

**ASSOCIATION
BETWEEN
THE EUROPEAN UNION
AND TURKEY**

The Association Council

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COVER NOTE

Subject: 50th meeting of the EU-Turkey Association Council
(Brussels, 22 June 2012)

Delegations will find attached the statement by Turkey tabled on the occasion of the 50th meeting of the EU-Turkey Association Council.

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REPUBLIC OF TURKEY
MINISTRY FOR EU AFFAIRS

50th SESSION OF THE TURKEY-EU ASSOCIATION COUNCIL

**STATEMENT BY H.E. MR. EGEMEN BAĞIŞ,
MINISTER FOR EU AFFAIRS AND CHIEF NEGOTIATOR
OF THE REPUBLIC OF TURKEY**

**BRUSSELS
22 JUNE 2012**

OPENNING

MINISTER BAĞIŞ: It is a great pleasure for me to be in Brussels today, chairing the 50th meeting of the Turkey-EU Association Council, which is the main decision making body between Turkey and the EU.

I am very pleased to take over this duty carried by our Foreign Affairs Ministers since 1964. Holding the Association Council meeting for the 50th time is an indication of the comprehensive nature and deep relations between Turkey and the EU. Yet, it is a bit discouraging to know that Turkey's EU accession process has been continuing for decades.

This Council is in charge of discussing all aspects of Turkey-EU relations. It also has the task of overseeing the current state of the relations and formulating mutually acceptable solutions based on common interests. We sincerely hope this Council will work more effectively in contributing to resolve outstanding issues and in facilitating Turkey's EU accession process.

I would like to extend my warm thanks to the Danish Presidency, the Council Secretariat and the Commission for their efforts in preparing this meeting.

I declare the 50th meeting of the Turkey-EU Association Council open.

I will now pass to the draft agenda.

ITEM 1:

ADOPTION OF THE AGENDA

MINISTER BAĞIŞ: The first agenda item is the adoption of the draft agenda. Does the EU agree with the draft agenda as it stands in the document?

MINISTER BAĞIŞ: We also agree with the agenda. The agenda is hereby adopted.

ITEM 2:

**ADOPTION OF THE DRAFT MINUTES OF THE 49th MEETING OF THE
ASSOCIATION COUNCIL HELD ON 19 APRIL 2011 IN BRUSSELS**

MINISTER BAĞIŞ: Item two on our agenda is the approval of the draft minutes of the 49th meeting of the Turkey-EU Association Council that took place on April 19, 2011.

Does the EU side approve the draft minutes as it stands in the document?

MINISTER BAĞIŞ: We agree as well. The minutes are thus approved.

Now, I suggest that we move forward with the agenda items.

ITEM 3:

ACCESSION STRATEGY IN PARTICULAR IN THE LIGHT OF THE ACCESSION PARTNERSHIP AND OF THE COMMISSION'S 2011 PROGRESS REPORT

MINISTER BAĞIŞ: Now, I would like to pass to the third item on our agenda.

I would like to give the floor first to the Presidency to speak under this item.

Presidency

MINISTER BAĞIŞ: I now give the floor to the Commission.

Commission

MINISTER BAĞIŞ: In view of the limited time ahead of us, I will be highlighting the most significant developments.

Nevertheless, the whole text of my statement will be distributed. It will constitute an integral part of the minutes of this meeting.

Dear Colleagues, Ladies and Gentlemen,

Turkey is part of the European family. We believe in the same principles and values. We share a common future and therefore, we have concerns for the issues the EU is facing today.

The EU is going through a critical period which might have immense global impacts. First and foremost, the crisis should not lead to an introverted EU. It is discouraging to see that some circles in the EU have recently become more vocal in questioning the very fundamentals of the Union, such as Euro, Schengen and the enlargement. We are concerned about the rise in xenophobic tendencies, as well. All of these developments have negative impact on Turkey's accession process. As a negotiating country and an important economic partner of the EU, it is our sincere wish that the EU overcomes this period of crisis as soon as possible. We believe that Turkey has much to contribute to the EU in dealing with the issues it is facing now and

will be facing in the future. That is why we perceive Turkey's membership to the EU as a "win-win case" for both Parties.

ACCESSION PROCESS

State of Play in the Negotiation Process

We attach great importance to the negotiation process both in terms of acquis alignment and political reforms. However, the negotiation process is not proceeding as it ought to be. 18 out of 22 chapters pending to be opened are blocked on political grounds.

Although 7 years have passed since the start of the accession talks, we still have not been informed on technical benchmarks of 10 chapters. We had submitted the negotiation positions papers for "Chapter 26-Education and Culture" and "Chapter 17-Economic and Monetary Policy" which have no opening benchmarks, back in 2006 and 2007, respectively. Turkey is technically ready for opening these chapters to negotiations. "Chapter 15-Energy" which is strategically important for both parties is also politically blocked. The political demands of some Member States unfortunately impair the conditionality principle and the leverage of the EU in the reform process of Turkey.

EU institutionally has the responsibility to ensure that Member States do not take hostage the negotiation process for their short-sighted unilateral interests. It is not only our joint historical responsibility, but also a common interest to move further in Turkish-EU relations.

We believe that the new government of France under President Hollande's leadership will respect the founding principle and ideals of the EU in its relations with Turkey. Therefore, we look forward to the opening of some chapters.

Meanwhile, Turkey continues its reform process in every field of the *acquis communautaire*. Since last year, 30 primary and 259 secondary legislation have been enacted within the framework of the EU harmonization process. Our Government's decision to establish a Ministry for EU Affairs clearly demonstrates Turkey's determination to carry forward the EU accession process.

POSITIVE AGENDA

We appreciate the efforts of the Commission under the Positive Agenda which aims at introducing concrete steps for accelerating the accession process, particularly in those chapters with political blockages.

Areas of potential cooperation proposed by the two sides comprise of the initiatives such as visa, political reforms, energy, fight against terrorism and establishment of working groups on relevant chapters.

In order to work on the opening and closing benchmarks and to open and close as many chapters as possible within the shortest period of time once the political blockages are removed, working groups are established on politically blocked 8 chapters. Therefore, Positive Agenda will not be an alternative to the accession negotiations; rather it would support the negotiation process. It is clear that the Positive Agenda will not be effective in the medium term unless concrete steps are taken to lift the political blockages. We regard the Positive Agenda as a transitional process that will pave the way for the opening of new chapters.

Chapter 3- Right of Establishment and Freedom to Provide Services

Chapter 6- Company Law

Chapter 10- Information Society and Media

Chapter 18- Statistics

Chapter 23- Judiciary and Fundamental Rights

Chapter 24- Justice, Freedom and Security

Chapter 28- Consumer and Health Protection

Chapter 32- Financial Control

The first working group meeting was held on “Chapter 23 - Judiciary and Fundamental Rights” with the participation of the officials from the European Commission and relevant Turkish public institutions on the 17th of May. Working group meetings on “Company Law” and “Financial Control” chapters were held this week in Brussels.

2011 Enlargement Strategy states that Chapters 23 and 24 would be the first chapters to be opened to negotiations and the final ones to be closed. However, the opening of these two chapters in which Turkey is recording constant progress is blocked by political reasons. In fact, European Parliament's recent Progress Report on Turkey calls on the Commission to consider steps conducive to the opening of Chapter 24 and for the delivery of the screening report of Chapter 23.

VISA ISSUE

Council Conclusions which have been announced yesterday, give the clear mandate to the Commission to initiate the visa liberalisation process. We expect this process to result in the lifting of the Schengen visa for Turkish citizens.

This has been the long awaited and well deserved positive development in Turkey-EU relations in line with the spirit of the positive agenda.

I would like to congratulate the EU Member States for this step forward which will undoubtedly serve our mutual interests. This development would also have positive implications for Turkey's accession process.

I would like to thank you, Nicolai and Stefan, for the efforts of the Danish Presidency and the Commission in particular for this achievement. We believe that our cooperation is also appreciated by our European counterparts.

In return to the mandate given to the Commission, we have initialled the Readmission Agreement yesterday. Although we are not entirely satisfied with the Council conclusions, there has been significant progress compared to previous texts.

We have shared our concerns and put forward questions regarding certain elements included in the text of the Council Conclusions with Commissioner Füle and Commissioner Malmström.

We have been assured by Commissioner Malmström that the phrase “a gradual and long-term perspective” in the Conclusions defining the visa liberalisation process does not refer to an “open-ended” process.

Moreover, as regards the stress on “effective and consistent implementation of the requirements” of the Action Plan, including the “effective and full implementation of the Readmission Agreement”, Commissioner Malmström stated that the assessment will be made by the Commission, in consultation with the Member States, exclusively on the basis of progress made by Turkey.

In that framework what we expect at this stage is an Action Plan prepared by due consultations and based on objective and concrete criteria, fulfillment of which will be assessed in an objective and fair manner.

We will sign the Readmission Agreement once an Action Plan for full visa exemption for Turkish citizens is prepared. We need to see and study the content of the Action Plan before signing the Agreement.

We are aware of the time constraint for the finalisation of the Action Plan. We know that the Commission has to go through its internal procedures and consult with member states. We would still like to hope that you can do your best to finalise the Action Plan soon, so that we can sign the Readmission Agreement and start the visa liberalisation process. If this proves to be impossible due to time constraints, then we can sign the Agreement at a later date.

Finally, I would like to once again underline that, the implementation of the Readmission Agreement and visa exemption should be simultaneous. Moreover, Turkey will fully align with EU’s visa policy upon accession.

ENERGY ISSUE

Energy is another important topic under the Positive Agenda. Energy Chapter cannot be opened to negotiations because of the unilateral blockage of one Member State. In order to strengthen the cooperation between EU and Turkey, I and Minister of Energy Taner Yıldız met with Commissioner Füle and Commissioner Oettinger on February 9, 2012. Following our meeting in Istanbul, we convened last week in Stuttgart and agreed to focus our efforts on 5 topics of mutual interest;

- ✓ Long term perspectives on energy scenarios and energy mix
- ✓ Market integration and development of infrastructures of common interest (gas, electricity, oil)
- ✓ Global and regional energy cooperation
- ✓ Promotion of renewable energy, energy efficiency and clean energy technologies
- ✓ Nuclear safety and radiation protection

We have agreed to establish a steering group to coordinate the joint work of teams of experts and to report regularly to the Ministers and Commissioners. I believe that this cooperation will facilitate the eventual integration of energy markets. Such integration will not only increase security of energy supply in Europe and Turkey, it will also create important business opportunities.

COPENHAGEN CRITERIA

POLITICAL CRITERIA AND REFORM PROCESS IN TURKEY

Turkey is continuing with great determination on the reform process, in line with its objective of full compliance with the Copenhagen political criteria. Since our last meeting in April 2011, there have been considerable developments that reflect our will to further consolidate democracy and the rule of law in Turkey.

Reform Monitoring Group (RMG), overseeing the political reform process and composed of Minister for EU Affairs and Chief Negotiator, Minister of Interior, Minister of Foreign

Affairs and the Minister of Justice, has become a very active instrument and an important mechanism for the political reforms.

RMG convened in its 26th meeting on June 8, 2012 in Ordu. During the 26th RMG, the current situation in the accession negotiation process and the political reform process has been reviewed with a particular focus on Positive Agenda. Further efforts in the political, judicial and administrative spheres were planned.

Since the main aim of the RMG meetings is to accelerate the reform process in Turkey, for the subsequent RMG meetings some thematic meetings were decided to be convened. The next RMG meeting is foreseen to focus on the implementation of the Law on Foundations.

As regards **judiciary**, the priorities listed in Judicial Reform Strategy, adopted as of August 2009, have been realized to a great extent through successive enactments of significant laws. During the period following the constitutional amendment in 2010, The Law on Supreme Council of Judges and Public Prosecutors, Civil Procedure Code, Law on the Establishment and Trial Procedures of the Constitutional Court and Law on the Amendment to the Certain Laws for Accelerating Judicial Services, Civil Procedure Code entered into force.

Ministry of Justice is already updating the Judicial Reform Strategy through a participatory process. The revised strategy will be adopted soon.

Significant developments in connection with political criteria have been introduced by the Statutory Decree (Statutory Decree No. 650) which was adopted on August 26, 2011 to introduce a number of changes in Turkish legislation. In that context, the **Law on Organisation and Duties of Ministry of Justice (Law No: 2992)**, **Law on Judges and Prosecutors** and **Law on the Execution of Sentences and Security Measures** have been amended.

The main amendments made by the Statutory Decree No. 650 are listed below;

- The Human Rights Department within the General Directorate of International Law and Foreign Relations of the Ministry of Justice has been established.

- The time clause which stipulates 8 years membership of the Court of Cassation for the eligibility criteria for being the President and the Chief Prosecutor of the Court of Cassation has been decreased to 4 years and the eligibility criteria for the Deputy of President and Head of Department in the Court of Cassation has also been decreased from 6 years to 3 years.
- The minimum duration of service as a member of the Council of State required for eligibility to be elected as President or Chief Prosecutor of the Council of State has been decreased from 8 to 4 years; and from 6 to 3 years to be elected as Deputy President or Head of Chamber.
- The Statutory Decree also amends the Law on the Execution of Sentences and Security Measures in a way that detainee and convicted, except for those deemed dangerous, may participate in the funeral ceremonies of their collateral relatives (sister in-law, father-in-law, etc.).
- With the amendment of Law on Judges and Prosecutors, the upper age limit to become judge or prosecutor for lawyers has been increased from 35 to 45. In addition, the duration of training required for candidate judges and prosecutors has been decreased from 2 years to 1 year in the following 5 years.

“**Department of Human Rights**”, established on June 3, 2011 under the Directorate General for International Law and Foreign Relations of Ministry of Justice aims to identify and ensure swift implementation of general preventive measures.

This new unit focuses on measures to reduce the number of applications to and judgments against Turkey by the European Court of Human Rights. The new unit also contributes to safeguarding human rights and freedoms through closely monitoring judgments of the Convention bodies, coordinating preparation of defenses by relevant institutions.

Furthermore, there is a new initiative to conclude the pending cases regarding the right to a fair trial within a reasonable time before the European Court of Human Rights against Turkey in a shorter period. **Draft Law on Establishment of a Commission for Lengthy Trials** has been submitted to the Parliament. A committee will be established to apply a pilot case method. As a result, we expect that around 3000 cases pending before the European Court of Human Rights will be resolved.

Regarding lengthy trial periods, over the last years, a number of legal and administrative measures have been taken to address the issue in an effort to respect the right to a fair trial as enshrined under Article 6 of the European Convention on Human Rights.

The Law expanding the scope of probation went into force as of April 11, 2012.

The **Law on Mediation in Legal Disputes** was adopted on June 7, 2012. With the enactment of the Law, legal disputes shall be settled before legal action is taken. This law will decrease the workload of judiciary and shorten the trial process.

In line with the 2010 Constitutional Amendments, **individual applications to the Constitutional Court** will start on September 23, 2012. This regulation provides an additional means of resolving the matters between an individual and the authorities without having to apply to the European Court of Human Rights. This amendment conforms to the Committee of Ministers of the Council of Europe Recommendation. (Recommendation No. R (85) 13 of the Committee of Ministers to member states on the institution of the Ombudsman on 23 September 1985)

3rd Judiciary Reform Package, aiming to strengthen the right to a fair trial, is being discussed at the Parliament.

The draft package aims to strengthen the democratization process in line with the standards of the European Court of Human Rights and ease the judiciary's burden by accelerating the judicial process. The draft foresees amendments in penal legislation including detention orders, administrative judiciary and legislation regarding freedom of expression and the freedom of press as well as fight against corruption.

Within the 3rd Judiciary Reform Package, there are also significant amendments aiming at enhancing fight against corruption to comply with the recommendations from the Group of States against Corruption (GRECO) of the Council of Europe.

The main amendments that the 3rd Reform Package foresees are listed below:

- Under existing legislation, judicial control is applicable to the offences with a maximum penalty of 3 years or less. The draft packages foresees to increase the said upper limit to 5 years and to expand the scope of judicial control mechanism as an alternative to detention.
- In taking decisions for arrest or continuation of arrest, judges will be under obligation to cite the concrete reasons why detention is proportional. By this amendment, judges will be required to submit their detailed justification for the decisions regarding arrest or continuation of arrest.
- Article 132 and 134 of Turkish Penal Code are foreseen to be amended in order to increase the penalty for violation of confidentiality and communication and violation of the right of personal privacy. The paragraphs of the two articles which increase the penalty if the violation is committed through press will be repealed.
- Custodial sentence under Article 285 of the Turkish Penal Code regulating the attempt to influence fair trial will be repealed.
- Judicial fines, investigations, prosecutions and verdicts demanding or ruling up to 5 years imprisonment imposed on journalists with regard to freedom of expression or actions carried out through press will be postponed
- The scope of propaganda for a terrorist organization is foreseen to be restricted and the practice of termination of publications which contain incitement to or praise the offence or include propaganda for terror organization will be lifted.

- Scope of probationary measures will be increased from 3 years to 5 years.
- Time limitation on the final defense of the accused will be lifted.
- Prohibition under the Anti-Terror Law on commuting the custodial sentence to alternative sanctions such as fine will be lifted.
- The offence “bribery” will be redefined in line with GRECO recommendations.

As regards **anti-corruption**, the Government has also adopted the Anti-corruption Strategy and its Action Plan in 2010. The time- frame for its implementation is 2010-2014. We have also established inter-ministerial commission for Enhancing Transparency and Strengthening Fight against Corruption and the Executive Board consisting of high level bureaucrats and NGO representatives. Within that context, Law on Court of Accounts entered into force on December 19, 2010 and The Decree Amending the Various Laws and Decrees aiming to establish tax inspection board, which entered into force on July 11, 2011, gathered inspection boards under one roof.

As regards **human rights institutions**, we have speeded up the process to establish a full-fledged human rights institutional mechanism. The issue was deliberately discussed in the previous Reform Monitoring Group meetings, and the process gained momentum thereafter.

As regards **data protection**, the Draft Law on the Protection of the Personal Data has been revised by the Ministry of Justice and submitted to the Prime Ministry. The new draft legislation of the EU and the Council of Europe Convention for the Protection of Individuals with regard to Automatic Processing of Personal Data have been taken into consideration during the revision of the draft law. The draft is envisaged to be enacted soon in order to improve our cooperation with the EU in many fields, particularly in the areas of judicial cooperation and police cooperation.

Freedom of expression and press is safeguarded by the Constitution and other relevant legislation in Turkey. We remain determined to expand the scope of the freedom of

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

Article 301 of the Penal Code was further amended in 2008 in order to overcome certain difficulties in implementation. As a result, there has been a substantial decrease in the number of cases opened. Minister of Justice gave only “8” permissions in 2011.

Ministry of Justice is preparing the 4th Judicial Reform Package. The package includes significant improvements raising the standards of human rights, including freedom of expression and freedom of press.

Significant amendments are foreseen regarding freedom of expression in the 3rd package as well. As a consequence, thousands of cases regarding press-related offences will be positively affected.

- Articles 285 and 288 of the Penal Code criminalizing the violation of confidentiality of the investigation and attempt to influence a fair trial make the commission of these crimes via the press an aggravated reason. The existing wording will be repealed through this new package.
- Judicial fines, investigations, prosecutions and verdicts demanding or ruling up to 5 years imprisonment imposed on journalists with regard to freedom of expression or actions carried out through press will be postponed
- The scope of propaganda for a terrorist organization is foreseen to be restricted and the practice of termination of publications which contain incitement to or praise the offence or include propaganda for terror organization will be lifted.

Ministry of Justice is working on the **Action Plan on Freedom of Expression** to resolve the problems arising from legislation and implementation in the area of freedom of expression.

Draft Law on the Establishment of Anti-discrimination and Equality Board to fight

against all types of discrimination has been submitted to the Prime Ministry.

With regard to human rights institutions, **Law on the Establishment of an Ombudsman Institution** is adopted by the Parliament as of June 15, 2012. **Law on the Establishment of Turkish National Human Rights Institution** prepared in accordance with relevant UN principles was adopted by the Parliament on June 21, 2012 .Turkish National Human Rights Institution will also undertake the role of the national preventive mechanism which is an obligation under OPCAT.

The Draft Law on the Establishment of the Commission for the Monitoring of Law Enforcement Bodies aiming at examining and investigating serious complaints such as torture and ill-treatment independently of the law enforcement bodies is submitted to the Parliament.

As regards **freedom of religious belief**, the ongoing reform process that has been carried out with resolve and transparency in the last decade has also led to significant improvements religious freedoms. In line with our tradition of religious tolerance, we are taking care of the current issues of our citizens with different faiths, with whom a constructive and consistent dialogue is ongoing in the framework of the Reform Monitoring Group. Also we continuously hold comprehensive and fruitful consultations with the religious leaders of the non-Muslim communities.

On February 14, 2012, I met with more than 300 representatives of civil society organizations representing different faith groups.

Within the framework of the Constitution preparation process, community leaders of different faiths and beliefs have been contributing to the process with their proposals and views upon the invitation of the Conciliatory Committee.

For the first time, a religious ceremony was held on August 15, 2010 in Maçka, Trabzon, in the historical Sumela Monastery which has been closed for 88 years. The religious ceremony was also held in 2011.

For the first time in approximately a century, on September 19, 2010, a religious ceremony

was held in the Surp Haç Armenian Church (Armenian Church of Akdamar on Lake Van), which is one of the oldest churches in the region. The religious ceremony was also held in 2011.

On May 28, 2011, a religious ceremony was organized in Alaçatý (which is a town of Ýzmir) at the Pazar Yeri Mosque, which used to be a church 88 years ago. This ceremony at the mosque was officiated by Patriarch Bartholomeos who expressed his thanks to the authorities who gave the permission for the ceremony in the mosque.

On October 22, 2011, a religious ceremony was held in the Surp Giragos (Armenian Orthodox Church at Diyarbakýr) which is one of the largest Armenian churches in the region.

Gökçeada Island had been exempted from the large-scale population exchange that took place between Greece and Turkey within the context of the Treaty of Lausanne. The minority school at the Island was shut down in 1964. Recently an initiative has been taken to reopen a Greek school on Gökçeada.

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

Our Government has the will to reopen the Theological School of Heybeliada and work on this issue is ongoing in consultation with the relevant institutions with a constructive approach.

As regards **persons belonging to minorities**, inter-faith dialogue and harmony have deep roots in Turkey. The Republic of Turkey adheres with great dedication to its legacy of multi-faith tolerance and cultural pluralism. Based on this legacy and the secular principles upon which the Republic is founded, freedom of religious belief, conscience and conviction in Turkey is firmly guaranteed by the Constitution and relevant legislation.

According to the General Assembly Decision of the Directorate General of Press Advertisement published on February 28, 2012, newspapers belonging to minorities referred

to in the Lausanne Treaty may publish official advertisements upon a written application. This step improves the financial situation of these newspapers.

We do not observe reciprocity on issues related to minorities and human rights. Our aim is to improve the conditions of all our citizens without discrimination.

On the other hand, our constructive approach towards the Greek Orthodox Minority is also in the radar screen of the Turkish Muslim Minority in Western Thrace and Turks living in Dodecanese. They are expecting to see similar positive steps towards from the Greek authorities to remedy their problems.

The Turkish Minority in Greece faces serious problems in various fields ranging from denial of ethnic identity in spite of the ECHR rulings to lack of equal education opportunities. Unfortunately I am unable to announce any significant development in any of these issues.

Parallel steps in Turkey and in Greece will help to attain swift results with respect to minority issues.

Shortly before the elections on 6th of May, the Greek authorities prepared a draft law concerning the election of **Muftis in Greece** and shared it with the representatives of the Turkish Muslim Minority.

Although the Greek authorities' effort is praiseworthy, the draft failed to meet even the minimum expectations of the Minority.

In its current form, the draft law falls short not only of the specific and clear requirements of the Lausanne Peace Treaty, but also universally recognized standards in terms of religious freedom of the minorities.

I would not prefer to do it but when compared, it is evident that the envisaged conditions of the Muftis in an EU country are highly behind the current status of the **Greek Orthodox Patriarch**.

In the secular Turkish system, religious institutions (Muslim or non-Muslim) can neither uphold any status nor have legal personality. Similarly, religious communities do not enjoy legal personality also in some European countries. On the other hand, the Greek Orthodox Minority can establish foundations for conducting all its transactions that require legal personality.

At the Lausanne Peace Conference, Turkey allowed the Patriarchate to continue to reside in Ýstanbul, on the condition that it provides service for only the religious and spiritual needs of the Greek Orthodox Minority in Ýstanbul and that the Patriarch himself is a Turkish citizen. Mr. Venizelos, in his capacity as the head of the Greek delegation also willfully accepted this decision, as stated in the minutes of the Lausanne Peace Conference.

In other words, the Patriarchate accepted to shed all the political and administrative privileges granted by the Ottoman authorities in order to continue to reside in Ýstanbul. In fact, this was a basic condition to be met, given the secular nature of the Turkish Republic.

Therefore, the claim of “ecumenical” status is not relevant for Turkey. It is an issue of the Orthodox Church. It is up to the Patriarchate to determine its title in its relations with the third parties and its international contacts.

Indeed, the opinion of the Venice Commission (the Council of Europe’s advisory body on constitutional matters) dated 12-13 March 2010 *inter alia* reads “(...) *it cannot be inferred from the European Convention on Human Rights that the Turkish authorities are obliged themselves to actively use this title when referring to the Patriarchate, nor to formally recognize it (...)*”.

Today the Greek Orthodox Patriarchate carries out its activities in conformity with its traditions. The procedures and principles regarding the election of the Patriarch are implemented within the framework of long-lasting traditions of Patriarchate.

On the other hand, the current conditions of the Muftis in Greece as an EU country are highly behind the current status of the Greek Orthodox Patriarch.

As a result, in term of Minorities, there are more issues waiting for viable solutions on the other side of the Aegean.

On another note, we normally give our consent to the Patriarchate to enable them to organize religious ceremonies in historical churches in different places in Turkey. However, a similar demand by the Turkish Minority of Western Thrace concerning the organization of a religious/cultural event in the Fethiye Mosque in Ioannina was rejected by the Greek authorities.

Last but not least, let me underline that Athens is the only European capital where there is not a mosque open for religious service despite the presence of a considerable Muslim community.

For instance, the draft law rules that the Muftis will be elected by the Minority, but other provisions leaves all the phases of the election process under the administrative control of the Greek state. Therefore in practice, it is rather difficult to qualify this process as a genuine election reflecting the will of the Minority.

The draft law also imposes the status of civil servants for the Muftis, who in fact should be freely elected religious leaders.

As a matter of fact, according to the Lausanne Peace Treaty, the Minority “shall have right to establish, manage and control at their own expense, any charitable, religious and social institutions, any schools and other establishments for instruction and education, with the right to use their own language and to exercise their own religion freely therein.”

However, the draft law denies every right given to the Turkish Minority in Greece by the Lausanne Peace Treaty, as

- the Muftis are deprived of the ability to carry out their duties in the language of the Minority,
- and the Muftis are also made totally incompetent in staffing their offices.

As regards **anti-discrimination**, textbooks used in religious culture and ethics courses have been reviewed with a view to giving information on religions and belief systems other than Islam.

Within the penal framework, obstructing the exercise of the freedom of religion, belief and conviction constitutes an offence according to Article 115 of the Turkish Penal Code.

Furthermore, incitement to religious hatred, public denigration of any group on the basis of their religion or sect as well as defamation of religious values is penalized under Article 216 of the Turkish Penal Code.

With the new **By-Law on Private Education Institutions** issued by Ministry of National Education on March 20, 2012 the phrase in Article 53 of the former By-Law reading; “Only those children of the related minority group who are citizens of Republic of Turkey can receive education in these institutions” is annulled. The new By-Law is presumed to allow the enrollment of prospective students who are not citizens of the Republic of Turkey to these schools.

Through the Alevi opening, Tunceli University Alevism Practice and Research Center was established in 2009 with the purpose of to determine the position of Alevism in history of thought and culture of Turkey with the contributions and studies of the academicians in the fields of sociology, literature, history, and music; to convey the obtained data to researchers, institutions by e-mails, bulletin and Academic Journal to be published by the center; and to present the data to the public by conferences, panels and symposia.

Ali Ekber Yurt who is an Alevi dede, was appointed as the manager/director of the Tunceli University Alevism Practice and Research Center on December 14, 2011.

As regards **property rights**, within the context of Law on Foundations, which was adopted on February 27, 2008, 181 properties were registered in the name of the non-Muslim community foundations. With the 2011 amendment, we addressed the situation of community foundations’ properties which were previously not addressed by the law.

Our Government took a historical step and resolved a long lasting issue regarding the immovable properties of minority foundations by the amendment of Law on Foundations on August 27, 2011.

So far, 32 non-muslim community foundations have applied for the registration of 110 immovable properties. Foundations Assembly has decided for the return of 20 immovable properties and the compensation for 1 immovable property.

With the Decision of the Foundations Assembly, long lasting issue of the legal entity and foundation status of the Izmir Jewish Community was resolved.

Regarding the Mor Gabriel Monastery, the cadastral surveys of 2008 in the vicinity of the Mor Gabriel Monastery in Midyat, have caused judicial disputes and claims, which have been subject of court cases. The cadastral survey of the region was carried out on the basis of field maps dating back to 1956 and forestry plans and aerial photographs taken in 1986.

Today, two walls which cannot be seen in the aforementioned plans and photographs are encircling the Monastery. The disputes are concerning the land “de facto” occupied by the Monastery in and outside these walls. The issue is actually not about seizure of the Monastery’s land, but the illegal occupation of Turkish State property by the Monastery.

There are three court cases regarding the Monastery.

- The first court case filed by the Monastery against Treasury in 2008 has the aim of objecting to the forestry cadastration. The Cadastral Court ruled that the forest land claimed by the Monastery belongs to the Treasury with its decision dated June 24, 2009. The Monastery applied to the Court of Appeal against this ruling. The Court of Appeal supported the decision of the Cadastral Court. The Monastery appealed one more time against this decision and the appeal was refuted on February 14, 2011.
- Regarding the second case, the Midyat Court decided in favour of the Monastery, ruling that approximately 273 decares of land has to be registered under Monastery’s name on June 24, 2009. Treasury took the case to the Court of Appeal. The Court of Appeal ruled against the decision of the Midyat Court on December 07, 2010. The

Monastery applied to the Court of Appeal against this decision. The appeal was rejected. The case has once again been brought before the Midyat Court for judicial retrial and the Court insisted on the previous decision on October 10, 2011. The file has been submitted to the General Assembly of the Court of Appeal.

- The third is the public law suit against the Monastery due to illegal occupation of the forestal land. The decision regarding this case will be taken based on the decision of the Court of Appeal concerning the above-mentioned case.

- Besides these three court cases, there were several complaints filed against the Monastery but all were rejected by the Midyat Prosecutor's Office and no investigation process was carried out regarding these complaints.

At present the Monastery is fully functioning and there are no limitations imposed on its activities. Allegations which claim that the Monastery is under pressure are totally unfounded.

Regarding the **property issues of Greek nationals**, I would like to express that with regard to acquisition of immovable property in Turkey by right of inheritance, Turkey acts within the scope of "reciprocity" which is a fundamental principle of the international law. Relevant legislation (Article 35 of the Land Registration Code) prescribes reciprocity, both with regard to de jure and de facto situation. Thus, regarding acquisition of immovable property in Turkey by right of inheritance, for each case the national legislation of the applicant and its de facto applications shall be considered by taking into account the date of death of the legator.

With regard to **women's rights**, Turkey is committed to the goal of improving the living standards and rights of women, ensuring their full and equal participation in all spheres of life and strengthening their status in society.

The legal framework guaranteeing women's rights and gender equality is broadly in place. Equality between women and men before the law is one of the basic principles of the Turkish Constitution.

Ministry of Family and Social Policies was established in June 2011. As a result social services have been brought under the same roof such for child services, social aid services, services for old and disabled people and services for family, woman and society. This new structure is one of the significant improvements in terms of coordination of social services and their effective management.

Turkey actively contributed to the elaboration of the Council of Europe Convention on Preventing and Combating Violence against Women and Domestic Violence. The Convention was opened for signature in May 2011 during Turkey's Chairmanship of the Council of Europe. Having submitted its instrument of ratification to the Secretariat of the Council of Europe on March 14, 2012, Turkey has become the first country to sign and ratify the Convention.

“Law on the Protection of Family and Prevention of Violence Against Women” was adopted by the Parliament on March 8, 2012, on International Women's Day. It aims at elimination of all forms of violence including physical, psychological, sexual and economic violence. It also provides for the police, local administrative authorities and family courts to grant various levels of protection and support services to victims of violence or those at risk of violence. The Law also requires public services to provide shelter, temporary financial support and in some cases a new identity for the victim.

Specialized women rights/domestic violence bureaus in chief prosecutor's offices have been established in Ankara, Sincan, Samsun, Ýskenderun, Tekirdađ, Gebze and Adana. In some provinces special prosecutors were assigned to deal with related cases. The efforts are ongoing to prepare a roadmap to disseminate this system to whole country.

Campaigns and activities started in recent years for increasing schooling rates of girls in primary education continue. According to 2010-2011 academic year data, schooling rates for boys and girls are 98.6 % and 98.2 %, respectively.

The newly established Ministry of Family and Social Policies has been signing cooperation protocols with the relevant ministries in order to increase the participation of women, the disabled, the martyrs' relatives and veterans in employment and to improve the entrepreneurship capacity of these groups.

As regards the **children's rights**, the budget for children services has had a 27- fold increase from 2002 to 2011.

In order to implement the children rights effectively and ensure coordination, "Children Rights Strategy Document (2012-2016)" was prepared. The strategy document sets out the main pillars of the policy for monitoring and ensuring the implementation of child rights at the national level.

"Council of Europe Convention on Protection of Children against Sexual Exploitation and Sexual Abuse", entered into force on April 1, 2012.

Turkey also signed and ratified the United Nations Convention against Transnational Organized Crime and the Additional Protocol against the Smuggling of Migrants by Land, Sea and Air as well as the Additional Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children.

As regards **right of collective agreement**, in line with the 2010 Constitutional Amendment, Law Amending the Law on Public Servants' Trade Unions and Collective Agreement that exten this right to public servants was adopted by the Parliament in April 11, 2012.

The Law regulates the scope of the right of collective agreement, which has been extended to public servants and other public employees, the extension of the same agreements to the retired public servants, the parties of collective agreement procedure, the persons to benefit from as well as the organization and working procedures and principles of the Arbitration Board of Civil Servants.

As regards the **democratic opening process**, we aim to raise the democratic standards in Turkey for all our citizens in an embracing manner, irrespective of their ethnic origin, belief, gender or political preference. We have taken many very important steps concerning the comprehensive democratic opening process in the recent years.

Respecting cultural rights of our citizens, our government has taken significant steps throughout its rule during the past 10 years, including establishing a state channel broadcasting in Kurdish, removing obstacles to open private courses where Kurdish can be

taught, allowing oral or written propaganda in languages other than Turkish during the election period and lifting the restrictions on the rights of prisoners or their visitors to speak their own language or dialects and establishment of Departments of Kurdish Language and Literature and undergraduate /graduate programs in these Departments.

We are currently working on drafting a new Constitution. We expect this work to be instrumental in further enhancing democratic standards and freedoms in Turkey, and thereby in addressing certain grievances, including those of our citizens of Kurdish origin.

We are also planning to take a historical step in the education system. The Prime Minister himself announced the plans to teach Kurdish as an elective course in public schools starting from the fourth grade (depending on the demand of the sufficient number students) in the next education year.

As for the land-mines issues, demining work starting from our borders with Syria is ongoing. Turkey fulfills its obligations stemming from the Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction.

As regards **civil-military relations**, The Law on Court of Auditors entered into force on December 19, 2010. With regard to the auditing of the defense expenditures, The Law on Court of Auditors does not provide any kind of exemption or special arrangement to Turkish Armed Forces on the kind, area and process of the audit. Therefore, all methods and principles applicable to other public agencies concerning the audit process will be in effect for Turkish Armed Forces. Pursuant to the provisions of the Law No. 6085, the financial supervision of the Turkish Armed Forces was actually initiated on July 27, 2011.

Since 1926, “National Security Course” has been part of the curriculum of Turkish secondary school education system. As a norm, the content of the course’s book was determined by the offices of the Chief of General Staff. Appointed military officers were responsible for teaching of the course.

On January 25, 2012 the National Security Course has excluded from the curriculum by repealing the “By-law on Education of National Security Knowledge”. The content of course will be taught under the other related courses. The exclusion “the National Security Course”

from the curriculum and repealing such an outdated implementation shall further strengthen Turkey's democratization process.

Regarding **fight against terrorism**, Law on the Adoption of European Convention on the Prevention of Terrorism has been enacted on March 12, 2011. Effective counter-terrorism measures and respect for human rights are complementary as essentials of a successful counter-terrorism effort.

The legislative and institutional framework of Turkey's counter terrorism work is being revised based on changing circumstances and international obligations.

Through a statutory decree dated June 3, 2011, the Undersecretariat for Public Order and Security is affiliated to the Prime Ministry.

"The Law on the Adoption of International Convention for the Suppression of Acts of Nuclear Terrorism" entered into force as of February 22, 2012.

In order to strengthen international cooperation in fight against terrorism, significant draft laws are submitted to the Parliament.

"Draft Law on the Prevention of Financing of Terrorism" is under discussion at the Parliament. Turkey is determined to overcome deficiencies in its terrorist financing legislation in line with FATF recommendations. The draft law on the prevention of the financing of terrorism is on the agenda of the Parliament. Our government is committed to expeditiously enacting this law, in compliance with FATF standards.

"Draft Law regarding the Adoption of Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism" is on the agenda of the Parliament. We are doing our own share in the fight against terrorism as a responsible state abiding by the principle of rule of law.

Through these legal arrangements, Turkey aims to support the international efforts for fight against terrorism at a global level. We are doing our own share as a responsible state abiding by the principle of rule of law.

This week (20 June) we lost 8 soldiers after heinous attack by PKK terrorists in Dađlýca. At such an important juncture in our fight against PKK, EU members and institutions should enhance cooperation with Turkey and adopt further measures for the prevention of any PKK related activities in the EU territory. The success of the fight against PKK terrorism depends on efforts to put an end to the PKK activities in Europe.

We have been implementing a comprehensive and multi-faceted approach in the fight against the PKK.

This approach is comprised of a resolute, naturally indispensable security component, which we conduct with full respect for the rule of law and democratic rights. It also involves political, social, cultural and economic steps, alongside the necessary security measures.

As a terrorist organization and by its very nature, the PKK wishes to undermine democratic processes within Turkey. Therefore, its natural reflex in the face of democratic processes is to resort to violence.

We will continue to address this issue in a comprehensive manner irrespective of the continuing PKK attacks. This is expressed at the highest level on several occasions.

We want to deepen our cooperation with the EU institutions.

The report of the EU Counter Terrorism Coordinator underlines the importance of cooperation against PKK's illegal structures in Europe by stressing its fund-raising and money laundering activities in EU member countries. It proposes measures to prevent PKK's terrorism financing activities in Europe.

Effective and coordinated action within the EU against PKK's activities in line with Mr. Kerchov's recommendations would be most welcome.

We ask your support in encouraging EU wide action in this respect.

Extradition of terrorists sought by Turkey through Interpol Red Notices is an outstanding problem.

Statistical data shows that nearly all such Turkish extradition requests from EU member countries have either been declined or left unanswered. Turkey's extradition requests should be addressed by Member States with utmost care.

During the last year's counter terrorism consultations, Mr. De Kerchove suggested that Turkey and the EU experts should work on this matter and focus on leading cases.

Accordingly, during the last CT consultations we held on the eve of the Global Counter Terrorism Forum in Istanbul, we extended a list of extradition requests to the EU.

We are now ready to begin working on this issue.

The existence of PKK related media outlets in Europe is another important issue yet to be addressed. These media outlets make terrorist propaganda and incite hatred. The verdict of the Copenhagen City Court on ROJ TV was important in confirming its integral link with the PKK.

It was disappointing to see that ROJ TV's license was not revoked despite the clear verdict.

However, the relevant satellite companies terminated the broadcasts of ROJ TV on their satellites.

It is incumbent upon all states to take definitive action against the media outlets of the PKK terrorist organization.

ROJ TV should not be allowed to migrate to other countries, under new names like it did in the past.

Every country is under international obligation to fight against terrorism. This also includes preventing terrorists from abusing democratic freedoms.

Making terrorist propaganda and spreading hatred shall not hide behind the principle of "freedom of expression". In fact, the Danish Prosecutor in the ROJ TV case clearly expressed

that certain limitations imposed on the TV channels in this respect shall not be regarded as a violation of this principle.

The judgment of the Court of Justice of the European Union dated 22th of September 2011 on ROJ TV and its parent company Mesopotamia Broadcast A/S confirmed that the conduct of these associations involves “incitement to hatred”, as defined in EU legislation.

We believe that Horn of Africa Working Group which was established under the Global Counterterrorism Forum and we co-chair with the EU, may well play an important role to maintain cooperation in the field of security in the region. The second meeting that is planned to be held in November 2012 aims to bring together practitioners from and outside the region involved in law enforcement and countering the financing of terrorism, including those working in Financial Intelligence Units. This will be another step to foster collaboration among the regional countries.

ECONOMIC CRITERIA

The impact of the global crisis on the Turkish economy has been relatively short in duration. The government was able to restore confidence in a quick manner by implementing timely, targeted and efficient macroeconomic policies combined with the announcement of Medium Term Program (MTP). Hence, Turkey was able to transform the policy driven recovery into self-sustained growth quickly. Strong fiscal stance and the robust banking system have also been instrumental in mitigating the negative effects of global crisis.

Turkish economy entered into recovery period starting with the second quarter of 2009 with a strong rebound in domestic demand. The economy continued to expand throughout in 2010 and the growth rate reached 9.2 percent, making Turkey one of the best performing economies in the world. Although lost some pace in the last quarter, strong economic growth has been maintained in 2011, where the economy grew by 8.5 percent, above the MTP target of 7.5 percent.

We are living in a swiftly varying, volatile macroeconomic environment. Signs of strength in the global economy are repeatedly postponed and outlook often becomes doubtful. In such an environment, enhancing sustainable growth is the main focus of our policies. Current short

term indicators point out that the growth process has been continuing, due to the macro prudential measures taken by CBRT and BRSA at the end of 2010 towards concerns of overheating and widening current account deficit, in addition to the uncertainty in EU. In this context, the expected GDP growth rate in 2012 is 4 percent. In the years 2013 and 2014 the growth rate is targeted to reach 5 percent which indicates convergence to its potential level. Industrial production grew by 2.5 percent (year-on-year) in January-April and capacity utilization rate was realized as 74 percent as of January-May period of 2012. Although weakened in the last quarter of 2011, consumer and real sector confidence are improving in the first half of 2012.

The global crisis had negative effects on our labor market as in all over the world. Turkey did not experience a decrease in employment. Unemployment rate increased during the crisis due to the fall in production and rise in participation rates, especially that of women. Attaching great importance to minimize the detrimental effects of crisis on labor market, measures like public working schemes, vocational training, entrepreneurship counseling, on-the-job training, social security premium support, active labor market programs and unemployment insurance scheme were put in place. Turkey was able to create 3.7 million new jobs, since 2009. Unemployment rate also declined, in spite of the increases in labour participation rates.

Turkey was able to reduce inflation rates to single digit levels as of 2004, thanks to prudent fiscal and monetary policies applied since 2002 and improved future expectations. In 2010, headline inflation was realized as 6.4 percent which is the lowest annual realization in the past 40 years. Inflation increased starting with the second half of 2011 due to strong domestic demand, developments in FX market, high global commodity prices and domestic tax-price adjustments in some commodities. As of May 2012, monthly inflation was realized as negative 0.21 percent, which was below the expectations of market and CBRT, where yearly figure was realized as 8.28 percent.

Imports have had a resilient growth since the last quarter of 2009 parallel to strong recovery in domestic demand and increased by 29.8 percent in 2011. On the other hand, despite rapid growth rates in annual terms, lagged effects of the measures taken by the CBRT and the BRSA regarding to control credit growth and domestic demand have become effective in the last quarter of 2011. Imports declined by 2.7 percent in January-April period of 2012.

Gradual improvement of export performance has been maintained in 2011 where exports increased by 18.5 percent. Problems in the EU have had negative reflections on our export performance. Despite the success of exporters in product and market diversification, particularly to Africa, Asia, and Latin America, European market was the destination of 46,2 percent of Turkey's exports in 2011.

Saving deficit due to high investment of private sector, increase in imports of intermediate goods and surge in energy prices have adversely affected the current account balance in recent years. The decoupling between pace of recovery in domestic and external demand after the crisis further deteriorated the external position. Current account deficit to GDP ratio was realized as 6.4 percent in 2010. The current account balance posted a net deficit of USD 77.2 billion in 2011, indicating an increase by USD 30.6 billion in comparison to 2010. On the other hand, economic growth started to lose some pace as of the second half of 2011 on the back of the slowdown in domestic demand owing to the measures taken by Central Bank and BRSA, together with the uncertainty stemming from the problems in the Euro area. Slowdown in imports since the last quarter of 2011 vis-a-vis the moderate uptrend in exports has resulted in a decline in the current account deficit. Foreign trade balance has narrowed to USD 6.6 billion as of April 2012 and annualized trade deficit has decreased to USD 99,1 billion which is the lowest value achieved since June 2011.

Turkey did not encounter any problem in the financing component of Balance of Payments. During the crisis and in 2010, the composition of financing changed in favor of portfolio and short term inflows, similar to many countries. On the other hand, the share of FDI and long term financing has been increasing since the beginning of 2011. In addition, the level of Central Bank reserves is quite robust, with USD 80 billion as of June 8, 2012, serving as insurance for external shocks.

While many countries continued to resort expansionary fiscal policy at the cost of further deteriorating their fiscal positions, Turkey ended the crisis measures and started fiscal consolidation towards the end of 2009 and has committed to fiscal discipline since then. Our fiscal position, which deteriorated less compared to many developed economies during the crisis period, has been re-stabilizing since the beginning of 2010. Economic recovery has positively affected budget revenues, where together with the decline in interest payments our

budget performance was better in 2011 compared to 2010. The budget deficit which was expected to be TL 22.2 billion, was realized as TL 17.4 billion. Primary surplus target was also met in 2011. In January-April 2012, central government budget deficit was realized TL 5 billion and primary balance posted TL 16.9 billion surplus.

The EU defined debt stock to GDP ratio was realized as 42.4 percent in 2010 decreased to the level of 39.4 percent in 2011. I would like to underline that the corresponding ratio for many EU countries is over the relevant Maastricht criteria of 60 percent.

Borrowing maturities were extended and borrowing costs were reduced further in 2011 and at the beginning of 2012. In January-March 2012, average maturity of domestic borrowing and the annual average compounded interest rate of discounted Treasury auctions for government securities were realized as 65.1 months and 10.3 percent, respectively.

The banking sector maintained its robust position during the recent financial turmoil, which was crucial for mitigating the impact of external shocks on the economy and supporting the economic recovery in post crisis period. Capital adequacy ratio (CAR) remained high with 16.4 percent as of April 2012 above the legal rate of 8 percent and targeted ratio of 12 percent. The authorities' stress tests indicate that the banking system's CAR would remain above the 12 percent regulatory minimum even under severe credit, currency, or interest rate shocks.

FX net general position indicates the absence of exchange risk. Together with the economic recovery non-performing loan to total loans ratio decreased to 2.7 percent in 2011 and is realized as 2.7 percent as of January 7, 2012. Moreover, profitability of the banking sector has increased dramatically despite the financial crisis and remained high in the post crisis period. Net profit of the sector is realized as TL 19.8 billion as of end 2011 and was realized as TL 7.7 billion in January-April 2012 period. Net return on equity of the banking sector was realized as 15.5 percent in 2011 and 5.2 in January-April 2012 period. Banking sector has been supervised very closely within the framework of capital adequacy, asset management and profitability levels recently. This well supervising and monitoring has enabled banking sector to manage its risks and processes efficiently.

Turkey, has prepared the Pre-Accession Economic Programme (2012-2014) (PEP) and has submitted to the European Commission on January 2, 2012, responding to the request of the Economic and Financial Affairs Council (ECOFIN Council) dated November 26-27, 2000. Pre-Accession Economic Programme is based on Medium Term Programme (2012-2014). Developments after the submission of PEP were consistent with the general framework of PEP.

The main objectives for 2012-2014 are increasing welfare, increasing employment, sustaining fiscal discipline, increasing domestic savings, reducing current account deficit, and thereby strengthening macroeconomic stability in a stable growth path.

The fiscal policy in the 2012-2014 period will be implemented with an approach that will support macroeconomic stability, a private sector-led growth and facilitate struggling current account deficit by taking the budget and debt stock projections into account. In this period, fiscal discipline will be essential in fiscal policy implementation. In this framework, general government gross debt stock to GDP ratio for Turkey is expected to continue its declining trend and decrease gradually until 2014 to the level of 32, where the projections for many advanced and emerging economies remain high over the medium and even long term.

Inflation targeting regime will be continued in the 2012-2014 period in compliance with the main objective of achieving price stability. The ultimate target is to decrease inflation rate to levels complying with the Maastricht Criteria. Effective liquidity management through interest rate corridor and reserve requirements will be the policy instruments to contribute to financial stability in the coming period.

The floating exchange rate regime will continue in the forthcoming period within its ongoing framework. As in recent years, the CBRT will have no target for exchange rate. When unhealthy price formations are observed due to the possible loss of market depth, the CBRT may hold foreign exchange selling auctions, compatible with the spirit of the floating exchange rate regime, and/or intervene directly. The CBRT may also start to hold foreign exchange buying auctions depending on global conditions and the developments in the foreign exchange market.

The recent crisis showed that Turkish economy enhanced its resilience owing to structural reforms. Current global developments and uncertainties underlined the importance of reforms in many countries including Turkey. Therefore decisive continuation of structural reforms in Turkey is of utmost important in the forthcoming period. In this context, structural reforms, of which main steps are outlined in PEP, will be continued effectively in the 2012-2014 period.

The worsening in external balance has been always in the radar of policy makers. We consider the correction of external imbalances as a priority area for our economic policies. Therefore, macroprudential measures aiming to control domestic demand and current account deficit via curbing credit growth were taken by CBRT and Banking Regulation and Supervision Agency (BRSA). With these policies, loan interest rates have recorded a notable increase since October and loan growth rate declined to more reasonable levels towards the year-end. Ministry of Finance increased special consumption taxes in several items to slowdown consumption of items such as automobiles and cell phones. Consequently, balancing of the economy has started as anticipated and as mentioned above.

Growth elasticity of imports has been displaying a decreasing trend in Turkish economy. This trend is expected to continue in the forthcoming period and with the slowdown in GDP growth, real import growth is also expected to recede in 2012-2014 period. With improvement in trade partners' growth performance and modest growth performance in 2012-2014 as well as effects of macroprudential policies, trade deficit and current account deficit is expected to continue to decrease. Real exchange rate, which depreciated in 2011, staying at its current levels is another factor that will support import growth following a lower course compared to previous period.

In addition, Turkey has been applying structural and medium term policies for reducing the dependency of energy and intermediate goods imports and improving investment environment. A new investment incentive system and R&D and Innovation Support Program were put into practice aiming to increase the competitive power and increase longer term capital inflows to the country. The Assessment Council on Export-Oriented Production Strategy was set up in order to develop strategies to increase the in-house production of intermediate goods.

With all these mentioned, trade deficit, which has realized as 89.5 billion dollars in 2011, is expected to decline in 2012 and by slightly increasing in 2013-2014, to attain 88.4 billion dollars level in 2014. With the limited increase in trade deficit and improving balance on services, current account deficit to GDP ratio is targeted to decrease to about 7 percent in 2014 from 10 percent in 2011.

In the face of widening current account risk, increasing domestic savings is also crucial. For this purpose, the government is determined to maintain public savings through fiscal discipline and economic policies have been designed to promote private savings in the forthcoming period.

In order to prevent deterioration in inflation expectations, the CBRT has delivered tightening in monetary policy since October. Accordingly, the interest rate corridor was widened upwards and the average funding cost was raised significantly by adjusting the amount of TL funding through 1-week repo auctions, when deemed necessary. The tight monetary policy stance implemented by the CBRT since October is expected to contain the secondary effects, thus causing inflation to follow a downward trend. Accordingly, inflation is estimated to display a sharp decline particularly in the last quarter of 2012 and projected to recede to 6.5 percent level at end-2012. Inflation is envisioned to reach the target of 5 percent by mid-2013. The reason for not targeting to reach the inflation target by end-2012 is to avoid any unpleasant fluctuations in economic activity. Inflation expectations and the pricing behavior will be monitored closely in the upcoming period, and necessary measures will be taken to keep medium-term inflation outlook consistent with the target.

CBRT has taken into account external risk factors such as commodity prices in shaping monetary policy. Although the weak course of the global economy dampens commodity prices, the recently manifesting problems regarding oil supply pose upside risks to energy prices. Should such a risk materialize, the CBRT will not react to temporary price movements, yet will not tolerate any deterioration on expectations.

With the policy framework explained above, Turkish economy is expected to sustain its robust performance around its potential. The relative slowdown observed in the last quarter of 2011 is expected to continue in the first quarter of 2012 depending on global developments.

GDP growth is expected to be 4 percent in 2012 and reach 5 percent during the 2013-2014 period.

ACQUIS

Now I will proceed to give details about issues concerning certain Chapters.

Concerning **Public Procurement**, Turkey has taken significant steps for meeting the opening benchmarks. The outstanding issue is the scope and exceptions of the Public Procurement Law. We have initiated a process to update, categorize and eventually repeal the exceptions. Considering the negative effects of the global economic environment and the scale of public procurement market in Turkey, we plan to remove the contradictory derogations progressively within a reasonable time frame.

Taking into account the fact that Public Procurement Chapter is one of the few chapters that could be opened to negotiations; we expect a constructive approach from the EU side. Meanwhile we continue to improve our public procurement system. To this end, we introduced Electronic Public Procurement Platform (EPPP) last year in February. EPPP aims to simplify and accelerate the tender procedure and to access all the parties in the process.

Regarding **Competition Policy**, Turkey took crucial steps to satisfy the European Commission and to open Competition Policy Chapter to negotiations even in the absence of a clear perspective for accession. With all our sincere efforts we have given a clear signal that we are committed to the membership process in good faith and are willing to open the Competition Policy Chapter.

In this context, substantial progress is achieved. State Aid Law is adopted and entered into force on 23 October 2010. Enactment of the State Aid Law and the establishment of the State Aid Authority are also acknowledged by your services and are reflected in the Progress Report of 2011 as substantial progress. Concerning the other opening benchmarks, Turkey complied with the requirements far beyond the critical threshold. Although substantial progress was achieved and intensive studies were carried out, it was not possible to open the chapter to the negotiations neither in 2010 nor in 2011. At the current stage, the institutions have lost their enthusiasm and are reluctant to continue their efforts. A clear signal of this

demotivation is postponing of the entry into force of the implementing regulations of the State Aid law to July 2013. For former candidate countries, Competition Policy Chapter has been negotiated during the very final rounds of the negotiations since it not only requires complicated work but also huge costs. It is also worth to underline that the opening benchmarks notified to Turkey could have been only closing benchmarks.

Concerning **Social Policy and Employment**, Turkey has taken crucial steps to fulfill the benchmarks. Regarding the first benchmark on trade union rights, we have made great efforts to establish a consensus among social partners during the preparation of the draft legislation.

Thanks to the 2010 constitutional amendment, right of collective agreement is extended to public servants and other public employees. Accordingly the **Law on Public Servants' Trade Unions and Collective Agreement** was adopted on April 11, 2012.

The Law regulates the scope of the right of collective agreement, which has been extended to public servants and other public employees, the extension of the same agreements to the retired public servants, the parties of collective agreement procedure, the persons to benefit from and the form as well as the organization and working procedures and principles of the Arbitration Board of Civil Servants.

Concerning the trade union rights for workers, the draft Law on Collective Labour Relations is currently on the agenda of plenary session of the Parliament.

European Commission has also been included to the drafting process. Commission's comments and ILO's evaluations were received and included to the drafts as far as possible.

Regarding the second benchmark, the fourth version of the action plan which was prepared in continuous consultation with the Commission services and consulted with relevant institutions and social partners, was sent to the Commission on April 30, 2010.

These important legal steps and our commendable efforts expended on this way prove the great importance that Turkey gives on trade union rights and social dialogue.

I am very glad to say that we have come along a long way. And these steps were taken in rather difficult economic conditions.

We believe that opening benchmarks should encourage candidate countries on their way for membership. However these benchmarks have discouraging effect for Turkey in negotiating process. Opening of the chapter will contribute to the process. Instead we are cutting the process at the beginning by determining benchmarks in order to open negotiations for the chapter. We are of the opinion that these benchmarks should be closing benchmarks to ensure progress of the process.

As I already mentioned at the beginning, harmonization with the EU acquis on social policy has been completed to a great extent. However, we know that we still have some work to do. And we have a great determination to continue with the necessary reforms.

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

Turkish institutions are fully concentrated on completing the implementation issues such as horizontal matters and market surveillance. To this end, a draft regulation for mutual recognition in the non-harmonized area is prepared. The Regulation specifies the rules and procedures for the insertion of the mutual recognition clause into national technical regulations. Having completed the consultation process, both with Turkish institutions and European Commission, the draft is soon to be adopted by the Council of Ministers.

For import controls, we started implementing “Risk-Based Import Control System (TAREKS)” on a pilot basis at the beginning of 2011 for personal protective equipment. As of the beginning of this year, TAREKS was expanded to cover construction products, medical devices, radio and telecommunications terminal equipment. Under TAREKS only risky products are subject to safety and conformity checks.

Turkish Standards Institution (TSE) became a full member to European standardization bodies, CEN and CENELEC as of 1st of January, 2012. We believe that this is not just a step

forward for our harmonization efforts, but also for our mutual institutional cohesion in Europe.

Good Manufacturing Practice (GMP)

Unlike the other products, pharmaceutical products require marketing authorisation before entering into market. As Turkish national legislation concerning GMP and marketing authorisation for pharmaceuticals are fully aligned with the EU legislation, there is no legal obstacle for market access.

As clearly stated in the national legislation, GMP certification process is conducted in a non-discriminatory way both for domestically manufactured products and imported products. Turkey uses its GMP inspection rights in favour of protection of public health. All questions from the applicants, the representatives of several different organizations, agencies and government officials have been answered in verbal or written form in a timely manner with transparency.

GMP implementation causes no delays in registration process. Proper functioning of the system has been demonstrated with the data submitted to the Commission. Moreover, there should be a comparative assessment on backlogs and delays between Turkey and the EU Member States in order to clarify this issue.

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

Concerning real estate acquisition by foreigners, **Turkey removed the “reciprocity” rule** with a new law, which entered into force on May 18, 2012, in acquisition of real estate by foreigners that was the basic obstacle for foreign natural and legal persons.

The works on harmonization with the EU Acquis and Financial Action Task Force recommendations on the prevention of money laundering and terrorist financing are going on.

In order to eliminate the deficiencies determined by FATF in the area of fight against financing of terrorism, a Draft Law on Fight Against Financing of Terrorism has been prepared and submitted to Grand National Assembly of Turkey on October 21, 2011.

Concerning **Intellectual Property Law**, the EU side states its expectation that IPR Working Group addresses protection of products with geographical indications. Yet, Turkey maintains its position that geographical indications are not the subject of the working group as they were discussed under the Chapter 11 Agriculture and Rural Development during the screening process. Moreover, GI issues are on the agenda of Sub-committee on the Agriculture and Working Group on Agricultural Policies and Implementation Mechanism.

Turkey has achieved substantial progress in the enforcement of intellectual property rights, as demonstrated by the outputs of EU funded projects carried in the intellectual property area and statistics submitted to the Commission side. This progress, which has also been acknowledged by the Commission in various meetings, indicates Turkey's commitment to fight against counterfeiting and piracy.

In the fields of **Agriculture and rural development, veterinary and phytosanitary issues, and fisheries**, the Ministry of Food, Agriculture and Livestock (MoFAL) was reorganised in mid-2011 with a view to establish the necessary administrative structures to implement the Common Agriculture Policy (CAP) and Common Fisheries Policy (CFP). A clear assignment of responsibilities is in place, in particular for the controlling bodies. In order to ensure the successful implementation of the IPARD programme in Turkey, MoFAL prepared a detailed action plan addressing core issues, which was submitted to the Commission in early April this year. The Agriculture and Rural Development Support Institution (ARDSI), having gained valuable experience since the launch of the programme, has accelerated the process and has recently made its sixth call for project proposals for IPARD funding. Over a hundred by-laws on food safety, plant health, animal health and animal welfare have been adopted in late 2011 and early this year, which harmonize major legislative texts falling under the Chapter 12-related acquis. Despite the decision of the Commission to cancel IPA-I funds allocated to vaccination against foot-and-mouth disease (FMD) in Anatolia, efforts to control and eradicate the disease are eagerly continued using national resources, and the national veterinary services continue with their endeavours to control other animal diseases of concern.

Currently, the Turkish market is open to imports of **live bovine animals and beef meat** not only from the EU but also from other third countries, which fulfil the veterinary requirements set by MoFAL in accordance with international rules. Veterinary health certificates required for exportation from EU Member States have been harmonised with the relevant EU Regulations and the restriction on derivate products originating from countries categorized as having negligible and controlled BSE risk by the OIE and falling under the CN Codes 0210 and 16 02 10 00 have been lifted. It is apparent that country specific criteria is considered as an appropriate level of sanitary protection from risk, taking into account the potential damage of a BSE outbreak in Turkey. Therefore, I would like to reiterate that the application of certain health criteria to reduce the risk of BSE or other animal diseases should not be considered as partial restriction. As regards fisheries, the establishment of the General Directorate for Fisheries and Aquaculture within MoFAL constitutes a major step for the implementation of the CFP. Efforts are ongoing for the preparation of an EU-compliant Fisheries Law. Most recently, a programme has been initiated in Turkey to reduce the fleet capacity by withdrawing vessels longer than 12m, which corresponds to about 5% of the total fleet.

As concerns **Transport Policy**, we will propose a date for the signature of the Horizontal Agreement as soon as our legal and political evaluation is concluded, which will most likely be in the first quarter of 2013. Regarding the “Single European Sky (SES)” project, Turkey has been in contact with the Commission to take concrete steps for integration into the project. The modalities of such integration could be addressed under the “Turkey-EU aviation relations roadmap”, which is expected to lead to the signing of a **“comprehensive aviation agreement”** between Turkey and the EU. Besides, as Mr. Kallas also stated in his recent visit, Turkey could join the Management Board of EASA as a member, under a safety agreement to be concluded apart from this comprehensive aviation agreement.

Regarding safety in South East Mediterranean, it is disappointing that technical and operational solutions tabled by Turkey have been rejected for political reasons. Flight safety should not be hostage of a political bargain. Turkey and the Turkish Cypriot side stand ready to pursue discussions under the auspices of the International Civil Aviation Organisation. Turkey’s proposals of 2009 and 2010 aiming a technical and practical solution are still valid. We are expecting all relevant parties to consider these proposals in a constructive manner.

As regards to UNCLOS (United Nations Convention on the Law of the Sea), ratification of the United Nations Convention on the Law of the Sea by Turkey has turned to be a means of averting Turkey's alignment process in maritime sector. This convention does not take the sui generis status of maritime areas into consideration and also not provide a right of reservation for single articles. Therefore ratification of this document contradicts with the vital interests of Turkey in our maritime areas including the width of territorial waters. Turkey keeps its position of persistent objector to prevent this convention turning into customary international law. We will consider the ratification of this document after the full membership and on equal footing. We hope that this issue will not be raised as a tool of manipulating very highly technical maritime issues.

As a candidate country, Turkey made important progress in aligning her **Energy** legislation with the *acquis*. Turkey has established the legal framework in the field of energy efficiency and renewable energy sources, and attaches importance for their promotion. Turkey established the legal basis for the construction and operation of nuclear power plants and is a member of the International Convention on Nuclear Safety. Nuclear safety is a top priority and Turkey is taking all necessary measures in this regard. "Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management" is adopted by the Foreign Affairs Commission of the Grand National Assembly of Turkey on Thursday, 9 February, 2012, and submitted to the plenary for final approval.

Turkey and EU are partners in promoting the development of **Southern Gas Corridor**, ensuring the security of supply for both parties. It would be in the interest of both sides to ensure that the Southern Gas Corridor will be of a sufficiently large scale to accommodate future increased volumes of gas. Cooperation on development of necessary infrastructure for the purposes of bi-directional flow and on the construction of LNG terminals and relevant storage facilities will be key to enhancing diversification of routes and sources and to the development of Turkey as a regional natural gas hub. Nabucco, Turkey-Greece-Italy Natural Gas Pipeline (ITGI) and TANAP are major projects to realize a multidimensional energy strategy.

Any gas pipeline system within the borders of the Republic of Turkey, would be governed in accordance with the provisions of Turkey's national legislation, the Energy Charter Treaty and any other relevant convention to which Turkey is a party. On the other hand, with regard

to environmental and social issues related to such a pipeline system will be in line with national laws and international legislation to which Turkey is a party.

Turkey fully supports all projects within the Southern Gas Corridor which would contribute to both Turkey's and EU's source diversification objective.

As it is known, Turkey and the Turkish Cypriots have persistently objected to the Greek Cypriot Administration's unilateral activities aiming at establishing maritime jurisdiction areas, granting off-shore licenses to international oil companies and conducting off-shore hydrocarbon exploration and exploitation. In reaction to GCs unilateral and provocative steps, TCs has also launched oil/gas exploration activities around the Island with the help of Turkey since September 2011. Consequently, Turkish Cypriots' and Greek Cypriots' oil/gas activity areas are now overlapping and Turkish Petroleum Company (TPAO) is currently operating for the first time in the south of the Island on behalf of Turkish Cypriots, who want to prove that they have equal and inherent rights over the off-shore resources of the Island.

As concerns **Taxation**, in line with the “**Action Plan on Alcoholic Beverages and Tobacco Fund**” dated May 18, 2009 which foresees a gradual elimination of taxation gap between imported and domestic alcoholic beverages and tobacco, Turkey continues to fulfil her commitments.

In this context, Turkey has reduced the excise tax rates of strong alcoholic beverages by up to 18 per cent, whereas increased the excise tax rate for Raki by 4 per cent as of May 7, 2012. With these tax arrangements, Turkey has reduced the tax differentials between Raki and other alcoholic products both in proportional and absolute terms.

As regards Tobacco Fund, Turkey decreased Tobacco Fund levy on unmanufactured tobacco from 2250\$/Ton to 1800\$/Ton as of January 1, 2012. Thus, the total reduction of the Fund levy have reached to 40% since 2009 when the Fund levy was 3000\$/Ton.

As regards **Justice, Freedom and Security**, our extensive efforts continue on a very fast pace for the alignment with the EU Acquis.

Even though years have passed over the screening process, the screening reports on the Chapter 24 have not been approved by the EU Council yet. As a result the opening benchmarks have not been communicated to Turkey officially. It is disappointing to know that the opening of Chapter 24, which is supposed to be a technical process, have become a political matter. This chapter is a very crucial chapter regarding migration management which requires a successful coordination throughout the negotiations.

As regards migration management Turkey is determined to combat **illegal migration**. For this purpose, “Coordination Board Combating Illegal Migration” has been set up for the purpose of identifying the measures to be taken in the fight against illegal migration, strengthen inter-institutional cooperation and coordination, and monitor operational activity at the macro level.

High-level “Integrated Border Management Coordination Board”, established as of May 2010 to create an official follow-up mechanism at decision-making level to screen progress towards achieving the target of integrated border management, adopted “Working Procedures and Principles of Coordination Board” and “Protocol on Procedures and Principles of Inter-agency Cooperation on Integrated Border Management” have been adopted.

As a result of the decisions taken by this board as well as the findings of the Ministry of Interior, effective measures are being taken in the fight against irregular migration.

This week (20 June) Commissioner Georgieva and I attended to the opening ceremony of a new reception center in “Gaziantep”, funded through an EU Project. Through the same Project, 7 removal and 2 reception centers will be operating by the end of 2014. We welcome the support of the European Commission, and hope to increase our cooperation within the context of fair and effective burden-sharing.

Together with Commissioner Georgieva, we have also visited the camps in “Kilis” where Syrian asylum-seekers have been settled. Turkey has been safe haven for around 30.000 thousand Syrians. So far, We have spent over 60 million TL. for the asylum seekers and displaced persons. The efforts of our Government in meeting the needs of Syrian asylum-seekers is an apparent example how Turkey is taking care of asylum-seekers.

A Memorandum of Understanding (MoU) between Frontex and Turkey has been signed on 28 May 2012.

Draft Law on Foreigners and International Protection has been adopted by the Internal Affairs Committee of the Parliament. The draft redefines main policies and aims to strengthen the asylum and migration system. It foresees the establishment of a special professional unit on migration management, including asylum system as well as combating human trafficking and migrant smuggling. A detailed roadmap will also be prepared through the assistance of an EU funded project. The draft was prepared in close consultation with UNHCR and IOM Turkey Offices, representatives from Council of Europe and the European Commission and, experts of the European Court of Human Rights, as well as civil society and academicians. The draft takes into consideration of the decisions of European Court of Human Rights and human rights norms introduced by the Council of Europe as well the EU Acquis.

The Bureau also continues screening the judgments of European Court of Human Rights in the fields of migration and asylum, regardless of the country concerned. The outcome of this screening has been taken into consideration during the drafting of the Foreigners and International Protection Law.

As regards **asylum**, Turkey continues its efforts in line with the National Action Plan for Asylum and Migration, which envisages a new asylum law as well as necessary amendments in Turkish legislation, administrative capacity building, restructuring and improvement of physical infrastructure. Preparation of a 'road map' in order to detail and develop goals stated in the National Action Plan for Asylum and Migration is ongoing, under the coordination of the "Bureau on Development and Implementation of the Legislation on Asylum and Migration and Administrative Capacity".

Due to the geographic limitation to the 1951 Geneva Convention related to the Status of Refugees and 1967 Additional Protocol, Turkey grants "asylum seeker" status for those who enter from "non-European countries" and lodge asylum application in its territory, allowing them to reside in Turkey until they are settled in a third country by the UNHCR. The provisions of the Convention only apply to asylum seekers entering Turkey from "European countries". However, Turkey provides fair and effective protection for the asylum-seekers coming from non-European countries as well.

Asylum-seekers who are not granted the refugee status but are assessed to be under risk of persecution in their countries of origin, are never deported, and are allowed to temporarily stay in Turkey within Subsidiary Protection and Protection with Humanitarian Considerations.

Turkey provides effective international protection to the ones who are in need, and strictly complies with the principle of "non-refoulement" which is defined in the Geneva Convention.

Turkey does her utmost to shelter refugees and asylum-seekers and cater to their needs, ensuring that they live in conditions suitable for human dignity during their stay. The rights conferred to asylum seekers including those coming from non-European countries, and to refugees consist of social and medical assistance and access to education and labour market.

Regarding Syrian refugees, Turkey has prepared a directive concerning the accommodation of Syrian refugees and displaced persons. This directive deals with the principles relating to implementation and management of the refugee camps and includes provisions concerning antidiscrimination, non-refoulement, humanitarian assistance and personal data protection.

UNHCR has been granted access to the removal centres. UNHCR officials have also been given permission to meet the applicants who are currently at the removal centres, in the UNHCR Office, if requested.

The Ministry of the Interior cooperates with the UNHCR in evaluating the status of the applicants. In that context, information has been exchanged about the applicants in finalizing their status. In case UNHCR provides refugee status for an asylum-seeker who has not yet applied for asylum before the Turkish authorities, the file of the asylum-seeker concerned is included into the procedures and evaluated rapidly.

As a result of intensified efforts carried out by law enforcement agencies to combat irregular migration and migrant smuggling, thousands of irregular migrants bound for Europe were apprehended in Turkey. Lately, the trend of irregular migration via Turkey has shown a decrease and migration flows have been diverted away to other international routes. In this context, in 2010 - 32.667 and in 2011-44.415 irregular migrants were apprehended. As a

result of Turkish authorities 'operations to dissolve people smugglers networks 625 people were apprehended as migrant smugglers in 2011.

As in recent years irregular migration pressure through Aegean Sea has been diverted to Turkey – Greece land border due to intensive efforts of Turkish Coast Guard Boats, security measures in Thracian provinces have been intensified and cooperation between border authorities with Greece has been gradually developed by appointing local contact points, using hot-line between border units, setting-up and operating additional check-points on the way of irregular migrants and establishing removal centers for apprehended migrants.

Turkish law enforcement authorities have also intensified measures to prevent irregular migration at the common land border with Greece, where the capacity of our law enforcers has been intensified by 80% since January 2011. It was also underlined by FRONTEX that the migratory pressure on the Turkish side of the border was also eased due to the combined effects of the RABIT operation and increased activities by the Turkish authorities.

A new draft Readmission Agreement was proposed to Iraq and Afghanistan and a renewed text to Libya.

As regards **fight against human trafficking** the ratification process regarding the Council of Europe Convention on Action against Trafficking in Human Beings which has been signed on March 19, 2009 is underway.

The second National Action Plan on Combating Trafficking in Human Beings was approved by the Prime Minister on June 18, 2009 and the implementation of the Action Plan is successfully ongoing.

Draft Law on Fight against Human Trafficking and Protection of Victims of Trafficking has been prepared.

The Draft Law will outline the administrative procedures, judicial procedures. It will also frame the national referral mechanism for victims of human trafficking protection and support, institutional & organizational matters such as the roles of law enforcement agencies

and cooperation with NGOs and intergovernmental organizations as well as measures to be adopted to prevent human trafficking.

The Draft is in line with the provisions of Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, the Council of Europe Convention on Action against Trafficking in Human Beings and the new EU Directive on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2011/EU/36.

The National Task Force on Combating Trafficking in Human Beings (NTF) established under the Ministry of Foreign Affairs meets in Ankara with the participation of the relevant institutions/organizations. Representatives of International Organization for Migration and EU Delegation also participate in NTF meetings as an observer.

The National Task Force on Combating Trafficking in Human Beings (NTF) is a regular platform where, trafficking in human beings issues including prevention, protection and prosecution are discussed.

Turkey has signed bilateral cooperation agreements with Belarus, Georgia, Ukraine, Moldova and Kyrgyzstan in order to cooperate with the competent authorities of the source countries.

Funding of the shelters for victims of human trafficking and the 157 Tipoff & Emergency Helpline is provided through Ministry of Foreign Affairs regular budget and shelters are supported by other government agencies most significantly by the General Directorate for Social Assistance and Solidarity. The funds have been transferred to the NGOs running the shelters and to the IOM Turkey Office for 157 Helpline.

Furthermore, humanitarian visa was provided to 44 victims of human trafficking between the years of 2004 and 2012. Temporary residence permits were issued for these victims in order to provide medical and psychological support.

As regards **border management**, comments of the Commission on the final draft of the Roadmap of the Action Plan on Integrated Border Management were received in November

2010. The draft Roadmap includes best practices and harmonization of the EU Acquis in the field of IBM with a view to shape the new border institution legislation, increased intra-agency, inter-agency and international cooperation as well as the administrative and technical capacity of border agencies.

The Integrated Border Management Coordination Board convened on March 22, 2012 focusing on the Draft Road Map on Integrated Border Management.

As foreseen in the 2008 National Program of Turkey for the Adoption of the EU Acquis, the Draft Law on the Organization and Duties of the Directorate General for Border Security was prepared by the Border Management Bureau of the Ministry of Interior in 2010. The draft law will be sent to other relevant ministries and institutions in 2012. The Draft Law envisages the establishment of a well-equipped law enforcement body, which will be assigned to land and sea borders as well as border gates of Turkey.

Task Force for External Borders was formed with the participation of representatives of the institutions involved in IBM at the beginning of 2009. Since its establishment, “Task Force for External Borders” convenes regularly. The last meeting was held on April 12, 2012 in Ankara.

The most important agenda of the Task Force for External Borders is to improve cooperation between all agencies working at borders by developing joint risk analyses, operations and investigations, common checks, database, workflow, disaster plans etc.

Integrated Border Management Coordination Board established through a circular of the Prime Ministry started to convene under the Chairmanship of the Undersecretary of the Ministry of Interior or the Deputy Undersecretary appointed by the Undersecretary.

In the meeting of the Coordination Board which was held on August 10, 2011, “Working Procedures and Principles of Coordination Board” and “The Protocol on Procedures and Principles of Inter-agency Cooperation on Integrated Border Management” have been adopted unanimously.

We are also keen to further develop cooperation with Frontex. To this end a Memorandum of Understanding (MoU) between Frontex and Turkey has been signed on May 28, 2012.

As regards **organized crime**, the success of criminal justice system and preventive units fighting against organized crime is based on several factors including the existence of specialized, trained and qualified personnel. A specific strategy and close relationship at the international level are basic requirements of effective and stable fight against organized crime. Turkish law enforcement units continue to implement trainings and operational activities jointly with other national and international actors and organizations.

National Strategy (2010-2015) and Action Plan (2010-2012) on Combating Organized Crime was approved by the Prime Ministry on July 19, 2010. Currently, the Ministry of Interior has started to draft the second action plan for the 2013-2015 period, which will be adopted upon the expiration of the first Action Plan in 2012.

In order to implement the National Strategy (2010-2015) and Action Plan (2010-2012) on the Fight against Organised Crime, the Monitoring and Assessment Board meetings started to be held twice a year.

Stefano Manservigi, head of DG Home Affairs of European Commission, and the Executive Director of Frontex visited Turkey on March 15, 2012. Preparation of a road map on assignment of Turkish liaison officers to Europol has been discussed during negotiations.

The Bilateral Arrangement between Europol and Turkey was signed on April 4, 2012 establishing direct link to SIENA (Secure Information Exchange Network Application) in order to facilitate information exchange between Turkey and Europol. The process of linking will be completed by the end of 2012.

In 2010, Department of Anti-Smuggling and Fight against Organised Crime has been reorganized by establishing a Cybercrime Branch and Investigation and Technical Support Unit. Furthermore, Cybercrime Units were established in 5 critical provinces. The number of provinces with cybercrime units shall be increased to 41 until 2018.

The cooperation protocol signed between the Ministry of Interior and Ministry of Customs and Trade in March 2011 outlines the working principles for anti-smuggling, including controlled delivery actions, joint training activities and the use of technical equipment for special investigation methods.

Intense efforts undertaken in order to launch a more effective fight against proceeds of crime linked with organized crime. Within these efforts, a technical committee was set up to deal with legal, administrative and technical issues for establishing a national Asset Recovery Office, which will facilitate the identification, tracing, freezing and confiscation of proceeds of crime. Participants from Ministry of Justice, Ministry of Interior, Ministry for EU Affairs and Financial Crimes Investigation Board are actively supporting the technical committee. Operational Training Center against Cyber and Narcotics Crimes was established in 2011.

As of November 2011 witness protection units in 69 provinces were established throughout Turkey.

The total number of Turkish National Police Department of Anti-Smuggling and Fight against Organised Crime Department (KOM) personnel has increased 9% in 2011.

As regards the **fight against drugs**, the Ministry of Interior, with its different law enforcement units, is the main authority that is in charge of combating drug trafficking. Over the past decade, Turkey's consistent cooperation with the European counterparts led to dismantling of numerous heroin networks along the Balkan route.

Recently, we have been observing that the northern route is gaining gravity for heroin trafficking. The shift in the routes led the Turkish law enforcement agencies to develop operational partnerships with our counterparts along the northern route.

Regular meetings with liaison officers continued throughout 2011. Moreover, Turkey has expanded its police liaison officer's network to 22 countries across the world in order to conduct international operations effectively.

Terror organizations also use revenues generated from drug trafficking to finance their activities. PKK/KCK terror organization is considered to be an important player in international drug smuggling network due to its widespread connections in Turkey and European countries. Conducted operations indicate that the narco-terrorist activities of PKK/KCK terror organization are not limited with extortion or collecting protection money

from smugglers but they also cover international delivery of drugs. Tackling narco-terrorism is a priority for us.

Turkey participates in the activities of almost all international agencies and institutions in the field of illicit narcotic drug trafficking, treatment and addiction and also gives support. United Nations Office on Drugs and Crime (UNODC), Organization of Security and Cooperation in Europe (OSCE), World Customs Organization (WCO) and Southeast European Cooperative Initiation (SECI/SELEC), World Health Organization (WHO), European Monitoring Center for Drugs and Drug Addiction (EMCDDA) and Interpol can be given as examples for these agencies and institutions.

The Memorandum of Understanding on Turkey's Participation to EMCDDA was signed on 30 October 2007. The Draft Law on the Approval of Ratification of the MoU regarding the Participation of the Republic of Turkey in the EMCDDA was adopted at the Foreign Affairs Commission and submitted to the General Assembly of Parliament. The ratification process is underway.

According to the 2011 World Drug Report by United Nations Office on Drugs and Crime (UNODC), Turkish law enforcement authorities seized %22 of heroin apprehended globally in 2009.

Statuses of newly used drugs are assessed at the "Early Warning System Working Group Meetings" organized by the Turkish Monitoring Centre for Drugs and Drug Addiction (TUBÝM). When necessary, amendments are reflected in the Criminal Code.

In 2011, Turkish International Academy Against Drugs and Organized Crime (TADOC) held 116 national training programs with the participation of 3352 law enforcement personnel. Moreover, 46 international training programs were held with the participation of 695 law enforcement personnel from 30 countries.

Transnational organized crime, including narcotics trafficking, is a threat to the security of both Turkey and the EU countries.

As regard **police cooperation**, we should encourage strengthening institutional and operational cooperation between the Turkish National Police (TNP) and EUROPOL, based on the Agreement signed in 2004.

Based on their consultations with their EUROPOL counterparts since 2010, the TNP has developed a “Road Map” for furthering their cooperation against crime and terrorism. We are now forwarding this draft to EUROPOL Headquarters and will be eager to get a positive reaction.

Regarding **the Judicial Cooperation in Criminal Matters**, Turkish government prepared a draft Law on the Compensation to Crime Victims with a view to assure fair and appropriate compensation for the injuries caused by several crimes. The draft Law also envisages compensation for refugee and asylum-seeking children, as well as child victims of human trafficking.

The draft Law has been prepared within the framework of the process of harmonization with the EU acquis in order align with the Council Directive 2004/80/EC, the Convention on the Compensation of Victims which was signed by Turkey in 1985 but not ratified yet and the UN Convention on the Rights of the Child.

Turkey has recently signed the Convention on Cybercrime on 10 November 2010, in Strasbourg, on the sidelines of the event to mark the beginning of Turkey’s tenure as the Chairmanship of the Committee of Ministers of the Council of Europe. Preparation for ratification of the Convention is underway.

The Second Additional Protocol of 2001 to the European Convention on Mutual Assistance in Criminal Matters which makes significant amendments to the 1978 Protocol, has so far been ratified by 17 States, excluding the United Kingdom, Germany, France, Italy, Holland, Greece and Georgia, with which Turkey has close connection in judicial matters. Our relevant authorities examine the conditions for being a party to the Protocol.

As regards cooperation agreement with Eurojust, Ministry of Justice is continuing its efforts on the Draft Law on Protection of Personal Data which is a prerequisite for the Eurojust to share the data in conformity with the Directive 95/46/EC.

The appointed contact points of our Ministry of Justice attend the European Judicial Network (EJN) meetings and facilitate execution of extradition and requests for mutual legal assistance.

Turkey participates actively to the operational regular meetings of Eurojust and shares all necessary information and documents about issues related to Turkey. Also the website is accessible for all those concerned, in order to get necessary information in this area.

Regarding **Environment**, Turkey is willing to take part in the post-2012 climate regime based on the “common but differentiated responsibilities” principle and in accordance with her “national circumstances”, “respective capabilities”, and “sustainable economic and social development objectives”. Turkey is ready to make her fair contribution in accordance with the Decision taken during the seventh Conference in Marrakesh, which is clearly respected by the Cancun accord and more lately at the Durban Climate Change Conference.

In 2011 the Ministry of Environment and Forestry was reorganized in Turkey. In scope of the reorganization, Ministry of Environment and Urbanization and Ministry of Forestry and Water Affairs have been founded and these ministries carry on their work on water management. A comprehensive “Water Law” is being prepared, that will lay down the technical as well as administrative framework for water management in Turkey.

Concerning transboundary issues, Turkey will complete alignment in line with the negotiation position paper. On transboundary water basins, we applied the Environmental Impact Assessment (EIA) for all water infrastructure projects constructed or those in construction; although an EIA study was not compulsory before 7 February 1993.

As indicated in the Negotiating Position, Turkey will conclude all legislative work fully harmonizing the Directives on Environmental Impact Assessment, Strategic Environmental Assessment and Public Access to Environmental Information two years before the ascertained date of Turkey’s accession to the EU with the aim of full implementation by accession. Transboundary issues, including their implementation aspects earlier than accession will be evaluated soon and the Commission will be informed about the deliberations in due time. Adherence to the UNECE Convention on EIA in a Transboundary Context (Espoo

Convention) and the UNECE SEA Protocol and their implementation will also start with the accession.

Following the 21st Meeting of the Black Sea Commission held in April 2009 in Sofia, an ad hoc experts group was established to examine the possibility for the EU to become a party to the Bucharest Convention. Although various proposals were made to amend the Convention to enable EU's accession no consensus was reached among the parties to amend the said Convention. Turkey holds the view that the Convention can be amended only if all parties come to an agreement.

Turkey's Participation to the EU Programmes

Participation to the EU Programmes provides Turkey important opportunities to develop our cooperation. We wish this cooperation will positively affect some negotiation chapters as it has done to our project development capacity.

We believe that it will be very encouraging for Turkey to take more administrative roles in the process so we are ready to contribute to the designing process of the future Union Programmes. As a candidate country and a participant to the Union Programmes since 2002, our experience would also contribute in overcoming the problems that the member states and candidate countries are facing and to encourage a more fruitful cooperation.

As the responsible body for the overall coordination of Turkey's participation to the Union Programmes, the Ministry for EU Affairs has already launched the process for the establishment of a working group for the Horizon 2020 Research and Development Programme (2014-2020). The joint proposal of the relevant institutions will be sent to the European Commission before the next Council meeting on the 28- 29th of June.

We expect Commission to maintain its constructive, encouraging and facilitating approach in the upcoming negotiations for the participation of Turkey to the next term Programmes.

Financial Cooperation

As to the financial cooperation that runs relatively well in support to the negotiation process, I would like to point out that;

The implementation of the programmes and projects under the current IPA period has accelerated. Commission and the European Parliament (EP) have focused their attention more on IPA implementation in Turkey. During their recent visit to Turkey the Budget Committee, members had positive impressions. They confirm that the actual absorption has considerably increased in Turkey. With the exception of agriculture and rural development, the rest of the components are functioning with full steam pushing their contracting rates up to 94 %. This situation encourages the Commission in its future decisions on the future setting of appropriation for Turkey.

Undeniably, the EU has provided invaluable assistance to the Turkish administration and the beneficiaries as a whole in the process of putting the system in order. Operational programme preparations and financing arrangements alike have been dealt with and more importantly with the exception of one ministry (Ministry of Transport, Maritime and Communication) all main beneficiaries have been accredited. This accreditation process has significantly developed the implementation capacity. The pace of contracting has increased in this year and will be increased more in 2013.

Sectoral approach has been adopted in the programming of IPA Component-1 including 2013 and onwards. Accordingly, through the series of consultations with the related stakeholders, sectoral alignment strategies have been developed at 7 precedence sectors, to define priority areas to which IPA financing is to be allocated by 2013 and onwards. These strategies are mainly based on the priority areas of the latest MIPD 2011-13. Derived from these sectoral alignment strategies, 4 sectors have been selected to be studied for 2013 programming. Their sectoral identification fiches have been prepared and submitted to the Commission for assessment. Besides, donor coordination aspect was also introduced to the programming cycle. With the participation of the donor institutions/IFIs a wide-ranging meeting was held for the first introduction of sectoral approach including the sectoral strategies of Turkey for the future IPA funds.

Within the framework of the new sectoral approach through participatory approach based on series of consultations with the related stakeholders, sectoral alignment strategies have been developed at 7 priority sectors, aiming to define the priority areas to which IPA financing is to be allocated by 2013 and on. These strategies are mainly based on those priority areas of the latest MIPD 2011-13. Derived from these sectoral alignment strategies, 4 priority sectors, namely judiciary and fundamental rights, border and migration management, energy and agriculture have been selected to be studied for 2013 programming. Besides, donor coordination aspect was also introduced to the programming cycle, and wide-ranging meeting with the participation of the donor institutions/International Financial Institutions was held for the first introduction of sectoral approach including the sectoral strategies of Turkey for the future of IPA funds. Currently, the sectoral identification fiches have been developed and submitted to the Commission for their assessment. Based on their comments both the sector fiches as well as the whole process will be carried out.

As for the absorption of the IPA funds in general particularly for the year 2011, I am glad to say that the utilization rates are at the highest with respect to the Component-1 programmes of 2007 and 2008 by %89 and %94 respectively. Turkish institutions have accumulated enormous experience while implementation and administrative capacity has increased substantially. There are also the preceding years' projects that are still in the implementation phase and hence day by day utilization rates are increasing.

We are waiting for the completion of the brainstorming regarding the implementation details of the new IPA period. Being the biggest beneficiary of the IPA funding is of our high concern. Therefore we hope that all details will be clarified as soon as possible considering our concerns and comments. We will appreciate your kindest consideration of our concerns and comments as well as soonest clarification of the details would be very much appreciated. This will further enrich our relations already established in a very cooperative manner, avoiding any possible interference. In this respect the EU should identify and clarify the new agenda item of "budget support" in light of Turkey's expectations.

TURKEY'S FOREIGN POLICY

In the pursuit of contributing to peace and stability around its near vicinity and beyond, Turkey continues to follow a multidimensional and proactive foreign policy.

In view of the historic transformations taking place around us, this activism is a necessity as much as a choice. In that sense, we are also aware of the significance of our role in supporting the reform processes in our neighborhood.

Cognizant of the fact that Turkey and the EU share a common neighborhood, Turkey's contributions to the stability in the Western Balkans, South Caucasus, Middle East and Northern Africa are in fact reinforcing EU's neighborhood policies.

In that regard, we are dedicated to the principle of complementarity of our foreign policy with that of the EU. Such a relationship will be mutually beneficial for both parties, given our common objectives.

Our interpretation of the complementarity, however, involves a meaningful and honest dialogue between the parties, which should be reinforced by a set of institutional coordination mechanisms.

Therefore, the issue is not a lack of willingness on the part of Turkey. It is either the political obstacles created by some EU member states or the institutional impediments deriving from the EU's own rules and regulations which pose limitations on our strategic dialogue.

In a broader context though we should know that full coordination and joint action between Turkey and the EU will become practicable only when Turkey becomes part of the EU decision making, i.e. full member.

Strategic Dialogue

Europe has a role to play; politically, economically and also militarily. In most cases, Turkey can contribute to the EU to perform better by working jointly. We face the same challenges.

We do not share every position on every issue. However, on most of the main global and regional matters our positions coincide. In the most volatile hotspots we cooperate extensively.

We would like to enhance our political and strategic dialogue. It is in the interest of both Turkey and the EU.

We also look forward to initiating political dialogue with EU working groups such as COWEB (Balkans) and COMEM (Middle East).

We actively and significantly contribute to EU's security and defense efforts. However, it is unfortunate that we are not able to further enhance our cooperation in this field due to the negative stance of some EU member states.

Likewise, recently, due to the objection of a member, an exchange of views between our Ministry for Foreign Affairs' Policy Planning Director with the EU Policy Planning Directors in Brussels was prevented from properly taking place at the last minute.

GOOD NEIGHBOURLY RELATIONS

Now I would like to elaborate on **good neighbourly relations**.

Turkey continues to be fully committed to good neighborly relations, and to respect the territorial integrity and the inviolability of borders of all its neighbors, including Greece. Turkey is resolved to explore every avenue to attain a comprehensive and lasting settlement to all differences and problems with its neighbors.

In this regard, Turkey stands ready to continue to work with Greece towards the settlement of the well-known Aegean issues through peaceful means in accordance with international law. Turkey reiterates its goodwill and political resolve to remain attached to the principles of good neighborly relations.

Indeed, those principles are already embedded in the agreements governing the relations between Greece and Turkey and outlining framework for the comprehensive settlement of

disputes. The two countries have been taking up those issues in detail since March 2002, through exploratory talks of 52 rounds so far.

Our relations with Greece have been evolving steadily since the inception of the dialogue process in 1999 and the improvement in our bilateral relations registered during last few years is satisfactory.

It is our sincere belief that mutual understanding and respect for each other's sensitivities on the basis of good-neighborliness are essential to further the constructive atmosphere in our bilateral relations.

With this understanding, we are resolved to make further contributions to the current positive trend in our relations.

Cyprus Settlement

The Cyprus settlement and Turkey's EU accession process are two separate issues, and it should be recalled in this context that neither Turkey nor the Turkish Cypriot side are the originators of the Cyprus issue. The "Republic of Cyprus" was a Partnership State founded in 1960 upon the basis of international treaties concluded between five signatories: Great Britain, Turkey, Greece and the two co-founder peoples of the Island. The Republic reflected this bi-communal partnership understanding based on the political equality of the two peoples as co-founder partners. Sovereignty devolved on Cyprus in 1960 through a joint exercise of self-determination by the two communities. The roots of the Cyprus problem can be traced to 1963, when this partnership was destroyed by the Greek Cypriots, who effectively hijacked the state and since then purport to be the "Republic of Cyprus". Although nearly half a century has passed since those events, they are still very much relevant. There has not been a government which legitimately represents the whole Island since the end of 1963. From the beginning of the negotiations more than four decades ago, the settlement of the Cyprus problem has been a matter of the renewal of the partnership between Greek and Turkish Cypriots.

Turkey has been declaring in a most open and clear manner its full support for a comprehensive settlement on the Island. A just and lasting settlement in Cyprus will greatly

contribute to peace and stability in the whole area of the Eastern Mediterranean and will certainly be to the benefit of all, particularly the EU.

An impasse has unfortunately been reached in the last UN comprehensive settlement process initiated in 2008 in Cyprus. As a motherland and one of the guarantors which established the 1960 partnership state, this is a great disappointment for us. The EU is now bearing the burden of importing the Cyprus problem through the political miscalculation and mistake made with regard to the 2004 enlargement. A settlement will resolve the problems emanating from this unilateral and illegitimate accession. It goes without saying that a member with UN troops and a half-century-old unresolved issue on the UN Security Council agenda does not add much to the EU's prestige.

The commitment of the Turkish Cypriots throughout the decades-long UN processes was proven once more in the Annan Plan referenda in 2004. But the last UN process has shown again that the Turkish Cypriots' dedicated efforts are not sufficient alone. The Turkish side fulfilled all the UN's requirements for moving to the final phase which is the high-level meeting with the participation of the guarantors in order to reach a settlement through a grand bargain. Mr. Erođlu's letter of March 23rd to the UN Secretary-General went far beyond what was expected of him. If this had been successful, the new partnership state which would legitimately represent the Island could have assumed the EU Presidency by July 1st. It is crystal clear that the sole reason why the Secretary-General decided not to proceed to this final stage was the Greek Cypriots' lack of will. There is actually no Greek Cypriot candidate for their elections in February 2013 who accepts the convergences so far. Mr. Christofias, announcing that he will not seek reelection, gave as his reason that "the Cyprus problem has not been solved and it does not seem possible to achieve decisive progress during the next months". He has thus admitted himself that the UN process is unlikely to yield a result.

At this standstill the Turkish Cypriots are still being constructive to keep the dialogue between the two sides in the absence of the comprehensive negotiations. In order to overcome the deep crisis of confidence between the sides, which is at the source of this impasse, the Turkish Cypriots have proposed to explore confidence building measures. These can be in previously unexhausted areas which currently also have a potential to create crises in the region: especially in the hydrocarbon issue tensions have been rising with the Greek Cypriots' unilateral actions. Cooperation in this field, as well as in air traffic safety, would be to the

benefit not only of the two sides but the EU and the entire international community as well. Just as European integration was initiated with cooperation on coal and steel, the common interest of the two sides in exploiting natural resources, for instance, could be funneled into technical cooperation which could also prepare the ground for a future political settlement. This was in fact also stressed by European Council President Mr. van Rompuy during his speech to the Greek Cypriot parliament on May 28th (*Mr. van Rompuy said, inter alia: "Just like France and Germany 60 years ago came together over coal, could in the case of Cyprus the avenue toward conciliation not be built on sharing and selling gas?"*).

But in order to eventually reach a settlement, a new vision is needed in Cyprus. And for that the EU also needs a new look at the Cyprus issue. The aim is a negotiated and mutually agreed political settlement whatever form it takes, provided that it is based on the inherent constitutive power of the two peoples, their political equality and co-ownership of the Island. Unfortunately, the Union has so far not shown the capacity to transcend the problems emanating from the Greek Cypriots' unilateral and undeserved accession. The EU has lost its ability to remain impartial. The argument of solidarity among EU members is not relevant in the context of Cyprus. If the EU truly believes that a settlement of the Cyprus problem will be to its benefit, it should adopt a fresh approach in order to bring this about. It should be kept in mind that the Cyprus issue has now become a problem for the EU.

A just and lasting settlement in Cyprus can only be achieved by minding the balance between the two sides on the Island. This is the basic requirement for a sustainable solution. Unfortunately the EU has so far treated the Turkish Cypriots unjustly and has not kept its promises. Adopting a more fair attitude towards the Turkish Cypriots is how the EU could contribute to an eventual settlement.

Expressions such as "normalization of the relations with the Republic of Cyprus" suffer from a fundamental flaw. The Greek Cypriot Administration does not represent the whole island. They cannot claim authority, jurisdiction or sovereignty over the Turkish Cypriots, who have equal status. Therefore, we believe that the Greek Cypriots should not be encouraged to exploit international platforms, and especially an EU membership which lacks legitimacy, for their political ends. **Until a final and equitable solution to the Cyprus question is found, the accession of the Greek Cypriots to any international organization cannot be considered favorably by Turkey.** The main contribution which the Greek

Cypriots could make to an international organization would be poisoning its atmosphere by importing the unresolved Cyprus issue, as has been the case with the EU.

We would also like to remind that **Turkey has no relations of neighborhood with the Greek Cypriot Administration.** The counterpart and neighbor of the Greek Cypriots are the Turkish Cypriots.

As regards the EU Presidency in the second half of 2012, all our hopes and efforts were directed at making this Presidency a legitimate one represented by both peoples of the Island. But as this aim could not be realized because of the Greek Cypriots' intransigence, we wish to stress that the problem at hand is not of Turkey's making. Pending a comprehensive settlement to the Cyprus question, Turkey's position on the unilateral accession of the Greek Cypriot side to the EU will remain unchanged. **It will be out of question for Turkey to accept a Greek Cypriot EU Presidency as a counterpart.** This is not a "threat", as alleged in the European Council Conclusions of 9 December 2011, but a direct result of the EU's political miscalculation and mistake in the Greek Cypriots' 2004 accession. The reason we will not have contacts with the EU Presidency is that it will be illegitimately represented by the Greek Cypriots. The Greek Cypriots have never been our counterparts. The EU Presidency will not change that. The Greek Cypriots' counterparts are always the Turkish Cypriots. It goes without saying that we will never allow the Greek Cypriots to unjustly impose their claims on the "Republic of Cyprus" on the Turkish Cypriots or on Turkey.

ITEM 4:

STATE OF RELATIONS UNDER THE ASSOCIATION AGREEMENT AND THE CUSTOMS UNION

MINISTER BAĞIŞ: Item four is “*State of Relations under the Association Agreement and the Customs Union.*”

I would like to give the floor first to the Commission to address this item.

Commission

MINISTER BAĞIŞ:

Turkey is the only country which has established a Customs Union with the EU before accession. Unfortunately, after more than 15 years since the entry into force of Decision 1/95, we still have certain problems stemming from the functioning of the Customs Union. We regret to see that the Commission cannot address them properly.

Turkey’s Participation in the EU’s Consultation and Decision Making Mechanisms

Turkey’s involvement in EU’s decision making mechanisms in areas related to the functioning of the Customs Union constitutes one of the major concerns of Turkey. In fact, in its Articles from 54 to 60, the Customs Union Decision envisages establishment of consultation and decision procedures at various levels. First, the Decision establishes a Customs Union Joint Committee (CUJC) with the exclusive aim of ensuring the proper functioning of the Customs Union. Second, it requires that Turkey be informed regarding the new EU legislation relating the Customs Union beginning from their drafting stage. Finally, Decision provides Turkish experts with the possibility to involve in the work of technical committees operating under the Commission in areas of direct relevance to the functioning of the Customs Union.

Although there is such a mechanism established under the Decision, we unfortunately cannot say these instruments function properly. In this regard, the CUJC cannot convene as frequently and effectively as envisaged; Turkey's timely and regular information regarding the new EU legislation is not in place; and finally Turkey's participation in the technical committees is still very limited. We consider participating in these committees as one of the most important component of the legislative preparations and accordingly Turkey's alignment with that legislation. However, most of the time, our requests for participation in several committees are declined on the grounds that Turkey is not a member and that Turkey has not substantially aligned with the relevant *acquis* yet. In fact, Decision 1/95 introduces Turkish experts' participation in technical committees as a tool to help Turkey for its continuous and accurate alignment with the EU legislation. However, while responding our requests, the Commission imposes full alignment as a precondition for participation. We find this approach incompatible with the Customs Union. We would like to reiterate our request to participate in the Trade Policy Committee (TPC) and Generalized System of Preferences (GSP) Committee meetings.

We have welcomed the reorganization of Information Meetings on Trade Policy and FTA Negotiations, which have been realized in December 2011 and May 2012. However, this is an important but insufficient development for the enhancement of consultation on Common Trade Policy. During the 15 year implementation period of the Customs Union, Turkey has not had the opportunity to reflect its priorities and concerns to the formation of the EU's Common Commercial Policy and we have not been able to participate in Trade Policy Committee meetings where the EU's Common Commercial Policy is shaped. It is important to note that the Turkey's demand on inclusion in EU's consultation and decision making process just as other EU member states is stemming from the Customs Union, not from its candidate status. In this respect, we would like to reiterate our request to participate in the Trade Policy Committee meetings.

Turkey's difficulties in the area of alignment with the EU's free trade agreements (FTAs)

Turkey carries out its best efforts to launch and conclude FTA negotiations with the EU's FTA partners. Currently, 16 FTAs are in force. The FTAs with Lebanon and Mauritius are in the internal ratification process. Besides, the Free Trade Agreement with South Korea was

initialed in March 2012. Currently, negotiations are ongoing with 13 countries/country groups and we have initiatives to launch negotiations with 13 countries/country groups.

Despite all these efforts to apply same preferential trade regime with the EU, Turkey is still facing the “moving target problem” since the EU initiates and enforces FTAs in advance of Turkey. Moreover, together with the increasing number of EU’s FTAs, the gap between Turkey and EU’s FTAs is substantially increasing. Once the EU concludes an FTA, Turkey is faced with the risk of not being able to persuade reluctant partners. Those infamous cases are South Africa, Mexico and Algeria.

This problem prevents the Customs Union from functioning properly, since Turkish producers and exporters are facing unfair competition conditions. Once the EU concludes an FTA, EU exporters gain preferential access to FTA partners’ markets, while the exporters of these countries enjoy duty-free access to the Turkish market via the EU. However, as Turkey is lacking the opportunity of preferential access to third country markets, the competitiveness of our exporters is negatively affected. On the other hand EU producers and Turkish producers can not compete on equal conditions, since EU producers have access to cheaper raw materials.

In addition to these problems, the fact that EU continues to negotiate and conclude FTAs with third countries without ensuring that Turkey also concludes parallel FTAs result in a trade deflection problem because of third country goods freely circulating into the Turkish market.

This problem has been on the agenda of Turkey-EU trade relations for a long time. The European Commission has made some initiatives to solve this problem, as inviting our counterparts to initiate negotiations with Turkey by sending letters or putting unilateral “Turkey clause” in its FTAs. Although we appreciate these attempts, it is clear that no effective and systematic solution could be found to the problem until now.

Turkey is expecting the adoption of a mutually acceptable solution with a view to eliminating current and further differences in the implementation of preferential trade regimes by Turkey and the EU. In finding a permanent solution, the principle objective should be to ensure that Turkey simultaneously start and finalize free trade agreement negotiations with the EU.

In this framework, I would like to refer to our proposal for an Action Plan which has been conveyed to the Commission in October 2011. The Action Plan is based on two main pillars: the first pillar envisages giving Turkey the opportunity to take part in EU's decision making and consultation process as far as possible; the second one aims to enable EU and Turkey to start and conclude FTA negotiations in parallel. Although our Action Plan has been conveyed to the Commission once again in the 26th Customs Union Joint Committee meeting in November 2011, we still could not get the views and evaluations of Commission on our proposals.

To this end, I would like to express that we are looking forward to receiving a response and concrete proposals of the EU in order to reach a mutually acceptable solution to the problem.

Quotas Imposed for Road Vehicles Registered in Turkey

Application of quotas by the Member States for the road vehicles registered in Turkey is a major problem that the Turkish exporters and transporters have been complaining for a long time.

Due to the quotas imposed in particular by the key transit countries, Turkish transporters have to bear additional distances; the cost of exporting their products increase and accordingly their competitiveness is affected adversely. This situation in turn prevents further development of bilateral trade relations.

In this way, we consider that quota application not only impedes the development of bilateral trade but also violates Articles 4 and 5 of the Customs Union Decision which requires, among others, elimination of restrictions having equivalent effect to the quantitative restrictions. They act as a technical barrier to trade and in this way they are not in line with the very essence of the Customs Union, which is the principle of free circulation of goods.

In Turkey's view, quotas are inconsistent not only with the very aim of the free movement of goods principle envisaged in the Customs Union Decision but also with the WTO rules, in particular Article V of the General Agreement on Tariffs and Trade. Entitled "Freedom of Transit", Article V of the GATT aims to secure free transit traffic between WTO members. In spite of this definite provision emphasized in GATT V, road transit permit quotas imposed on

Turkish transporters carrying Turkish export goods during their transit passages are considered inconsistent with the rules and spirit of the WTO Agreements.

Moreover, the EU has taken steps for the liberalization of road transportation with countries like Ukraine and Macedonia and has a similar initiative for the Western Balkans, while it did not make any improvement for Turkey, which is a Customs Union partner and a negotiating country.

This issue has been brought by Turkey in several platforms including CUJC and bilateral meetings with both the European Commission and individual Member States. However, so far it could not be possible to find a lasting solution. We believe that a final solution to this issue could be achieved via full liberalization of the road quotas between the parties. However, the Commission indicates that it should be given a mandate from the European Council to start negotiations with Turkey to remove the quotas on road vehicles. In this respect, we expect from the EU side to take necessary steps with a view to resolve the problem and bring to an end to the clear violation of the Customs Union and WTO rules and principals.

Visa Problems Encountered by Turkish Businessmen

Restrictive visa regime applied by the EU Member States towards Turkish nationals continues to act as a major non-tariff barrier before the free movement of goods within the framework of the Customs Union and has serious repercussions on bilateral trade relations. This application creates unfair competition between Turkish and EU producers, which is inconsistent with the spirit of the Customs Union and the accession process of Turkey.

In this respect, Turkey is expecting recognition of its rights stemming from Association Agreements and urges the Commission, as well as the member states, to fully implement the relevant ECJ decisions as a prerequisite of the rule of law.

Adoption of the Draft Decision of the EC-Turkey Association Council amending Articles 8, 9 and 52 of Decision 1/95 of the EC-Turkey Association Council

As you are aware, negotiations between Turkey and the EU for the update of Decision 2/97 of the EC-Turkey Association Council.

In this perspective, in 2004 Turkey and the EU have started a negotiation process with a view to provide a legal framework for the update of Decision 2/97 on a regular and systemic basis. These negotiations have been completed in September 2011 and the Parties have agreed on a draft Association Council Decision, which will amend certain Articles of Decision No. 1/95.

Nevertheless, although the technical work has already been done, the necessary procedures for the formal adoption of the abovementioned draft Decision by the EU-Turkey Association Council are yet to be completed.

From the Commission proposal dated March 7, 2012, we understand that the Commission has prepared a draft Council Decision “on the position to be adopted on behalf of the EU in the EU-Turkey Association Council” and with the adoption of this Decision an important step will be taken towards the formal adoption of the draft Association Council. Yet, we understand that this draft Decision has not been discussed by the Council yet.

The adoption of the draft Association Council Decision will allow the new EU *acquis* on technical legislation to be covered by Decision 2/97 and constitute a legal basis for Turkey in order to gain equal rights and obligations to those of Member States in respect of trade in goods which fall under the scope of technical legislation in question. Therefore, the urgent adoption of the Association Council Decision is of great importance in respect of preserving the rights which derive from the technical legislation which is already harmonized by Turkey but not covered by the current Decision No. 2/97.

Restrictions on Beef Meat, Live Bovine Animals and Derivate Products into Turkey

Since 2010, significant progress has been achieved in trade of beef meat and live bovine animals. Currently, the Turkish market is open to imports of live bovine and bovine meat not only from the EU but also from other third countries as long as they fulfil the veterinary

requirements determined by the Ministry of Food, Agriculture and Livestock (MoFAL) in accordance with the international rules. Moreover, only in 2011, volume of live bovine and bovine meat imported from the EU reached 603 million Euros, corresponding to 75.000 tons of live bovine and 111.000 tons of bovine meat. According to EUROSTAT Turkey became the first export destination for the EU in those products.

As regards import of live bovine animals and animal products, countries categorized as '*negligible*' or '*controlled*' BSE (bovine spongiform encephalopathy) risk by the World Organization for Animal Health (OIE) are allowed to export to Turkey, under the conditions laid down by the Ministry of Food, Agriculture and Livestock.

Turkey has taken the necessary steps to allow for the importation of fresh, chilled and frozen beef meat from the countries which fulfill the afore-mentioned requirements. The current situation allows for the potential importation of meat from 24 EU Member States under the conditions laid down by the Ministry. In addition, Veterinary Health Certificate required for the exportation of beef meat from the EU Member States to the Republic of Turkey is harmonized with the requirements of Commission Regulation 206/2010/EC. So far, beef meat has been imported from 15 Member States.

Similar to the case of beef meat, countries categorized as having negligible and controlled BSE (bovine spongiform encephalopathy) risk by the OIE are allowed to export live bovine animals to Turkey. Accordingly, Turkey has reached an agreement on “Common Veterinary Health Certificate,” harmonized with the requirements laid down in Commission Regulation 206/2010/EC. It embodies the additional requirements pursuant to the relevant national legislation, with 12 EU Member States. However, due to the outbreak and spread of Schmallenberg Virus throughout Germany, France and the Netherlands, Turkey has suspended the import of live bovine animals from those countries as of March 2012, so as to prevent animal health risks thereof. Besides, the developments on this issue is followed to be further assessed by MoFAL.

As regards derivative products, a Ministerial Order No.513 dated 9 March 2012 revised the list of live animals and animal products which are subject to restrictions for their entry into Turkey due to the BSE risk. The Order lifts the restriction on the products originating from the countries categorized as having negligible and controlled BSE risk by the OIE and falling

under the CN codes 0210 and 16 02 10 00, which cover “meat and edible meat offal, salted, in brine, dried or smoked; edible flours and meals of meat or meat offal” and “homogenised preparations”, respectively. For imports of derivate products falling under 16 CN Code shall come from establishments which are approved by MoFAL and those products shall comply with the requirements set out by MoFAL.

On the other hand, it is argued by European Commission that some of the member states are not eligible to export live bovine and bovine meat to Turkey, meaning that Turkish live bovine and bovine meat market is not fully open to EU member states. It is apparent that country specific criteria is considered as an appropriate level of sanitary protection from such risk taking into account the potential damage of an outbreak of BSE disease in Turkey. Therefore, we would like to reiterate that application of certain health criteria to reduce the risk of BSE or other animal diseases should not be considered as a partial restriction.

In light of these arguments and considering the current level of trade mentioned above, we believe that necessary conditions are fulfilled for repealing the measure introduced by 1506/98/EC, which suspended the tariff quotas for tomato paste and watermelon. Therefore, with this opportunity we would like to reiterate our request from the European Commission to release these tariff quotas.

ITEM 5:

ANY OTHER BUSINESS

MINISTER BAĞIŞ: Item five is “*Any Other Business*”. We do not have any points to raise under this item. Does the EU side have any?

MINISTER BAĞIŞ: Thank you.

We have taken note of the statements made here today by Turkey and the EU, which will be annexed to the minutes of the meeting. I am sure that we will make the follow-up of the issues that we have discussed today.

Nicolai and Stefan, I would like to extend my appreciation to all of you for this fruitful and constructive meeting. It has provided us with an invaluable opportunity to review the state of affairs regarding our accession process. I am confident that our relationship will be further consolidated with our mutual efforts. We should keep in mind that, as laid down in the negotiating framework document, our shared objective is Turkey’s accession to the EU.

Would the EU side wish to make any concluding remarks?

EU Side

MINISTER BAĞIŞ: Thank you for this meeting today. The 50th session of the Turkey – EU Association Council is hereby closed.

We shall now proceed to the Joint Press Conference.