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**Türkiye 2022 Report**

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

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# 1. INTRODUCTION

## 1.1. CONTEXT

Türkiye<sup>1</sup> remains a key partner for the European Union and a candidate country. Türkiye has been linked to the EU by an Association Agreement since 1964 and a Customs Union was established in 1995. The European Council granted Türkiye the status of candidate country in December 1999 and accession negotiations were opened in October 2005. Within the framework of accession negotiations, 16 chapters have been opened and one of these was provisionally closed. The General Affairs Council conclusions of December 2021 reiterated the Council's position of June 2018 that under the current circumstances, Türkiye's accession negotiations have effectively come to a standstill, and no further chapters can be considered for opening or closing<sup>2</sup>. Over the reporting period, the Turkish government has not reversed the negative trend in relation to reform, despite its repeated commitment to EU accession. The EU's serious concerns on the continued deterioration of democracy, the rule of law, fundamental rights and the independence of the judiciary have not been addressed. There was further backsliding in many areas. Concerns increased over economic governance and the good functioning of the market economy.

After some positive developments in 2021, relations with the EU deteriorated in the first half of 2022, due to repeated violations of Greek airspace by Turkish fighter jets in the Aegean and threatening Turkish statements regarding the sovereignty of Greek islands, and against Cyprus. In addition, Türkiye continued to carry out military exercises in the maritime zones of Cyprus, and Turkish warships illegally obstructed survey activities in the Cypriot Exclusive Economic Zone (EEZ). Despite international condemnation, Türkiye continued with its plan to open the fenced-off area of Varosha. Tensions in the Aegean Sea and Eastern Mediterranean were not conducive to good neighbourly relations and undermined regional stability and security.

The EU, most recently at the European Council of June 2022, has repeatedly urged Türkiye to avoid making any kind of threat, creating any source of friction or carrying out any action that damages good neighbourly relations and the peaceful settlement of disputes. The EU has re-affirmed that it has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in developing a cooperative and mutually beneficial relationship with Türkiye.

The EU and Türkiye continued high-level engagement in areas of common interest such as climate, health or migration and security. This was in line with the EU's offer to support a more positive dynamic in EU-Türkiye relations, expressing readiness to engage with Türkiye in a phased, proportionate and reversible manner in a number of areas of common interest, subject to the conditions set out by the European Council. On energy, Türkiye continues to be an important and reliable transit country for the EU.

Türkiye continued its remarkable efforts to host one of the largest refugee populations worldwide with around 3.6 million Syrians under temporary protection and more than 330 000 non-Syrians, including those who hold or have applied for international protection status. The EU Facility for

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

<sup>2</sup> The European Council conclusions of December 2006 remain in force.

Refugees in Turkey supported this work, with over EUR 4.7 billion of the EUR 6 billion operational budget of the Facility already having been disbursed by June 2022. The Commission allocated an additional package of EUR 3.5 billion covering the 2020-2023 period to ensure the continuation of support provided to date, in particular in key areas such as basic needs, healthcare and education, and protection and socio-economic support.

The March 2016 EU-Turkey Statement continued to yield results and remained the key framework governing cooperation on migration despite Türkiye's calls to update the Statement. Although the resettlement of refugees in EU Member States resumed after a short break, due to the pandemic, Türkiye maintained the suspension of returns from the Greek islands that it put in place in March 2020.

By June 2022, Türkiye had experienced over 15 million COVID-19 cases, with almost 100 000 deaths. The country saw two waves of the pandemic in 2021 and a sharp increase in case numbers was observed in February 2022, with the emergence of the Omicron variant. The number of COVID-19 cases has been decreasing since then, but started to increase again towards the end of the reporting period. The two-dose vaccination coverage is 64% of the total population. In August 2021, the Commission adopted an equivalence decision, confirming Türkiye's participation in the EU Digital Green Certificate scheme, which connects the country's vaccination certification scheme to the EU's system. COVID-19 vaccination certificates issued by Türkiye are accepted in the EU under the same conditions as the EU Digital COVID Certificate. At the same time, Türkiye agreed to accept the EU Digital COVID Certificate for travel from the EU to Türkiye.

## 1.2. SUMMARY OF THE REPORT<sup>3</sup>

There are serious deficiencies in the functioning of Türkiye's **democratic institutions**. During the reporting period, democratic backsliding continued. Structural deficiencies in the presidential system remained in place. Key recommendations from the Council of Europe and its bodies have yet to be addressed. Parliament continued to lack the necessary means to hold the government accountable. The constitutional architecture continued to centralise powers at the level of the Presidency without ensuring the sound and effective separation of powers between the executive, legislative and the judiciary. In the absence of an effective checks and balances mechanism, the democratic accountability of the executive branch continues to be limited to elections.

Despite the lifting of the state of emergency in July 2018, some legal provisions granting government officials extraordinary powers and retaining several of the restrictive elements of the state of emergency remained in place. The State of Emergency Inquiry Commission has yet to complete the examination of its caseload in relation to the public employees who were dismissed by decree-laws during the period of emergency rule. In July 2021, Türkiye's Parliament adopted a bill that extends the duration of some of the restrictive elements of the state of emergency for one more year.

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<sup>3</sup> This report covers the period from June 2021 to June 2022. It is based on input from a variety of sources, including contributions from the government of Türkiye, the EU Member States, European Parliament reports and information from various international and non-governmental organisations. This also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scales to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

The judiciary continued to systematically target members of the opposition parties in Parliament, in relation to alleged terrorism-related offences. The legal framework for elections and political parties remains problematic. The electoral threshold was lowered from 10% to 7%. Türkiye has not yet addressed the remaining recommendations by the OSCE Office for Democratic Institutions and Human Rights and the Venice Commission.

Pressure on mayors from opposition parties by the ruling coalition government further weakened local democracy. Mayors from the opposition parties faced administrative and judicial investigations. Local democracy in the south-east remained severely hampered. In the south-east, the forcibly dismissed mayors continued to be replaced by government-appointed trustees.

The **situation in the south-east** remained very worrying. In October 2021, Türkiye's Parliament extended the military's mandate to launch cross-border anti-terror operations in Syria and Iraq by two additional years. The Turkish government continued its domestic and cross-border security and military operations in Iraq and Syria. The security situation remained precarious in border areas with recurrent terrorist acts committed by the Kurdistan Workers' Party (PKK), which remains on the EU list of persons, groups and entities involved in acts of terrorism. The EU unambiguously condemned the PKK's attacks and expressed solidarity with the families of the victims. The government has a legitimate right and a responsibility to fight terrorism, but it is essential that it does so in accordance with the rule of law, human rights and fundamental freedoms. Anti-terror measures need to be proportionate. There were no developments on the resumption of a credible political peace process to achieve a sustainable solution.

Serious backsliding regarding **civil society** issues continued. Civil society organisations faced increased pressure and their space to operate freely continued to reduce, limiting their freedoms of expression, association and assembly. The implementation of the law on preventing financing of proliferation of weapons of mass destruction added further restrictions on civil society organisations.

**Civilian oversight of the security forces** has not been consolidated. Military, police and intelligence services' accountability remained very limited. Parliamentary oversight of the security institutions needs to be strengthened. In July, the Parliament extended the retirement age of the Chief of General Staff from 67 to 72 allowing the incumbent Chief of General Staff to serve an additional year while the air and navy commanders have retired.

Türkiye has some level of preparation/is moderately prepared in the field of **public administration reform**. No progress was made during the reporting period. The country continues to lack a comprehensive reform agenda for public administration and public financial management and the government has not started any comprehensive reform of public administration. The administration's accountability is insufficient, and its human resources management needs to be improved. Policy-making lacks evidence-based methods and participatory mechanisms. The politicisation of the administration continued. Women's representation in civil service managerial posts remained low.

Türkiye's **judicial system** is at an early stage of preparation. The serious backsliding observed since 2016 continued during the reporting period. Concerns remained, in particular over the systemic lack of independence of the judiciary and undue pressure on judges and prosecutors. Particular concerns relating to the judiciary's adherence to international and European standards increased, in particular in relation to the refusal to implement rulings by the European Court of Human Rights. Implementation of the 2021 human rights action plan and the 2019 judicial

reform strategy continued. However, both documents failed to address major shortcomings in the Turkish judiciary, lacking a plan for significant improvements to the overall functioning of the country's judicial system. Only 515 judges or prosecutors dismissed following the coup attempt were reinstated, despite several being acquitted. The lack of objective, merit-based, standardised and pre-established criteria for recruiting and promoting judges and prosecutors remains a source of concern.

Regarding the **fight against corruption**, Türkiye remained at an early stage of preparations and made no progress in the reporting period. The country has not set up anti-corruption bodies in line with its international obligations. The legal framework and institutional architecture need to be improved to limit political and undue influence in the prosecution and adjudication of corruption cases. The accountability and transparency of public institutions need to be improved. The absence of an anti-corruption strategy and action plan indicated a lack of will to decisively fight corruption. Most of the Council of Europe's Group of States against Corruption (GRECO) recommendations have not been implemented. Overall, corruption is widespread and remains an issue of concern.

Türkiye has some level of preparation in **the fight against organised crime**, however there was limited progress overall. The completion of an international agreement on the exchange of personal data between Europol and the Turkish authorities responsible for fighting serious crime and terrorism is still pending, as Turkish data protection legislation is not yet in line with the EU *acquis*. The legal framework regulating the fight against money laundering and terrorist financing needs to be improved in line with recommendations by the Financial Action Task Force (FATF) and those by the Venice Commission on the law on preventing financing of proliferation of weapons of mass destruction.

The deterioration of **human and fundamental rights** continued. Many of the measures introduced during the state of emergency remain in force. The legal framework includes general guarantees of respect for human and fundamental rights, but the legislation and its implementation need to be brought into line with the European Convention on Human Rights (ECHR) and the European Court of Human Rights (ECtHR) case-law. The Council of Europe's Parliamentary Assembly continued to monitor Türkiye's respect for human rights, democracy and the rule of law. Türkiye's continued refusal to implement certain ECtHR rulings, notably in the cases of Selahattin Demirtaş and Osman Kavala, is a source of serious concern regarding the judiciary's adherence to international and European standards and Türkiye's commitment to promote the rule of law and respect for fundamental rights. The infringement procedure started by the Council of Europe against Türkiye in February 2022, for non-implementation of the judgment in the Kavala case has marked yet another benchmark of Türkiye's drifting away from the standards for human rights and fundamental freedoms that it has subscribed to as a member of the Council of Europe. In July, the Court ruled that Türkiye has failed to implement the 2019 ECtHR judgment on the Kavala case.

The human rights action plan adopted in 2021 continued to be implemented, but this does not address critical issues and has not led to an improvement in the overall human rights situation.

On freedom of expression, the serious backsliding observed in recent years continued. The implementation of criminal laws relating to national security and anti-terrorism continued to contravene the ECHR and other international standards and to diverge from the case-law of the ECtHR. Restrictive measures implemented by state institutions and increasing pressure with



judicial and administrative means continued to undermine the exercise of freedom of expression. There continued to be criminal cases brought against and convictions of journalists, human rights defenders, lawyers, writers, opposition politicians, students, artists and social media users.

There was further backsliding in the area of freedom of assembly and association. There were recurrent bans, disproportionate use of force and interventions in peaceful demonstrations; investigations, court cases and administrative fines against demonstrators on charges of terrorism-related activities or on violating the law on demonstrations and marches.

The rights of the most disadvantaged groups and people belonging to minorities need better protection. Roma people remained largely excluded from formal work and their living conditions deteriorated severely. Gender-based violence, discrimination, and hate speech against minorities (in particular against lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons are still a matter of serious concern.

On **migration and asylum policy**, Türkiye made some progress. The EU-Turkey Statement remained the main framework for cooperation between the EU and Türkiye, and the EU's engagement with Türkiye on migration intensified. Some progress was made on further strengthening capacity for surveillance and protection of the land border with Iran. The return of irregular migrants from the Greek islands under the EU-Turkey Statement continued to be suspended, as it has been since March 2020. In 2021, numbers of irregular migrants arriving increased on most routes in comparison to 2020. The increase could be partially due to the lifting of measures taken by countries in the region in 2020 to contain the COVID-19 pandemic. Although the number of irregular arrivals in Greece has decreased compared to pre-COVID figures, irregular arrivals to Italy and to the government-controlled areas of Cyprus have increased substantially in the past year and new smuggling routes have been established. Türkiye has still not implemented the provisions relating to third-country nationals in the EU-Türkiye readmission agreement, which entered into force in October 2017. Overall, the number of illegal border crossings between Türkiye and Greece remained significantly lower than it was prior to the adoption of the EU-Turkey Statement.

Türkiye continued to make significant efforts to host and meet the needs of one of the largest refugee communities in the world. Out of the full operational budget of EUR 6 billion under the Facility for Refugees, over EUR 4.7 billion was disbursed by June 2022. Efficient integration measures are needed to address the extended presence of refugees in the country. Access to public health for migrants and refugees should be improved. No outstanding visa liberalisation benchmarks were fulfilled. Türkiye still needs to further align its legislation with the EU *acquis* on visa policy.

Türkiye's unilateral **foreign policy** continued to be at odds with the EU priorities under the common foreign and security policy (CFSP), notably due to its military action in Syria and Iraq and a lack of alignment with EU restrictive measures against Russia. Türkiye maintained a very low alignment rate with the EU stand on foreign and security policy of 7% (as of August 2022). Türkiye's military support to Libya, including the deployment of foreign fighters on the ground, and its persistent criticism of and lack of cooperation with Operation IRINI are detrimental to the EU's effective contribution to implementing the UN arms embargo, and have led to conflicting approaches on Libya. Türkiye remains a critically important actor in the Syrian crisis and shares with the EU the objective of a stable and prosperous Syria. However, its troops maintained a significant presence in the region and in other parts of northern Syria. Türkiye's security



concerns stemming from northern Syria should be addressed through political and diplomatic means, not by military action, and in full respect of international humanitarian law.

The Russian war of aggression against Ukraine was recognised by Türkiye as a state of war and Türkiye condemned the Russian aggression. Türkiye enforced the Montreux Convention, whereby the passage of warships was limited to those returning to their bases. Turkish companies continued to sell military ordnance to Ukraine. Türkiye has aimed to facilitate talks between Ukraine and Russia and working on de-escalation and bringing about a cease-fire. It also undertook a diplomatic initiative to facilitate the export of Ukrainian grain; the deal agreed by Ukraine and Russia on 22 July in Istanbul, facilitated by the UN and Türkiye, would not have been possible without the constructive role of Türkiye, which is also involved in facilitating the implementation of the deal. Nevertheless, Türkiye refrained from aligning with EU sanctions against Russia. Türkiye has signed a Memorandum of Understanding for developing economic and trade relations with Russia.

The improved dynamic in EU-Türkiye relations observed since December 2020, following the de-escalation in the Eastern Mediterranean, prevailed for several months before tensions in the Aegean resumed in April 2022. In November 2021, following the second review of the framework for restrictive measures, the Council extended the regime for one more year until 12 November 2022. Currently two individuals are subject to sanctions. While there were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean during the reporting period, tensions have been rising. Turkish warships illegally obstructed survey activity in the Cypriot Exclusive Economic Zone. Türkiye's military exercises in the maritime zones of Cyprus continued. Despite the international community, and the EU in particular, condemning Türkiye's unilateral steps, Türkiye continued with its actions to further reopen the fenced-off town of Varosha in Cyprus.

Türkiye needs to commit itself unequivocally to good neighbourly relations, international agreements and to the peaceful settlement of disputes in accordance with the United Nations Charter, having recourse, if necessary, to the International Court of Justice.

The June 2022 **European Council** expressed deep concern about recent repeated actions and statements by Türkiye. It recalled its previous conclusions and the statement of March 2021 and reiterated that Türkiye must respect the sovereignty and territorial integrity of all EU Member States. It emphasised that the **European Council** expects Türkiye to fully respect international law, de-escalate tensions in the interest of regional stability in the Eastern Mediterranean, promote good neighbourly relations in a sustainable way and fully respect international law. The **European Council** has repeatedly recalled the EU's strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Türkiye. The **European Council** also reaffirmed its readiness to engage with Türkiye in a phased, proportionate and reversible manner in a number of areas of common interest, subject to Türkiye meeting the established conditionalities set out in previous **European Council** conclusions, and provided that the de-escalation in the Eastern Mediterranean is sustained.

Regarding the **economic criteria**, the Turkish economy is **well advanced**, but made **no progress** over the reporting period. Serious concerns persist over the continued proper functioning of Türkiye's market economy as there has been backsliding on important elements, such as the conduct of monetary policy and the institutional and regulatory environment. The economy

recovered strongly from the COVID-19-crisis, growing by 11.4 % in 2021, and more than 7 % in the first half of 2022 despite the fallout of Russia's invasion of Ukraine. The country's overly loose monetary policy and lack of policy credibility have weakened the lira and have driven the official inflation to a two-decade high of more than 80%. Higher prices for imported commodities widened external imbalances, which remain a major vulnerability in a situation of increased uncertainty and low level of international reserves. Budget execution outperformed plans but government debt increased, and fiscal policy has come increasingly under pressure, burdened by unsuccessful attempts to curb rising inflation and underpin the domestic currency.

The institutional and regulatory environment remains fragile, particularly as regards the predictability, transparency, and implementation of regulations. Some important steps were taken to improve the resolution of commercial disputes. Despite a gradual decline, the informal sector still accounts for a significant share of economic activity. State intervention in the price-setting mechanisms persists. The provision of State aid lacks proper implementation rules, enforcement and transparency. The banking sector remained largely stable and capital adequacy above the regulatory requirements. Non-performing loans decreased, and profitability improved, but dollarisation and financial stability risks increased. The labour market recovered from the pandemic but deep-seated structural challenges, such as a very significant gender gap, a high rate of youth unemployment, and wide regional disparities remain.

Türkiye has a good level of preparation and has made limited progress during the reporting period in developing its capacity to cope with the competitive pressure and market forces in the EU. Despite some progress in improving vocational training, the mismatch persists between the education system and labour market needs. Expenditure on research and development continued to increase very slowly and remained well below the government's target. Investment activity slowed in the second half of 2021. Progress continued with regard to diversifying energy supplies and increasing the share of energy generated from renewable sources. The extension of local content requirement practices raises concerns. Türkiye removed some of the additional custom duties it had introduced in defiance of the commitments under the EU-Turkey Customs Union; however, extensive deviations from its obligations under the EU-Turkey Customs Union hinder bilateral trade.

Türkiye is moderately prepared in the area of **public procurement** but made no progress over the reporting period and large gaps remained in its alignment with the EU *acquis*. Türkiye continued its discriminatory domestic price advantage and offset practices favouring local content. Türkiye is moderately prepared in the area of **statistics** and made limited progress during the reporting period. Frequent managerial changes within the Turkish Statistical Institute over the last few years, including during the reporting period, have significantly undermined the institution's credibility. The reliability of key economic data has been repeatedly called into question. Türkiye has a good level of preparation on **financial control**, though no progress was made during the reporting period. The Public Internal Financial Control policy paper has not yet been updated and the anti-fraud coordination service (AFCOS) network has not yet been re-established.

Regarding its **ability to assume the obligations of membership**, Türkiye's alignment with the EU *acquis* continued to be very limited and pursued on a rather ad hoc basis.

The **internal market cluster** is key to the good functioning of the EU-Turkey Customs Union and to integrating Türkiye into the EU's single market. Preparations in the areas of freedom of

movement for workers and right of establishment and freedom to provide services are at an early stage, as many professions are closed to EU nationals. Türkiye has achieved a good level of preparation for the free movement of goods. Technical barriers to trade remained in place. Türkiye is moderately prepared on free movement of capital, as limitations continue on foreign ownership and on capital movement. Türkiye needs to continue to address outstanding issues in its framework regulating the fight against money laundering and terrorist financing.

Türkiye is well advanced in the area of company law and needs to make further progress in aligning with the EU *acquis*. Türkiye has a good level of preparation in the area of intellectual property law but needs to improve enforcement. Türkiye has some level of preparation in the area of competition policy. Serious concerns persist in relation to the legislative framework, enforcement capacity and transparency in the field of State aid. Türkiye has a good level of preparation in the area of financial services and made some progress, including with the development of new alternative financing instruments. There is a good level of preparation in terms of legislative alignment of consumer and health protection, with some progress made, notably on aligning with the EU *acquis* and in strengthening inter-sectoral cooperation.

Within the **cluster on competitiveness and inclusive growth**, Türkiye has some level of preparation in the area of digital transformation and media, though it has continued to backslide. Türkiye's preparations in the area of science and research are well advanced and Türkiye made good progress during the reporting period, notably with the conclusion of the association agreement for Horizon Europe for the 2021-2027 period. Türkiye is moderately prepared on education and culture and made some progress, in particular on vocational education, national qualifications systems and in terms of Türkiye's participation in the EU programmes.

On the economy-related chapters, backsliding continued on economic and monetary policy, reflecting inefficient policy on ensuring price stability and anchoring inflation expectations. The central bank remains under significant political pressure and its functional independence needs to be restored. Türkiye made limited progress on enterprise and industrial policy, and major challenges in relation to measures incompatible with EU industrial policy principles remain unaddressed. No progress was made during the reporting period in the area of social policy and employment, with concerns remaining over trade union rights, the lack of genuine social dialogue and persistent levels of informal economic activity.

While Türkiye is moderately prepared on taxation, it made no progress during the reporting period and there remains a need for a clear strategy, avoiding frequent changes in tax rates and enabling tax information exchange with all EU Member States. Türkiye maintains a good level of preparation for the customs union but made limited progress, notably by removing some additional duties applied on imports of products originating in third countries. However, Türkiye's deviations from its obligations under the EU-Turkey Customs Union continue, contributing to a high number of trade irritants.

Regarding the **cluster on the Green Agenda and sustainable connectivity**, Türkiye is moderately prepared in transport policy. It made limited progress during the reporting period, mainly linked to the adoption of a plan to significantly increase the use of railway transport. Türkiye is moderately prepared in the area of energy and made limited progress overall. Progress continued on renewable energy deployment, on reforms in the natural gas sector and in legislative alignment on nuclear safety. Türkiye is well advanced on trans-European networks and made some progress, mainly on energy networks, thanks to the smooth operation of the

trans-Anatolian pipeline. The construction of the Halkali-Kapikule railway line connecting the Bulgarian border to Istanbul continued. Türkiye has some level of preparation in the area of environment and climate change, but made no progress overall during the reporting period. Türkiye faces critical environmental and climate challenges, both in relation to mitigation and adaptation. More ambitious and better coordinated environment and climate policies need to be drawn up and implemented. Türkiye still needs to increase and implement its contribution to the Paris Agreement on climate change and complete its alignment with the *acquis* on climate action.

On the **cluster covering resources, agriculture and cohesion**, Türkiye reached some level of preparation in the area of agriculture and rural development. Backsliding continued during the reporting period, as its agricultural policy keeps moving away from the main principles of the EU common agricultural policy and Türkiye continued to restrict imports of agricultural products from the EU. Türkiye is a major exporter of food products to the EU and made limited progress during the reporting period in the area of food safety, veterinary and phytosanitary policy. Full implementation of the EU *acquis* in this area requires significant further work. Türkiye is moderately prepared in the area of fisheries and continued to make good progress, notably as regards the implementation of the new fisheries law, resources and fleet management, and inspection and control. Türkiye is moderately prepared in the area of regional policy and the coordination of structural instruments and continued to make some progress on accelerating the absorption of IPA II funds. Türkiye has some level of preparation in the area of financial and budgetary provisions, but made no progress during the reporting period.

In the **external relations cluster**, Türkiye is moderately prepared in the area of external relations and made limited progress in the reporting period, notably due to continued deviation from the Common Customs Tariff. Divergence from the EU Generalised Scheme of Preferences persisted, in violation of the EU-Turkey Customs Union. Türkiye's official development assistance was largely directed towards humanitarian support for the Syria-related activities on Türkiye's own territory. Türkiye has some level of preparation in the area of foreign, security and defence policy. Overall, Türkiye's foreign policy continued to be at odds with the EU priorities under the common foreign and security policy (CFSP). Türkiye's non-alignment with EU restrictive measures against Russia is of particular concern due to the free circulation of products, including dual use goods, within the EU-Turkey Customs Union. This creates a risk of undermining EU restrictive measures. For the Customs Union to continue functioning the parties must fully respect existing rules and avoid undermining mutual trust.

Overall, in many areas, significant further work is needed on legislative alignment with the EU *acquis*. In all areas, implementation and enforcement needs substantial improvement. Ensuring the independence of regulatory authorities and developing administrative capacity are key for Türkiye to achieve further progress.

## **2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS**

### **2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM**

#### **2.1.1. Democracy**

The functioning of Türkiye's democratic institutions continued to be severely hampered. During the reporting period, democratic backsliding and deep political polarisation continued. The presidential system's structural defects remained in place. Despite the lifting of the state of

emergency in July 2018, several legal provisions granting government officials extraordinary powers and retaining several of the restrictive elements of the state of emergency remained in place. In addition, the emergency decree-laws were used to reform other legislations. The State of Emergency Inquiry Commission has yet to complete its investigation into the cases of public employees who were dismissed by decree-laws during the period of emergency rule. In July 2021, Türkiye's Parliament adopted a bill that extends the duration of some restrictive elements of the state of emergency for one more year.

## Elections

During the reporting period, no elections took place. In April 2022, the Turkish Parliament adopted a joint AKP (Justice and Development Party) and MHP (Nationalist Movement Party) proposal overhauling the rules for parliamentary elections. The law notably reduced the electoral threshold from 10 % to 7 % and changed the formula to calculate the distribution of parliamentary seats. The law also changed the procedures for selecting the chair and members of the provincial election boards, who, *inter alia*, oversee the vote count and appeals after the elections. They will be elected on a random basis, which may endanger election security.

Several amendments to electoral legislation were adopted in March 2022. The Venice Commission of the Council of Europe and the OSCE Office for Democratic Institutions and Human Rights (ODIHR) issued a joint opinion in June. It criticised the hasty adoption of these amendments and the absence of an inclusive consultation process with the opposition parties and civil society. The joint opinion noted the reduction of the election threshold from 10 % to 7 % of the valid votes cast throughout Türkiye in general elections as a positive development, but underlined that the threshold, which still remains high, impedes political representation. The opinion also noted that some provisions of the new election law hinder smaller political parties' political representation in Parliament. The new legislation envisaged selecting the chairs and members of the provincial and district election boards through a lottery instead of based on their experience. The Venice Commission argued that this random selection of judges, who will preside the district and provincial electoral boards, endangers election security.

Türkiye needs to address the remaining recommendations, such as guaranteeing democratic media plurality, and ensuring the fair treatment of all political parties and candidates. The changes to the electoral law regarding the calculation for allocating parliamentary seats and the composition of the provincial and district election boards are a matter of concern. Any further amendments Türkiye makes to its electoral framework, including its legislation on political parties, should be made after thorough consultation, in line with international standards.

In the southeast, the 48 mayors who were forcibly replaced by government-appointed trustees after the local elections in 2019 have not been reinstated. This is a source of serious concern, as it undermines local democracy and denies voters their chosen representation. No action was taken to address the Venice Commission's June 2020 opinion, which questioned the decisions to deny mayoral mandates to the Peoples' Democratic Party (HDP) candidates who received the highest number of votes in the March 2019 municipal elections in six municipalities, and to give these mandates to second-placed AKP candidates. As underlined by the Venice Commission, while the removal of elected officials may be exceptionally justified by the need to prevent officials from abusing their office to favour terrorist activities, replacing elected officials by candidates who lost the election, without holding new elections, cannot be justified.

## Parliament



The presidential system has largely weakened Parliament's legislative and oversight functions. The President has been granted extensive legislative powers and can make decisions across a wide range of policy areas, which limits the Parliament's legislative role. Policy discussions that resulted in bipartisan agreement were uncommon during the reporting period. Parliament lacked the tools needed to hold the government accountable. Targeting of the political opposition continued. The closure case of Türkiye's second largest opposition party (HDP) is ongoing and in the course of the last year, an increasing number of opposition parliamentary immunities were lifted.

Parliament's legislative role has been hampered by the presidential system, due to the widespread use of Presidential decrees and decisions. Between January and December 2021, out of the 732 proposed bills, Parliament adopted 87 pieces of legislation. As of April 2022, there have been 98 presidential decrees issued on a wide range of policy issues, including on socio-economic issues, which traditionally are not covered by presidential decrees.

Inter-party electoral alliances remained in place in Parliament. Parliament's legislative and agenda-setting duties were largely influenced by the parliamentary majority of the ruling AKP-led alliance, and opposition parties were *de facto* unable to influence parliamentary debates. Within Parliament, key public policy inter-party debates that resulted in cross-party compromises were rare.

**Parliamentary oversight of the executive** remained very weak. Parliament does not have the means needed to hold the government accountable. Members of Parliament can only submit written questions to the Vice President and ministers and are not allowed by law to formally question the President. Presidential decrees were not subject to parliamentary scrutiny. Parliamentary oversight of public spending needs to be significantly improved.

The judiciary continued to systematically target members of the opposition parties in Parliament, particularly the People's Democratic Party (HDP), for alleged terrorism-related offenses, which undermined political pluralism. The parliamentary immunity system did not provide adequate legal protection to allow the opposition parliamentarians to express their opinions within the boundaries of freedom of speech. Currently, some 5 000 HDP members and officials remain in prison.

The Justice Ministry's request to remove the parliamentary immunity of 20 opposition Members of Parliament from six different parties is pending. An HDP politician regained his status as an MP in July 2021 after the Constitutional Court ruled that his rights had been violated. However, the immunity of another HDP parliamentarian was removed by Parliament in March 2022. Four additional opposition deputies have had their parliamentary immunity removed and have been detained on terrorism-related accusations during the current parliamentary term. Two former HDP co-chairs, and several former HDP legislators are still in prison despite a European Court of Human Rights ruling in their favour.

The closure case against the HDP on terrorism charges is pending before the Constitutional Court. The prosecution has demanded that 451 HDP members be banned from politics and that the party's bank account be frozen. In April, the HDP submitted its defence to the Constitutional Court in the ongoing closure case, arguing that the case was politically motivated, as it seeks to exclude the HDP from Türkiye's political landscape.



The **legal framework for elections and political parties** remains problematic despite the recent lowering of the electoral threshold from 10 % to 7 %. Türkiye has yet to address the remaining recommendations of the OSCE Office for Democratic Institutions and Human Rights and the Venice Commission. In Parliament, women continued to be underrepresented (17.32 %).

## Governance

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

The presidential system continues to lack the necessary checks and balances to prevent the undue concentration of power in one office and to protect the independence of the judiciary, as highlighted in the Venice Convention's 2017 opinion and the European Commission's previous country reports. The presidential system continues to have a harmful impact on the functioning of the executive and legislative arms of government, as well as on public administration. Due to a lack of effective checks and balances, and Parliament's inability to effectively oversee the office of the President, the latter's political accountability is restricted to elections.

The use of traditional **instruments of oversight of the executive by Parliament**, such as a vote of confidence and the ability to ask the executive oral questions, is still not possible and has not been since the entry into force of the presidential system in 2018; only written questions to the Vice President and ministers are permitted. The administration, courts, and security sector are all heavily politicised. The Presidency has direct control over the vast majority of key institutions. The civil service has become politicised, particularly at the highest levels of management.

The legal framework has enabled undue political influence over regulatory authorities. The President has the power to appoint the heads of the vast majority of the regulatory agencies, which are still directly linked to the Presidency. During the reporting period, two deputy governors and one monetary policy board member of the central bank were dismissed.

The **Ombudsman** remained silent on politically critical issues concerning fundamental rights. The Ombudsman still lacks *ex officio* powers to initiate investigations and to intervene in cases with legal remedies.

### *Local government*

The government's pressure on opposition mayors and opposition politicians remained strong. Administrative and judicial probes continued against mayors from the opposition parties. The CHP Istanbul Chair, whose conviction was upheld by the Court of Cassation, was given a political ban. The Court of Cassation's Public Prosecutor cancelled her political party membership. The trial continued against the Istanbul Metropolitan Mayor on the allegations of insulting the members of the Supreme Election Council in 2019. An administrative investigation was also launched against the mayor for allegedly hiring terrorists in his office.

Local democracy in the south-east remained severely hampered. Since the local elections in 2019, 48 HDP mayors have been dismissed from office due to terrorism-related charges. Furthermore, due to alleged ties to the Gülen movement, one CHP mayor was replaced. Governors remained in the positions of the deposed mayors as trustees. Municipal assemblies

have been halted in the majority of cases by the new trustees. Hundreds of municipal lawmakers and elected officials have been detained on terrorism-related allegations. Such actions deny the public their right to be ruled by their chosen representatives. According to the Venice Commission, the voters' choice must be restored by either reinstating suspended mayors, elected municipal assemblies appointing acting mayors, or holding new elections.

The legal framework regulating the Ministry of Interior's tutelary powers over elected local office holders was not revised in line with Türkiye's commitments under the European Charter of Local Self-Government.

The municipal law envisages local administrations' engagement with the public and civil society. Citizens' assemblies, which aim to bring together professional and civil society organisations and other local stakeholders, continued to be inactive in most provinces. Some municipalities increased their level of transparency and accountability through innovative solutions, such as the live broadcasting of municipal tenders.

Women's representation at the local level remained low. Only two out of 30 (6.6 %) urban mayors and 42 out of 1 389 (3 %) mayors are women.

### Civil Society

Serious backsliding regarding the **civil society** environment continued. Civil society faced continuous pressure and their space to operate freely continued to reduce, limiting their freedom of expression, association and assembly. A prominent human rights defender, Osman Kavala, was sentenced to life imprisonment without parole ('aggravated life imprisonment') and seven co-defendants were sentenced to 18 years of imprisonment. This judgement is contrary to a ruling by the ECtHR. Human rights organisations, which were closed under the state of emergency, were not offered any legal remedy in relation to confiscations.

The implementation of the law on preventing financing of proliferation of weapons of mass destruction added further restrictions and pressure on civil society organisations, including with regard to restrictions on the activities of human rights defenders and civil society.

Despite all these negative developments, civil society continued to be vocal and involved in civic life, and reported on developments as much as possible. Systematic and inclusive mechanisms for the effective consultation of independent civil society organisations on new legislation and policies need to be put in place.

A powerful and diverse civil society, which is a crucial part of a democratic system, should not be targeted and restricted in its functioning by the government and state institutions. Civil society organisations in Türkiye continued to make crucial contributions on key issues of the country, notably in the areas of education, women's rights, rights for LGBTIQ persons, rights of persons belonging to minorities, freedom of religion and belief, anti-discrimination, and awareness-raising regarding ethnic and social tolerance, monitoring hate crimes and support for refugees.

Human rights organisations faced increased judicial and administrative pressures, including arrests and detention of activists and human rights defenders. Frequent judicial investigations and court cases resulting in heavy sentences, led to an increasingly hostile environment for civil society. The overly broad definition of terrorism and its interpretation by the judiciary has a worrying deterrent effect on civil society.

In April 2022, Osman Kavala, a prominent human rights defender, was sentenced to life in prison without parole, under charges of attempting to overthrow the government (a charge of which he had been previously acquitted). Seven other co-defendants, prominent human rights defenders, were sentenced to 18 years in prison under the same charges. The judgement has provoked strong reactions by the international community and many EU Member States. In February 2022, the Committee of Ministers of the Council of Europe decided to launch an infringement procedure against Türkiye for its refusal to implement the ECtHR's 2019 judgment and to immediately release Osman Kavala. The launching of the infringement procedure. Türkiye's refusal to implement the Court's ruling in the Kavala case has raised doubts about Türkiye's commitment to its obligations as member of the Council of Europe. In the context of the infringement procedure, the ECtHR ruled in July 2022 that Türkiye has indeed failed to fulfil its obligations under Article 46 § 1 of the Convention to comply with the Chamber judgment delivered by the Court in the case of Kavala v. Türkiye on 10 December 2019. Another landmark case against human rights defenders, the Büyükada case, is still pending before the Court of Cassation.

The portrayal, in some media outlets close to the government, of human rights defenders as criminals, notably for accepting funds from international donors, including the EU, remains a matter of serious concern. Defamatory rhetoric during court proceedings by high-level public officials, including the President and ministers, casts serious doubt on the respect of the principle of the presumption of innocence and the right to a fair trial.

The pressure faced by female politicians and women's organisations characterised by frequent detentions, investigations, and arrests created a serious hurdle for the exercise of freedom of association, freedom of expression, assembly and for participation in political life. A closure case was launched against the 'We Will Stop Femicides Platform', and the executives of the Rosa Women's Association based in Diyarbakır faced regular detentions, arrests, and were subjected to repetitive audits, including by the Financial Crimes Investigation Board (MASAK). A closure case has been launched against the Tarlabası Community Centre in Istanbul, following administrative audits and fines and an intense smear campaign against the centre, for alleging that they promote LGBTIQ and PKK propaganda to children.

Stigmatisation, hate speech and discriminatory discourse targeting LGBTIQ civil society organisations and persons remained very strong. International non-governmental organisations, including those providing humanitarian aid to refugees, continued to face difficulties in their work in Türkiye. No effective domestic remedy was provided for the confiscation of assets from civil society organisations closed by emergency decrees.

The legal framework regulating the work of civil society organisations lacks clarity and carries the risk of arbitrariness during implementation. Despite a 2021 Council of State judgement, it is compulsory for all associations to register their members in the Ministry of Interior's information system of the. This legal obligation is not in line with the OSCE/Council of Europe guidelines on freedom of association.

The 2020 law on preventing financing of proliferation of weapons of mass destruction, which requires risk analysis, was used repeatedly by the authorities to profile and target independent human rights organisations. This created a climate of fear and intimidation and reinforced a chilling effect on NGOs that inhibit them from carrying out their legitimate activities. The July 2021 Venice Commission and the February 2021 UN Special Rapporteurs' recommendations

concluded that the government should reconsider certain aspects of the legislation to ensure compliance with Türkiye's human rights obligations. The law should not be used to hinder civil society's freedom of association and assembly, including their fundraising activities. As the Venice Commission underlined, while fully recognising Türkiye's difficult security situation, the measures introduced should not go beyond what is necessary and should be proportional.

The law on collection of aid continues to impose burdensome requirements for permits that discourage fundraising activities by civil society organisations. These include prior notification for each fundraising activity and lengthy authorisation processes. Public funds are not distributed in a transparent way and the distribution process does not allow for the full involvement of civil society organisations and other stakeholders at every stage. The existing tax system impedes the functioning and development of foundations and associations. The status of 'public benefit' for associations and 'tax exemption' for foundations is vaguely defined and granted by the President. The space for foreign donors, who provide financial support to civil society in Türkiye under current Turkish legislation is increasingly shrinking. Both donors and the civil society are often faced with slander and the risk of having their activities funded by international donors being criminalised.

There is still neither a comprehensive government strategy nor any mechanisms in place for cooperation with civil society or for improving the legal framework. There is no legal framework or transparent and consistent practice for public consultations with the independent civil society organisations who are largely excluded from the consultations that are part of policy-making processes and monitoring. It is crucial that a full participatory approach is ensured as it is a constitutive element of a functioning democracy. Overall, the legal, financial and administrative environment needs to be more conducive to developing civil society in Türkiye.

### **Civilian oversight of the security forces**

The presidential system grants broad powers to the executive branch over the security forces. However, civilian oversight of the security forces has not been consolidated. The accountability of the military, the police and the intelligence services remained very limited. Parliamentary oversight of the security institutions needs to be strengthened. The legal framework for overseeing military expenditure was not improved.

The culture of impunity remained prevalent. Security personnel continued to enjoy overreaching judicial and administrative protection in cases of alleged human right violations and disproportionate use of force. Legal privileges continued in relation to the prosecution of military personnel and top echelons of command. The investigation of alleged military offences committed by military personnel requires prior authorisation from either military or civilian superiors.

### **Situation in the east and south-east**

The situation in the south-east remained very worrying. In October 2021, Türkiye's Parliament extended the military's mandate to launch cross-border anti-terror operations in Syria and Iraq by two additional years. The Turkish government continued its domestic and cross-border security and military operations in Iraq and Syria. The security situation remained precarious in border areas with recurrent terrorist acts led by the Kurdistan Workers' Party (PKK), which remains on the EU list of persons, groups and entities involved in acts of terrorism. The EU unambiguously condemned the PKK's attacks and expressed solidarity with the families of the victims.

While the government has a legitimate right to fight terrorism, it is essential that it does so in accordance with the rule of law, human rights and fundamental freedoms. Anti-terror measures need to be proportionate. There were no developments on the resumption of a credible political peace process to achieve a sustainable solution.

PKK leader Öcalan was not allowed to receive visits from his family nor his lawyers. In December 2021, the Council of Europe Committee of Ministers issued a resolution on the ‘Gurban’ group of cases, including PKK leader Öcalan, in which it noted that Türkiye has to adopt general measures, and invited the authorities to submit information on the progress achieved in adopting them by the end of September 2022. In February 2022, the Constitutional Court rejected the application by Öcalan’s lawyers who asked to meet their client, being held in İmralı Prison. This decision was appealed before the ECtHR.

The curfew in six districts of Diyarbakir’s Sur municipality was lifted. However, provincial governorates declared recurrent military security zones in several rural settlements. Human rights organisations and opposition parties continued to report serious violations of human rights by security forces, including alleged instances of torture, ill-treatment, arbitrary arrests and procedural rights violations in prisons and in police and gendarmerie establishments.

There was no progress in investigations into the deaths of civilians during security operations under curfews in 2015-2016 in towns of the Southeast such as Cizre. According to independent sources, 67 children in Kurdish-majority provinces lost their lives due to armoured vehicle crashes and remnants of war in Türkiye in the last 10 years. There are concerns about impunity in these cases.

Eastern and south-eastern provincial governors declared frequent blanket bans on all meetings, demonstrations and events in their provinces. The longest of these has been in force in Van since 2016. The broad interpretation of the fight against terrorism, judicial and administrative difficulties imposed on the rights of journalists, political opponents, bar associations and human rights defenders working on the Kurdish issue raised repeated concerns. Associations, Kurdish-language media outlets, and cultural rights institutions mostly remained closed. Legal procedures were launched against 20 Kurdish journalists, whereas 16 were arrested in Diyarbakir in June 2022. The 2021 Constitutional Court judgement annulling a provision of the emergency decree regarding the closure in 2016 of media outlets on the grounds of ‘posing a threat to national security’ and also reverting a provision that paved the way for the seizure of the properties of those that were shut down, was not implemented.

There were a number of hate crimes committed against Kurdish students and other members of the public. The court case in relation to the killing of HDP staff member in Izmir, continued. There were also several hate attacks against HDP buildings. Fifteen bar associations in south-eastern and eastern provinces condemned the escalating violence against Kurds across Türkiye in July 2021 and asked for an end to the language of violence and discrimination. The Kurdish Newroz celebrations took place despite a heavy police presence and numerous detentions, including HDP executives and members.

The HDP closure case continued before the Constitutional Court. The trial known as ‘Kobane case’ against 108 members and executives of the HDP (of whom 20 remain in prison) also continued. There were hundreds of new detentions and arrests of elected representatives and mayors, municipal council members and municipal executives on terrorism-related charges in the east and south-east of Türkiye. Requests by the prosecution to Parliament to remove the



immunity of almost all HDP lawmakers are pending. Former HDP co-chair Selahattin Demirtaş remained in prison despite two final ECtHR judgements ruling for his immediate release. The Constitutional Court's ruling of June 2020 on the violation of Mr. Demirtaş' right to liberty and security was also not implemented. In April 2022, a new indictment against Mr Demirtaş was launched over some of his social media messages posted nine years ago. Campaigns for the release of a former HDP MP and co-chair, who is reportedly unable to sustain herself in prison, yielded no results.

As of April 2022, out of the 65 municipalities won by the HDP in the 2019 local elections, 48 elected mayors have been replaced by state-appointed trustees and another six elected municipal mayors have been replaced by AK Party mayors, as these were dismissed from their roles by law decrees. Since the first trustee appointment in June 2019, 83 co-mayors have been detained, and 39 mayors have been arrested. Currently eight HDP co-mayors remain in prison. In February 2022, the ECtHR issued a judgement on the 40 former HDP MPs (including former co-Chair Demirtaş) finding that removing their parliamentary immunity was against the Turkish Constitution and that their freedom of expression had been violated. The March 2022 monitoring report and recommendations on Türkiye of the Congress of Local and Regional Authorities of the Council of Europe need to be implemented.

Court cases are ongoing regarding government-funded construction projects on cultural, historical, and religious heritage sites which were damaged in 2015 and 2016. Two churches were restored using state funding. There were renewed tensions around several projects, which are considered to have a negative environmental impact and to disrupt cultural and religious places, such as the mining project in Tunceli Mountains, which is part of a national park and a sacred site for Alevi. The serious risk of such damages had been raised for years by residents and activists.

There continued to be no comprehensive, consistent approach in place in relation to missing persons, to the exhumation of mass graves or to the independent investigation of all alleged cases of extrajudicial killing by security and law enforcement officers. Most of the investigations into cases of enforced disappearance from the 1990s have reached the 20-year statute of limitations. Out of more than 1 400 cases of missing persons since then, only 16 court cases have been launched. 14 of these ended in acquittals of the alleged perpetrators, two are ongoing and two other cases are before the Court of Cassation. Concerns remained about the continued justification of extraterritorial abductions and forced returns under the pretext of combating terrorism and protecting national security.

### **Refugees and internally displaced persons**

Türkiye continues to host one of the largest refugee populations in the world. According to official data, as of May 2022, Türkiye hosted 3 737 369 Syrian refugees with temporary protection status, some 108 000 Syrians with legal residency and 193 000 Syrians with Turkish citizenship. The number of Syrian refugees who voluntarily returned to Syria from Türkiye stood at 470 000, according to the Turkish government. According to the United Nations High Commissioner for Refugees, besides the Syrian refugees, Türkiye hosted 330 000 asylum-seekers and refugees from other countries including Iraq, Afghanistan, Iran and Somalia in December 2021.

In 2021, Türkiye granted international protection (refugee status, conditional refugee status or subsidiary protection) to 13 227 applicants, an increase from 8 753 in 2021. The authorities



rejected 11 908 applications compared to 10 674 in 2020. The backlog of international protection applications remains high. In February 2022, Türkiye officially closed registration of international and temporary protection applications in several provinces, based on a newly introduced '25 per cent rule', which caps the proportion of foreigners residing in a given province. Human rights organisations and lawyers reported challenges in their access to registration in many other provinces, beyond those that are closed to registration. Barriers to registration hinder access to all essential services and compound the vulnerability of applicants as they increase the risk of detention and deportation. Unaccompanied children continue to face protection risks in asylum and migration procedures. A multi-disciplinary age determination procedure, which takes psycho-social aspects into consideration is necessary to improve compliance with European standards. In December 2021, 1 314 181 foreign nationals holding residence permits were present in Türkiye, including humanitarian residence permit holders.

The return of irregular migrants from the Greek islands, unilaterally suspended by Türkiye on public health grounds in March 2020, has not resumed. The EU has repeatedly called on Türkiye to resume return operations in line with the commitments made under the EU-Turkey Statement. Resettlements of vulnerable Syrians refugees from Türkiye to EU Member States have continued in the reporting period.

Recurrent allegations of human rights violations in the field of migration and asylum, particularly in removal centres remain a concern. Over the last year, media and civil society continued to report on policies and practices in breach of human rights standards and Turkish legislation. NGOs have noted reports of detainees being coerced to sign voluntary return forms in removal centres and an increase in hate crimes and incidents motivated by anti-refugee sentiments, and are a cause for concern. Türkiye needs to further align its practice in removal centres with European standards, in particular with regard to protection of human rights, including access to legal counselling and interpreters, and protection of vulnerable groups, in particular children staying with their families (*see Chapter 24*). Public discontent with the presence of Syrian refugees has become an election issue and a matter of constant debate. The pandemic had a disproportionately negative effect on vulnerable groups including refugees and internally displaced persons, who were already living in dire economic conditions.

Türkiye has made sustained significant efforts to provide support for refugees and ensure wider access to healthcare and schooling, with approximately 742 000 children enrolled in formal education by December 2021, which is about 82 000 higher than for the previous academic year. However, more than 400 000 school-aged refugee children were still out of school and did not have any access to education opportunities. Syrian refugees continued to benefit from free-of-charge healthcare provided in 181 migrant health centres funded by the EU through its Facility for Refugees in Turkey and in Turkish hospitals. The EU supported the employment of over 4 000 healthcare workers to ensure access of refugees and people under subsidiary protection to healthcare services. 22.8 million primary health care consultations were conducted in EU-supported primary level healthcare facilities. Many cities continued to improve municipal services and infrastructure to respond to the population increase due to the influx of refugees.

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

### **2.1.2. Public Administration Reform**

Türkiye has some level of preparation/is moderately prepared in the field of public
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administration reform. **No progress** was made during the reporting period. The country still lacks a comprehensive reform agenda for public administration and public financial management. The political will to reform is still lacking. The administration's accountability is insufficient and human resources management needs to be improved. Policy-making lacks evidence-based methods and participatory mechanisms. The politicisation of the administration continued. Women's representation in civil service in the managerial posts remained low. Last year's recommendations were not implemented and remain valid.

In the coming year, Türkiye should in particular:

- prepare and adopt an interinstitutional public administration reform plan in line with EU principles and values, and with the necessary political ownership and support;
- ensure that the Inquiry Commission on the State of Emergency Measures provides for an effective remedy, which safeguards the right of every individual to a fair administrative process;
- introduce merit-based appointments and promotions for the senior managerial positions of the civil service.

#### Strategic framework for public administration reform

Türkiye still lacks an overarching **strategy** for public administration reform. The absence of political support and ownership for reforming the public administration continues. Several planning and sectoral policy documents on various aspects of public administration exist. However, they reflect a fragmented policy framework in the absence of an overall strategy document. Most of these sectoral policy documents do not specify the expected costs of reform measures, so financial sustainability of public sector reforms is not granted. They also lack a structured follow up mechanism (*see Chapter 32 - Financial control*). An administrative unit legally entitled to coordinate, design, and monitor public administration reforms needs to be set up. Such a unit would need to coordinate with the Ministry of Treasury and Finance, to ensure coherence of fiscal planning and to efficiently address issues with managerial accountability.

#### Policy development and coordination

The centralisation of **policy-making** under the presidential system continued. The presidential administration continued to play a leading role in policy-making, and the role of ministries was further diminished. Inter-agency policy development and coordination were limited, due to the dominant role of the Presidency. Most regulatory authorities are also linked by law to the Presidency.

The link between policy-making and financial planning remains weak. There is no legal requirement to conduct public consultations for policy-making. Evidence-based policy-making instruments, such as regulatory impact assessments, are not used by the executive and legislative branches. Therefore, the country lacks an inclusive and evidence-based policy-making process.

Türkiye's state institutions do not carry out systematic *ex post* monitoring and public reporting on the implementation of key government programmes. Therefore, the public scrutiny of the government's work has remained very limited.

#### Public financial management

Türkiye continued to lack an overarching **public financial management reform programme**. The annual budget is prepared as part of the medium-term budgetary framework. Public procurement legislation is not in line with the EU *acquis*. The very large number of exemptions inserted into the Law on public procurement disrupts the transparency and accountability of public expenditures (*See also Chapter 5*). In the absence of adequate *ex post* monitoring, major public investment programmes lack transparency.

As regards external audit, the Turkish Court of Accounts' (TCA) *ex post* controls continued to constitute the basis for parliamentary oversight of the budget. The TCA reports also provided substantial information about the budgetary expenditures for the public. The TCA's audit findings of misuse of public resources were also reported in the media. However, there remained shortcomings in the coverage and in parliamentary and judicial follow up on the TCA's audits. Some institutions are exempt from the Court's remit and, therefore from the associated parliamentary scrutiny. Parliamentary and judicial follow-up on audit reports need to be improved.

The limited parliamentary oversight of the budget resulted in **reduced budget transparency**. The Turkish State Wealth Fund (TWF) lacks accountability and transparency. The TWF audit report for 2021 has not yet been made public. The new law, adopted in May 2022, introduced significant amendments to the TWF's legislative framework, extending the already numerous exemptions and exceptions to cover companies, funds and their subsidiaries of which the TWF has become the controlling shareholder. This is a source of concern. An overview of the TWF's investments and borrowings is not included in the budget. Annual budgetary figures are aggregated, making budget reports difficult to analyse. Public engagement with the budgetary process is virtually absent.

#### Public service and human resources management

The functions and the **human resources management of the civil service** remain substantially governed by the Civil Servants' Act of 1965. The need for new legislation on the public service remain, but a non-systematic approach continued to prevail. Türkiye is still missing an overall civil service strategy and overall monitoring report on the implementation of civil service policy.

The civil service legal framework does not guarantee neutrality, continuity or **merit-based recruitment and promotion** procedures. Numerous incidents indicated a growing politicisation of the civil service. During the reporting period, two deputy governors and one monetary policy board member of the central bank were dismissed. The first phase of external recruitment for entry-level positions is based on merit, whereas the oral interview phase remains poorly regulated and thus open to political patronage. The recruitment procedure for the most senior civil service posts lacks objective criteria, leaving appointments open to nepotism and political interference.

#### Accountability of the administration

The presidential system has introduced strictly centralised **lines of accountability to the Presidency**. Given that internal control and audit systems do not function effectively, the accountability of central government agencies remains weak and at risk of political patronage. The functional division of roles and responsibilities between different governmental institutions needs to be clarified to improve efficiency, transparency and accountability.

State institutions are formally required to submit annual accountability reports on the use of resources to achieve their designated targets. However, a systematic mechanism for follow-up by the executive is not in place. (See Chapter 32 - Financial control).

**Citizens' right to good administration** is formally ensured, through internal and external oversight arrangements. However, the implementation of the internal and external control mechanisms is not effective. The role of oversight institutions such as the Ombudsman remained limited in the absence of *ex officio* powers (see Governance). Internal controls did not result in systematic prosecution of alleged wrongdoings within the civil service.

The **right to access public information** is regulated by the Law on the Right to Information. However, there is no effective follow up mechanism overseeing the implementation of the law. The law allows for broad exemptions on grounds of protecting state secrets, commercial secrets and personal data, thus limiting actual public accessibility to state information.

Strong concerns remain on the quality of the work of the **Inquiry Commission on the State of Emergency Measures**. As of 31 December 2021, the commission closed 120 703 cases out of 126 783 applications in four years. There are 6 080 applications pending. Strong concerns remain as to whether cases are examined individually, whether the rights of defence of those dismissed are respected and whether the assessment procedure is in line with international standards. Since there were no hearings, there was a general lack of procedural rights for applicants and decisions were taken on the basis of the written files relating to the original dismissal, all of which call into question the extent to which the Inquiry Commission is an effective judicial remedy.

#### Service delivery to citizens and businesses

There is still no specific law on general administrative procedures in Türkiye. The **simplification of administrative procedures** needs to be developed, to reduce the burden of bureaucracy. In the absence of such law, citizens and businesses continue to be faced with legal uncertainty.

There is no central policy or co-ordination mechanism for improving the overall quality of public services. Most of the institutions have developed service delivery standards within their own legal remit. However, no institution is responsible for overall promotion or measurement of the quality of public services.

## **2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS**

### **2.2.1. Chapter 23: Judiciary and fundamental rights**

*The rule of law and respect for human rights are amongst the EU's founding values. Respect for fundamental rights in law and in practice, the effectiveness of the judicial system (its independence, high quality and efficiency) and the effectiveness of the fight against corruption are of paramount importance.*

Türkiye is at an **early stage** of applying the EU *acquis* and European standards in this area. **Serious backsliding** continued during the reporting period. Major issues identified in previous reports, in particular the systemic lack of independence of the judiciary and the urgent need to improve the human rights situation, remained unaddressed. The 2019 judicial reform strategy (JRS) and the March 2021 human rights action plan (HRAP), while tackling some of the areas where reforms are needed, do not include concrete steps to remedy the most acute problems in this area.

Undue pressure by the authorities on judges and prosecutors continued to have a negative effect on the independence and the quality of the judiciary. Concerns related to the judiciary's adherence to the international and European standards increased, in particular as regards the refusal to implement rulings by the European Court of Human Rights.

Corruption remained widespread and continued to be an issue of concern. There was no progress in addressing the many gaps in the Turkish anti-corruption framework, which is a sign of a lack of will to decisively fight corruption.

The human rights situation continued to deteriorate. Broad restrictions on the activities of journalists, writers, lawyers, academics, human rights defenders and critical voices continued to have a negative effect on the exercise of their freedoms. The damage caused by the state of emergency on fundamental rights and related legislation adopted was not remedied. There were some positive but limited efforts by the Human Rights and Equality Institution.

Despite some legal changes, violence against women and gender discrimination remained matters of grave concern, in the aftermath of Türkiye's withdrawal from the Istanbul Convention. Sentences for gender-based violence remained low and incapable of providing an effective deterrent, and the culture of impunity remained unaddressed. In July 2022, the Council of State ruled that the Presidential decree, allowing Türkiye's withdrawal from the Istanbul Convention, was lawful and rejected the cases asking for its reversal. In its ruling, the Council of State concluded that the President has the authority to withdraw from international conventions. The decision was appealed.

### Functioning of the judiciary

Türkiye is at an **early stage** in this area. There was serious **backsliding** during the reporting period and structural deficiencies in the judicial system were not addressed. Undue pressure by the authorities on judges and prosecutors continued to have a negative effect on the independence and the quality of the judiciary. Concerns related to the judiciary's adherence to the international and European standards increased, in particular as regards the refusal to implement the rulings of the European Court of Human Rights. The judiciary continued to launch actions against opposition politicians.

Implementation of the 2021 HRAP and the 2019 JRS continued. However, both documents failed to address the major shortcomings of the Turkish judiciary, lacking significant improvements in the overall functioning of the country's judicial system. The lack of objective, merit-based, uniform and pre-established criteria for recruiting and promoting judges and prosecutors remains a source of concern. Following the criticism of the Venice Commission regarding the institution of criminal judges of peace, the appeal system was changed in July 2021, enabling their decisions to be appealed to a higher court.

The recommendations of last year were not addressed. In the coming year, Türkiye should in particular:

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



- amend the structure and process of selecting the members of the Council of Judges and Prosecutors (HSK) so that the role and influence of the executive is limited, and introduce safeguards against any interference by the HSK or high-level officials in judicial proceedings;
- provide effective guarantees against transfers of judges without their consent;
- in accordance with the guaranteed judicial independence under the Constitution, limit any suspension of judges from office to cases where there are well-founded suspicions of serious misbehaviour and take measures to remedy the damage caused by the dismissals that took place in breach of procedural rights;
- revise the system of disciplinary proceedings so that it is based on objective criteria without undue influence from the executive;
- in relation to the administrative and judicial measure taken against individuals, ensure that any allegation of wrongdoing or crime is subject to due process, based on concrete evidence, following fully transparent procedures under the authority of an independent judiciary;
- ensure that all judicial proceedings respect fundamental rights, including procedural rights, in particular the presumption of innocence, individual criminal responsibility, legal certainty, the right to defence, the right to a fair trial, equality of arms and the right to an effective appeal.

### Strategic documents

Implementation of the 2021 human rights action plan and the 2019-2023 judicial reform strategy continued. So far, six judicial reform packages (JRP) have been adopted, in addition to several pieces of legislation on fundamental rights. The 6th JRP introduced inter alia the posts of assistant judge and assistant prosecutor and changed some regulations on the Council of State and the Court of Cassation. However, it failed to address key shortcomings in the judicial system. The government's implementation report for the JRP issued in December 2021 indicated that 171 out of 256 activities (67 %) have been completed. However, there is no evidence-based assessment of the results of the implementation of the package. These legislative changes address a limited number of issues and fail short of tackling the main long-standing structural shortcomings.

### Management bodies

Concerns remain around the structure of the Council of Judges and Prosecutors (HSK), its lack of independence from the executive, and the appointment process of its members. In accordance with the Constitution, out of the thirteen members of the HSK, eleven are elected. Out of the eleven elected members, four are appointed by the President and seven are appointed by Parliament by qualified majority. None is elected by their peers. The remaining two seats are attributed *ex officio* to the Minister of Justice and the Deputy Minister, who are also appointed by the President. In the absence of a transparent selection process, the resignation of one member of the HSK and appointment of his replacement raised several public questions regarding political influence and patronage networks in the judiciary. Due to its lack of independence, the HSK has been suspended from participating in the European Network of Councils for the Judiciary since December 2016.



The budget allocated to the Council of Judges and Prosecutors increased to TRY 72 764 805 in 2022, compared to TRY 30 209 000 for 2021.

### Independence and impartiality

Judicial independence is set out in the Constitution and in relevant legislation; however, serious concerns remained about political influence upon the judicial system, particularly from the executive branch. The shortcomings identified in the Venice Commission's December 2016, relating to the minimal standards for dismissals of judges and legal safeguards regarding the transfer of judges and prosecutors remained unaddressed. Appeals against such transfers are possible but usually unsuccessful.

The human rights action plan provides for some actions to improve the independence of the judiciary, including the prevention of frequent transfer of judges, geographical guarantees for judges and prosecutors, a review of the disciplinary and promotion system for judges and prosecutors and an improved inspection system based on objective criteria. However, most of these activities have not yet been implemented. Overall, 3 985 judges and public prosecutors have been dismissed for alleged links to the Gülen movement since the 2016 attempted coup and only 515 have been returned to their positions. 17 more judges and prosecutors were dismissed over the reporting period.

Judicial independence was further undermined by public comments by representatives from the executive and legislative branches, including the President, over ongoing judicial cases. Some government officials also made public statements showing disregard for the rule of law and for human rights. Representatives of the executive and the legislature continued to publicly criticise and openly reject ECtHR and Constitutional Court case-law.

Pre-trial detention was frequently imposed, while European standards consider it a measure of last resort, which should be applied for the shortest amount of time. The Law on Permanent State of Emergency, which allowed detention for up to 12 days in cases of collective crimes, was abolished in July 2022. Accordingly, detention periods cannot exceed 4 days. The ECtHR concluded that in several cases, including in the judgments relating to Selahattin Demirtaş and Osman Kavala, the judicial authorities' decision to extend the detention was not sufficiently justified. In November 2021, the ECtHR issued a ruling on the pre-trial detention of 426 applicants on suspicion of membership in the Gülen movement, and ruled that their pre-trial detention had been unlawful. Physical presence at trials should be ensured whenever possible in order to safeguard the right to defence. Elections to the bar associations were completed, after a hiatus due to the COVID-19 pandemic. The Council of Judges and Prosecutors published a social media usage guide.

### Accountability

The obligation for judges and prosecutors to declare their assets every five years is still applicable. It remains important to have a credible and functioning verification system and to ensure that there is appropriate follow-up for late or incorrect declarations of assets. No information is available as to sanctions imposed if this procedure is not followed.

### Professionalism and competence

Judges and prosecutors continued to be selected and recruited through a non-transparent process. Ministry of Justice supervision over the selection boards for new judges and prosecutors continued. The Council of Judges and Prosecutors (HSK) itself has no role in the selection

boards, as the Minister of Justice leads the process. The HSK also manages the annual appraisal of judges and prosecutors. The legal exam introduced in October 2019 for candidate judges, lawyers or public notaries has yet to take place. There was limited progress on setting objective, merit-based, standardised and pre-established criteria for recruiting and promoting judges and prosecutors. As regards the promotion systems, the HSK adopted in September 2021 a number of criteria which still need to be implemented.

### Quality of justice

Pre-service training for candidate judges and prosecutors and in-service training continued to be delivered by the Justice Academy, whose lack of independence remained a matter of concern. Despite the Academy's independence being enshrined in law, its management is left to its president, who is appointed by the President of the Republic. The Academy's lack of independence affects its capacity to provide training programmes that meet the requirements of openness, competence and impartiality. Since 2017, the European Judicial Training Network has suspended the Academy's observer status.

As of July 2022 Türkiye had 15 263 full-time judges (18.1 per 100,000 inhabitants) and 7 442 full-time prosecutors (8.9 per 100,000 inhabitants) in 2021. According to the European Commission for the Efficiency of Justice (CEPEJ), the European averages are 21 judges/12 prosecutors per 100,000 inhabitants. Out of 22 705 judges and prosecutors, 8 233 are women. The budget for the judiciary increased to TRY 24 billion in 2021 compared with almost TRY 20 billion in 2020.

Concerns remain regarding the quality of judicial decisions and indictments, due to the lack of legal reasoning and factual evidence. Civil society trial monitoring reports reveal that in some politically sensitive cases, defence rights were violated as judges interrupted defendants' statements, or handed down a decision without listening to the defendant's statement. Particularly in terrorism-related cases, the practice of providing evidence extracted coercively, from secret witnesses who cannot be cross-examined properly, or from a single witness without supporting evidence should be addressed. The system of confidentiality of decisions should be revised, as it is still used in many cases to limit the lawyers' access to their clients' files, thus violating the right of defence. Frequent transfers of judges and prosecutors continued to negatively affect the quality of justice along with posting newly recruited and less experienced judges and prosecutors to criminal courts.

### Efficiency

While the judicial reform strategy aims to increase the quality and quantity of human resources, this objective has not yet been achieved. The backlog of cases has not reduced. Large parts of the judiciary continued to be under severe pressure to handle cases in a timely manner. Criminal cases especially, are often postponed for months and in cases where the defendants are arrested pending trial, this delay further violates the defendant's rights. Regarding the backlog of cases in the high courts, at the end of 2021, 296 907 criminal and 76 455 administrative cases for the Court of Cassation were transferred to 2022, compared to 263 160 and 90 612 respectively in 2020. 128 961 cases for the Council of State were transferred from 2021 compared to 134 284 in 2020. As regards the regional courts of appeals, in 2021, a total of 745 416 cases were transferred from 2020; the courts received 1 986 864 new cases and settled 1 032 900 cases. Individual applications to the Constitutional Court continued to increase. Since the process for individual applications was introduced in September 2012, there have been a total of 392 758

individual applications as of 31 December 2021 and 311 097 of these have been concluded. In 2021, 66 121 applications were lodged and 45 321 were concluded.

### **Fight against corruption**

Türkiye is **at an early stage** in the fight against corruption. There was **no progress** during the reporting period and last year's recommendations were not addressed. The country has not set up anti-corruption bodies in line with the United Nations Convention against Corruption to which Türkiye is party. The legal framework and institutional architecture need to be improved to limit undue political influence in the prosecution and adjudication of corruption cases. The accountability and transparency of public institutions need to be improved. The absence of an anti-corruption strategy and action plan indicated a lack of will to decisively fight corruption. Most of the Council of Europe's Group of States against Corruption (GRECO) outstanding recommendations have not been implemented. Overall, corruption is widespread, and remains an issue of concern. The sectors most vulnerable to corruption require targeted risk assessments and dedicated actions.

In the coming year, Türkiye should in particular:

- implement its international obligations effectively in relation to the fight against corruption, including the United Nations Convention against Corruption and the Council of Europe Conventions;
- ensure effective follow-up to the recommendations issued by GRECO, including by adopting the necessary legislation;
- establish a track record of successful investigations of, prosecution of, and convictions for, corruption including at high-level;
- adopt an anti-corruption strategy, reflecting a clear political will and vision to address corruption effectively, underpinned by a credible and realistic action plan.

### Track record

Türkiye has a poor track record of investigations, prosecutions and convictions in corruption cases, particularly in relation to high-level corruption cases implicating politician and public officials. Sentences for corruption need to be more dissuasive. Cooperation between audit and inspection units and prosecution offices is insufficient. The increasing use and wide scope of exemptions in procurement procedures undermined the integrity of public procurement. The government continued to award several large public-private partnership contracts for big infrastructure projects to a small number of companies. Political financing, local administrations, land administration, zoning and construction remained particularly prone to corruption.

### Institutional framework

#### *Prevention measures*

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

### *Law enforcement*

No specialised prosecution services have been established to lead corruption investigations. Similarly, there are no specialised courts exclusively adjudicating on anti-corruption cases. The legal framework allows the government to retain undue political influence over the judicial police, which had an impact on independent and effective investigations. Inter-agency cooperation and information sharing between law enforcement and the financial intelligence unit need to be further developed.

### Legal framework

Türkiye is party to all international anti-corruption conventions, including the United Nations Convention against Corruption. However, the country fails to fully align with the provisions of these conventions. Previous anti-corruption strategies and action plans have not been effectively followed up. The outstanding legislative amendments envisaged in previous national anti-corruption strategies were not adopted. These included amendments to the Law on the general administrative procedure, the Law on public procurement, the Code of Ethics for Members of Parliament and the Law on whistle-blower protection. The legal framework for whistle-blower protection and public procurement still needs to be aligned with the new relevant EU *acquis*.

During the reporting period no tangible progress was made to implement GRECO's recommendations. Under the previous Third Evaluation Round on the transparency of political financing, Türkiye implemented only one out of nine recommendations over a period of 10 years. As regards the ethics and integrity of Members of Parliament, judges and prosecutors, covered by the current Fourth Evaluation Round, the latest interim report from June 2022 indicates that only three out of 22 recommendations have been fully implemented, nine have been partially implemented and ten recommendations remain not implemented, demonstrating that no real progress has been made since the publication of the previous interim report in March 2021.

Shortcomings remain unaddressed in the corruption-related provisions of the Criminal Code, which do not meet the standards of the Council of Europe Criminal Law Convention on Corruption. The definition of active bribery provided in the Criminal Code is still not in line with international standards. The shortcomings particularly relate to the provisions on bribery in the private sector.

Public procurement legislation is not in line with the EU *acquis*. The vast number of exemptions inserted into the law on public procurement continued to be a matter of serious concern. Legal privileges for public officials, such as the requirement for prior authorisation from their hierarchy before an investigation can be initiated against them for alleged wrongdoing, continued to provide legal protection for public officials in anti-corruption criminal and administrative investigations. The legal framework on preventing, prosecuting and issuing penalties for conflicts of interest as well as on declaring, verifying and disclosing assets remained inadequate.

Financial control of political parties remained ineffective. Türkiye has no legislation governing lobbying.

### Strategic framework

The 2010-2014 and the 2016-2019 anti-corruption strategies and action plans did not deliver on most of their objectives and a new anti-corruption strategy has not yet been drawn up. Outstanding measures initially envisaged in the anti-corruption action plans were not followed

up. Türkiye needs to put in place mechanisms to coordinate, implement and monitor all anti-corruption actions among relevant preventive institutions and law enforcement agencies.

### Fundamental rights

The deterioration of human rights continued, and no progress was made on last year's recommendations. Many of the measures introduced during the state of emergency remain in force and continue to have a profound and devastating impact on people in Türkiye. The legal framework includes general guarantees of respect for human and fundamental rights, but the legislation and its implementation need to be brought into line with the European Convention on Human Rights (ECHR) and the European Court of Human Rights (ECtHR) case-law.

The Council of Europe's Parliamentary Assembly continued to monitor Türkiye's respect for human rights, democracy and the rule of law. Türkiye's continued refusal to implement certain ECtHR rulings, notably in the cases of Selahattin Demirtaş and Osman Kavala, further increased concerns regarding the judiciary's adherence to international and European standards. This concern increased following the handing down of heavy penalties on the defendants in the Gezi case.

The human rights action plan adopted in 2021, which committed to undertake reforms in a number of areas, continued to be implemented but it does not address critical issues and has not led to an improvement in the overall human rights situation. Many journalists, writers, lawyers, academics, human rights defenders and critical voices faced convictions or trials on account of alleged support for terrorism.

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

- align its criminal and anti-terror legislation and their implementation with European standards, the ECHR, ECtHR case-law and Venice Commission recommendations;
- ensure that any allegations of offences are subject to due process, based on concrete evidence and fully transparent procedures carried out under the authority of an independent and impartial judiciary, and fully respecting the right to a fair trial and relevant procedural rights, in particular the presumption of innocence, individual criminal responsibility, legal certainty, the right to defence, equality of arms and the right to an effective appeal; ensure the effectiveness of the Inquiry Commission on the State of Emergency Measures as a domestic remedy;
- improve the legislative framework and its implementation, to effectively tackle all forms of violence against women, including domestic violence, psychological and physical abuse, sexual harassment, rape, crimes committed in the name of 'honour', stalking, and forced marriage.
- Implement as a matter of priority the ECtHR judgement in the case of Kavala v. Türkiye.

Türkiye is a party to most **international human rights instruments**; however, the deterioration of the human rights situation in practice continued. On the day Türkiye formally withdrew from the Council of Europe Convention on preventing and combating violence against women and domestic violence (the 'Istanbul Convention'), the President unveiled a new action plan to improve the legal, administrative and political means of combating violence against women. In



April 2022, the Council of State accepted around 200 applications filed by women's organisations, lawyers and bar associations to undo the government's decision to withdraw from the Istanbul Convention. The prosecutor of the Council of State considered that the withdrawal from the Istanbul Convention was unlawful. In July, the Council of State ruled that the Presidential decree, allowing Türkiye's withdrawal from the Istanbul Convention, was lawful and rejected the cases asking for its reversal, stating that the President has the authority to withdraw from international conventions. Türkiye has not yet signed the International Convention for the Protection of all Persons from Enforced Disappearance and the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights. The Parliamentary Assembly of the Council of Europe continued its full monitoring procedure.

In the reporting period, the **European Court of Human Rights** (ECtHR) delivered 621 judgments and found violations of the European Convention on Human Rights (ECHR) in 70 cases relating mainly to freedom of expression, the right to liberty and security, protection of property, the right to fair trial, the right to free elections, respect for private and family life and the right to life. During the reporting period, 9 856 new applications were allocated to a decision body of the ECtHR. In June 2022, the total number of Turkish applications pending before the Court was 17 006. There are currently 188 cases against Türkiye under enhanced supervision by the Committee of Ministers. In the case of *Kavala v. Türkiye*, in March 2021 the Committee of Ministers of the Council of Europe recalled the ECtHR's findings that the applicant's arrest and pre-trial detention took place in the absence of evidence to support a reasonable suspicion he had committed an offence (violation of Article 5 § 1 of the Convention) and pursued an ulterior purpose, namely to silence him and dissuade other human rights defenders (violation of Article 18 taken in conjunction with Article 5 § 1); and that the one year and nearly five months taken by the Constitutional Court to review his complaint was insufficiently 'speedy', given that his personal liberty was at stake (violation of Article 5 § 4). The Committee of Ministers reiterated their call for the applicant's immediate release. Finally, the Committee of Ministers decided to examine the applicant's situation at each regular and human rights meeting of the Committee until such time that he is released, which means on a weekly basis.

Türkiye needs to contribute to the work of the Committee of Missing Persons (CMP). Since 2006, Türkiye has provided access to some military areas for the CMP's bi-communal excavation teams. CMP is in the process of finalising the excavations of the remaining 13 military areas.

In March 2022, the Committee of Ministers of the Council of Europe reviewed the 4th interstate case *Cyprus v. Turkey* (judgment in 2001) as well as *Varnava and others v. Turkey (judgment in 2009)*. The Committee of Ministers underlined once again that it remains urgent for the Turkish authorities to maintain and advance their proactive approach to providing the CMP with all necessary assistance.

At its September 2021 meeting, the Committee of Ministers adopted an interim resolution in relation to the 2014 just satisfaction judgment of the Grand Chamber of the ECtHR, related to the 4<sup>th</sup> interstate case where the Court awarded the sum of EUR 90 million in respect of non-pecuniary damage suffered by the relatives of the missing persons and the enclaved population of the Karpas peninsula. This interim resolution strongly urged the Turkish authorities to abide by their unconditional obligation and pay the debt without further delay. In March 2022, the Committee of Ministers deplored the absence of a response to the interim resolution and reiterated its call on Türkiye to pay the sums awarded without further delay.



In March 2022 the Committee of Ministers of the Council of Europe adopted an interim resolution in relation also to the case *Varnava and Others against Turkey*. This deplored the fact that to date the Turkish authorities have not complied with their unconditional obligation to pay the amounts awarded by the Court. The Committee firmly reiterated its insistence on Türkiye's unconditional obligation to pay the just satisfaction awarded by the Court in 2009, expressing profound concern that prolonged delays in fulfilling these obligations not only deprive the individual victims of receiving compensation for the damages suffered by them, but are also a flagrant disrespect of Türkiye's international obligations, both as a High Contracting Party to the Convention and as a Member State of the Council of Europe.

As of April 2022, 7 111 applications had been lodged with the Immovable Property Commission (IPC) in the northern part of Cyprus. Of those, 1 324 have been concluded through amicable settlements and 34 through formal hearings. Altogether, the IPC has so far paid out the equivalent of EUR 392 million in compensation to applicants.

On the **promotion and enforcement of human rights**, the implementation of the March 2021 **human rights action plan** continued. There is no evidence-based assessment of the implementation of the human rights action plan and the annual monitoring report which was due in March 2022 is not yet available to the public. The human rights action plan did not include measures to address critical issues underpinning the worrying human rights situation in Türkiye and the lack of independence of the judiciary.

The Human Rights and Equality Institution of Türkiye (HREI) and the Ombudsman are the main human rights institutions. The Ombudsman only processes complaints against the actions of the public administration and has no *ex-officio* powers while the HREI only accepts cases which fall outside the Ombudsman's remit. No revisions were made to improve the operational, structural or financial independence of either institution and the system for appointing their members stayed the same. The HREI has applied for accreditation to the Global Alliance for National Human Rights Institutions despite no progress made to comply with the Paris principles on which the accreditation is based.

The effectiveness of both institutions remains very limited. In 2021, the HREI received 1 185 applications (compared to 1 363 in 2020), visited 56 institutions including prisons and adopted 23 reports prepared within the scope of visits. However, in general, the HREI refrains from visiting the prisons where most torture and ill treatment allegations are reported. The new chairperson of the HREI has brought some dynamism to the institution in tackling human rights issues and in engaging in constructive dialogue with the civil society. However, the HREI is not effectively carrying out its mandate due to legislative and structural restrictions, including by not accepting applications filed by civil society organisations and by being cautious in tackling cases of torture and ill treatment. A total of 4 464 individual and 1 697 collective applications were filed with Parliament's Human Rights Inquiry Committee in 2021 out of which 2 669 were not admitted.

*Human rights defenders* faced heavy pressure through judicial investigations, court cases, threats, surveillance, prolonged arbitrary detentions and ill-treatment, which had an overall chilling effect on the independent civil society. Smear campaigns and targeting by some media outlets close to the government and aggressive rhetoric by elected and appointed officials towards human rights defenders led to further shrinking of the space for critical views. Lawyers providing legal assistance to human rights defenders and civil and political activists were

hindered in performing their work and themselves faced detentions, arrests and prosecution.

In February 2022, the Committee of Ministers of the Council of Europe referred the *Kavala* case back to the European Court of Human Rights to determine whether Türkiye has failed to fulfil its obligation to implement the Court's 2019 judgment in this case, in line with proceedings provided for under Article 46.4 of the European Convention on Human Rights. The Turkish authorities continued to refuse Osman Kavala's release, despite the Council of Europe Committee of Ministers' regular interim resolutions. In July 2022 the Grand Chamber of the European Court of Human Rights confirmed that Türkiye has failed to fulfil its obligations under Article 46.1 of the Convention to comply with the Chamber judgment delivered by the Court in the case of *Kavala* on 10 December 2019. The Court reconfirmed that Mr. Kavala's detention had been politically motivated and an attempt to silence him and dissuade other human rights defenders. His April sentencing to aggravated life imprisonment is inconsistent with respect for human rights, fundamental freedoms, and the rule of law.

After the Minister of Interior's harsh criticism of the Human Rights Association (HRA), following its press statement on the deaths of 13 Turkish citizens in northern Iraq's Gara region in 2021, three new cases were launched against the Human Rights Association chairperson. In the first case in April 2022, the co-chair of the HRA was acquitted of charges of 'membership in an illegal armed organisation' due to lack of evidence. The other two cases are pending. The court case regarding the killing of lawyer and chairperson of the Diyarbakir Bar Association Tahir Elçi in 2015, continued. Several female human rights defenders and activists were detained and faced fines while protesting against the withdrawal from the Istanbul Convention.

Concerning the **right to life**, there are still serious shortcomings as regards the steps to ensure credible and effective investigations into reported killings by the security services. The legislation adopted in June 2016 which grants judicial privileges to the security services and increases the risk of impunity is still in force. The authorities need to take urgent measures to align this legislation with ECtHR case-law and standards. Overall, impunity remains a major concern. In many cases, the authorities denied permission to prosecute public servants. No adequate investigations have been carried out in relation to the alleged cases of abductions and enforced disappearances by security or intelligence services in several provinces reported since the attempted coup. According to independent data, in 2021 the right to life of at least 2 964 (3 291 in 2020) people was violated. Credible investigations into some of the deaths that were reported in the media are still lacking. A case is still pending before the Constitutional Court relating to the death of a villager in Van province, taken away by a military helicopter and allegedly tortured after being detained in November 2020. The reported killings by the security authorities in the south-east, especially in relation to the events in 2015, remain effectively not investigated and sanctioned. The Council of State annulled the Ministry of Interior circular of April 2021, preventing citizens from recording videos of police officers during demonstrations, which had raised further concerns over the weakening of law enforcement officers' accountability and the prevention of evidence collection.

Credible and grave allegations of **torture and ill-treatment** increased. According to available reports, torture and ill-treatment occurred in detention centres, prisons, in informal places of detention, transportation vehicles and on the streets, mostly during demonstrations. The Human Rights and Equality Institution of Türkiye (HREI), whose role is to act as the National Preventive Mechanism (NPM), does not meet the key requirements under the Optional Protocol to the UN Convention against Torture and other Cruel, Inhuman or Degrading Treatment or

Punishment (OPCAT) and is not yet effectively processing cases referred to it. Prison monitoring boards need to be made more effective. The authorities have not authorised the publication of the 2016 and 2021 reports by the Council of Europe's Committee for the Prevention of Torture (CPT). There continued to be a lack of effective investigations into allegations of torture and ill treatment. Complaints, reports and any indications of torture or ill-treatment need to be investigated swiftly, effectively and impartially; perpetrators must be prosecuted and convicted in line with Türkiye's international obligations, in particular with the ECHR and the OPCAT.

The overcrowding of the **prison system** is a serious concern. As of August 2022, the prison population exceeded 320 000 and is the largest in Europe. Türkiye continues to be the Council of Europe Member State with the highest overcrowding rate. Although the human rights action plan contained some measures to improve living conditions in prisons, allegations of human rights violations including arbitrary restrictions on the rights of detainees, denial of access to medical care, mistreatment, limitation on open visits and solitary confinement continued to be reported. Investigations into allegations of suicides, strip search and discriminatory behaviour by prison guards, remained limited. Hunger strikes in some prisons continued to demand the end to violations of detainees' rights. There are reports that LGBTIQ persons are discriminated against by prison authorities. There are concerns related to the independence of the Forensic Medicine Institute as it operates under the Ministry of Justice and often ignores medical reports. Decisions requiring access to medical care for sick inmates are often delayed or denied, causing death in prison or soon after release. The HREI, which should act as the national preventive mechanism, and the prison monitoring boards do not provide an effective driving force to improve the situation. The work of these boards is not transparent and it is not supervised by relevant NGOs and bar associations.

On the **protection of personal data**, Türkiye still needs to align the 2016 data protection law with the EU *acquis*. To that end, a 'scientific commission' was set up in June 2021. The data protection reform is expected to improve Türkiye's potential cooperation with Eurojust, Europol and, more generally, cooperation with the EU in a number of policy areas. The legislation needs to be improved notably with regard to the exceptions for law enforcement and the independence of the Personal Data Protection Authority. The 2018 Protocol amending the Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data (Council of Europe, CETS No 223) has yet to be signed and ratified.

On **freedom of thought, conscience and religion**, freedom of worship continued to be generally respected. The lack of legal personality of non-Muslim and Alevi communities remains a serious issue, notably in relation to the lack of legal status of patriarchates, chief rabbinate, synagogues and churches. The Venice Commission's recommendations on the legal status of non-Muslim religious communities and the right of the Greek Orthodox Ecumenical Patriarchate in Istanbul to use the title 'Ecumenical' have yet to be implemented. The new Community Foundations Election Regulation, which has been being prepared since 2013, was published in June 2022, increasing the state's control over minority foundations at every stage of the elections. Decisions in cases related to property of religious communities still need to be implemented.

The lack of legal provisions on conscientious objection to army service remains a problem for Jehovah's Witnesses and other citizens, as refusing to serve in the military results in conviction for desertion. There are several unimplemented ECtHR judgements and decision by the UN that found violations of the rights of Jehovah's Witnesses. In September 2021, the Council of State recognised in September 2021 the Kingdom Hall of Jehovah's Witnesses in Mersin following the

2016 ECtHR judgement, which should set a precedent for the other pending Halls. School textbooks need to be revised in order to remove all discriminatory elements against all religions and faith groups.

Two instances of damage caused to Hagia Sophia, which was converted into a mosque in 2020, were reported in April and May 2022, indicating a lack of proper care of the historic monument. The UNESCO World Heritage Committee has expressed grave concern about the potential impact of the status change on the outstanding universal value of Hagia Sophia and has called on Türkiye to engage in international cooperation and dialogue before any further major changes are implemented at the property. No steps were taken to open the Halki (Heybeliada) Greek Orthodox Seminary, which has been closed since 1971.

In December 2021, the Council of Europe Committee of Ministers urged Türkiye to take measures with regard to the longstanding issues faced by Alevis. In April 2022, the Constitutional Court decided that the Turkish Constitution and freedom of religion and conscience were violated in the application of an Alevi father, whose request for his child to be exempted from religious class was rejected. Alevis faced hate crimes, and the subsequent investigations remained largely inconclusive. Multiple attacks took place against Alevi worship places (Cem Houses) and Alevi religious leaders in July and August in Ankara and Istanbul. The government condemned the attacks and committed to fully investigate the incidents. A comprehensive legal framework in line with European standards needs to be put in place, and appropriate attention must be paid to implementing the ECtHR judgments on compulsory religion and ethics classes and Alevi worship places.

Hate speech and hate crimes against Christians, Protestants and Jews continued to be reported (*see below - Minorities*). Protestants continued to face problems with the recognition of their places of worship. Vandalism to and destruction of minority worship places and cemeteries continued. Hate speech and insults against atheists and deists continued.

Reports of maltreatment and sexual abuse in dormitories and Quran courses controlled by the religious sects and the Religious Affairs Presidency (Diyanet) continued. The increased work, powers and influence of the Diyanet continued in all spheres of public life. The Diyanet Law was amended in March 2022 to establish a new academy that possesses broad powers.

### Freedom of expression

Türkiye continues to be at an **early stage** in this area and the serious **backsliding** observed over the past years continued. The implementation of criminal laws relating to national security and anti-terrorism continued to contravene the ECHR and other international standards and to diverge from the ECtHR case-law. The dissemination of opposition voices and freedom of expression were negatively affected by the increasing pressure and restrictive measures. Criminal cases and convictions of journalists, human rights defenders, lawyers, writers, opposition politicians, students, artists, and social media users continued.

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

- release journalists, human rights defenders, lawyers, writers and academics being held in pre-trial detention;
- ensure that the criminal cases against them are concluded in accordance with the criteria set

by the ECHR and the ECtHR;

- ensure a safe, pluralist and enabling environment for the media to carry out their work independently and without fear of reprisals and dismissals. This includes ending the practice, exercised by both state and non-state agents, of intimidating, interfering with and putting pressure on the media;
- revise criminal legislation, in particular the anti-terror law, the Criminal Code, the data protection law, the internet law and the Radio and Television Supreme Council (RTÜK) law to ensure these comply with European standards and are implemented in a manner which does not curtail freedom of expression;
- ensure that criminal law provisions on defamation and on other similar offences are not used as a means of putting pressure on critical voices.

### Intimidation of journalists

Increased restrictions imposed on the activities of journalists, writers, lawyers, academics, human rights defenders, opposition politicians and critical voices, through arrests, detentions, prosecutions, convictions continued to have a negative effect on the exercise of their freedoms and led to self-censorship. A large number of cases continued to be launched against writers and journalists. As of September 2022, 69 journalists and media employees were in prison, either pending trial or serving a sentence. In 2021, at least 41 (48 in 2020) journalists were taken into custody, 35 (23 in 2020) journalists were sentenced to a total of 92.5 (103 in 2020) years in prison. Threats and physical attacks, which sometimes resulted into killings, on journalists and media organisations due to their work continued in 2021. In February 2022, a journalist known for his reporting on corruption was killed in Kocaeli. According to civil society reports 56 opposition journalists in Türkiye were physically assaulted by politically motivated groups. In June 2022, 20 journalists and one media worker from the Kurdish production companies were detained and later arrested in Diyarbakır.

### Legislative environment

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

A large number of allegations of violations of freedom of expression were submitted to the ECtHR. The current legislation does not sufficiently guarantee freedom of expression in line with the ECHR and ECtHR case-law and permits restrictive interpretation by the judiciary. The Council of Europe Committee of Ministers adopted an interim resolution in 2021 on a long-standing series of freedom of expression cases against Türkiye and strongly urged the Turkish authorities to consider further legislative changes of the Criminal Code and the anti-terrorism law in light of the European Court of Human Rights case-law. Despite the fourth judicial package having introduced the need for a strong evidence base in ‘catalogue crimes’, there remains a category of crimes that automatically requires ‘arrest pending trial’, for cases relating to freedom of expression.

A circular issued by the President in January 2022 addressed to all print, audio and visual media, including social media and digital platforms, aimed inter alia sought to ‘protect the youth from



bad habits and ignorance and protecting the national culture against alienation and degeneration’. The circular uses very generic definitions making it open to arbitrary interpretations by the authorities, while threatening undisclosed ‘steps’, ‘sanctions enshrined in the Constitution’ and ‘any necessary measures’, which have a further restrictive effect on freedom of expression and media in Türkiye. The Union of Turkish Bar Associations filed a motion against this circular, pointing out its negative impact on freedom of expression.

The Council of State suspended the enforcement of the Ministry of Interior’s April 2022 circular issued, banning journalists and citizens from recording audio and video during public protests arguing that it restricted the freedom of communication and press and concluding that fundamental rights and freedoms should only be restricted by law.

### Implementation/institutions

Intimidation, prosecution and imprisonment of critical journalists and media outlets on extensive charges of terrorism, insulting public officials, and/or allegedly committing crimes against the state and the government continued. The indictments and accusations fail to make direct and credible links between the alleged offence and the act. The exercise of constitutional rights such as attending press statements or trade union activities continue to be cited as crimes and used as grounds for indictments. The lack of proportionality in the interpretation and application of the existing legal provisions by courts and prosecutors, which leads to violations of freedom of expression and selective and arbitrary application of the legislation continued to raise concerns.

The Press Advertising Agency (BiK) continued to impose public advertising bans for media that criticised the government. Cases launched by the President and his family against journalists continued. The President, the leader of the MHP party and the Minister of Interior used inflammatory and polarising rhetoric against those who legitimately criticise the government. Two investigations were launched against an opposition Member of Parliament relating to his criticisms of the state’s alleged relationship with the mafia.

Article 299 of the Turkish Penal Code, which provides for a maximum sentence of four years in prison for insulting the President, continued to be used extensively to prosecute critical voices. Tens of thousands of people have been convicted and investigated under this article in Türkiye. This practice was condemned in several cases by the ECtHR. In the Vedat Şorli case which became final in 2022, the ECtHR ruled that Article 299 does not comply with the ECHR principles.

In January 2022, the ECtHR ruled that German-Turkish journalist Deniz Yücel’s rights to personal liberty and security, compensation for unlawful detention, and freedom of expression were violated, adding that holding people who express critical opinions in preventive detention had a chilling effect on freedom of expression. The Constitutional Court issued several judgements in individual applications in which it concluded that the right to freedom of expression was violated.

The State of Emergency Commission has still not examined a single case relating to the ‘Peace Academics’ since July 2017, when it started to receive applications, despite a Constitutional Court decision in July 2019, that established there had been a violation in this case.

### Public Service Broadcasters

The public service broadcaster Turkish Radio and Television Corporation (TRT) is affiliated with the Presidential Communication Authority, and the Radio and Television Supreme Council

(RTÜK) with the Ministry of Culture and Tourism. There were no changes to TRT's editorial policy of TRT, which reflects the government's official lines. The concerns relating to RTÜK independence and neutrality remained as members continue to be elected by Parliament without consulting civil society or professional media organisations. The HDP member of RTÜK is still in prison. RTÜK continued to suspend and impose fines on independent television and radio channels for their broadcasting content on the vague grounds that the content is 'contrary to the national and moral values of society, general morality and the principle of family protection'.

In 2021, RTÜK levied 71 administrative fines against independent channels critical of the government, ordering them to pay TRY 21 500 000 in total. No fine was levied against pro-government media in 2021. In February 2022, RTÜK requested from Deutsche Welle Turkish, Euronews Turkish and Voice of America news sites to apply for a licence within 72 hours. All three international media outlets announced that they would not abide by this decision. In April 2022, RTÜK announced that it would no longer require Euronews to obtain a license, since the news channel removed content that would have required a licence. In June 2022 RTÜK decided to ban access to the Turkish-language websites of the Voice of America and Deutsche Welle. This decision is an attempt to further restrict media freedom and access to information in Türkiye.

#### Economic factors

There were no developments as regards the Broadcasting Law, which does not ensure fair competition as it does not prevent monopolisation. The ownership of the Turkish media outlets undermines the independence of editorial policies as it lacks transparency, and a few holding groups are close to the government. Measures need to be taken to ensure that the state advertising budget is fairly distributed, accountable and transparent.

#### Internet

Conditions for an open and free internet are not in place in Türkiye. Numerous websites and social media that express views not in line with the positions of the ruling coalition, are often blocked and their authors face harassment and at times prosecution.

In March 2022, Türkiye's General Directorate of Security announced having 'started taking action against Twitter accounts' for tweeting 'provocative' and 'misleading' that it had concerning the rising cooking oil prices, as a result of the war in Ukraine. The President of RTÜK, also announced that necessary steps will be taken against the 'misleading broadcasts about food prices'. There are no official statistics on banned websites, or the blockage of content based on the rulings of the criminal law judges of peace.

Türkiye has not been invited to sign a declaration on the future of the Internet launched by the EU, the USA and like-minded countries as it does not fulfil the criteria for a trusted Internet which reinforces core democratic principles, fundamental freedoms and human rights.

#### Professional organisations and working conditions

The representation of journalists is still divided between the professional journalists' associations and the pro-government union. Journalism in Türkiye continued to be a precarious and risky profession, with low wages, high risk of judicial harassment and a lack of job security. Working conditions continue to be instable, trade union rights are insufficient and labour legislation is not properly applied. Obtaining press cards and arbitrary accreditations remain major problems. Investigative journalism, politically sensitive issues continue to be subject to editorial pressure,

self-censorship and judicial harassment (*see also Chapter 10 - Digital transformation and media*).

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There was further backsliding in the area of **freedom of assembly and association** where legislation and its implementation are not in line with the Turkish Constitution, European standards or the international conventions that Türkiye is party to. There was an increase in the use of bans, the disproportionate use of force and the number of interventions in peaceful demonstrations, investigations, court cases and administrative fines against demonstrators on charges of terrorism-related activities or on violating the law on demonstrations and marches. There is need for urgent application of ECtHR case-law and revision of relevant national laws.

The Council of Europe Venice Commission's July 2021 on the compatibility with international human rights standards of the law on the prevention of financing of the proliferation of weapons of mass destruction found several provisions that threaten freedom of association in Türkiye. In October 2021, the Ministry of Interior issued a circular amending the regulation on associations, which requires NGOs to be audited based on a risk analysis carried out by the ministry. The regulation was appealed by the Human Rights Association. In addition to the profiling motive, civil society representatives emphasised that such arrangements should not be made by circular, but should only be introduced by a law. In March 2022, the Ministry of Interior sent letters to most independent human rights NGOs with reference to the Financial Action Task Force (FATF) recommendations. The wording of the letters suggest that these NGOs have already been categorised as medium to high-risk groups without their knowledge. This could lead to further criminalisation of civil society actors. Furthermore, there is no legislation that determines the scope and limits of such risk analysis, nor is there a procedure governing NGOs' right to object. Many human rights NGOs faced audits, including those receiving international funds. The Venice Commission's recommendations regarding freedom of association issued in July 2021 should be implemented, including with regard to fundraising activities by NGOs.

Protests or demonstrations on human rights, environmental rights, and political and socio-economic rights were banned in several provinces on most occasions, including demonstrations by dismissed civil servants. Many large gatherings were banned, including those held on Peace Day in Istanbul, International Women's Day, as well as the "Armenian Genocide Commemoration Day", which had been allowed since 2010. The law on meetings and demonstrations allows the administration to prohibit meetings and demonstrations on the basis of vague, discretionary and arbitrary criteria. All activities and parades to mark Pride month were banned in 2022, as was the case in 2021. The 9<sup>th</sup> Boğaziçi University Pride in Istanbul and the Middle Eastern Technical University (METU) Pride were also banned in June. The police intervened and detained hundreds of people who gathered for the Istanbul Pride March in June. The number of detainees exceeded the number of people detained at all previous Istanbul Prides combined.

There are two ongoing court cases against Boğaziçi University students and alumni, because of their participation in protests against the appointment of a rector by the President. Students were often subjected to violence by police and private security officers and were detained several times throughout the year.

Regarding freedom of association, many human rights defenders were detained or arrested and NGOs, especially in the south-east, were subjected to police raids, including prominent NGOs

such as the Human Rights Association. The court case against 46 human rights defenders and the relatives of victims of enforced disappearances who are part of the Saturday Mothers group in Istanbul continued.

The Constitutional Court revoked the State Supervisory Council's (DDK) power to suspend association executives, which had been adopted by a presidential decree. Despite this positive decision, the DDK continued to propose the removal of executives from associations. The appeals launched by the Human Rights Association against the October 2018 regulation, which requested associations to disclose the identity of all their members to the authorities, led to the regulation's annulment by the Council of State in September 2021. However, following a change of legislation, the practice of requesting information on the identity of members continued.

Regarding political associations, the request for establishment of the Green Party has been pending before the Administrative Court since 2020. The Court of Appeals sent back the case to the local court by accepting the Party's appeal in October 2021. The file for the establishment of the Humanity and Freedom Party is now pending before the Constitutional Court four years after the completion of the legal process.

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

On **property rights**, the Inquiry Commission on the State of Emergency Measures does not provide an effective domestic remedy for confiscations. The Istanbul Metropolitan Municipality launched a court case against the Directorate-General for Foundations (DGF) which took over the ownership of the Taksim Gezi Park in March 2021.

The Constitutional Court ruled on a violation of the property rights of the Kartal Surp Nişan Armenian Church following expropriation by the Kartal Municipality. In the south-east, the restoration of cultural and religious heritage and urban housing construction continued. Court cases regarding the 2016 expropriations in Sur remained ongoing. The restorations of Chaldean Catholic Church and the Armenian Surp Giragos Church with state funding were completed. Regarding the implementation of the law on foundations of minority communities, most of the appeals for the restitution of property remained pending. The case of the Mor Gabriel Monastery Syriac Orthodox Church Foundation's forestry lands remained pending before the ECtHR Grand Chamber. Other cases in relation to the ownership of the land of the Mor Gabriel Monastery were ongoing.

Other non-Muslim community foundations also have properties that have not yet been returned. The Council of Europe Resolution 1625 (2008) regarding property rights on the islands of Gökçeada (Imbros) and Bozcaada (Tenedos) still needs to be fully implemented. There is an urgent need to revise the relevant legislation on the issue of property rights for non-Muslim minorities and other legislation covering all issues of property rights to ensure a more comprehensive framework.

Legislation on **non-discrimination** is still not in line with European standards and is not fully enforced in practice. Serious concerns on the implementation of the April 2021 law on security investigations and archive checks continued. Dismissals of civil servants with no objective criteria continued. Reports on profiling and discrimination against civil servants in employment on vague legal grounds continued. There have been many reports of discrimination and hate crimes based on ethnic, religious and gender identities, including on sexual orientation. The

HREI, which is in charge of applying non-discrimination legislation, only finalised 62 decisions in 2021 while it received 180 new applications. School textbooks still need to be revised, especially regarding some content on minorities, secularism, religion and gender equality. Türkiye should urgently adopt a law on combating discrimination in line with the EU *acquis* as well as the ECHR, covering grounds of sexual orientation and gender identity. No steps were taken to ratify Protocol 12 of the Convention, which provides for the general prohibition of discrimination, or to implement the recommendations of the Council of Europe against racism and intolerance. Legislation to combat hate crime, including hate speech, is still not in line with international standards and it does not cover hate offences on the basis of sexual orientation, ethnicity, age or gender identity. No progress was made towards the ratification of the Additional Protocol to the Convention on Cybercrime concerning the criminalisation of acts of a racist and xenophobic nature committed through computer systems.

The backsliding in the area of **gender equality** and the regression in relation to the rights of women and girls continued. Court cases related to the annulment of the presidential decision of March 2021 to withdraw from the Council of Europe Convention on preventing and combating violence against women and domestic violence ('the Istanbul Convention') are still pending. The Council of State ruled in July that the Presidential decree, allowing Türkiye's withdrawal from the Istanbul Convention, was lawful and rejected the cases asking for its reversal and issued the opinion that the President has the authority to withdraw from international conventions. The Fourth National Action Plan for Combating Violence against Women (2021-2025) continues to be implemented but according to reports, 339 women were killed in 2021. Türkiye lacks a comprehensive data collection system in this area to assess the scale and nature of the issue. Evidence-based policies and strategies would benefit from the collection of data on the prevalence of violence. The fourth judicial package adopted in July 2021, notably increased the penalty for some crimes of violence against women especially when these target the perpetrator's former or current spouse. The lack of a judicial and administrative deterrence policy towards the perpetrators of crimes against women continued to be a matter of concern. The lack of a committed approach from the judiciary, and the lack of available support services, were exacerbated by the negative rhetoric from the authorities. A Constitutional Court judgment from April 2022 limits the protection of women, as it struck down protective and preventive injunctions on the grounds that they limit the rights of men to a reasoned decision. Türkiye should improve its implementation of domestic legislation and ensure that the investigation and prosecution of domestic violence cases takes place in accordance with best practice. Similarly, it must ensure that the specialised services offered to survivors and witnesses of violence are in line with international standards.

The persistent low levels of participation by women in decision-making, politics and employment is also of concern. Increased conservative attitude towards gender ideology/equality worsened the socio-economic conditions of women. The deteriorating economic conditions resulted in increased female unemployment, poverty and hunger.

Hate speech against independent women's organisations increased. Statements by the Ministry of Interior targeting rights-based women's organisations and feminists for alleged terrorist links continued to threaten the existence of such associations. Women's marches were met with police violence and a court case was launched for closure of a prominent women's platform called 'We Will Stop Femicides Platform'.



Efforts are needed to improve the situation of the **rights of the child**, including in relation to the problems in the juvenile justice system. As of September 2022, 152 judicial interview rooms have been set up in 147 courthouses and the establishment of local branches of the Judicial Support and Victim Services Department within courthouses continued. However, problems in the juvenile justice system persist. There is continued concern that juveniles still face arrest and detention on charges of membership of terrorist organisations, often for long periods and not always in specialised institutions for children. The number of child courts continues to be insufficient. Improvement in the non-custodial measures for children is urgently needed. Children convicted of crimes have limited access to legal assistance. Refugee children and their families face specific challenges in accessing the national child protection system. Consistent effort is needed to eradicate child labour, especially among refugees. There was limited progress during the reporting period on identifying and responding to child marriage and gender-based violence against children. Türkiye should rapidly adopt an effective national action plan to combat child, early and forced marriages and raise awareness among girls about the harmful impacts of child marriage. Cases of incest were reported by civil society organisations. The schooling of the Roma children and children from low socio-economic backgrounds have considerably decreased due to the COVID-19 pandemic and economic difficulties.

Children removed from parental care are primarily placed in residential care in home-like small institutions, though foster care and adoption services are steadily expanding. Türkiye has closed down all large-scale care institutions for children and is effectively pursuing a de-institutionalisation strategy.

Concerning the **rights of persons with disabilities**, the President announced Türkiye's '2030 barrier-free vision document' in December 2021. Preparations for a National Action Plan on the Rights of Persons with Disabilities, which will be the implementation tool for the "2030 Barrier-Free Vision Document" for the first 3 years, have started. Türkiye needs to increase its evidence base regarding the situation of persons with disabilities, through qualitative and quantitative work. The country still lacks an independent implementation and monitoring framework, as required by the UN Convention on the Rights of Persons with Disabilities. The government runs 128 barrier-free daytime life centres that provide free care and training services to persons with disabilities. The inaccessibility of public buildings remains a serious barrier preventing persons with disabilities from participating in society and civic life, and benefiting from various public services.

Türkiye needs to mainstream disability policies across thematic policy areas and monitor them with effective participation from independent NGOs working in this field. Türkiye also needs to adopt mental health legislation and establish an independent body to monitor mental health institutions. Community-based care services, including foster care and adoption, need to be expanded for minors with disabilities who are in need of state protection. Public awareness and opportunities to enjoy the right to independent living need to be enhanced.

Türkiye continued to invest in its national capacity for inclusive education practices for children with special needs. Considering the number of education personnel and the population of school age, such efforts need to be stepped up.

The lack of protection for the fundamental rights of **lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ)** persons continued to raise serious concerns. The current legislation does not cover hate speech and hate crimes based on sexual orientation or gender

identity. Hate speech and smear campaigns by elected or appointed state officials and media against the LGBTIQ community increased. Discrimination, intimidation and violence against the LGBTIQ community continued. Hate speech and crimes against LGBTIQ persons were not effectively prosecuted. A number of court cases, focusing on cases where LGBTIQ persons were murdered are still pending. There was a worrying increase in attacks against LGBTIQ persons. Access to gender reassignment surgery and to health and social services remain problematic for trans persons. LGBTIQ prisoners reportedly suffer from discrimination and solitary confinement. LGBTIQ activities and pride parades were banned or prevented by the police in several provinces.

The Constitutional Court ruled that a local court's rejection of a transwoman's request to change her name violated her right to private life. The court case against Middle East Technical University (METU) students who took part in a pride gathering on the university campus in May 2019 ended in the acquittal of all defendants in October 2021. The case is now pending before the Regional Court of Appeals. The court case against the LGBTIQ Assemblies that joined the 2021 İstanbul Pride March ended in the acquittal of all eight activists in February 2022. The court case against the Ankara Bar Association, for criticising the Diyanet's President's homophobic speech, continues.

On **procedural rights**, the legislation is not in line with the EU *acquis* or European standards. ECtHR judgments condemning Türkiye for violating the right to a fair trial and presumption of innocence due to its failure to respect procedural rules continued to be handed down. In addition, convicted children have limited access to legal assistance, which is not in line with EU standards on providing procedural safeguards for children in criminal proceedings. The implementation of a 2018 law amending several provisions which restrict fundamental freedoms, including in the Code on Criminal Procedures and anti-terror law, was extended until July 2024. However, the extension of the maximum pre-trial detention period for up to 12 days in certain terrorism-related investigations, which was in contradiction with the ECtHR standard stipulating a maximum of 4 days ended on 31 July 2022. As of that date, pre-trial detention periods cannot exceed a maximum of 4 days. Lawyers, especially those providing legal assistance to Human Rights Defenders and civil and political activists, faced considerable obstacles in carrying out their work, including pressure and external interferences. In some cases, they were subjected to ill-treatment by the law enforcement personnel. Such interferences include the refusal of admissions to the profession of lawyer for those who were dismissed by a state of emergency decree, with a few exceptions following the July 2020 judgement of the Constitutional Court that this was a violation of their right to exercise their profession.

The Ministry of Justice, Bar Associations and civil society organisations provided information on legal matters and on relevant procedures to the public. However, public awareness of legal aid in rural areas and among disadvantaged groups remained limited aggravated by the low literacy rates.

The Action Plan on Human Rights covers comprehensive activities regarding victim rights and various trainings and seminars have been provided with the cooperation of the Department of Victims' Rights and UNICEF for judges, public prosecutors, social workers and judicial interview room coordinators.

Hate speech and hate crime remain a serious issue for **minorities**. Acts of vandalism and destruction to minority worship places and cemeteries need to be investigated and prosecuted

effectively. No steps were taken to revise school textbooks to delete remnants of discriminatory references. Minorities continued to face difficulties, such as the lack of legal status for religious institutions, the absence of protection for languages, schooling support, clergy training, dwindling media in minority languages and complications in enjoying property rights for foundations. The lack of legal personality for minority communities' churches, synagogues, patriarchates, monasteries, and chief rabbinate is an impediment to their freedom of association and religion and to their property rights. Minority schools receive no public funds. Subsidies to the newspapers run by members of the Armenian, Greek, Jewish and Syriac communities need to be granted by the Press Advertising Authority. The Constitutional Court judgement preventing state intervention to Patriarchal elections has not been implemented. The court case against public officials involved in the killing of Armenian journalist Hrant Dink in 2007 is pending before the Court of Cassation. The "Armenian Genocide Commemoration Day" was banned by the Istanbul governorate. In April 2022, a court case began in relation to the killing/disappearance of the Chaldean Catholic couple in Şırnak in 2020. The restoration studies continue on the Büyükada (Prinkipo Island) Greek Orphanage, a cultural heritage monument. Full respect for and protection of language, religion, culture, cultural heritage and fundamental rights of minorities in accordance with European standards have yet to be achieved. Mechanisms should be in place to support participation by minorities in decision making and ensure they are represented in the public administration. As the Venice Commission underlined in 2010, Türkiye should continue the reform process and introduce legislation to eliminate all obstacles faced by non-Muslim religious communities to exercising all their rights and to acquiring legal personality.

Concerning **Roma** people, Türkiye needs to adopt a new national strategy and an action plan covering 2022 onwards, in line with the EU Roma Strategic Framework and in order to enhance equality and participation of Roma citizens. Roma inclusion needs to be mainstreamed across different thematic policy areas. The mandate and coordination capacity of the office of the National Roma Contact Point needs to be enhanced or re-defined for that purpose. Structural problems of the Roma and deterioration in living conditions (due to the increase of the cost of living), were exacerbated by the COVID-19 pandemic, especially for those in the east and south-east of Türkiye. In the post COVID-19 period, substance addiction has reportedly become widespread in Roma populated districts, affecting children. There is need for a holistic approach to address the problem of drug addiction, notably taking the social and economic factors into account. The inclusion of Roma children into the education system needs to be strengthened, to eliminate child labour and the practice of early marriages. School attendance rates in pre-primary, secondary and tertiary education levels are particularly low. Abuses of the private rehabilitation subsidy system have continued with a widespread practice of authorising fake disability reports for children of low-income families. Independent Roma NGOs should be involved in all stages of policymaking, and in the planning, implementation, follow up/monitoring of the Roma strategy. Most Roma people work in undeclared, precarious jobs, with limited access to social security system. More structured efforts are necessary to fight discrimination in the labour market, and to promote access to the social security system. Since summer 2021, various governorates introduced bans on informal waste collectors, most of whom are of Roma origin, which has further deprived families of subsistence income. Overall, the housing situation has not improved, and sudden hikes in housing prices particularly impact on vulnerable Roma families. Policy measures are needed to combat prejudice and hate speech against Roma. The HREI and the Ombudsman need to step up their efforts and build their

capacity in this field. No EU-Türkiye Joint Roma Seminar has been held so far.

On **cultural rights**, there were no development on the legislation to allow public services to be provided in languages other than Turkish. Legal restrictions on mother-tongue education in primary and secondary schools remained in place. Optional courses in Kurdish and Circassian are provided in public state schools but the requirement of a minimum of 10 students for these courses is an impediment. There are university programmes in Kurdish, Arabic, Syriac, Zaza and Circassian. The limited or lack of appointment of teachers remains a limiting factor. The increased powers of the governors and arbitrary censorship continued to have a negative impact on arts and culture, which was already negatively impacted by the COVID-19 pandemic. The past efforts of elected municipalities to promote the creation of language and culture institutions in these provinces remained closed. Kurdish cultural and language institutions, Kurdish media outlets and numerous art spaces remained mostly closed, as they have been since the 2016 coup attempt, which contributed to a further shrinking of cultural rights. (See also Chapter 26 - Education and culture).

### 2.2.2. Chapter 24: Justice, freedom and security

*The EU has common rules for border control, visas, residence and work permits, external migration and asylum. Schengen cooperation entails the lifting of border controls inside the EU. Member States also cooperate with Türkiye in the fight against organised crime and terrorism, and on judicial, police and customs matters all with the support of the EU justice and home affairs agencies.*

Türkiye is **moderately prepared** in the area of justice, freedom and security. **Some progress** was made in relation to the further strengthening surveillance and protection capacity of the land border with Iran. The return of irregular migrants from the Greek islands under the EU-Turkey Statement remained suspended since March 2020. Although the number of irregular arrivals to Greece has decreased compared to pre-COVID figures, irregular arrivals to Italy and to the government-controlled areas of Cyprus have increased in the past year and new smuggling routes have been established. Türkiye has still not implemented the provisions relating to third-country nationals in the EU-Türkiye readmission agreement, which entered into force in October 2017. Türkiye continued to make significant efforts to host and meet the needs of almost four million refugees. Türkiye still needs to align its legislation on data protection with European standards. Most of the recommendations of last year were not addressed and remain valid. In the coming year, Türkiye should in particular:

- fully implement the EU-Turkey Statement of March 2016, notably the returns from Greece and the prevention of irregular routes to all Member States and implement all the provisions of the EU-Türkiye readmission agreement towards all EU Member States;
- align legislation on personal data protection with European standards, to allow for the conclusion of an international agreement between the EU and Türkiye on the exchange of personal data between Europol and Türkiye;
- revise legislation and practices on terrorism in line with the European Convention on Human Rights, European Court of Human Rights case-law and the EU *acquis* and practices. The proportionality principle should be observed in practice;
- adopt and implement a strategy and action plan on border management with the aim to enhance coordination between border services at national and international levels.

## Fight against organised crime

Türkiye has **some level of preparation** in the fight against organised crime, however there was **limited progress** overall. The majority of the recommendations from last year remain to be addressed:

In the coming year, Türkiye should in particular:

- collect and use aggregate statistics to facilitate threat assessment, policy development and implementation and improve Türkiye's track record on dismantling criminal networks and confiscating criminal assets;
- improve the legal framework and practices on counter-terrorism in line with the EU *acquis*. Türkiye also needs to continue addressing outstanding recommendations to be delisted from the FATF's 'grey'-list;
- demonstrate the establishment of a fully operational centralised bank account register (BAR) in line with Article 32 A of the Anti-Money Laundering Directive;
- improve its legislation on cybercrime and witness protection;
- establish an Asset Recovery Office in line with the EU *acquis*;
- conclude an international agreement on cooperation with Eurojust.
- enhance efforts to prevent trafficking in human beings, specifically targeting vulnerable groups; improve early identification of, support and assistance to victims of trafficking, in particular those of vulnerable communities; increase the capacity of shelters available for victims of trafficking; expand training for professionals likely to enter into contact with victims of trafficking.

### Institutional set-up and legal alignment

There are a number of **specialised departments** dealing with various forms of organised crime, and two main law enforcement agencies, namely the Gendarmerie and the Turkish National Police (TNP) attached to the Ministry of Interior. The Coast Guard Command is also an important force in preventing migrant smuggling and trafficking in human beings. The Turkish financial intelligence unit is the Financial Crimes Investigation Board (MASAK), which is attached to the Ministry of Treasury and Finance. Cybercrime is dealt with by a specialised Department of Combating Cybercrime affiliated to the Turkish National Police as well as the Public Order Division of the gendarmerie at central level and the 30 provincial gendarmerie branches. Türkiye has a witness protection system in place, providing guarantees to protect the witnesses from intimidation and threat.

Operational capacity continued to be strengthened through new recruitments and trainings. . The police in Türkiye have a total of 316 509 officers, equivalent to 466 officers per 100 000 inhabitants, compared with an EU average of 333 (Eurostat, 2018-2020). The total number of staff of the gendarmerie, excluding conscripts, is 167 957, equivalent to 737 gendarmerie personnel per 100,000 inhabitants. Between April 2021 and April 2022, 3 055 personnel were dismissed. These figures include the personnel dismissed due to their affiliation to the Gülen movement and PDY.



The **legal framework** for the fight against organised crime and police cooperation is partially aligned with the EU *acquis*. The legal framework regulating the fight against money laundering and terrorist financing needs to be improved in line with the recommendations by the Financial Action Task Force (FATF) and those by the Venice Commission on the law on preventing financing of proliferation of weapons of mass destruction. The scope of the law on witness protection needs to be expanded to include all types of serious crimes and procedural rules also need improvement. The completion of an international agreement between the EU and Türkiye on the exchange of personal data between Europol and the Turkish authorities with responsibility for fighting serious crime and terrorism is still pending as the Turkish data protection legislation is still not in line with the EU *acquis*. While Türkiye is party to the Council of Europe ‘Budapest’ Convention on cybercrime, it has yet to sign its Second Additional Protocol on enhanced cooperation and disclosure of electronic evidence, which was opened for signature in May 2022. In relation to the negotiations for a United Nations convention on cybercrime based on resolution 74/247 of the United Nations, Türkiye’s voting position did not always align with the position taken by the EU and its Member States (swing voting pattern).

The implementation of activities outlined in the 2019-2021 Action Plan in line with the 2016-2021 National Strategy on the Fight against Organised Crime were executed at a 100 % completion rate. The new draft 2022-2027 National Strategy for combating organised crime and 2022-2024 Action Plan for combating organised crime are yet to be approved.

Türkiye’s Information and Communication Technologies Authority of Türkiye has been a member of INHOPE (International Association of Internet Hotlines) since 2011 and cooperates with other hotlines to fight against child sexual abuse materials. MASAK, is a member of the Egmont Group of Financial Intelligence Units, which facilitates cooperation and intelligence sharing between national financial intelligence units to investigate and prevent money laundering and terrorist financing. Türkiye is party to the UN Convention against Transnational Organised Crime and the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime and on the Financing of Terrorism (CETS No. 198). Türkiye is a member of the Management Board of the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) and of the Agency’s European Information Network on Drugs and Drug Addiction (Reitox). Türkiye is an active member of the Global Coalition against DAESH and co-chairs the Foreign Terrorist Fighters Working Group.

#### Implementation and enforcement capacity

In 2021, 41 128 cases of organised crime (Articles 314, 315 and 220 of the Turkish Criminal Code) were adjudicated before criminal courts. 17 145 of these cases resulted in convictions with 21 645 persons being convicted (in 2020, there were 17 305 cases with 21 043 convictions). In total, 666 operations have been carried out by the gendarmerie and the Turkish National Police (TNP) to tackle organised crime, cybercrime, smuggling of migrants and trafficking in human beings.

In 2021, 20 197 cases of cybercrime (Articles 243/1, 244, 103, 226 of the Turkish Criminal Code) were tried before a criminal court. 7 791 cases resulted in the conviction of 7 807 persons. Concerning firearms trafficking, 5 761 small and light weapons (SALW) were seized by the Gendarmerie and 3 306 by the TNP during the reporting period. In 2021, 655 cases of firearms trafficking (Articles 12 of the Turkish Criminal Code) were brought before a criminal court, 285 of these were concluded with a conviction involving 480 persons.

Türkiye ranks high (12th out of 193 countries) on the Global Organised Crime Index therefore it is a country of interest in relation to several priorities of the European multi-disciplinary platform against criminal threats (EMPACT), notably firearms and drugs trafficking, trafficking in human beings, migrant smuggling, high risk criminal networks, environmental crime, organised property crime, counterfeiting and criminal finances as well as money laundering and asset recovery.

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

Since July 2004, cooperation between Europol and Türkiye is based on the Strategic Agreement on Cooperation. A Turkish Liaison Officer is seconded to Europol since 2016. In Türkiye, 17 EU Member States have 30 liaison officers while Türkiye has 8 liaison officers in six EU Member States. A Cooperation Agreement with the European Union Agency for Law Enforcement Training (CEPOL) has been in place since 2010. Exchange programmes and training programmes were carried out involving the Gendarmerie and the TNP. As well as participating in the courses held by EU Member States, TNP also organises joint workshops and study visits with CEPOL.

Türkiye continues to be an important transit and destination country for trafficking in human beings. By the end of 2021, the number of victims identified by Turkish authorities stood at 403 representing an increase compared to 2020 when the number of victims identified was 282. By April 2022, 147 victims of trafficking in human beings have been identified. The main trafficking purpose is sexual exploitation followed by labour exploitation. In 2021, 81 cases of trafficking in human beings (Article 80 of the Turkish Criminal Code) were brought before Türkiye's criminal courts. 23 cases ended with convictions. 68 people accused of trafficking were convicted by the criminal courts of first instance.

There are two shelters in the Ankara and Kirikkale provinces run by the Presidency for Migration Management (PMM). Their capacity to host victims of human trafficking fell from 90 to 42 persons. There is an urgent need to increase the capacity to host and provide services to victims of human trafficking. Türkiye worked with the Council of Europe (CoE) to improve its ability to prevent and fight against trafficking in human beings by implementing the relevant CoE Convention. As part of this initiative funded by the EU, Türkiye provided training on anti-trafficking to law enforcements agencies, prosecutors and judges and supported awareness-raising activities by municipalities on the risk and crime of trafficking.

The large number of Syrians and other refugees, including children, are vulnerable to being exploited as forced labour. Reports of early marriages as young as 12 years old, making girls vulnerable to domestic servitude and sex trafficking increased in the wake of the pandemic as an economic coping mechanism.

Türkiye needs to expand and institutionalise the training of law enforcements agencies, prosecutors and judges on taking a victim-centred approach, increase victim identification among the vulnerable population of refugees and asylum seekers in particular. Partnership with civil society should be sought to encourage the identification of and provide shelter and services to victims of trafficking. The reasons leading to lack of prosecution of the crime of trafficking in human beings should be identified and measures taken to ensure that victims are allowed to appear in court via video link, when the circumstances of the case and the vulnerability of the

persons concerned require so. A new action plan on trafficking in human beings requested by the Group of Experts on Action against Trafficking in Human Beings (GRETA) of the Council of Europe is outstanding.

## **Cooperation in the field of drugs**

### Institutional set-up and legal alignment

Türkiye's institutional set up remains the same. Coordination and monitoring at national level is the responsibility of the High Council for the Fight against Drugs. The National Strategy and Action Plan to combat illegal drugs covering 2018-2023 is in place and the civil society is closely involved in the implementation thereof. All ministers involved in the implementation of the Strategy and Action Plan are members of the High Council. The research committee conducts research on drug addiction and a scientific committee provides recommendations for studies and training on drug abuse. While Türkiye addressed the issues of drug supply and drug demand reduction, it does not support harm reduction interventions, contrary to the EU drugs policy.

The Turkish Monitoring Centre for Drugs and Drug Addiction (TUBİM) is the national focal point to the European Monitoring Centre for Drugs and Drug Addiction (EMCDDA). Türkiye has a participation agreement in place with the EMCDDA since 2007. It has a monitoring role at national and international level and is drafting the annual Turkish drug report. It collects data, makes risk assessment, and provides recommendations with regard to the National Early Warning System on new psychoactive substances. A total of 991 new psychoactive substances have been included in the national legislation, 53 of which were put on the list in 2021, and an additional 20 in the first quarter of 2022. The instant data flow system, which uses encryption and anonymisation of personal data for monitoring and reporting, is operational. The responsible body for controlling drug precursors is the Turkish Medicine and Medical Devices Agency of the Ministry of Health, which gives the licences and permissions for manufactures, possession, selling, purchase, transportation, usage, consumption, distribution, importation, exportation, and legal use including for pharmaceutical and industrial purposes.

### Implementation and enforcement capacity

Türkiye remains a transit route for drugs between Asia and Europe. In 2021, Turkish law enforcement services conducted operations that resulted in the seizure of, *inter alia*, 64 125 kg of cannabis including skunk (in 2020: 93 741 kg), 2 841 kg of cocaine (in 2020: 1 961 kg), 22 202 kg of heroin (in 2020: 13 783 kg), 5 528 kg of methamphetamine (in 2020: 4 162 kg), 7 618 013 ecstasy tablets (in 2020: 11 096 244) and 13 790 648 captagon tablets (in 2020: 2 875 183).

In 2021, a total of 64 073 cases in relation to Article 188/3 of the Turkish Criminal Code (54 325 in 2020) involving 85 036 suspects (75 907 in 2020) were launched by the prosecution for illicit drug related offences with 24 990 suspects (18 478 in 2020) being convicted. In the field of prevention, the Ministry of Health (MoH) operates 207 counselling centres in 81 provinces. In 2021, 7 new Centres became operational. The anti-drug counselling hotline received 71 326 calls in 2021.

There are 137 treatment centres for drug dependence in 81 provinces, 58 of the centres focus on inpatient treatment, and 11 of those are dedicated specifically to treating children. The remaining 79 centres are outpatient centres with 9 serving children exclusively. The waiting time for applicants to be admitted to the treatment centres is currently 1-3 days.

## **Fight against terrorism**

Türkiye carried on with efforts to tackle terrorism leading to a reduction in terrorist activities and an improved security situation. The country continued to face threats from various terrorist groups. The EU has condemned all acts of terrorist violence perpetrated in Türkiye. Türkiye has prioritised the fight against the PKK and the dismantling of the Gülen movement. The PKK remains on the EU's list of persons, groups and entities involved in acts of terrorism. Türkiye has a legitimate right to fight terrorism. However, counter-terrorism efforts should be in line with the rule of law and fundamental rights and freedoms and must not be used to silence political opposition and dissent. Changing the Turkish anti-terrorism legislation and practices to bring these into line with EU standards remains an essential reform outstanding.

### Institutional set-up and legal alignment

The institutional set up remains the same; a specialised police unit in the General Directorate of Security of the Ministry of Interior holds the responsibility for countering terrorism. Institutional capabilities are well-developed. Terrorism and terrorism financing are high priority crimes for the National Security Council which meets regularly bimonthly.

Türkiye has been included in the list of jurisdictions under increased monitoring ('grey list') by the Financial Action Task Force (FATF) in October 2021. Following this decision, Türkiye was not added to the EU's list of high-risk third countries due to its candidate status, high-level political commitment to the EU to address outstanding shortcomings identified by the FATF and move towards full alignment with the EU *acquis*. The way Türkiye responds to the concerns of the EU and the FATF is being closely monitored in the framework of the Association Agreement. The country needs to continue addressing outstanding recommendations to be delisted from the FATF's grey list. Failure to make progress on complying with the outstanding FATF recommendations would put Türkiye at risk of being included on the EU list of high-risk third countries presenting strategic deficiencies in their AML/CFT regimes.

The law on the prevention of financing of the proliferation of weapons of mass destruction adopted in December 2020 continues to raise concerns despite the amendments made to the regulation of associations in September 2021, aiming at carrying out a risk-based, proportionate approach to auditing NGOs. Pressure further increased on non-partisan civil society organisations, notably in the form of arbitrary and repeated audits. It is paramount that any measures taken to counter terrorism are in line with Türkiye's obligations under international law, and in particular international human rights law.

### Implementation and enforcement capacity

In July 2021, Türkiye announced an over-arching National Strategy for Increasing Effectiveness in Anti-Money Laundering and Countering Financing of Terrorism and Confiscation Practices in Türkiye (2021-2025). The strategy *inter alia* aims to address the outstanding FATF recommendations. MASAK continued to develop its institutional capacity and developed a sound track-record during the reporting period. The number of suspicious transaction reports and number of files that were analysed by MASAK have increased substantially in recent years reaching 515 627 in 2022 (250 597 in 2020). Systematic inter-agency cooperation between the law enforcement agencies, prosecution and MASAK has improved. Consequently, money laundering prosecutions showed a significant increase in recent years.

The government continued to freeze the assets of persons and entities designated by the United Nations Security Council Sanctions Committee in less than a day. The domestic assets freeze instrument has also been implemented in a dissuasive fashion. In 2021, 1 155 persons, 16 associations, and legal entity's assets were frozen through the domestic freeze mechanism.

Police and judicial cooperation with EU Member States and EU agencies in combating terrorism remained limited due to the absence of a personal data protection law in line with European standards and the EU *acquis*, and differences over the definition of, and penalties for, terrorist offences. Türkiye should continue its efforts to effectively prevent and counter radicalisation leading to violent extremism and terrorism, in full compliance with fundamental rights.

### **Judicial cooperation in civil and criminal matters**

Judicial cooperation in civil and commercial matters is regulated by the Law on International Civil Law and Procedural Law, circulars, and international conventions. Türkiye is a party to most of the international conventions. Türkiye still needs to accede to relevant international conventions in the area of civil justice, many of which were drawn by the Hague Conference on Private International Law, including in particular the Hague Convention of 30 June 2005 on Choice of Court Agreements. Türkiye has not yet ratified the European Convention on the Compensation of Victims. In 2021, within the scope of the Convention on Civil Procedure, eleven judicial legal assistance requests were made by EU Member States and 210 by Türkiye. Within the scope of the Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, 120 judicial legal assistance requests were made by EU Member States and 1 816 by Türkiye.

The main legislation governing judicial cooperation in criminal matters has been in place since 2016 and Türkiye has acceded to most of the international conventions. The legislation entails new mechanisms to speed up international judicial cooperation in criminal matters, which has started to yield positive results. Following the introduction of video conferencing, the necessary infrastructure is in place to enable statements to be taken via video conference for legal assistance requests. Under the new 'consensual extradition' procedure, the extradition of an offender now takes 1-2 months on average as opposed to the classic extradition procedure which lasted around a year. With regard to the transfer of sentenced persons, the introduction of the 'exact execution' procedure paved the way to the removal of the obligation for local courts to comply with the domestic legislation. In 2021, under the new procedure, 22 convicts were transferred to Türkiye from other countries, while 1 convict was transferred from Türkiye to another country. However, the independence and accountability of the justice system needs to be substantially strengthened for the smooth application of the principle of mutual recognition of judgements and court decisions in criminal matters.

During 2021, trainings on international legal assistance were provided to 1 126 candidate judges and prosecutors.

In 2021, EU Member States accepted six extradition requests from Türkiye, while 37 were rejected and 133 are pending. There were nine extradition requests from EU Member States, which are all pending. EU Member States accepted eight transfers of convicts to Türkiye and Türkiye accepted five transfers to EU Member States. Five contact points have been designated by Türkiye to coordinate and follow-up judicial cooperation with Eurojust. Türkiye attended an online coordination meeting with Eurojust. In 2021, Türkiye was involved in 15 Eurojust cases on terrorism, cybercrime, migrant smuggling, illegal drug trafficking and fraud, compared to 20



cases in 2020. However, the personal data protection law is not yet in line with European standards, which prevents the start of negotiations for an agreement with the EU on cooperation with Eurojust. Cooperative relations should also be established with the European Public Prosecutor's Office (EPPO).

## **Legal and irregular migration**

### Institutional set-up and legal alignment

The former Directorate-General for Migration Management has been upgraded and given the status of Presidency. The entity continues to operate under the Ministry of Interior. The budget of the institution increased in terms of national currency by 50 % compared to 2021 (which is higher than the 30 % increase of the entire state budget). The Presidency of Migration Management (PMM) continued to employ a limited number of psychologists, social workers, interpreters, and lawyers, some of which are financed by the EU. Even though foreseen in the Law on Foreigners and International Protection, the PMM has not yet established its overseas organisation in Türkiye's consulates abroad.

The implementing regulation following the amendment to the Law on Foreigners and International Protection introducing alternatives to detention, which entered into force in December 2019, still needs to be adopted.

Türkiye maintained its efforts to improve the operation of the national Assisted Voluntary Return mechanism and continued its capacity building activities targeting the PMM and Red Crescent staff that will be involved in the processing cases eligible for voluntary return.

### Implementation and enforcement capacity

The EU-Turkey Statement remained the main framework for cooperation between the EU and Türkiye and the EU's engagement with Türkiye on migration intensified. A number of high-level contacts, including a high-level dialogue on migration and security, took place during the reporting period. Responding also to the EU call, the Turkish Civil Aviation Authority took swift measures to curb irregular migration from Iraq to the EU's eastern borders via Belarus, thereby helping tackle organised smuggling of migrants to the EU by Belarus.

According to the International Organisation for Migration (IOM), 111 migrants lost their lives in the Eastern Mediterranean in 2021. In 2022, by 31 July, 64 migrants lost their lives in the Eastern Mediterranean. The average number of daily irregular arrivals from Türkiye to Greece stood at 20, down from 40 in 2020. In 2022, by 31 July, the average number of daily irregular arrivals from Türkiye to Greece stood at 30. Turkish irregular migrants occupied the top spot among those who arrived to Greece, followed by Afghans and Syrians. In 2021, the number of irregular arrivals to Cyprus has reached 11 600 (compared to 5 800 in 2020), most of whom crossed the Green Line after having arrived from Türkiye to the non-government controlled territories of Cyprus. In 2022, by 31 July, 11 137 arrivals were recorded at the government-controlled area of Cyprus. The reported increase in crossings over the Green Line indicates the formation of a specific modus operandi, in particular for persons originating from African countries (Nigeria, DR Congo), through the use of 'student permits' from so-called 'universities' established in the occupied area. These persons pass into the area under the effective control of the Republic of Cyprus with the help of smuggling networks.

Concerning Italy, the irregular sea route remained highly active with substantial increase in the number of arrivals from Türkiye (from 4 200 in 2020 to 12 900 in 2021; 6 225 arrivals recorded

in 2022 as of 31 July). The total number of irregular migrants who arrived from Türkiye to the EU in 2021 stood at 21 295, of which 7 443 to Greece, 12 916 to Italy and 936 to Bulgaria, compared to 18 421 arrivals in the same period in 2020.

From 1 January until 31 July 2022, 13 163 irregular migrants arrived from Türkiye into the EU, representing a 76 % increase compared to the same period in 2021. The sea route to Italy saw a significant hike (up by 82 %), while arrivals to Greece increased by 67 %. Similarly, the number of arrivals in Cyprus via the Green Line also went up by 144 % between 1 January and 31 July, in comparison with the same period in 2021.

The number of irregular migrants apprehended in Türkiye stood at 162 996 in 2021, compared to 122 302 in 2020. As in the past years, irregular migrants from Afghanistan, Syria and Pakistan were the most frequently apprehended nationalities. The Turkish Coast Guard (TCG) rescued 23 676 irregular migrants at sea in 2021, up from 20 380 in 2020. The TCG deployed its assets to Lake Van in a bid to bolster the authorities' fight against irregular migration from Iran, following the instability in Afghanistan. Turkish officials employed a hostile rhetoric against the European Border and Coast Guard Agency (Frontex) and accused the agency of alleged involvement in arrival prevention in the Aegean Sea.

Turkish authorities apprehended 118 252 irregular migrants in the year up to 16 June, about 16 700 of whom were intercepted by the TCG. Nationals of Afghanistan, Syria and Pakistan continued to be the top nationalities. According to the government, law enforcement forces carried out 7 918 apprehensions of human smugglers in 2021 reflecting a substantial increase when compared to 2020 (4 425 apprehensions). Out of these only 1 946 were arrested by the judicial authorities, undermining efforts to fight the crime of migrant smuggling.

No progress was made as regards the full implementation of the EU-Türkiye Readmission Agreement. Türkiye maintained its position that it would not implement the provisions concerning third-country nationals until the visa requirement for its citizens travelling to the Schengen Area is lifted. EU Member States lodged 500 readmission requests concerning Turkish nationals; 336 were accepted by Türkiye and 127 were readmitted effectively.

Return of irregular migrants from the Greek islands was unilaterally suspended by Türkiye on public health grounds in March 2020 and remained so as of June 2022. The Commission and Greece have repeatedly called on Türkiye to resume return operations in line with the commitments made under the EU-Turkey Statement. The resumption of returns to Türkiye remains key to effectively fighting irregular migration and migrant smuggling networks in the region. Between 2016 and 2020, 2 140 persons, including 412 Syrian nationals, were readmitted to Türkiye from Greece under the 'One-for-One' scheme. The bilateral Readmission Protocol between Greece and Türkiye remained suspended. Türkiye did not readmit third-country nationals from Bulgaria under either the bilateral border agreement or the EU-Türkiye Readmission Agreement.

As regards resettlement from Türkiye to the EU under the 'One-for-One' scheme, 4 225 Syrian refugees were resettled to eight EU Member States in 2021. Moreover, the Resettlement Support Facility run by the European Union Agency for Asylum in Istanbul facilitated the processing of 2 557 resettlement candidates. The total number of Syrian refugees resettled from Türkiye to the EU Member States under the 'One-for-One' scheme reached 35 330 as of 4 September 2022. At the same time, 503 000 Syrian refugees were voluntarily repatriated from Türkiye to Syria between 2016 and 2022 according to government data. Of these, approximately 125 000 were

monitored by the office of the United Nations High Commissioner for Refugees (UNHCR) with respect to the voluntary nature of the repatriations. In June 2022, in the case of *Akkad v. Türkiye*, the ECtHR held that the forced return to Syria of a Syrian national with a valid residence permit, under the guise of a voluntary return, was in breach of Turkish law and of the ECHR. The ECtHR found that there have been violations of the prohibition of inhuman or degrading treatment, the right to liberty and security, and the right to an effective remedy; whereby the removal of a valid temporary protection holder to Syria was in breach of the Convention. The Court noted the lack of key procedural safeguards in the voluntary return process, particularly the presence of UNHCR or NGOs mentioned in the law, the right to assistance by a lawyer, and the right to be informed about the procedures.

Türkiye effectively returned 46 653 irregular migrants to third countries in 2021, compared to 41 379 in 2020. The total number of irregular migrants returned since 2018 reached 248 349. None of these returns were carried out within the scope of the readmission agreements that are in force between Türkiye and third countries. Türkiye did not sign any new readmission agreements in the reporting period.

The possibility of a large number of Afghan nationals arriving in Türkiye following the events in Afghanistan in August 2021 led the government to take decisive measures targeted at irregular migration from Iran. Türkiye announced on a number of occasions, including in the United Nations General Assembly, that it would no longer admit migrants into its territories. According to the government, 451 096 irregular migrants were prevented by Turkish security forces from entering Turkish territory at the eastern and southern provinces in 2021. Approximately 120 000 of these were irregular entry attempts from Iran. In response, rights groups raised concerns about alleged violation of the non-refoulement principle and pushbacks. Repatriation operations to Afghanistan from Türkiye resumed in January 2022 after a five-month suspension following the Taliban take-over in Kabul. As of 2021, Türkiye was hosting 300 000 Afghan nationals, 120 000 of whom are estimated to be unregistered, according to the government. The number of Afghan irregular migrants apprehended in 2021 stood at 70 000, up from 50 000 in 2020, yet down from the record 201 000 in 2019. As of 16 June 2022, 56 813 Afghan irregular migrants have been apprehended in 2022.

There is a growing negative perception of migrants in Türkiye and several hate attacks against and fatal lynching of refugees and asylum seekers were reported in the media and by NGOs. Public discontent regarding the presence of Syrian refugees has become an election issue and a matter of constant debate.

The number of removal centres stands at 30 with a total capacity of 20 000 people. The media, civil society and bar associations reported incidents of alleged human rights violations as well as pervasive challenges relating to access to rights and services in the centres, particularly with regard to access to information, asylum and legal aid. In 2021 more than 160 000 migrants were apprehended, most of whom were subject to return procedures in removal centres. In the same period, only 849 migrants benefited from free legal aid, compared to 945 in 2020. In addition to the free legal aid scheme, 16 003 migrants were able to access and meet their lawyers in removal centres. The lack of effective provision of information in removal centres, in languages that migrants understand, continues to serve as a key barrier to accessing rights in detention. Compliance with CPT standards should be enhanced, particularly with regard to the presumption against detention of families with children as far as possible.

The number of foreigners legally residing in Türkiye stood at 1 426 985 in June 2022, compared to 886 653 in 2020. Nationals of Iraq, Turkmenistan and Iran were the top three nationalities among residence permit holders. In the aftermath of the Russian aggression against Ukraine, Türkiye increased the minimum amount of immovable property investment required to become eligible for Turkish citizenship from USD 250 000 to USD 400 000. In addition, the government also enacted a legal amendment allowing foreigners to apply for Turkish citizenship by making a contribution of at least USD 500 000 to private pension funds specified by the authorities, on condition that the foreigner remains in the pension system for at least three years. Such schemes pose risks in relation to security, money laundering, tax evasion, terrorist financing, corruption and infiltration by organised crime. As a candidate country, Türkiye should refrain from any measure that could jeopardise the attainment of the EU's objectives when using its prerogatives to award nationality.

## **Asylum**

### Institutional set-up and legal alignment

The Presidency of Migration Management (PMM) is the main institution responsible for all asylum-related procedures. The Departments of Temporary Protection, International Protection, Country of Origin Information (CoI) Research, Resettlement and Voluntary Repatriation, and Protection of Victims of Human Trafficking have been set up, under the newly established Directorate General of International Protection. The status determination processes are carried out by the provincial directorates of migration management (PDMMs) as well as by the International Protection Bureaus (Decision Centres) in Ankara and Istanbul, established in 2018 and 2019 respectively, with a view to reduce case backlog. Decisions on refugee status determination are subject to administrative and judicial appeal procedures, although NGOs and lawyers report concerns about the quality of decisions, their reasoned notification and challenges with the awareness of- and access to legal aid for appeals.

**Legislation** in this area is partially aligned with the EU *acquis*. The Law on Foreigners and International Protection maintains the reservation (geographical limitation) expressed in the New York Protocol of the 1951 Geneva Convention, according to which the vast majority of persons seeking international protection in Türkiye cannot apply for fully-fledged refugee status but for 'conditional refugee' status and subsidiary protection only. Conditional refugee status limits the stay in the country 'until the moment a recognised conditional refugee is resettled to a third country'. By law, Syrian refugees are granted a specific refugee status under the Temporary Protection Regulation. However, in February 2022, the Ministry of Interior announced that newly arriving Syrians who have not been registered will not automatically receive temporary protection status. According to the announcement, they will first be placed in camps, and be subjected to an assessment on whether they need temporary protection, in order to define the reasons of their arrival and limit migratory movements from Syria for economic motives, although fleeing for economic reasons is not a valid reason for rejecting temporary protection applications or revoking temporary protection status according to the temporary protection regulation.

### Implementation and enforcement capacity

Türkiye continued to host one of the largest refugee populations in the world, with 3.6 million Syrians under temporary protection and over 330 000 non-Syrians including those who hold or who have applied for international protection status. The number of asylum seekers slightly

declined over the reporting period; 29 256 international protection applications were lodged in 2021, down from 31 334 in 2020. Of the 29 256 applications, 21 926 were made by Afghans, 4 961 were made by Iraqis and 1 032 were made by Iranians, representing a similar pattern to 2020. In 2021, Türkiye granted international protection (refugee status, conditional refugee status or subsidiary protection) to 13 227 applicants, an increase from 8 753 in 2020. The authorities rejected 11 908 applications compared to 10 674 in 2020. The cumulative total of pending international protection applications stands at 304 970. This is a significant backlog that has not been reduced over the years. There is a lack of publicly accessible data on international protection with a breakdown of categories of decisions and of pending cases at the end of the year.

Though not a neighbouring country, the number of Ukrainians arriving in Türkiye increased from 20 000 in March 2022 to 78 000 at the beginning of April 2022, as a result of the war in Ukraine. In February 2022, Türkiye officially closed down registration of temporary protection applications in 16 provinces (including in major provinces, such as Ankara, Istanbul, Izmir, Bursa) in an attempt to balance refugee population across Türkiye. The rule was revised in June 2022, to prohibit registration under any category, in areas where the number of foreigners exceeds 20 % of the total population. When asylum seekers are denied registration in a ‘closed’ province, most often they are not officially referred to another province with supporting documentation. Beyond the officially ‘closed’ provinces, NGOs and lawyers repeatedly referred to *de facto* closure of international protection registrations in other provinces too, save for highly vulnerable cases. Such barriers to registration hinder access to all other essential services and put asylum seekers in an irregular situation if apprehended.

Close to half of all Syrians in Türkiye are registered in four provinces – Istanbul, Gaziantep, Hatay and Sanliurfa - with the rest residing in various provinces across Türkiye. 50 736 Syrians are hosted in seven temporary accommodation centres, down from 57 321 in 2020. The number of Syrians who were granted Turkish citizenship stood at 193 293 at the end of 2021. Throughout 2021, the PMM continued the verification of data of Syrians under temporary protection, updating and completing the information gathered during their original registration. Additionally, in the context of the introduced 20 % rule, the PMM introduced an address-verification exercise of Syrians. As a result of this exercise, the temporary protection status of more than 600 000 Syrians has been reportedly deactivated, on the grounds that they were found to be residing in locations other than their officially registered addresses. The PMM invited these individuals to approach their provincial offices to declare their current residential addresses, thereby re-activating their protection status. In practice, deactivation of the status means no access to services such as education and healthcare. By June 2022, the status of over 150 000 Syrians had been reactivated.

A key mechanism for identifying vulnerable asylum seekers is protection desks in PDMMs which interview and make referrals based on their specific needs. In 2021, protection desks identified and processed referrals for 146 472 asylum seekers.

In 2021, 3 870 unaccompanied children were referred to the Ministry of Family and Social Policies (MoFSS) by various agencies. Unaccompanied children continue to face protection risks, particularly during initial identification and age assessment processes, which are undertaken by different agencies, including law enforcement services. Children are referred to hospitals for bone x-rays, which gives a broad two-year age range. In the absence of holistic age-assessment processes, results indicating 16-18 years of age reportedly tend to be registered as



adults. A multi-disciplinary approach to age assessment procedures, which take psychosocial aspects into consideration, is necessary to increase compliance with European standards.

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

Applicants for international protection, conditional refugee status holders and people under temporary protection (Syrians) can apply for work permits. However, a large majority of refugees and asylum seekers do not have effective access to the labour market, in particular to formal employment, due to low employability (lower levels of education and skills), language barriers and limited access to information and services. The impact of COVID-19 on the Turkish economy further worsened the situation, with more than 76 % of households receiving cash support under the EU-funded Emergency Social Security Net (ESSN) after reporting a member of the household losing their employment due to the pandemic. Such prolonged financial insecurity has contributed to an increase in child labour, mental health challenges and an increase in domestic violence incidents. Around 426 000 Syrian children in Türkiye, especially in the 15-18 age group, are out of school.

The full operational budget of EUR 6 billion of the EU Facility for Refugees in Turkey (FRIT) was committed and contracted by the end of 2020, with over EUR 4.7 billion disbursed by June 2022. The Facility mobilises both humanitarian and development assistance for refugees and host communities in Türkiye to meet basic needs, increase access to education and healthcare, including for vulnerable groups, children and women. On top of the Facility, the EU also committed EUR 535 million to continue the provision of humanitarian support to refugees in 2020. In 2021 the Commission committed an additional EUR 860 million, to support the basic needs of refugees, inclusive quality education for refugees in Türkiye and access to higher education as well as for migration and border management. This funding was part of the additional EUR 3 billion mobilised by the EU to continue EU assistance to refugees in Türkiye for 2021-2023.

The PMM and the European Union Agency for Asylum (EUAA) continued their cooperation with the implementation of the 2019-2021 Cooperation Roadmap. EUAA support to the PMM is planned to continue with the new 2022-2023 Roadmap, offering capacity building support and peer-to-peer exchanges on best practices in the fields of asylum, reception, resettlement and organisational change.

### **Visa policy**

Türkiye made no progress in meeting the six unfulfilled benchmarks of the visa liberalisation roadmap, namely on the anti-terror law, personal data protection legislation, the implementation of the EU-Türkiye readmission agreement, conclusion of an international agreement with the EU on Europol, implementation of the Group of States against Corruption (GRECO) recommendations on anti-corruption, and the judicial cooperation with all EU Member States. Negotiations are ongoing with a view to concluding an international agreement between the EU and Türkiye on Europol.

Türkiye has introduced the biometric collection of fingerprinting for sticker visas issued by its diplomatic missions in a number of countries (primarily in the African continent) with a view to increasing the authorities' capacity to tackle irregular migration. The authorities have relaxed the

rules governing the entry and residence of Ukrainian nationals in Türkiye following Russia's invasion of Ukraine.

Türkiye needs to further harmonise its visa policy with the EU's visa policy. This would include further aligning Turkish visa requirements with the EU lists of visa-free and visa-required countries, full phasing-out of the issuing of visas at borders (currently the citizens of 24 countries are eligible to obtain visa on arrival) and of electronic visas, and ensuring that the issuing of visas at its diplomatic missions is carried out in line with the conditions and procedures set out in the EU Visa Code. Türkiye continues to apply a discriminatory visa regime against nationals of Cyprus, while it has abolished the short-stay visa requirements for the other 26 Member States.

## **Schengen and external borders**

### Institutional set-up and legal alignment

During the reporting period, no new legislation was adopted. The coordination of the work of the state bodies dealing with border management matters is the responsibility of the Directorate-General of Provincial Administration under the Ministry of Interior (MoI). The Border Management Implementation Board met once, in September 2021 for the fifth time since its establishment in 2016. Its supervising body, the Integrated Border Management Coordination Board, has not yet met.

For the coordination of future work of the National Coordination and Joint Risk Analysis Centre (NACORAC), the Ministry of Interior created a new department in autumn 2021. Several border management services within the Turkish administration assigned staff to NACORAC, which is located in Ankara. Given its responsibilities at Türkiye's 'green' border, personnel from the Land Forces Command (Ministry of National Defence) should be assigned. While formally established by the above-mentioned Regulation in 2016, the centre continued not to engage in operational activities, during the reporting period. NACORAC has received significant EU funding under several IPA programmes.

In February 2021, the Institute of Heads of Civil Border Administration was established by presidential decree, taking over certain border management responsibilities from governors in eleven border regions (mostly in the East of the country). Until now, six heads have taken over the organisation of the work of border management services at six airports (among which Istanbul, Ankara, Izmir and Antalya) upon appointment by the Directorate-General of Provincial Administration. This reform seeks to streamline the coordination of border management matters at central level.

Similarly to last year's recommendations, in order to bring the country's border management system in line with the EU *acquis*, Türkiye should further improve inter-service and international cooperation, accelerate the adoption of an Integrated Border Management (IBM) strategy and update its IBM National Implementation Action Plan from 2006. It also needs to enact new legislation to set up a non-military border management body in charge of all aspects of border management, including border surveillance at the 'green' border, which is currently under the responsibility of the Turkish Land Forces.

Türkiye has committed itself to removing all anti-personnel landmines by 31 December 2025 in order to fulfil its obligations under the Ottawa Treaty. This deadline has been extended several times since 2014. So far, only a relatively small stretch of the total of 2 949 km of land border has been cleaned entirely. Türkiye needs to substantially increase its national investment to

remove mines along the border with Syria, Iraq, Iran, Armenia as well as inside Türkiye. The EU is currently providing significant financial support for de-mining.

#### Implementation and enforcement capacity

Türkiye continued to invest significant efforts and financial means in modernising border security at the land border in the east of the country. After the construction of a wall and a barbed-wire fence along the Syrian border financed by the national budget, the installation of modern communication and surveillance masts, which continued at the Iranian border and was partially funded by the EU. Communication and surveillance masts have been erected also at the western land border.

Relations with the European Border and Coast Guard Agency (Frontex), which are based on a three-year Cooperation Plan covering 2020-2022, were negatively impacted by incidents at the Greek-Turkish land border and the Aegean Sea in 2020 and did not noticeably improve during 2021. Harsh criticism of Frontex' work by some media outlets and high-level government officials continued. The authorities continued to provide monthly reports on irregular migration flows at the country's western land and sea borders. Türkiye does not participate in joint operations. Frontex has a liaison officer permanently based in Ankara.

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

Türkiye continued contributing to INTERPOL's databases such as the 'Interpol Notices', 'Stolen and Lost Travel Documents', 'Stolen Motor Vehicle' and 'Stolen Marine Tools'. Database connections are used by authorised officers of the Turkish National Police in all 81 provinces. Certain staff members in the following services have access to the databases: the Presidency of Migration Management (PMM), the Disaster and Emergency Presidency (AFAD), the Nuclear Regulatory Authority, the Turkish Atom Energy Authority, the Ministry of Trade (DG Customs Enforcement), the Turkish Coast Guard Command and the General Command of Gendarmerie.

### **2.3. ECONOMIC CRITERIA**

<i>Table 5.1:</i>	<b>2013-18</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Türkiye - Key economic figures</b>	<b>average</b>			
<b>GDP per capita (% of EU-27 in PPS)<sup>1)</sup></b>	65	59	61	64
<b>Real GDP growth</b>	5.6	0.9	1.8	11.0
<b>Economic activity rate of the population aged 15+ (%), total<sup>1)</sup></b>	51.1	52.9	49.1	51.4
<i>female</i>	31.5	34.3	30.8	32.9
<i>male</i>	71.2	71.9	67.8	70.3
<b>Unemployment rate of the population aged 15+ (%), total<sup>1)</sup></b>	10.3	13.7	13.1	12.0
<i>female</i>	12.8	16.4	14.8	14.7
<i>male</i>	9.2	12.4	12.4	10.7

<b>Employment of the population aged 15+ (annual growth %)</b>	3.2	-2.3	-4.8	7.9
<b>Nominal wages (annual growth %)</b>	13.9	26.2	18.0	19.3
<b>Consumer price index (annual growth %)</b>	9.9	15.2	12.3	19.6
<b>Exchange rate against EUR</b>	3.60	6.35	8.03	10.45
<b>Current account balance (% of GDP)</b>	-4.0	0.7	-5.0	-1.7
<b>Net foreign direct investment, FDI (% of GDP)</b>	1.1	0.9	0.6	0.9
<b>General government balance (% of GDP)<sup>1)</sup></b>	-1.5	-3.2	-2.9	-2.3
<b>General government debt (% of GDP)</b>	28.8	32.6	39.7	42 <sup>2)</sup>

*Notes:*

1) Eurostat

2) State government

Source: national sources

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

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

### **2.3.1. The existence of a functioning market economy**

The Turkish economy is **well advanced**, but made **no progress** over the reporting period. Serious concerns persist over the continued proper functioning of Türkiye's market economy as there has been backsliding on important elements, such as the conduct of monetary policy and the institutional and regulatory environment.

The economy recovered strongly from the COVID-19-crisis, growing by 11.4 % in 2021 and more than 7% in the first half of 2022, despite the fallout of Russia's invasion of Ukraine. The overly loose monetary policy and lack of policy credibility have weakened the lira and drove the official inflation to a two-decade high of more than 80 %. Higher prices for imported commodities widened external imbalances, which remain a major vulnerability in a situation of increased uncertainty and low level of international reserves. Budget execution outperformed plans but government debt increased and fiscal policy has come increasingly under pressure, burdened by unsuccessful attempts to curb rising inflation and underpin the

domestic currency.

The institutional and regulatory environment remains fragile, particularly as regards the predictability, transparency, and implementation of regulations. Some important steps were taken in order to improve the resolution of commercial disputes. Despite its gradual decline, the informal sector still accounts for a significant share of the economic activity. State intervention in price-setting mechanisms persists. The provision of State aid lacks proper implementation rules, enforcement and transparency. The banking sector remained largely stable and capital adequacy above the regulatory requirements. Non-performing loans decreased and profitability improved, but dollarisation and financial stability risks increased. The labour market recovered from the pandemic, but deep-seated structural challenges, such as a huge gender gap, a high share of youth unemployment, and wide regional disparities remain.

The Commission's recommendations from 2021 were not fully implemented and remain valid. In order to improve the functioning of the market economy, Türkiye should in particular:

- tighten monetary policy and restore the functional independence of the central bank in order to reduce inflation and inflation expectations;
- rebalance the policy mix and use some of the available fiscal space in 2022 to cushion the impact of adverse shocks through targeted support to vulnerable households and firms;
- further improve the business environment, reduce state interference in price setting, and enhance the transparency and control of State aid;
- incentivise the labour market participation of women and improve the transition of young people into the labour market.

### Economic governance

**An overly loose monetary policy has fuelled record-high inflation and strained economic fundamentals.** Since September 2021, monetary policy took a turn towards a much more expansionary stance, triggering a steep depreciation of the lira and significant increase in inflation and inflation expectations. Attempts to strengthen the lira and curb the rising inflation with the help of other policy instruments have been largely unsuccessful, exposing economic policy inconsistencies. Fiscal policy, in particular, has come increasingly under pressure. The frequent changes in the management team of the central bank and in the statistical institute have undermined policy credibility further and are a cause of serious concern. The policy guidance set out in the conclusions from the Economic and Financial Dialogue of July 2021 has been partially implemented.

### Macroeconomic stability

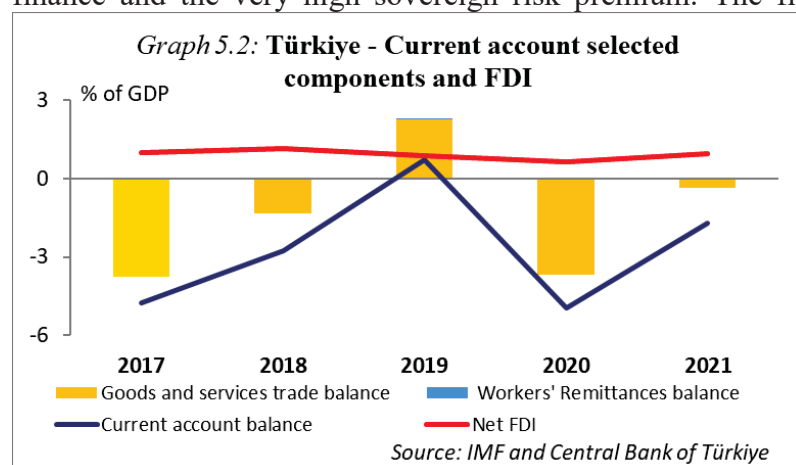
**The Turkish economy recovered strongly from the crisis and continued to grow in the first half of 2022 despite multiple challenges.** Economic growth reached 11.4 % in 2021, supported by base effects and a rebound of both domestic and external demand, bringing the average growth in the last 5 years at close to 5 %. Despite growing inflationary pressures, a recovering labour market and deeply negative real interest rates sustained buoyant household consumption, which grew particularly strongly in the first half of 2022 and returned above trend for the first



time since the 2018 currency crisis. Net exports had a sizeable positive contribution to growth as the strong export performance continued unabated, while imports were suppressed by the depreciation of the lira. Investment contracted in the second half of 2021, remaining below its level 5 years earlier, while stocks accumulated in the COVID-19 crisis continued to unwind fast. Although decelerating in early 2022,

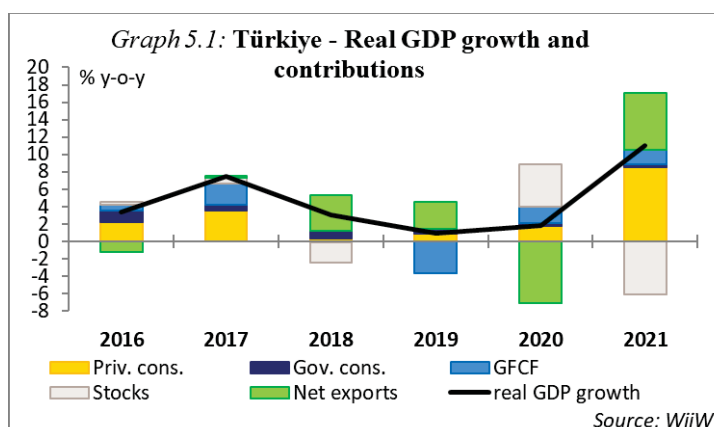
the growth momentum remained buoyant despite the fallout of Russia's invasion of Ukraine. However, heightened volatility and uncertainty took a toll on economic sentiment and sapped the otherwise very strong manufacturing activity. Türkiye's relatively strong performance in the crisis strengthened its real convergence, with per capita GDP in purchasing power standards reaching 64 % of the EU average, although remaining below its 2015 high of 68 %.

**The large negative terms-of-trade shock increased external imbalances, which remain a major vulnerability in a situation of higher uncertainty and weak buffers.** The narrowing of the current account deficit to 1.7% of GDP in 2021, close to the average in the last 5 years, turned out to be short-lived as strong increases in international commodity prices, for energy in particular, reversed this trend at the end of the year. The rise to record high levels in the exports of goods, the recovery in service exports, and suppressed import volumes could not offset these price effects. External vulnerabilities are exacerbated by the reliance on short-term external finance and the very high sovereign risk premium. The five-year credit default swap started



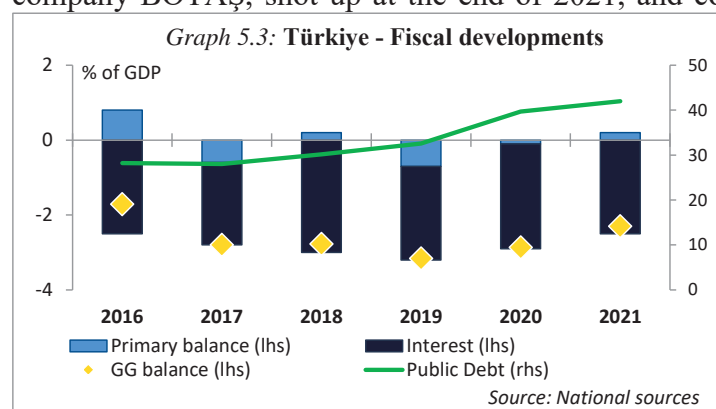
increasing, from an already high level, since the central bank changed its monetary policy in September 2021 and went further above 900 bps in July 2022, reflecting the tightening of global financial conditions, Türkiye's weakened policy credibility and economic exposure to the fall-out from the war in Ukraine. The low level of gross official foreign exchange reserves and the higher share of non-core foreign currencies in it adds to external vulnerabilities. The external debt ratio declined somewhat to 55 % of GDP in 2021 as the economy recovered, largely unchanged in the last 5 years, but remains very sensitive to the depreciation of the lira. The banking sector, in particular, has so far had no difficulty rolling over its short-term external debt while the non-financial sector has a positive short-term net foreign exchange position, which are important factors attenuating external vulnerability.

**The overly loose monetary policy and lack of policy credibility have weakened the lira and drove inflation to a two-decade high.** In the last quarter of 2021, the central bank lowered its



key policy rate by 500 bps. to 14 %, and further to 13 % in August 2022, despite high and growing inflation. Real interest rates turned deeply negative, triggering a strong depreciation of the lira and market instability. The lira's slide was temporarily arrested by sizeable central bank interventions and the introduction of a special scheme protecting the foreign exchange value of lira time deposits. However, the local currency depreciated further since the start of Russia's war against Ukraine and consumer inflation reached 80.2 % y/y in August. Food and energy prices increased markedly, affected by global trends as well, despite the authorities' administrative and tax policy efforts to soften their surge. Inflationary pressures firmed up and became more generalised, with producer prices rising 144 % y/y in August. Monetary policy has become increasingly inefficient as market interest rates have largely decoupled from the central bank policy rate, providing fertile ground for continued volatility.

**The budget balance was lower than targeted but fiscal policy has come increasingly under pressure by the rising inflation.** Since the beginning of the pandemic, budget execution has consistently over-performed. At around 2.8 % of GDP in 2021, the central government deficit was significantly below the revised 2021 target and the 2020 deficit (both at 3.5 %). The general government deficit declined further from 2.8 % in 2020 to 2.3% of GDP in 2021. Total revenue fell 1.5 pps to 28.2 % of GDP due to the changed GDP structure towards less revenue-rich net exports. Total expenditure declined by 2.0 pps as reduced pandemic-related budget support and high inflation suppressed compensation of employees and current transfers. Interest payments remained elevated at 2.6 % of GDP, reflecting the strong depreciation of the lira, while capital expenditure increased slightly, although remaining far below its historic average. In an attempt to cover some of the surging energy costs, budget lending and transfers, mainly to the state energy company BOTAS, shot up at the end of 2021, and continued apace in 2022. The 2022 budget



targets a budget deficit of TRY 278.4 billion (3.5 % of GDP); although the headline target seems achievable, it is based on unrealistic macroeconomic assumptions and was already outdated at the time of its adoption. The budget did not take into account a number of measures with significant budgetary impact both on the revenue and the expenditure side, trying to address the rising energy costs, limit the general

price surge, and support the value of the lira. A budget revision was proposed in June, increasing significantly revenue estimates and expenditure plans, while preserving the deficit target, and the medium-term macroeconomic framework was updated in early September. Debt vulnerabilities and fiscal risks increased. The much weaker lira pushed government debt up to 42 % of GDP in 2021, despite the relatively small budget deficit and debt management efforts. Debt composition worsened with a higher share of foreign-currency-denominated bonds. Fiscal policy has also become more opaque as the new measures to support the holding of lira deposits have brought not only direct costs to the budget, but also potentially significant contingent liabilities depending on exchange rate dynamics.

**The macroeconomic policy mix has largely focused on the pursuit of growth but undermined financial and economic stability.** The policy mix has underpinned a robust economic recovery in 2021 and in the first half of 2022, but an overly loose monetary stance led

to very high inflation, weakened the lira and worsened country risks. Attempts by fiscal policy to remedy some of these negative consequences came at an increased budgetary cost, higher government debt, and rising fiscal risks. In addition, institutional weaknesses and low policy credibility continue undermining the effectiveness of the policy mix.

#### Functioning of product markets

##### *Business environment*

**Türkiye's institutional and regulatory environment remains fragile, although some actions were taken to improve dispute settlement.** Starting a business is still relatively cumbersome, while market exit has also remained costly and time-consuming, with a low recovery rate. The number of newly established businesses increased by 8.3 % in 2021. In parallel, the number of liquidated companies increased significantly by 22.5 % while the number of closed ones by 5.6 %. Türkiye has taken some positive steps by facilitating the setting-up of specialised courts, ratifying the Singapore Convention for international commercial disputes, bringing changes in the concordat regime and providing online access to court decisions. The authorities also introduced new modalities for the financial restructuring regime. Even though alternative dispute resolution mechanisms have been promoted, commercial judicial processes are slow, and a large backlog of commercial court cases remains. Türkiye still lacks a systematic consultation mechanism with business organisations and social partners during the preparation of new legislation.

**Türkiye is at an early stage of applying the EU *acquis* and European standards in the area of judiciary.** Major issues identified in previous reports, in particular the systemic lack of independence of the judiciary and systemic violations of human rights, remained unaddressed (see Chapter 23) and serious backsliding continued in the reporting period. Intellectual property right enforcement remains very weak. According to Europol, Türkiye is the second largest source country of pirated products affecting the EU single market and of counterfeit products seized at the EU's external borders (See Chapter 7). The acquisition and management of companies under the trusteeship of the Savings Deposits Insurance Fund (SDIF) remains non-transparent. Moreover, the number of companies managed under the trusteeship of SDIF is still high. As of the end of June 2022, the management of 677 companies based in 36 provinces across Türkiye with a total asset value of TRY 97.2 billion (1.0% of GDP) and with a total of 32 699 employees, remained under the trusteeship of the Fund. Neither a schedule for resolving the release of all companies from trusteeship, nor appropriate, effective, and timely means of legal redress are in place.

**The informal sector remained structurally high and well above the OECD average.** The share of unregistered employment fell to 25.8 %, while in the non-agricultural sector it was 16.5 % in the first quarter of 2022. The government pursued its efforts to implement the Action Plan and Strategy for the fight against the informal economy (2019-2021). With this action plan, the Revenue Administration aimed most of all to increase the level of voluntary compliance, strengthen audit capacity, review and regulate the legislation, enhance interagency data sharing and increase awareness. However, the plan lacks performance indicators to track its implementation progress.

##### *State influence on product markets*

**The state expanded its intervention in the price-setting mechanism of key sectors.** More than a quarter of the consumer basket is composed of goods whose prices are set or heavily influenced by public authorities (including through price limits and tax rate adjustments). Since July 2021, the annual increase in residential rent was limited to 25 %. The authorities have continued using a sliding scale system to curb the inflationary pressures coming from oil prices. Furthermore, from the beginning of 2022, the Energy Market Regulatory Authority has implemented an electricity tariff system based on the level of consumption (block tariffs). It has been also authorised to set up a tariff for vulnerable consumers before the gradual lifting of some subsidies. Meanwhile, the regulators have continued carrying out intensive price audits to investigate alleged unfair pricing and stockpiling practices. The start of the implementation of a 2 % accommodation tax has been put on hold until 2023 on the grounds of the impacts of the COVID-19 outbreak and the deterioration of the economic situation. As part of the efforts to fight against inflation, in early 2022, the VAT was also reduced for almost all food products from 18 % to 1 % and for hygiene products from 18 % to 8 %. The delivery of the COVID-19 vaccines is still subject to a 1 % VAT until 31 December 2022.

**State aid transparency and control remained weak.** Legislation to implement the State aid law has not been adopted. However, the legislative framework was amended by a presidential decree establishing a Directorate General for State Aids responsible for evaluating State aid proposals and recommending proposals, change, or cancellation of new State aid schemes. Türkiye has not formally set up a comprehensive State aid inventory or adopted an action plan to align all State aid schemes with the EU *acquis*. The current structure of State aid control is considered neither independent nor operational (see Chapter 8). As of September 2022, the committed investment amount for the supported 45 projects reached TRY 335 billion (2.7% of GDP). The amount of investment incentive has doubled with a single project (worth TRY 145.2 billion) aiming to support the drilling activities in the Black Sea. However, as it is the case for the general incentive scheme, Türkiye failed to publish data concerning the actual support granted to these projects. Small and medium enterprises (SMEs) benefit from numerous support measures and initiatives, for which there is however a lack of systematic monitoring. The SME Development Organisation of Türkiye (KOSGEB) conducted evaluations on five support programmes under its mandate and published them on its website.

#### *Privatisation and restructuring*

**The sovereign wealth fund expanded further its presence in the economy, while the scope of privatisation remained limited.** The privatisation receipts increased marginally to USD 413 million in 2021. The Privatisation Administration has targeted the privatisation of electricity generation plants, ports and real assets in 2022. The Turkish Wealth Fund (TWF) holds shares in major companies in the financial (including large-scale state-owned banks and Borsa Istanbul, consolidated public insurance companies), telecommunications, petrochemicals, real estate, mining, agriculture, and transport sectors. In March 2022, the TWF increased its share to 61.68 % of Turk Telekom and thus became its majority stakeholder and the largest player on the telecom market (See Chapter 8). In an effort to strengthen public banks and ensure economic and financial stability, TWF has increased the core capital of public banks. The TWF continues to be exempted from various taxes, charges and rules related to (publicly held) corporations' transactions, merger and acquisition, unlawful exercise of control, and shareholders' rights. TWF total assets increased to TRY 2.2 trillion (44 % of GDP) at the end of 2020, up from TRY 1.5 billion (35 % of GDP) in 2019.

## Functioning of the financial market

### *Financial stability*

**The banking sector remained largely stable, although facing some legacy issues and rising financial stability risks.** The banking sector remained well capitalised. Since September 2021, the regulatory capital adequacy ratio increased by 0.7 pps to 18.0 % and core capital by 1 pps to 14 % in July 2022. Capital adequacy of state-owned banks improved following a large capital injection (TRY 51.5 billion) by the Türkiye Wealth Fund in early 2022, but it has deteriorated markedly since April and remained well below the average for the banking system. Some prudential measures have remained relaxed to protect capital adequacy ratios, such as the use of a 252-business day rolling average FX rate and the suspension of mark-to-market accounting rules. The non-performing loans ratio declined further to 2.4 % in July (1.7 % in state-owned banks) and loan-loss provisioning went up to 82.5 % for the banking system (88.3 % in state-owned banks). At around 10%, however, the share of stage 2 loans under close monitoring remained elevated. Bank profitability improved and the average return on assets reached 2.0% and the return on equity 25.2 % in July, but they remained markedly lower in state-owned banks and negative in real terms. Deposit dollarisation increased further, peaking at 67.1 % at the end of 2021, before subsiding to 54.9 % in August. However, the underlying dollarisation remained higher if FX-protected deposits, representing another 16 % of all deposits, are taken into account. This new financial instrument presents particular challenges and risks not only to the government budget, but to financial stability as well in case of a sudden shift back to foreign exchange-denominated deposits.

### *Access to finance*

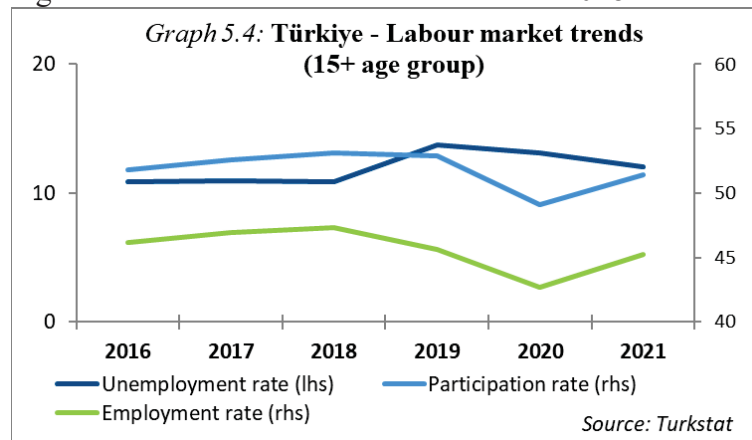
**Prudential policies have shifted to tame credit growth.** Most of the financial stability and credit stimulus measures, adopted in the context of the pandemic, were lifted in 2021 and credit growth decelerated strongly as a result. Lending remained subdued in early 2022, declining in real terms mostly in the households segment due to the very high inflation rate. However, loans to non-financial companies accelerated strongly, prompting the central bank to introduce macro-prudential measures to tame its growth and direct it to uses and sectors deemed more beneficial to economic and financial stability. Consumer loans were curtailed and a 10% reserve requirement that was later increased to 20 %, was imposed on the banks' and financial companies' lira-denominated commercial loans extended since April 2022, with a penalty for banks with a loan growth since the beginning of the year above 20 % by end-May. Loans to SMEs, export, investment, tradesmen, agriculture, and some other categories were exempted from this rule. As part of their 'liratisation' efforts, in June the authorities introduced new revenue-indexed bonds and restricted access to lira-denominated loans to companies with significant FX cash assets (including gold and FX deposits). Total credit stood at 62 % of GDP in June, declining somewhat since the beginning of the year. Total bank assets increased from 121 % of GDP in 2020 to 127 % in 2021, while the share of foreign-owned banks in total banking sector assets increased from 25.1 % to 25.9 %. After being stable throughout most of 2021, the USD and lira interest rate spreads between commercial loans and deposits have increased markedly since the end of November.

## Functioning of the labour market

**The labour market has recovered from the pandemic but deep-seated structural challenges remain.** The strong economic growth lifted the labour market and the number of jobs reached



new heights in 2022. The activity and employment rates increased markedly, to pre-crisis levels. Job creation was particularly strong in services and industry, extending its gains in early 2022, while the sector of agriculture shed jobs. The number and share of workers without social security registration declined further to their lowest level on record in early 2022. Unemployment declined from its peak and the headline unemployment rate went down to single digits in June for the first time since 2018. The labour market slack, however, remains



structurally high, as evident by the elevated composite measure of labour underutilisation at nearly 20%, which takes into account time-related underemployment and potential labour force. Despite the economic rebound, the gap between male and female employment remained significant, with female activity and employment rates less than half of male. In June, almost a quarter of all young people (15-24

years) were not in employment, education or training and the youth unemployment rate remained very high, although falling below 20 % in the second quarter of the year. Regional labour market disparities have declined but are still significant, with the unemployment rate across different regions ranging from 5.8 % to 29.8 % in 2021. The wage policy was procyclical as the minimum wage nearly doubled in 2022, after two hikes – of around 50 % in the beginning of the year and another one of close to 30 % in early July.

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

Türkiye has a **good level of preparation** and made **limited progress** in achieving the capacity to cope with the competitive pressure and market forces within the EU. Despite some progress in improving vocational training, the mismatch between the education system and labour market needs persists. Expenditure on research and development continued to increase at a very slow pace and remained well below the government's target. Investment activity weakened in the second half of 2021. Progress continued with regard to the diversification of energy supplies and increasing the share of energy generated from renewable sources. The extension of local content requirement practices in the renewable energy generation sector raises concerns. Türkiye removed some of the additional custom duties; however, extensive deviations from its obligations under the EU-Turkey Customs Union hinder bilateral trade.

The Commission's recommendations from 2021 were not fully implemented and remain valid. In order to improve competitiveness and support long-term growth, Türkiye should in particular:

- continue increasing enrolment in education (especially for pre-education), improve vocational education and training and better adapt education and training to labour market needs;
- deepen natural gas market reform and revise the natural gas market law to ensure compatibility with the EU's Third Energy Package;

→ remove all protectionist measures not in line with the EU-Turkey Customs Union.

### Education and innovation

**Türkiye has made some progress towards improving vocational education.** Total expenditure on education stood at 5.4 % of GDP in 2020, representing a real increase of 4.5 % year-on-year. Government spending was around three quarters of it or 4.0 % of GDP in 2020, decreasing by 0.4 pps from 2019. The highest increase in education expenditure per student was observed in tertiary education. In the 2020-2021 school year, net enrolment rates decreased for primary (first 4 years) and for lower secondary education (second 4 years), whereas it has increased for upper secondary (final 4 years) and tertiary education. The COVID-19 pandemic had a negative impact on pre-school attendance (See Chapter 26). Türkiye continues to score poorly in educational attainment in the Gender Gap Index calculated by the World Economic Forum, ranking 101st of 156 countries in 2021. The proportion of students in vocational and technical secondary education fell further to 27.4 % in 2021 (from 35.9 % five years ago). The share of pupils in religious education remained broadly stable at close to 11 % in the upper secondary education, but increased in the lower secondary education to 13.7 %, up from 10.1 % five years ago. There is a persistent mismatch between the requirements of the labour market and the skills acquired in the education system. With the adoption of the National Youth Employment Strategy and Action Plan, Türkiye is increasing its efforts to improve vocational training and to reduce the NEET rate to 20 % by end of 2023.

**Investment on research and development (R&D) continues to increase, but Türkiye still lags in the EU innovation scoreboard.** R&D expenditure increased gradually from 0.8 % of GDP in 2013 to around 1.1 % in 2020, although remaining below the government's target of 1.8 % by 2023 and EU average of 2.3 %. With the largest share in R&D expenditures (65 %), the private sector continues to be the main driver behind the R&D in Türkiye, although there remains scope for strengthening its cooperation with research institutions. Türkiye adopted its first National Artificial Intelligence Strategy (2021-2025) in August 2021, showing its growing interest to shift towards innovation-driven economy. In the Global Innovation Index 2021, Türkiye's overall score has improved significantly over a year, ranking in the 41<sup>st</sup> place among 132 countries. However, according to the EU innovation scoreboard, Türkiye's innovation performance relative to the EU declined markedly from 74 % in 2020 to 55 % in 2021. While the number of domestic patent applications increased by 2.9 % in 2021 as compared to 2020, Türkiye's total international patent applications decreased further by 13.1 % in the same period. The implementation of Türkiye's action plan to boost the national research and innovation capacity contributed positively to Türkiye's performance in Horizon 2020. In October 2021, the European Commission and Türkiye signed the association agreement for Horizon Europe for the period 2021-2027.

### Physical capital and quality of infrastructure

**Despite continued weakness of construction, investment rebounded somewhat.** Investment activity was strong in the first half of 2021 but has been rather subdued since then. Total investment accounted for 28.1 % of GDP in 2021, close to the historic average. The share of construction in total investment fell further to 43 % in 2021 – the lowest in more than a decade. The government announced a series of new loan schemes in May 2022, to revive the real estate sector. The share of investment in machinery and equipment, on the other hand, reached new highs, increasing further to 46 % in 2021. Public investment had been broadly stable for years at

close to 4 % of GDP but fell sharply below 3 % since 2019.

**Although diversification of energy supplies improved and the use of renewables increased, competition and pricing mechanism issues in the energy sector persist.** Limited progress was made on natural gas market reforms, as the unbundling of the state-owned gas company BOTAŞ was once again suspended. As a result, BOTAŞ remained vertically integrated comprising gas trade, pipeline and LNG infrastructure and retained its dominant market position, thus hindering a transparent, cost-reflective, and non-discriminatory pricing. Türkiye continued to be a reliable transit country ensuring the smooth operation of the Trans Anatolian Pipeline (TANAP), which as part of the Southern Gas Corridor (SGC) transmits natural gas from Azerbaijan to Europe by connecting to the Trans Adriatic Pipeline (TAP). As regards renewable energy, Türkiye pursued its efforts to maximise the use of domestic and renewable sources and raised the share of renewable energy in the country's installed power mix to 53 % at the end of 2021. Private investments kept driving the growth in renewable installations, on the back of a preferential feed-in-tariff extended until 2030. The local content requirement practices in Türkiye continue to raise concerns as they contradict WTO and the EU-Turkey Customs Union rules and affect the EU's and other international companies' competitiveness on the Turkish energy market.

**The COVID-19 pandemic has been an important accelerator of the digital transformation of the Turkish economy.** Although its share in GDP remains low at 2.8 % in 2021, the sector of information and communication grew significantly over the last two years, by 14.5 % and 21.8 % respectively in 2020 and 2021. The number of broadband internet subscribers reached 88.2 million in 2021, up from 82.4 million in 2020 and 76.6 million in 2019. Mobile broadband penetration slightly increased, though it is still below the OECD average. The share of households with access to internet at home grew from 90.7 % in 2020 (88.3 % in 2019) to 92.0 % in 2021. Over the same period, internet usage by individuals aged 16-74 also increased from 79.0 % in 2020 (75.3 % in 2019) to 82.6 % in 2021. The share of individuals using e-government services reached 58.9 % in 2021. The number of 4.5G subscribers increased to 80.2 million in 2021, of which 61.9 million were active users. The digitalisation in business has also accelerated, with 14 % of the enterprises having started or increased their e-sales during the COVID-19 pandemic.

#### Sectoral and enterprise structure

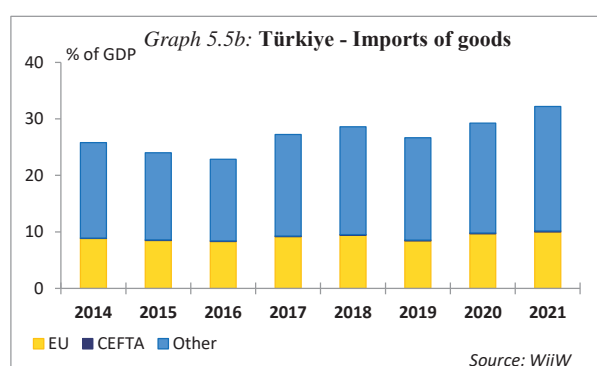
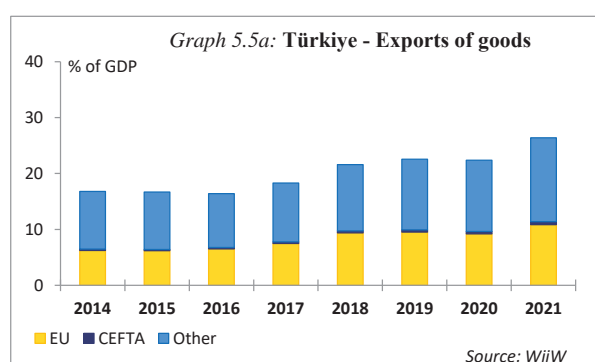
**The services sector continued to dominate the economy, having recovered significantly with the lift of pandemic-related restrictions as of the second quarter of 2021.** Services sector activities increased by double-digits in 2021, with the accommodation, entertainment, and information and communication sectors recording the fastest pace of growth. Financial and insurance activities contracted as credit activity decelerated. Services accounted for 55.3 % of employment in 2021, down by 0.6pps from their 2020 level. Previously one of the main sectors driving economic growth, the construction sector has slowed down since 2018, with a share of GDP falling to 5.1 % in 2021. However, the construction sector's share in total employment increased slightly to 6.2 %, up by 0.4 pps from its 2020 level. Although its share of GDP decreased from 6.7 % in 2020 to 5.5 % in 2021, agriculture continues to be an important sector, employing 17.2 % of the workforce (down by 0.5pps from its 2020 level).

**Small and medium-sized enterprises (SMEs) are the backbone of the economy.** SMEs employ around three quarters of Türkiye's workforce and generate more than half of the economy's total value added. Türkiye continued to implement various economic support

schemes, mostly targeting SMEs. The SME Development Organisation KOSGEB provides support to companies on R&D, innovation, product development, internationalisation, entrepreneurship and for investments in high technology and strategic products. In addition, there are SMEs support schemes implemented by the Scientific and Technological Research Council of Türkiye (TÜBİTAK) as well.

### Economic integration with the EU and price competitiveness

**Economic integration with the EU declined, although remaining high.** Türkiye is the EU's sixth largest trading partner, while the EU is by far Türkiye's largest trading partner. The share of the EU in Turkish exports was broadly unchanged at 41.3 % in 2021, while the share of Turkish imports originating in the EU-27 decreased from 33.4 % to 31.5 %. The EU's share of foreign direct investment (FDI) inflows in Türkiye fell from 52 % in 2020 to 34 % in 2021, but rebounded again in the first half of 2022.



The EU's share in the overall stock of FDI declined from around 60 % 5 years ago to around 50 % in 2020 and 2021. Trade openness increased markedly in 2021, surpassing 70% of GDP for the first time and was up 10 pps over the previous year, as the growth of exports of goods continued unabated and the exports of services rebounded.

Türkiye removed some of the additional duties imposed on a large number of products of non-EU origin and in free circulation within the EU-Turkey Customs Union. Yet, a large number of additional duties remain in force, in contradiction with the rules of the EU-Turkey Customs Union. Non-tariff barriers such as import surveillance and excessive customs checks continued to hinder trade flows. Following the WTO appeal ruling, Türkiye now must remove its inconsistent localisation and prioritisation measures in the pharmaceutical sector.

## **2.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL**

### **Chapter 5: Public procurement**

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

Türkiye is **moderately prepared** in the area of public procurement but made **no progress** over the reporting period and large gaps remained in its alignment with the EU *acquis*. Türkiye continued its discriminatory domestic price advantage and offset practices favouring local content. The recommendations of the 2021 report were not implemented.

In the coming year, Türkiye should in particular:

- revise its public procurement legislation to further align it with the 2014 EU Directives on public procurement, including utilities, concessions and public private partnerships and to increase transparency;
- refrain from excessive use of the negotiation procedure that limits competition and transparency;
- repeal exemptions that are incompatible with the EU *acquis* and refrain from the discriminatory domestic price advantage and offset practices.

#### Institutional set-up and legal alignment

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

The Public Procurement Law (PPL) is partially aligned with the EU Public Procurement Directives of 2014. The coverage of public procurement rules is limited by a growing list of exclusions. Additionally, many sector-specific laws limit transparency. The use of the State Supply Office for the procurement of goods and services is mandatory for public institutions and organisations. The implementation of this mandatory centralised purchasing system practically also expands the scope of exclusions as the State Supply Office procurements under TRY 33.5 million are exempt from the PPL. The thresholds are also higher than those used in the EU for supplies and services.

Türkiye still lacks a unified framework for coordinating, supervising, and monitoring public-private partnership (PPP) operations. Türkiye needs to ensure a more consistent legal framework for concessions and PPP to increase transparency and efficiency. Furthermore, information with regard to the PPP contracts is not shared with the public in a transparent manner in order to avoid allegations of political influence on public tenders; this transparency would also ensure a better evaluation of contingent fiscal liabilities.

Türkiye's Green Deal Action Plan, adopted in 2021, does not include strategies for transitioning to green procurement, which would contribute significantly to sustainable consumption and production.

Türkiye's 11<sup>th</sup> Development Plan (2019-2023) aims at increasing domestic production, particularly for chemicals, pharmaceuticals and medical devices, electronics, machinery and electrical equipment, automotive and railway services sectors, by means of using public procurement as a subsidising tool. For such purpose, a compulsory domestic price advantage of up to 15 % remains available for some 'medium and high-technology industrial products' and offset practices are encouraged. The percentage of international tenders where domestic price advantage is applied is high and has increased from 37 % in 2017 to 45 % in 2021, while the overall value of such tenders increased from 44 % to 50 % of the total during the same timeframe. A domestic price advantage, distorting competition against international tenderers, was applied in 63 % of supply, 40 % of work, 21 % of consultancy and 79 % of service tenders, corresponding to 46 %, 57 %, 33 % and 84 % of total value, respectively.

The operational independence of the Public Procurement Board within the Public Procurement



Authority (PPA) is potentially impaired since the President of the Republic is authorised to directly appoint its president and members without specific regard to education and sector experience.

#### Implementation and enforcement capacity

The size of the public procurement market narrowed down from 7.5 % of GDP in 2017 to 3.3 % in 2019 but reversed its course by increasing marginally to 3.4 % in 2020 and further expanding to 4.1 % of GDP in 2021.

Monitoring of the contract awards and implementation is satisfactory. The PPA issues statistics on a six-month basis, which allows for measuring performance and making improvements to the public procurement system. The capacity of contracting authorities to manage public procurement processes continued to improve. Electronic procurement expanded and reached 30 198 tenders (17 359 in 2020).

Mechanisms to identify and address corrupt and fraudulent practices are in place, including rules on integrity and conflict of interest. However, the use of the negotiated procedure increased significantly in the last five years, corresponding to more than one fourth of all tenders (both in value and number). When using this procedure, the contracting authorities are allowed to exercise discretion in certain unforeseen circumstances, which cannot be objectively measured and limit competition and transparency independent of any threshold. In 2021, it was the case in 90 % of the tenders (in value) where the negotiated procedure applied. Such a widespread use of this practice, which limits transparency and competition, led to allegations of political influence on public tenders. Türkiye needs to develop instruments to evaluate contract performance and benchmark the economy, effectiveness, and efficiency of public procurement procedures and of contract management by an individual contracting authority or entity. Türkiye should also develop a risk indicator system that alerts on potential integrity problems in the procurement process.

#### Efficient remedy system

The right to a legal remedy is secured in the Constitution and the PPL lays down the institutional set up and mechanism for handling complaints. The review and remedies system ensures that complaints and sanctions are handled and resolved in an efficient, timely and competent manner. However, further alignment with the EU Remedies Directive is required. To that end, Türkiye needs to establish a fully independent procurement review board, separate from the public procurement authority and ensure the independence of board members.

The implementation capacity of the Public Procurement Board remains stable with 330 staff. The Public Procurement Board received 2 343 complaints in 2021 (3.25 % of contracts that allow for complaints), compared with 2 316 complaints in 2020, at the time amounting to 3.53 % of the contracts. The appointment policy and the Board's position as part of the PPA remained source of concern. A fully independent Public Procurement Board would eliminate potential conflicts of interest and increase transparency.

### **Chapter 18: Statistics**

*EU rules require that Member States are able to produce good quality statistics in line with the principles of the European statistics Code of Practice and based on professional independence, impartiality, reliability, transparency, and confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information.*

Türkiye is **moderately prepared** in the area of statistics and made **limited progress** in the reporting period. Last year's recommendations were implemented to a limited degree. Türkiye continued efforts to further align with the EU *acquis* and improved in particular its compliance with respect to the timeliness of annual national accounts and its adherence to the excessive deficit procedure methodology. However, frequent managerial changes within the Turkish Statistical Institute (TurkStat) over the last few years, including in the reporting period, have significantly undermined the institution's credibility. The reliability of key economic data has been repeatedly called into question.

In the coming year, Türkiye should in particular:

- ensure the credibility of TurkStat as well as reliability and public trust in the macroeconomic statistics, including through the establishment of transparent, professional criteria on the appointment of the president of TurkStat and of the causes for his/her dismissal, which cannot include reasons compromising professional or scientific independence;
- step up efforts to fully align national accounts with the European System of Accounts 2010 (ESA 2010);
- improve statistics on agriculture, migration and asylum;
- continue strengthening cooperation between TurkStat and other data providers.

As regards **statistical infrastructure**, Türkiye's statistics legislation is based on the European Statistics Code of Practice. A five-year programme of the official statistics (2022-2026) was adopted in December 2021. Efforts continued to improve the use of public institutions' administrative records and to strengthen the cooperation between the Turkish Statistical Institute (TurkStat) and other data providers. New alternative data collection methods were adopted during the COVID-19 pandemic. Registers in the statistical office are updated regularly. The main classifications are aligned with the EU *acquis*.

TurkStat is an associated institution to the Ministry of Treasury and Finance. The president of TurkStat replaced the Minister of Treasury and Finance as the chair of the Statistical Council. However, the transparency of the appointment and dismissal procedures within TurkStat, including of its president, continue to raise increasing concerns. The frequent managerial changes over the last few years, including in the reporting period, have significantly undermined the institution's credibility.

There are growing concerns about the reliability of key **macroeconomic statistics**. Efforts continued to integrate administrative records into the national accounting system. Türkiye improved the timeliness of national accounts and reported these accounts for most output, expenditure and income variables. However, Türkiye did not provide employment data according to ESA 2010. Türkiye needs to ensure that GNI calculations are fully in line with ESA 2010 as well as update its GNI inventory, aligning it with the latest Eurostat GNI Inventory Guide. The transmission of the quarterly national accounts is still incomplete. Türkiye transmitted almost complete non-financial sector accounts for 2009-2020. The last excessive deficit procedure (EDP) notification tables were provided in April 2022. Türkiye made some progress in the implementation of Eurostat's methodology guidance, the provision of extensive explanatory notes on the data and the delimitation of the general government sector. Further efforts are still required to improve timeliness and quality of the transmission of excessive deficit procedure notification and government finance statistics. Türkiye produces highly compliant

statistics on international trade in goods. It continued reporting quarterly balance of payments and international investment position data. Monthly data for the harmonised index of consumer prices were provided.

Türkiye continues extending the use of administrative data in the production of **business statistics**. Short-term business statistics are partly aligned. Research and development statistics are highly compliant, although Türkiye did not provide data for 2020. The annual surveys on information and communication technology meet EU standards to a large extent. Rail, maritime and regional transport statistics are highly compliant, while progress is needed on road freight data. Tourism statistics need to be further aligned with the EU *acquis*. No data has been transmitted to Eurostat yet on foreign affiliates statistics.

As for **social statistics**, the results of the 2021 combined population census, prepared mostly on the basis of administrative registers, were partially released. The survey on income and living conditions is carried out in compliance with EU standards and data are sent to Eurostat. Social protection statistics are highly compliant with EU standards and labour market statistics are fully aligned. TurkStat is yet to provide Eurostat with labour force survey (LFS) data in line with the new *acquis*. Monthly results started to be estimated directly from LFS. However, the transmission of monthly unemployment rate to Eurostat became irregular during 2021. Türkiye provides regularly data for the labour cost index, albeit incomplete. The Structure of Earnings Survey is conducted every four years, in compliance with EU legislation. In August 2021, Türkiye started to transmit quarterly data for job vacancy survey. Statistics on education and vocational training are available. Public health statistics are available, but further progress is needed on data in the area of health expenditure and non-monetary healthcare. Some data is provided regarding the functioning of the justice system and prison statistics. Türkiye is regularly invited to contribute to the data collections on international immigration and emigration statistics to Eurostat but so far it has not sent such statistics.

No **agricultural statistics** census has been carried out since 2001. Statistics for crop and for most of the critical animal production, milk and dairy are available. Supply balance sheets are also available for most basic crop products and wine. The economic accounts for agriculture are still not fully compliant with the EU *acquis*. The 2016 farm structure survey results have still not been transmitted to the Eurofarm system.

**Energy statistics** are mostly compliant with the EU requirements. Traditional monthly and annual energy statistics are transmitted regularly. Some recently introduced annual data collections are not transmitted to Eurostat. Energy prices data are regularly sent in good quality to Eurostat. As for **environmental statistics**, waste and water statistics are produced, but further progress is still needed on water resources, water abstraction and waste generation statistics. Statistics related to greenhouse gas emission, environmental taxes, material flow, environmental protection expenditure accounts are available.

## Chapter 32: Financial control

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

Türkiye has a **good level of preparation** on financial control. **No progress** was made during the

reporting period. The Public Internal Financial Control policy paper has not yet been updated. The anti-fraud coordination service (AFCOS) network has not yet been re-established. The purpose, authority and responsibility of internal audit is undermined by the absence of a legal requirement to have internal audit units in Ministries. Last year's recommendations were not addressed. In the coming year, Türkiye should in particular:

- organise a new Public Expenditures and Financial Accountability (PEFA) exercise to facilitate the preparation of a comprehensive public financial management strategy and update the Public Internal Financial Control policy paper and its action plan;
- re-establish the AFCOS network and adopt a national anti-fraud strategy;
- reconsider the arrangements that would include municipalities and state-owned enterprises in the treasury single account.

#### *Public internal financial control (PIFC)*

*The strategic framework* is partially in place. The update of the Public Internal Financial Control policy paper has not made progress since 2012. Türkiye still lacks a comprehensive strategic framework for public administration reform and for public finance management. Public finance management related goals are found in different planning documents and strategies, and there is no mechanism in place to coordinate implementation of reforms and to ensure regular monitoring and reporting.

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

The PFMC Law regulates **internal control**, which functions largely in line with international standards. Full implementation of internal control systems continues to be negatively impacted by capacity and ownership issues. Work in the area of application of risk management should continue. Monitoring and reporting of irregularities are yet to be further developed. Türkiye has a treasury single account, but the inclusion of local administrations and state-owned enterprises within its scope raises concerns.

**Internal audit practice** is regulated in line with international standards in the PFMC Law. An internal audit manual and a code of ethics are in place, as are manuals prepared by the Central Harmonisation Unit, but they have not been updated since 2013. Secondary legislation on Working Procedures and Principles of Internal audit was adopted and efforts have been made to increase the number of internal auditors and in the provision of trainings. However, there is no legal requirement for ministries to have an internal audit unit, just internal auditors, and there is no formal status for heads of internal audit as a unit head. There is no entity performing the role of an audit committee and auditors report directly to their deputy ministers or a senior manager. These reporting arrangements could compromise auditors' independence in planning and

performing their work. There is generally a lack of data on internal audit planning and implementation of recommendations. There is no systematic follow-up of the implementation of internal audit recommendations. The existing lack of clarity in the legislation and in the practice between the internal audit and inspection organisations do compromise the effectiveness of the internal audit function.

Two **Central Harmonisation Units (CHUs)** are tasked with setting standards, monitoring and reporting on PIFC implementation. The CHU for financial management and control defines standards and methodology, provides guidance, training and overall coordination to public administrations in this field, and does not perform internal control quality reviews. The Internal Audit Coordination Board is the CHU for internal audit, which notably monitors the internal audit systems of the public administrations, develops internal audit standards and publishes manuals. The CHU for internal audit has prepared a draft guide on Internal Control Quality Reviews and completed pilot implementation in one public administration. The Internal Audit Coordination Board consists of seven members appointed by the President for a period of four years and is now fully attached to the Ministry of Finance and Treasury. Efforts should be made to ensure its independence and to strengthen its capacity, organisational structure and adequate resources to fulfil its mandate.

#### External audit

The **constitutional and legal framework** provides for the independence of the Turkish Court of Accounts (TCA). The TCA law is in line with International Organisation of Supreme Audit Institutions (INTOSAI) standards. It provides for an almost exhaustive audit mandate and gives the TCA full discretion in discharging its responsibilities. Concerns exist around fiscal discipline, transparency and accountability in relation to the Türkiye Wealth Fund (TWF), chaired by the President of the Republic and not fully subject to the direct audit by the TCA. Some companies in the TWF portfolio are audited by the TCA and some TWF activities are not subject to external audit. The TWF is audited by an independent audit firm and by auditors appointed by the President. Audit reports of the TWF are submitted to the Plan and Budget Committee of the Parliament. Last year's audit report was not published on the TWF website. There are no notes accompanying the financial statements, which may raise concerns in terms of full transparency. Concerns remain also in relation to the TWF legal framework, scope and operations. Recent amendments to the Law on the Establishment of the Türkiye Wealth Fund Management Company (TWPMC) introduced exemptions and exceptions. These new elements will apply to companies, funds and their subsidiaries of which the TWF or the TWPMC will become the controlling shareholder. Furthermore, the key role the TWF will play in the Istanbul Financial Centre (IFC) also raises concerns about the IFC operations and management. They will be carried out by a managing company of the TWF that will not be accountable to the TCA.

The TCA has both audit and judicial functions. In 2021, it had 1 920 staff, including 865 auditors in comparison to 1 874 staff in 2020, of which 830 were auditors. The TCA is implementing its 2019-2023 Strategic Plan which notably foresees the development of risk-based audit and strengthening its human resources capacity. It has updated its manuals for public enterprises audit, performance audit, audit reporting and local government companies' audit.

The TCA has improved the **quality of audit work** and now carries out "value for money" performance audits as per international standards (3 were completed in 2021) and published on TCA website. The TCA annually submits four audit reports to the Parliament (External Audit



General Evaluation Report, Accountability General Evaluation Report, Financial Statistics Evaluation Report, and Report on State-owned Economic Enterprises) in addition to a statement of general conformity. The reports of the TCA are only considered by the Parliament during its deliberations on the budget.

Regarding the **impact of audit work**, the TCA assesses the internal control environment of audited entities as part of its audit work, and thus contributes to PIFC development. The TCA reports on state-owned enterprises are analysed by the commission of state-owned enterprises of the Parliament, while other audit reports are analysed by the Parliament committee on planning and budget. The TCA reports are published online every year, with the exception of those on state-owned economic enterprises. TCA recommendations should be systematically and swiftly implemented by the audited institutions. A working group between the TCA and the Ministry of Treasury and Finance is operational. Increased parliamentary scrutiny on TCA audit findings and recommendations is still needed. There is a need for separating discussion on budget and audit issues. The establishment of a working group between the TCA and the Parliament solely dedicated to discuss performance of public institutions and their spending could be instrumental in this regard.

#### Protection of the EU's financial interests

While Türkiye has reached a good level of EU *acquis* alignment, it still needs to fully align its legislation with the EU Directive on the fight against fraud to the Union's financial interests by means of criminal law. The State Supervisory Council (SSC) was designated as the **anti-fraud coordination service** (AFCOS), but an AFCOS network, involving other relevant authorities, has yet to be re-established. Türkiye also needs to adopt a national anti-fraud strategy. Türkiye reported 740 cases to the Commission via the online irregularity management system from 2006 to 2021, of which 67 cases in 2021. Türkiye should significantly strengthen its track record on **cooperation with the European Commission** during investigations, and continue to report irregularities and suspected fraud cases.

#### Protection of the euro against counterfeiting

Türkiye has reached a high level of EU *acquis* alignment in this area. Technical analysis of counterfeit money, including euro banknotes and coins, is carried out by a dedicated department in the central bank and technical analysis of counterfeit coins including euro coins are performed by the Turkish State Mint. Credit institutions that do not withdraw counterfeits from circulation are subject to financial penalties. In the past, Türkiye participated in a few actions of the Pericles 2020 programme.

### **3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION**

#### **Cyprus**

While there were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean during the reporting period, tensions have been rising. In October 2021 and January 2022, Turkish warships obstructed the survey activity in the Cypriot Exclusive Economic Zone (EEZ). Throughout the reporting period, Türkiye issued many Navigational Telexes (NAVTEX) for conducting seismic surveys and scientific research activities in areas encompassing parts of the Cypriot EEZ. Türkiye's military exercises in the maritime zones of Cyprus continued. Violations

by Turkish military aircrafts and unmanned aerial vehicles in the Nicosia flight information region and the national airspace of the Republic of Cyprus also continued unabated. The Ercan (Tymbou) airport, which is not recognised by the International Civil Aviation Organisation (ICAO), was designated as a domestic Turkish airport in June 2022. Türkiye continued to increase the militarisation of the occupied area by upgrading the military drone base in Lefkoniko and the naval base in Bogazi. The harassment of Cypriot fishing vessels by Türkiye also continued.

In November 2021, following the second review of the framework for restrictive measures, the Council extended the regime for one more year until 12 November 2022. Currently, two individuals are subject to sanctions.

The EU remains fully committed to the comprehensive settlement of the Cyprus problem on the basis of a bicommunal, bizonal federation with political equality, in accordance with the relevant UN Security Council Resolutions and in line with the EU *acquis* and the principles on which the EU is founded. The European Union would continue to play an active role in supporting the process. However, Türkiye repeatedly advocated for a two-state solution in Cyprus, contrary to relevant UN Security Council Resolutions.

Despite international condemnations, and the inadmissibility of the settlement of any parts of Varosha by people other than its inhabitants as stipulated in UNSC resolution 550 (1984), Türkiye continued with its plan to open the entire fenced-off area of Varosha, creating a new fait accompli on the ground. To that end, within the fenced-off area, roadworks and construction works continued along the line of the entire beachfront as well as the setting up of a camera surveillance system. A new section was also opened within the beachfront of the fenced-off area of Varosha. Following renovation works, the Bilal Aga Mosque, the Pertev Paşa Mausoleum and the Cypriot National Garden were opened. New barriers and checkpoints for access control were installed and the Turkish military took up a defensive military posture in the area. During the reporting period, additional restrictions were imposed on the activities of the United Nations peacekeeping force in Cyprus (UNFICYP) within the fenced-off area of Varosha, challenging UNFICYP's ability to exercise its tasks in accordance with its mandate and in violation of UNSC Resolution 789 (1992). These developments continued to undermine the prospect of resuming negotiations and reaching a comprehensive settlement of the Cyprus problem.

As emphasised in the Negotiating Framework and Council declarations, Türkiye is expected to actively support the negotiations on a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework, in accordance with the relevant UN Security Council resolutions and in line with the principles on which the EU is founded and the EU *acquis*. It is important that Türkiye reaffirms its commitment to the UN-led settlement talks on Cyprus in line with the relevant UN Security Council Resolutions, including in its external aspects. No unilateral actions should be taken that could raise tensions on the island and undermine a return to talks. On Varosha, Türkiye must immediately reverse the unilateral actions announced on 20 July 2021 and all steps taken since October 2020 that run contrary to relevant UN Security Council resolutions. The EU underlines the importance of the status of Varosha and calls for full respect of UN Security Council Resolutions, in particular Resolutions 550, 789 and 1251.

Türkiye continued to refuse to recognise the Republic of Cyprus. Despite repeated calls by the Council and the Commission, Türkiye has still not complied with its obligations as outlined in the Declaration of the European Community and its Member States of 21 September 2005 and in

Council Conclusions, including those of December 2006 and December 2015. Türkiye has not fulfilled its obligation to ensure the full and non-discriminatory implementation of the Additional Protocol to the Association Agreement and has not removed all obstacles to the free movement of goods, including restrictions on direct transport links with the Republic of Cyprus.

Türkiye continued to veto applications by the Republic of Cyprus to join several international organisations, including the Organisation for Economic Co-operation and Development (OECD).

### **Peaceful settlement of border disputes**

The improved dynamic in EU-Türkiye relations observed since December 2020, following the de-escalation in the Eastern Mediterranean, prevailed for several months before tensions in the Aegean resumed in April 2022. Greece and Türkiye held the 64<sup>th</sup> round of exploratory talks in February 2022, providing a valuable channel of communication between the sides to find common ground for the start of negotiations on the delimitation of the continental shelf. These direct talks should continue as a matter of priority. The Greek Prime Minister and Turkish President met on 13 March 2022 in Istanbul and agreed to build a positive agenda. However, the Turkish President has refused to hold talks with the Greek Prime Minister as of 23 May 2022 and has stated that the Greek-Turkish High Level Cooperation Council scheduled for autumn 2022 would not take place.

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

Greece and Cyprus continued to report on Türkiye's militarisation and repeated violations of their territorial waters and airspace. Relations with Greece deteriorated as of April 2022, following massive and repeated violations of Greek airspace by Turkish fighter jets and unmanned aerial vehicles in the Aegean, including a large number of flights over inhabited areas, as well as threatening Turkish statements regarding the sovereignty of Greek islands.

In its conclusions of June 2022, the **European Council** expressed deep concern about recent repeated actions and statements by Türkiye. Türkiye must respect the sovereignty and territorial integrity of all EU Member States. Recalling its previous conclusions and the statement of 25 March 2021, the **European Council** expected Türkiye to fully respect international law, to de-escalate tensions in the interest of regional stability in the Eastern Mediterranean, and to promote good neighbourly relations in a sustainable way.

As highlighted by the Council, and most recently in the **European Council** conclusions of June 2022, and stemming from obligations under the Negotiating Framework, Türkiye is expected to unequivocally commit to good neighbourly relations, international agreements and to the peaceful settlement of disputes having recourse, if necessary, to the International Court of Justice. Türkiye must avoid threats and actions that damage good neighbourly relations, normalise its relations with the Republic of Cyprus and respect the sovereignty of all EU Member States over their territorial sea and airspace as well as all their sovereign rights, including inter alia the right to explore and exploit natural resources, in accordance with EU and international law, in particular the United Nations Convention on the Law of the Sea (UNCLOS).

The bilateral Memorandum of Understanding on the delimitation of maritime jurisdiction areas between Türkiye and the National Accord Government of Libya signed in November 2019 remained in place, despite the fact that it ignores Greece's sovereign rights in the area concerned, infringes upon the sovereign rights of third States, does not comply with the United Nations Convention on the Law of the Sea and cannot produce any legal consequences for third States.

### **Regional cooperation**

Good neighbourly relations form an essential part of Türkiye's accession process. Bilateral relations with other enlargement countries were generally good but remained challenging with neighbouring EU Member States, particularly Greece and Cyprus. Tensions in the Aegean Sea and Eastern Mediterranean were not conducive to good neighbourly relations and undermined regional stability and security.

Türkiye's policy in the Western Balkans is generally aligned with the EU's strategic objectives of regional stability, Euro-Atlantic integration and economic development. Türkiye portrays itself as an EU partner in the region while leveraging its distinctive cultural and economic ties. During the reporting period, Türkiye maintained good relations with all Western Balkan countries and nurtured its image as a good and honest partner. Türkiye continued to ask for action against the presence of alleged members of the Gülen movement in the region and asked their extradition and the closure of all schools linked to this movement. This has caused tensions with some countries.

Türkiye's relations with ***Albania*** were strengthened with the Turkish President's official visit in January 2022, as the two countries agreed to bring their bilateral relations to the level of strategic partnership. The two leaders held regular exchanges and the Albanian Prime Minister visited Türkiye in August 2022 at the occasion of the 5<sup>th</sup> Islamic Solidarity Games.

Türkiye remains close to ***Bosnia and Herzegovina*** and its President visited the country in August 2021. Türkiye maintains regular contacts with all members of Bosnia and Herzegovina's tripartite presidency, keeping a balanced approach and supporting the country's territorial integrity and stability. Türkiye supports the Office of the High Representative. The two countries signed a cooperation agreement on the construction of the Bosnian stretch of the Sarajevo-Belgrade highway, the largest integrated infrastructure project in Bosnia and Herzegovina.

Türkiye's relations with ***Serbia*** have been improving significantly in all fields. The two Presidents maintain frequent contacts; the Serbian President paid an official visit to Türkiye in January 2022 and co-chaired the third meeting of the Türkiye-Serbia High-Level Cooperation Council.

Türkiye has strong cultural and economic ties with ***Kosovo\**** and continued to lobby for its recognition. High-level bilateral meetings took place in the margins of the South-East European Cooperation Process (SEECP) Summit in June 2021 and Kosovo's President paid an official visit to Türkiye in February 2022.

Türkiye's relations with ***Montenegro*** are stable aiming at developing further their bilateral cooperation. The Turkish President visited the country in August 2021.

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

Türkiye and *North Macedonia* continue to engage actively, in the economic, educational and cultural sectors.

#### 4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

##### CLUSTER 2: INTERNAL MARKET

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

Preparations in the areas of freedom of movement for workers and right of establishment and freedom to provide services are at an early stage as many professions are closed to EU nationals. Türkiye has achieved a good level of preparation for the free movement of goods. Technical barriers to trade remained in place. Türkiye is moderately prepared on free movement of capital, as limitations continue on foreign ownership and on capital movement. Türkiye needs to continue to address outstanding issues in its framework regulating the fight against money laundering and terrorist financing, but needs to ensure that implementation does not restrict the legitimate rights of NGOs.

Türkiye is well advanced in the area of company law but needs to make further progress in aligning with the EU *acquis*. Türkiye has a good level of preparation in the area of intellectual property law but needs to improve enforcement. Türkiye has some level of preparation in the area of competition policy. Serious concerns persist in relation to the legislative framework, enforcement capacity and transparency in the field of State aid. Türkiye has a good level of preparation in the area of financial services and made some progress, including with the development of new alternative financing instruments. There is a good level of preparation in terms of legislative alignment of consumer and health protection, with some progress made, notably on aligning with the EU *acquis* and in strengthening inter-sectoral cooperation.

##### Chapter 1: Free movement of goods

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

Türkiye has achieved a **good level of preparation** for the free movement of goods. It made **limited progress** in addressing last year's recommendations. Alignment with the EU *acquis* under the "Old Approach" continued and there were limited developments in the "New and Global Approach". However, technical barriers to trade remained in place. Although Türkiye decreased its product safety controls under its risk-based import control system as compared to last year, there were still unjustified checks and delays in EU products' access to the Turkish market, and new barriers to trade were put in place. Requirements discriminating against EU products remained, violating Türkiye's obligations under the Customs Union.

In the coming period, Türkiye should in particular:

→ eliminate non-tariff barriers to the free movement of goods that are in breach of Customs



Union obligations, such as surveillance regimes for the import of certain products, export restrictions, prior registration requirements, conformity assessments and inspections, licensing surveillance and other documentation requirements for imports, and non- acceptance of EU good manufacturing practices certificates;

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

→ increase the coverage and effectiveness of market surveillance measures.

### General principles

The framework for the free movement of goods largely remains in place in Türkiye. However, implementation issues still remained, as Türkiye still had a range of non-tariff barriers to the free movement of goods in place that are in breach of Customs Union obligations, and some were introduced in the reporting period. These include surveillance regimes for the import of certain products, export restrictions, prior registration requirements, conformity assessments and inspections under the risk-based import control system, licensing surveillance and other documentation requirements, as well as non-acceptance of EU good manufacturing practices certificates and discrimination against EU products. Furthermore, schemes to ensure the local manufacture or local content requirements create *de facto* market access barriers for EU products and are considered not in line with the Customs Union. Türkiye's product safety controls on imported goods processed through the electronic TAREKS system may require additional documentation and information for products coming from the EU, contrary to the Customs Union provisions.

### Non-harmonised area

Türkiye's legal framework on mutual recognition in the non-harmonised area is in line with the EU *acquis*. Türkiye has notified only three product legal act in the non-harmonised area as of 2022. However, given the size of Türkiye's economy and legislative activity and link with the European Union under the Customs Union, this is insufficient.

### Harmonised area: quality infrastructure

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

The Turkish **Standards** Institute is independent and able to implement European and international standards, and has adequate staff resources and financing. It is a full member of the European Committee for Standardisation (CEN) and the European Committee for Electrotechnical Standardisation (CENELEC) since 2012. By April 2022, it had adopted 22 792 national standards aligned with European standards. The rate of harmonisation with CEN and CENELEC standards continued at 99 % and 96 %, respectively. Seven Turkish economic operators are full members of the European Telecommunications Standards Institute (ETSI) and one is an observer.

Türkiye had 55 **notified bodies**, two technical approval bodies and five recognised third- party organisations in place as of June 2022. The Turkish **Accreditation** Agency (TÜRKAK) is a signatory of all ten multilateral agreements as part of the European cooperation for Accreditation

association and takes part in the mutual recognition of data agreement (MAD) of the OECD Good Laboratory Practices Working Group (OECD-GLP). The National **Metrology** Institute (TÜBİTAK-UME) is a member of the European Association of National Metrology Institutes (EURAMET). TÜBİTAK-UME chairs a Technical Committee and participates in the Committee of the European Metrology Programme for Innovation and Research (EMPIR) at EURAMET. The Ministry of Industry and Technology participates in the European Legal Metrology Organisation (WELMEC).

Türkiye performs **market surveillance** in line with the EU *acquis* and submits its annual programme to the European Commission. Türkiye adopted a new framework regulation on market surveillance in July 2021 as part of the implementing regulations of the Product Safety and Technical Regulations Law. According to the annual market surveillance report of the Ministry of Trade for 2021, the overall budget allocated to market surveillance increased by 103 % in 2021 as compared to 2020 in a high inflation environment. Yet, there was a decrease of 33 % in the number of active market surveillance inspectors. There was an increase of 12 % in the number of products subject to market surveillance checks in 2021 as compared to 2020. Market surveillance is not performed on the basis of risk assessment as the number of non-safety findings remains low particularly amongst the products tested. Surveillance remained limited with regard to e-commerce, while the volume of online shopping increased. The Ministry of Trade's market surveillance report for 2021 reveals that administrative fines and measures are not consistently applied on unsafe products. This raises concerns about the enforcement of product safety legislation.

#### Harmonised area: sectoral legislation

On the '**new and global approach**' **product legislation**, Türkiye adopted legislation to align with the EU *acquis* on lifts.

On '**old approach**' **product legislation**, Türkiye adopted new legislation to align with EU *acquis* on aerosol dispensers, medicinal products licensing, medicinal products for human use, and on non-road mobile machinery. Türkiye also adopted amending legislation on motor vehicles, cosmetics, biocidal products and metrology mostly updating the provisions and/or the technical annexes of the related legislation to align with updates in the EU *acquis*. Problems on the implementation of the EU *acquis* on cosmetics due to specific Turkish requirements were largely solved, apart from the complex barcode requirements for the national product tracking system. Turkish legislation on cosmetics is not yet aligned with the EU *acquis*. Türkiye does not accept EU *good manufacturing practice* (GMP) certificates on medicines for human use, in contradiction to the rules of the Customs Union, though it has assessed the GMP dossiers of priority medicines submitted for licensing applications without an on-site visit under certain conditions. Türkiye continued to implement schemes imposing the requirement of local manufacturing on medicines for human use and on agricultural and forestry tractors, which create market access barriers for EU products. The European Chemicals Agency (ECHA)'s 2021 study on readiness to implement the EU *acquis* on chemicals assessed that Türkiye is almost fully aligned with the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), but needs to further align with the EU *acquis* on biocidal products.

On **procedural measures**, specific licensing and regulation system are in place for economic operators dealing with **drug precursors**, with a strict follow-up and monitoring system in

cooperation with the police and customs authorities. Türkiye is aligned with the EU *acquis* regarding licensing procedures for **firearms**. There was no progress on alignment with the EU *acquis* on **cultural goods**.

## Chapter 2: Freedom of movement for workers

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

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

There was no progress on **access to the labour market** or **coordination of social security systems**. So far, Türkiye has concluded 15 bilateral social security agreements with EU Member States, but no new bilateral social security agreements were signed during the reporting period. A new regulation on the implementation of the law on international labour force was published in February 2022.

## Chapter 3: Right of establishment and freedom to provide services

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

Preparations in the area of right of establishment and freedom to provide services are at an **early stage**. There was **no progress** in the reporting period. Substantial efforts are still required to align with the EU *acquis*. There was no implementation of the 2021 Report's recommendations, which remain valid.

In the coming year, Türkiye should in particular:

- align with the Services Directive on the provision of cross-border services and set up a Point of Single Contact;
- align with EU *acquis* in the area of postal services;
- align its national legislation with the EU *acquis* in the area of the mutual recognition of professional qualifications.

There was no progress on the **right of establishment** where many requirements continue to restrict this right.

Regarding the **freedom to provide cross-border services**, registration, licensing and authorisation requirements are still in place for service providers registered in the EU. The Point of Single Contact has not been established yet.

No progress was made in the **area of postal services**. Türkiye is yet to align with the provisions of the Postal Services Directive as a reserved area in the letter mail market is maintained for the universal service provider. National legislation also still needs to be aligned with the provisions of the Regulation on cross-border parcel delivery services.

On the **mutual recognition of professional qualifications**, the Vocational Qualifications Authority published a communication on national qualification of persons working in dangerous and very dangerous conditions. Some regulated professions still required reciprocal mutual

recognition. Nationality and language requirements were not removed. Alignment of national legislation with the EU *acquis* in this area needs to continue.

#### Chapter 4: Free movement of capital

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

Türkiye is **moderately prepared** on free movement of capital. Overall, there was **no progress** in this area in the reporting period. Limitations on foreign ownership persist in numerous sectors. There are few restrictive rules imposed on capital movements and foreign exchange-denominated transactions. Türkiye improved its legal framework to align further with the EU Payment Services Directive. Türkiye was included in the list of jurisdictions under increased monitoring (“grey list”) by the Financial Action Task Force (FATF) in October 2021. There was no implementation of the 2021 Report's recommendations.

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

- minimise limitations on foreign ownership and on capital movements;
- further align with the EU *acquis* by strengthening measures to prevent the misuse of its financial system for the purpose of money laundering and terrorist financing;
- continue to address outstanding recommendations to be delisted from the FATF's grey-list, taking into account the recommendations of the Venice Commission regarding the law on the prevention of financing of the proliferation of weapons of mass destruction.

Concerning the **capital movements and payments**, restrictions in foreign ownership were still in force in many sectors, including aviation and maritime transportation, financial sector, electricity market and real estate. Türkiye's legislation on real estate acquisition by foreigners remains opaque and does not apply to all EU nationals in a non-discriminatory way, contrary to the EU-Turkey Association Agreement. Immovable property acquisition by citizens of neighbouring countries in border provinces continued to be restricted for national security reasons. Türkiye introduced new conditions for foreigners wishing to obtain the Turkish citizenship through capital or real estate investments. Although the amount is determined in a foreign currency, the invested foreign currency needs to be converted to lira through a bank operating in Türkiye prior to the transaction. Restrictions introduced after the August 2018 currency crisis on capital movements for residents and non-banking corporations, in particular for transactions denominated in foreign currencies were still in place and were reinforced. In April 2022, the payment obligation in lira was introduced for movable sale contracts (except for vehicle sale contracts) even if denominated in foreign currency. Meanwhile, the requirement for Turkish companies to repatriate their export earning into the country within 180 days was still in force. Exporting companies were requested to sell to the central bank 40% of their foreign-earned incomes. Furthermore, if the foreign currency obtained from foreign exchange earning services or transactions was sold to banks, at least 40% of these foreign exchanges had to be sold afterwards to the central bank.

Türkiye has reached a good standard in **payment systems**. The central bank adopted new implementing legislations to align further with the EU *acquis* on payment services. It laid down the principles and procedures for the authorisation and activities of payment institutions and

electronic money institutions, the provision of payment services and the issuance of electronic money to payment service providers. The new legislation introduced standards for open banking licenses. The central bank made good progress in the implementation of the Instant and Continuous Transfer of Funds (FAST) system. The transaction amount limit for money transfers, which was initially set as TRY 50 in January 2021, was increased gradually to TRY 5 000 in February 2022. The use of crypto currency and crypto assets directly or indirectly as an instrument of payment remained banned in Türkiye.

Türkiye made limited progress in the **fight against money laundering and terrorist financing**. Türkiye was included in the list of jurisdictions under increased monitoring (“grey list”) by the Financial Action Task Force (FATF) in October 2021. Following this decision, Türkiye was not added to the EU’s list of high-risk third countries due to its candidate status, high-level political commitment to the EU to address outstanding shortcomings identified by the FATF and aim towards full alignment with the EU *acquis*. The Financial Crimes Investigation Board (MASAK) continued to develop a sound track-record. The number of suspicious transaction reports submitted increased significantly from 237 531 in 2020 to 504 995 in 2021. The money laundering prosecutions also showed an incremental trend over the last years. There were only 70 cases resulting in conviction between 2013 and 2018. Meanwhile, 225 people have been convicted in 89 cases of money-laundering since 2018.

The overarching national strategy document to improve Türkiye’s anti-money laundering and counter terrorist financing (AML/CTF) system was promulgated in July 2021. The government continued to freeze the assets of persons/entities designated by the United Nations Security Council Sanctions Committee in less than a day during the reporting period. The government also continued to use the domestic assets freeze instrument dissuasively. In 2021, 1 155 persons, 16 associations and legal entities’ assets were frozen through the domestic freeze mechanism.

## Chapter 6: Company law

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

Türkiye is **well advanced** in the area of company law although **no progress** was made on the 2021 recommendations during the reporting period and they remain valid. In the coming year, Türkiye should in particular:

- make progress in alignment with the EU *acquis* in the company law area, including in the field of shareholder rights and encouragement of long-term shareholder engagement;
- adopt the financial reporting standards for small and micro companies to achieve further EU *acquis* alignment.

On **company law**, no legislative action was taken during the reporting period. Alignment is needed on some outstanding issues in the context of cross-border mergers, domestic mergers and divisions, and takeovers. As regards the disclosure of company documents in the business register, there are still no provisions in place requiring the publication of annual accounts for all limited liability companies or the online filing of company documents, and no fully online registration process of limited liability companies. Further alignment is necessary with the 2019 EU *acquis* on the use of digital tools, cross-border operations, as well as with the rules on shareholder rights and encouragement of long-term shareholder engagement.



As regards **transparency** rules applying to companies listed on capital markets, the Capital Markets Law regulates general responsibilities of issuers and implementing rules are published by the Capital Markets Board; aimed at aligning with the EU *acquis* in this area.

Concerning **company reporting and statutory audit**, in March 2022, the Public Oversight, Accounting and Auditing Standards Authority (POA) issued amendments to the financial reporting standard of large and medium scale enterprises in high inflation economies. Additionally, in line with International Ethics Standards Board for Accountants, revisions were published to the Code to Promote the Role and Mindset Expected of Professional Accountants and Revisions to the *International Standard for Assurance Engagements*. However, alignment with the EU *acquis* on financial reporting standards for small and micro companies is long pending, and there is still no clarity concerning alignment of non-financial information and reports on payments to government. Overall, further work is required to align with the EU *acquis* on accounting and statutory audit.

## Chapter 7: Intellectual property law

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

Türkiye has a **good level of preparation** in the area of legislative alignment and institutional building. There was **limited progress** during the reporting period. There was an increased number of training for various target groups, but raising awareness of the general public and ensuring the sustainability of the specialised units in the judiciary, the police, and the customs remain a priority. The amount and variety of counterfeit and pirated goods originating from Türkiye or transiting through Türkiye increased. Recommendations from last year's report remain valid.

In the coming year, Türkiye should in particular:

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

Concerning **copyright and related rights**, the long pending copyright law was not adopted. Training on the protection of copyright and related rights continued for various target groups. The Directorate General for Copyrights published an implementing regulation on collective management organisations (CMOs) in order to increase institutional building and transparency in CMOs, as well as to align with the EU *acquis*. However, systemic issues with regard to

collective rights management, lack of autonomy and supervision of CMOs and discrimination against foreign right holders in the management of CMOs continued. A number of issues remained unresolved, in particular the lack of fair distribution of private copy levies, licencing difficulties during the COVID-19 pandemic, uncertainties in online education exceptions, public performance right problems, unauthorised use of copyrighted material via online platforms and well-known e-commerce websites.

With regard to **industrial property rights**, the Turkish Patent and Trademark Office (TPTO) continued to raise awareness. Uncertainties about the legal status of applications for well-known and famous trademarks continued. Revocation, opposition and invalidation procedures for trademarks remained expensive and lengthy.

Concerning judicial **enforcement**, efforts to increase and sustain the number of specialised and experienced IPR judges and prosecutors remains a priority. Despite the possibility to demand higher sanctions, criminal courts rarely order deterrent fines for commercial scale IP infringements. Inefficient litigation procedures including at courts of appeal, difficulties and inconsistencies in deciding preliminary injunctions and monetary compensation claims, storage and destruction problems and financial burdens of counterfeit goods, overuse of expert witness statements remained a concern.

Even though right-holders provide strong evidence about counterfeiting, difficulties in obtaining search and seizure warrants against counterfeit goods further worsened. Actions against IP infringements by enforcement authorities, in particular the police and judges, were not efficient, despite some resources and training. Whereas online sales of counterfeit goods at well-known e-commerce marketplaces increased, Türkiye did not apply notice and take-down procedures to stop these infringements. Fight against counterfeiting at open bazaars was insufficient.

Guidelines on counterfeit, illicit or out-of-the legal supply chain medicines were published in January 2022. Although Türkiye regulates and monitors the domestic pharmaceutical market, online sales of counterfeit pharmaceuticals, cosmetics and sanitary products pose threats to consumer safety and public health. Deaths from fake alcoholic beverages continued. Türkiye was the second largest source country of pirated products affecting the EU single market and counterfeit products seized at the EUs external borders. Counterfeiting concerns a wide range of products from food and alcoholic beverages to vehicles, vehicle accessories and spare parts. The fast depreciation of the Turkish lira and decline in purchasing power also following the COVID-19 pandemic, boosted demand for cheaper and fake goods.

The legitimisation of counterfeiting and piracy in public opinion stems from the deeply-rooted belief that these are petty crimes. However, most of the offences are committed by organised crime networks which are also involved in fraud, corruption, cybercrimes, money laundering, drug smuggling and human trafficking. There is a need for awareness campaigns run by public institutions on the dangers of counterfeiting and piracy on public health, consumer safety, rule of law, and labour market, as well as on the economic benefits of IPR-intensive sectors. Stronger political commitment is needed to enforce IPR and to stop counterfeit trade from Türkiye to the EU.

## **Chapter 8: Competition policy**

*EU rules protect free competition. They include antitrust rules against restrictive agreements between companies and abuse of dominant position and also include rules on concentrations*

*between companies, which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to prevent distortion of competition.*

Türkiye has **some level of preparation** in the area of competition policy. It made **no progress** in addressing last year's recommendations. Serious concerns persist in relation to the legislative framework, enforcement capacity and transparency in the field of State aid.

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

- ensure the independence and functionality of the State aid institutional framework and that State aid rules are published transparently;
- ensure implementation of the State aid law by adopting implementing legislation without further delay;
- make publicly available, transparent and up-to-date inventory of all aid schemes.

### Anti-trust and mergers

The legislative framework is broadly aligned with the EU *acquis*. The Law on the Protection of Competition broadly reflects Articles 101 and 102 of the Treaty on the Functioning of the European Union. Implementing legislation in this field is largely in place. In March 2022, Türkiye amended the merger control communiqué and removed the notification thresholds for the technology undertakings operating in Türkiye. As a result, transactions involving such undertakings will be subject to extensive scrutiny by the Competition Authority, regardless of their magnitude.

In terms of the institutional framework, the Turkish Competition Authority is in charge of enforcing the Law on the Protection of Competition. Its decision-making body, the Competition Board is comprised of seven members. Despite being affiliated with the Ministry of Trade, the Turkish Competition Authority has administrative and financial autonomy.

The enforcement capacity of the Turkish Competition Authority is adequate. In 2021, overall implementation was effective and the number of decisions in the area of antitrust (74, as compared to 65 in 2020), exemption/negative clearance decisions (22, as compared to 34 in 2020) and merger/acquisition/joint venture/privatisation (309, as compared to 280 in 2020) remained in the same range as in the previous year. The total amount of fines imposed by the Authority for the infringements of competition cases (fines related to substance) significantly increased to TRY 4.2 billion from an average of TRY 580 million for the previous five years. The total number of ex-officio investigations and preliminary investigations increased (from 8 in 2020, to 15 in 2021). The Turkish Competition Authority conducted an average of 58 dawn raids throughout 2021. In 2021, 74 % of the 54 judgements concluded as a result of the appeals against the Turkish Competition Authority decisions were upheld by Turkish courts.

### State aid

The legislative framework is partially in line with the EU *acquis*. State aid regulations would still need to cover the agriculture, fisheries and services sectors, which are not part of the EU-Turkey Customs Union. Türkiye's primary State aid law is broadly in line with Articles 107 and 108 of the Treaty on the Functioning of the European Union. However, it is not enforceable due to the lack of implementing legislation and an operational institutional framework. The country's

President is empowered to postpone the enforcement of implementing legislation indefinitely. Türkiye still needs to adopt an action plan for the alignment of its legislation with the EU *acquis*.

In 2021, Türkiye avoided implementing State aid control by neglecting to establish a functional organisational structure and did not address the absence of implementing legislation. In terms of the institutional framework, in June 2022 a new presidency decree re-established the Directorate General for State Aids (DGSA), under the Presidency of Strategy and Budget, which itself is also granting State aid. The mandate to develop policy proposals remained with the Economic Policies Council, whose members are appointed by the President of the Republic. The State aid-related responsibilities of the Directorate-General for Economic Programs and Research (DGEPR), which is part of the Ministry of Treasury and Finance, was also transferred to the newly established DGSA. According to the new decree, the DGEPR will still fulfil the State aid related tasks to be given by the President. The new decree commits to issuing the implementation regulation for the DGSA within one year.

In 2021, the implementation of the project-based investment programme, where public support is provided on a selective basis, reached 39 projects with an investment amount of TRY 152 billion (45 projects with an investment amount of TRY 335 billion as of September 2022). The lack of a transparent State aid inventory covering all aid schemes, including the amount or budgeted amount of the state support granted, remains a source of concern.

#### Liberalisation

Competition and State aid rules apply to state-owned enterprises. However, the competence concerning the privatisation process lies with the President, who has assumed power over the privatisation decisions and procedures. In March 2022, the Turkish Wealth Fund (TWF) acquired 55% share of Turk Telekom (TT), a transaction which effectively reversed the privatisation and reduced significantly the liberalisation of the telecommunications market.

### **Chapter 9: Financial services**

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

Türkiye has a **good level of preparation** in the area of financial services. There was **some progress** during the reporting period, with the development of new alternative financing instruments. Türkiye also continued taking important steps towards accelerating the digital transformation of the banking sector and the strengthening of the insurance sector. There was some implementation of the 2021 recommendations.

In the coming year, Türkiye should in particular:

- further strengthen bank governance and supervision, crisis management and the resolution framework;
- improve the transparency of asset quality review;
- continue to support the development of Turkish capital markets and their proper supervision.

Regarding **banks and financial conglomerates**, to mitigate the impact of the COVID-19 pandemic on the economy, relaxed prudential measures still protect capital adequacy ratios, in particular by using a 252 business day rolling average FX rate and suspending mark-to-market

accounting rules, thereby postponing the recognition of related losses. The ratio of non-performing loans continued to decrease to 2.5 % in June 2022, in a context where credit growth was very strong. Banking system duality continued, as state-owned banks' expansion during the crisis came at the price of weaker capital and profitability positions. State banks have been recapitalised several times in the last years. In the beginning of 2022, they were recapitalised again (TRY 52 billion) with the view to prepare them to lead again a new cycle of credit expansion. The capital adequacy ratio of the banking sector had improved in the beginning of 2022, reaching 20.4 % in April, but then dropped slightly in May and June to 18 %. In June 2022, the Banking Regulation and Supervision Agency (BDDK) took a series of new measures to slow down loan growth. In July 2021, the BDDK adopted new regulations aiming at strengthening the financial sector by improving asset quality of the banking sector and reinforcing capacity of asset management companies. BDDK was given the authority to request a bank, under some specific conditions, to form a strategy for distressed assets loans and to establish resolution units. Nevertheless, Türkiye needs to conduct transparent third-party asset quality review and adopt a more comprehensive resolution plan in the event of a surge in non-performing loans.

Türkiye continued taking significant steps towards the digitisation of its financial sector, by implementing new regulations in the areas of digital banking and open banking services. The BDDK adopted a regulation enabling banks to provide services through digital channels without the existence of physical branches. The regulation also introduces service banking model, enabling financial technology companies and other businesses to present financial products. The Capital Markets Board also adopted new regulations allowing remote identification and the establishment of contractual relationships in electronic environment for financial leasing, factoring, financing and savings companies.

Türkiye made good progress in the area of **insurance and occupational pensions**. Following the amendment introduced in the Insurance Law in May 2021, the Special Risk Management Centre was set up. The centre aims at providing coverage for the risks for which it is difficult to find collateral. The regulation on arbitration in insurance was amended, transferring the duties and authorities related to insurance arbitration from the Ministry of Treasury and Finance to the Insurance and Private Pension Regulation and Supervision Agency (SEEDK). A new regulation was adopted in November 2021 on internal systems in the insurance and private pension sectors, laying down the principles and procedures as regards internal control, risk management, actuarial and internal audit systems. In January 2022, significant changes were introduced to the private pension system, such as raising the state contribution to the system, allowing the enrolment of workers older than 45, and providing more flexibility for the withdrawal of savings without the need to leave the system.

As regards **financial market infrastructure**, the law on Istanbul Financial Center was adopted in June 2022, aiming to turn Istanbul into a global financial hub. The Index-based circuit breaker system was activated in December 2021 when the losses in the BIST 100 index reached 5 %, and transactions in all sectors at the stock exchange were temporarily suspended. Meanwhile, the methodology of Borsa Istanbul Sustainability Index was updated in October 2021 to encourage companies to adopt more sustainable business model.

There was some progress in the area of **securities markets and investment services**. Türkiye took some steps to deepen its capital market and diversify its products. The Capital Markets Board adopted the implementing regulation for project-based securities and project finance funds



in July 2021. Türkiye also took measures aiming to regulate debt-based crowdfunding. In June 2022, the Board announced the establishment of a commodity market within Borsa Istanbul. In February 2022 a guideline was published to encourage the financing of capital investments contributing to environmental sustainability.

The Russian MIR payment system was widely used in Türkiye amid the acceptance of MIR cards by an increasing number of Turkish banks, facilitating bilateral exchanges with Russian citizens and businesses.

## Chapter 28: Consumer and health protection

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

There is a **good level of preparation** for legislative alignment of consumer and health protection. Türkiye made **some progress** in implementing some of last year's recommendations, on aligning with the EU *acquis* on 'communicable diseases' and on "blood" and in establishing a constructive dialogue with stakeholders in consumer protection.

In the coming year, Türkiye should continue to:

- strengthen consumer rights enforcement and further improve coordination and cooperation with the consumer movement and with enforcement bodies; increase raising awareness activities and take more measures on infringements in the digital environment and for vulnerable consumers;
- increase its institutional/administrative capacity, financial resources and appropriate diagnostic facilities to address public health issues at central and provincial level for a resilient health system;
- make further progress in strengthening its surveillance system for reinforcing health security.

### Consumer protection

Türkiye's national legislation is mostly aligned with the EU *acquis* on **consumer protection** in **non-safety** related issues. The national consumer information system (TÜBİS), which allows consumers to submit and track their complaints electronically, is complex. Consumer awareness of TÜBİS could be improved; consumers experience problems with it, especially on electronic goods, leading them to having difficulties in enforcing their rights. The consumer movement and links between consumers and consumer NGO both remain weak. Consumer NGOs lack financial and professional support and are unable to participate actively in law- and public decision-making mechanisms. Consumer face rights enforcement problems and difficulties in using the right to choose. Consumer awareness and education, cooperation and coordination of sectoral stakeholders also remain weak. Consumer arbitration committees need to be fully institutionalised to ensure better enforcement of consumer rights, and members need to be fully trained in relevant specialisations to ensure a common understanding of the legal issues. Of the 630 852 decisions taken by Consumer Arbitration Committees in 2021, 52 % were in favour of consumers and 48 % against consumers. Cooperation between out-of-court and court consumer systems needs to be reinforced.

With regard to **safety-related measures**, consumer awareness about the national unsafe products

information system (GÜBİS) should be reinforced. Sales of counterfeit products threatening public health and consumer safety via e-commerce need regular monitoring and stronger regulatory tool (*see Chapter 7- Intellectual property law*). Türkiye adopted a new framework regulation on market surveillance in July 2021. Market surveillance is not performed on the basis of risk assessment, and remained very limited with regard to e-commerce. According to the annual market surveillance report of the Ministry of Trade for 2021, the overall budget allocated to market surveillance increased by 103 % in 2021 as compared to 2020 in a high inflation environment. Yet, there was a decrease of 33 % in the number of active market surveillance inspectors. There was an increase of 12 % in the number of products subject to market surveillance checks in 2021 as compared to 2020 (*see Chapter 1-Free movement of goods*).

### Public health

In the field of **public health**, by June 2022 Türkiye experienced over 15 million COVID-19 cases, with almost 100 000 deaths. The country witnessed two peaks of pandemic in 2021, and a sharp increase was observed in February 2022 with the emergence of the Omicron variant. The number of COVID-19 cases has been decreasing since then, along with the occupancy rate of intensive care units. The vaccination coverage with two doses is 64 % of total population. Increases in health workers salaries, promised as a recognition for the additional workload caused by the pandemic, did not come into effect. The pandemic has highlighted a need for additional health service provision in some areas, such as mental health routine or maternal and child health services, which were particularly affected due to the prioritisation of pandemic care and mitigation/distancing policies taken to slow the spread of COVID-19. Apart from ensuring continuity of pregnancy follow-ups and facilitating access to medication for people living with HIV, the absence of central planning for the continuity of overall sexual and reproductive health services during the pandemic indicates a significant deficiency in terms of Türkiye's health strategy to fight against the pandemic.

Türkiye is facing a growing burden from **non-communicable diseases**, which cause 87 % of all deaths, with an 18 % probability of dying before reaching the age of 70. Social restrictions and economic disruption caused by COVID-19 increased the risk factors due to lack of physical exercise, increasing stress levels and possible negative coping mechanisms such as smoking, use of drugs, and alcohol consumption. **Tobacco** is a known risk factor for these diseases as well as for infectious respiratory diseases.

During the COVID-19 outbreak, good progress was achieved in addressing **communicable diseases**. Türkiye is part of viral respiratory disease surveillance networks managed by European Centre for Disease Prevention and Control (ECDC) and reports to it on several communicable diseases, though it opted out of some ECDC activities. In order to strengthen the capacity to detect and counter threats posed by outbreaks of infectious diseases, Türkiye accelerated the integration of the diagnostic capacity of laboratories with field epidemiology. The national virology reference laboratory increased its sequencing capacity and its international collaboration and contribute to the global understanding of the pandemic. Türkiye has a national action plan on antimicrobial resistance (AMR), and a national surveillance system for AMR in humans. According to the ministry of health, 17 % of the population face **mental health** issues, and antidepressant consumption has increased by 56 % in five years with COVID-19 scaling up the challenges since 2020.

In the field of **substances of human origin**, several tools were developed to ensure safe blood transfusion, efficient use of blood, safety of a patient and reduction of blood wastage ratios in the country. In January 2022, two selected regional blood centres were licenced by the European Medicines Agency for plasma production. The administrative capacity of the competent authority for blood remained insufficient for enforcement, inspection of blood banks and transfusion centres at central and local levels and for tissue and organ transplantation.

### **CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH**

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

Türkiye has some level of preparation in the area of digital transformation and media. It continued to backslide as it did not address concerns regarding inadequate competition, lack of transparency of media funding, concentration of media ownership, political influence on editorial policies and the lack of independence of regulatory authorities. Türkiye's preparations in the area of science and research are well advanced and Türkiye made good progress during the reporting period, notably with the conclusion of the association agreement for Horizon Europe for the 2021-2027 period. Türkiye is moderately prepared on education and culture and made some progress, in particular on vocational education, national qualifications systems and in terms of Türkiye's participation in the EU programmes.

On the economy-related chapters, backsliding continued on economic and monetary policy, reflecting inefficient policy on ensuring price stability and anchoring inflation expectations. The central bank remains under significant political pressure and its functional independence needs to be restored. Türkiye made limited progress on enterprise and industrial policy and major challenges in relation to measures incompatible with EU industrial policy principles remain unaddressed. No progress was made during the reporting period in the area of social policy and employment, with concerns remaining over trade union rights, the lack of genuine social dialogue and persistent levels of informal economic activity.

While Türkiye is moderately prepared on taxation, it made no progress during the reporting period and there remains a need for a clear strategy, avoiding frequent changes in tax rates and enabling tax information exchange with all EU Member States. Türkiye maintains a good level of preparation for the customs union but made limited progress, notably by removing some additional duties applied on imports of products originating in third countries. However, Türkiye's deviations from its obligations under the EU-Turkey Customs Union continue, contributing to a high number of trade irritants.

### **Chapter 10: Digital transformation and media**

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

Türkiye has **some level of preparation** in the area of digital transformation and media. **Backsliding** continued. Lack of competition in broadband market, excessive taxation as well as costs and burdens for operators and consumers of information and communications technologies remained. Türkiye is moderately aligned in the audiovisual sector. Concerns remain regarding

the lack of transparency of media funding, concentration of media ownership, political influence on editorial policies, restrictions on freedom of expression and lack of independence of regulatory authorities.

The last year's recommendations were not addressed and remain valid. In the coming year Türkiye should in particular:

- align the universal service, authorisation arrangements, market access and rights of way in electronic communications with the EU *acquis*
- strengthen the independence of the regulatory authority and its board members and amend the Internet Law in line with the Venice Commission's recommendations with a view to ensuring media pluralism;
- take steps to strengthen the public broadcaster's independence.

On **electronic communications and information technology**, no progress was made in aligning the legislation with the EU *acquis* on market access and universal service. The lack of financial and administrative independence of the regulatory authorities remains a concern. More transparency in spending and more allocation for improving a competitive and consumer friendly market is needed to ensure relevant competitive safeguards.

Competition in fixed voice market improved. The market share of alternative fixed voice operators was 9.8 % at the end of 2021. Lack of sufficient competition in the broadband market remains a concern. Mobile broadband penetration slightly increased to 86.4 % in the third quarter of 2021 against the OECD average of 121.4 %. The fixed broadband penetration rate was 25.2 % compared to the OECD average of 33.8 %. The number of 4.5G subscribers remained broadly stable with 80.2 million by the end of 2021 compared to 76.5 million subscribers in the last quarter of 2020.

While no progress in procurement of 5G was reported, there is a need for allocating additional frequencies for the development and predictability of the sector. Internet use was at 82.6 % in 2021, compared to 79 % in 2020. National IDs were integrated with e-signatures. The number of legal transactions which can be completed with e-signature, increased.

Implementing regulation on consumer rights in electronic communication was amended in order to protect consumers against unfair contract terms and to maximise data protection and e-security of consumers. In 2021, consumer arbitration committees received 51 514 complaints on internet service subscription contracts and 18 436 complaints on mobile phone service agreements. Enforcement of consumer rights in the telecommunication sector remained very weak. Complaints to the arbitration committees about telecommunication services were the most frequent amongst all consumer complaints.

The number of services offered from the E-Government Gateway reached 6 001 by October 2021. The number of integrated institutions rose from 791 to 824 by October 2021. The proportion of citizens using e-government slightly increased from 51.2 % in 2019 to 58.9 % at the end of 2021.

#### Digital Single Market

The volume of **e-commerce** transactions increased by 69 % in 2021 as compared to 2020. Large scale e-sellers cover 79 % of the e-commerce market in Türkiye. Fashion and accessories, furniture, glassware, notions, food and drinks are the most frequently traded products.

The e-commerce law was amended in July 2022. Amendments aim at preventing unfair competition and monopolisation in e-commerce market by ensuring better market access and equal opportunities for all participants, including through administrative fines for unfair commercial practices.

In the area of **audio-visual policy**, pro-government mainstream media continue to dominate the information space. According to independent research, the 40 largest media organisations are controlled by companies operating in industry and trade, predominantly belonging to owners affiliated with the government. Their commercial ties with the government obstruct media independence, lead to self-censorship and limit the scope of public debate.

Channels critical of the President and the government faced heavy monetary fines by the media regulator Radio and Television Supreme Council (RTÜK). Media channels were also fined for reporting on issues of public interest, like criticising the price hikes of gas, convictions related to the Gezi trial, child abuse in Quran courses or violence against women. During the reporting period, Netflix was fined over an animation, which was claimed to violate the principles of “national and moral values of the public” and had two movies removed. RTÜK also ordered Spotify to remove playlists and content which contained insults against the President, political party leaders and other state officials. While pro-government media is seen to be favoured by advertisement revenue, RTÜK’s fines concentrate on critical media outlets. The People’s Democratic Party HDP, filed a motion for a parliamentary inquiry commission on this matter, which was rejected by the ruling coalition.

In January 2022, a presidential circular was issued on press and broadcasting activities. The circular aimed to “protect the youth from bad habits and ignorance, protecting the national culture against alienation and degeneration, as well as preventing any adverse impact on the physical and mental development of children and youth”. The circular uses generic definitions while threatening with the use of undisclosed measures. This may have a further restrictive effect on freedom of expression and the media. There is a pending application by the Turkish Bar Association at the Council of State to halt and cancel the execution of the circular on the basis that it violates basic rights and freedoms and will lead to self-censorship.

According to RTÜK, 1 661 sanctions were imposed on broadcasters (radios/TVs) amounting to nearly TRY 56 million in 2021. 71 administrative fines were levied against independent channels critical of the government, according to media reports, ordering them to pay TRY 21 500 000 in total. No fine was given against pro-government media in 2021. 236 of RTÜK’s decisions were taken to court by broadcasters. 91 court cases ended in favour of RTÜK, 11 against them and 134 are ongoing. RTÜK filed 129 criminal complaints against various media service providers, real persons and social media accounts. RTÜK also imposed 102 broadcast bans received from various courts requested by institutions or real persons.

In February 2022, the media regulator gave 72 hours to three foreign news sites operating in Türkiye to apply for a license due to broadcasting videos. In April 2022, RTÜK announced that it would no longer require one of them to obtain a license, since the news channel ‘removed content that would have required a license’. In June 2022 RTÜK decided to ban access to the Turkish-language websites of the other two news sites. This decision is an attempt to further restrict media freedom and access to information in Türkiye. Concerns were not addressed over the 2019 regulation on radio, television and voluntary online broadcasts, which lacks clarity in



terms of its scope, definitions, licencing criteria, controversial provisions regarding jurisdiction and restricting access to online content.

Concerns over the independence of RTÜK remain. Although the parliament elects the nine members of the Supreme Council in proportion to the political party groups, İYİ Party and HDP are not represented. Moreover, there is no consultation of civil society or professional media organisations in the process (*see also Political Criteria -Freedom of expression*).

## Chapter 16: Taxation

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

Türkiye is **moderately prepared** in the area of taxation, where **no progress** was made. Recommendations from previous years were not addressed and remain valid. Türkiye still needs to activate effective exchange relationships with all EU Member States in the tax screening process for the purposes of the EU list of non-cooperative jurisdictions, concerning the automatic exchange of financial account information.

In the coming year, Türkiye should in particular:

- establish an effective implementation of the automatic exchange of tax information with all EU Member States;
- align the range of excisable energy products with the EU *acquis*;
- continue its fight against the informal economy and present progress transparently through performance indicators.

In the area of indirect taxation, a wide range of products continued to be subject to a 1 % value added tax (VAT), contrary to the EU *acquis*. The implementation of the reduced 8 % VAT rate for a long list of goods and services and the 1 % VAT rate for COVID-19 vaccines, which were introduced in 2020 as part of the measures against the pandemic, was extended subsequently until the end of September 2021 and December 2022. The implementation of the accommodation tax, which was introduced in December 2019, was postponed to 2023. In 2021, VAT on refurbished mobile phones was reduced from 18 % to 1 % and defence industry projects were exempted from VAT. In 2022, VAT for almost all food products and for hygiene products was reduced respectively from 18 % to 1 % and from 18 % to 8 % in order to counter high and growing inflation. Türkiye needs to further align the legislation on structure, exemptions, special schemes and the scope of reduced rates with the EU *acquis*.

Although the overall level of taxation on cigarettes is close to EU levels, Türkiye's legislation on cigarette excise duties differs from that of the EU *acquis* in terms of the specific and proportional elements of the tax. Excise duties on energy products are below the EU minimum rates and contrary to the EU *acquis*, coal and electricity are not subject to excise duties. Kerosene is subject to excise duty, but a 0 % tax rate applies. Since March 2020, a 7.5 % digital services tax (on digital advertising, content, and intermediary services) has been in effect.

In the area of direct taxation, the tax amnesty on the repatriation of foreign assets, which started in 2018, was extended until June 2022. Such uninterrupted periods of capital repatriation have adverse effects on sustainable voluntary tax collection. In April 2021, Türkiye once again

impaired the predictability of the tax structure by temporarily raising the corporate income tax from 20 % to 25 % for the current year and to 23 % for 2022. Corporate income tax had already been temporarily increased from 20 % to 22 % for 2018, 2019 and 2020. However, in January 2022, corporate income tax for manufacturing and exporting companies was reduced by one percentage point and some additional cuts on withholding and corporate income tax were provided in order to encourage the FX- and gold-protected TRY time deposit account scheme, which was introduced in December 2021 to stop the fast depreciation of the Turkish lira. Furthermore, in April 2022, a higher corporate income tax rate of 25 % was imposed on financial institutions' 2022 earnings. Recent corporate income tax rates are above the 22 % average for statutory corporate income tax among EU Member States.

Türkiye exempted the minimum wage, including the tax on all wages corresponding to the minimum wage, from income tax as of 2022. In 2021, individual social media content producers, for content shared in the form of written text, audio, visual or video, and mobile application developers were exempted from income tax for earnings up to TRY 880 000 (2022 bracket).

#### Administrative cooperation and mutual assistance

Regarding administrative cooperation and mutual assistance, Türkiye remained in Annex II of the Council's Decision on non-cooperative jurisdictions. In its conclusions of 24 February 2022, the Council considered that the progress made by Türkiye was still not fully in line with the commitments required under the conclusions of the ECOFIN Council of 22 February 2021 and 5 October 2021. It called on Türkiye to begin or continue the technical work on the effective exchange of data from Türkiye with all Member States to meet the agreed international standards and fully comply with the requirements set in the above mentioned conclusions of the ECOFIN Council. Furthermore, the Council reiterated that the effective automatic exchange of information with all Member States according to the OECD calendar and standards is a condition for Türkiye to fulfil a criterion on the EU list and to fully comply with the requirements set out in the abovementioned Council conclusions.

Türkiye's compliance with the Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting measures, particularly with respect to country-by-country reporting, is also being monitored within the scope of the EU list of non-cooperative jurisdictions for tax purposes. Türkiye remained committed to improving its rating (due towards the end of 2022) by the Global Forum on Transparency and Exchange of Information for Tax Purposes for the implementation of the international standard for exchange of information on request. Failure to fulfil these commitments would put Türkiye at risk of being included in the EU list for non-cooperative tax jurisdictions.

#### Operational capacity and computerisation

Regarding operational capacity and computerisation, the Turkish Revenue Administration actively uses an electronic document management system. The e-tax statement implementation, initiated in 2004, reached 99.87 % in 2021. Efforts to establish an integrated public finance management information system are ongoing. The implementation of the strategy and an action plan for the fight against the informal economy (2019-21) continued.

### **Chapter 17: Economic and monetary policy**

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

Türkiye has **some level of preparation** in the area of economic and monetary policy. **Backsliding** continued during the reporting period, as the monetary policy became inefficient in ensuring price stability and anchoring inflation expectations. The central bank remains under significant political pressure to keep the real interest rate deeply negative. Türkiye made some progress in the preparation of the Economic Reform Programme (ERP) and in the transmission of fiscal notifications. There was limited implementation of the 2021 report's recommendations.

In the coming year, Türkiye should:

- restore the functional independence of the central bank and reinforce the credibility of the monetary policy framework;
- implement an appropriate monetary policy stance with a stronger focus on price stability and re-anchoring inflation expectations;
- further align fiscal reporting and notifications under the excessive deficit procedure with ESA 2010.

On **monetary policy**, over the last decade the central bank drifted away from its 5 % official inflation target set jointly with the government. Amid rising inflation and inflation expectations, the central bank significantly loosened its monetary policy stance, cutting its key policy rate by 500 basis points from 19 % to 14 % between September and December 2021. This low interest rate policy led to strong depreciation of the lira in the autumn 2021. Foreign exchange market interventions and the introduction of new financial instruments, including FX- and gold-protected lira time deposit schemes, have helped stabilising the lira for some time, but the lira continued to slide in 2022. Despite the increased macroeconomic vulnerabilities, extremely high inflation and the uncertainties exacerbated further by Russia's invasion of Ukraine in February 2022, the central bank lowered its interest rate to 13 % in August 2022. The authorities relied mostly on the new financial instruments and macroprudential and other measures to limit the exchange rate and inflationary pressures. Nevertheless, the inflation rate reached a two-decade high level, officially exceeding 79 % on an annual basis in July 2022. The growing gap between producer and consumer prices and the persistence of a very high negative real interest rate remain important sources of concern in relation to the possibility of taming inflation. The current monetary policy framework has proved to be inefficient in anchoring inflation expectations and restoring market confidence. Furthermore, the low foreign exchange reserves increased Türkiye's vulnerability to shocks, thus raising further its risk premium.

The President of the Republic has extensive powers in the appointment and dismissal procedures of the central bank top management. The three successive dismissals of the central bank governor in less than two years and frequent changes in the position of deputy governors and members of the Monetary Policy Committee reflect growing political interference in monetary policy. The lack of a coherent and transparent monetary policy framework, the increased focus on the 'liraisation' objective at the expense of the inflation target, combined with the political pressure on the central bank to keep the real interest rates very low, undermine significantly the bank's institutional and operational independence, as well as its credibility. The costs of the FX- and gold-protected time lira deposit scheme introduced by the government are significant and are borne by both the Ministry of Treasury and Finance and the central bank. According to the

central bank law, monetary financing of the public sector is prohibited and the public sector cannot have privileged access to financial institutions.

On **economic policy**, Türkiye made some progress in public finance. The Medium-Term Program and Medium-Term Fiscal Plan have been combined under a single document. Furthermore, Türkiye adopted the performance-based budgeting system in its 2021 budget and continued its efforts to strengthen its programme budgeting. However, the 2022 budget is based on optimistic and outdated economic assumptions, and failed to reflect the impact of several measures introduced since its adoption. In view of the markedly different macroeconomic situation and the much higher inflation, the government proposed a supplementary budget in June. Türkiye is not aligned with the directive on requirements for budgetary frameworks and lacks numerical fiscal rules and independent fiscal body to monitor compliance with these rules. The excessive deficit procedure (EDP) notification tables for 2020, provided in October 2021, were largely completed. However, there is still room for improvement as regards the timeliness and the quality transmission of EDP notification and government finance statistics. Türkiye needs to improve the credibility of its macroeconomic forecasts, while also presenting alternative scenarios.

The Economic Reform Programme 2022-2024 was submitted on time. Türkiye further improved the presentation of its structural reform priorities and introduced measures to support the green transition and digital transformation. However, further efforts are needed to improve the quality of these measures in terms of description, timeline, estimated impact, risks and key performance indicators. The policy guidance set out in the conclusions of the Economic and Financial Dialogue of July 2021 was partially implemented, with a lower rate of implementation compared to the previous year.

## Chapter 19: Social policy and employment

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

Türkiye has **some level of preparation** in the area of social policy and employment. There was **no progress** during the reporting period. The 2021 recommendations were not implemented and therefore remain valid. In the coming year Türkiye should in particular:

- remove obstacles limiting the enjoyment of trade union rights and use social dialogue mechanisms effectively;
- improve the implementation of legislation pertaining to workers' rights, in fields related to labour law and health and safety at work;
- promote employment of women by stepping up appropriate work-life balance policies and care services, and assess the impact of active labour market programmes and employment incentives.

Türkiye is moderately prepared in the field of **labour law**. The rate of undeclared work continued to decline in non-agricultural sectors in 2021, falling below 17.5 %. Overall, 29 % of employment was undeclared, higher for women than men. Such levels of informality restrict full enjoyment of labour rights in practice. Türkiye has 951 labour inspectors and they carried out 24 099 inspections in 2021. Average weekly working hours are highest in Europe, right below the 45 hours of legal limit in place. The legislative framework on teleworking also needs to be

improved in that regard. Türkiye needs to improve the evidence base on the situation of domestic and platform workers. The ratification of the ILO Maritime Labour Convention was not concluded. Implementation of Türkiye's National Programme for Elimination of Child Labour is at an advanced stage. However, child labour is still common, particularly among children of migrant origin. The apprenticeship system needs to be improved in a way to ensure that it does not abuse children's rights.

In the field of **health and safety at work**, awareness-raising efforts were stepped up in 2021 in high-risk sectors, the mining sector in particular. Türkiye lacks a dedicated policy framework and a national social dialogue mechanism for the occupational health and safety matters. Official sources indicated that in 2020, 1 240 people have lost their lives at work, up from 1 147 a year ago.

There was no progress in **social dialogue**. Türkiye does not use tripartite social dialogue mechanisms, other than a few legally defined exceptions such as the minimum wage setting committee. 14.32 % of registered private sector employees and 64.66 % of the public servants allowed to unionise are trade union members. Restrictions on the freedom of association and the right to organise remained. Criminal prosecution of several trade union managers and the disproportionate use of force against trade union action continued. Türkiye needs to establish effective safeguards against discrimination based on trade union affiliation, especially in (but not limited to) the public sector and including the work of the Inquiry Commission on the State of Emergency. In order to promote the right to collective bargaining in the private sector, existing double thresholds for trade unions need to be reconsidered. In the public sector, a wider range of public servants are not able to organise in unions, including the prison staff, contrary to ILO recommendations. The right to strike for public servants needs to be recognised, and the collective agreements need to have wider material scope, not limited to social and financial rights.

On **employment policy**, the labour market situation slightly improved. The employment rate (15+) increased to 45.2 % in 2021 from 42.7 % in 2020. The rate increased for men to 62.8 % from 59.4 %, for women to 28 % from 26.2 %. Unemployment rate (15+) decreased from 13.1 % to 12 % in 2021. The unemployment rate for women remained almost at the same level with 14.7 %. Composite measure of labour underutilisation decreased to 24.4 % in 2021 (for men from 22.1 % to 20.6 %, for women from 31.7 % to 31.6 %). Women labour force participation remained low at 32.8 % albeit a slight increase on previous years.

The youth unemployment rate (15-24) decreased from 24.9 % in 2020 to 22.6 % in 2021. The rate of young people neither in employment nor in education or training (NEET) aged 15-24 decreased from 28.4 % in 2020 to 24.7 % in 2021; however, the rate is still high, particularly for women (32.4 %). Türkiye adopted the first National Youth Employment Strategy and Action Plan (2021-2023) in October 2021. The Strategy lacks well-developed result indicators.

The number of job and vocational counsellors in the Turkish Employment Agency (ISKUR) remained around the same level (4 755 against 4 781 in 2020). The number of people benefiting from active labour market programmes increased by 9 %, however, it remains still below pre-pandemic levels and its coverage was insufficient. While the information on the effectiveness of the programmes and employment subsidies was limited, three programmes were terminated by the end of 2021. The number of NEETs reached out under the new counselling model initiated by ISKUR in 2020 observed a substantial decrease of 54 % (from 177 002 NEETs in 2020 to 80



730 in 2021). Türkiye ended the “Social Protection Shield” programme initiated to alleviate the negative impact of the COVID-19 pandemic on the labour market.

Informality continued to undermine the social security system and social welfare in Türkiye in 2021. Efforts continued to give Syrian refugees access to the formal labour market, but only less than 63 000 work permits were granted for Syrians in 2020.

Concerning the preparations for using the **European Social Fund**, Türkiye has a good level of preparation. The Ministry of Labour and Social Security continues to retain its capacity and manages an operational programme under IPA II, covering areas of employment, education and social inclusion. (*Concerning the effectiveness of management of IPA funds, see chapter 22 - Regional policy and coordination of structural instruments*).

Concerning **social inclusion and social protection**, Türkiye still needs a specific policy framework for poverty reduction. The very high and accelerating inflation levels pose risks for the most vulnerable segments of the population. In 2021, survey persistent poverty rate reached 13.8 % (2020:13.7 %). The severe-material-deprivation rate fell to 27.2 % (2020: 27.4 %). In 2021, social assistance payments amounted to TRY 97.8 billion or 1.74 % of GDP. Community-based care services for elderly people and for children need to be expanded. In the absence of a minimum income scheme in place, the risk of material deprivation vulnerable groups, particularly for children, remained high.

Türkiye actively pursues a **de-institutionalisation policy** for persons in need of protection or care. Preparations were ongoing to end the practices of seclusion and restraint in mental health hospitals and social care institutions. The National Mental Health Action Plan 2021-2023 aims at expanding community mental health care centres. For children in need of protection, foster care and adoption services were strengthened.

Türkiye still needs an integrated strategy and concrete action plan for **non-discrimination in employment and social policy**. Data on applications to human rights institutions is available; however, further efforts are needed to have data on discrimination in the field of employment and social policy. Discrimination on the grounds of sexual orientation and gender identity is not prohibited by law. The role of Human Rights and Equality Institution (HREI) and the Ombudsman remained limited in combating discrimination in employment. Further efforts are needed to remove discriminatory legislation and practices against persons with disabilities to access employment in certain occupations. The number of public servants with disabilities was 62 356 in 2021, below the rate of 3 %. Employment of persons with disabilities in the private sector is much more challenging, partly due to limited physical accessibility, prejudices and skills mismatch. Türkiye needs to improve its evidence base on the situation of persons with disabilities in the labour market, including the implementation of reasonable accommodation principle. Discrimination towards Roma in employment are not tackled through targeted policy measures. Efforts are needed to prevent discrimination for LGBTIQ in employment and social policy. (*See Chapter 23 - Judiciary and fundamental rights*).

On **equality between women and men** in employment and social policy, the gender gap in the labour market remained very high. The legislation needs to be improved for a better work-life balance. The implementation regulation was still not in place in relation to part-time work for working parents in the public sector. To support work-life balance, half-time work allowances were paid to 4 841 beneficiaries in 2021. The employment rate for women (18-64 age group) in case there are children in household remained well below the EU average. Insufficient access to

quality and affordable formal care services continued to hinder women's employment, due to a gender bias in caring responsibilities and discriminatory stereotypes. The enrolment rate in early childhood education (children aged 3-5) was still low at 28.95 %. The implementation of some programmes supporting employment of mothers with children was terminated by the end of 2021. There was still no official data for sexual harassment in the workplace. The gender pay gap is high. Representation of women in decision-making positions remained very limited. (See Chapter 23 - Judiciary and fundamental rights).

## Chapter 20: Enterprise and industrial policy

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

Türkiye is **moderately prepared** in the area of enterprise and industrial policy. There was **limited progress** in the reporting period while measures incompatible with EU industrial policy principles remained in place. Major challenges concern the compatibility of localisation and public procurement practices with the EU industrial policy principles, the lack of transparency in State aid for large investments, the large informal economy, long-term financing needs of small and medium-sized enterprises and the insufficient legal framework for microfinance. Recommendations of last year's report were addressed in a limited way by assessments carried out on some SME programmes.

In the coming year, Türkiye should in particular:

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

**On enterprise and industrial policy principles,** Türkiye maintained the scope of the 15 % domestic price advantage in public procurement with compulsory use for medium and high-technology industrial products. The percentage of international tenders where domestic price advantage applied increased further in 2021 (*see also Chapter 5*). Localisation schemes remained in place or are planned in a number of sectors like medical devices, biotechnological products, and agricultural and forestry tractors. Following the WTO appeal ruling, Türkiye must now remove its inconsistent localisation and prioritisation measures in the pharmaceutical sector. A stronger research and innovation policy (*see Chapter 25*) under a more predictable innovation-friendly regulatory environment can constitute a more effective and EU-compatible strategic alternative.

The results of performance indicators of the Industrial Strategy adopted in 2019 were not published. A strategy and roadmap on mobility tools and technologies as well a roadmap on smart life and health products and technologies were published in June 2022 within the framework of the Industrial Strategy. Türkiye changed the definition of small and medium-sized enterprises in March 2022 by increasing the financial threshold for turnover or balance sheet total from 125 million TRY to 250 million TRY. The threshold for micro enterprises was

increased from 3 million TRY to 5 million TRY and for small enterprises from 25 million TRY to 50 million TRY, while the criteria on number of employees remained the same and in line with the EU definition. Türkiye took some positive steps in improving the business environment by setting-up specialised courts, ratification of the Singapore Convention for international commercial disputes, bringing changes in the concordatum regime and providing online access to court decisions. Türkiye successfully implements the Small Business Act framework.

**On enterprise and industrial policy instruments,** Turkish legislation is not yet fully harmonised with the Late Payment Directive. The 11<sup>th</sup> Development Plan and the Industrial Strategy focus on technological transformation of manufacturing. Türkiye intends to support investments in strategically chosen sectors such as machinery, computer, electronic, optics, electrical hardware, pharmaceuticals, chemistry, and transport vehicles under a technology-focused Industry Support Programme. The ‘Machinery call’ supported 20 projects. The repartition of State aid for these investments was not disclosed, contrary to the commitments under the EU-Turkey Customs Union. The results of other calls opened in 2021 were not announced. Türkiye continued to implement various schemes supporting companies, particularly small and medium firms. New support schemes were created on internationalisation of the ICT sector, export of services and logistics distribution networks abroad. Support for innovation ecosystems is fragmented across numerous programmes. Smart specialisation strategies were formulated in some regions, but there is limited information about their implementation.

The SME support administration (KOSGEB) ran a variety of technical assistance and financing schemes. As a positive development, KOSGEB conducted and published evaluations on five support programmes under its mandate. As of August 2022, 94 technology development zones were in place, 81 of them operational. 1 511 patents were obtained from 47 456 completed projects in these zones (in comparison to 1 277 patents obtained from 39 940 completed projects in the previous reporting period). Türkiye remained active in the COSME programme, the Erasmus for Young Entrepreneurs and the Enterprise Europe Networks. Türkiye expressed interest to participate in the Single Market Programme (SMP). Formal negotiations for an Association Agreement started in March 2022.

## Chapter 25: Science and research

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

Overall, Türkiye’s preparations in the area of science and research are **well advanced**. Türkiye made **good progress** during the reporting period. Notably, Türkiye signed the association agreement for Horizon Europe for the 2021-2027 period. Türkiye intensified its efforts to raise awareness on Horizon Europe to further increase its participation. Türkiye well addressed the recommendations made in the previous report. In the coming year, Türkiye should in particular:

- continue its efforts towards aligning its national research area (TARAL) with the new European Research Area (ERA);
- step up efforts to increase innovation activities, particularly in the field of environment related technologies, to make up for the decline in the Innovation Scoreboard of 2021;
- expand cooperation in the fields of Innovation and EU Missions through full utilisation of

On **research and innovation policy**, the share of the R&D expenditure to GDP slightly increased to 1.09 % in 2020 compared with 1.06 % in 2019. Figures still remain far from the commitments made by Türkiye in its Industry and Technology Strategy to increase its national expenditure to 1.8 % in 2023. This slow progress keeps the gap between R&D expenditure in Türkiye and the EU27 average (2.32 % in 2020) at a significant level. The total number of full-time equivalent R&D personnel increased by 9 % to 199 371 in 2020 from 182 847 in 2019 and the share of female personnel in research remains at 32 %; although this is a positive value, efforts should continue to further spur gender equality in research.

The implementation of Türkiye's action plan to boost the national research and innovation capacity contributed very positively to increase Türkiye's performance in the last period of Horizon 2020. However, the overall performance has been somewhat below expectations. No in-depth assessment on the programme's results has been made so far, despite continuous recommendations from the Commission in order to seek lessons learnt that might help to obtain better results from **Horizon Europe**. In October 2021, the Commission and Türkiye signed the association agreement allowing Türkiye to participate in the Horizon Europe programme for the 2021-2027 period. Türkiye has made efforts to raise awareness and increasing dissemination of the programme in order to expand its participation. The first Horizon Europe results indicated the continuation of the strong and positive trend of Türkiye's performance.

On the policy side, Türkiye continued its alignment towards the ERA through a national roadmap which includes several initiatives contributing to this objective. Further efforts should be sought to align with the last update of the ERA, particularly its new set of ERA actions.

On **Innovation Union**, as reported in the European Innovation Scoreboard 2022, the performance relative to the EU has not changed since the previous reporting period, and the country remains an 'emerging innovator'. To counteract this adverse trend and re-boost the innovation sector, Türkiye is encouraged to advance on all aspects of the digital transition.

## Chapter 26: Education and culture

*The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policy through the open method of coordination.*

Türkiye is **moderately prepared** on education and culture. There was **some progress** on this chapter, notably regarding the vocational education, national qualifications systems and in terms of Türkiye's participation in the EU programmes. Türkiye recognises the value of culture in national development policies and encourages the promotion and protection of its cultural heritage.

In the coming year, Türkiye should in particular:

- further improve inclusive education, with a particular focus on girls and children from disadvantaged groups, and closely monitor and continue work to reduce the proportion of school drop-outs;
- ensure the good functioning of the Turkish Qualifications Framework and Turkish Higher Education Quality Council;

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

In the area of **education, training and youth**, Türkiye has been participating in the EU programmes as a candidate country since 2004. In 2021 Türkiye formally re-joined the Erasmus+ and European Solidarity Corps programmes, as an associated country for the period 2021-2027. Under the 2021 call for proposals, over 1 100 projects, including 200 in the youth field were awarded by the Turkish National Agency managing decentralised projects. Awarded grants under the 2021 envelopes for the two programmes amount to EUR 103.5 million. It is planned that close to 40 000 participants, including over 3 370 participants with fewer opportunities will take part in the 2021 awarded projects.

A certain decrease in the number of submitted applications and awarded projects for both programmes can be observed compared with 2020. Submitted applications for the Erasmus+ programme decreased from 13 079 in 2020 to 6 754 in 2021. Likewise, applications for the European Solidarity Corps programme decreased from 896 in 2020 to 519 in 2021. The decrease in submitted applications is a result of the new accreditation-based application process of both programmes. In addition, the COVID-19 pandemic negatively affected the ongoing and planned activities under both programmes. It is also linked to the budget profile of the programme over the 2014-2027 period.

**In the area of education**, in Early Childhood Education (ECE) in Türkiye, the net enrolment rate (NER) for preschool education (age 5) decreased quite dramatically from 71.22 % in 2019-2020 to 56.89 % in 2020-2021 and the combined NER for Turkish children between 3 to 5 years old decreased from 41.78 % to 28.35 %. Among the reasons was a reluctance of families to send children to pre-school during the COVID-19 pandemic. Türkiye needs to expand flexible and community-based ECE models, determine targets and strategies to include vulnerable children, and improve the quality of ECE services.

The net enrolment rates in primary school (first 4 years) slightly decreased from 93.62 % in 2020 to 93.23 % in 2021 and considerably decreased in lower secondary school (second 4 years) from 95.90 % to 88.85 % over the same period. In secondary education (third 4 years) the net enrolment rate increased from 85.01 % to 87.93 %. There was also an increase in the enrolment rates of the higher education, from 43.37 % to 44.41 %. The number of students in special education increased from 425 774 in 2020 to 425 816 in 2021. For persons with special needs, Türkiye continued to invest in transition towards inclusive education instead of segregated settings, yet the school closures due to COVID-19 have highly reduced access of such students to education.

Türkiye is at an advanced stage of implementing the measures under the Bologna process, although significant quality differences persist between Türkiye's 207 higher education institutions. The reorganisation of the Turkish Higher Education Quality Council (THEQC) in 2015 led to greater administrative and financial independence of the organisation, however, the operational independence of the Council is currently not sufficient. This is due to the presence of non-independent third parties (academic staff assigned from higher education institutions to substitute for THEQC staff) in the day-to-day operations of the Council. To further strengthen the Bologna process, accreditation of higher education institutions with the government authorities should be stronger incentivised.



In the area of **technical and vocational education and training (TVET)**, the operationalisation of the National Vocational Qualifications System is ongoing under the leadership of the Vocational Qualifications Authority (VQA). As of June 2022, the number of national occupational standards increased to 893 (from 859 in April 2021) and the number of occupational qualifications approved to 586 (from 574 in April 2021). Since 2021, the number of authorized certification bodies increased to 272 from 255, and the number of VQA Vocational Qualifications Certificates issued to individuals increased to 2 253 424 from 1 602 000. The number of recognised occupations involving heavy and dangerous works - for which VQA Vocational Certificates is mandatory - reached 204.

Monitoring of the implementation of the Turkish Qualifications Framework (TQF) continued under the coordination of the VQA. The vocational training is not in line with the needs of national qualification candidates. Modular vocational training programmes should be offered for concerned occupations which should be oriented at the expected learning outcomes of the candidates.

For dangerous and very dangerous occupations, VQA vocational qualification certificates were made compulsory. The costs were covered until end of 2021 by the Unemployment Insurance Fund. Since then, however, there is no financial support to individuals seeking certificates on dangerous and very dangerous occupations. Renewed governmental support, especially for these occupations remains crucial. Furthermore, the number of occupations for which VQA vocational qualification certificates are required should be further increased in line with the requirements of the National Vocational Qualification System (NVQS) in Türkiye.

An amendment to the vocational training law of December 2021 introduced a stipend paid to students at the vocational training centres. Besides the stipend-scheme a new flexible structure allows students, who are employed, a combination of corporate work and study, substituted financially. This made the vocational training centres attractive and the number of students increased.

In the area of **youth**, Türkiye has declared 2022 as the Year of Youth Participation. Youth services provided by the Ministry of Youth and Sports are expanded. Türkiye participates in the European Year of Youth 2022. Turkish youth organisations continued to show very high level of interest in the Erasmus+ and European Solidarity Corps programmes, which both continue to be the major source of funding for international youth exchange activities in Türkiye. However, Türkiye has no youth strategy in place and does not prioritise civic engagement and empowerment of youth in line with the European Youth Strategy.

As regards **culture**, in the post-pandemic era, Türkiye's cultural sector continued to suffer from inadequate and unsustainable funding. In addition, insufficient cultural infrastructure, lack of professionalism and limited management capacities remain major obstacles for non-governmental cultural actors to mobilise their full potential. In February 2022, Türkiye stopped procuring the services of opera, ballet, theatre and symphony workers older than sixty-five in state-sponsored art institutions, in line with Türkiye's official retirement age. Local authorities continued to cancel artistic and cultural events on arguments of public morality, or without a reason given. Cultural organisations often face obstacles related to permits or rent of cultural facilities. Against this background, concrete action for the implementation of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions needs to be taken.

The number of books with a warning “harmful for minors/ +18” has increased. Six publications were declared “obscene” in 2021. Concerned are mostly books on gender-based rights, gender identity or with LGBTQI characters, posing a threat to freedom of publication.

## Chapter 29: Customs union

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

Türkiye maintains a **good level of preparation** for the customs union. There was **limited progress** in the reporting period. Türkiye removed some additional duties applied on imports of products originating in third countries, which are in free circulation in the EU, or imported from third countries. However, a large volume of Türkiye’s total imports still remains subject to the additional duties, in violation of the basic provisions of the EU-Turkey Customs Union. Duty relief, free zones and surveillance measures remain not fully aligned with the EU *acquis*, again in clear contradiction with Türkiye’s obligations under the Customs Union. The recommendations from last year were implemented to a limited extent.

In the coming year, Türkiye should in particular:

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

There was limited progress in the area of **customs legislation**. Türkiye removed some additional duties applied on imports of a large number of products originating in third countries, which are in free circulation in the EU or imported from third countries. Although a certificate of origin for goods in free circulation in the EU exported to Türkiye is no longer legally required by the Turkish customs authorities, except for trade defence cases, many economic operators kept requesting them. The Turkish authorities took steps to remedy the situation by issuing successive clarifications and guidelines. They also informed the Commission that only 37 certificate of origin documents were requested by Turkish customs out of almost 4 million units of goods coming from the EU in 2021.

Turkish Customs Law is yet to be harmonised with the EU Customs Code and more efforts are needed to improve risk-based controls and simplified procedures to facilitate legitimate trade, while ensuring security and safety. The designation of specialised customs offices is contrary to the provisions of the Customs Union. Rules on surveillance, free zones and duty relief are yet to be aligned with the EU *acquis*.

In addition, Türkiye amended a provision of the Customs Law, forestalling the possibility of obtaining court decisions to recover overpaid amounts in conjunction with implementation of the surveillance regime. Türkiye not only failed to remove export restrictions on copper scrap and certain leather products, but introduced new restrictions on a range of goods. These measures are in breach of the Customs Union rules, as reported over the past years. Türkiye continued to unilaterally apply disproportionately high duties on imports of sweet corn in contradiction with Customs Union rules.

On **administrative and operational capacity**, efforts to improve customs enforcement capacity for border controls continued. Further alignment and strengthened efforts are required to improve customs enforcement of intellectual property rights. Risk-based controls to enforce safety and security measures need to be significantly improved. Türkiye implements the computerised transit system as part of its membership in the Convention on a Common Transit Procedure. However, tariff IT systems are not yet in place. The IT strategy in line with business initiatives still needs to be implemented and the documented customs business processes aligned to the legal basis need to be updated.

#### **CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY**

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

Türkiye is moderately prepared in transport policy. It made limited progress during the reporting period, mainly linked to the adoption of a plan to increase significantly the use of railway transport. Türkiye is moderately prepared in the area of energy, and made limited progress overall. Progress continued on renewable energy deployment, on reforms in the natural gas sector and in legislative alignment on nuclear safety. Türkiye is well advanced on trans-European networks and made some progress, mainly on energy networks, thanks to the smooth operation of the trans-Anatolian pipeline. The construction of the Halkali-Kapikule railway line connecting the Bulgarian border to Istanbul continued.

Türkiye has some level of preparation in the area of environment and climate change but made no progress overall during the reporting period. Türkiye faces critical environmental and climate challenges, both in relation to mitigation and adaptation. More ambitious and better coordinated environment and climate policies need to be drawn up and implemented. Türkiye still needs to increase and implement its contribution to the Paris Agreement on climate change, and complete its alignment with the *acquis* on climate action.

#### **Chapter 14: Transport Policy**

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

Türkiye is **moderately prepared** in transport policy. **Limited progress** was made during the reporting period. Last year's recommendations were addressed partially. Türkiye adopted the Transport and Logistics Master Plan 2053 to increase significantly the use of railway transport.

Türkiye should in particular:

- consider establishing concrete plans and targets for decarbonisation of transport sector emissions until 2050;
- finalise its preparation of the new railway framework law and accelerate the remaining regulatory aspects of the railways reform in line with the fourth railway package;
- increase the number of Turkish cities preparing Sustainable Urban Mobility Plans and continue implementation of the vision zero approach to road safety.

Regarding the EU *acquis* on **general transport**, Türkiye is preparing an online electronic legislation inventory tool (ELIT) to digitally take stock of the Turkish transport legislation in

English and setting up a monitoring system for continuous gap assessment and gap plugging with the EU *acquis*. Despite significant policy developments at the local level and an increasing interest from the municipalities for sustainable urban mobility planning, the policy guidance and institutional coordination between local and central authorities regarding urban mobility remains to be further developed.

On **road transport**, the legal framework is at a good level of preparation regarding the alignment with the EU *acquis*. No progress was made during the reporting period regarding the First Mobility Package. Türkiye did not take any further steps for adapting to the technical specifications on the smart tachograph. The intelligent transport system (ITS) architecture especially in the urban areas needs to be further developed. Türkiye should assess and synchronise its targets with that of the EU's strategy for sustainable and smart mobility adopted in December 2020. Türkiye is still not aligned with the clean power for transport package.

Türkiye is moderately prepared in the field of **rail transport**. Limited progress was made during the reporting period. The reform of the incumbent railway operator, focusing on institutional and organisational efficiency and effectiveness around a new operational model, was finalised but its adoption is pending. The new comprehensive railway framework is being prepared and the regulations on capacity allocation, safety, vehicle registration and type approval are being updated under an EU financed technical study to comply with the EU's fourth railway package. The regulation on railway interoperability is still under the final stage of preparation. The continuing blanket subsidies to the incumbent railway operator prevent the railway liberalisation process to take its full potential. The transport branch of the incumbent railway operator (TCDD transport) depends completely on the infrastructure manager (TCDD infrastructure) for its budgetary resources and transfers. The railway regulatory body was re-instituted as a deputy directorate under the Ministry of Transport and Infrastructure with fewer financial and human resources. The new railway framework law and the legislative updates are expected to address these fundamental deficiencies.

Türkiye achieved a good level of preparation in aligning with the EU *acquis* in the field of **maritime transport**. Some progress was made during the reporting period. The status of harbour masters was reorganised in April 2022 in order to increase managerial efficiency. Türkiye upgraded its financial support mechanism to renew the Turkish maritime fleet with energy efficient and environmentally friendly ships. The mechanism allows the ship owners to receive grants up to two and half times the ship's scrap value, if the new ship uses alternative fuels for its propulsion system. A Revised Regulation on Transport of Dangerous Goods by Sea and Safe Loading entered into force in April 2022. Türkiye substantially increased the capacity of its Maritime Safety Centre by adding a maritime simulator centre in December 2021. Türkiye continued its intensive training programme on oil pollution and marine aids. The training at the National Emergency Response Centre in Tekirdag are also open to Türkiye's neighbouring countries.

Türkiye has to align with the relevant EU legislation on **inland waterway**. Türkiye has limited inland waterways and it has not signed the main international agreements on this issue.

Türkiye is moderately prepared in the field of **aviation**. There was limited progress during the reporting period. Türkiye implemented some regulatory revisions on balloon operations and air navigation. The Directorate General for Civil Aviation (DGCA) became the responsible authority for air transport of dangerous goods in March 2022. Turkish operators started domestic

flights in certain routes using sustainable aviation fuel content. DGCA issued a regulation on monitoring, reporting and verification of emissions from aviation activities in March 2022. DGCA took measures in its constituent law to increase the number of staff and their technical capacity. The civil aviation training centre, which was established with EU funding, will be able to take an exclusive institutional profile with these changes. Renewal of the working arrangements between the DGCA and EASA is still pending. The lack of adequate communication between air traffic control centres in Türkiye and Cyprus continued to compromise air safety in the Nicosia flight information region, requiring an operational solution.

There was no progress on **combined transport**. The by-law on Combined Freight Transport has not yet been adopted.

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

## Chapter 15: Energy

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

Türkiye is **moderately prepared** in this chapter. There was **limited progress** overall. While progress continued on renewable energy deployment, local content requirement practices stayed in place. Some progress was made on reforms in the natural gas sector and some progress was observed in the ongoing legislative alignment of nuclear safety regulations.

The 2021 recommendations remained mostly unaddressed. In the coming year, Türkiye should in particular:

- deepen natural gas market reform by setting up a legally binding plan and a timetable for the unbundling of activities and by updating the natural gas market law to ensure compatibility with the EU's third energy package;
- complete the legislative alignment on nuclear safety and stress tests on the Akkuyu nuclear power plant;
- discontinue local content requirement practices in the renewable energy sector, as such practices contradict WTO and EU-Turkey Customs Union rules.

On **security of supply**, Türkiye continues to be a reliable transit country, ensuring the smooth operation of the trans-Anatolian pipeline (TANAP) and transmits Azeri natural gas to Europe by connecting to the Trans Adriatic Pipeline (TAP). Türkiye proceeded to expand its capacity to import and use Liquefied Natural Gas. Türkiye continued to expand the capacity of its gas storage facilities. In 2021, around a quarter of Türkiye's gas imports was LNG from 15 countries. That allowed the country to maintain sufficient gas reserves, which helped face increased demand and power shortages at the beginning of 2022.

Türkiye's dependency on natural gas imports from Russia is still significant, although it has overall decreased in the last years. The pipeline gas contracts Türkiye has with Russia supplied around 44 % (26 bcm) of all Türkiye's gas imports in 2021. These contracts expire gradually by 2026. An amount of 5.75 bcm of gas, to replace expired 8 bcm of gas, was renegotiated by



BOTAŞ and Gazprom for an additional four years from January 2022. Türkiye renewed an expired gas import deal with Azerbaijan for 11 bcm until the end of 2024.

Regarding the **internal energy market**, limited progress was made on the natural gas market reforms, where the unbundling of the state-owned gas company BOTAŞ was suspended again. BOTAŞ remained vertically integrated comprising gas trade, pipeline and LNG infrastructure and retained its dominating market position. That did not contribute to transparent, cost-reflective and non-discriminatory pricing. Amendments were adopted to the electricity market law, in particular on security of supply.

On **hydrocarbons**, Türkiye is at an advanced stage of alignment with the EU legislation. However, it should further align with directive on the safety of offshore oil and gas operations, also regarding transit of hydrocarbons. Türkiye continued its exploration work in the Black Sea after the reported discovery of around 450 bcm of natural gas in the Sakarya gas field. Türkiye planned the first gas production by the end of 2023 and commercially justifiable quantities from 2025 onward. Türkiye has increased its imports of Russian oil in 2022.

Throughout the reporting period, Türkiye issued many NAVTEX (Navigational telex) for conducting seismic surveys and scientific research activities in areas encompassing parts of the Cypriot Exclusive Economic Zone (EEZ). Türkiye's military exercises in the maritime zones of Cyprus continued. There were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean. However, in October 2021 and January 2022, Turkish warships illegally obstructed the survey activity of a vessel in the Cypriot EEZ. A fourth drilling ship was acquired by Türkiye and delivered in May 2022 and started conducting drilling activities in August 2022.

Regarding **renewable energy**, Türkiye continued implementing its strategy to maximise the use of domestic and renewable sources, achieving a 53 % share of renewables in the country's installed capacity and 33 % in the electricity generation. Hydropower at 29 % and wind power at 10 % of the installed capacity are the leading renewable sources in Türkiye, followed by solar photovoltaic and geothermal. Private investments kept driving the growth in renewable installations, thanks to a preferential feed-in tariff extended by 2030 and payable in Turkish lira from July 2021. The uncertainties and risks for investors had since increased due to the Turkish lira volatility. The extended support scheme for renewables continued the additional financial incentive for the use of domestic equipment. Although much reduced, that incentive is a type of local content requirement (LCR). Another LCR type is applied primarily in the state-defined renewable energy zones (REZ), where local equipment ratio requirements are determined per tender, vary between 55 % and 75 %, and are legally uncapped. The LCR practices in Türkiye continue to raise concerns as they contradict WTO and the EU-Turkey Customs Union rules and affect the EU's and other international companies' competitiveness in the Turkish energy market.

There was limited progress on **energy efficiency** and insufficient clarity on policy planning beyond the 2023 timeline of Türkiye's Energy Efficiency Strategy and National Energy Efficiency Action Plan (NEEAP) adopted in 2018. The national energy efficiency financing mechanism, envisaged under the NEEAP, has not been set up despite the EU's recommendation for its timely adoption. Türkiye provided some financial support to energy efficiency projects of industrial enterprises through their Energy Efficiency Improvement Projects (EEIP) and voluntary agreements mechanisms. Following recent amendments to the energy efficiency law, the scope of the EEIP was extended to cover also energy efficiency projects in buildings,

agriculture and service sectors.

On **nuclear energy, nuclear safety and radiation protection**, Türkiye proceeded with its regulatory framework development despite legal and staffing issues concerning the Nuclear Regulatory Authority (NDK). In March 2022, the nuclear regulation law was published. It regulates, among others, the legal basis for establishing the NDK, which was previously based on a decree with the force of law held unconstitutional by Türkiye's Constitutional Court in December 2020. The internal organisation of the regulatory body was defined by presidential decree.

Works on Türkiye's first nuclear power plant at Akkuyu, estimated to cost USD 20 billion, are financed by Russia's Rosatom. The plant, operated by Rosatom, is expected to become operational at the end of 2023, when the first reactor is scheduled to be launched. Three more reactors are expected to become operational every other year. The Akkuyu nuclear power plant comprising four reactors was designed to meet around 10 % of Türkiye's power consumption demand.

Following Türkiye's voluntary commitment to conduct stress tests on the Akkuyu power plant using the EU model, an agreement between the Commission and the Turkish nuclear regulatory authority has been reached to move from the previously envisaged two-phase approach to a more streamlined single-phase approach. The next step will be the organisation of a transparent peer review of Türkiye's National Report by the Commission and the European Nuclear Safety Regulators Group, in which Türkiye participates as an Observer. Türkiye still needs to accede to the joint convention on the safety of spent fuel management and the safety of radioactive waste management and become a member of the European Community Urgent Radiological Information Exchange system.

## **Chapter 21: Trans-European networks**

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

Türkiye is **well advanced** on trans-European networks. There was **some progress**, mainly on energy networks, thanks to the smooth operation of the Trans-Anatolian Pipeline (TANAP), transmitting gas to the European section of the Southern Gas Corridor (SGC). The construction of the Halkali-Kapikule railway line connecting the Bulgarian border to Istanbul continued. The construction of the Stage I of the Halkali-Kapikule railway line has reached 57 %. Tendering for the Stage II and Stage III is continuing. Last year's recommendations were only partially addressed.

In the coming year Türkiye should in particular:

- establish a transparent, cost-reflective and non-discriminatory gas transit regime in line with the EU *acquis*;
- accelerate efforts for preparation of the Yavuz Sultan Selim bridge railway connections which is a condition in the financing agreement with the EU;
- accelerate efforts to align with key pieces of the EU *acquis* to facilitate alignment in TEN-T networks.

The progress continued on **energy networks**, thanks to the smooth operation of the trans-

Anatolian pipeline (TANAP) transmitting gas to the European section of the Southern Gas Corridor (SGC). As regards gas networks and Transmission System Operator (TSO) cooperation, the membership of Türkiye's National Petroleum Corporation (BOTAS) in the European Network of Transmission System Operators for Gas (ENTSO-G) is still not foreseen. The state-owned BOTAS remains vertically integrated and dominates the market with its trading and grid operator functions, which stifles market competition. The natural gas market law update remains long overdue. (*See Chapter 15 - Energy*). Although the Turkish electricity Transmission System Operator's (TEIAS) observer membership of the European Network of Transmission System Operators for Electricity (ENTSO-E) was not renewed, TEIAS continued to be present in technical discussions of relevant working groups.

Concerning **electricity networks**, the modernising and upgrading of the Turkish electricity network in line with the ENTSO-E standards continued. An important challenge for the Turkish electricity system remains to provide safe integration of increased amounts of intermittent renewable energy, including through the use of energy storage and other new technologies.

Regarding **transport networks**, Türkiye continued to regularly encode TEN-T network data to the transport information management systems. Türkiye continued to progress on Halkali-Kapikule railway line project in all of its three stages. The rate of progress under the EU financed contract reached 57 %. The tendering process for Ispartakule-Halkali section (Stage III) was cancelled after a court decision, increasing the risks of the timely completion of projects agreed with the EU. Türkiye concluded the tendering of the Ispartakule-Cerkezkoy (Stage II) after securing financing from the EBRD and Asian Infrastructure Investment Bank (AIIB). The fourth railway monitoring board was held in June 2022. Jaspers technical support is made available for Türkiye to accelerate its preparatory work for the Yavuz Sultan Selim bridge connections by involving the international financial institutions. The interfaces of the Canal Istanbul project with the railway projects under development continue to be a source of concern in terms of environmental degradation, technical complications and possible cost increases for planned infrastructure.

The development of the alternative fuels dimension in the planning of road connections between the EU and Türkiye needs to be prepared. Moreover, Türkiye should envision the development of new motorways of the seas connections between the EU and Turkish Black Sea ports in view of the increasing congestion at the land border crossing points and in order to provide additional access points for transit transport flows. Finally, a better coordination of the implementation of border infrastructure would contribute to closing infrastructure gaps, improving traffic flows between the EU and Türkiye and beyond.

## **Chapter 27: Environment and climate change**

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

Türkiye has **some level of preparation** in this area, and faces critical environmental and climate challenges, in relation to both mitigation and adaptation. There was **no progress** overall. In the field of climate, Türkiye still needs to follow up with an increased nationally determined contribution under the Paris Agreement, long-term strategic decarbonisation and adaptation plans and appropriate legislation reflecting them domestically. Positive developments were noted on

increasing capacity in waste management and wastewater treatment, as well as legislative alignment, but enforcement and implementation remain weak. More ambitious and better coordinated environment and climate policies need to be established and implemented. Strategic planning, substantial investment and stronger administrative capacity are required as well.

Last year's recommendations were implemented only partially and remain mostly valid. In the coming year, Türkiye should in particular:

- complete alignment with the directives on waste, water and industrial pollution, and ensure that the Environmental Impact Assessment Directive is correctly implemented;
- ensure alignment with the EU *acquis* and actual implementation on public participation and the right to access environmental information;
- enhance and implement its contribution to the Paris Agreement on climate change, and complete its alignment with the EU *acquis* on climate action.

### Environment

Türkiye has achieved some level of preparation in the area of **horizontal legislation**. Türkiye has an Environmental Impact Assessment (EIA) legislation, which is mostly aligned with the EU EIA Directive. However, procedures for transboundary consultations are not aligned with the EIA and the Strategic Environmental Assessments (SEA) Directives. Regarding the implementation of the EIA legislation, concerns remain about the non-application or politicisation of court decisions in controversial projects with high environmental impacts and the respect of the right to environmental information. The strong domestic opposition, environmental and social concerns, and unclear financing and economic returns, on the Canal Istanbul Project - an artificial sea-level waterway connecting the Black Sea and the Sea of Marmara – have not been addressed in a transparent and comprehensive manner. Türkiye is still not party to the Aarhus and Espoo Conventions. Türkiye is aligned with the SEA Directive in some sectors, while gradual implementation for different sectors was ongoing. Alignment on environmental liability remains limited. The National Environment Agency established in December 2020 did not become operational.

On **air quality**, national legislation still needs to be adopted in line with EU directives on ambient air quality and national emissions ceilings. Severe air pollution in some cities is reported on an annual basis. A national strategy for air quality monitoring is in place and all eight planned regional networks are established and operational.

The legal framework on **waste management** is partially aligned with the EU *acquis*. Türkiye ratified the Basel Convention 2019 Amendment in February 2022. The legislation on zero waste adopted in July 2019 continued to be implemented. Preparations for the introduction of the deposit system started in 2022 and it is expected to be fully functional in mid-2023. Alignment and capacity for sorting, recycling and medical waste treatment continued. Significant efforts are necessary to implement waste management plans at local and regional level. Legislation on ship recycling which would mirror the requirements of the EU Ship Recycling Regulation was not adopted. There are concerns regarding safety, sound waste management and environmental hazards in the ship recycling facilities registered in the EU list of ship recycling facilities. In the meantime, the current notification procedure practices are in line with the Basel Convention.

In the area of **water quality**, the legislative alignment is advanced but implementation and enforcement should be improved. Transboundary consultations on water issues are still at an early stage. Türkiye did not align with the revised EU Directive on Drinking Water. Wastewater treatment capacity increased as a result of continuous investments and with the establishment of 1 176 waste water treatment plants in the country, reached a coverage of 89 % of the municipal population. Türkiye aims to reach 100 % by 2023. Türkiye still needs to align with the EU Marine Strategy. Türkiye is part of the EU sea basin strategy and Common Maritime Agenda for the Black Sea (CMA) endorsed by Ministerial declaration in May 2019. The CMA is a regional cooperation framework to support sustainable blue economy in the Black Sea with the goal to focus on healthy marine and coastal ecosystems. Türkiye is one of the 42 Union for Mediterranean (UfM) countries which adopted the Ministerial Declaration on Sustainable Blue Economy in February, reconfirming their commitments to address joint challenges in key blue economy sectors.

Türkiye has some level of preparation on **nature protection**. No progress was made on adopting the framework legislation, the national biodiversity strategy and an action plan. Planning and construction in wetlands, forests and natural sites are still not in line with the EU *acquis*. The institutional framework for managing future Natura 2000 sites needs to be streamlined and adequately resourced. The review of the status of protected areas continued over 2020 in a non-transparent and non-participatory manner resulting in the changes in status and boundaries of a number of potential Natura 2000 areas. In March 2022, the mining regulation was amended to allow mining activities to be carried out in olive orchards, which caused significant protests from farmers, political parties, NGOs and the general public. In April, the Council of State of Türkiye ordered a temporary stay of execution of mining operations in these areas.

In **industrial pollution and risk management**, alignment with the EU *acquis* is at an early stage. The European Pollutant Release and Transfer Register (E-PRTR) legislation was adopted in December 2021 with a phased approach. Türkiye still needs to align with the Industrial Emissions Directive, the eco-management and audit scheme (EMAS) and the Directive on the limitation of emissions of volatile organic compounds (VOC) due to the use of organic solvents in certain paints and varnishes and vehicle refinishing products.

On **chemicals**, the overall level of legislative alignment is advanced but implementation and enforcement remained weak. Türkiye is almost fully aligned with the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). Registration process started in January 2021 via the Chemicals Registration System (CRS) with a transitional period of enforcement from 2021 until 2023. Türkiye adopted legislation aiming at the alignment with the latest EU Directive on Persistent Organic Pollutants in March 2021.

Alignment with legislation on **noise** is well advanced but implementation and enforcement need to be improved. A few noise mapping and local noise action plans were not finalised.

On **civil protection**, Türkiye's collaboration under the EU Civil Protection Mechanism (UCPM) continued to increase. An EU Civil Protection Modules and other Response Capacities (MODEX) exercise was successfully conducted in Tekirdağ, in November 2021 and became a milestone for the cooperation. Türkiye activated the mechanism and received support for the major forest fires in summer 2021. Furthermore, the Ministry of Health registered an Emergency Medical Team capacity to the European Civil Protection Pool. Türkiye, as a participating State of UCPM, submitted the country's summary of the risk assessment and risk management



capability and information on priority prevention and preparedness measures for certain types of disaster risks, as required by the revised EU civil protection legislation. Türkiye is encouraged to install the Secure Trans European Services for Telematics between Administrators (sTESTA) system to be able to connect through the Common Emergency Communication and Information System (CECIS) with the Emergency Response Coordination Centre (ERCC) of the European Commission.

### Climate change

Türkiye made **no progress** on climate change over the reporting period, contrary to expectations following the ratification of the Paris Agreement in October 2021 and the announcement that the country would aim at reaching net-zero emissions by 2053. A climate law and the Emissions Trading System legislation are yet to be adopted. Türkiye announced its intention to submit an enhanced nationally determined contribution before the COP27. Mainstreaming of climate action into other sector policies remained limited. Regarding its other commitments under the UN Framework Convention on Climate Change, Türkiye submitted the latest national inventory on greenhouse gasses in April 2021. Türkiye's legislation is currently not aligned with the Emission Trading Directive and with the EU's economy-wide greenhouse gas monitoring mechanism. Türkiye still does not fully implement the Fuel Quality Directive. It also does not align with emissions standards for new cars. An alignment plan for the Carbon Capture and Storage Directive needs to be established.

## **CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION**

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

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

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

### **Chapter 11: Agriculture and rural development**

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

Türkiye reached <b>some level of preparation</b> in the area of agriculture and rural development. <b>Backsliding</b> continued with respect to the recommendations of last year: There is still no
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strategy for producing agricultural statistics. Türkiye's agricultural support policy keeps moving away from the common agricultural policy's principles and Türkiye continued to restrict imports of agricultural products from the EU.

In the coming year, Türkiye should in particular:

- adopt and start to implement a strategy for producing agricultural statistics;
- develop and start to implement a strategy to align its agricultural support policy with the EU *acquis*, including the definition of cross-compliance standards;
- with regard to the EU instrument for pre-accession assistance for rural development programme (IPARD), ensure the smooth roll-over of entrusted IPARD measures to the 2021-2027 period and prepare new measures for entrustment under the IPARD III programme.

On **horizontal issues**, the Ministry of Agriculture and Forestry continued efforts to minimise the negative impact of the COVID-19 pandemic. Preparatory works concerning the targets set out in the Turkish Green Deal Action Plan started as regards sustainable agriculture actions.

Türkiye continued to move away from the principles governing agricultural direct support under the common agricultural policy, notably by increasing the support coupled to production and aiming at shifting to a region or basin-based management model.

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

No progress has been observed on **common market organisation**. Sharp decline in imports of live cattle, beef and derivate products from the EU continued in the reporting period. Türkiye is yet to fully implement its obligations under the EU-Türkiye trade agreement for agricultural products, by opening quotas for beef and live animals on a lasting basis. Proper and transparent management of import quotas needs to be implemented.

On **rural development**, the third programming framework of the EU instrument for pre-accession assistance for rural development programme (IPARD III) covering the period 2021-2027 with a budget of EUR 430 million has been adopted by the Commission. Meanwhile, the implementation of IPARD II continued steadily.

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

On **organic farming**, alignment with the EU *acquis* on principles and implementation is well advanced. There is potential for further developing the sector and for utilising the support opportunities under the IPARD III programme. The Turkish Accreditation Agency accredits organic agriculture control bodies.

## Chapter 12: Food safety, veterinary and phytosanitary policy

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

*nutrition.*

Türkiye reached **some level of preparation** in the area of food safety, veterinary and phytosanitary policy. There was **limited progress** concerning the implementation of animal identification and registration. Last year's recommendations were only partially taken up. Food establishments are yet to be upgraded to meet relevant EU standards. Full implementation of the EU *acquis* in this area requires significant further work.

In the coming year, Türkiye should in particular:

- upgrade food establishments to meet EU standards;
- meet EU maximum limits for pesticide residues, and effectively address recurrent deficiencies;
- make further progress in addressing zoonoses.

There was limited progress in aligning and implementing the EU *acquis* on **general food safety**. The number of RASFF-notifications (Rapid Alert System for Food and Feed) on findings of pesticide residues in fruits and vegetables imported from Türkiye into the EU have remained unacceptably high since 2020 when new standards on chlorpyrifos and chlorpyrifos-methyl became applicable. Implementation of specific hygiene rules for food of animal origin, particularly for raw milk, was once more postponed.

Türkiye is yet to fully align its **veterinary policy** with the EU *acquis*. The identification and registration of bovines and small ruminants continued. The electronic identification system also covers cattle. Identification and registration of cats, dogs and ferrets started.

Türkiye continued its fight against animal diseases. Foot and mouth disease outbreaks decreased as a result of mass vaccination. The disease-free zone ensured by vaccination in the area of western Türkiye bordering Bulgaria and Greece was maintained by strict movement controls. Vaccination against lumpy skin disease continued. Significant efforts are still needed to fully align with the EU *acquis* on transmissible spongiform encephalopathies and surveillance systems, including full compliance with the February 1998 Decision of the EU-Türkiye Association Council on the trade regime for agricultural products. Implementation of the legislation concerning animal welfare during transport was postponed and further structural and administrative work is necessary to fully implement the EU *acquis* in this area. There was some progress on zoonoses, with the implementation of the Salmonella control programme.

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

Alignment of **food safety rules** with the EU *acquis* advanced on issues such as labelling, additives and purity criteria, flavourings, food supplements and enzymes. Progress on **specific rules for feed** remained limited. Progress on the **phytosanitary policy** remained limited. Alignment is yet to be ensured for novel food and for **genetically modified organisms**.

## Chapter 13: Fisheries

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

Türkiye is **moderately prepared** in the area of fisheries. **Good progress** continued as regards fisheries governance with the implementation of the new fisheries law. Last year's recommendations were largely taken up, notably on multilateral cooperation within the General Fisheries Commission for the Mediterranean (GFCM).

In the coming year, Türkiye should in particular:

- strengthen efforts to align the fisheries management, including fisheries data collection and data sharing for scientific stock assessments;
- strengthen efforts to align the market policy for fisheries and aquaculture products;
- enhance further the fisheries control and inspection at sea in view of improving compliance at both the Mediterranean and Black Seas, and of effectively fighting illegal, unreported and unregulated fishing activities (IUU), including catch documentation schemes (CDS).

Some progress was made on **resources and fleet management**. Alignment of implementing legislation and technical regulations on fisheries and aquaculture with the amended fisheries law continued in the reporting period, including on the fisheries vessels monitoring system, commercial fishing, traditional artisanal fishing, and aquaculture. The information systems established to manage fisheries and fishing fleet became functional and contributed to monitoring, control and surveillance. The institutional capacity and infrastructure for data collection and stock assessment were further improved. Support programmes were implemented for the exploitation of pufferfish (invasive species) to protect marine biodiversity. New fisheries protected areas were designated. The 2019 amendment of the fisheries law had also provided for some **structural action**, such as a strengthened conservation regime. However no further progress has been made in this regard since. Structural actions are in place to support traditional coastal fisheries.

On **inspections and control**, good progress continued in legislative alignment and on implementation of the recommendations for control measures by the International Commission for the Conservation of Atlantic Tunas (ICCAT) and the General Fisheries Commission for the Mediterranean (GFCM). The August 2021 amendment regarding commercial fishing regulates the obligations, restrictions and bans on fisheries in order to ensure protection and sustainable operation of fisheries resources, taking into account scientific, environmental, economic and social issues. Sanctions were further improved with implementation of the amended fisheries law. The number of inspections increased and nearly 400 fisheries vessels were confiscated due to illegal, unreported and unregulated fishing (IUU) in the last three years. New technologies such as drones are used in fisheries inspections.

On **market policy**, Türkiye improved the institutional capacity of the ministry as well as fisheries producer organisations, with IT tools developed to facilitate data flow from the producer organisations. **State aid** is provided for aquaculture and to improve data quality on marine and inland artisanal fishing vessels for sustainable management of fisheries.

Regarding **international agreements**, Türkiye continued cooperating with the EU in the

regional and international platforms. As the EU implements provisions of the United Nations Convention on the Law of the Sea, inter alia in the common fisheries policy, Türkiye's ratification of the Convention would improve cooperation with the EU on fisheries and maritime policy.

## **Chapter 22: Regional policy and the coordination of structural instruments**

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

Türkiye is **moderately prepared** in the area of regional policy and the coordination of structural instruments. Overall, **some progress** was made on accelerating the absorption of IPA II funds.

The recommendations from 2021 remain valid. In the coming year, Türkiye should in particular:

- address structural weaknesses in the regional policy implementation;
- accelerate implementation of the ongoing operations under IPA II, in order to deliver high quality results by the set deadlines and avoid de-commitments;
- strengthen its prioritisation capacities for EU funding under IPA III.

Limited progress was made in the **legislative framework**. Mechanisms for evidence-based policymaking, policy and programme evaluations, and impact assessment are not yet in place.

Formulation of a general framework and appropriate statistical tools for monitoring and evaluation of the National Strategy for Regional Development (NSRD) and Regional Development Agencies' (RDAs) performance needs to be improved. The implementation of the NSRD has limited impact on national policy-making, and regional level considerations continue not to be fully reflected at central level. The limited involvement of relevant stakeholders in the RDAs and limited budget still affect the role RDAs play in contributing to policy-making and to the regional development. Central level involvement in local planning and considerable dependency on the state budget limits the financial autonomy of the local authorities. Regional development programmes should enable improved economic coordination, structural changes, territorial cohesion and social inclusion, in addition to economic development and competitiveness, while ensuring definition of long-term priorities, regional specialisation strategies and partnerships.

On the **institutional framework**, the functioning of the IMBC authorities continued to be monitored by the National IPA Coordinator office (NIPAC) in coordination with the National Authorising Officer (NAO) under the regular oversight of the Presidential Office. The Financial Cooperation Committee, which groups all IMBC authorities, met regularly. The role of the NIPAC needs to be further strengthened to ensure effective coordination amongst ministries, prioritisation of interventions under IPA III and monitoring of impacts. The institutional set up and the system for management of IPA funds in IMBC needs to be adapted to the IPA III requirements ensuring alignment with the relevant articles of the Financial Framework Partnership Agreement between the Republic of Türkiye and the Commission.

There continued to be some progress concerning **administrative capacities of IPA structures**. The implementation of the action plan established by the NIPAC and NAO continued to deliver results. Efforts continued to strengthen capacities for programming, and monitoring and



evaluation activities, as well as to strengthen the Audit Authority. However, there is no clear staff retention policy and strategy, and the re-focussing of IMBC on specific sectors and some political developments have not positively contributed to staff motivation in some structures. The capacities of the IMBC structures need to be further strengthened in order to ensure efficient and timely contracting and implementation of IPA programmes, and be able to operate in ex-post controls environment.

With regards to **programming**, project pipelines were established by all IPA structures for the IPA II period 2014-2020 under multi-annual operational programmes (MAAPs) and a number of project proposals were submitted for 2021 and 2022 programming. Structures should strengthen their prioritisation capacities on the investment needs to be financed under IPA III, while fully taking benefit of the new financial instruments available in the context of the European Fund for Sustainable Development Plus (EFSD+). Coordination and complementarity amongst the instruments should be strengthened.

On **monitoring and evaluation**, the NIPAC establishes joint on the spot check plans in coordination with the NAO and the managing authorities since 2019. In addition, the NAO follows up on the execution of the plans of the managing authorities and their findings. All managing authorities and the NIPAC have their own information/management information systems and a technical assistance for result oriented monitoring has been supporting the NIPAC office to monitor the implementation. Some progress was observed in terms of reporting at indicator and sector priorities level. However, progress is needed on reporting at outcome level and progress/achievements against the set targets.

Concerning **financial management, control and audit**, no de-commitments took place at the end of 2021, but implementation and disbursement rates still need to further progress at full speed. The Audit Authority strengthened its capacities, improved the quality of the annual reporting and followed Commission guidance and recommendations. There is a need to further develop the methodology for auditing infrastructure projects and expand experience in verification of performance aspects, including compliance with sound financial management rules and outcome achievement. Constant attention to the quality of audit evidence should contribute to strengthening audit conclusions. (See Chapter 32).

### Chapter 33: Financial and budgetary provisions

*This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; (iii) the non-recycled plastic resource and (iv) a resource based on value-added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.*

Türkiye has **some level of preparation** in the area of financial and budgetary provisions. **No progress** was made during the reporting period. Solid coordination structures, administrative capacity and implementing rules for the correct application of the own resources system will need to be set up in due course.

Last year's recommendation was not addressed. In the coming year, Türkiye should in particular further align the GNI Inventory with Eurostat's GNI Inventory Guide.

Basic principles and institutions in the underlying policy areas linked to the application of the own resources system are already in place (*see Chapters 16 - Taxation, 18 - Statistics, 29 - Customs union and 32 - Financial control*). The Customs Union with the EU on processed agricultural goods and industrial goods (with the exception of coal and steel products) continues to ensure considerable alignment of Türkiye's customs legislation with the EU *acquis* on customs while a draft customs law aligned with the Union Customs Code is yet to be adopted. This will facilitate preparation in **traditional own resources**, i.e. mainly customs duties.

For the **value added tax-based resource**, preparation is needed to correctly calculate the VAT base and the weighted average rate. Sound measures are needed to combat VAT and customs duties fraud and resolute actions are needed to tackle the non-observed economy. Türkiye needs to further align the legislation on structure, exemptions, special schemes and the scope of reduced rates with the EU *acquis*.

Concerning the **gross national income-based resource**, Türkiye needs to continue its efforts to bring its national accounts and GNI calculations fully in line with the European system of accounts (ESA 2010) and to improve exhaustiveness of the estimates, ensuring that they take account of the non-observed economy. There is a need to further align the GNI inventory with the Eurostat's Inventory Guide and improve the timely transmission of data.

As concerns the **administrative infrastructure**, Türkiye needs to set up a fully operational coordination structure, with appropriate administrative capacity and implementing rules, to ensure that it will be able to correctly calculate, forecast, account for, collect, pay, control and report own resources to the EU in line with the EU *acquis*.

## CLUSTER 6: EXTERNAL RELATIONS

There are two chapters in this cluster: external relations (Chapter 30), and foreign, security and defence policy (Chapter 31). Türkiye is moderately prepared in the area of external relations and made limited progress during the reporting period. Large deviation from the Common Customs Tariff was still in place. Divergence from the EU Generalised Scheme of Preferences persisted, in violation of the EU-Turkey Customs Union. Türkiye's official development assistance was largely directed towards humanitarian support for the Syria-related activities on Türkiye's own territory.

Türkiye has some level of preparation in the area of foreign, security and defence policy. Overall, Türkiye's foreign policy continued to be at odds with the EU priorities under the common foreign and security policy (CFSP).

### Chapter 30: External relations

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

Türkiye is **moderately prepared** in the area of external relations. There was **limited progress** in the reporting period. Türkiye lifted some additional customs duties, thus partly re-aligning its customs tariff with the Common Customs Tariff. However, large deviation from the Common Customs Tariff due to the wide scope of additional customs duties was still in place, and the divergence from the EU Generalised Scheme of Preferences persisted, contravening the EU-Turkey Customs Union. Türkiye's official development assistance remained above the 0.7 %

target enshrined in the Sustainable Development Goal 17 and was largely directed towards humanitarian support for the Syria-related activities on Türkiye's own territory.

The recommendations from last year were only partially implemented and remain valid.

In the coming year, Türkiye should in particular:

- re-align the customs tariff completely with the Common Customs Tariff;
- complete the alignment with the EU's Generalised Scheme of Preferences and dual-use export control regime;
- provide increasing development and humanitarian aid outside its territory.

There was limited progress on the **common commercial policy**. Some of the additional duties were removed. The number and wide scope of the remaining additional duties are yet to be significantly narrowed down to restore the once good level of alignment with the EU common commercial policy. In addition, Türkiye has not fully converged to the EU's Generalised Scheme of Preferences in terms of either countries or products. New investigations initiated based on weak evidence, and the use of safeguards instead of more targeted and more appropriate trade defence measures (such as the anti-dumping instrument) remained a cause of concern. There is a need for closer coordination between the EU and Türkiye within the World Trade Organisation, in particular on the Doha Development Agenda, in the OECD and the G-20.

On export controls on **dual-use goods**, Türkiye did not align with the EU position on certain multilateral export control arrangements, such as the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, and the Missile Technology Control Regime. Türkiye is still not aligned with the EU position on medium- and long-term export credits.

Regarding **bilateral agreements with third countries**, Türkiye concluded a free trade agreement with Ukraine, completing the negotiations initiated a decade ago. Türkiye continued to implement the free trade agreement concluded with the United Kingdom following the entry into force of the EU-UK Trade and Cooperation Agreement. Türkiye also continued to implement its free trade agreement with Malaysia, even though the EU has no such agreement with that country. In addition, Türkiye continued to implement agreements with Venezuela and with Azerbaijan.

As to the Pan-euro-Mediterranean (PEM) Convention on rules of origin, two EU-Türkiye trade agreements are not yet linked to the PEM Convention's current rules: the 1998 regime for agricultural products, and the 1996 Agreement on trade in products covered by the European Coal and Steel Community. There are ongoing EU-Türkiye discussions on the (revised) PEM Convention transitional rules of origin. An agreement has yet to be reached on all issues including full cumulation and duty drawback.

As for **development policy** and **humanitarian aid**, official development assistance (ODA) granted by Türkiye in 2021 amounted to EUR 6.46 billion, which is equivalent to 0.95 % of its gross national income (GNI). It decreased compared to previous years, yet remained above the 0.7 % target enshrined in the Sustainable Development Goal 17. This assistance was largely directed towards humanitarian support for the Syria-related activities on Türkiye's own territory.

## Chapter 31: Foreign, security and defence policy

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

Türkiye has **some level of preparation** in the area of foreign, security and defence policy. **Backsliding** continued due to Türkiye's unilateral foreign policy being at odds with the EU priorities under the common foreign and security policy (CFSP), notably due to its support for military actions in surrounding conflicts such as in Syria and Iraq, and lack of alignment with EU restrictive measures against Russia. While the institutional framework enabling Türkiye's participation in CFSP and, respectively, the common security and defence policy (CSDP) is in place, Türkiye maintained a very low alignment rate of 7 %.

Türkiye's military support to Libya, including the deployment of foreign fighters on the ground, and its persistent criticism of, and lack of cooperation with Operation IRINI, are detrimental to the EU's effective contribution to the UN arms embargo implementation, and have led to conflicting approaches on Libya. Türkiye remains a critically important actor in the Syrian crisis and shares with the EU the objective of a stable and prosperous Syria. Nevertheless, Türkiye's troops maintained their significant presence in parts of northern Syria. The recommendations from last year still hold as they were addressed only to a very limited extent.

In the coming year, Türkiye should in particular:

- take decisive steps to significantly improve alignment with EU declarations and Council Decisions on the common foreign and security policy;
- further enhance the political dialogue on foreign and security policy with the EU.

Foreign policy consultations at senior officials' level took place in May 2022. Türkiye attended the Brussels VI Syria Conference in May 2022. The institutional framework enabling Türkiye's participation in **the common foreign and security policy** (CFSP) and, respectively, **the common security and defence policy** (CSDP) remains in place at both the Ministry of Foreign Affairs and at the Ministry of Defence. Türkiye continued to participate in Operation EUFOR ALTHEA as the biggest non-EU troop contributor.

As of August 2022, Türkiye's CFSP alignment rate slipped to an all-time low of 7 %, compared to 11 % in 2021. As a general policy, Türkiye does not support sanctions outside the UN framework and hence continued not to align with EU restrictive measures, including economic sanctions. Türkiye continues to obstruct the accession of EU Member States to international organisations.

Türkiye continued to seek its involvement in EU defence initiatives such as the Permanent Structured Cooperation (PESCO) and the European Defence Fund (EDF). Türkiye's narrow interpretation of the EU-NATO cooperation framework continued to pose an obstacle to building a genuine organisation-to-organisation relationship, in particular by limiting the exchange of information and blocking the inclusive participation of all Member States in joint activities of the two organisations. After a prolonged objection to Finland's and Sweden's **NATO membership bids**, Türkiye lifted its objection on 28 June 2022 under certain conditions. Its Parliament has not yet ratified the act of accession of the two EU Member States to NATO.

At the UN General Assembly in September 2021, Türkiye voiced its support to the reform of the UN Security Council, making a plea for multilateralism. Türkiye participated in the virtual G20

Rome Summit in October 2021 and the 28<sup>th</sup> OSCE Ministerial Council in December 2021. In many international organisations, Türkiye opposed the participation of international and European NGOs, which it accused, without providing evidence, of links with terrorist organisations.

Türkiye participates in, and complies with, the different international regimes/instruments concerning the **non-proliferation** of weapons of mass destruction. However, it continues to prevent the participation of the Republic of Cyprus in the Conference on Disarmament.

With regard to **hybrid threats**, in the context of international conflicts and crises, the circulation of false information and propaganda on social and mainstream media was observed also in the Turkish information environment. Türkiye did not restrict the operations of Russian media outlets in the context of the Russian aggression against Ukraine. In addressing disinformation, it is crucial that Türkiye does not restrict further the freedom of media, but that it implements, in an objective and proportionate manner, any legal framework aimed at preventing the spread of false information.

Türkiye's global diplomatic network ranks fifth in the world and continues to further expand. During the past year, Türkiye undertook significant efforts to mend ties with its estranged neighbours, a policy defined as '*regional normalisation*'. This noticeable recalibration of Türkiye's foreign policy focuses primarily on financial, trade and defence industry cooperation.

The **Russian war of aggression against Ukraine** was recognised by Türkiye as a state of war and Türkiye condemned the Russian aggression. Türkiye enforced the Montreux Convention's clause whereby the passage of warships was limited to those returning to their bases. Turkish companies continued to sell military ordnance to Ukraine. In February 2022, Türkiye and **Ukraine** deepened their strategic partnership by signing a range of bilateral agreements, including a new free trade agreement and a defence sector deal. At the same time, Türkiye has aimed at facilitating talks between Ukraine and Russia, as illustrated by talks held between the parties in Antalya and in Istanbul. It undertook a diplomatic initiative to facilitate the export of Ukrainian grain. In this context, Türkiye together with the United Nations facilitated the Black Sea Grain Initiative of 22 July between Ukraine and Russia and a Joint Coordination Center (JCC) was established in Istanbul to monitor the safe passage of commercial vessels through the humanitarian maritime corridor. On 5 August, the Turkish President met in Sochi with his Russian counterpart and signed a Memorandum of Understanding to expand economic cooperation. On 18 August, the Turkish President made his first visit to Ukraine since the start of the war where he met with the Ukrainian President together with the United Nations Secretary General. Türkiye refrained from aligning with EU sanctions against Russia. In the same vein, Türkiye did not close its airspace to Russian planes although it closed its airspace for Russian flights from and to Syria. Türkiye openly welcomed Russian oligarchs to invest in Türkiye.

Türkiye remains an important but also challenging partner and NATO ally for the **United States** (US). Türkiye and the US engage on regional issues, including Ukraine, Afghanistan, humanitarian access to Syria, and counter-terrorism activities. Key points of friction include Türkiye's refusal to part with its investment in Russian S-400 air defence missiles despite falling foul of the US Countering America's Adversaries Through Sanctions Act (CAATSA), Turkish criticism of US support for the YPG forces in northern Syria, tensions between Türkiye and Greece, Türkiye's continuing non ratification of the accession of Finland and Sweden to NATO, and the respect of human rights in Türkiye. In April 2022 the two countries launched the US-



Türkiye Strategic Mechanism as a structured platform in which all matters can be discussed, with an emphasis on advancing practical bilateral cooperation. Türkiye and **Canada**, as NATO allies, maintain open channels of communication at high level, reiterating and reaffirming their commitment for strong bilateral cooperation.

Türkiye's efforts for rapprochement in the region started in 2021 with **Egypt** which was followed by the rapprochement with the **United Arab Emirates (UAE)**, the signature of economic agreements and a widely-publicised visit of the President to the UAE in February 2022. Relations with **Bahrain** also improved and the Turkish Foreign Minister paid an official visit to this country in January 2022. Finally, the normalisation policy culminated in the President's visit to **Saudi Arabia** in April 2022. In the run-up to the visit, the Minister of Justice decided to transfer the legal proceedings for the killing in Istanbul of Mr Kashoggi to Saudi Courts. Relations with **Israel** were also re-launched with a meeting between the Turkish President and his Israeli counterpart in March 2022, the first visit of the Israeli President to Türkiye since 2007. In August 2022, Türkiye and Israel decided to re-establish full diplomatic ties. Türkiye and **Armenia** initiated the normalisation process and appointed special envoys who held four rounds of talks, while the Foreign Ministers of the two countries met in March 2022, for the first time since 2009, while the leaders of the two countries held their first ever phone call in July 2022. Direct flights between the two countries have started in February and an agreement was made in July to start direct cargo flights and allow third-country citizens to cross their shared borders at the earliest possible date.

Türkiye and **Qatar** continued their cooperation in various fields and maintained close coordination on regional and international issues. Türkiye maintains a pragmatic approach on **Afghanistan**, engaging regularly in talks with the Taliban *de facto* government but stopping short of recognition. Türkiye sent humanitarian aid to Afghanistan, provided a USD 3 million contribution to the UNDP Trust Fund and announced an additional USD 5 million contribution in humanitarian aid at the Afghanistan pledging conference in March 2022.

Türkiye remained committed to the political process in **Syria** and does not plan to normalise relations with the Syrian regime as long as there is no credible political process in place. Türkiye also engaged with Russia and Iran in the framework of the Astana Process, complementing the Geneva Process. Türkiye actively supported the work of the Constitutional Committee and continued to lend support and assistance to the opposition. Two years after the Syrian regime's latest large-scale offensive on Idlib, the cease-fire agreed in March 2020 between Türkiye and Russia held during the reporting period, although cease-fire violations and military flare-ups took place. The Turkish troops maintained their significant presence in the region and in other parts of northern Syria.

Clashes between, on the one hand, Turkish forces and units of the opposition's Syrian National Army and, on the other hand, the Syrian Democratic Forces (SDF) have markedly intensified from north-west Syria until north-east Syria. Türkiye developed housing and infrastructure in regions in northern Syria, linking them to those of Türkiye and provided basic services to the local population. However, the human rights situation in northern Syria, where Turkish forces and Türkiye-affiliated armed groups are present, remained a matter of concern. The Turkish authorities supported activities conducted by the Syrian Interim Government to bring back stability and create administrative structures on the ground. Under the mandatory provisions of international law, Türkiye needs to continue to address the human rights issue.

Regarding relations with **Libya**, Türkiye advocated for an agreement in the framework of the Libyan-led and Libyan-owned political process and considered the prevailing political situation in the country unsustainable. In line with the United Nations and key actors of the P3+2 (United States, United Kingdom, Germany, France and Italy), Ankara advocated for holding elections to overcome the crises. Türkiye continued to assert the validity of the Turkish-Libyan maritime delimitation agreement of 2019, which the EU considers an infringement upon the sovereign rights of third states, not complying with the Law of the Sea and having no legal consequences for third states. In June 2022, the Turkish Parliament granted an 18-month extension to Türkiye's military mission in Libya. Ankara continued to claim that the UN embargo provisions, the articles on the withdrawal of all mercenaries, foreign fighters and foreign forces from the Libyan territory and the suspension of military training in the cease-fire agreement had no bearing on the legitimate government. Türkiye's lack of cooperation continued to hamper the EU contribution to the effective implementation of the UN embargo. In July 2022, Türkiye, as a flag state, did not give its consent to Operation IRINI's request to inspect a vessel, eighth such incident since Operation IRINI started.

Türkiye supported the safeguarding of the Joint Comprehensive Plan of Action on **Iran** and acknowledged the EU initiatives on the matter. Türkiye maintained a high-level dialogue with Iran. Some tensions with Iran were noticeable in the contexts of the Syrian and north-Iraqi theatres, the provision of energy from Iran to Türkiye or the alleged Iranian attempts to attack Israeli citizens in Türkiye.

Türkiye continued its anti-terrorism operations in **Iraq** and the semiautonomous Kurdistan Region of Iraq against PKK groups and affiliates. The last operation launched in April 2022 – “Operation Claw-Lock” – was strongly condemned and labelled as a security threat by the Iraqi government. Türkiye was accused by Iraqi state media of killing civilians in Dohuk, following an artillery operation in the area. Türkiye maintains close relations with the federal government of Iraq as well as the Kurdistan Regional Government (KRG) to promote positive trade and energy relations. The Iraqi President paid a visit to Türkiye in March 2022.

In Central Asia, EU and Türkiye policies have converged to an extent. Türkiye presented itself as an alternative to Russia and China. Türkiye attaches great importance to connectivity and maintains close relations with the countries in the region. Regarding **Kazakhstan**, the Joint Declaration of 10 May 2022 raised the level of bilateral relations to an “enhanced strategic partnership” with the aim to strengthen ties and enhance cooperation across the board. Commercial agreements of a combined value of USD 1.1 billion were also signed.

In March 2022, the President visited **Uzbekistan** and a number of agreements were signed including on defence cooperation. In November 2021, upon Türkiye's proposal, the “Turkic Council” was renamed to “**Organisation of Turkic States**” (OTS), aiming to compete with the Shanghai Cooperation Organisation and the Eurasian Economic Union. Türkiye further enhanced its relations with **Azerbaijan** with which it coordinates on its normalisation process with Armenia. Türkiye supports the construction of a transport corridor to Azerbaijan via Armenia and emphasises energy and trade cooperation. Türkiye supports the 3+3 regional cooperation platform and participated in the meeting held in December 2021.

Türkiye systematically focuses on development opportunities in Asia and becoming the axis towards Europe. Türkiye is part of the multilateral Middle Corridor Initiative, aiming at developing connectivity initiatives with China via Türkiye, the Caucasus and Central Asia.

Türkiye continued to strengthen its trade ties with **China**, its second biggest trading partner. The Turkish Foreign Minister paid a visit to China in January 2022. Türkiye continued to voice its views, expectations and sensitivities regarding the treatment of the Uyghurs, a Turkic ethnic group in China.

The Turkish Foreign Minister paid an official visit to **Sri Lanka** in January 2022, agreeing to boost cooperation on defence industry and combatting terrorism. He also paid an official visit to **South Korea**, and a technical working group was established to deepen the bilateral relations. Türkiye and **Indonesia** agreed to further enhance their bilateral relations. Türkiye's relations with **Pakistan** remain strong, with regular high-level communications and exchanges. Pakistan's Prime Minister visited Türkiye in May 2022.

Türkiye paid a lot of attention to the **African continent** in 2021. The third Türkiye-Africa Partnership Summit took place in December 2021 in Istanbul. In total, 38 African countries attended the Summit, of which 16 on the level of Head of State or Government. A joint declaration, an action plan and an implementation report were adopted during the Summit. In the course of 2021 and 2022, the Turkish President paid visits to **Angola, Togo, Nigeria, Senegal, Guinea-Bissau** and the **Democratic Republic of Congo**, during which numerous bilateral agreements were signed.

Türkiye maintained its contacts with the countries of **Latin America**. In April 2022, Turkish Foreign Minister paid a visit to the region and **Venezuela's** President visited Türkiye in June 2022.

## ANNEX I – RELATIONS BETWEEN THE EU AND TÜRKİYE

Within the framework of **accession negotiations**, 16 chapters have been opened so far and one of these was provisionally closed. In December 2021, the General Affairs Council reiterated the Council's position of June 2018 that Türkiye has been moving further away from the European Union. Türkiye's accession negotiations have therefore effectively come to a standstill and no further chapters can be considered for opening or closing. The EU Leaders confirmed that dialogue on rule of law and fundamental rights remains an integral part of the EU-Türkiye relationship.

The Council conclusions of July 2019, adopted in response to Türkiye's provocative actions in the **Eastern Mediterranean**, remain valid. The Council decided to suspend negotiations with Türkiye on the Comprehensive Air Transport Agreement, not to hold for the time being the EU-Türkiye Association Council as well as further meetings of the EU-Türkiye high-level dialogues, to endorse the Commission's proposal to reduce the pre-accession assistance to Türkiye for 2020, and to invite the European Investment Bank to review its lending activities in Türkiye, notably with regard to sovereign-backed lending. The EU further extended the existing framework for restrictive measures in response to Türkiye's unauthorised drilling activities in the Eastern Mediterranean. Two Turkish individuals remain on the list of designations under this sanctions framework. A Turkish shipping company is also listed in the framework of violations of the Libya weapons embargo.

The European Council repeatedly stated that the EU has a strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Türkiye. The EU is ready to engage with Türkiye in a phased, proportionate and reversible manner to enhance cooperation in a number of areas of common interest, subject to the established conditionalities set out in European Council conclusions. In case of renewed unilateral actions or provocations in breach of international law, the EU will use all the instruments and the options at its disposal, including in accordance with Article 29 TEU and Article 215 TFEU, in order to defend its interests and those of its Member States. In its conclusions of June 2022, the European Council expressed deep concern about recent repeated actions and statements by Türkiye. Türkiye must respect the sovereignty and territorial integrity of all EU Member States. Recalling its previous conclusions and the statement of 25 March 2021, the European Council expected Türkiye to fully respect international law, to de-escalate tensions in the interest of regional stability in the Eastern Mediterranean, and to promote good neighbourly relations in a sustainable way.

Reforms and developments in Türkiye continued to be monitored by the bodies set up under the **Association Agreement**, with subcommittees kept being held throughout the reporting period. The Commission, jointly with the European External Action Service, has maintained EU-Türkiye relations in all key areas of joint interest based on a **broad engagement**. Intensified high-level engagement continued in the areas of joint interest. The political dialogue took place at senior officials' level.

Türkiye remains the EU's sixth largest **trading partner**, while the EU is Türkiye's largest. Two out of five goods traded by Türkiye come from or go to the EU and a significant part of foreign direct investment in Türkiye originates in the EU. As part of the Economic Reform Programme exercise, Türkiye participated in the multilateral economic dialogue with the Commission and Member States held in May 2022 to prepare the country for participation in multilateral

surveillance and economic policy coordination as part of the EU's Economic and Monetary Union. The EU and Türkiye also continue to coordinate in the framework of the G-20.

Regarding the **Customs Union**, the Commission adopted a recommendation for opening of negotiations with Türkiye on the modernisation of the Customs Union in December 2016. This recommendation has been forwarded to the Council where it has been under consideration, without prejudice to Member States' position. In March 2021, the EU Leaders invited the Commission to intensify talks with Türkiye to address current difficulties in the implementation of the Customs Union, ensuring its effective application to all Member States, and invited in parallel the Council to work on a mandate for the modernisation of the Customs Union. Such a mandate may be adopted by the Council subject to additional guidance by the European Council. The Commission continued intensified engagement with Türkiye to discuss issues hampering the smooth functioning of the Customs Union. The European Commission and Türkiye continue an intensified engagement on the EU Green Deal.

In the area of **visa, migration and asylum**, the implementation of the March 2016 EU-Turkey Statement has continued to deliver concrete results in reducing irregular and dangerous crossings on the Eastern Mediterranean route to Europe and in saving lives at sea. Türkiye sustained its considerable efforts to provide significant support to close to 4 million refugees, of which 3.6 million Syrians. In the context of the EU-Türkiye visa liberalisation dialogue, no outstanding visa liberalisation benchmarks were fulfilled. An international agreement on the exchange of personal data between Europol and the Turkish authorities competent for fighting serious crime and terrorism is yet to be concluded. The European Council of October 2021 called on Türkiye to ensure the full and non-discriminatory implementation of the EU-Turkey Statement of 2016, including vis-à-vis the Republic of Cyprus.

Türkiye and the EU continued to have fruitful cooperation under the Facility for Refugees in Turkey. The Facility manages a total of EUR 6 billion. The full operational budget of the Facility was contracted by the end of 2020; disbursements have reached over EUR 4.7 billion in June 2022, with the balance to be disbursed in the course of implementation of Facility projects. Facility funding continued to support projects focused on humanitarian assistance, education, migration management, health, municipal infrastructure, and socio-economic support. More than 100 projects have been rolled out. 1.9 million refugees, including those most vulnerable, continue to receive basic needs support and close to 740 000 refugee children are enrolled in school with Facility support. Other achievements of the Facility include the ongoing building of 405 schools, and delivering over 22.8 million primary health care consultations. The Commission allocated an additional package of EUR 3.5 billion covering the 2020-2023 period. This additional finding aims to ensure the continuation of support provided to date, in particular in key areas such as basic needs, health care and education, and protection and socio-economic support.

**Regarding bilateral financial assistance**, projects under the Instrument for Pre-accession Assistance (IPA) for Türkiye continued to be implemented, in compliance with the political guidance of the EU Budgetary Authority. Financial assistance under the IPA III focuses on priorities linked to the fundamental pillars of the enlargement strategy as well as on building more resilient and more sustainable economies and societies after the impact of the COVID-19 pandemic.



Türkiye has expressed interest to participate in a number of EU **programmes in the period 2021-2027**, and has signed the association agreements for the participation in Erasmus+, Horizon 2020, and the European Solidarity Corps programme. Negotiations on the association agreements for the participation in further programmes continue. Türkiye participates in the European Environmental Agency, the European Monitoring Centre for Drugs and Drug Addiction and the Civil Protection Mechanism. The Commission established the Türkiye Investment Platform (TIP) to enable stronger EU support to investments in the three overarching policy priorities of the European Fund for Sustainable Development + (EFSD+), namely the Green Deal, global gateways as well as jobs and growth.

**STATISTICAL DATA (as of 01.09.2022)**
**Türkiye**
**Basic data**

	Note	2009	2016	2017	2018	2019	2020
Population (thousand)		71 517 s	78 741 s	79 815 s	80 811 s	82 004 bs	83 155 s
Total area of the country (km²)	1)	785 347 w	780 270 sw	780 270 sw	779 972 w	779 972 w	779 972 w

**National accounts**

	Note	2009	2016	2017	2018	2019	2020
Gross domestic product (GDP) (million national currency)		1 006 373	2 626 560	3 133 704	3 758 774	4 317 787	5 046 883
Gross domestic product (GDP) (million euro)		465 246	785 619	760 497	658 544	679 132	626 576
GDP (euro per capita)		6 460	9 910	9 470	8 090	8 220	7 510
GDP per capita (in purchasing power standards (PPS))		11 660	18 536	19 360	19 181	18 466	18 406
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		48.5	65.7	66.0	63.3	59.0	61.5
Real GDP growth rate: change on previous year of GDP volume (%)		- 4.8	3.3	7.5	3.0	0.9	1.8
Employment growth (national accounts data), relative to the previous year (%)		:	:	:	:	:	:
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		:	:	:	:	:	:
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:	:
**3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		:	:	:	:	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		9.0	7.0	6.8	6.4	7.1	7.5
Industry (%)		20.6	22.2	23.3	24.9	24.2	25.6
Construction (%)		6.3	9.6	9.6	7.9	6.0	5.9
Services (%)		64.0 s	61.2 s	60.3 s	60.7 s	62.8 s	60.9 s
Final consumption expenditure, as a share of GDP (%)		77.2	74.1	73.0	70.8	72.4	:
Gross fixed capital formation, as a share of GDP (%)		22.2	29.1	29.9	29.7	25.9	27.4
Changes in inventories, as a share of GDP (%)		0.6	- 1.1	0.8	- 0.3	- 0.8	4.5
Exports of goods and services, relative to GDP (%)		23.4	23.1	26.0	31.2	32.6	28.7
Imports of goods and services, relative to GDP (%)		23.4	25.2	29.7	31.4	30.0	32.5

Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:
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<b>Business</b>	Note	2009	2016	2017	2018	2019	2020
Industrial production volume index (2015 = 100)		61.4	103.4	112.7	114.2	113.6	115.4
Number of active enterprises (number)		2 631 085 w	2 981 381 w	3 100 412 w	3 160 371 w	3 228 421 w	3 304 054 pw
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		:	13.0	14.1	13.3	12.9	14.7 w
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		13.0	11.2	12.1	:	:	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)		78.3 sw	74.6 sw	74.2 sw	74.4 sw	73.8 sw	73.9 psw
Value added by SMEs (in the non-financial business economy) (EUR million)		68 674 sw	130 934 sw	127 683 sw	106 199 sw	110 591 sw	95 591 psw
Total value added (in the non-financial business economy) (EUR million)		125 443 w	241 711 w	236 088 w	202 005 w	208 171 w	181 255 pw

<b>Inflation rate and house prices</b>	Note	2009	2016	2017	2018	2019	2020
Consumer price index (CPI), change relative to the previous year (%)		6.3 d	7.7 d	11.1 d	16.3 d	15.2 d	12.3 d
**Annual change in the deflated house price index (2015 = 100)		:	:	:	:	:	:

<b>Balance of payments</b>	Note	2009	2016	2017	2018	2019	2020
Balance of payments: current account total (million euro)		:	- 24 218.4	- 35 995.3	- 17 585.8	4 777.2	- 31 325.4
Balance of payments current account: trade balance (million euro)		:	- 36 013.9	- 51 370.2	- 33 861.9	- 15 027.1	- 33 188.9
Balance of payments current account: net services (million euro)		:	18 511.9	22 968.3	25 772.7	30 537.6	10 007.4
Balance of payments current account: net balance for primary income (million euro)		:	- 8 289.2	- 9 811.8	- 10 144.2	- 11 466.5	- 8 268.2
Balance of payments current account: net balance for secondary income (million euro)		:	1 572.8	2 218.4	651.9	745.8	136.4
Net balance for primary and secondary income: of which government transfers (million euro)		:	1 009.3	1 644.7	223.5	547.5	90.9
**3 year backward moving average of the current account balance relative to GDP (%)		:	- 3.8	- 3.8	- 3.5	- 2.2	- 2.3
**Five year change in share of world exports of goods and services (%)		:	16.6	6.9	5.7	7.0	- 3.1
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)	2) 3)	5 041.6 w	9 257.0 s	7 444.8 s	7 805.3 s	5 639.8 s	4 009.8 s
Foreign direct investment (FDI) abroad (million euro)	2) 3)	1 113.4 w	2 517.4	2 321.7	3 049.7	2 653.8	2 839.2
of which FDI of the reporting economy in the EU-27 countries (million euro)	2) 3)	:	972.9 w	713.8	1 716.7	1 268.6	1 075.4 w
Foreign direct investment (FDI) in the reporting economy (million euro)	2) 3)	6 155.0 w	11 774.4	9 766.5	10 855.0	8 293.6	6 849.0

of which FDI of the EU-27 countries in the reporting economy (million euro)	2) 3)	:	3 855.0 w	2 555.0	3 094.7	979.4	1 063.1 w
**Net international investment position, relative to GDP (%)		- 41.5 w	- 39.7 w	- 51.5 w	- 42.2 w	- 41.4 w	- 54.5 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)	4)	0.2 sw	0.1 sw	0.1 sw	0.1 sw	0.0 sw	0.0 sw

<b>Public finance</b>	Note	2009	2016	2017	2018	2019	2020
General government deficit / surplus, relative to GDP (%)		- 6.1 w	- 1.3 w	- 2.8 w	- 2.9 w	- 4.4 w	- 4.7 w
General government gross debt relative to GDP (%)		:	28.0 w	28.0 w	30.2 w	32.7 w	39.8 w
Total government revenues, as a percentage of GDP (%)		31.6 w	32.5 w	31.2 w	31.8 w	31.0 w	31.2 w
Total government expenditure, as a percentage of GDP (%)		37.7 w	33.8 w	34.0 w	34.7 w	35.4 w	35.9 w

<b>Financial indicators</b>	Note	2009	2016	2017	2018	2019	2020
Gross external debt of the whole economy, relative to GDP (%)	2)	42.6 sw	46.7 sw	52.6 sw	55.0 sw	54.8 sw	60.5 sw
Gross external debt of the whole economy, relative to total exports (%)		190.2 w	204.2 w	202.7 w	179.9 w	170.0 w	212.5 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		49 690.6 w	103 610.0 w	99 085.3 w	84 551.1 w	108 082.9 w	135 351.0 w
Money supply: M2 (M1 plus deposits with maturity up to two years, million euro)		228 237.3 w	380 863.3 w	357 979.4 w	321 665.1 w	367 703.2 w	369 270.6 w
Money supply: M3 (M2 plus marketable instruments, million euro)		240 245.6 w	393 176.4 w	370 812.2 w	330 904.3 w	384 031.8 w	379 829.6 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)	5)	145 332.7 w	410 574.0	377 902.8	349 175.5	406 046.7	406 615.2
**Annual change in financial sector liabilities (%)		:	17.0	20.8	17.6	18.9	38.0
**Private credit flow, consolidated, relative to GDP (%)	6)	:	7.1 w	9.1 w	2.3 w	3.3 w	10.3 w
**Private debt, consolidated, relative to GDP (%)		:	84	84	82	80	89
Interest rates: day-to-day money rate, per annum (%)		9.22	9.32	11.58	17.76	20.52	10.85
Lending interest rate (one year), per annum (%)		15.63 w	15.79 w	18.12 w	28.97 w	15.84 w	16.46 w
Deposit interest rate (one year), per annum (%)	7)	10.31 w	10.33 w	13.53 w	22.31 w	14.56 w	13.51 w
Euro exchange rates: average of period (1 euro = ... national currency)		2.163	3.343	4.121	5.708	6.358	8.055
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)		146.89	92.59	75.92	55.79	49.69	40.22
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)		-0.11 s	-0.23 s	-0.29 s	-0.44 s	-0.46 s	-0.47 s
Value of reserve assets (including gold) (million euro)	2)	53 648.5 w	95 863.5 w	95 361.6 w	78 770.5 w	94 413.6 w	81 664.3 w

<b>External trade in goods</b>	Note	2009	2016	2017	2018	2019	2020
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Value of imports: all goods, all partners (million euro)		100 764	179 468	207 000	188 337	181 038	182 328
Value of exports: all goods, all partners (million euro)		73 284	128 792	139 229	142 290	153 201	140 035
Trade balance: all goods, all partners (million euro)		- 27 480	- 50 676	- 67 771	- 46 047	- 27 836	- 42 293
Terms of trade (export price index / import price index * 100) (number)	8)	:	103.6 sw	98.1 sw	94.4 sw	94.5 sw	98.5 sw
Share of exports to EU-27 countries in value of total exports (%)		40.3 s	39.7 s	40.9 s	43.3 s	42.2 s	41.1 s
Share of imports from EU-27 countries in value of total imports (%)		37.7 s	36.3 s	33.6 s	32.9 s	31.6 s	33.1 s

<b>Demography</b>	Note	2009	2016	2017	2018	2019	2020
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		12.1	11.2	10.8	10.1 be	9.1 be	:
Infant mortality rate deaths of children under one year of age (per thousand live births)		13.7	10.0	9.2	9.3	9.1	:
Life expectancy at birth: male (years)		73.3	75.4	75.7	76.2	76.4	:
Life expectancy at birth: female (years)		78.8	81.0	81.3	81.6	81.8	:

<b>Labour market</b>	Note	2009	2016	2017	2018	2019	2020
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		54.5	60.9	61.9	62.3	62.2	58.7
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		47.8	54.4	55.3	55.6	53.8	51.0
Male employment rate for persons aged 20–64 (%)		70.4	75.5	76.1	76.0	73.2	70.1
Female employment rate for persons aged 20–64 (%)		25.8	33.2	34.5	35.2	34.4	32.0
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		28.2	33.4	34.4	35.3	33.6	31.1
Employment by main sectors							
Agriculture, forestry and fisheries (%)		22.9 s	19.5 s	19.4 s	18.4 s	18.1 s	17.6 s
Industry (%)		19.2 s	19.5 s	19.1 s	19.7 s	19.8 s	20.5 s
Construction (%)		6.1 s	7.3 s	7.4 s	6.9 s	5.5 s	5.7 s
Services (%)		51.7 s	53.7 s	54.1 s	54.9 s	56.6 s	56.2 s
People employed in the public sector as a share of total employment, persons aged 20–64 (%)		13.7 w	13.8 w	13.3 w	15.4 w	16.8 w	17.7 w
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		86.3 w	86.2 w	86.7 w	84.6 w	83.2 w	82.3 w
Unemployment rate: proportion of the labour force that is unemployed (%)		12.6	10.9	10.9	10.9	13.7	13.2



Male unemployment rate (%)		12.6	9.6	9.4	9.6	12.4	12.4
Female unemployment rate (%)		12.7	13.7	13.9	13.8	16.5	14.9
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		22.8	19.5	20.5	20.2	25.2	25.1
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		2.9	2.2	2.4	2.4	3.2	3.3
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		11.1	9.1	8.9	9.1	12.3	11.8
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		8.1	9.3	9.4	9.8	10.6	10.0

<b>Social cohesion</b>	Note	2009	2016	2017	2018	2019	2020
Average nominal monthly wages and salaries (national currency)	9)	1 084 w	2 031 w	2 287 w	2 509 w	2 857 w	3 501 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		:	:	:	:	:	:
GINI coefficient		44	43	43	43	42	43
Poverty gap		32.1	26.6	26.4	25.8	27.4	27.5
*Early leavers from education and training: proportion of the population aged 18–24 with at most lower secondary education who are not in further education or training (%)		44.3	34.3	32.5	31.0	28.7	26.7

<b>Standard of living</b>	Note	2009	2016	2017	2018	2019	2020
Number of passenger cars relative to population size (number per thousand population)		98.0	142.0	149.0	151.0	150.0	157.0
Number of mobile phone subscriptions relative to population size (number per thousand population)		865.0 w	940.4 w	964.0 w	977.0 w	972.0 w	982.0 w
Mobile broadband penetration (per 100 inhabitants)		3.4 w	64.8 w	70.5 w	74.5 w	75.0 w	78.5 w
Fixed broadband penetration (per 100 inhabitants)		9 w	13 w	15 w	16 w	17 w	20 w

<b>Infrastructure</b>	Note	2009	2016	2017	2018	2019	2020
Density of railway network (lines in operation per thousand km²)	10)	11.6 sw	13.0 s	13.1 s	13.2 s	13.3 s	13.3 s
Length of motorways (kilometres)		2 036	2 542	2 657	2 842	3 060	3 523

<b>Innovation and research</b>	Note	2009	2016	2017	2018	2019	2020
Public expenditure on education relative to GDP (%)		:	4.7	4.4	4.3	4.4	4.0 sw
*Gross domestic expenditure on R&D relative to GDP (%)		0.80	0.94	0.95	1.03	1.06	1.09

Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		0.39	0.35	0.34	0.35	0.35	0.28
Percentage of households who have internet access at home (%)		30.0	76.0	81.0	84.0	88.0	91.0

<b>Environment</b>	Note	2009	2016	2017	2018	2019	2020
*Index of greenhouse gas emissions, CO <sub>2</sub> equivalent (1990 = 100)		198.9	252.5	267.2	268.5	266.3	287.4
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		196.4	175.0	175.3	167.7	168.4	162.8
Electricity generated from renewable sources relative to gross electricity consumption (%)		19.7 w	32.3 w	29.4 w	32.2 w	43.6 w	41.9 w
Road share of inland freight transport (based on tonne-km) (%)		94.5 w	95.6 w	95.4 w	94.8 w	94.8 w	95.1 w

<b>Energy</b>	Note	2009	2016	2017	2018	2019	2020
Primary production of all energy products (thousand TOE)		29 595	35 705	36 466	39 909	45 134	43 636
Primary production of crude oil (thousand TOE)		2 373	2 721	2 695	3 010	3 102	3 274
Primary production of solid fuels (thousand TOE)		16 738	15 498	15 682	16 547	17 429	15 006
Primary production of gas (thousand TOE)		564	302	292	351	390	363
Net imports of all energy products (thousand TOE)		70 371 s	106 071 s	116 755 s	109 980 s	105 649 s	104 983 s
Gross inland energy consumption (thousand TOE)		99 721	139 634	150 445	148 120	150 123	148 064
Gross electricity generation (GWh)		194 736	273 694	296 429	303 852	302 796	305 426

<b>Agriculture</b>	Note	2009	2016	2017	2018	2019	2020
Agricultural production volume index of goods and services (at producer prices) (2010 = 100)		:	:	:	:	:	:
Utilised agricultural area (thousand hectares)		:	38 328.0	38 120.0	38 239.0	37 712.0	37 747.0
Livestock numbers: live bovine animals (thousand heads, end of period)		:	14 222.2 p	16 105.0 p	17 220.9 p	17 872.3	18 158.0
Livestock numbers: live swine (thousand heads, end of period)		:	:	:	:	:	:
Livestock numbers: live sheep and live goats (thousand heads, end of period)		:	41 329.2 ps	44 312.3 s	46 117.4 s	48 481.5 s	54 112.6 s
Raw milk available on farms (thousand tonnes)		:	18 489.2 w	20 699.9 w	22 120.7 w	22 960.4 w	:
Harvested crop production: cereals (including rice) (thousand tonnes)		33 373.0	35 724.9	36 598.8	34 705.8	35 202.1	38 050.8
Harvested crop production: sugar beet (thousand tonnes)		16 300.0	19 465.0	21 149.0	18 900.0	18 055.0	23 026.0
Harvested crop production: vegetables (thousand tonnes)		26 784.0	30 267.0	30 826.0	29 987.0	31 041.0	31 120.0

**Source: Eurostat and the statistical authorities in Türkiye**

: = not available

b = break in series

d = definition differs

e = estimated value

p = provisional

s = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

\* = Europe 2020 indicator

\*\* = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) Area values are calculated by reference to corine classifications and adapted to LUCAS. Corine data production period is 6 years.
- 2) Average of year exchange rate used to convert to euros.
- 3) Based on BPM6.
- 4) As of Second Quarter of 2021.
- 5) The exchange rate is the Central Bank buying rate at the end of the year. Data cover loans granted by MFIs to residents. Participation Banks and Investment and Development Banks are included.
- 6) Data cover debt securities and loans.
- 7) Average of monthly data. Overnight deposit facility.
- 8) With the January 2021 press release, foreign trade statistics according to the general trade system were used in the calculation of the indices and the base year was updated as 2015=100. Data are given as of January 2013. Since the indices based on 2015=100 are not withdrawn annually, the requested data cannot be provided.

Indices are calculated with Fisher index formula and 2015=100.

- 9) Source: Income and Living Conditions Survey.
- 10) Main lines only.