. We have also decided to contribute to EUTM Mali, EUBAM Libya and EUFOR RCA missions.

However, furthering this cooperation is hampered by politically-driven motives. We hope to overcome this situation.

Last but not least, I personally commend the frequent contacts I have had with High Representative Catherine Ashton on various regional and global matters. As she is getting ready to leave this post, I would like to take this opportunity to reiterate my appreciation for the valuable working relationship that we had.

PREPARATIONS FOR ACCESSION AND ISSUES RELATED TO THE ASSOCIATION AGREEMENT

Membership to the EU is Turkey's strategic objective. Turkey continues with great determination on the reform process, to assume all obligations of the EU membership. Since the last meeting of the Association Council in May 2013, there have been considerable developments that made Turkey closer to the EU.

As a reflection of Turkey's determination in the EU process, Prime Minister Erdoğan has declared 2014 as the year of EU. In this regard, we have taken initiatives to revive the accession process. We have decided in Turkey to prepare a national plan for accession process and agreed with the Commission to restructure the sub-committees established through the Association Council decision 3/2000.

In the recent Internal Coordination and Harmonization Committee meeting, we have taken the decision to prepare a "National Action Plan for Turkey's EU Accession Process" for the 2014-2017 period in order to give momentum to the accession process.

The Action Plan will lay down the necessary work to be carried out on the basis of negotiation chapters. It will focus on opening and closing benchmarks and include primary and secondary legislation as well as administrative measures.

Action Plan will be effective in updating Turkey's alignment with the EU acquis, considering that the latest Accession Partnership of the EU and National Programme of Turkey were adopted in 2008.

The Chapter 23 working group was held in Ankara last week with the participation of Minister Bozdağ, Commissioner Füle and myself.

As it was discussed in the 122nd Association Committee meeting, in order to make the existing subcommittees more efficient and accession oriented, we have proposed to establish chapter-based working groups under existing sub-committees.

Established through the Decision No. 3/2000 of the EC-Turkey Association Council, subcommittees have been important platforms for the harmonization of the EU acquis. Yet, they have not been very much effective particularly because of their structure.

Besides, being established before the accession negotiations, the subcommittees were not chapter-based. Therefore, they remained as a mechanism to harmonize the EU *acquis*, rather than holding an accession perspective.

Meanwhile, even though it was a temporary exercise, the Positive Agenda experience showed that working on a “chapter basis” is much more efficient and result-oriented.

Based on this experience, we agreed to establish chapter-based working groups under the existing subcommittees. We believe that the restructuring would not only facilitate the technical negotiation process but also increase the motivation of public institutions in Turkey.

As for the coming period, Chapter 12- Food Safety, Veterinary and Phytosanitary Policy working group under Subcommittee no. 1, working groups of Chapter 3- Right of Establishment and Freedom to Provide Services and Chapter 6- Company Law under Subcommittee no.2, Chapter 10-Information Society and Media working group under Subcommittee no. 5 and Chapter 27-Environment working group under Subcommittee no. 6 are planned to meet in autumn.

ACCESSION PROCESS

I want to reiterate that we are committed to the accession process and determined to continue the negotiations with the shared objective of full membership as stated in the Negotiating Framework. Turkey expects to join the Union as an equal member with all the rights and obligations, which would imply upon the successful conclusion of negotiations.

In this vein, we continue our reform process in every field of the *acquis*. Only in the last one year, 16 primary and 195 secondary legislation have been enacted within the framework of the EU harmonization process.

After a stalemate of 3,5 years, we welcomed the opening of “Chapter 22- Regional Policy and Coordination of Structural Instruments” on 5 November 2013. The number of chapters opened to negotiations reached 14, one of which is provisionally closed.

Unfortunately, opening of Chapter 22 could not revive accession negotiations. The pace of the negotiations is not promising.

Although more than 8 years have passed since the screening process, screening reports of 9 chapters have not been approved and thus, the opening benchmarks have not been communicated to Turkey¹. 17 chapters are still blocked on political grounds. This is a unique situation in the enlargement history of the EU.

We are ready to revive the process and proceed in all chapters once the political blockages are removed. Among the blocked chapters “Chapter 17- Economic and Monetary Policy” and “Chapter 26- Education and Culture” are ready for opening since our negotiation positions have already been conveyed to the Council.

Morover, “Chapter 15- Energy” and “Chapter 31- Foreign, Security and Defence Policy” which are also politically blocked are major areas of common interest. It is apparent that opening of the Energy Chapter to negotiations will enhance our cooperation in this area and will facilitate the eventual integration of EU and Turkey energy markets.

¹ These are:

Chapter 2 - Freedom of Movement for Workers

Chapter 13-Fisheries

Chapter 14-Transport Policy

Chapter 15- Energy

Chapter 23-Judiciary and Fundamental Rights

Chapter 24- Justice, Freedom and Security

Chapter 30-External Relations

Chapter 31-Foreign Security and Defense Policy

Chapter 33- Financial and Budgetary Provisions

Unfortunately, “Chapter 23- Judiciary and Fundamental Rights” and “Chapter 24- Justice, Freedom and Security”, which are closely related to the political reform process, are still unilaterally blocked. We appreciate the calls of the European Commission and European Parliament to open these chapters. Yet, we expect concrete steps.

The blockage runs contrary to the decision of the EU Council placing these two chapters at the heart of the accession process. The political demands of some Member States continue to impair the conditionality principle and the leverage and credibility of the EU in the reform process of Turkey. I would like to remind you that at a time when Chapter 23 has not been opened, the criticisms of the EU on the political issues are not very convincing.

We attach utmost importance to the fulfilment of the opening benchmark of “Chapter 19- Social Policy and Employment”. In this regard, a number of amendments were made in the Constitution and two new laws were enacted.

In the coming months, High Level Working Group will finalise the technical document, which includes the Action Plan for ensuring that the legislation on trade union rights are aligned with EU standards and relevant ILO norms. We hope that Turkey’s efforts in terms of Chapter-19 would be appreciated and this chapter would be soon opened to negotiations.

On the other hand, regarding Chapter 5- Public Procurement and Chapter 8-Competition Policy the pace of accession negotiations will be determining.

I would like to remind that, as highlighted in the conclusions of the **General Affairs Council** last December, “active and credible accession negotiations will enable the EU-Turkey relationship to achieve its full potential”. It is apparent that a robust accession process depends on a credible negotiation process with proper conditionality and clear membership perspective.

POLITICAL CRITERIA AND THE REFORM PROCESS

Turkey is continuing to proceed on its path of reform decisively, in line with its objective of full compliance with the Copenhagen political criteria. Turkey demonstrates its commitment to the accession process through adopting comprehensive reforms in different areas. In order to ensure the sustainability of the principle of rule of law, each and every reform step is taken to further respect, protect and promote rights and freedoms stipulated in European Convention for Human Rights.

Reform Monitoring Group (RMG) acts as a steering mechanism for the reform process and their implementation. The 28th and 29th meetings of the Reform Monitoring Group (RMG) were held in Ankara on 15 June 2013 and 9 May 2014, respectively. In the last meeting, Turkey's ratification of conventions that are of vital importance in the international arena was evaluated. In this regard, conventions which Turkey has signed but not yet ratified will be addressed in the forthcoming period. Furthermore, work on the operational conclusions of the last meeting is on-going in cooperation with the relevant ministries. In this respect one of the most important operational conclusions was on draft legislation. Accordingly, submission of the legislation drafted by the public institutions with the purpose of EU acquis harmonisation to the Ministry for EU Affairs in order to assess its compliance with the EU acquis is underlined. The next RMG meeting will be held in July 2014.

Turkish side appreciates the call of the members of European Parliament in the 2012 and 2013 Turkey Report to open the "Chapter 23- Judiciary and Fundamental Rights" and the "Chapter 24 Justice, Freedom and Security". EP's support has found sound reflections on the Commission's 2013's Progress Report on Turkey. As highlighted in the 2013 Enlargement Strategy Paper, it is in the interest of both Turkey and the EU that the opening benchmarks for these chapters are agreed upon and communicated to us as soon as possible.

Until today, three working group meetings were held regarding “Chapter- 23 Judiciary and Fundamental Rights”. The latest meeting was held on 17 June 2014 in Ankara. During these meetings, Turkey’s progress in Chapter 23 was confirmed by the European Commission.

Turkey has once again demonstrated its commitment to EU accession process and the negotiating framework with the three peer based missions regarding Chapter 23 and four expert missions in the scope of Visa Liberalization Dialogue regarding Chapter 24, all of which have been finalized between March and June.2014.

We hope that the peer-based reviews regarding the High Council of Judges and Prosecutors, Turkish criminal legislation and freedom of expression has assisted the Commission in order to comprehend the recent amendments through a more informed and practical perspective. We always consider peer-based reviews as guides to our further reforms. Based on this understanding, we accepted the recent requested peer-reviews and we received the draft reports. The reports are supposed to be free from any prejudged comment based on misperceptions or any prejudged recommendations to have an unbiased nature. Therefore we expect the reports to be based on objective findings and include recommendations in terms of legislation and implementation. The experts are expected to prepare reports in an objective and impartial manner and to make constructive comments and recommendations. We also expect the experts to refrain from making unfounded and politically biased expressions in their reports.

Regarding the allegations concerning massive reassignments and dismissals within the police, these reassignments or dismissals are routine procedures under the discretionary power of the administration. To link such standard reassignments and dismissals to any political reason is a prejudged and biased assessment from which it should be refrained. Moreover, appeal process to such decisions is always possible.

The existence of democracy where all our citizens feel free to use their rights and freedoms is our ultimate goal. However, when the demonstrations exceed the limits of peaceful freedom of assembly and start to damage the public order and safety of the regular citizens, at this stage, as every democratic government, our government is responsible for ensuring the public order and security and preventing the escalation of violence. When there are serious threats against the public order, it is the main responsibility of the government to prevent any further damage. Surely, what we do not approve and cannot tolerate definitely is the disproportionate use of force of the law enforcement bodies which might hamper the use of fundamental rights. In cases where the boundaries of the law were exceeded during some demonstrations, judicial investigations have been immediately initiated by the judicial authorities.

The Article 46 of the Law No. 6514, which entered into force on 2 January 2014 and introduced the Additional Article 11 to the Law No. 3359, mainly aims at the delivery of health services by competent persons, prevention of unlicensed organized medical activities and protection of general public health. In other words, it does not aim at the prevention of providing health services in urgent situations until the official health services are provided by the official responsible units.

The Parliament

The drafting process of a new constitution has started in May 2012. A consensus has been reached on 60 articles out of 172 articles of the draft new constitution in the framework of the Constitutional Reconciliation Committee. Although all political parties attended to the Reconciliation Committee, the works of the Committee has ended as of December 2013.

The Democratization Package

The Democratization Package was announced to the public by the Prime Minister on 30 September 2013. This package has been prepared taking into consideration the European Convention on Human Rights (ECHR), the EU *acquis* and case law of the European Court of Human Rights (ECtHR).

The administrative arrangements envisaged in the Democratization Package have been realized without any delay. The restriction on headscarves in public institutions and organizations was lifted and student oath, which was ended in secondary schools, has also been abandoned in primary schools. Furthermore, the Foundations Assembly, which is the decision-making body of the Directorate General for Foundations, took a decision on 7 October 2013 for the return of the contested land used by the Foundation of the Mor Gabriel Monastery. In line with this decision, as of 25 February 2014, within the framework of the Democratization Package, the land which belongs to Mor Gabriel Monastery Foundation has been returned to the Syriac community in Turkey and the land was registered under the name of the Foundation. The Higher Education Council took a decision for the establishment of the Institute of Roma Language and Culture at Trakya University to conduct research on the problems which Roma citizens encounter.

As a follow-up of the Democratization Package, the “Law for the Enhancement of Fundamental Rights and Freedoms” entered into force as of 13 March 2014. Accompanying previous administrative measures taken, this new package introduces legislative reforms.

The Law on Meetings and Demonstration Marches has been revised in order to ensure a participatory decision-making process regarding the places and routes of the meetings.

The restrictions regarding political parties, the use of different languages and dialects during political campaigns and education in different languages and dialects in private schools are removed.

Respect for different lifestyles and differences have been safeguarded within the Turkish Criminal Code.

Criminal sanctions repealed within the Turkish Criminal Code regarding the use of certain letters, the use of such letters as q, x, w is now allowed.

Hate crime is defined within the Turkish Criminal Code in line with international and European standards.

Each step taken under the Democratization Package is expected to contribute to enhancing the pluralistic understanding of our democracy and to flourishing the existing atmosphere of tolerance in the society.

Justice System

In the last decade, the judicial system has gone through a tremendous transformation in order to strengthen the independence, impartiality and effectiveness of the judiciary. We have made significant reforms in order to conclude judicial processes in a reasonable time, strengthen the right to legal remedies and to enable our citizens to fully enjoy fundamental rights and freedoms.

The objectives and priorities within the 2009 Judicial Reform Strategy and its Action Plan have been achieved through the arduous work of the Parliament enacting significant laws. Currently, the Strategy is being revised by the Ministry of Justice with cooperation of relevant stakeholders.

As part of the Judicial Reform Strategy, five judicial reform packages were adopted in the last years in order to strengthen independence and impartiality and increase the effectiveness of the judiciary as well as to reduce the backlog of cases.

Third Judiciary Reform Package entered into force on 5 July 2012 to further strengthen democratization and the protection of human rights, in line with the ECHR and case-law of the ECtHR as well as to address the backlog of cases. The Package also amended certain provisions in penal legislation including detention orders, administrative judiciary and legislation regarding freedom of expression and freedom of press as well as fight against corruption.

The Fourth Judicial Reform Package has been adopted by the Parliament on 11 April 2013, introducing important amendments with regard to freedom of expression and press based on the European Court of Human Rights rulings, property rights, right to a fair trial, access to justice, fight against impunity, and prevention of long trials and detention periods.

Known as the Fifth Judicial Reform Package, the “Law No. 6526 Amending the Anti-Terror Law, Criminal Procedure Code and Various Laws” was adopted by the Parliament on 20 February 2014 and entered into force on 6 March 2014. The Law introduced important amendments to the penal legislation in order to protect and further enhance the right to a fair trial, personal freedom and security, privacy and private life, protection of personal data, presumption of innocence and the equality of arms.

With these amendments under the Fifth Judicial Reform Package, the regional heavy criminal courts which are also known as the specially authorized courts established by the Article 10 of the Anti-Terror Law in order to handle terror related crimes are abolished.

The maximum length of pre-trial detention for the crimes falling under the competence area of the former regional heavy criminal courts is decreased from 10 to 5 years. If those who are arrested could not be brought before the court within 24 hours at the latest, their statements have to be taken via audio and video communications system set up at the nearest courthouse. In order to prevent violations of personal freedom and security during the proceedings regarding criminal procedures, “strong suspicion based on concrete evidence” is now required in order to take a decision to apply preventive measures such as detention, interception, undercover investigator, technical surveillance and search and seizure under certain circumstances.

As a result of these reforms, the backlog of the courts has decreased and the pre-trial detention rate has been reduced to 13.3% as of June 2014.

The reform process continues with **a new reform package (6th Judicial Reform Package)** which is adopted as of 18 June 2014. This reform package aims to increase the effectiveness and efficiency of the judiciary along with penalties regarding offences against sexual integrity and efficiency in judicial system. The Law also aims to make necessary amendments to the “Law on High Council for Judges and Prosecutors” in accordance with the reasoned decision of the Constitutional Court under the principle of rule of law.

In addition, Regional Court of Appeal in administrative judiciary will be introduced. The role of the Council of State to establish sound case law will be strengthened. In accordance with the Article 17 (Jurisdiction) of the Criminal Law Convention on Corruption, to which Turkey is a party, the new judicial reform package includes a provision, which will enable directly initiating investigations without the permission of the Minister of Justice in the case of the bribery of a Turkish public official abroad by a foreign national. The workload of Council of State is expected to decrease by 80% as a result of these novelties.

Within the probation system, the number of persons on probation was 104.662 in 2010, 130.402 in 2011, 197.400 in 2012 and 345.215 in 2013. This figure is 249.641 as of March 2014.

The “Law No. 6494 on Amending Certain Laws Regarding Judicial Services” entered into force on 7 July 2013. Within this framework, following measures were put into force:

- In order to be appointed as a member of Council of State and Court of Cassation, a professional experience of 20 years shall be required
- In-service training of the judges and prosecutors shall be carried out by High Council of Judges and Prosecutors
- Judiciary recess shall be between 20 July and 31 August each year and pre-service training of the prison staff shall last for at least 5 months.

The “Law on Settlement of Some Applications Made to the European Court of Human Rights (ECtHR) through Compensation” was published on the Official Gazette on 19 January 2013. The Law mainly aims to offer a domestic legal remedy (establishment of a commission for determination of compensation) through compensation to those who have applied to the ECtHR before 23 September 2012 on the grounds of excessively long civil, criminal and administrative trials as well as the applications for delayed or partial execution or non-execution of court decisions. Thus, the number of violation judgments given by the ECtHR is expected to decrease in the following period. As of 6 June 2014, 5636 applications were made to the Commission. The Commission concluded 4397 of them and decided to pay compensation amount of 17.750.000 TL. The paid compensation amount so far is 8.758.000 TL. The applications were concluded in 150 days on average.

The ECtHR, regarding the cases such as *Müdür Turgut and Others v. Turkey*, *Ayşe Durusoy v. Turkey* and *Demiroğlu v. Turkey*, declared that the Commission constitutes an effective domestic remedy which should be exhausted before applying to the Court. As of 30 April 2014, 4755 files which have been opened against Turkey before the ECtHR due to above-mentioned deficiencies have been struck out.

With the Council of Ministers Decision on 10 February 2014, the Commission's authority is extended in terms of violation areas and application time. The date of application was extended by 6 months so as to cover the applications made to the ECtHR until 23 March 2013. Therefore, with this extension, around 1700 applications are expected to be dropped out of records of ECtHR.

Civil-Military Relations

Many arrangements have been realised in the area of civil-military relations with the entry into force of Law No. 6496 amending the Law on Contract Corporals and Privates and Various Laws on 31 July 2013. The most important one of these amendments is the amendment of Article 35 of the Internal Service Law of the Turkish Armed Forces, which was used as a base for military coups. According to this, the expression “the duty of the Armed Forces is to look out for and protect Turkish homeland and the Turkish Republic established by the Constitution” was amended as “the duty of the Armed Forces is to protect the Turkish homeland against external threats and dangers.”

Anti-Corruption

Turkey is determined to fight against corruption at domestic and international levels within the framework of 2010-2014 Anti-Corruption Strategy (The Strategy on Enhancing Transparency and Strengthening the Fight against Corruption). The fundamental components of the Strategy are gathered under 3 main titles which are prevention, enforcement and increasing public awareness.

Furthermore, the Law for the ratification of the Additional Protocol to the Criminal Law Convention on Corruption has been enacted as of 17 May 2014.

In accordance with the Article 17 (Jurisdiction) of the Criminal Law Convention on Corruption, to which Turkey is a party, the 6th Judicial Reform Package includes a provision which will enable directly initiating investigations without the permission of the Minister of Justice in the case of the bribery of a Turkish public official abroad by a foreign national.

Human Rights Institutionalization

A great deal of improvement has been achieved with regard to the institutionalization in the area of human rights. The Ombudsman Institution and Human Rights Institution of Turkey have been established in 2012 and both have become operational in 2013.

The Ombudsman Institution published brochures to provide information in English, Arabic and Kurdish languages other than Turkish. Furthermore, the Institution allows the applicants to apply in another language which they declared they could express themselves better.

The institution has been accepting applications regarding complaints since 29 March 2013. As of May 2014, the Institution received 10,165 applications.

The Institution examines all sorts of actions and attitudes within the framework of understanding of human rights-based justice and legality, and it released more than 150 recommendations this year. Institution followed the decisions of the European Court of Human Rights and took into account the International Covenants to which Turkey is a party.

The Ombudsman Institution started to take significant decisions concerning the applications. For instance, in October 2013, the Institution gave a decision regarding the wearing of headscarves in public institutions. The decision recommending the abolishment of banning of headscarves in public institutions was followed by the decision adopted under the Democratization Package which lifted the restriction on headscarves in public institutions and organisations.

With a Decision of Council of Ministers, Human Rights Institution of Turkey has been assigned as the “national prevention mechanism” that is responsible for carrying out tasks and duties set by Optional Protocol to the Convention Against Torture (OPCAT) as of January 2014.

The By-law for the methods and principles to investigate the applications regarding the human rights violations was published in the Official Gazette on 17 May 2014. Accordingly, individual applications to the Human Rights Institution started to be received.

The By-law on Human Rights Experts was published in the Official Gazette on 14 March 2014 and accordingly, the process for recruitment was started.

The “Action Plan on the Prevention of Violations of European Convention on Human Rights” was approved by the Council of Ministers and published in the Official Gazette on 1 March 2014. With the fulfilment of the benchmark related to the Action Plan, Turkey has met all of the “unofficial” opening benchmarks of the Chapter 23.

Furthermore, the targets of the newly adopted Action Plan on the Prevention of Violations of European Convention on Human Rights have been taken into account during the preparation of sub-field within the “Rule of Law and Fundamental Rights” under the IPA II period. The leading institution for fundamental rights is the Ministry for EU Affairs in close cooperation with the Ministry of Justice.

Turkish Constitutional Court clearly demonstrated the key role in embedding ECHR standards in the Turkish judicial system through the individual application mechanism. This mechanism, which has become operational as of September 23, 2012, has been an important instrument to further enhance the protection of fundamental rights. As of 31 March 2014, 15,710 individual applications were made to the Constitutional Court. The Court concluded 5962 applications so far and found 3845 of them inadmissible. In 64 judgments, the Court declared that the fundamental rights of the applicants were violated.

The Constitutional Court has adopted a libertarian approach taking the case law of the ECtHR into account and thus expanded the individual rights and freedoms. Anyone who claims that any of his/her fundamental rights and freedoms guaranteed by the Turkish Constitution as well as the ECHR and additional protocols thereto, has been violated by the public authorities, is able to apply for redress to the Turkish Constitutional Court.

In order to establish a full-fledged human rights institutional mechanism, relevant bodies continue to work on the “Draft Law on Law Enforcement Monitoring Commission” and the “Draft Law on Anti-discrimination and Equality” also stipulated by the Democratization Package.

The “Draft Law on the Establishment of Law Enforcement Monitoring Commission and Amending Certain Laws” is on the agenda of the TGNA. With the Draft, the establishment of a law enforcement monitoring commission is envisaged. Moreover, a rapid, transparent and reliable and central registration system will be set up in order to record all necessary tasks and operations to be carried out by administrative bodies with regard to crimes allegedly committed by law enforcement officers.

The most concrete indicator of the reforms in the area of human rights in Turkey, which started particularly with the constitutional amendment in 2010, is the ECtHR statistics in 2013. According to the statistics of the European Court of Human Rights in the year 2013, Turkey, which for a long time occupied second place, is now ranking fifth regarding the applications before the European Court of Human Rights with a number of 10,931 applications as of January 2014. Moreover the number of pending appeals has decreased by 35.23%. Regarding the number of applications per 10.000 people, as of the end of the year 2012, Turkey had been ranking 15th among 47 countries with a rate of 1.22. However, at the end of 2013, Turkey achieved to decrease this rate to 0.47 and ranked 30th.

The Law Amending Various Laws (High Council for Judges and Prosecutors and Turkish Justice Academy)

The legislation on the High Council was amended to strengthen the external and internal independence and the impartiality of the judiciary in line with the general recommendations of the Venice Commission.

Turkey is a state governed by rule of law and has its own internal checks and balances.

The Constitutional Court annulled some provisions of the recent amendments. The amendments, in line with the decisions of the Constitutional Court, are included within the new draft judicial reform package which is currently on the agenda of the TGNA (6th Judicial Reform Package).

In fact, according to the Venice Commission, “there is no standard model that a democratic country is bound to follow in setting up its Supreme Judicial Council.”

There is no uniformity among Member States on High Councils of judges and prosecutors. Each member state has its own model, designed according to its own circumstances and needs.

In some member states, including Germany, Denmark and the Netherlands, the executive, whether the minister, the prime minister or the head of a state, plays an important role on the appointment and promotion of the judges and prosecutors.

Internet Law

The “Law on Internet” enacted in 2007 was an initiative to solve the problems arising from the fragmented structure of the internet. However, dynamic nature of the internet creates new needs for further regulation.

Last changes in the “Internet Law No. 5651” mainly aim to prevent breach of right to privacy of private life and personal rights in the internet. The amendments have stemmed from the fact that delays in the implementation may cause breach of right to privacy of private life and personal rights.

The principle of internet governance in Turkey is “What is illegal in real life is illegal on the internet.” The main aim of the amendments to the Law on Internet is the application of this principle. Internet as a space of freedom should not be abused.

In order to meet the expectations of the public, important revisions are done within the approval stage of the President and the scope of the Law has been clarified. The amendments meet these expectations which are also in line with the issues brought up by the Commission.

For instance, in order to provide better and faster protection of personal rights and privacy, applications involving such issues shall be answered in 48 hours by the courts. Blocking is only possible with a court order or decisions in this direction will be subjected to the direct judicial review.

Union of Access Providers is established to overcome the problems involving identification of the responsible bodies for the removal of the content and responsible bodies to implement court decisions.

The Law protects the balance between the personal rights, protection of the privacy and freedom of expression.

Internet access blocking is limited only to the concerned harmful content rather than whole web site, in conformity with the case law of the ECtHR.

With regard to technical aspects, EU *acquis* has been our guide and was respected on the issues like the introduction of notice and takedown mechanism which is one of the main principles of EU internet governance and the limits on the data retention.

Freedom of Expression

As regards freedom of expression, we remain determined to expand the scope of the freedom of expression and we will continue to address possible shortcomings in relation to freedom of expression and press.

As we firmly believe that guaranteeing fundamental freedoms is a must to further strengthen democracy, we will continue to address possible shortcomings in relation to freedom of expression and press.

Significant amendments are introduced regarding freedom of expression both in the Third and the Fourth Judiciary Reform Packages. These packages include remarkable improvements raising the standards of human rights, including freedom of expression and freedom of press.

The 3rd Judicial Reform Package brought significant arrangements concerning improvement in the freedom of expression and press. In this respect, 3rd Judicial Reform Package brought amendments to various articles of the Turkish Penal Code, Anti-Terror Law and Press Law.

The package provided for new amendments for:

- postponing investigations, cases and judicial fine/prison sentences concerning offences related to expression of ideas committed through press, media or other means,
- abolishing the suspension on periodical publications,
- repealing decisions taken to confiscate publications prior to 31 December 2012.

The Fourth Judiciary Reform Package is devoted to freedom of expression and press-related issues. The package includes significant improvements raising the standards of human rights, including freedom of expression and freedom of press.

As a result of the amendments in the Turkish Penal Code and Anti-Terror Law, major improvements concerning freedom of expression are achieved. Accordingly, with the aim of enhancing freedom of expression, praising the offences and offenders will be evaluated as an offence only if it constitutes a clear and imminent danger to the public order. Moreover, the scope of the propaganda offences have been narrowed down whereby it will be evaluated as an offence only if the methods of the terrorist organizations which contain violence, force or threat are explicitly justified or praised or encouraged. Furthermore, the elements of the offence of printing and publishing the declarations and statements of terrorist organizations are rearranged whereby only printing and publishing declarations and statements that legitimize terrorist organizations' methods involving force, violence and threat as lawful or appraise these methods or encourage the use of these methods are deemed as punishable.

Regarding freedom of internet, the Government has taken significant steps in order to strengthen the internet infrastructure; accordingly, as of first quarter of 2014, number of internet subscribers reached to 34.5 million as it increases exponentially.

Promoting the novelties in the internet world, even remote villages now have internet access. Within the scope of FATİH project, Turkey aimed to enable equal opportunities in education and improve the use of high technology in schools with the introduction of Information and Communication Technologies (ICT) tools.

Currently, everyone in Turkey can access to the internet sites named Twitter and Youtube. The blocking over Twitter and Youtube has been repealed in line with the Constitutional Court's decisions which stipulate that blocking the access to Twitter/Youtube infringes the freedom of expression of all users benefiting from this site. However, a fair balance between freedom of expression and protection of privacy and personal data needs to be ensured.

On the other hand, with the expansion of the internet media and online news portals, the necessity to determine the legal framework for the internet media has arisen.

The general aim of the “Draft Law Amending the Press Law and other Certain Laws”, which is currently discussed at the Parliamentary Justice Committee, is to provide the rights and the obligations, regulated under the framework of the “Law No. 5651 on the Regulation of Publications on the Internet and Suppression of Crimes Committed by Means of such Publications” and “Law No. 5953 on Sector Regulations between Press Employees and Employers” for the internet news sites.

With the enactment of the Draft Law, the internet news sites will be covered under the scope of Press Law on voluntary basis. Reporters, editors, authors and the managers of the internet news sites will become press members as their peers working in the traditional media, and they will also benefit from the same rights and benefits such as press card, publishing official announcements on their own websites. In this vein, the obstacles preventing the on-line journalists from obtaining press cards will be eliminated.

The internet news portals will benefit from the revenues of official announcement and advertisements which are important sources of income for all news portals.

Freedom of Religion

Turkey adheres to its legacy of multi-faith tolerance and cultural pluralism with great dedication. Freedom of religion in Turkey is firmly guaranteed by the Constitution and relevant legislation.

The ongoing reform process that has been carried out with resolve and transparency in recent years has also led to further improvements in the legislation concerning religious freedoms.

Places of worship of non-Muslim communities are administered by their own associations or foundations. Property rights regarding places of worship rest with the real or legal persons that have founded them. There are 400 places of worship belonging to non-Muslim communities, including 85 churches run by foreigners residing in Turkey.

Religious ceremonies were held in Maçka, Trabzon on 15 August 2010, 2011, 2012 and 2013 in the historical Sumela Monastery; and in the Surp Haç Armenian Church (Armenian Church of Akdamar on Lake Van) on 19 September 2010, 11 September 2011, 9 September 2012 and lastly 8 September 2013.

On 10 September 2013 and 13 January 2014, religious ceremonies were held in Surp Giragos Armenian Orthodox Church. Lastly, Easter Day was celebrated by the Christian community at the Armenian Orthodox Surp Giragos Church and the ancient Syriac Orthodox Church of Meryem Ana on 20 April 2014.

Moreover, the first religious ceremony after 89 years was held on 14 April 2013 in Aya Yorgi Church in Alanya, Hıdır İlyas District. Currently, a restoration project regarding the Church has been prepared and the work has been initiated.

Since 2006, government officials have held periodic meetings with the representatives of several religious communities to address their problems. In that context, comprehensive consultations with the religious leaders of the non-Muslim communities have become a routine.

Problems of all citizens under the scope of the freedom of faith continued to be addressed with an equal approach. The Syriac Orthodox community residing in Istanbul, who have difficulties in performing their religious service asked for an area to build a new church in Istanbul and this demand has been approved by Istanbul Metropolitan Municipality.

According to the Provisional Article 6 of the “Electricity Market Law No. 6446”, which entered into force as of 30 March 2013, electricity bills of the places of worship is covered from the fund under the budget of the Presidency of Religious Affairs. Except for mosques, there are 387 churches and synagogues currently enjoying this right.

Law on Foundations

With respect to property rights, the Government took a historical step and resolved a long lasting issue regarding the immovable properties of minority foundations by the amendment of Law on Foundations on 27 August 2011 and its Implementing By-law dated 1 October 2011.

Since then, 116 non-muslim community foundations have applied to the Directorate General of the Foundations regarding the registration of 1560 properties. Accordingly, 318 properties were returned to the community foundations and it was decided to pay compensation in return for 21 properties. The evaluation process is ongoing. As a result of these amendments, properties with a value of more than 2 billion TL have been returned to the community foundations. Following the adoption of the Law on Foundations, 20 charity properties that were built as schools are allowed to be converted into income generating real-estate properties.

Within the scope of the work carried out by the Directorate General for Foundations and the Ministry of Culture and Tourism, the places of worship in various provinces of Turkey, which are utilised by the members of different faith groups, have continued to be renovated.

Several buildings in the Armenian cemetery in Malatya were rebuilt and put into service by Malatya Municipality in June 2013.

By the Directorate General for Foundations, many places of worship used by citizens who belong to different religions have been restored and some are still under restoration. In 2013 and 2014, Edirne Central Synagogue (Big Synagogue), Gökçeada Saint Marina Greek Orthodox Church and Gökçeada Kaleköy Monastery have been restored. The restoration of İstanbul Edirnekapı Saint George Church and Ayvalık Cunda Taksiyarhis (Saint Nicholas) Church are continuing.

As of 25 February 2014, within the framework of the Democratization Package, the land which belongs to Mor Gabriel Monastery Foundation has been returned to the Syriac community in Turkey.

Greek Orthodox Minority in Turkey and Turkish Minority in Greece

The issues pertaining to **Greek Orthodox minority** in Turkey and Turkish minority in Greece constitute an important item of our bilateral agenda with Greece. Indeed, **Lausanne Peace Treaty of 1923 safeguards parallel rights** for the respective minorities in both countries.

The Greek Orthodox minority in Turkey fully enjoys its religious freedoms. There are no restrictions on using their ethnic identity or language. We are glad to observe that Greek Orthodox **Minority members have started to return to Turkey** thanks to the benevolent climate, stemming from the ongoing reform process in Turkey. Turkish authorities announced their willingness to reinstate the Turkish citizenship of those who have left Turkey. Indeed, the Patriarch himself, as well as the Greek Government praise the steps taken by Turkey to alleviate the problems of our non-Muslim minorities including the Greek Orthodox Minority.

Gökçeada Island had been exempted from the large-scale population exchange that took place between Greece and Turkey within the context of the Treaty of Lausanne. The minority school at Gökçeada Island was shut down in 1964. Following the demand of the Greek community for a Greek Primary School in Gökçeada permission was given as of 28 March 2013 to open a Greek minority school in Gökçeada. The school in question has been re-opened in the academic year of 2013-2014

Despite being EU citizens, Turkish Muslim Minority in Western Thrace face with the denial of ethnic identity; non-recognition of elected Muftis; interference in religious autonomy expropriation and confiscation of huge amounts of private and community properties, lack of equal education opportunities as well as minority kindergartens; loss of 60.000 Greek citizenship by means of defunct Article 19 of the Greek Citizenship Law. The situation is far worse for the communities of Turkish origin of the Dodacanese whose minority status is being denied.

Turkish Muslim Minority in Western Thrace and the communities of Turkish origin of the Dodecanese are expecting to see similar positive steps from the Greek authorities to remedy their problems and to be consulted when a decision is taken on issues related to the Minority.

“**Ecumenicity**” of the Greek Orthodox Patriarch is a matter of theological and doctrinal debate within the Orthodox Church. It falls out of the sphere of interest of Turkish authorities committed to the principle of secularism. In relations with third parties, the Patriarch is free to use the term ”ecumenical”. As confirmed by the decision of the Venice commission –the Council of Europe’s advisory body for constitutional matters-, Turkish authorities are not under any obligation to actively employ this title when referring to the Patriarchate, nor are they under formal requisite to recognizing this institution.

The Greek Orthodox Patriarchate **carries out its activities in conformity with its traditions**. The procedures and principles regarding the election of the Patriarch are implemented in line with the traditions of the Patriarchate. There are 101 churches, functioning in connection with the Patriarchate in İstanbul.

There is **no restriction in terms of the election of religious leaders**. According to Turkish regulation, Patriarch has to be a Turkish citizen. This is a requirement based on the “Gentlemen’s Agreement” reached in the margins of the Lausanne Treaty negotiations. It also reflects the understanding that the Greek Orthodox Patriarch was allowed to stay in Turkey to meet the religious and spiritual demands of the Greek Orthodox minority.

On the contrary, elected Muftis of the Turkish Muslim Minority are not been recognized by the Greek authorities and Greek side appoints parallel Muftis.

With a view to address the concerns of the Patriarchate with regards to the election of Patriarch, to non-Turkish Metropolitans who are elected to the Patriarchate's St. Synod are granted Turkish Citizenship, upon their application. Till now, 21 Greek Orthodox Metropolitans, attached to the Patriarchate were granted Turkish citizenship, based on application. Thus, this issue should no longer be mentioned as a problem.

Greek Orthodox Patriarchate has been using legal personality through its foundations.

According to the Law 4471 from 2002, 216 immovables were registered to the name of the relevant foundations. The Law on Foundations of 2007 have been implemented effectively. Upon August 2011 decree, based on the applications of the Greek foundations, 135 immovables were registered, compensation were paid for 9 immovables, evaluation process is underway for 223 case. The outstanding examples from 2013 are:

- *Registration of 190 acres of woods on the name of Agia Triada Monastery Foundation, to which Halki Seminary belongs,
- *Registration of Ortaköy Agia Foka Greek Church, cemetery and school complex to the relevant foundation,
- *Registration of the building used by the Greek Consulate in İstanbul to the Agia Yorgi Greek Orthodox Church foundation,
- *Registration of Ayazma Square on Kandilli Metamorphosis Greek Orthodox Church.

Moreover; In accordance with the decision of the Foundations Assembly affiliated to the Directorate General for Foundations;

- *Beyoğlu Greek High School for Girls was granted foundation status,
- * Kadıköy Greek Girls Middle School was granted foundation status,
- *Foundation status of Büyük Greek Boys Orphanage-Heybeliada Greek Girls Orphanage was returned).

Heybeliada Theological School (Halki Seminary) was closed as a result of the decision of the Constitutional Court in 1971 which stipulates the closure of all private education institutions at undergraduate level in Turkey.

Positive steps taken by the Turkish government to meet the demands of the Greek Orthodox Minority in all fields including the religious freedoms are well known. Our Government has the will to re-open the Heybeliada Theological School on the basis of a sustainable formula and work on this issue is ongoing with a constructive approach.

In accordance with the Article 35 of **the Land Registry Law No. 2644**, amended by Law No. 6302, which entered into force on 18 May 2012, the condition of reciprocity for foreigners who wish to buy property in Turkey is abolished. This is a transparent law.

The list of eligible countries whose citizens are allowed to purchase real estate in Turkey cannot be made public since this document is adopted as a confidential document. According to our legal system, we cannot make public the confidential documents.

However, in accordance with this law, all the EU citizens, except the Greek Cypriots, are allowed to purchase property in Turkey.

Turkey's position as to the membership composition of the EU as stated by her declarations dated 1 May 2004 and 29 July 2005 remains unchanged.

There are no special additional restrictions for Greek and Bulgaria citizens. There is a general rule for the citizens of the neighboring countries to Turkey. According to this rule, a citizen of a neighboring country cannot buy property in a city which has land/sea border with his/her own country.

The general legal restrictions applied to foreigners, including the EU citizens, except the Greek Cypriots, are related to the military areas and the size of the property. For example, the foreigners can buy maximum 30 hectares of property in Turkey in total. Besides, foreigners cannot acquire or rent property within military forbidden zones and security zones.

I wish to emphasize that, thanks to our liberal legal system, the EU citizens are buying more and more property in Turkey and we welcome them all. ”

Anti-discrimination and Gender Equality

The work on the establishment of the Anti-discrimination and Equality Board, which is included in the Democratization Package, is currently underway. Turkey has achieved great progress on gender equality and children rights.

Enhancing women’s rights and fight against violence towards women are priorities of Turkey’s reform agenda. "National Action Plan for Fighting Violence against Women 2012-2015" was enacted on 10 July 2012. Five essential fields are aimed as legal regulations, creating awareness and mental conversion, empowerment of women and rendering protecting services, rendering health services and co-operation among institutions/authorities with the National Action Plan. Total number of precautionary actions taken for violence victims in Turkey is 6.392 and number of precautionary actions taken against violence perpetrators is totally 47.941. Revision studies for “Alo 183”, hotline of the Ministry of Family and Social Policies are completed, lines rendering services under Social Assistances and Social Services are consolidated and the number of staff is increased.

Implementation period for National Action Plan on Gender Equality (2008-2013) was completed in 2013 and activities regarding revising the document for the 2014-2018 period started under coordination of the Directorate General on the Status of Women (DGSW). Working groups were established with the participation of relevant stakeholders under 8 title; “Women and Education”, “Women and Health”, “Women and Economy”, “Women and Poverty”, “Women and Environment”, “Women and Media”, “Women’s Participation in Power and Decision-Making Mechanisms” and “Improvement of Gender Equality in Turkey”.

Following its establishment, the Ministry of Family and Social Policies has started to operate actively and signed protocols which aim at raising awareness of the society on women's rights and gender equality and at promoting women's participation in the social and work life. We have reviewed all relevant legislation extensively, including the Constitution in order to ensure that the women's rights are protected by all segments of the society through a single coordination structure in this field. Based on the effective implementation of the legislation, related infrastructure and superstructure work continue rapidly through projects, protocols and various measures which will promote the women's participation in the social life.

We also put emphasis on increasing the schooling rates of girls, the participation rates of women into labour force and representation of women in the Parliament. All these rates are increasing.

Children's Rights

Similarly, Turkey is committed to the goal of improving the rights of children. We are in determination working towards further improving living standards of children. Turkey has increased the budget for children services, which illustrates Turkey's determination to enhance the rights of our children.

Ministry of Family and Social Policies' main policy for the children in need of protection is:

- Availing children of family based service models without taking them under institutional care by attaching priority to protective and preventive studies,
- Principally, returning the children under institutional care to their family,
- Availing children for whom it isn't possible to return to their own family of foster family service in which relatives of the children are prioritized,
- Adoption of the children, who do not have any legal obstacle,

- Accommodating the children, for whom it is not possible to benefit from family-based services, in child homes and affection homes which are new service models of the closest system to family structure as a final option and establishing institutions specialized on juvenile pushed to crime and child victim of crime.

In this regard, The Ministry conducts activities for the transformation of the service type. Congregate care is being transformed to care within family and institutional care is being transformed to home system in child services. It is aimed to complete this transformation, approximately 80% of which is performed, until the end of 2014.

Trade Union Rights

Turkey took crucial steps to fulfil the benchmarks in order to open Chapter 19-Social Policy and Employment to negotiations. Regarding first benchmark on trade union rights, a number of amendments were made in the Constitution in 2010 to ensure improvement in trade union rights.

Two new laws were adopted in order to ensure alignment with the amendments made to the Constitution in September 2010: the “Law No. 6289 Amending the Law No 4688 on Public Servants’ Trade Unions and Collective Agreement” of 4 April 2012 and the “Law No. 6356 on Trade Unions and Collective Labour Agreements” of 18 October 2012. These two pieces of legislation aim to ensure labour peace and overcome obstacles to unionization and problems faced during the implementation.

Moreover a high level working group was established in order to enable more fruitful collaboration between the Turkish and EU side to accelerate the process. Representatives of European Commission and Turkish Ministry of Labour and Social Security agreed on a draft working document regarding high level working group. The objective of the working group, as identified in the document, is to decide the steps on five main points which aim to improve trade union rights in Turkey through fulfilling opening benchmarks. Within this framework, the working group addressed five main points on double thresholds for collective bargaining, protection of trade union members with regard to dismissals in small companies due to trade union activities, right to bargain and to strike in the public sector, establishment of trade unions at workplace level for civil servants and clarification on the By-laws to be issued regarding collection of the membership dues.

The “By-law on Acquisition and Termination of Labour Union Membership and the Collection of Membership Dues” laying down the collection of membership dues was published in the Official Gazette No. 28702 of 9 July 2013 and clarification regarding the issue was provided.

Regarding child labour, activities have been carried out within the scope of the Child Rights National Strategy Document and Action Plan which has a target regarding the prevention of child labour and protection of the right of working children. In the action plan it was envisaged to establish a child labour monitoring system at local level and introduce legislation regarding the children working in the artistic and cultural activities and advertising sector. Preparations are on-going for a project on preventing child labour in seasonal agriculture to be implemented through EU funds in the upcoming period.

Turkey continues its efforts to establish an equality body as required by the *acquis* in this field. A draft law on Anti-Discrimination and Equality Board is being prepared by the Ministry of the Interior and going to be presented to the Prime Ministry in the upcoming period.

Regarding occupational health and safety, preliminary work for the “Project on Improving Improvement of the Occupational Health and Safety” to be implemented with national resources with the aim of generalizing the OHS management system models and with the aim of ensuring their implementation to the chemistry, leather, furniture, food, textile sectors has been finalised. Moreover, Ministry of Labour and Social Security carries out promotional and information activities to ensure that the society adopts the legal legislation and raises awareness regarding the security culture. Work to increase the administrative capacity of the General Directorate of Occupational Health and Safety under the Ministry of Labour and Social Security is still on-going and within this framework, 62 people were assigned to the General Directorate in 2013.

Work has continued regarding the combat against unregistered employment. The rate of unregistered employment was 34,4% in March 2014, having decreased by 2.4 points in comparison with the same period of previous year. Moreover National Employment Strategy was adopted in June 2014. One of the objectives of the strategy is to drop down unregistered employment rate in non-agricultural sector below 15%.

Regarding female labour force participation, The “Gender Parity Task Force” was formed under the leadership of the Ministry of Family and Social Policies on 4 June 2012, in order to close the economic gender gap (economic participation and opportunities) in Turkey by 10% within 3 years. Ministry of Family and Social Policies signed cooperation protocols with the relevant ministries to raise awareness on women rights and gender equality and promote women’s participation in the social and working life. Employment and labour force participation rate of women continues to increase as a result of policies and incentives programmes. According to data of the Turkish Statistics Institute (TUIK), women employment rate increased from 26.3% in 2012 to 26.5 % in March 2014 and the labour force participation rate of women increased from 29.5% in 2012 to 29.8% in March 2014.

Cultural Rights

As regards cultural rights, we have taken significant steps during the last decade regarding the use of different languages and dialects that are traditionally used by Turkish citizens in their daily lives including establishing a state channel, allowing oral or written propaganda, lifting the restrictions on the rights of prisoners or their visitors to speak their own language and encouraging academic study, through establishment of institutes and undergraduate and graduate programs in different languages and dialects that our citizens use.

Within the framework of the new 12 year education system, an elective course on “living languages and dialects” (such as Kurdish, Circassian, etc.) is available to students enrolled in secondary education.

Decision of the Council of Ministers on Establishing the Institute for Living Languages linked to the Siirt University Rectorate was published in the Official Gazette of 25 June 2013.

The Anatolia News Agency started broadcasting in Kurmanjî and Sorani dialects of Kurdish in addition to the English, Arabic, Bosnian, Croatian, Serbian and Russian as of September 2013.

Within the scope of the Democratization Package, in accordance with the legal arrangements made after 49 years, the name of the sub province of Siirt, which was given the name “Aydınlı” in 1964 due to the policy of changing the place names was rechanged to “Tillo”, which is its original name. Moreover, the name of the Nevşehir University was changed to the Hacı Bektaşî Veli University within the framework of the Democratization Package. The amendment regarding place names, which was published in the Official Gazette of 7 November 2013, is a major step since it enables citizens’ use the original names as in their local language and cultures of their places that they live in.

With the adoption of the “Law Amending Certain Laws for the Enhancement of Fundamental Rights and Freedoms” on 2 March 2014 by the Parliament, a great majority of the measures, provided in the Democratization Package which require legal and administrative arrangements have been fulfilled.

The reforms within the framework of the Democratization Package increase democratic standards and contribute to a more pluralist atmosphere in which Turkish citizens can express themselves more freely in their daily lives. In this context, the legal amendments made under the mentioned Law, which have positive impact on freedom of expression, can be summarized as:

- Restrictions on the use of different languages and dialects in political campaigns were lifted to ensure that our citizens can carry out political campaign in which language or dialect they prefer.
- Restrictions on education in different languages and dialects in private schools have been lifted to ensure that people can learn their mother language without any limitation.
- Legislative restrictions on the use of some village names on the ground that the names were not Turkish have been lifted to ensure that certain previous village names can be restored.
- Through the amendments made to the Turkish Criminal Code, respect for different lifestyles and differences have been safeguarded.
- Through the repeal of criminal sanctions in the Turkish Criminal Code regarding the use of certain letters, the use of such letters as q, x, w is now allowed.

Fight against Terrorism

As regards **fight against terrorism**, we are implementing a comprehensive and multi-faceted strategy. We are trying very hard to keep the critical balance between security requirements and the need to preserve and enhance the freedoms concurrently. This is the guiding norm according to which we conduct counter terrorism activities in Turkey.

Turkey has sought to enhance cooperation with EU members and institutions regarding countering terrorism. The groups and persons that conduct terrorist activities targeting Turkey and Turkish interests live in the EU territory. Activities of these terrorist groups for recruiting members, obtaining finance as well as weaponry from the EU territory should be countered effectively.

At this point let me to share an excerpt from the TE-SAT 2014 report (EU terrorism situation and trend report). The report states that “*Several investigations in EU Member States have concerned the misuse of charities and non-profit organizations in order to collect funds for terrorist entities... ..Examples of charity misuse have been evidenced in support of several terrorist entities including the DHKP/C and etc.*”

We appreciate the fact that the PKK and DHKP/C are included in the EU’s list of terrorist organizations and we expect from EU to keep them in the list.

We also appreciate the contributions of EU Member States’ operations to the cooperation against terrorism. Several operations against PKK/KCK’s financing, recruitment and arms trafficking activities have been conducted in Germany, Belgium, France, Spain, Italy, Denmark and Netherlands. We welcome these operations.

However, we observe that captured terrorists are either released or not extradited, despite our repeated requests. Furthermore, in certain instances we witness that those who are not extradited are not prosecuted.

We believe that the principle of “prosecute or extradite” should be strictly adhered.

We also see that persons who have been convicted of terrorist offences are allowed to reside in the EU countries. The fact that suicide-bomber (Ecevit Şanlı), who conducted the attack against the US Embassy in Ankara, had been residing in Germany and had been allowed to travel through Greece stands to be a stark example in this respect.

Individuals who are involved in terrorist organizations can reside in the EU countries through the asylum and refugee statuses granted and this status can be used by terrorists to escape from justice.

We expect the EU authorities to closely scrutinize those who apply to obtain asylum or refugee status and not allow illegal activities of those who obtained this status.

We also ask strong support of the EU in combating the media activities of the terrorist organizations which promote terrorism and incite hatred. This is particularly important in terms of the radicalization of Kurds in Europe. Similarly, the propaganda and recruitment activities through pseudo-cultural organizations affiliated to DHKP/C and PKK are of particular concern.

Curtailing **terrorist propaganda activities** is an important component of our struggle.

We welcomed the decision of the Supreme Court of Denmark, dated 27 February 2014, on ROJ TV appeal case. The verdict given by the Danish judiciary clearly demonstrated that abuse of democratic rights and freedoms threatening public order and security will not be tolerated.

It is our firm belief that this decision shall constitute a precedent for the international community with regard to legal aspects of the fight against terrorism.

This is an area in which the EU is active and where we think there is a potential to deepen and strengthen our cooperation. At such an important period for the fight against terrorism, we expect the unequivocal support of our partners and allies. The support of the EU is particularly important.

On the other hand, we are well aware of the fact that the Law on Protection of Personal Data is an important prerequisite for international and European level of cooperation in the areas of law enforcement and judiciary. It is also very crucial to ensure effective cooperation with EUROPOL and EUROJUST. The lack of legislation on protection of personal data constitutes an obstacle for the signing of the Operational Cooperation Agreement between EUROPOL and Turkey. Therefore, the Draft Law on Protection of Personal Data has been prepared and submitted to the Prime Ministry by the Ministry of Justice. It is expected to be submitted to the Parliament soon.

Justice Freedom and Security

Our extensive efforts continue on a fast pace for alignment with the **EU Acquis under Chapter 24 - Justice, Freedom and Security.**

Turkey has increasingly become a country of destination (target) rather than a transit country as a result of the rapid economic growth and social development in the last decade. These developments have revealed the need for intensifying the efforts for becoming more efficient in the fields such as increasing the current capacity in migration management, curbing irregular migration and border management.

As a part of the efforts to strengthen the national system on migration management, the **Law on Foreigners and International Protection** entered into force as of 11 April 2013. The Law was prepared in close consultation with United Nations High Commissioner for Refugees (UNHCR) and International Organization for Migration (IOM) Turkey Offices, Council of Europe, the European Commission and the European Court of Human Rights, as well as civil society and academicians. The Law redefines main policies and significantly strengthens the current system in the areas of asylum and migration. With this law, an effective, manageable and human rights-based migration system has been established ensuring the delicate balance between freedom and security, complying with the EU acquis and international conventions and fulfilling most of the requirements regarding Chapter 24. Furthermore most of the requirements set out in the Visa Liberalisation Roadmap have already been met with the adoption of this Law.

The **Law on Foreigners and International Protection** envisages the establishment of a separate professional unit on migration management - Directorate General for Migration Management- to be responsible from all areas related to migration. To this aim, the General Directorate for Migration Management (GDMM) was set up and became fully operational as of 11 April 2014. The GDMM affiliated to the Ministry of Interior is now responsible for all legal and operational issues with regard to asylum and migration.

Thereby, an institutionalized structure has been put in place in compliance with the best practices in the world, which is guided by political will, and in which strategies are developed and the balance between human rights and security can be ensured. Furthermore, under the coordination of the GDMM, Turkey's short and long-term migration policies and strategies will be determined by the Migration Policies Board, where all relevant institutions are represented. The Ministry of Interior has also prepared a comprehensive Action Plan regarding the implementation of the Law.

As a result of our complementary efforts in both legislation and implementation of law enforcement bodies, the number of apprehended irregular migrants in **2013 amounted to 56.798**. We believe that it would be necessary to make additional resources available with a view to meet common challenges through a specific financial mechanism complementing the existing financial cooperation framework. The Foreigners and International Protection Law has been adopted in order to form the basis of an effective and strong migration management system by establishing the necessary legal and administrative infrastructure.

As regards **implementation of already existing bilateral readmission agreements**, we attach great importance to the swift and proper implementation of these agreements. Within the framework of the cooperation on the fight against illegal migration, realization and implementation of Readmission Agreements is of great importance in terms of dissuasiveness. As a result of bilateral negotiations, Readmission Agreements with Syria (10 September 2010), Kyrgyzstan (6 September 2003), Romania (19 January 2005), Ukraine (7 June 2005), Pakistan (7 December 2010), Russian Federation (18 January 2011), Nigeria (2 February 2011), Bosnia-Herzegovina (16 February 2012), Yemen (20 October 2012), Moldova (1 November 2012), Belarus (29 March 2013), Montenegro (18 April 2013) and European Union (16 December 2013) have been concluded.

Spreading of international migration movements all over the world, along with globalization, has paved the way for the increase in the smuggling of migrants. The solution for illegal immigration problem is a comprehensive and costly process that cannot be addressed by countries themselves. Considering the difficulties involved in effective protection of all borders in terms of illegal immigration, Turkey is seriously influenced and faced with a great financial burden.

Within the framework of the fight against illegal immigration, it is important that;

- The EU Member States should review their migration-stimulating asylum policies,
- The illegal migration organizers should be addressed,
- “Readmission Agreements” between resource and neighbour countries on return and readmission of illegal migrants should be concluded,
- The burden of illegal migration should be shared as it constitutes a global problem.

Our "open border" policy for **Syrians** continues. Syrians benefiting from temporary protection are currently hosted in 22 shelters at our border cities.

As of today, around 220.000 Syrians who are accommodated in the shelters are provided with food, non-food items, health and education services as well as psychological assistance, vocational training and social activities. In addition to that, around 800,000 Syrians who live outside shelters are also under our protection regime.

The total number of Syrians in Turkey is more than ten times the number of Syrians seeking refuge in all EU countries.

We have spent more than 3, 5 billion US Dollars for Syrians in Turkey until now. However, the contribution we received from the international community has been below all expectations.

We are also witnessing that, at a time when Turkey is providing safe haven to one million Syrians, the international community is hesitant to do the same even for small numbers of Syrians.

The First Ministerial Meeting of Syria Neighbouring Countries was organized by the United Nations High Commissioner for Refugees (UNHCR) on 4 September 2013 in Geneva.

Upon my invitation, the Second Ministerial Meeting of Syria Neighboring Countries was held on 17 January 2014 in Şanlıurfa Turkey. In that meeting, just prior to the Geneva-II conference, delegates of countries hosting large numbers of Syrians made a strong appeal to the international community reminding it that, the Syrian conflict has an important humanitarian dimension and that, the international community is under the obligation of sharing with Syria's neighbors the responsibility and burden of displaced Syrians.

The Third Ministerial Meeting of Syria Neighboring Countries was held in the Zaatari Refugee Camp, in Jordan, on 4 May 2014. I participated in this meeting together with my counterparts from Jordan, Lebanon, Iraq and Egypt. During the meeting, participants exchanged views on new ways for ensuring international community's solidarity and burden sharing with the neighboring countries.

The Fourth Ministerial Meeting is expected to be held in Lebanon.

As regards **border management**, improvement of the existing management structures under the responsibility of various institutions and ensuring their coordination are addressed in the Reform Monitoring Group meetings.

In this framework, the preparatory work on the Draft Law on Border Security is underway. The Draft Law envisages the establishment of a well-equipped law enforcement body, which will be assigned to land and sea borders as well as border gates of Turkey. On the other hand, we continue our collaboration with the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX), in accordance with the Memorandum of Understanding we signed in May 2012. Accordingly, the exchange of data started in August 2013. **Most recently, we signed an Action Plan with FRONTEX on 27 February 2014 that covers the 2014-2016 period.** Within the framework of this plan the Bureau of Border Management shall assume the implementation exchange of information, coordination of joint activities and cooperation plan on behalf of Turkish authorities.

National Strategy (2010-2015) and Action Plan (2010-2012) on Combating Organized Crime was approved by the Prime Ministry on July 19, 2010. The Ministry of Interior has drafted the second action plan for the 2013-2015 period.

The Bilateral Arrangement between Europol and Turkey was signed on April 4, 2012 establishing direct link to SIENA (Secure Information Exchange Network Application) in order to facilitate information exchange between Turkey and Europol.

Within the framework of the **fight against trafficking in human beings**, the Law on the Fight against Human Trafficking and Protection of Victims is currently being drafted by the relevant authorities. **Furthermore, the process of the approval of European Council Convention No. 197 regarding the Action against Trafficking in Human Being is also underway.**

The progress in Chapter 24 indicates that Turkey has reached a sufficient stage of fulfilling the requirements for opening this chapter to negotiations.

Data Protection

With the 2010 Constitutional Amendments, the right to request protection of personal data is introduced within the Constitution.

The “Draft Law on Protection of Personal Data” within the framework of Democratization Package has been submitted to the Prime Ministry by the Ministry of Justice. We expect the draft to be submitted to the Parliament soon.

The Draft Law has been prepared in line with the Data Protection Directive 95/46/EC and Article 8 of the ECHR and the case-law of the ECtHR.

We are also following current legislative process to update the existing Directives of the EU and the recent rulings of the European Court of Justice regarding the independence of the data protection authorities of some member states.

Visa Issue

The launch of the Visa Liberalisation Dialogue on 16th December 2013 provides a new momentum for Turkey-EU relations. The same day, Turkey – EU Readmission Agreement was also signed.

Within this process, as a first step, the EU expert missions to Turkey on the blocks of the Road Map (“document security”, “border management, visa, migration management, asylum, readmission”, “public order and security” and “fundamental rights”) have been carried out. These expert missions, organized in cooperation with all relevant Turkish authorities, provide an opportunity for exchange of information and experience with the EU.

The Readmission Agreement is now on the agenda of the Turkish Grand National Assembly. We hope that the Agreement will enter into force as soon as possible.

In this process, we expect the EU to share the burden by making sufficient financial resources and technical assistance available.

Turkey is the only candidate country negotiating membership with the EU not to have visa liberalization, whereas some countries which do not have even membership perspective already do benefit from visa liberalization.

Visa liberalization for Turkish citizens will make a substantial increase in human interactions and exchanges through trade, tourism, culture, science and arts. This will certainly have a positive impact on the public opinion in Turkey towards the EU. We expect the EU to handle the Visa Liberalization Dialogue in a fair and result-oriented manner.

E-Visa Application System

The Electronic Visa (e-Visa) Application system was launched on 17 April 2013. This system allows visitors travelling to Turkey to easily obtain their e-Visas on line at any time in approximately three minutes. As of 18 June, 908 visitors were issued with e-Visa.

Greek Cypriot citizens have been included in the Turkish Electronic Visa (e-Visa) system, as of 2 December 2013

In this regard, Greek Cypriots holding any types of passports of the Greek Cypriot Administration of Southern Cyprus are able to obtain single entry e-Visas of 30 day validity online (at www.evisa.gov.tr) for a fee of 20 US Dollars. This provides additional visa facilitation for Greek Cypriots.

Greek Cypriots citizens may also obtain their visas from Turkish diplomatic missions. Greek Cypriots have also been able to obtain visas on arrival to Turkish ports-of-entry since 2003.

Enhanced political dialogue

i) Good neighbourly relations

Our relations with Greece have been evolving since the inception of the dialogue process in 1999 and our economic and commercial ties have also been intensifying. We are committed to good neighborly relations with Greece. Our bilateral cooperation is to benefit of our wider region. The establishment of the High Level Cooperation Council (HLCC) in 2010 has been an important cornerstone in improving our bilateral relations with Greece. So far two HLCC meetings were held and on these occasions a total of 47 documents were signed between the two countries.

The 57th round of Exploratory Talks were held in İzmir on 6 June 2014. Biannual political Consultations will be held in Istanbul on 24 June 2014. A comprehensive bilateral discussion on economic/trade relations took place in Ankara on 11 June, during which the preparations of 3rd High Level Cooperation Council were also touched upon. HLCC process has cleared the way for the improvement of our relations in various fields such as economy, tourism, transport and energy. We expect the third HLCC meeting to be held in Greece this year.

Turkish-Greek Investment forum was held in Ankara on 12 June 2014 with the participation of “Enterprise Greece” displays the decisiveness of both sides to increase economic interaction and investment cooperation. The bilateral trade volume has reached 5.7 billion Dollars in Greece’s favor. Turkey has become the number one trade partner of Greece. 10 billion Dollar target set by the Prime Ministers of both countries during the Second HLCC meeting, held in İstanbul in March 2013.

As two guarantor powers and motherlands, we have initiated a frank dialogue on the Cyprus issue that would positively contribute to the settlement efforts, as reflected in the cross visits of the Turkish Cypriot and Greek Cypriot negotiators in Athens and Ankara respectively.

We attach particular importance to improve our bilateral cooperation on the basis of a positive agenda.

As far as the breadth of territorial sea issue in the Aegean is concerned, Turkey's position remains the same. This position has nothing to do with the threat perception.

The Turkish Parliament's motion of 8 June 1995 is a reciprocal measure which was adopted only after the Greek Parliament took the decision on 1 June 1995 to empower the Greek Government for the unilateral extension of Greek territorial waters to 12 nautical miles. Both countries should consider revoking these motions together.

At the same time, the EU side should avoid sensitive wording such as "threat" in the context of the preparation of its Maritime Security Strategy while referring to the delimitation of maritime areas in our region.

Delimitation of the continental shelf or the exclusive economic zone between states should be concluded in accordance with international law and based on principle of equity. Based on this principle, Turkey has ab initio and ipso facto sovereign rights over its continental shelf areas in the region.

ii) The Cyprus settlement and Turkey's EU accession process are two separate issues, and it should be recalled in this context that neither Turkey nor the Turkish Cypriot side are the originators of the Cyprus issue. Indeed, March 2014 was the 50th anniversary of the deployment of the UN troops to the Island to protect the Turkish Cypriots from Greek Cypriot attacks.

The “Republic of Cyprus” was a Partnership State founded in 1960 upon the basis of international treaties concluded between five signatories: Great Britain, Turkey, Greece and the two co-founder peoples of the Island. The Republic reflected this bi-communal partnership understanding based on the political equality of the two peoples as co-founder partners. Sovereignty devolved on Cyprus in 1960 through a joint exercise of self-determination by the two communities. The roots of the Cyprus problem can be traced to 1963, when this partnership was destroyed by the Greek Cypriots, who effectively hijacked the state and since then purport to be the “Republic of Cyprus”. Although half a century passed since those events, they are still very much relevant. There has not been a government which legitimately represents the whole Island since the end of 1963. From the beginning of the negotiations 46 years ago, the settlement of the Cyprus problem has been a matter of the renewal of the partnership between Greek and Turkish Cypriots.

Turkey has been declaring in a most open and clear manner its full support for a comprehensive settlement on the Island. A just and lasting settlement in Cyprus will greatly contribute to peace and stability in the whole area of the Eastern Mediterranean and will certainly be to the benefit of all, particularly the EU.

Unfortunately, the last UN comprehensive settlement process conducted between 2008-2012 did not produce a result, despite the dedicated efforts of the Turkish Cypriot side. As a motherland and one of the guarantors which established the 1960 partnership state, this has been a great disappointment for us. The EU is now bearing the burden of importing the Cyprus problem through the political miscalculation and mistake made with regard to the 2004 enlargement. A settlement will resolve the problems emanating from this unilateral and illegitimate accession. It goes without saying that a member with UN troops and a half-century-old unresolved issue on the UN Security Council agenda does not add much to the EU’s prestige.

The commitment of the Turkish Cypriots throughout the decades-long UN processes was proven once more in the Annan Plan referenda in 2004. But the last UN process has demonstrated again that the Turkish Cypriots' dedicated efforts are not sufficient alone. The Turkish side fulfilled all the UN's requirements for moving to the final phase which was the high-level meeting with the participation of the guarantors in order to reach a settlement through a grand bargain and go to the referenda. Mr. Eroğlu's letter of 23 March 2012 to the UN Secretary-General went far beyond what was expected of him. If this had been successful, the new partnership state which would legitimately represent the Island could have assumed the EU Presidency by 1 July 2012. It is crystal clear that the sole reason why the Secretary-General decided not to proceed to this final stage was the Greek Cypriots' lack of will.

Turkey is pleased that almost a year after the election of Mr. Anastasiades as the new Greek Cypriot leader and months-long effort to finalize the joint statement to be issued, the two leaders in Cyprus finally met on 11 February 2014 to resume the comprehensive settlement negotiations. Turkey believes that it is important to proceed the negotiations in a structured and results-oriented manner towards the settlement.

Turkey, as a guarantor and motherland in Cyprus, fully and actively supports the ongoing UN negotiations for a comprehensive settlement on the Island with the aim of establishing a new bi-communal, bi-zonal federation, based on political equality between the Turkish and Greek Cypriots, with a federal government and two constituent states of equal status, as reflected in the leaders' joint statement of 11 February 2014.

The joint statement exercise was launched in September 2013 since the Greek Cypriot side did not clarify its position on the convergences achieved in the 2008-2012 process. Now, the sides can proceed swiftly, using the convergences of this last process and the joint statement. President Eroğlu confirmed again on 11 February that he maintains his commitment to the agreed convergences and all their positions so far tabled in the negotiations.

As mentioned above, back in 2012, the process was left when the high-level multilateral meeting with the participation of guarantors and subsequently the referenda were about to be held. Indeed, UN Secretary-General Ban at the second Greentree Conference in January 2012 expressed that the talks moved into the final phase and his intention was to call a high-level meeting at the end of April or beginning of May 2012. This meeting could not be convened only because of the Greek Cypriot side's lack of will. Turkey is of the opinion that if the Greek Cypriot side displays genuine political will this time, it can be possible proceed to the high-level meeting and holding the referenda in the months ahead, as also suggested by President Eroğlu.

Following the resumption of the comprehensive settlement negotiations, the cross-visits of Turkish Cypriot and Greek Cypriot Negotiators to Athens and Ankara respectively took place on 27 February 2014. These unprecedented visits were important to manifest the support and commitment of Turkey and Greece as motherlands.

After completing the screening phase on 15 April 2014, the two sides entered the substantive phase of the negotiations on 6 May 2014. We think that the momentum should be maintained and the negotiations should continue in a structured manner as agreed, leading to the referenda in the coming months.

We think that this time, comprehensive settlement in Cyprus is within reach. Reduced gap in per capita revenues of both sides since 2004; our water pipeline project to Turkish Republic of Northern Cyprus that will be operative in the coming months and the natural resources discovered around the Island are new encouraging elements for the success of the settlement process. There is also an increasing interest in the international community to the settlement efforts.

The Turkish Cypriot side is making every effort for the success of the current negotiations. I visited Turkish Republic of Northern Cyprus on 17 May 2014 and clearly observed the determination and commitment of both the government and the opposition parties.

The Greek Cypriot side seems to get over the heaviest part of the economic crisis and Mr. Anastasiades has left the domestic political problems behind. He has no further excuse for not devoting his energy on the settlement process now. But despite the fact that the leaders' joint statement of 11 February refers to "structured" negotiations, focusing on unresolved core issues, Greek Cypriot side unfortunately has been continuing to bring new proposals/papers which do not take the existing convergences into consideration. This "cherry-picking" approach will lead to loss of time. Instead of moving to the final phase, Mr. Anastasiades talks about third, fourth, fifth phases and seems to try to prolong the process till after Presidential elections in the North in April 2015.

Different from the other crises and conflicts in the Eastern Mediterranean region, settlement in Cyprus, as I have mentioned, is within reach. It is high-time that the 50 year old Cyprus issue has been removed from the UN agenda.

The EU should give the right messages to encourage the Greek Cypriot side towards settlement. We took note of the EU Statement made by President of the European Council Mr. Van Rompuy and and President of the European Commission Mr. Barroso on 11 February 2014, which expressed that the EU is ready to accommodate to the terms of a settlement. Preserving the integrity of the new state of affairs within the EU is of paramount importance. Therefore, the EU has to adapt itself to the terms of the comprehensive settlement by making it *primary law*. This is necessary for the legal security and certainty of the new state of affairs to be established.

On the other hand, the start of offshore drilling activities by the Greek Cypriot side in the Eastern Mediterranean has been untimely and negative in terms of the settlement process. Everyone accepts that the Turkish Cypriots have equal rights as regards the Island's natural resources. But the Greek Cypriots did not accept Mr. Eroğlu's constructive proposal for a fair sharing of these natural resources on 24 September 2011 and on 29 September 2012. In the absence of a will to cooperate at the Greek Cypriot side, the Turkish Cypriots are determined to make use of their legitimate rights and they are in fact more favorably placed than the Greek Cypriots to market these resources. The Government of the Turkish Republic of Northern Cyprus designated its own license areas around the Island and issued licenses for exploration and exploitation of oil and gas reserves on these areas to the Turkish Petroleum Corporation (TPAO) on 22 September 2011. The Turkish Cypriots started their own exploration activities on 26 September and on 2 November 2011, the TRNC Government signed an "Oil Field Services and Production Sharing Agreement" with the TPAO.

On 11 May 2012, the Greek Cypriots announced the bids for their second "tender." Five concession blocks in this second "tender" overlap with Turkey's continental shelf areas. This is an issue which directly concerns Turkey and foreign oil companies are not authorized for oil/natural gas exploration and exploitation activities in these overlapping areas.

The Greek Cypriot Administration's attempt to offer the natural resources of the Island as collateral for a solidarity investment fund or any other borrowing scheme to be established due to its economic crisis demonstrated that the change of leadership in the South did not reflect a change of mentality and constituted another manifestation of the Greek Cypriot illusion of being the sole owner of the Island. The Turkish Cypriot side naturally displayed its reaction with the statement made by President Eroğlu on 21 March 2013. Turkey also made a statement on 23 March 2013, expressing that the Turkish side are expecting the negotiations to begin immediately and on the other hand if the Greek Cypriots are to act unilaterally regarding the natural resources in the south of the Island and if they do not desire a partnership with the Turkish Cypriots, negotiation of a two state solution could also be conceived. In this statement Turkey also expressed that the only way to exploit the natural resources of the island before any settlement flows through an agreement in line with the proposals made by the Turkish Cypriot side in 2011 and 2012, under the auspices of the UN Secretary-General and thus getting the clear consent of the Turkish Cypriot side regarding the sharing of these natural resources.

Since the Greek Cypriots continue their unilateral activities despite the constructive initiatives of the Turkish Cypriot side, the research vessel Barbaros Hayrettin Paşa conducted research activities in the license areas given to TPAO by TRNC at the end of 2013 and the beginning of 2014.

Turkey also informed the UN of the outer limits of its continental shelf defined by the Continental Shelf Delimitation Agreement between Turkey and the Turkish Republic of Northern Cyprus signed on 21 September 2011 and sent a letter to the UN Secretary General refusing unfounded claims of the Greek Cypriot side. The Turkish Cypriot side also sent a letter to the UN Secretary General about the claims of the Greek Cypriots.

Greek Cypriot side should be urged to stop its unilateral activities of exploration and exploitation of hydrocarbon resources. A common approach should be adopted with the Turkish Cypriots, the co-owner of the Island and its natural resources.

Natural resources of the Island are viewed as an area of cooperation rather than a source of friction by Turkey and Turkish Cypriots. It is remembered that European Council President Mr. Van Rompuy during his speech at the Greek Cypriot Parliament on 28 May 2012, pointed out that just as the European integration was initiated with cooperation on coal and steel, the common interest of the two sides in exploiting natural resources could be funneled into cooperation. Mr. Van Rompuy said, inter alia: *“Just like France and Germany 60 years ago come together over coal, could in the case of Cyprus the avenue toward conciliation not be built on sharing and selling gas?”*

A just and lasting settlement in Cyprus can only be achieved by minding the balance between the two sides on the Island. This is the basic requirement for a sustainable solution.

Unfortunately, the Union has not so far shown the capacity to transcend the problems emanating from the Greek Cypriots’ unilateral and undeserved accession. The EU has lost its ability to remain impartial. The argument of solidarity among EU members is not relevant in the context of Cyprus. If the EU truly believes that a settlement of the Cyprus problem will be to its benefit, it should adopt a fresh approach. It should be kept in mind that the Cyprus issue has now become a problem for the EU.

The EU has so far treated the Turkish Cypriots unjustly and has not kept its promises. Adopting a more fair attitude towards the Turkish Cypriots is how the EU could contribute to an eventual settlement.

Expressions such as “normalization of the relations with the Republic of Cyprus” suffer from a fundamental flaw. The Greek Cypriot Administration does not represent the whole island. They cannot claim authority, jurisdiction or sovereignty over the Turkish Cypriots, who have equal status. Therefore, we believe that the Greek Cypriots should not be encouraged to exploit international platforms, and especially an EU membership which lacks legitimacy, for their political ends. **Until a final and equitable solution to the Cyprus question is found, the accession of the Greek Cypriots to any international organization cannot be considered favorably by Turkey. Accomodating Greek Cypriot demands to accede to international organizations would only reinforce their false claim to represent the defunct “Republic of Cyprus” and distract them from the settlement aim. Turkey has to act in line with her responsibilities.** The main “contribution” which the Greek Cypriots could make to an international organization would be poisoning its atmosphere by importing the unresolved Cyprus issue, as has been the case with the EU.

“Trade with Cyprus”

We have difficulty understanding the motivation behind constantly including this issue on the Committee’s agenda. Cyprus is an island with two sides, Turkish Cypriots and Greek Cypriots. If the Island as a whole is considered an EU member, we should not only be focusing on the concerns of the Greek Cypriots.

The EU committed itself to put an end to the isolation of the Turkish Cypriots as early as 26 April 2004, following the referenda held on the UN Comprehensive Settlement Plan. This was also in line with the call made by the UN Secretary-General in his report of 28 May 2004 and there was no conditionality attached to that. The Commission prepared a Direct Trade Regulation, a Financial Aid Regulation, and the Green Line Regulation for intra-Island trade. However, the implementation of the Financial Aid Regulation and the Green Line Regulation continues to be hindered by the Greek Cypriots.

- Regarding the **Financial Aid Regulation**, the Greek Cypriots have been constantly trying to prevent construction projects in the North which are aimed at serving economic development of Turkish Cypriots.
- The EU's condition for contributing to land development projects in the North is that there should be no Greek Cypriot property claims on the land involved. However, we observe that when it comes to Turkish Cypriot property in the South, the EU chooses to disregard its own criteria: to our knowledge the EU is currently contributing to financing a project in the city of Paphos in South Cyprus which involves the construction of a park on land belonging to two Turkish Cypriots. This is an unfair treatment which clearly violates basic human rights of Turkish Cypriots.
- As for the **Green Line Regulation**, despite the amendments adopted in the Council Regulation (EC) No. 587/2008, the Greek Cypriot side is using every opportunity to block the Turkish Cypriot products.
- They do not want any Turkish names or labels on the products. Despite being part of the Green Line Regulation, processed foods produced in the North are not allowed to cross to the South. Additionally, Turkish Cypriot products cannot be displayed in the Greek Cypriot markets and the Greek Cypriot media does not allow advertisement of Turkish Cypriot products.
- Turkish Cypriot producers that do trade with the South often face restrictions that are being imposed by the Greek Cypriot authorities such as confiscation of the products which were inspected and approved beforehand by independent EU experts.
- Even the telephone numbers with a Turkish international code written on labels of products are being used as an excuse to ban the products from being exported to the South.
- Turkish Cypriot trucks carrying goods are still prohibited from crossing to the South.
- Latest figures indicate that the amount of trade from North to South, which has been decreasing since 2008, fell into the lowest level in 2013 of the last seven years. (The amount recorded in 2008 which is 7,1 million Euros fell into 3,9 million Euros in 2013)

The impact of the **Direct Trade Regulation**, even if it were adopted, would be limited to returning to the pre-1994 situation, when the Turkish Cypriot side actually had preferential trade with the EU. Despite the EU Commission's well-intentioned efforts in view of its adoption, however, the Greek Cypriot side spared no effort for preventing the adoption of this Regulation and as a result, the last attempt for this by the initiative of the EU Commission in the European Parliament taken in 2010 left the fate of the Regulation to the discretion of the Greek Cypriot side. This demonstrates yet again that the Greek Cypriots are determined to hinder the Turkish Cypriots' development at every possible opportunity, despite the fact that they are engaged in UN-sponsored negotiations to establish a new partnership and share a common future. This is another reason to question their sincerity about a comprehensive settlement of the Cyprus issue. In fact, Turkey's restrictions toward the Greek Cypriots are directly linked with the Greek Cypriot policy of isolating the Turkish Cypriots.

The Greek Cypriot side has been politicizing trade, using Turkey-EU relations to seek unilateral political gains instead of focusing on the comprehensive settlement negotiations. Turkey, on the other hand, has had a constructive approach from the beginning. In December 2004, Turkey declared its readiness to sign the Additional Protocol. Turkey has fulfilled that commitment in a timely manner. Regarding the implementation of it, there seems to be difference of interpretation between Turkey and the EU. As a matter of fact, in practice there is no impediment for free circulation of products from any EU member within the framework of the Turkey-EU Customs Union. Indeed, the statistics show that there is circulation of products from all EU members.

Turkey has also been declaring that it supports the removal of all restrictions related to Cyprus. Our Action Plan of 24 January 2006, which envisages a simultaneous lifting of restrictions by all relevant parties, is still on the table (*published as a UN document: S/2006/48*). We have always been open to contribute to efforts and initiatives that would make it possible. On the other hand, the stance of the Greek Cypriot side until now shows that their real intention is not to resolve this issue. We regret that the EU Commission's last well-intentioned initiatives taken at the end of 2010 were unable to produce results owing to the same reasons.

Today we are all facing the complications emanating from the decision to grant unilateral EU membership to the Greek Cypriot side despite its rejection of the UN Comprehensive Settlement Plan. The EU has treated the Turkish Cypriots unjustly. The Greek Cypriot side believes it can continue with its intransigence after having become an EU member. This is also why they prevented the success of the last UN settlement process conducted between 2008-2012. The argument of solidarity among EU members is not relevant in this context. Disregarding the principle of fairness conflicts with the fundamental principles on which the EU is established.

The real remedy to all problems related to the Cyprus issue will be the comprehensive settlement. A just and lasting settlement in Cyprus will greatly contribute to peace and stability in the whole area of the Eastern Mediterranean and will certainly be to the benefit of all, particularly the EU. It is evident that a member with UN troops and a half-century-old unresolved issue on the UN Security Council agenda does not add much to the prestige of the EU. Had the Greek Cypriot side reciprocated the initiatives taken by the Turkish Cypriot side during the last process, comprehensive settlement could have been achieved in the first half of 2012, which was also the aim of the UN Secretary-General and the new partnership state, legitimately representing the whole Island, could have assumed the EU Presidency on 1 July 2012. However, the Greek Cypriots' intransigent attitude prevented that. This has demonstrated once again that the Turkish Cypriots' dedicated efforts are not sufficient by themselves. Now, the Cyprus issue will continue to be a problem for the EU.

Addressing the source of the problem is the shortest and healthiest way to attain a solution on trade-related matters and the larger picture. This is where the EU efforts should be concentrated.

ECONOMIC CRITERIA

Turkish economy showed a remarkable performance in terms of growth and job creation in the aftermath of 2008-2009 crises. Average growth was registered as 6 per cent in the 2010-2013 period. In the same period, around 4 million new jobs were created. This remarkable performance, however, came with a considerable increase in current account deficit and pressures on inflation. Hence, starting from the second half of 2011, we have shifted our focus on reducing the external deficit and bringing down the inflation. We achieved a good success in those areas in 2012. But we faced emergence of these pressures again in 2013.

In response to these renewed and rising pressures, we have identified three key priorities in our medium term program namely reducing the current account deficit, decreasing the inflation and raising the domestic saving ratio. In consistent with these ambitious priorities we revised our projections for the next two years. Moreover, we have also adjusted our macroeconomic policies accordingly.

Regarding the recent developments in Turkish economy, following the remarkably high growth rates recorded in 2010 and 2011, growth rate was realized as 2.1% in 2012 as a result of the measures taken to rebalance the economy. Turkish economy re-accelerated in the first half of 2013 with the help of monetary policy accommodation and increasing public investment. As a result, Turkish economy grew by 4% in 2013. The largest contribution to growth came from consumer spending supported by higher bank lending and substantial employment growth. According to the most recent data, Turkish economy has recorded a growth rate of 4,3% in the first quarter of 2014. This growth performance is far better than the market expectations. It is also positively diverging from the situation in 2013 not only with its higher rate but also with its composition. While net exports made a negative contribution to GDP in 2013, it has been the main driver of the recent GDP growth in the first quarter of 2014. Net exports' contribution account for 2.7 percentage points, which is more than half of the total growth rate. This is mainly due to the improving foreign demand as well as price competitiveness gained from depreciation of the Turkish Lira until the end of February 2014. Also, the recent growth figures shows that our macro prudential policies, which were designed for decreasing the current account deficit and curbing inflationary pressures, has proved to be successful in limiting the domestic demand and re-orienting our economy towards an export-oriented path. External demand is projected to offset the reduction in domestic demand growth and continue driving GDP growth in 2014. Also, the moderate recovery in our main trading partners, notably EU economy which is supported by the European Central Banks's easing of monetary policy, provides a favourable environment for export-oriented growth and rebalancing of Turkish economy. Hence, we have not made any revision to our official growth projections for the whole year. Indeed, short term indicators such as industrial production, capacity utilization ratio, PMI, and consumer and real sector confidence indices show that growth momentum continues in the forthcoming quarters.

The high growth rates are accompanied by employment growth as well. Over the last 4 years, more than 4 million additional jobs have been created. Most of them have been created in the services sector. Employment rate was realized as 45.9% in 2013. Thanks to successful employment performance, the unemployment rate fell to 9.7% in 2013 from 14.9% in 2009. The labour force participation rate started to rise in 2008 and kept its upward trend in the following years, reaching to 50.8% in 2013. According to the latest data, employment rate has increased to 45.1 as of March 2014 with 1.8 percentage point increase compared to the same period in previous year. Due to the increasing labour force participation rates, there has not been a decline in the unemployment rate which is realized as 9.7% as of March, 2014. As a result of increasing trend of labour force participation, the unemployment rates are forecasted to improve slightly throughout the period. Besides, informal employment declined from 50% in 2004 to 34.4% as of March, 2014. The success achieved in the fight against informality has contributed much to the soundness of Turkey's public finance as well as to the remarkable performance and stability of its overall economy.

Due to a slowdown in domestic demand and a decline in the non-oil commodity prices, the annual growth rate of Consumer Price Index (CPI) decreased to 6.2% in 2012 on annual basis, being the lowest year-end level in the past 44 years. However, the CPI has started to reaccelerate in 2013 due to increases in the prices of unprocessed food products and adjustments for tobacco products. Moreover, depreciation of the lira and the increases in oil prices has also contributed to inflation since June. As a result, the annual growth rate of CPI increased to 7.4% in 2013. The annual CPI inflation was recorded at 9.6% in May, 2014, due to significant pass-through effects of the depreciated currency and the heightened volatility in unprocessed food prices. Central Bank revised the year-end inflation forecast up to 7.6% recently. However, Central Bank expects inflation to start its descent as of June and to reach its target rate of 5% towards the end of 2015.

Strong growth rates and low saving rates resulted in historically high current account deficit and accumulation of foreign liabilities in 2010 and 2011. Foreign trade deficit improved in 2012 as a result of macro prudential measures aiming to slow down domestic demand and reducing current account deficit taken by the Central Bank (CBRT) and Banking Regulation and Supervision Agency (BRSA) since the second half of 2011. As a consequence, the current account deficit improved by 3.5 percentage points amounting to USD 47.8 billion in 2012 which correspond to 6.1% of GDP. As of the second quarter of 2013, the current account deficit started to increase in parallel with the accelerating growth and reached USD 65.4 billion at the end of 2013 which corresponds to 7.9% of GDP. Turkey has taken a number of subsequent measures regarding to credit cards and consumer loans in order to prevent excessive households' borrowings since the last quarter of 2013. The credit growth started to slow down thanks to tight monetary policy, macro-prudential measures and weak capital flows. Trade balance and current account deficit have been improving visibly in recent months. Slowing domestic demand growth, recovery in Europe and gains in price competitiveness are contributing to external adjustment process. With the help of recovery in external demand, upward trend in exports performance has led to a considerable improvement in the foreign trade deficit. In the first quarter of 2014, the exports and imports increased by 11.4% and 0.8 %, respectively. While ratio of exports to imports was 60% in average over the first 4 months of the last year, it has increased to 70% over the same period in 2014. The current account deficit has declined by 44% over the first 4 months in 2014, compared to the same period in 2013. This trend will lead to a significant improvement in the current account deficit in 2014 and further narrow the current-account deficit gradually to 4.4 % of GDP by 2015.

Turkey performed far better than many EU and Euro Area countries in compliance with the Maastricht Criteria even in the gravest times of the global crisis. Well-disciplined public finance has been one of the main strengths of the Turkish economy. Turkey carried out prudent fiscal policy since the global financial crisis and attained to decrease budget deficit from 5.5% in 2009 to 2.1% by improving primary surplus standing at 0.8% of GDP in 2012. Since 2009, the EU defined public debt stock to GDP ratio dropped from 46% to 36.2%, where the corresponding ratio is over the Maastricht Criteria of 60% for many EU countries. In 2013, improvement in fiscal outlook continues partly resulting from earlier changes to indirect taxation and the social security regime, and budget deficit and public debt are realized as 1.2% and 35% of GDP, respectively. Budget deficit and primary surplus in the first quarter of 2014 were much better than targeted thanks to stronger than expected growth and special consumption tax measures that were introduced at the beginning of the year. We are not expecting any major deviation from our targets for the whole year.

Turkey serves as a model to the world with its stable financial system, thanks to the structural measures taken by the Central Bank and other relevant authorities to reinforce the strength of the financial system as well as to reduce its vulnerability to cyclical conditions. The banking sector maintained its robust position during the recent financial turmoil. While many EU banks failed the stress tests, Turkish banks were impressive with their strong balance sheets, capital adequacy and high profitability. Basel II standards have been implemented in capital adequacy calculations since July 2012. The Turkish banking sector is benefiting from its high level of capital adequacy ratio of 15.7% as of March 2014, which is well above the global standards.

Financial markets experienced rise in uncertainty mainly stemming from advanced countries' monetary policies in the mid-2013. As a response to these unfavourable developments, the monetary policy was adjusted and necessary steps were taken to ease tension and reduce volatility. However, additional stress in financial markets rose in late 2013. To prevent deterioration in the inflation expectations and the pricing behaviour, the CBRT announced strong rate hikes in late January 2014. Financial market indicators like exchange rates, stock exchange, domestic interest rates and CDS premiums started to improve considerably after the Central Bank's decision to tighten and simplify monetary policy in January 2014. Diminishing political uncertainties after the local elections has significantly reinforced this positive trend. Since end January, Turkey has been performing either the best or comparably with the peer countries in financial markets. However, Central Bank will continue to maintain its tight monetary policy stance, with a cautious approach, until there is a significant improvement in the inflation outlook.

It worth stressing that Turkey preserves the fundamental strengths:

- Unlike many advance and emerging market countries, we have the ability to run a primary surplus.
- Budget deficit is currently at comfortable level and outlook for medium term program indicates further improvement.
- Public debt to GDP ratio has decreased nearly 10 percentage points in the post 2009 period and is on a declining path.
- The sensitivity of public debt to the changes in the interest rates, exchange rates and liquidity conditions has been reduced significantly.
- Our banking sector continues to have a very strong capital position and very low level of non-performing loans.
- Household liabilities to GDP remains quite low in Turkey and thanks to our strict approach on prohibition of households to borrow in FX, households bear no currency risk arising from the liability side.

The only significant concern on the Turkish economy has been the external deficit. The recent data indicates that we are making reasonable progress in reducing the current account deficit. We believe that our structural reform agenda will enable us to get more durable and meaningful outcomes in this area over the medium term.

Being aware of the importance of structural policies, Turkey is determined to continue its reform process in all fields. Reducing current account deficit gradually and increasing growth rate to the potential by minimizing the effects of global uncertainty remains as the main objectives of Turkey according to the Medium Term Programme (2014-2016), which was enacted in October 2013 to provide a basis for economic and social policies for the following three years within the scope of the Tenth Development Plan (2014-2018). The Tenth Development Plan covering the period of 2014-2018 was enacted after its approval by the GNAT on 1 July 2013. It is the principle policy document, binding for public sector and guiding for private sector that set the long-term development vision together with economic and social policies and priorities. Tenth Development Plan has four main pillars which are Qualified Human, Strong Society; Innovative Production, High and Stable Growth; Livable Places, Sustainable Environment and International Cooperation for Development. The long-term development goal of the Tenth Plan is to upgrade the position of Turkey in international area and enhance the welfare of citizens by structural values and expectations of the nation in a reshaping world.

Turkey has submitted the Pre-Accession Economic Programme (2014-2016) to the European Commission in February 2014 responding to the request of the Economic and Financial Affairs Council (ECOFIN Council) dated 26/27 November 2000. The macroeconomic scenario of Pre-Accession Economic Programme is based on Medium Term Programme (2014-2016). The PEP has been prepared by taking into consideration the uncertainty environment caused by FED's decisions and global liquidity prospects. Under the conjuncture of uncertainties about developed countries and tighter external financing conditions, keeping prudent macroeconomic policy mix applied in recent years has critical importance in terms of preserving Turkish economy's resilience and mitigating its fragility against global risks.

In this framework, the main objective of PEP 2014-2016 is to reduce current account deficit gradually and to increase the growth rate through minimizing the effects of global uncertainty on Turkish economy in line with the Medium Term Programme (2014-2016). Thus, primary intervention areas will be increasing domestic savings, directing existing resources to productive areas, raising productivity level of the economy, increasing employment, reducing inflation and maintaining the strong stance in public finance. Thereby, important progress will be ensured towards achieving the long-term development goal of the Tenth Development Plan that is to upgrade the position of Turkey in international area and enhance the welfare of citizens by structural values and expectations of the nation in a reshaping world.

In the Medium Term Programme (2014-2016), Turkish economy is predicted to grow at 5% in 2015 and 2016. During the 2014-2016 period, around 1.8 million new jobs are expected to be created and unemployment rate is expected to decrease to 8.9% by 2016. The public sector deficit is expected to decrease to 0.5% of GDP in 2016 and public debt to GDP ratio is set to be 30% in 2016. With the limited increase in trade deficit and improving balance on services, current account deficit to GDP ratio is targeted to decrease to about 5.5% in 2016.

Inflation targeting regime will be continued in compliance with the main objective of achieving price stability in 2014-2016 period. A target path for inflation is envisioned that entails a gradual progress to price stability, considering the structural transformation in the economy, the convergence process and the rigidities in price setting behaviour. Central Bank will continue to supervise macroeconomic risks and financial stability as usual, in line with its main objective of ensuring and sustaining price stability. This policy framework is mainly driven by a view to slow down the rapid growth of the private sector's foreign liabilities and to improve the quality of these liabilities.

In PEP period, fiscal policies will be supportive for the goals of strengthening economic and financial stability, keeping current account deficit under control through increasing domestic savings and raising growth potential of the economy. Primary expenditures will be kept under control by prioritization of expenditure programs and increasing efficiency of expenditures. Fiscal policies will be implemented to increase the quality of public revenues in order to construct a stronger public finance considering the sensitivity of public finances to cyclical movements. Fiscal space, which will be created by public current expenditure rationalization, will be used in public infrastructure investments, incentives and R&D supports that would stimulate economic growth.

Strong domestic demand, low levels of private savings, high share of energy imports in total imports, import dependence of exports make current account deficit a structural problem. Policies for sustainability of the current account deficit, which is a constraint for growth, constitute significant part of Turkish recent macroeconomic policies. Keeping the current account deficit at reasonable levels for growth is also one of the main objectives in the Tenth Development Plan. To serve this purpose, in addition to foreign trade and balance of payments policies, supportive policies such as increasing productivity in the economy; transforming the manufacturing sector and policies for entrepreneurship and SMEs; science, technology and innovation; information and communication technologies, energy, logistics and transportation will increase Turkey's competitiveness and contribute to the sustainability of the current account and increase Turkey's share in world exports via achieving a high value-added production structure.

In addition to policies, Priority Transformation Programs are designed in the Tenth Development Plan. Import Dependency Reduction Program, Domestic Resource Based Energy Production Program and Energy Efficiency Improvement Program are one of these programs designed to directly contribute to the sustainability of current account balance. Besides, there are 5 other programs that are expected to contribute indirectly to the sustainability of current account balance.

ACQUIS

Now I will proceed with the details on issues concerning EU acquis.

In the area of **Free Movement of Goods**, although the negotiations in Free Movement of Goods chapter is blocked due to the Cyprus issue, we continue our efforts with a view to fulfilling the opening benchmarks, where there is already a high and advanced level of alignment due to the Customs Union.

Turkish institutions are fully concentrated on completing the implementation issues such as horizontal matters and market surveillance.

Market Surveillance

The “By-law on Market Surveillance of Products” was revised in July 2013, taking into account the relevant provisions of the Regulation 765/2008 and the experience gained in the last 10 years about market surveillance.

The “By-law on the Registration and the Notification of Market Surveillance Results and Measures” was published in July 2013. With the By-law, Turkey established its own national market surveillance database. This database provides exchange of information among market surveillance authorities and authorities in charge of border controls about non-compliant and unsafe products. Market surveillance results are also recorded quarterly and annually on the database.

Technical barriers related to the conformity assessment

Import controls of many products are carried out through “Risk-Based Trade Control System (TAREKS)”. Under TAREKS, only risky products are subject to safety and conformity checks. In this regard, products originating in the EU or third countries bearing A.TR document undergo safety and conformity checks only in case they are considered risky, according to risk assessment criteria used by TAREKS.

Together with its risk-based assessment criteria, TAREKS has become the main tool for Turkish imports for achieving efficient controls. In this respect, with amendments to the related legislation on 1 January 2013, additional product groups covered by Communiqué of Product Safety and Inspection (No. 2013/9) - namely, machinery, LVD, EMC, etc.- and by Communiqué of Product Safety and Inspection (No. 2013/1), are also included in TAREKS as of 15 February 2013. Pursuant to the amendments, these product groups coming from EU along with A.TR document regardless of their origin will be principally not subjected to import controls as of July 1st 2013, unless they are considered risky.

Accreditation

The number of TURKAK accreditations has increased to 894 by April 2014. Moreover, TURKAK also carries out accreditation activities in many areas (good agriculture practices, GLOBALGAP, inspection and management systems) on behalf of other Accreditation Bodies in European Union in the framework of 765/2008 Regulation and EA2/13 Guideline on Cross-border Accreditation Rules.

The accreditation activities started in the field of Good Laboratory Practices. Works continued in the new accreditation areas such as Greenhouse Gas Emission. They are carried out in the framework of EU legislation regarding Greenhouse Gas Emission (2003/87/EC Directive, 600/2012 EU Regulation and 601/2012 EU Regulation) both by TURKAK and Ministry of Environment and Urban Planning.

Regarding **Right of Establishment (RoE) and Freedom to Provide Services (FPS)**, the “Law on Postal Services” was adopted on 9 May 2013. Accordingly, secondary legislation, namely the “By-law on Authorisation”, the “By-law on Administrative Sanctions and the By-law on Provision of Postal Services” has been adopted as of 3 June 2014. The Law fully regulates the postal services, liberalizes the sector, designates Information and Communication Technologies Authority (ICTA) as the independent regulatory body and guarantees the access to global postal services. By this way, the issue of determination of an independent regulatory authority related to the sector, which was discussed in the EU Progress Reports, was addressed. Thus, the adoption of the “Law on Postal Services” is a significant step for alignment.

Moreover, implementation of the technical assistance project prepared by the Ministry for EU Affairs with the aim of meeting the technical opening benchmark of the chapter will start in September 2014.

Besides, Turkey has continued its efforts to further remove barriers before RoE and FPS. The “Law No. 6458 on Foreigners and International Protection” has entered into force in April 2014. The Law reduced the red tape for foreign individuals by eliminating the residence permit requirement for those who has valid work permit or an exemption certificate from work permit.

Regarding the **Free Movement of Capital**, with respect to capital movements and payments, Turkey is continuing its harmonization efforts. In the radio and TV broadcasting sectors, the foreign participation limit has been raised from 25% to 50% with the “Law No. 6112 on the Establishment of Radio and Television Enterprises and Their Broadcasts” published in the Official Gazette of 3 March 2011.

Concerning real estate acquisition by foreigners, Turkey removed the “reciprocity” rule with a new law, which entered into force on 18 May 2012, in acquisition of real estate by foreigners that was the basic obstacle for foreign natural and legal persons. With regard to the Free Movement of Capital which is one of the four fundamental freedoms, the way has been cleared for foreigners from EU member states or third countries who want to make investment and a significant liberalization has been secured.

The works on harmonization with the EU *acquis* and Financial Action Task Force (FATF) recommendations on the prevention of money laundering and terrorist financing are going on.

In order to eliminate the deficiencies determined by FATF, the “Law on the Prevention of Financing of Terrorism” was adopted in 16 February 2013 in the area of fight against financing of terrorism. The enactment of the Law is an important step by all standards, as it brings significant amendments to the Turkish anti-terror legislation and introduces a mechanism of asset freezing as foreseen by the FATF.

As a candidate country, this Law is an important step taken by Turkey towards alignment with the *acquis communautaire*, specifically in the “Chapter 4- Free Movement of Capital” and “Chapter 24- Justice, Freedom and Security”.

The “Law on the Prevention of Financing of Terrorism” is a clear testimony of our political determination to align our counter-terrorist financing legislation in line with the FATF recommendations. In this regard, the relevant secondary legislation, namely the “By-law on Procedures and Principles Regarding Implementation of Law on Prevention of the Financing of Terrorism” was adopted as of 31 May 2013, as foreseen in the Law.

“Draft Law regarding the Adoption of Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism” is on the agenda of the Parliament to be ratified.

Turkey has also taken numerous steps such as the “Law on Prevention of Laundering Proceeds of Crime” and related regulations to complete its anti-money laundering regime in line with both international conventions and FATF regulations. With these efforts, Turkey made significant progress to align itself with the EU and FATF standards.

Work for establishing a central “Asset Recovery Office” within the body of the Ministry of Justice started in order to facilitate tracking and identification of proceeds from crime and international fight against transnational crimes. It is expected that the administrative and judicial structuring will be finalized soon.

Concerning **Intellectual Property Law**, due to Turkey’s obligations stemming from the Customs Union, the level of alignment of Turkish intellectual property legislation with the relevant EU *acquis* is high. Turkish institutions responsible for implementation and enforcement continue their studies for increasing their institutional capacities. Developments in this regard are shared with the European Commission in the meetings of the Working Group on Intellectual Property Rights. The fourth meeting of this working group was held on 14 April 2014.

Regarding monitoring and supervision of **State Aids**, in order to ensure full alignment of state aids implemented in Turkey with the *acquis* resulting from the obligations stipulated in the bilateral agreements between EU and Turkey, the “Law on Monitoring and Supervision of State Aids” with No. 6015 has entered into force on 23 October 2010 and established an operationally independent State Aids Monitoring and Supervision Board (Board) and the General Directorate of State Aids (GDSA) under the Undersecretariat of Treasury.

The Board constitutes of seven members, six of them appointed to the positions from the relevant institutions and seventh one being the General Director of State Aids, who is also the head of the Board. Assignments to all of the positions for the Board membership have been completed on December 29th 2010 and the Board has begun to operation officially as of this date.

Meanwhile the Board convened on a regular basis at least once a month as foreseen in the Law in order to overview the studies pursued by GDSA, keep up with recent developments in EU state aid rules and scrutinize measures implemented by different aid granting institutions.

On the other hand legal obligations of the aid granting authorities to notify the Board on their implementations will commence with the entry into force of the regulations regarding the notification, monitoring and supervision of state aids and the Board is going to be able to assess notified aid in accordance with the Law No. 6015 and relevant regulations.

The General Directorate of State Aid will mainly be responsible from carrying out the secretariat services of the Board, keeping up with the related EU legislation, preparing the legislation to be adopted by the Board, monitoring and evaluating state aids and presenting them to the surveillance of the Board, conducting and monitoring the procedures as regards the Board decisions relating to suspension and recovery of state aids and other decisions of the Board along with initial evaluation and investigation procedures based on decisions of the Board, requesting all kinds of documents and information concerning state aids from the public institutions and organizations and real and legal persons directly, preparing annual Report based on information received from the aid granting authorities and presenting it to the Board, upon adoption by the Board conveying annual Report to European Commission.

The General Director and two Deputy General Directors have been appointed on December 3rd 2010. Afterwards assignments to the head of department positions have been made on January 20th, 2011. GDSA has been organized under four departments. Work scope of 1st Department consists of horizontal issues such as aids on regional development, R&D&I, environmental protection, SMEs, training and employment. 2nd Department deals with sector specific rules and specific aid instruments such as state aids through capital transfers, privatization, state guarantees, land sales, export credit insurance, general economic interest and direct business taxation. 3rd Department is in charge of the establishment of IT infrastructure for state aid data base, preparation of annual reports and organization of training activities together with budgeting and other administrative services. 4th Department is in charge of legal issues and secretariat services of the Board.

The remaining technical staff has been recruited among the treasury experts and assistant experts currently working in the other directorates of Treasury. Although most of these experts have fundamental knowledge on EU subjects, they are specialized in different branches of economy and implementation of different forms of public interventions. Hence they are in need of improving their competence in the field of state aid control and for this purpose they have been supported through various training activities.

At the moment there are fifteen experts and thirteen assistant experts working in the GDSA. And this “core staff” is reinforced by new recruitments in line with arising needs in due course.

In order to improve the knowledge and skills of the staff to a competent level, GDSA has continued to capacity development via training activities conducted both in-house and by technical assistance of EU. In this context, secondments in the related services of European Commission and participation to studies concerning competition and state aids in different platforms such as OECD are part of capacity development activities pursued by GDSA.

As for activities carried out currently, besides the other duties given by the Law and the Undersecretary, General Directorate has been working on the revision of the Draft regulations and the preparation for the promulgation in line with the time frame foreseen in the Law. Besides it continues to provide advisory services to aid granting institutions and make them informed on EU rules and give informal assessment on issues raised by them for consideration when designing or modifying their program.

In the Law No. 6015 the promulgation of the regulations regarding the notification, monitoring and supervision of state aids which concerned the implementation of the provisions of the Law had been determined to be accomplished until the end of September 2011 at latest. However, in order to give GDSA more time to complete capacity building process and to allow aid granting institutions to make their adaptations for the newly introduced system in a timely manner, the deadline for the promulgation of the regulations regarding implementation of the State Aid Law has been extended until 30 June 2013 with an amendment made by the By-law No. 661 in October 2011. Nevertheless, with the Article 111 of the Law No. 6518 which was published in the Official Gazette of 19 February 2014, promulgation of implementing regulations was postponed for the second time. In accordance with this amendment, the deadline for the entry into force of the implementing regulations regarding notification and supervision of state aids has been prolonged to 31 December 2014.

Besides, aforementioned Article 111 of the Law No. 6518 also contains a provision on the collection of information from the public institutions regarding the aid measures.

Accordingly, in order to establish a State Aid Information System, public institutions will submit all information and data to GDSA regarding aid measures that provides economic advantage to undertakings.

On the other hand, in order to improve the knowledge and skills of the staff to a competent level, GDSA has continued to capacity development via training activities conducted both in-house and by technical assistance of EU.

Besides, it continues to provide advisory services to aid granting institutions and make them informed on EU rules and give informal assessment on issues raised by them to be taken into consideration when designing or modifying their programs.

Concerning **Financial Services**, the new “Capital Markets Law”, which was prepared by considering the perspective of full alignment with the EU *acquis*, entered into force upon its publication in the Official Gazette of 30 December 2012. Following the adoption of the Law, Capital Markets Board of Turkey continues to draft secondary legislation related to the Law by taking *acquis* alignment perspective into consideration. In this context, a vast majority of the legislative work has been completed, as foreseen by the Law.

Regarding the payment systems and services market, the “Law No. 6493 on the Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions” entered into force on 27 June 2013. The Law designates Banking Regulation and Supervision Agency as the responsible authority for the regulation and supervision of the payment services and electronic money sectors, and the Central Bank of the Republic of Turkey (CBRT) as the main responsible authority for the payment and securities settlement systems. Enactment of the Law has contributed to Turkey’s alignment with the EU *acquis* regarding capital movements and payment systems.

“Insurance Law No. 5684” was amended in 2012. More importantly, Turkish Commercial Code which also includes provisions on insurance contracts has been replaced with a new one. The secondary legislation to the new Commercial Code has been entered into force on 1 July 2012. Besides, legal framework regarding insurance coverage for disasters was strengthened by “Disaster Insurance Law” which has been in force since 18 August 2013. Moreover, the out-of-court settlement mechanisms were strengthened in 2013 with the introduction of new rules and consolidation of existing rules applicable to the arbitration committees in charge of the appeals of arbitration decisions.

On the other hand, Private Pension System has sustained its stable growth in 2012 similar to the preceding years. The number of participants reached 3.12 million increasing by 18% and, total fund value rose by 42 % to TL 20.3 billion. The Law Number 6327 (June 13, 2012) introduced crucial amendments regarding the private pension system with an aim to increase the effectiveness of the system in attracting pension savings. The most significant amendment to the system is the replacement of the tax deduction incentive with the state matching contribution incentive. This new incentive came into effect as of January 1st, 2013. Under the new incentives, the state will pay a matching contribution of 25% for every contribution paid by the participant up to an annual limit.

In the fields of **Agriculture and Rural Development, Food Safety, Veterinary and Phytosanitary Policy and Fisheries**, the Ministry of Food, Agriculture and Livestock (MoFAL) was reorganised in mid-2011 with a view to establish the necessary administrative structures to implement the Common Agricultural Policy (CAP), EU Rural Development Policy and Common Fisheries Policy (CFP). A clear assignment of responsibilities is in place, in particular for the control bodies. In order to ensure the successful implementation of the IPARD programme in Turkey, MoFAL has implemented a detailed action plan addressing core issues, which was submitted to the Commission in April 2012. Consequently, the problem regarding the absorption of the IPARD funds which caused loss of a large amount of funds the Commission allocated for Turkey in 2012 has been resolved so that approximately 134 million € were expended in 2013 for the payments for a great number of projects contracted which exceeded the minimum amount accounting for around 131 million € allocated for Turkey in the same year. By the first half of 2014, The Agriculture and Rural Development Support Institution (ARDSI, the IPARD Agency) has announced 12th call for project proposals the evaluation phase of which has not completed yet. Over 140 By-laws on food safety, plant health, animal health and animal welfare have been adopted since late 2011, which transpose major EU legislative texts falling under the Chapter 12-related *acquis*. Despite the decision of the Commission to cancel IPA-I funds allocated to vaccination against foot-and-mouth disease (FMD) in Anatolia, efforts to control and eradicate the disease are eagerly continued using national resources, and the national veterinary services continue with their endeavours to control other animal diseases of concern.

Currently, the Turkish market is open to imports of live bovine animals and beef not only from the EU but also from other third countries, which fulfil the veterinary requirements set by the MoFAL in accordance with international rules. Veterinary health certificates required for exportation by EU Member States have been harmonised with the relevant EU Regulations and the restriction on derivate products originating from countries categorized as having negligible and controlled BSE risk by the OIE and falling under the CN Codes 0210 and 16 02 10 00 have been lifted. It is apparent that country specific criteria is considered as an appropriate level of sanitary protection from risk, taking into account the potential damage of a BSE outbreak in Turkey. Therefore, the application of certain health criteria to reduce the risk of BSE or other animal diseases should not be considered as partial restriction. The studies regarding the fulfilment of closing benchmarks of Chapter 12 are still on-going.

As regards fisheries, the establishment of the General Directorate for Fisheries and Aquaculture within MoFAL constitutes a major step for the implementation of the CFP. A draft Fisheries Law aiming at EU alignment has been prepared by MoFAL, for which the opinions of the relevant institutions will be taken in the forthcoming period. Pursuant to a Communiqué published in June 2012, approximately 20% of the fishing vessels, 12 meters and above in overall length, have been withdrawn from the fishing fleet in 2013 through a support scheme. The scope of the scheme has been further extended to cover fishing vessels, which are equal and above 10 meters in overall length in 2014.

Regarding **Chapter 14 Transport Policy**, although the chapter has not been opened to negotiations yet, Turkey continues to harmonize its legislation for full compliance with the EU *acquis*. A Civil Aviation Dialogue had been launched in 2012 and a high level dialogue covering the railway, road and maritime transport issues was established in December 2013. The first technical working group on railway was organized within the high level dialogue in April 2014. During the meeting, information and opinions have been exchanged with the aim of enhancing the cooperation between Turkey and the EU in the areas of Trans-European Transport Network (TEN-T) and railway transport.

Regarding *aviation*, the conclusion of the negotiations of the “Horizontal Agreement” that was initialled in Brussels on 25 March 2010 was a very important first step forward furthering cooperation between Turkey and the European Union in civil aviation.

A dialogue has been established addressing Turkey’s wish to fully integrate into the EU aviation system with a special attention to safety including participation in the work of “Management Board of the European Aviation Agency (EASA)” and joining the “Single European Sky (SES)” Project as well as one-stop-security area. In this context, a comprehensive agreement between Turkey and the EU would institutionalise the structure of aviation relations pending Turkey’s full membership to the EU. In parallel, evaluation process of the horizontal aviation agreement is still ongoing. In this respect, presentation to the Council by the EU Commission a request for authorisation to open negotiations on a Safety Agreement with Turkey is still pending. In this regard, Turkey expects to receive concrete proposals from the Commission in order to enhance cooperation.

We expect that the negotiations on a safety agreement will start without further delay. We believe that Safety Agreement should be succeeded by a Comprehensive Air Transport Agreement which would institutionalize structure of our aviation relations pending Turkey's full membership to the EU. To this end, we believe that all issues concerning civil aviation including EASA should be discussed together with the Horizontal Agreement.

Furthermore, as a key regional player, Turkey represents a strategic and one of the fastest growing markets and the EU wishes to develop strong and comprehensive relations with Turkey. Therefore, extension of the current Working Arrangement between Turkish DGCA and EASA as to be included ATM/ANS (Air Traffic Management and Air Navigation Services) was requested by the EU.

Studies continue to find a positive and pragmatic approach for the extension of the current Working Arrangement to ATM/ANS. However, a mutually beneficial approach should be adopted regarding this extension. Integration of Turkey into the EU aviation mechanism should be ensured so that Turkey can enjoy equal rights and opportunities as the EU Member States, such as representation in the administrative bodies of the EU.

As for the *Single European Sky (SES)*, we believe that it should have a Pan-European vision. To that end, intergovernmental status of EUROCONTROL should be respected and its expertise and experience should be benefitted from.

Participation of non-EU states in the SES process would also serve the "Pan-European" perspective. The Single European Sky will only be successful if the Pan-European dimension of this project is secured.

Regarding *air navigation safety in the Eastern Mediterranean*, both Turkey and the Turkish Cypriot side attach utmost importance to air navigation safety and are resolutely committed to upholding the highest standards in this field.

Turkish Cypriots air controllers have rendered air traffic and aeronautical services and coordinated relevant activities within the Ercan Advisory Airspace for over thirty years at ICAO standards. Ercan Airport is technically up-to-date and effective to ensure flight safety. The new state-of-the-art ATM facility, built in Ercan has been operating since 2009. The ascending/descending traffic at Ercan airport has reached to 19.000 per year.

Indeed the real problem is lack of communication between the two ACCs in the Island. Currently there are no developments concerning the exchange of flight data and requirements for the application of a flight message transfer protocol between Ercan Area Control Center (ACC) and Nicosia Area Control Center. A technical solution needs to be sought to resolve this issue.

Turkey has been actively working in order to find ways to enhance the interface among the relevant ACCs within the Eastern Mediterranean region, in cooperation with the EUROCONTROL, European Commission and International Civil Aviation Organization (ICAO). Turkey believes that a technical and workable solution can be found, without prejudice to the political and legal positions of the parties concerned.

Draft technical solutions have been developed in order to enhance flight safety without prejudice to the political and legal positions of the parties. Greek Cypriot side has rejected the proposal prepared by ICAO in 2012 and hence no tangible result was achieved. The establishment of communication between Ercan ACC and Nicosia ACC will further develop air navigation safety in the Eastern Mediterranean. In this respect the Greek Cypriot side should be urged to cooperate with Ercan ACC to find a technical solution.

Turkey made important progress in acquis alignment in **Chapter 15 Energy**. It is our common understanding that Turkey is technically ready to negotiate the Chapter, nevertheless the energy chapter remains closed due to political blockage. The opening of this Chapter will contribute to implement our energy security policies pursued in close collaboration with the EU.

On the other hand given the strategic objectives of the EU in terms of energy security and cooperation, Turkey shares the EU's vision in the energy sector and is committed to further cooperation.

In line with the goals set out in the document entitled "*Turkey-EU Positive Agenda, Enhanced EU-Turkey Energy Cooperation*" the working group meetings on electricity and natural gas were held individually in 2013. The third meeting was held on nuclear energy and radiation protection issues on 7 May 2014. The fourth meeting on energy efficiency and renewable energy issues is held today (23 June 2014) in Brussels. With this cooperation, the parties aim to facilitate the eventual integration of energy markets as well. We believe that this cooperation provides constructive relations mutually.

Turkey continues to align its legislation with the *acquis on the internal energy market*. The “Electricity Market Law” enacted in March 2013 is further step in this direction, eliminating restrictions for foreign investors.

Turkey has been experiencing rapid demand growth in all segments of the energy sector for decades in line with high economic growth and new consumption attitudes stemming from rising levels of welfare.

Turkey’s main priority is to address its energy supply security, which can be defined as uninterrupted availability of sufficient and good-quality energy sources at an affordable price.

Within the context of realizing this policy through functioning competitive markets, Turkey has achieved substantial progress in creating an investment environment that ensures sustainable growth in the electricity, natural gas and oil sectors. To this end, Turkey has put forward a strategic roadmap which will be sustainable and which will promote investments on the basis of competitiveness in the energy sector and liberalised market economy.

Turkey aims to reach 30% share of renewables in its total electricity generation by the year 2023. Integration of nuclear energy into the Turkish energy mix will also be one of the main tools in responding to the growing electricity demand while avoiding increasing dependence on imported fuels and mitigating carbon emissions. Improvement in energy efficiency will as well constitute an important tool in addressing the climate change.

Trial synchronous parallel operation between Turkey’s power system and ENTSO-E (European Network for Transmission System Operators for Electricity) Continental Europe Synchronous Area (CESA) was started on 18 September 2010, and currently limited commercial electricity trade is being performed between Turkey, Greece and Bulgaria. In April 2014, permanent synchronous operation between ENTSO-E CESA and Turkish Power System has been approved.

Turkey's electricity transmission system operator TEİAŞ has applied to ENTSO-E for observer status. We look forward to a speedy approval TEİAŞ's application.

Since the enactment of Natural Gas Market Law in 2001, important steps have been taken to liberalize the market in Turkey. Private sector companies are now able to import natural gas from different countries. The market share of BOTAŞ has decreased to 75 per cent of the total consumption. In order to restructure the natural gas sector, a new draft law was prepared to enhance competition in the market.

As a country with high economic growth rates, *energy security* is important for the sustainability of the Turkish economy. Turkey has achieved considerable progress towards becoming a transit country over the last decade and evolved in the direction to become an energy trade center. The legal framework for the transit oil and gas pipelines within Turkey is established on the basis of the Energy Charter Treaty. So, it provides a legal regime in accordance with international law.

The cooperation and solidarity among the producer, consumer and transit countries are inevitable in developing regional and global transportation systems in a suitable manner. Turkey lies adjacent to the regions possessing the three fourth of the world's proven oil and gas reserves. Turkey has already realized energy projects, such as the Baku-Tbilisi-Ceyhan Oil Pipeline, Baku-Tbilisi-Erzurum Natural Gas Pipeline and Turkey – Greece Interconnector Projects, which already contribute to European energy security.

Latest developments have shown once again the fragility and vulnerability of the energy markets which brought to the fore the issue of energy supply security. Today, we see all the more clearly the necessity for Europe in general and countries in particular that are to a large extent or completely dependent on single suppliers, to diversify their sources. In this context, diversification of energy resources and routes has become one of the key priorities for Europe and other energy consuming markets. Turkey strives for “diversification” of energy routes and source countries to enhance this status.

The common challenge today is to guarantee affordable, secure and uninterrupted flow of hydrocarbon resources from the Greater Caspian Region to Turkey and Europe. The efforts undertaken by Turkey through various projects in diversifying source countries and routes do not only contribute to the energy security of Turkey but also to that of Europe. Accordingly, the Southern Gas Corridor projects play an essential role. From its inception Turkey has been a staunch supporter of the Southern Gas Corridor and its projects, which will supply gas from the Greater Caspian basin to European markets. From this perspective, Turkey would like to enhance its cooperation with the EU with regard to the Southern Gas Corridor projects, which will play an essential role in the future delivery of natural gas primarily from Azerbaijan and Turkmenistan. In this regard, Turkey calls on the EU to fully support the projects of the Southern Gas Corridor.

The timely realization of Southern Gas Corridor projects and strengthening of European energy security with additional projects have become even more crucial. In this respect, Turkey, together with Azerbaijan, elaborated the Trans Anatolian Natural Gas Pipeline Project (TANAP). We believe that TANAP carries a great strategic, economic and political importance for the region and beyond. TANAP will directly link the vast natural gas resources of Azerbaijan to Europe. This project to be realized on the Turkish soil will be subject to Turkish laws and regulations and to international agreements to which Turkey is a party. In addition to Azerbaijan, in the future, Turkmen gas may also be transported through this pipeline.

TANAP Project will deliver the gas from Shah Deniz Stage 2 field. The legal framework for the transit via a dedicated stand-alone pipeline in the territory of Turkey has been properly established with the entry into force of Intergovernmental and Host Government Agreements in 2013. TANAP is designed as the backbone of the Southern Gas Corridor, and the construction is scheduled to start in 2015. The first gas flow to Turkey is expected in late 2018 and to Europe in 2019. Trans Adriatic Pipeline (TAP) Project will target the gas market of Southeast-Europe, transporting gas from Shah Deniz Stage 2 production. Shah Deniz Consortium announced that 25 year sales agreements with European gas purchasers were signed for just over 10 bcm annually. On 17 December 2013, the Shah Deniz Consortium announced the final investment decision for the Stage 2.

The improvement and development of interconnectors in Europe will also play a crucial role for the energy security. In this vein, Turkey attaches importance to the realization of Turkey - Bulgaria interconnector (TBI) project. This project will pave the way for the delivery of the Caspian gas to Bulgaria and beyond. Mr. Taner Yıldız, Minister of Energy and Natural Resources of the Republic of Turkey, paid a visit to Bulgaria in January 2014 and had a fruitful meeting with his Bulgarian counterpart, Mr. Dragomir Stoynev, Minister of Economy and Energy of Bulgaria, and the two Ministers agreed to complete the necessary technical studies for Turkey-Bulgaria Interconnector (TBI) project.

Minister Yıldız and Minister Stoynev signed A Memorandum of Understanding concerning Gas Network Interconnection between Turkey and Bulgaria in 28 March 2014 between two countries.

On 30 May 2013, Turkey and Turkmenistan signed a framework agreement on transportation of natural gas from Turkmenistan to Turkey.

In view of the existing heavy tanker traffic, as well as the physical characteristics and peculiarities of the Turkish Straits, a maritime disaster caused by a tanker carrying hazardous cargo seems inevitable sooner or later. In addition to the humanitarian and environmental perils, such a disaster would interrupt the regular flow of oil to world markets. In this respect, as LNG tankers would constitute an enormous threat to Istanbul and its 15 million inhabitants, we are against any LNG transportation through the Turkish Straits. We should not go into projects, which will further increase dangerous cargo traffic in the Turkish Straits. Furthermore, we should support the realization of projects, such as the Samsun-Ceyhan Bypass Pipeline Project, which aims to decrease the heavy tanker traffic in the Turkish Straits.

Pertaining to Chapter 15, we would like to underline that although the screening of Turkish energy legislation with regard to energy acquis was completed four years ago and impact assessment analysis of the Turkish electricity and gas sectors were realized in February 2009, the Decision of the EU Council on the screening report is still pending for well-known reasons. Keeping in mind the important progress recorded in energy sector, Turkey is looking forward to an immediate initiation of negotiations in this Chapter, which would foster and accelerate the cooperation between Turkey and the EU in the energy sector and would enhance mutual economic interests. In this regard, integration of gas markets of Turkey and the EU can be achieved only upon Turkey's full membership to the EU.

Regarding *nuclear energy and radiation protection*, Turkey aims to increase the share of nuclear power in electricity generation to at least 10% until 2023. Turkey is determined to continue its nuclear energy projects in order to enhance its energy security. We will take all steps and measures to make sure that the use of nuclear energy is undertaken in the safest way possible.

Turkey signed an international agreement for the first (Akkuyu) nuclear power plant (NPP) project in 2010 with Russian Federation and with Japan for the second (Sinop) NPP Project on 3 May 2013.

The crisis of Fukushima has also pointed to the need for a new network or mechanism to enable international nuclear experts to get in touch with each other in the case of such an event. We are ready to discuss this issue with our partners and we remain committed to contributing to the improvement of international nuclear safety.

Turkey attaches great importance to safety and security of nuclear energy. “Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management” and “Amendment Convention on the Physical Protection of Nuclear Material” are currently on the agenda of the Parliament to be ratified.

Turkey is collaborating with relevant international institutions such as International Atomic Energy Agency. Turkey is committed to improve the international nuclear safety.

The legislative work on nuclear energy is on-going. Draft laws on Nuclear Energy and on Third Party Liability in the Field of Nuclear Energy have been prepared.

Turkey prioritizes *energy efficiency* and the use of *renewable energy sources*. Studies for an ambitious and coordinated action plan in order to implement the Energy Efficiency Strategy Paper effectively for achieving the targets specified in the document are ongoing. 10th Development Plan included certain actions which are expected to contribute to the achievement of the targets by the Strategy Paper.

In the area of renewable energy, an implementing regulation on research and development projects in energy sector was amended with a view inter alia to improving renewable energy technologies. At the end of 2013, 28.8 % of electricity was generated from renewable energy sources (up from 27.2 % in 2012).

Concerning **Taxation**, in line with the “Action Plan on Alcoholic Beverages and Tobacco Fund” dated 18 May 2009 which foresees a gradual elimination of taxation gap between imported and domestic alcoholic beverages and tobacco, Turkey continues to fulfil her commitments. In the Action Plan, Turkey commits to gradually decrease tax differentials between domestic and imported alcoholic products, until 2018, in accordance with the timetable specified therein.

In line with her Action Plan commitments, Turkey eliminated Tobacco Fund levied on imported processed tobacco. Moreover, as result of several decisions of Council of Ministers (adopted at the end of 2010, 2011, 2012 and lastly at the beginning of 2014) which gradually decreased the Tobacco Fund on imported non-processed tobacco since 2009, the cumulative rate of decrease in Tobacco Fund has reached to 60%, as of 2014.

In line with her Action Plan commitments, Turkey has already decreased the tax differential between domestic and imported alcoholic products in proportionate terms, with the Decision No. 2012/3139 of Council of Ministers which was published in the Official Gazette of 7 May 2012.

While the parity between domestic and imported alcoholic beverages (whisky/rakı) was 1,98 before 2009 and 1,67 between the years 2009-2012, the Decision reduced the parity to 1,32 since May 2012.

In the forthcoming period, Turkey commits to make a further reduction by April 2015 and totally eliminate the difference between applicable tax rates on comparable domestic and imported products by April 2018, as foreseen by the Action Plan.

The legislative arrangements regarding alcoholic beverages and Tobacco Fund fulfil Turkey's commitments under the Action Plan. Moreover, under the inflation adjustment regime which was introduced in 2013, specific excise duty amounts are revised bi-annually in line with the increase in the producer price index.

In the area of direct taxation, the "Draft Income Tax Law" was submitted to the TGNA on June 2013 and it is being reviewed in the relevant committees. With the Draft Law, it is aimed to gather the tax regime for the natural and legal persons under a single structure, reduce the number of articles and exemptions in the Law. Thus, the Draft Law aims at simplifying and rationalizing the tax system along with expanding the tax base and tackling informal economy.

Concerning **Social Policy and Employment**, Turkey took crucial steps to fulfil the benchmarks in order to open this chapter to negotiations. As it is aforementioned, a high level working group regarding the first opening benchmark (trade union rights) was established in order to accelerate the process regarding the chapter. The working group was conveyed three times between January-May 2014 in order to identify the necessary steps for the alignment of legislation on trade union rights. The first meeting of the high level working group was held in Brussels on 21 January 2013 and the second meeting was held on 13 March 2014 in Ankara. The third and last meeting of the high level working group was conveyed on 21 May 2014 in Istanbul. The representatives of the Ministry of Labour and Social Security, The Ministry for EU Affairs, DG Enlargement, DG Employment and ILO and social partners from Turkey and Europe were attended the meetings. This working group provides an opportunity to bring both parties together and present further steps to be taken to meet the opening benchmark for chapter 19.

At the end of the working group meetings, it was decided to finalize the technical document covering the 5 main areas conveyed by the Commission for bringing the Turkish trade union legislation in line with EU standards and ILO norms and action plan regarding the steps to be taken concretely.

As regards **Environment**, Turkey continues its efforts to align with the *acquis* in all sectors of the environment chapter.

This chapter is considered to be one of the most challenging negotiation chapters due to the high investment costs involved. Due to its nature, environmental *acquis* requires heavy investments both for public and private sector. According to “2007-2023 EU Integrated Environmental Strategy (UÇES)”, the total investment cost for compliance with the EU’s environmental *acquis* is estimated to be 59 billion Euro.

Strategic perspective and prioritisation, institutional framework and administrative capacity, and financing are the three main pillars of convergence of Turkey to the EU in the field of environment. Our effort together with all our relevant institutions is to focus on satisfying the closing benchmarks (we have 6 closing benchmark including criteria relating to implementation of Additional Protocol to the Association Agreement) which cover an extensive range of issues including climate change, horizontal legislation, water quality, nature, waste management, chemicals, industrial pollution control and risk management (legislation issued since last Progress Report to align with the *acquis* given below). We are well aware of the necessity of an integrated and long-term approach in this field and a well-staged approximation to the EU *acquis*, which is itself in a continuous move.

Besides, Environment Chapter working group meeting under the subcommittee no. 6 is planned to be held in November 2014.

Regarding nature protection, *Draft Law on the Conservation of Nature and Biological Diversity* has been prepared largely in conformity with the EU's Birds and Habitats Directives. The last version of the "Draft Law on the Conservation of Nature and Biodiversity" was first sent to the TGNA for ratification at the end of 2012. It has been revised considering the new structure of the Ministry of Forestry and Water Affairs. The studies with regard to the secondary legislation which is to be implemented after the enactment of the Law have been initiated. With the enactment of the secondary legislation, some issues regarding the Draft Law will be clearer.

Regarding *climate change*, despite being an Annex-I Party of the United Nations Framework Convention on Climate Change (UNFCCC), Turkey is not listed in the Annex B of the Kyoto Protocol, which implies that Turkey does not have any target for limitation or reduction of greenhouse gas emissions in the first commitment period (2008-2012) of the Protocol. Furthermore, concerning the second commitment period of the Kyoto Protocol (2013-2020), Turkey has not assumed a quantified emission reduction or limitation target.

Although Turkey does not have any emission reduction commitment in the first period of the Kyoto Protocol, it has reduced its GHG emissions by 21% from the "business as usual scenario" between 1990-2012 only by means of domestic measures and resources. The total amount of GHG emission reduction is estimated as 1.4 billion tons of CO₂ equivalent between 1990 and 2007. This figure does not include the forestry sector in which Turkey has invested 2 billion USD between 2008 and 2012. Moreover, carbon intensity (kg CO₂ per PPP \$ of GDP) of the Turkish economy was reduced from 0.61 to 0.3 between 1990 and 2010. Turkey will continue to combat climate change within the framework of common but differentiated responsibilities and in accordance with its respective capabilities.

It is vitally important that the new regime which will be established through negotiations by 2015, should be fair, inclusive, flexible, comprehensive, legally binding, applicable to all and rule-based. The system should contain all major emitters. There should be no "free riders".

Turkey and EU share the same views regarding the post-2020 regime. The current regime does not reflect the realities of today and the foreseeable future. In the new system, national circumstances of the parties need to be evaluated in an objective manner taking into consideration their level of development, economic and social indicators, including cumulative and per capita greenhouse gas emissions, carbon intensity, energy demand as well as historical responsibility.

Our newly restructured Coordination Board on Climate Change and Air Management convened on 7 May 2014. The Board tasked a technical group to initiate a study regarding projections on Turkey's possible contribution to the post-2020 regime in line with the COP 19 decision taken in Warsaw last year. We aim to conclude this work in the first half of 2015.

We do not intend to prejudge the outcome of this study, but it should be underlined that Turkey cannot assume "mitigation commitments" based on a base year; the only way we can contribute to the new regime is to develop Nationally Appropriate Mitigation Actions (NAMAs) for relevant sectors and achieve reductions in greenhouse gas emissions from business as usual ("deviation from BAU"). So, the new regime should allow this flexibility.

Turkey gives high priority to bilateral cooperation with the EU in the field of climate change. There are now two IPA projects: The first one is "Support to Mechanism for Monitoring Turkey's Greenhouse Gas Emissions Project" and the other one is "Capacity Building in the Field of Climate Change in Turkey".

Regarding *Environmental Impact Assessment (EIA)*, the "By-law on EIA" has been implemented for 20 years in Turkey. Transposition of the EU EIA Directive except the EIA application in a trans-boundary context was carried out in 2008. An amendment has been made to introduce electronic EIA system which reduces bureaucracy, provides less official correspondence and further strengthens public participation. By-law on EIA was revised and published in Official Gazette of 3 October 2013. In the scope of the revision, the projects which were included in the public investment programme before 23 June 1997 whose planning stage was over or were tendered or started production and/or operation together with compulsory constructions and facilities are exempted from EIA application. The private investments are not included in this amendment.

Concerning *trans-boundary issues*, Turkey will complete alignment in line with the negotiation position paper. As stated in the Negotiation Position for the Directives having trans-boundary aspects “Turkey will conclude all legislative work fully harmonizing the Directive two years before the ascertained date of Turkey's accession to the EU with the aim of full implementation by accession”. Also adherence to the UNECE Convention on Access to Information, Public Participation and Access to Justice on Environmental Matters (Aarhus Convention), the UNECE Convention on EIA in a Trans-boundary Context (Espoo Convention) and the UNECE SEA Protocol and their implementation will start with accession.

You may recall that the *Convention on the Protection of the Black Sea against Pollution (Bucharest Convention)* is open for accession by nation states. Following the 21st Meeting of the Black Sea Commission held in April 2009 in Sofia, an ad hoc experts group was established to examine the possibility for the EU to become a party to the Convention. In the Ministry of Foreign Affairs’ letter to Black Sea Commission of January 2011, Turkey stated that EU’s contributions to the works carried out by Black Sea Commission with an observer status is valuable and that Turkey is ready to cooperate with the EU on combat against pollution in the Black Sea. It should be kept in mind that it is subject to the consensus of all Parties of the Bucharest Convention to amend it. Furthermore during 28th Regular Meeting of the Black Sea Commission in November 2012, the member countries were invited to submit their views on re-launching the process for EU’s accession to the Convention. In this regard, Turkey has agreed to re-launch and continue the joint process. However, Turkey is of the view that as a first step, it is necessary to redraft the Terms of Reference for carrying out the task of the Ad Hoc Group on Amendments to the Black Sea Convention.

Legislation issued since the last Progress Report:

- “By-law amending the By-law on Water Intended for Human Consumption” was published in the Official Gazette No. 28580 of 7 March 2013.
- “By-law on the Monitoring of Surface Waters and Groundwaters” was published in the Official Gazette No.28910 of 11 February 2014 in order to align with the monitoring requirements of the Water Framework Directive (Article 8, Annex 5).
- “By-law on the Protection and Improvement of Waters in which Salmon and Cyprinidae Lives” was published in the Official Gazette No.28880 of 12 January 2014 in order to align with Directive 2006/44/EC on the quality of fresh waters needing protection or improvement in order to support fish life.
- “By-law on Monitoring Greenhouse Gas Emissions” was published in the Official Gazette No. 29003 of 17 May 2014 in order to align with the Commission Regulation (EU) No 601/2012 of 21 June 2012 on the monitoring and reporting of greenhouse gas emissions.
- “By-law amending the By Law on Biocidal Products” prepared in line with the “Directive 98/8/EC of the European Parliament and of the Council of 16 February 1998 concerning the placing of biocidal products on the market” was published in the Official Gazette No. 28939 of 12 March 2014.
- “By-law on Conservation of Wetlands” was prepared in line with the Convention on Wetlands was published on the Official Gazette No. 28962 of 4 April 2014. The By Law aims at conservation, management and development of the wetlands and increasing the coordination within the institutions regarding wetlands in Turkey.

- “By-law on Working Procedures and Principles for Ethics Committee for Experimental Animals” prepared in line with the “Directive 2010/63/EU of the European Parliament and of the Council of 22 September 2010 on the protection of animals used for scientific purposes” was published in the Official Gazette No. 28914 of 15 February 2014.
- “By-law on the Prevention of Major Industrial Accidents and Mitigation of the Consequences”, which is aligned with Seveso II Directive 96/82/EC, was published in the Official Gazette No. 28867 (bis.) of 30 December 2013. The By-law will fully be implemented on 2017.
- “The By-law on Classification, Labelling and Packaging of Substances and Mixtures” was published in Official Gazette No. 28848 of 11 December 2013 for the harmonization of the Regulation (EC) 1272/2008 on the classification, labelling and packaging of substances and mixtures
- “By-law on Test Methods for Determining the Physico-chemical, Toxicological and Ecotoxicological Properties of Substances and Mixtures” was published in the Official Gazette No. 28848 of 11 December 2013 for the harmonization of the Regulation (EC) 440/2008 on Test Methods.

Regarding **Customs Union**, Turkey’s National Programme envisages that the full alignment of the free zones with the EU *acquis* will be realized at the time of membership. However, very important steps have been taken and alignment with the *acquis* has already been reached to a large extent by the “Law No. 5810 on the Amendment of Free Zones Law and Customs Law”, which redefined free zones in line with the EU Customs Code.

On the other hand, to provide a transitional period to the users, especially the ones with operating licences on manufacturing, interim Article 6 and interim Article 7 have been inserted to the Free Zones Law No. 3218, with the “Law No. 5810 on the Amendment of Free Zones Law and Customs Law”.

These interim articles suspend the implementation of the provision that defines free zones as parts of the customs territory for the purposes of customs procedures until the date Turkey becomes a full member of the European Union.

The Turkish Safeguard Legislation is fully in conformity with Article XIX of GATT 1994 and the WTO Agreement on Safeguards as well as with the EU Safeguard Legislation.

In this framework, Turkey applies general safeguard measures in conformity with the WTO rules and the Customs Union Decision and takes into account the measures which least disturb the trade between the EU and Turkey.

AGENDA ITEM 4

STATE OF RELATIONS UNDER THE ASSOCIATION AGREEMENT AND THE CUSTOMS UNION

CUSTOMS UNION

Update of the Customs Union

The inability of the existing structure of the Customs Union to overcome persistent commercial problems is widely recognized both by Turkey and the European Union. As a result, improving the functioning of the Customs Union has been an important agenda item in almost all recent bilateral contacts. While the EU has been critical of the specific trade matters and claiming them to be contradictory with the existing rules, Turkey's concerns, in addition to specific market-entry barriers have been also related with the asymmetric structure of the Customs Union. That's to say Turkey is not member of the European Union, with a decision taking capacity, but is bound to apply Common Trade Policies of the European Union. It was the expectation of full EU membership by Turkey within a reasonable period of time behind the acceptance of such an asymmetric structure at that time.

Systemic problems that are negatively affecting the proper functioning of the Customs Union are also reported in the study carried out by the World Bank to evaluate EU-Turkey Customs Union. The report does not only propose to correct the unsustainable asymmetric structure of the Customs Union, but also claims that the inclusion of new areas such as trade in services, government procurement and investments within the framework of preferential regime could bring important benefits for both parties. It has been underlined in the report that the asymmetries and lack of Turkey's participation in the decision making mechanisms on Common Commercial Policy should be corrected to maximize the existing or a widened Customs Union.

In this context, discussions have been launched by Minister of Economy Nihat Zeybekci and European Commissioner for Trade Karel De Gucht for a possible “Upgrade of the Customs Union”, in order to address systemic problems within the Customs Union and to evaluate deepening the association in new areas such as services and public procurement with a single understanding approach.

However, it should be emphasized that a package that does not bring solution to the systemic problems faced by Turkey within the Customs Union would be unacceptable for the Turkish side. Those systematic problems include removal of asymmetries, establishment of satisfactory mechanisms with regard to decision making process in the Customs Union as well as the launching and conclusion of FTA negotiations promptly and in parallel with the EU. In this respect, technical meetings are expected to continue to reach a compromise regarding the concerns of the Parties and to determine the possible coverage and the methods for updating of the Customs Union. Unless concrete solutions are found to these systemic problems, efforts at deepening and widening of the existing relations are not expected to yield result.

Turkey’s Involvement in the EU’s Decision Making Mechanisms

While Decision 1/95 foresees the harmonization of the Turkish legislation to that of the EU and adoption of the Common Commercial Policy, it also envisages the consultation and decision making procedures to be applied. However, lack of effective involvement of Turkey in EU’s decision making mechanisms constitutes one of the most important problems preventing the proper functioning of the Customs Union.

Although the Customs Union Decision itself, namely Article 59 and 60, provide the legal basis for Turkey’s participation to the consultation and decision making procedures, these articles are not applied fully and effectively.

As a result, for more than 18 years, Turkey has not had the opportunity to reflect its priorities and concerns to the formation of the EU's Common Commercial Policy. It is important to underline that the establishment of an effective consultation and decision making mechanism is indispensable for the proper functioning of the Customs Union and Turkey's compliance process to the EU legislation.

Turkey's Difficulties in the Area of Alignment with the EU's Free Trade Agreements (FTAs)

Turkey carries out its best efforts to launch and conclude FTA negotiations with the EU's FTA partners. Currently, 17 FTAs are in force. However, despite all its efforts, Turkey is facing the "moving target problem" because of the fact that the EU initiates and enforces FTAs in advance of Turkey, while Turkey is having trouble to persuade some countries even to start negotiations.

In case where Turkey lacks a FTA with a third country which is EU's FTA partner, the goods of those countries can gain unilateral preferential access to Turkish market, whereas Turkey does not have the same preferential market access opportunities as those enjoyed by the EU. This problem prevents the Customs Union from functioning properly and results in unfair competition conditions for Turkish producers and exporters.

The differences regarding FTAs between Turkey and the EU are contrary to the main principles of the Customs Union and Article 24 of GATT, which foresees the application of the substantially same duties by the parties of a customs union.

In line with Article 56(2) of the Customs Union Decision, Turkey is expecting the adoption of a mutually acceptable solution with a view to eliminating current and future differences in the implementation of preferential trade regimes by Turkey and the EU. In this respect, more concrete actions are expected from the Commission not only in working to persuade reluctant countries, but also in ensuring simultaneity in starting and finalizing FTA negotiations with Turkey.

In this framework, two options are brought to table by Turkey: First option is to ensure Turkey to conclude parallel FTAs with the EU, by an “Enforced and Binding Turkey Clause”. Other alternative is direct inclusion of Turkey to the EU’s FTAs with respect to its results, for the coverage of the Customs Union.

In case Turkey could not conclude FTA with EU’s FTA partners, trade deflection can be prevented by defense measures which can damage free movement of goods: However Turkey’s real goal is to ensure better market access opportunities leveling the play field in terms of competition.

EU-US TTIP negotiations

The problem of Turkey in reaching the “moving target” in EU’s FTAs has become a greater concern, given the fact that EU is now negotiating with the US unprecedentedly comprehensive Transatlantic Trade and Investment Partnership (TTIP).

TTIP is of utmost importance for Turkey considering both the ambitious scope of the Agreement and Turkey’s strategic and close relations with both the EU and the US. Therefore, due to the possible adverse effects deriving from the functioning of the Customs Union in case of Turkey’s exclusion from the TTIP process, it is being closely followed by the political leaders and business circles with deep concern.

Even though as a result of Turkey’s intensified initiatives, Turkish Prime Minister and US President have formed a “Turkey-US High Level Committee” (HLC) with a special reference to the Customs Union in May 2013, contrary to Turkey, currently the US seems to be more hesitant to function this Committee as a platform carrying out the preparatory works for a possible FTA between Turkey and the US. In other words, the US is not willing to focus on a prospective Turkey-US FTA.

Last, US Trade Representative (USTR) Froman has recently announced that instead of a parallel FTA with the US, Turkey's involvement to the TTIP via "*docking clause*" almost at the end of TTIP negotiations might be considered. However the EU side has not made any official statement on this option yet.

In the light of the above, for the sake of the sustainability of the Customs Union, we expect the EU to take into account the priority of this Agreement for Turkey and then take all the necessary and timely measures to reach a common understanding/mechanism so as to ensure that Turkey launch FTA negotiations with the US in parallel with the EU. Furthermore, Turkey expects the EU to share its official view about the US announcement regarding "*docking clause*" option for Turkey since that might bring a new area to work on jointly.

Quotas Imposed for Road Vehicles Registered in Turkey

The application of road transport quotas by the EU member states creates obstacles to the free movement of goods principle, which is the very basis of the Customs Union. In February 2014, Turkish-Bulgarian border had been closed for two weeks due to the applications related to road transport quotas and this clearly shows the negative effect of the road transport quotas on bilateral trade.

Bilateral quotas are inconsistent with the very aim of the free movement of goods principle envisaged in the Customs Union Decision, while transit quotas are in breach of the WTO rules, in particular Article V of the General Agreement on Tariffs and Trade.

Hence, Turkey's request is swift elimination of both bilateral and transit quotas. In this framework, Turkey welcomes the Commission's initiative to launch a study to evaluate impact of a possible road transportation agreement between Turkey and the EU.

Alignment with the Technical Regulations of the EU

With respect to harmonization of the EU's technical legislation, Turkey welcomes the adoption of the "Procedural Guideline" during the 30th meeting of the CUJC. Now, for the sake of timely and properly operation of the Guideline, Turkey is awaiting the submission of the updated list of technical legislation by the Commission.

Furthermore, Turkey has been confronting with the problems due to the long-awaited Commission views on Turkey's draft technical legislation.

Last, with respect to Turkey's harmonization of the EU's technical legislation, the existence of a Customs Union relationship has been ignored by the EU and Turkey has been treated as a third country, when adopting a new legislation, and even it is directly related with the functioning of the Customs Union.

This has been the case for REACH, CLP and Biocidal Legislation, which are all designed and implemented without considering the Customs Union. Turkey still considers that the lack of direct submission for Turkish chemical producers/exporters of their REACH registration dossiers, CLP notifications and authorization requests for biocidal products to the ECHA are inconsistent with the Article 5 and 7 of the Decision 1/95 due to their adverse effects which we find equivalent to import restriction.

Problems Related to Trade in Agricultural Products

As it is well known, since January 2010, the magnitude of the problems that Turkish exporters face at **Kapitan Andrevo** as a result of inordinate implementations of Bulgarian authorities has expanded to cover almost all fruits and vegetables exported to the EU. However, especially the issues concerning fees related to controls on exports of fruits and vegetables stand out as the most problematic among others. It is an urgent expectation of Turkey from the Commission to address these problems encountered in Kapitan Andrevo, which hinders Turkey's fruit and vegetable exports to the EU.

Turkey has explained to the Commission in both oral and written forms its concerns regarding the justification of **the measures adopted by the Council Regulation (EC) No. 1506/98** which suspended the concessions on tomato paste and watermelon. Until now, the Commission could not give legally based justifications for those measures. This unilateral decision which brings change to the preferential regime established by Association Council Decision **No 1/98** does not have a legal basis under the agreements and decisions governing bilateral association. Therefore, it is being requested by the European Commission to release the tariff quotas suspended by the Council Regulation (EC) **No. 1506/98**.
