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BETWEEN
THE EUROPEAN UNION
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COVER NOTE

Subject: 51st meeting of the EU-Turkey Association Council
 (Brussels, 27 May 2013)

Delegations will find attached the statements by Turkey tabled on the occasion of the 51st meeting of the EU-Turkey Association Council.

51st SESSION OF THE TURKEY-EC ASSOCIATION COUNCIL

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

**AGENDA ITEM 3: ACCESSION STRATEGY, IN PARTICULAR IN THE LIGHT OF THE
ACCESSION PARTNERSHIP AND OF THE COMMISSION'S 2012 PROGRESS REPORT**

BRUSSELS, 27 MAY 2013

TURKEY'S FOREIGN POLICY

This is the age of multiple transformations economically, politically and culturally around the globe. In this era, the ability of the countries coping with the pace of change will depend to a large degree on how effectively they govern themselves and how they cooperate with others.

In fact, the challenges we face today, from regional rivalries to economic protectionism, from the spread of nuclear materials and weapons to transnational organized crime, cyber security and terrorism as well as climate change and pandemic diseases could only be met by our collective effort and resolve.

Propelled by its sound economic performance and its maturing democracy, Turkey is willing and capable of contributing to the efforts of peace and stability in its region and beyond. Located at the strategic intersection of three distinct but interlinked geo-political eco-systems, keeping pace with the change of geo-strategic landscape around us is of paramount importance for Turkish foreign policy.

Turkey strives to contribute to the attainment of peace and stability by extending its network of relationships starting from its own region and by reinforcing the principles of cooperation and dialogue as the main conduit of interstate relations.

To this end, we promote regional cooperation and foster the sense of regional ownership through political and economic instruments that we have developed. We base our regional policies on four main pillars; namely “security for all”, “high level political dialogue”, “regional economic interdependence” and “cultural harmony and mutual respect”.

As a result, despite current rather challenging regional security situation, we were able to make significant strides in improving our bilateral relations with many our neighbors. As a security generator and a constructive power, Turkey's reach has extended beyond our immediate vicinity. You could see Turkey helping resolve conflicts and tensions through peaceful means by serving as a mediator or facilitator between the parties not only in the Balkans and the Middle East, but also in the Horn of Africa region or the Far East.

In addition to that we have also been reaching out to far geographies such as Africa, Latin and Asia Pacific by enhancing bilateral trade relations and increasing our diplomatic presence. We have also been playing a more active role in international organizations as to the maintenance of security, promotion of sustainable development and upholding of human rights and values.

With that understanding as a complement to our active roles in leading international organizations such as UN, NATO and the OIC, we have been further institutionalizing our relationships with other regional organizations like the African Union, Shanghai Cooperation Organization, ASEAN, Arab League and the Organization of American States.

In view of the Arab transformations which are at a critical juncture, the urgency for a genuine partnership between the EU and Turkey has become even more manifest. By all accounts, Turkey and the EU are two leading international actors which will feel directly the impact of the course of events in the region. We are also most well-placed to influence the developments in MENA through our engagement and assistance.

Turkey enjoys special ties with the region originating from our common history and shared cultural and religious traits. More importantly given our successful performance in economic and political terms we provide a source of inspiration to those who wish to benefit from the dividends of democracy and development. The EU, on the other hand, despite all the constraints emanated from the ongoing financial crisis, still retains its status as a pole of attraction in the region, with its high democratic standards and economic opportunities.

Therefore, it is only natural for Turkey and the EU to join their strengths to bring about a real and positive change in our shared neighborhood. We can do that through joint economic projects, as we already contemplate to do with the Global Business Bridges program, which brings together Turkish and EU companies to undertake joint ventures in MENA countries, as well as through political support programs to enhance the democratic credentials of the new leaders in the region. Turkey is ready, capable and willing to engage in such joint efforts with the EU.

While a fundamental sea change is taking place in MENA's geopolitical landscape, a human tragedy continues unabated in the face of ongoing brutality of the Syrian regime against its own people. The political and strategic concerns aside, the humanitarian dimension of the Syrian crisis is calling for an enhanced political dialogue between Turkey and the EU.

In Iraq too, we see an escalation of violence and civil unrest which have had also regional repercussions. Turkey and the EU share similar perspectives in their support for Iraq's stability and territorial integrity. We must increase our efforts to cooperate better on helping Iraq to become a democratic, stable and prosperous country at peace with its own people and neighbors.

Not only in the Middle East and North Africa, but also in the Western Balkans and South Caucasus, Turkey has a significant added value to EU's neighbourhood policies. Foreign and defence policy is a specific field of close dialogue and cooperation. Turkey could indeed bring in substantial contributions to the EU once a meaningful and honest dialogue could be established and reinforced by a set of institutional coordination mechanisms. Prerequisite for such a mutually rewarding cooperation is the abolishment of institutional impediments stemming from the EU's own rules and regulations that pose limitations on our strategic dialogue.

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

PREPARATIONS FOR ACCESSION AND ISSUES RELATED TO THE ASSOCIATION AGREEMENT

Negotiation Process

Our relations with the EU are multi-faceted and deep-rooted. This year is the 50th anniversary of the signature of the **Ankara Agreement** which laid the foundations of this relationship with an aim to securing Turkey's full membership in the EEC. Despite all difficulties, membership has always been a strategic choice for Turkey.

Preserving and carrying forward this relationship is in our common interest. We are committed to the accession process and determined to continue the negotiations with the shared objective of full membership as stated in the Negotiating Framework. Turkey expects to join the Union as an equal member with all the rights and obligations, which would imply upon the successful conclusion of negotiations.

Yet, 17 chapters are currently blocked on political grounds. We welcome France's unilateral decision to remove its blockage on "**Chapter 22: Regional Policy and Structural Instruments**". Hopefully, this chapter will be the first chapter to be opened after 3 years. Turkey is pleased to have sent the Negotiation Position Paper of Chapter 22. DGREGIO provided a constructive feedback and was very cooperative with our Ministry during this period. We hope that your contribution and support will continue until the end of this process and Chapter 22 would be opened to negotiation as of June 2013.

However, the pace of the negotiations is not promising. If we keep on opening one chapter per presidency, it will take 11 years only to open all chapters. This is a unique situation in the enlargement history of the EU.

Although more than 7 years have passed since the screening process, there are still 8 chapters¹ whose screening reports have not been approved. Since the screening reports are not approved by the Council, the potential opening benchmarks are not communicated to Turkey.

We are ready to reinvigorate the process and **proceed in all chapters** once the political blockages are removed. Among the blocked chapters "**Economic and Monetary Policy-17**" and "**Education and Culture - 16**" do not have opening benchmarks. We had submitted the negotiation positions papers back in 2006 and 2007, respectively.

"**Chapter 23- Judiciary and Fundamental Rights**" and "**Chapter 24- Justice, Freedom and Security**", which are closely related to our political reforms are also unilaterally blocked. The political demands of some Member States unfortunately impair the conditionality principle and the leverage and credibility of the EU in the reform process of Turkey. The blockage runs contrary to the decision of the EU Council placing these two chapters even more at the heart of enlargement policy. We appreciate European Parliament's call in its 2012 Turkey Report to open these chapters.

¹These are:

Ch 2- Freedom of movement for workers

Ch 13-Fisheries

Ch 14-Transport policy

Ch 15- Energy

Ch 23-Judiciary and fundamental rights

Ch 24- Justice, freedom and security

Ch 30-External relations

Ch 33- Financial and budgetary provisions

“**Energy-15**” as well as “**Foreign, Security and Defence Policy-31**” are among the blocked chapters. Paradoxically, both of these issues are major areas of common interest with the EU.

Foreign policy and international security continue to be one of the major areas where we need to cooperate. We face the same challenges. Developments in our immediate neighbourhood require well coordinated responses. We note with appreciation the increasing amount of bilateral exchanges at all levels. However, there is still room for further improvement especially on issues related to Western Balkans and the Middle East.

I personally commend the frequent contacts I have with High Representative Catherine Ashton on various regional and global matters. This evening I will also participate in a dinner with EU Foreign Ministers which colleagues from other candidate countries will also be present. We should make utmost use of such occasions in shaping our strategies.

Until now, Turkey participated in 8 EU missions and operations including EUFOR-ALTHEA in Bosnia-Herzegovina and EULEX in Kosovo. We have also decided to contribute to EUTM-Mali.

However, furthering this cooperation is hampered by politically-driven motives. We hope to overcome this situation. Recently we held follow-up screening meetings on Chapter 31. We hope that this effort will pave the way to open this Chapter for negotiations.

Concerning “**Chapter 19- Social Policy and Employment**”, utmost effort has been made to establish a consensus among social partners. Minister for EU Affairs and Chief Negotiator Egemen Bağış and Minister of Labour Faruk Çelik met with Commissioner Füle and Commissioner Andor on 10 April 2013 in Brussels. Leaders of Turkish social partners accompanied the Ministers to show the collaboration among different partners. The same day, Minister Bağış and Minister Çelik, together with the Presidents of TİSK, TOBB, TÜRKİŞ and HAK-İŞ issued a joint declaration. The declaration confirms that important developments have taken place recently in the realm of labour relations in Turkey. Parties have declared their support to the opening of Chapter 19 since this would provide momentum to the development and strengthening of labour relations in Turkey. We hope that the Commission would appreciate Turkey’s efforts and positive steps taken in the Chapter 19 and will support the acceleration of the negotiation process. Opening this chapter will contribute to further improvements in the field as well as the cooperation between the EU and Turkey and promote mutual development both in economic and social spheres.

Positive Agenda Working Groups

We have made progress under the Positive Agenda, which aims at introducing concrete steps for accelerating the accession process in many fields, particularly in those chapters with political blockages as well as the other areas of joint interest.

Working Group Meetings

- Chapter 3- Right of Establishment and Freedom to Provide Services
- Chapter 6- Company Law (June 19, 2012, Brussels)
- Chapter 10- Information Society and Media (September 20, 2012, Brussels)
- Chapter 18- Statistics (July 12, 2012, Brussels)
- Chapter 23- Judiciary and Fundamental Rights (May 17, 2012, Ankara; November 23, 2012, Brussels)
- Chapter 24- Justice, Freedom and Security
- Chapter 28- Consumer and Health Protection (October 4, 2012, Brussels)
- Chapter 32- Financial Control (June 20, 2012, Brussels)

European Commission notified the fulfillment of the 4 closing benchmarks in total concerning 3 chapters: Company Law, Consumer and Health Protection and Financial Control. The fulfillment of these benchmarks was confirmed by Commissioner Füle through a letter sent to Minister Bağış.

Meanwhile, we have agreed to initiate a high level Transport dialogue mechanism under the framework of the Positive Agenda. Currently the parties are working on the agenda items to be covered.

As already agreed upon, the parties focus on opening and closing benchmarks in order to facilitate the opening and closing of as many chapters as possible within the shortest period of time once the political blockages are removed. However, on Chapter 23 and Chapter 24, since the opening benchmarks have not been notified to Turkey yet, we have not been able to get any concrete results. It is clear that the Positive Agenda will not be effective unless concrete steps are taken to lift the political blockages.

I also would like to remind that Positive Agenda was agreed to be a temporary exercise supporting the accession negotiations. Therefore, for those chapters where the benchmarks are confirmed to be fulfilled, there will be no need to convene the working groups once more.

The momentum attained by means of the Positive Agenda should now be reflected to the accession process. It is time to open new chapters as a fresh agenda to demonstrate that the accession process is moving forward.

As highlighted in the conclusions of the General Affairs Council last December, it is in the interest of both parties that accession negotiations **regain momentum**.

POLITICAL CRITERIA AND THE REFORM PROCESS

Turkey is fully committed to the EU process and continues to proceed its reform agenda in line with the objective of full compliance with the Copenhagen political criteria. Turkey demonstrates its commitment to the accession process through adopting comprehensive judicial reforms, and setting up democratic institutions in the area of human rights. In order to ensure the sustainability of the principle of rule of law, each and every reform step is taken to further respect, protect and promote rights and freedoms stipulated in European Convention for Human Rights.

Reform Monitoring Group (RMG) acts as a steering mechanism for the reform process and their implementation. The Group held its 27th meeting on 11 November 2012 in Bursa under the auspices of Deputy Prime Minister and Government Spokesman, Bülent Arınç. The groups of different faiths were the priority item of the agenda. RMG closely followed the developments regarding community foundations and the implementation of the Law on Foundations. Further efforts in the political, judicial and administrative spheres were planned. The RMG will focus on women rights in the next meeting which shall convene with the participation of the Minister of Family and Social Affairs, Fatma Şahin.

Considering the extensive reforms regarding political criteria, matters related to Chapter 23-Judiciary and Fundamental Rights and Chapter 24 Justice, Freedom and Security, we expect the EU side to open these chapters.

Turkish side appreciates the call of the members of European Parliament, as the voice of EU citizens, in the 2012 Turkey Report to open these chapters.

As stated in the European Parliament Resolution of 22 November 2012 on Enlargement: Policies, Criteria and the EU's Strategic Interests, the objective of the accession process is EU membership for all candidate countries. Therefore, Turkey expects a date for membership based on its success with the compliance of Copenhagen criteria which remain at the centre of EU enlargement policy.

The Parliament

In line with our reform spirit, the Parliament has been working on a civilian constitution respecting the rule of law and human rights and broadening democratic rights in terms of the relation between the individual and the state.

Parliamentary Conciliation Committee, established with equal participation from all political parties that are represented in the Parliament, has undertaken the task of drafting the constitution as of May 2012.

Since then, 426 institutions and organizations including 104 universities, 5 institutes, 58 foundations, 102 associations, 32 platforms, 19 other NGOs, 21 public institutions, 21 political parties, 34 professional organizations and 30 trade unions submitted their views to Parliamentary Conciliation Committee. Besides, many citizens submitted their views to the Committee in writing. Recently, the Committee decided to continue to carry out the works until the end of June 2013.

One of the considerable developments regarding the Parliament is the establishment of the Committee on Political Ethics to strengthen the concepts of openness, integrity and accountability in the politics.

The Parliament adopted the establishment of the Parliamentary Investigation Commission in order to assess the ongoing process, aiming to end the terror, on multi-dimensional basis and to inform the Parliament and society regarding this process. The Parliamentary investigation commissions function temporarily for a certain period of time with the participation of the representatives of the political parties present in the Parliament.

Justice System

As regards judiciary, the Government follows the route drawn by the Judicial Reform Strategy and its Action Plan since 2009. The priorities listed in the Strategy have been realized to a great extent through successive enactments of significant laws.

Ministry of Justice is already updating the Judicial Reform Strategy through a participatory process. Ministry of Justice made public the draft version through the website of the Ministry of Justice.

More purposes and goals are defined in the draft such as the improvement of international relations in the area of the judiciary and ensuring an effective judicial organization.

Also the improvement of human rights practices is elaborated as a separate discipline. In that regard, prevention of human rights violations arising from judicial practices and legislation and strengthening human rights standards are foreseen as a new objective.

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

Third Judiciary Reform Package entered into force on 5 July 2012 to further strengthen democratization and the protection of human rights, in line with the European Convention on Human Rights and case-law of the European Court of Human Rights, as well as to address the backlog of cases.

The Package also amended certain provisions in penal legislation including detention orders, administrative judiciary and legislation regarding freedom of expression and freedom of press as well as fight against corruption.

One of the most important amendments introduced with the Third Judiciary Reform Package is the specially authorized courts established within the framework of the Turkish Penal Code and duties and competencies of specially authorized prosecutors. The Package regulates that the crimes under the scope of the abolished courts shall be dealt with by regional heavy penal courts. The Law also introduces the concept of judge of liberty who shall be assigned to guarantee the personal freedom and security and the right to a fair trial. Instead of judge who is hearing the case, the judge of liberty shall decide on the measures of protection regarding suspects (such as search and seizure, apprehension, detention, arrest, appeal to arrest) during investigations. This new system has started to produce results so as to put an end to the discussions on comments reflecting bias and to further strengthen the impartiality of judiciary.

Furthermore, important steps have been taken to broaden the freedom of press and expression by the amendments to the Turkish Criminal Code and the Anti-Terror Law within that Package.

Within the framework of the Package, through the amendment of the legislation on enforcement-bankruptcy and criminal and administrative justice, the backlog of the judiciary has been significantly reduced and judicial services have become more effective.

The Fourth Judicial Reform Package which is titled as Law Amending Certain Laws within the scope of Fundamental Rights and Freedom of Expression entered into force as of 30 April 2013. The Package includes amendments to improve human rights standards, in particular the freedom of expression and press based on the European Court of Human Rights rulings.

This package mainly covers amendments in order to overcome the violations of human rights enshrined in European Convention on Human Rights. In the drafting process, the amendments to be included are identified based on a comprehensive analysis in order to bring the relevant legislation fully in line with the case-law of the European Court of Human Rights.

The Fourth Judicial Reform Package further strengthen the fundamental rights, the right to a fair trial, access to justice, specifically freedom of expression and press, property rights, fight against impunity, and prevention of long trials and detention periods.

The Package which is solely devoted to fundamental rights is a clear indication of the level reached at the democratization process in Turkey.

One of the important amendments that the Fourth Reform Package includes is in the area of fight against torture, which ensures that statute of limitations is not applicable to the offences of torture. This is a significant development under the scope of zero-tolerance policy against torture.

Through amendments to the Law on Civil Procedure, benefiting from legal aid becomes easier. With the provision added to the Law on Criminal Procedure, in cases where ECtHR ruled that the non-prosecution decision is made without an effective investigation, the reopening of the investigation becomes possible upon application.

Since our last meeting, other than judicial reform packages, significant pieces of legislation entered into force.

One of the significant laws entered within that period is the Law on Mediation of Civil Disputes. The Law, published in the Official Gazette of 22 June 2012, introduces a mediation system, through which the parties may freely dispose for disputes arising from private law procedures. With this system, disputes can be resolved without recourse to a court, through a “mediator” chosen by the parties, also including foreign nationals. Furthermore, Law Expanding the Scope of Probation entered into force on May 10, 2012.

Another important piece of legislation is the Law amending Turkish Criminal Procedure Law and Law on Execution of Penal and Security Measures which has been published in the Official Gazette dated 31st of January 2013. The Law brings the opportunity for the defendant to make his oral defence in another language that he/she can better express him/herself after the indictment is read and the merits on charges are presented. Furthermore, new practices such as the suspension of penalties for persons who are not able to survive due to severe health conditions or disabilities, conjugal visits with spouses for adult convicts/detainees and meetings with parents/custodians for juvenile convicts for a longer period are introduced through this law.

Also Law amending Civil Procedure Code has entered into force as of 30 April 2013 to further strengthen the right to a fair trial in appellate procedure in civil cases, to improve the capacity of the judicial services and to increase the implementation the alternative dispute resolution in judiciary.

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

As a result of the Third Judicial Package, along with other reforms implemented, the rate of detention which was 49.2 % in 2006 decreased to 23.5 % in 2012. Turkey ranks seventeenth among EU Member States, with this rate.

Within the probation system, the number of persons on probation was around 105,000 in 2010, 130,000 in 2011 and 198,000 as of December 2012.

Civil Military Relations

As regards civil - military relations, Turkey has redefined the roles during the last decade. Within the framework of these new definitions, relevant legislation and practices continue to be amended.

With the new Law on Court of Accounts, the Court of Accounts can now audit fully the Ministry of National Defence and the General Staff. In accordance with the Law No. 6085 on the Turkish Court of Accounts, the auditing process of the Court for the period 2012-2013 started in July 2012 and completed in March 2013. The audit process covered all the expenses of the Ministry of National Defence and provincial units including the military houses, social facilities and canteens.

The National Security Courses taught by Turkish Armed Forces personnel has been removed from the curriculum of Turkish secondary school education system in 2012.

With the June 2012 decision of the Constitutional Court, in the case that a non-military offence is committed in military places, civil courts instead of military courts will have the jurisdiction to try the perpetrators even if they are military persons.

With the December 2012 decision of the Constitutional Court, the provisions in contrary to the Constitution Article 145 titled “military judiciary” have been removed from the legislation. With this annulment decision, the Constitutional Court indicated that non-military persons, except the state of war, cannot be tried by the military courts because of the offences they commit.

Moreover, the Constitutional Court ruled in its decision of December 2012 that civilian personnel employed in the Ministry of National Defence or Turkish Armed Forces cannot be tried before military courts.

Anti-corruption

As regards anti-corruption, Turkey continues to take effective measures within the framework of the Strategy for Enhancing Transparency and Strengthening the Fight against Corruption and Action Plan (2010-2014).

The Strategy document and Action Plan aims to provide transparency, accountability and trust for the public administration and to foster preventive and deterrent measures in the fight against corruption through public governance.

There are two mechanisms in that area in order to provide the coordination and efficiency to achieve the objectives of the Strategy. These are inter-ministerial commission for Enhancing Transparency and Strengthening Fight against Corruption and the Executive Board consisting of high level bureaucrats and NGO representatives.

The fundamental components of the Strategy are gathered under 3 main titles which are prevention, enforcement and increasing public awareness. In order to fulfill these measures, 23 working groups were established and 243 persons including representatives of NGOs and private sector have been assigned in working groups. The working groups have produced their reports.

Within the Third Judiciary Reform Package, significant amendments are brought as effective measures against corruption to comply with the recommendations to Turkey from the Group of States against Corruption (GRECO) of the Council of Europe and with the standards specified in the said Strategy and its Action Plan.

The amendments are as follows:

- The crime of bribery is redefined in a comprehensive way.
- Getting advantages from persons to perform the duty which the public official is legally obliged to do is defined as bribery whereas previously it was defined as misuse of duty with a lower punishment under existing law.
- The act of a person who feels him/herself forced and provides benefit to the public official or to somebody directed by public official with the assumption that his/her transaction may not be carried out ever or at least in time, is not defined as an offence.

Progress Regarding Human Rights Institutions

As regards the institutionalization in the area of human rights, a great deal of improvement has been achieved.

Within that context, new democratic institutions are established. The laws regarding Human Rights Institution of Turkey, undertaking a central role in terms of protection of human rights and the Ombudsman institution, bringing effective and swift solutions to the complaints stemming from administration are enacted as of June 2012.

The Chief Ombudsman, the ombudsmen and the members of the Human Rights Board, which is the decisive organ of the Human Rights Institution of Turkey were also elected and both institutions became operational.

By-Law on Principles and Procedures for Implementation of the Law on Ombudsman entered into force as of 28 March 2013.

Pursuant to the 2010 Constitutional Amendment, the individual application procedure to the Constitutional Court following the exhaustion of domestic remedies has become operational as of September 23, 2012. The implementation is expected to provide our citizens to benefit directly from the rights and freedoms and to further protect their rights.

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

Draft Law on Law Enforcement Monitoring Commission foresees the establishment of a monitoring commission to examine and investigate complaints such as torture and ill-treatment independently of the law enforcement bodies. Draft Law is on the agenda of the Parliament.

Draft Law on Anti-discrimination and Equality aiming to fight against all types of discrimination has been submitted to the Prime Ministry. The Law envisages the establishment of an Equality Board.

Turkey has been a party to the “Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment” (OPCAT) as of 27 September 2011 in line with its policy of “zero tolerance” against torture. The role of National Preventive Mechanism proposed by the OPCAT is envisaged to be undertaken by the Human Rights Institution of Turkey.

Since the Parliamentary Human Rights Inquiry Committee is authorised to examine draft laws as the main or secondary committee beginning from December 2011, 27 draft laws are submitted to the Committee.

Implementation of Judgements of European Court of Human Rights

Ministry of Justice continues the drafting phase of the Action Plan on Preventing Human Rights Violations that contains concrete objectives towards finding solutions through a timetable in areas in which the ECtHR has ruled against Turkey. The Action Plan aims at effective implementation of the European Convention on Human Rights and elimination of causes of violation.

Also Law on Settlement of Some Applications Made to the European Court of Human Rights through Compensation was published in the Official Gazette on 19 January 2013. The Law mainly aims to offer a domestic legal remedy through compensation to those who have applied to the ECtHR before 23 September 2012 on the grounds of excessively long civil, criminal and administrative trials as well as the applications for delayed or deficient implementation or non-implementation of courts’ decisions.

Data Protection

As regards data protection, 2010 Constitutional Amendments introduced the protection of personal data and access to information as constitutional rights.

We are well aware of the fact that the enactment of the Law on Protection of Personal Data is an important prerequisite to improve the cooperation at international and European level in many fields, particularly in the areas of judicial cooperation and police cooperation.

It is also important to ensure effective cooperation with EUROPOL and EUROJUST. The lack of legislation on protection of personal data constitutes an obstacle for the signing of the Operational Cooperation Agreement between Turkey and EUROPOL.

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

The Draft Law has been prepared in parallel with the Data Protection Directive 95/46/EC and Article 8 of the European Convention on Human Rights and the case-law of the European Court of Human Rights.

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

Freedom of Expression and Freedom of Press

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

The Third Judiciary Reform Package introduced significant amendments to various articles of the Turkish Penal Code, Anti-Terror Law and Press Law, which are of critical importance in terms of meeting the criticisms and recommendations in the EU Regular Report and international organisations.

Judicial fines, investigations, prosecutions and verdicts demanding or ruling up to five years of imprisonment imposed on journalists are postponed with the Package.

The articles of the Turkish Penal Code (Articles 285 and 288) criminalizing the breach of confidentiality of the investigation and attempt to influence a fair trial makes the commitment of these crimes via the press an aggravated reason. The existing wording is repealed.

The scope of propaganda for a terrorist organization is restricted and the practice of termination of publications which contain incitement to or praise the offence or include propaganda for terror organization is lifted.

The Fourth Judiciary Reform Package, which is named as Law Amending Certain Laws within the scope of Fundamental Rights and Freedom of Expression includes significant improvements raising the standards of human rights, including freedom of expression and freedom of press. With that aims, major amendments are made to the Turkish Penal Code and Anti-Terror Law:

- Accordingly, praising the offences and offenders will be evaluated as an offence only if it constitutes a clear and imminent danger to the public order.
- The scope of propaganda offences have been narrowed down whereby it will be evaluated as an offence only if the methods of the terrorist organizations, which contain violence, force or threat are explicitly justified or praised or encouraged.
- The elements of the offence of printing and publishing the declarations and statements of terrorist organizations are rearranged whereby only printing and publishing declarations and statements that legitimize terrorist organizations' methods involving force, violence and threat as lawful or appraise these methods or encourage the use of these methods are deemed as punishable.

Freedom of Religion

As regards freedom of religion, the ongoing political reform process that is being carried out with resolve in the last decade has led to significant improvements in the legislation.

Within the drafting phase of the new constitution, the Parliamentary Conciliation Committee has gathered views from all segments of the society. In that context, community leaders of different faiths and beliefs were invited to the Parliament in February 2012.

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

On 5 July 2012, Mehmet Görmez, the Head of Presidency of Religious Affairs visited the Patriarchate. This marks the first time that Head of the Presidency visits the Patriarchate in the history of the Republic of Turkey.

Annual services are held in St Nicholas Church in Demre since 2002 and in the Sümela Monastery Museum in Trabzon since 2010 as well as in various historical churches in different places.

Gökçeada Island had been exempted from the large-scale population exchange that took place between Greece and Turkey within the context of the Treaty of Lausanne. The minority school at Gökçeada Island was shut down in 1964. In 2012, an initiative has been taken to reopen a Greek school on Gökçeada. The application of Gökçeada Greek Community to reopen the minority school has been accepted by the Ministry of National Education as of 28 March 2013.

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

At present, there are two walls encircling the Monastery. There are disputes concerning the land “de facto” occupied by the Monastery in and outside the walls. Three lawsuits have been filed against the Monastery. The internal judiciary process concerning the first case has come to an end, whereas the legal process has not been completed yet for the remaining two.

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 is no limitation on its activities. Allegations claiming that the Monastery is under pressure are totally unfounded.

With regard to the claim of “ecumenical” status of the Greek Orthodox Patriarchate, I have to remind that this 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 international contacts. As the Venice Commission stipulated in March 2010, “*the Turkish authorities are not obliged to use this title when referring to the Patriarchate, nor to formally recognize it.*” On the other hand, the Patriarchate carries out its functions according to its long-lasting traditions.

The work to re-open Heybeliada Theological School is ongoing in consultation with the relevant institutions with a constructive approach. According to the Turkish Constitution and relevant legislation, religious instruction is possible only under the supervision of the State. This constitutional restriction applies to all religious communities in Turkey, including Muslims.

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 followed closely by the Turkish Muslim Minority in Western Thrace and the Muslim population of Turkish descent living in Dodecanese. They are expecting to see similar positive steps from the Greek State to remedy their problems.

Last year the Greek authorities prepared a draft law concerning the election of Muftis in Greece. However, the draft law fell short of the specific and clear requirements of the Lausanne Peace Treaty, thus failed to meet even the minimum expectations of the Minority.

In 2012, the Greek State denying the right to bilingual kindergarten despite the provisions of the Lausanne Peace Treaty, did not allow the enrollment of the Minority children to elementary school on the grounds that they did not attend the Greek State kindergartens.

Moreover, at the beginning of 2013, the Greek Parliament adopted a legislative regulation as regards the appointment of 240 imams, despite the strong opposition of the Minority.

All these are the most recent examples of the interference of the Greek State with the religious and educational autonomy of the Minority stemming from the Lausanne Peace Treaty of 1923. In our contacts with the Greek authorities, we call them to address these issues, taking into account the views of the Minority.

In this context, the conditions of the Turkish Minority and of the Mufti in an EU country are highly behind the current status of the Greek Orthodox Minority in Turkey and of the Greek Orthodox Patriarch who carries out its activities in conformity with its long-lasting traditions.

On the other hand, the Turkish Muslim Minority of Western Thrace and the Turkish community living in Dodecanese have been deprived of its basic human and minority rights for years. The denial, restrictions and double standards of the Greek administration have long hindered their socio-economic development.

Law on Foundations

As regards property rights, the Government took a historical step and resolved a long lasting issue regarding the immovable properties of minority foundations by the amendment of Law on Foundations on August 27, 2011. So far, 116 non-muslim community foundations have applied for the registration of 1560 immovable properties. Foundations Assembly has decided for the return of 200 immovable properties and the compensation for 16 immovable property.

Following the adoption of the Foundations, 17 charity properties that were built as schools are allowed to be converted into income generating real estates.

The application made by Galata Greek Primary School Foundation is finalized in February 2012 and premises of Galata Greek Primary School located in Karaköy have been returned to this foundation.

Armenian Surp Haç Tibrevank School and Beyoğlu Greek High School for Girls gained foundation status in accordance with the Decision of the Foundations Council affiliated to the Directorate General for Foundations.

Women's Rights

As regards 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.

With the establishment of the Ministry of Family and Social Policies in June 2011, a number of units developing policies and providing services for families, women, children, disabled, elderly people and the poor are unified under a single structure.

Turkey ratified the Council of Europe Convention on Preventing and Combating Violence Against Women and Domestic Violence on 14 March 2012. Turkey actively participated during the preparation phase of this Convention and is the first country to approve and ratify the Convention. The Convention is the first internationally binding document in this area and it provides for the legal framework.

Also, the Law on the Protection of Family and Prevention of Violence Against Women has entered into force in 20 March 2012. It aims at elimination of all forms of violence including physical, psychological, sexual and economic violence.

The By-law on the Implementation of the Law No. 6284 on the Protection of Family and Prevention of Violence against Women was published in the Official Journal on 18 January 2013. The By-law specifies the conditions in which women exposed to violence to be provided with accommodation, temporary cash aid, guiding and counselling services and protective measures.

We adopted the By-Law on Establishment of Women Shelters on 5 January 2013. With this By-Law, main rules and procedures regarding establishment of these shelters, their operation, service quality, their supervision, responsibilities of their staff are all determined. Moreover, an electronic database is set up with this By-Law. This database will be used to make updated analyses of current shelters, thus facilitate policy making by Ministry of Family and Social Policies.

In Turkey, there are 111 women shelters, 78 of which are operated by the Ministry of Family and Social Policies, 31 by municipalities and 2 by NGOs.

Specialized women rights/domestic violence bureaus in chief prosecutor's offices have been established in Ankara, Sincan, Samsun, İskenderun, Tekirdağ, 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.

Parliamentary Women - Men Equal Opportunities Commission discussed 29 draft laws in 2012.

Regarding gender equality and women's rights, two main strategies are in place: "The National Action Plan on the Fight against Domestic Violence towards Women" and the "National Action Plan on Gender Equality 2008-2013".

Violence Prevention and Monitoring Centres (KOZA) are being established within the scope of the Law on the Protection of Family and Prevention of Violence against Women. Violence Prevention and Monitoring Centres were established in 14 pilot provinces. By the end of 2013, works to establish Violence Prevention and Monitoring Centres in other provinces also will be completed.

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.

Children's Rights

As regards children's rights, Turkey is also keeping efforts to protect children's rights. We have increased the budget for children services, which illustrates Turkey's determination to enhance the rights of our children who are our future.

Turkey has been a party to the Council of Europe Convention on the Protection of Children against Sexual Exploitation and Sexual Abuse as of 1 April 2012.

The Third Optional Protocol to the UN Convention on the Rights of the Child which allows every child to file individual petitions to the Committee on the Rights of the Child was signed on 24 September 2012.

Taking into account the principle of "high interest of the child", the Law No. 6291 Amending the Law on the Execution of Sentences and Security Measures and the Law on Probation, Help Centres and Protection Board, entered into force on 11 April 2012. The Law brought new amendments in favor of the child. In that context, convicted women who have a child in the 0-6 age group and whose conditional release will be granted in two years or less are allowed to complete their sentences outside of prisons, provided that the probation procedure is applied.

The Law Amending the Law on the Execution of Sentences and Security Measures, which entered into force as of 31 January 2013, introduces a more modern framework for the practices in prisons and to improve the conditions of the convicts and detainees, motivational rewards for juvenile detainees/convicts are introduced. Within that context, the duration of meetings with parents or custodians can be increased as a motivational reward.

In order to prevent the child abuse effectively and help the abused child informed, the Prime Ministerial Circular, dated 4 October 2012, instructs to establish juvenile monitoring centres in the hospitals and institutions affiliated to the Ministry of Health. The juvenile monitoring centres provide services in 10 provinces as of April 2013.

We continue to work on developing a national model for the pre-school education. Moreover the number of the pre-school teachers has increased.

With regard to eliminating child labor, Child Labor Surveys were made in 1994, 1999 and 2006 by Turkish Statistical Institute. The ratio of working children in economic activities decreased from 10.3 percent in 1999 to 5.9 percent in 2006, indicating a sharp decrease. Child Labour Surveys have been undertaken in October, November and December 2012 as well. Current statistics are expected to be published during 2013.

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

The Children's Rights Monitoring and Assessment Board is established by the the Prime Ministry Circular on 4 April 2012 to monitor the implementation of children's rights, prepare and adopt strategies and action plans, and coordinate cooperation between institutions. The Board consists of representatives of all relevant public institutions and Union of Turkish Bar Associations. The Board can also invite the other NGOs to its meetings.

The Board adopted the National Strategy on Children's Rights covering the period 2012-2016. The strategy sets out main goals regarding protection and promotion of children's rights, with a special emphasis on the prevention of child labour.

Anti-Discrimination

As regards anti-discrimination, the Draft Law on Anti-discrimination and Equality has been drafted by the Ministry of Interior and submitted to the Prime Ministry. The Draft Law is a comprehensive piece of legislation on anti-discrimination to provide effective protection against discrimination. The Draft Law includes the definitions of the main concepts related to the principle of non-discrimination such as direct and indirect discrimination, multiple forms of discrimination, harassment etc.

As regards Roma citizens, since the initiation of Roma Initiative through series of workshops in 2009, we are carrying out our works with determination in order to find solutions to the problems of Roma citizens, to raise awareness regarding their problems and to improve the dialogue between the public institutions and non-governmental organizations.

Relevant public institutions are holding seminars regarding this issue in close cooperation with relevant NGO's. Meanwhile, various NGOs representing our Roma citizens presented their views and proposals regarding the new constitution to Parliamentary Conciliation Committee on 16 April 2012.

Furthermore, Ministry of Family and Social Policy has started to work on a Strategic Plan and an Action Plan on the Roma Population including suggestions on the solutions for the problems of the Roma in coordination with other governmental institutions.

Trade Union Rights

As regards trade union rights, we give utmost importance to the fulfillment of opening benchmark for negotiations of Chapter 19- Social Policy and Employment.

In line with the 2010 Constitutional Amendment, the Law Amending the Law No 4688 on Public Servants' Trade Unions and Collective Agreement was adopted as of 11 April 2012 and Law on Trade Unions and Collective Bargaining was adopted on 18 October 2012.

The Law on Public Servants' Trade Unions and Collective Agreement 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.

Law on Trade Unions and Collective Bargaining regulate the determination of the establishment principles, organs, incomes, inspection principles of the labour and employer unions and confederations; issues regarding membership, guarantees and activities regarding trade union activities, collective bargaining, general principles regarding strikes and lockouts.

These two pieces of legislation aim to ensure labour peace, to overcome obstacles to unionization and problems faced during the implementation.

Opening "Chapter 19: Social Policy and Employment" will contribute to further improvements in the field as well as the cooperation between the EU and Turkey and promote mutual development both in economic and social spheres.

Cultural Rights

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

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

Kurdish Language and Literature Department was established in Mardin Artuklu University in 2011. Students enrolled in this department in the academic year 2011-2012. In order to train teachers for the Kurdish language, Department of Kurdish Language and Literature in the Institute for Living Languages in Mardin Artuklu University was established. In the mentioned department, 250 post-graduate students are studying in the 2012-2013 academic year. The students, who will be graduated from this programme, are foreseen to be appointed as teachers of Kurdish language.

Post-graduate programme has started as of 2012-2013 academic year in the Department of Kurdish Language and Literature in Muş Alparslan University which has been functioning since 2010. In the Department of East Languages and Literatures in Tunceli University, Department of Zaza Language and Literature was established.

Fight Against Terrorism

Turkey has been the target of various terrorist groups and has sought to enhance cooperation with EU members and EU institutions in this regard. Turkey has also been cooperating with the EU and member states for countering trans-border organized crime.

The groups and persons that conduct terrorist activities targeting Turkey and Turkish interests live in the EU territory. Activities of these terrorist groups for recruiting members, obtaining finance as well as weaponry from the EU territory should be countered effectively.

The “EU Terrorism Situation and Trend Report” published by Europol clearly indicates such activities of the PKK in Europe. However, other terrorist organizations targeting Turkey, such as DHKP/C, were not mentioned in the report. DHKP/C terrorist attacks which targeted Turkey in 2012 and in 2013 were all planned by leading cadres residing in the EU. The perpetrators of these attacks had been known to live in EU member states.

We also reiterate our expectation from EU members to take resolute action against the propaganda activities of these terrorist groups, notably the PKK, including their TV and radio broadcasts.

Furthermore, Turkey expects EU members to implement internationally recognized principle of “prosecute or extradite”. The persons who have been involved in terrorist activities should not be provided asylum and refugee statuses and the opportunity to escape from justice by abusing these statuses.

We have adopted a multi-faceted approach in the fight against terrorism. In that regard, we launched a dialogue process, which targets disarming the PKK and providing suitable environment for democratic and legitimate politics to everyone, first and foremost to our citizens of Kurdish origin who do not share the ideology or approve violent tactics of the PKK.

We also expect resolute stance from the EU countries in this critical period. The counter measures against PKK activities in Europe should be stepped up so that the PKK cadres in Europe understand there is no way out of dialogue. One should also keep in mind that PKK terrorist violence and activities have never targeted a limited geography or population in Turkey.

“Law on the Prevention of Financing of Terrorism” was adopted in 16 February 2013 in the area of fight against financing of terrorism. This Law is an important step taken towards fulfilling the legislative framework regarding the fight against terrorism.

Justice, Freedom and Security

As regards Chapter 24 - 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.

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

As regards **migration management**, Law on Foreigners and International Protection has been adopted by the Parliament as of 4 April 2013 which is an explicit evidence of our determination.

The Law was prepared in close consultation with United Nations High Commissioner for Refugees (UNHCR) and International Organization for Migration (IOM) Turkey Offices, Council of Europe, the European Commission and the European Court of Human Rights, as well as civil society and academicians. The Law redefines main policies and significantly strengthens the current system in the areas of asylum and migration. By the Law, a separate professional unit on migration management - Directorate General for Migration Management- to be responsible from all areas related to migration is established.

The Commissioners Füle and Malmström have also welcomed the adoption of the Law and acknowledged Turkey's commitment to build an effective migration management system in line with international standards and EU Acquis. They also stressed that once properly implemented, the Law on Foreigners and International Protection will also address several issues identified in the Roadmap for Visa Liberalization which will constitute the basis for the visa liberalization dialogue.

As a result of our complementary efforts in both legislation and implementation of law enforcement bodies, the number of apprehended irregular migrants in 2012 amounted to 47.510. We believe that it would be necessary to make additional resources available with a view to meet common challenges through a specific financial mechanism complementing the existing financial cooperation framework.

As regards **implementation of already existing bilateral readmission agreements**, we attach great importance to the swift and proper implementation of already existing bilateral agreements.

We maintain an "open border" policy for Syrians fleeing from the violence in their country.

Turkey strictly complies with the principles of non-refoulement and non-rejection at the border and in accordance with international refugee law, provides Syrians with "temporary protection" without any discrimination.

Syrians benefiting from temporary protection are currently hosted in 17 shelters in our border cities. Since the beginning of the events in Syria in March 2011, more than 303.000 (303.395) Syrians have entered these shelters and around 110.000 (109.628) have returned to Syria on their own will. As of 14 May 2013, 193.767 Syrians are accommodated in shelters.

In addition to that, approximately 200.000 Syrians who live outside shelters are also under our temporary protection.

Up to present, we have spent around 906 million Turkish Liras (906.223.043,31 TL – more than 500 million USD) only for the establishment and maintenance of shelters. The total amount spent by the Turkish Government since the beginning of Syrian crisis well exceeds 700 million US Dollars. If the calculation is made according to UN accounting standards, this amount exceeds 1,5 billion US Dollars.

Taking into consideration the large influx from Syria and the instability of the situation, we are building additional shelters which would enable us to host more Syrians. But I have to say that we are reaching our limits.

With regard to registration and de-registration procedures, we are in close cooperation with UNHCR.

Turkey attributes utmost importance to the safety and well-being of Syrians under temporary protection. They are provided with food and non-food items, health and education services as well as psychological assistance, vocational training and social activities.

In April 2012, we declared that we were ready to accept international aid. However the contribution we received from the international community has been insufficient.

Regardless of the cost, we are determined to continue providing protection to our Syrian brothers fleeing from the instability and violence in their home country.

As regards **fight against trafficking in human beings** the Law on the Fight against Human Trafficking and Protection of Victims is being drafted by relevant authorities.

As regards **border management**, the preparatory work on the Draft Law on Border Security is underway. The Draft Law has been sent to the relevant ministries for their comments by the Ministry of Interior. The Draft Law envisages the establishment of a well-equipped law enforcement body, which will be assigned to land and sea borders as well as border gates of Turkey. On the other hand, we continue our collaboration with the FRONTEX in accordance with the Memorandum of Understanding we signed last year.

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

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

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

Visa Issue

Securing visa liberalization for Turkish citizens is an important item on our agenda.

As the Justice and Home Affairs Council gave the mandate to the Commission to start negotiations with Turkey with a view to realize visa free travel for Turkish citizens on 21 June 2012, we have initiated the Turkey-EU Readmission Agreement. This is a clear indication of our goodwill.

Director General for Home Affairs of The European Commission, Mr. Stefano Manservisi's visit to Ankara on 19 March 2013 was part of a discussion with the Commission on an overall package of a Readmission Agreement and the visa liberalization dialogue.

The requirements from Turkey on the visa liberalization and Readmission Agreement should not result in shouldering the EU immigration policy by Turkey.

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

We have started to witness a reverse migration between Turkey and the EU. Our strong economic performance has made Turkey also a destination country for irregular migrants.

We are implementing comprehensive reforms to improve our migration management system.

In this context, the Foreigners and International Protection Law which was adopted on 4 April 2013 constitutes a crucial reform that will pave the way for better migration management in Turkey.

We are also working on the draft "Border Security Law", which will serve as the legal basis for an integrated border management system in Turkey.

We know the importance attached by the EU to fighting against illegal migration. Turkey is open to cooperation in this field.

We are taking necessary measures towards developing a close cooperation in prevention and control of irregular migration while paying attention to the human rights aspect of migration management.

Good neighbourly relations

Our relations with Greece have been evolving steadily since the inception of the dialogue process in 1999. Turkey spare no effort to increase cooperation in all fields with Greece while trying to resolve outstanding issues, in particular those in the Aegean Sea. A particular example of this cooperation was the 2nd High Level Cooperation Council held in İstanbul on 4th March with the participation of Prime Ministers and 13 Ministers from each sides. In addition to that, the two countries have held 54 round of exploratory talks so far. The last round took place on 28 January 2013 in Athens.

As far as the breadth of territorial sea issue in the Aegean is concerned, Turkey's position remains the same. This position has nothing to do with the threat perception. The Turkish Parliament's motion of 8 June 1995 is a reciprocal measure which was adopted only after the Greek Parliament took the decision on 1 June 1995 to empower the Greek Government for the unilateral extension of Greek territorial waters to 12 nautical miles. Both countries should consider revoking these motions together.

Concerning **the Cyprus issue**, I feel the need to clarify several points. The Cyprus settlement and Turkey's EU accession process are two separate issues.

Turkey has been declaring in a most open and clear manner its full support for a comprehensive settlement on the Island. Unfortunately, the last UN comprehensive settlement process conducted between 2008-2012 did not produce a result. Had the Greek Cypriot side reciprocated the initiatives taken by the Turkish Cypriot side, comprehensive settlement could have been achieved. This has demonstrated once again that the Turkish Cypriots' dedicated efforts are not sufficient alone.

The election of Mr. Anastasiades as the new Greek Cypriot leader last February raised hopes for a settlement. But although three months have passed since he took office, he has not taken any positive step that would meet these initial hopes. We believe that a result-oriented process should start without further delay, with a clear roadmap. Turkish Cypriots will be ready to negotiate any settlement provided that it be based on the inherent constitutive power of the two peoples, their political equality and co-ownership of the Island.

Turkey declared its readiness to sign the Additional Protocol in December 2004 and has fulfilled that commitment in a timely manner. Regarding the implementation of it, there seems to be difference of interpretation between Turkey and the EU. As a matter of fact, in practice there is no impediment for free circulation of products from any EU member within the framework of the Turkey-EU Customs Union. Indeed, the statistics show that there is circulation of products from all EU members.

Addressing the source of the problem is the shortest and healthiest way to attain a solution. There are ways of overcoming potential difficulties in this field, while also contributing to the settlement aim. This was the purpose of Our Action Plan of 24 January 2006 concerning the simultaneous lifting of all isolations towards the Island by all concerned parties. It is therefore regrettable that the initiative taken in 2010 in collaboration with the EU Commission and the Belgian EU Presidency had not moved forward due to the Greek Cypriot side's negative attitude.

Unfortunately, the EU has so far not shown the capacity to transcend the problems emanating from the Greek Cypriots' unilateral and undeserved accession. Recognizing the balance between the two sides on the Island is the basic requirement for a sustainable solution. The EU has so far treated the Turkish Cypriots unjustly and has not kept its promises. Cyprus is an island with two equalsides: we should not only be focusing on the concerns of the Greek Cypriots.

I would also like to underline the fact that Turkish Cypriots have equal and inherent rights over the off-shore resources of the whole Island. Disregarding Turkish Cypriots' equal and inherent rights over the natural resources located on the whole continental shelf of the Island is not acceptable neither for Turkey nor for the Turkish Republic of Northern Cyprus. It is not acceptable to enable the Greek Cypriot side to use the current economic crisis it is facing as a pretext to delay a negotiated settlement in the island.

ECONOMIC CRITERIA

After the contraction period in 2009 due to global financial crisis, the Turkish economy entered into a strong recovery period and high growth rates achieved in 2010 and 2011. Economic slowdown began from the last quarter of 2011 and has continued in 2012 and growth rate is realized as 2.2 percent. Although both private consumption and investment contributed to GDP growth negatively, the positive contribution of external demand together with the public consumption and investment were significant.

Current short-term indicators point out a moderately paced recovery in the first three months of 2013. Production-side indicators are promising as seen industrial production gained pace as the first three months of 2013. In addition, demand side indicators have been showing signs of recovery as the first three months of 2013 compared to the last quarter of 2012 as well.

The crisis had reflections on the labor market as in all over the world. Unemployment rate increased during the crisis not only due to fall in production and demand, but also rise in participation rates in labor market, especially that of women and young population. Attaching great importance to minimize the detrimental effects of crisis on labor market widespread measures were put in place. In spite of the increase in participation rates, unemployment rate fell to 9.2 percent in 2012, which is the lowest ratio of last 11 years, thanks to successful employment performance. In despite of the global crisis, Turkey was able to create new jobs in 2009, parallel to the measures taken and economic recovery. For the following three years high employment increases achieved and services sector has led to employment creation especially in 2011-2012 period. It is important to note that the increase in employment has sped up since September 2012 and reached to 5.2 percent as of February 2013 compared to the same period of the previous year.

In addition, the other positive development in labor market was realized in the informal sector. Excluding the limited increase in 2009, the informal employment has a decreasing trend since 2004 and it declined to 39 percent in 2012.

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. After global crisis period inflation decreased to 6.4 percent in 2010 which is below target level of CBRT. However, starting with the second half of 2011 inflation increased and year-end figure was realized as 10.45 percent due to strong domestic demand, developments in FX market, high global commodity prices and domestic tax-price adjustments in some commodities. In 2012 consumer inflation came down to 6.16 percent, the lowest level recorded in the last 44 years at end of the year. In addition, medium term inflation expectations have also improved for the first time after a long period of time in 2012. As of April 2013, annual inflation realized as 6.13 percent; while core inflation and prices of services has maintained their mild track.

Having started to achieve the intended results regarding inflation and rebalancing demand and improvement in global risk appetite, monetary policy has adopted a more accommodative stance since mid-2012. As a result of this policy setting, interest rates declined and credit growth started to accelerate during the last quarter of 2012 and this trend continued in the first quarter of 2013. Accordingly, in April meeting Monetary Policy Committee (MPC) has reiterated that it would maintain its cautious and flexible stance for financial and price stability in the upcoming periods.

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 17.4 percent as of March 2013 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 and interest rate shocks.

FX net general position of banking sector indicates the absence of exchange rate risk. Together with the economic recovery, non-performing loan to total loans ratio decreased to 2.9 percent in 2012 from 5.4 percent in October 2009 and is realized as 3 percent as of February 2013. 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 increased by 18.5 percent and is realized as TL 23.5 billion in 2012. Net return on equity of the banking sector was realized as 15.7 percent in 2012. Banking sector has been supervised very closely within the framework of capital adequacy, asset management and profitability levels recently by national authorities. This well supervising and monitoring has enabled banking sector to manage its risks and processes efficiently.

Fiscal space created before the crisis enabled the government to implement a supportive fiscal policy during the crisis without deteriorating fundamentals of the economy. 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, 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 central government budget performance was better in 2011 and 2012 compared to 2010. The budget deficit realized lower than expected in 2011 and 2012. In January-April period of 2013, central government budget deficit was realized as TL 0.3 billion and primary balance which is expected to realize as TL 19.0 billion throughout the year posted TL 17.9 billion surplus already.

The EU defined debt stock to GDP ratio was realized as 39.1 percent in 2011 and 36.1 percent in 2012 where the corresponding ratio is over the Maastricht Criteria of 60 percent for many EU countries. Borrowing maturities were extended and borrowing costs were reduced further in 2011 and 2012. The average maturity and the cost of the cash borrowing, which were 60.8 months and 8.8 percent in 2012 respectively, were realized as 70.3 months and 6.4 percent as of April 2013.

In May 2013, Turkey paid its last principal instalment of USD 412 million to IMF and closed its debtor position after 19 years. Pledging USD 5 billion to the IMF in June 2012 to help with the European debt crisis, Turkey turned from a debtor to a creditor of IMF.

The moderate and steady upward trend in exports that started in the wake of the crisis continued in 2012 and January-February 2013 period as well. In 2012, exports increased by 16.7 percent in real terms and reached to 152.5 billion dollars whereas imports realized as 236.5 billion dollars with a 1 percent rise in real terms due to the weakening in domestic demand. The aggravated financial crisis in the EU countries led to a decline in exports to the European Union, Turkey's main trade partner. Nevertheless, the adverse impact of the weak exports trend to European countries was mitigated by Turkey's success in diversifying to newer export destinations and sectors.

Low saving rates and high investment demand of private sector, increase in imports of intermediate goods and surge in energy prices have adversely affected the current account balance in 2010 and 2011. 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 6.2 percent in 2010 and 9.7 percent in 2011. On the other hand, economic growth started to lose some pace at the last quarter 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 global economy. Steady growth of exports together with the slowdown in imports due to weak domestic demand led to improvement in the foreign trade deficit; hence decline in the current account deficit in 2012. The current account deficit recorded as USD 47.5 billion in 2012 which is corresponding to 3.7 percentage points improvement in current account deficit as a percent of GDP. In addition, current account balance excluding energy realized as positive 0.6 as a percentage of GDP and indicating 4.2 percentage points improvement for the year 2012.

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 favour of portfolio and short term inflows, similar to many countries. On the other hand, the share of FDI and long term financing has increased in 2011. While in 2012, the shares of FDI and long-term capital inflows decreased compared to 2011, it continues to be an important financing component as of March 2013. Besides, it is important to note that 36.8 percent of portfolio inflows in 2012 consisted of Government Eurobonds, bonds of banks and other sectors issued in abroad, of which maturities are longer than 1 year. In addition, the level of Central Bank's gross FX reserves excluding gold is quite robust, with USD 113.3 billion as of May 2013, serving as insurance for external shocks.

Medium Term Projections and Policies

Turkey, submitted the Pre-Accession Economic Programme (2013-2015) to the European Commission on January 2013, responding to the request of the Economic and Financial Affairs Council (ECOFIN Council) dated 26/27 November 2000. Pre-Accession Economic Programme is based on Medium Term Programme (2013-2015) which is prepared by government in order to give a medium term perspective of the economy. Developments after the submission of PEP were broadly consistent with the general framework of PEP.

The main objectives of macroeconomic policies in the period of 2013-2015 are; despite the problems persisting in the global economy, to increase the production to its potential level, to sustain the decreasing trend in the current account deficit, to increase the domestic savings, to enhance the employment, to ameliorate the public balances, to continue fighting against inflation and consequently, to strengthen the macroeconomic stability.

Turkish economy achieved the targeted soft landing following the high growth rates recorded in 2010 and 2011. With the decrease in global uncertainties, in the medium term, Turkish economy is predicted to grow close to its potential and GDP growth in 2013-2015 period is expected to be 4.7 percent.

The external balance has been always in the concern of policy makers. The improvement in external imbalances is 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 BRSA. Besides, MoF increased special consumption taxes for some items to slowdown consumption of these mostly imported items. With improvement in trade partners' growth performance despite the weak performance in euro area and further efforts towards market diversification as well as effects of macroprudential policies, trade deficit and current account deficit is expected to continue to be under control.

Turkey has been working on structural solutions to reduce CAD. Turkey has been applying structural and medium term policies to reduce the dependency of energy and improving investment environment. The investment incentive system and R&D and Innovation Support Program were put into practice aiming to increase the competitiveness and increase FDI inflows to the country. The Input Supply Strategy as a part of The Export-Oriented Production Strategy was set up in order to develop strategies to increase the in-house production of intermediate goods and reduce the import dependency of production. Within the framework of the Input Supply Strategy at sectoral level, the economy and region wide dependency will be reduced, the risks due to the uncertainties and fluctuations will be eliminated and the needs of the inputs which will gain importance in the forthcoming period will be met. Results will be seen mostly in the medium term but there are also some points that can be handled in a short period of time and might have effect in the short-term.

Moreover, in order to decrease high dependency of production and exports on imports, domestic production capacity intensifier policies and supports will be maintained especially in intermediate and capital goods.

As a result of all mentioned, trade deficit, which has realized as 89.1 billion dollars in 2011, is expected to be realized as 83.8 billion dollars level in 2015. With the limited increase in trade deficit and improving balance on services, current account deficit to GDP ratio is targeted to decrease to about 6.5 percent in 2015.

Increasing domestic savings is also crucial to finance the investments and CAD. 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. The recent change in the new Private Pension system of the introduction of a 25 per cent public contribution is a good example of these efforts.

Labor market developments were favorable after the global crisis. Although unemployment rates are slightly less than pre-crisis period, especially the increases in female labor participation rate and consequently total labor participation rates show that the results of active labor policies and other labor generating incentives were successful. Considering the fact that labor force participation rates increase along with education level, increasing schooling rates which have increased significantly in the recent periods has utmost importance. Demand for vocational and technical education, which has an importance for the labor market, increased in the recent years with the reforms especially at the level of secondary education. In the light of these efforts, around 1.5 million new jobs are expected to be created for 2013-2015 period and unemployment rate is expected to decrease to 8.7 percent by 2015.

In order to support education with technologies and increase informatics, Education and Technology Improvement Action to Increase Opportunities (FATİH) project is initiated and students and teachers access to technology is increased. Efforts are continuing to provide effective use of Information Technology (IT) classes in education and disseminate broadband internet access services to all schools and educational institutions.

In line with main objectives, fiscal policy will be carried out with an approach that will contribute to strengthen macroeconomic stability, to promote private sector-led growth process and to fight against current account deficit and inflation in the 2013-2015 period. The public sector deficit is expected to reduce to 0.9 per cent of GDP in 2015 and public debt to GDP ratio is expected to realized as 31 per cent in 2015.

Inflation targeting regime will be continued in the 2013-2015 period in compliance with the main objective of achieving price stability. The Central Bank will continue to supervise macroeconomic risks and financial stability as usual, in line with its main objective of ensuring and sustaining price stability. The financial-stability-oriented decisions of the Central Bank were mainly driven by targets of slowing down the excessively rapid growth of the private sector's foreign liabilities and improving the quality of these liabilities. The Central Bank places utmost importance on the surveillance of the expected decline in the current account deficit and the observed improvement in the quality of its financing. The floating exchange rate regime will also continue in the forthcoming period within its ongoing framework.

The competitiveness of the economy, education system, juridical system, tax system, informality, the continuation of structural transformation in the fields of local administration, regional development, the realization of urban transformation are among the main priorities of the Programme.

The recent crisis showed that Turkish economy enhanced its resilience owing to structural reforms. However current global developments and uncertainties underlined the importance of reforms in many countries including Turkey. Therefore decisively 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 Pre-Accession Economic Programme, will be continued effectively as expressed in the PEP for 2013-2015 period.

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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, Regulation for mutual recognition in the non-harmonized area was published in the Official Gazette dated 23.6.2012 and numbered 28332. The Regulation specifies the rules and procedures for the insertion of the mutual recognition clause into national technical regulations.

Technical barriers related to the conformity assessment:

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

Together with its risk-based assessment criteria, TAREKS has become the main tool for Turkish imports for achieving efficient controls. In this respect, with amendments to the related legislation on 1 January 2013, additional product groups covered by Communiqué of Product Safety and Inspection No. (2012/9) - namely, machinery, LVD, EMC, etc.- and by Communiqué of Product Safety and Inspection No. (2012/1), are also included in TAREKS as of February 15th2013.

Pursuant to the amendments, these product groups coming from EU along with A.TR document regardless of their origin will be principally not subjected to import controls as of July 1st 2013, unless they are considered risky.

The Establishment Law of Turkish Accreditation Agency (TURKAK) was amended with the Law No. 6337 which was published in Official Gazette No. 28344 and dated 5 July 2012. The amendments strengthened the impartiality of the Agency and its institutional structure. As a result of these developments, European Cooperation for Accreditation (EA) acknowledged that TURKAK complies with the EU requirements and decided the continuation of Multilateral Agreement signed with TURKAK.

In addition, implementation for product groups covered by Communiqué of Product Safety and Inspection No. (2013/1) was made compatible with the provisions of the “Regulation on Mutual Recognition in the Non-Harmonised Area” in 2013. Thereby, the import controls of the products listed in the annex of the Communiqué No: 2013/1 will be carried out with respect to the rules and conditions of the abovementioned Regulation as of July 1st 2013.

Good Manufacturing Practices (GMP):

The implementation of GMP inspections is an administrative decision taken by the Ministry of Health and the decision's main objective is to protect public health. Regarding this decision, GMP certification process is conducted in a non-discriminatory way both for domestically manufactured products and imported products as clearly stated by the national legislation.

The criticism that GMP certification procedure are not in compliance with time frames in EU legislation does not reflect the current situation. Although there is no legal obligation for reporting time after an inspection in our national legislation as it stated 90 days in EU legislation, in practice this limit has never been exceeded during our GMP certification procedure. Even so this requirement is about to be implemented in the first revision of the legislation.

Except this issue, our national legislation and implementation concerning GMP and marketing authorization for pharmaceuticals are fully aligned with the EU legislation. Turkish drug authority named “*General Directorate of Pharmaceuticals and Pharmacy*” evolved to “*Turkish Medicines and Medical Devices Agency*” in March 2012 and Department of Inspectorate established in the agency. With increasing corporate capability of new Turkish drug authority GMP inspection procedures are gained speed and will be implemented with current rules.

As agreed with the Commission in the last CUJC, on the way to the mutual recognition limited to GMP legislation, with the cooperation of Ministry of Economy, Ministry of Health has prepared a correlation table which lays down the similarities and differences between national GMP legislation and the one of the EU. As observed, national GMP legislation is harmonized with that of the EU to a substantial extent. This correlation tables have been sent to the Commission in mid-May 2013. After their examination by the related bodies of the Commission (DG SANCO), both sides will gather to discuss the opportunity for a mutual recognition which will be the sound and mutual solution for the GMP issue.

Measures Taken by Turkey for the Import of Certain Textile Products

Undersecretariat of the Prime Ministry for Foreign Trade (now it is the Ministry of Economy) initiated an examination on some textile and apparel products, due to the application of some domestic producers for an increase in the MFN tariff rates, claiming that there is an increase in the imports of the said products, which has caused serious injury to these industries.

For most of the textile and apparel products subject to additional tariffs, Turkey does not have bound tariff rates to the WTO; for the other products Turkey’s bound tariff rates are higher than the additional tariffs. Therefore the examination for the increase of the applied MFN rates on those particular products were not been conducted within the scope of the WTO Agreement on Safeguards.

The examination completed and the Decree of Council of Ministers regarding the final decision was published in the Official Gazette dated 15 September 2011. On June 1, 2012, an amendment has been made in order to provide market access with no additional tariffs to the products originating in an FTA country that has diagonal cumulation system with Turkey and imported to Turkey via EU. In that respect, the additional tariffs are applied for all countries except for the EU members and the countries which have a Free Trade Agreement with Turkey.

Second hand goods:

Until the end of 2009, the import of the old, used or renovated goods covered by the Import Communiqué 9, had been free without being subject to any prior permission, on the condition that the goods to be imported were not older than ten years.

Yet, with the idea of providing an effective and a more liberalized system based on risk analysis, the Undersecretariat for Foreign Trade (Ministry of Economy) has put into force a new Communiqué, The Import Communiqué 2010/9, on 1 January 2010.

The Communiqué, which has been renewed on 1 January 2012 with the Import Communiqué 2012/9, is based on the logic of classifying the old and used products in three lists².

By use of the new Communiqué, an effective, liberalized system based on risk analysis is aimed, disregarding the age of the product but instead taking into account the CIF price. The new Communiqué thus provides the market with the best possible option to liberalize and regulate the import of used products to Turkey.

Also, beginning from 2013, the period for the importation of products covered by the Communiqué which requires the permission of Ministry of Economy, has been extended from four to six months and the period for re-extensions has also been revised (increased from two to three months).

² 1. List I A, importation is free

2. List I B, importation is subject to prior permission of relevant institutions

3 List II, importation is directly subject to prior permission of the Ministry of Economy

Export of aliminium and copper scrap

Registration requirement on export of copper scrap and aliminium scrap is introduced in 2006 and 2011 respectively for health and environmental reasons as well as for statistical purposes. It is important to underline that this application does not mean restriction or prohibition of exportation of copper and aliminium scrap.

The export of 9.226 metric tonnes of copper scrap is realised in 2012. Share of export of copper scrap realised to EU member countries in the mentioned period is 73%, which means 5.959 metric tonnes of copper scrap.

While, the export of 9.905 metric tonnes of aluminium scrap is realised in 2012. Share of export of aluminium scrap realised to EU member countries in the mentioned period is 64%, which means 6.265 metric tonnes of aluminium scrap.

Allocation of tariff rate quotas for the importation of processed agricultural products from the EU:

Within the framework of the provisions of EU-Turkey Association Council Decision No: 1/2007, tariff rate quotas were opened for the importation of certain processed agricultural products from the EU in accordance with the Decree No: 2007/12555 dated August 13, 2007.

The procedures and principles related to the administration and allocation of the aforementioned tariff rate quotas were determined in the Communiqué on Tariff Rate Quotas for Importation of Certain Processed Agricultural Products from the EU, published in the Official Gazette No: 27709 dated September, 24 2010.

In the aforementioned Communiqué, the maximum amounts set for each application were increased taking into consideration the average amounts imported on the basis of customs declarations with regard to the related product.

So as to benefit from that tariff rate quotas, the applicants shall apply to the Ministry of Economy for an import license, which has to be presented to the competent customs authority in the importation.

On the other hand, the tariff rate quotas are allocated to the industrialists, producing the aforementioned processed agricultural products and/or using them as raw materials in production, by taking into consideration the order of applications provided that the allocated quantity does not exceed “the maximum quantity of tariff rate quota” determined in the Communiqué. Accordingly, the tariff rate quotas are allocated on the method based on the order in which applications are submitted, in other words on the “first come first served” basis.

The abovementioned criteria are used in the allocation, so as to ensure the equal and balanced utilization of tariff rate quotas opened for the importation of processed agricultural products from the EU.

Recently, Communiqué dated 24 September 2010 was amended on 15 April 2011 and the criteria of being industrialist have been abolished for the importation of processed agricultural products subject to tariff rate quota, except sugar confectionery and chocolate, and thus importers have acquired the opportunity to benefit from the quotas on the basis of first come-first served.

Import licenses:

Turkey regulates and monitors the imports of certain goods on grounds of public morality, public policy and public security; protection of health and life of human, animals or plants; protection of environment; protection of industrial and commercial property; consumer rights as well as import policies in force. These grounds also include a number of international agreements and conventions to which Turkey is a Party.

To this end, within the context of the Turkish Import Regime, Turkey introduces Import Communiqués in which the procedures and documentation required during the imports of certain goods are laid down.

Recently, considering the Commission’s criticisms with respect to the implementations under certain Import Communiqués, some steps have been taken by Turkey with a view to both eliminate these criticisms in this area and fulfill the opening benchmarks determined for the Chapter of Free Movement of Goods.

In this regard, in recent years import licenses for a number of products like alcoholic beverages, cosmetics, detergents, toys, fertilizers, and solvent for some petroleum products were abolished. We expect that certain licensing requirements also would be abolished as the relevant institutions complete their work.

Market access in alcoholic beverages

Significant improvements have been achieved in recent years in the market access of alcoholic beverages.

The customs valuation issue has been resolved by the general tax amnesty adopted by the Turkish Grand National Assembly in February 2011. It has been an important progress concerning the market access problems of the EU firms in Turkey.

Regarding the certificate requirements for importation of alcoholic beverages, the control certificate has been abolished as of January 1st 2012. And the prior notification system does not constitute a barrier to the importation of alcoholic beverages.

Regarding **Right of Establishment and Freedom to Provide Services**, “Law on Postal Services” was adopted by The Grand National Assembly of Turkey (TGNA) on May 9, 2013. The Law fully regulates the postal services, liberalizes the sector, designates Information and Communication Technologies Authority (ICTA) as independent regulatory body and guarantees the access to global postal services. Thus the adoption of the “Law on Postal Services” is a significant step for alignment.

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. With regard to the Free Movement of Capital which is one of the four fundamental freedoms, the way has been cleared for foreigners from EU member states or third countries who want to make investment and a significant liberalization has been secured.

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

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

As a candidate country, the Law is an important move by Turkey towards alignment with the *acquis communautaire*, specifically in the Chapter 4: Free Movement of Capital and Chapter 24: Justice, Freedom and Security. Moreover, any possible risks that could arise in the banking, insurance, external trade sectors and foreign investments are prevented by leaving the high-risk countries list of FATF.

The Law on the Prevention of Financing of Terrorism is a clear testimony of our political determination to align our counter-terrorist financing legislation in line with the FATF recommendations. We are currently working on the drafting of the relevant secondary legislation as foreseen in the law.

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

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

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

Concerning **Intellectual Property Law**, the third meeting of the Working Group on Intellectual Property Rights between EU-Turkey was held on January 30, 2013. The meeting was preceded by a technical meeting on geographical indications (GIs) on 29 January 2013 within the context of Customs Union Joint Committee. It should be reiterated that the scope of this Working Group needs to be limited to the issues discussed under Chapter 7 during screening process.

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

The Law aims to ensure the compatibility of state aids with the related provisions of the agreements and decisions between Turkey and the European Union by laying the framework, guidelines and the principles.

In the Law the promulgation of the regulations regarding the notification, monitoring and supervision of state aids which concerned the implementation of the provisions of the Law had been determined to be accomplished within nine months following the constitution of the Board, in other words until the end of September 2011 at latest. However, in order to give GDSA more time to complete capacity building process and to allow aid granting institutions to make their adaptations for the newly introduced system in a timely manner, the deadline for the promulgation of the regulations regarding implementation of State Aid Law has been extended until 30/06/2013 with an amendment made by the by-Law No:661 in October 2011.

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

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

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

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

With respect to structure of GDSA, the General Director and two Deputy General Directors have been appointed on December 3rd 2010 and it has been organized under four departments. Technical staff has been recruited among the treasury experts and assistant experts currently working in the other directorates of Treasury. Although most of these experts have fundamental knowledge on EU subjects, they are specialized in different branches of economy and implementation of different forms of public interventions. Hence they are in need of improving their competence in the field of state aid control and for this purpose they have been supported through various training activities.

In order to improve the knowledge and skills of the staff to a competent level, GDSA has continued to capacity development via training activities conducted both in-house and by technical assistance of EU. In this context, as for introductory level trainings on EU state aid rules three technical assistance project from TAIEX for DG Staff and the Board were designed for 2011 and they were realized within that year as planned. As for the advanced level training activities, “secondee” programs to be held in the European Commission are considered to be the most efficient way of capacity building for the experts employed in GDSA. Within this framework, an expert of General Directorate participated to the mentioned program as “Seconded National Expert” (NEPT) during October 2012-January 2013 and since this “secondee program” has been evaluated as highly satisfactory, participation of other experts to the program has also been decided to be supported by GDSA. As for a part of forthcoming training activities, a new project proposal for the Leonardo Program involving experience sharing in the field of state aid control with a newly acceded member state has been prepared and submitted for the evaluation. Apart from that in order to enhance the technical capacity of GDSA staff in different international platforms concerning state aids, participation of experts and assistant experts to those occasions have been supported encouragingly.

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

Concerning **Financial Services**, The new Capital Markets Law, which was prepared by considering the perspective of full alignment with the EU acquis entered into force upon its publication in the Official Gazette of December 30, 2012. Capital Markets Board of Turkey continues to draft secondary legislation related to Law by taking acquis alignment perspective into consideration.

Draft Law on Payment and Securities Settlement Systems, Payment Services and e-Money Institutions is currently assessed by Prime Ministry and is expected to be submitted to TGNA for adoption soon. The Draft aims to regulate the institutions which are not subject to the Banking Law in the field of payment services and electronic money in line with EU acquis. Draft also re-organizes the legislation on payment systems under a single law which is currently regulated by different legal instruments. Enactment of the Draft will also contribute to Turkey's alignment with capital movements and payment systems acquis.

"Insurance Law No: 5684 has been amended in 2012. More importantly, Turkish Commercial Code which also includes provisions on insurance contracts has been replaced with a new one. The secondary legislation to the new Commercial code has been entered into force on 01.07.2012. Besides, legal framework regarding insurance coverage for disasters was strengthened by Disaster Insurance Law which has been in force since August 18, 2013.

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

In the fields of **agriculture and rural development, food safety, veterinary and phytosanitary policy, and fisheries**, the Ministry of Food, Agriculture and Livestock (MoFAL) was reorganised in mid-2011 with a view to establish the necessary administrative structures to implement the Common Agricultural Policy (CAP), EU Rural Development Policy and Common Fisheries Policy (CFP). A clear assignment of responsibilities is in place, in particular for the control bodies. In order to ensure the successful implementation of the IPARD programme in Turkey, MoFAL prepared a detailed action plan addressing core issues, which was submitted to the Commission in April 2012. 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 tenth 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 since late 2011, which transpose major EU legislative texts falling under the Chapter 12-related acquis. Despite the decision of the Commission to cancel IPA-I funds allocated to vaccination against foot-and-mouth disease (FMD) in Anatolia, efforts to control and eradicate the disease are eagerly continued using national resources, and the national veterinary services continue with their endeavours to control other animal diseases of concern.

Currently, the Turkish market is open to imports of live bovine animals and beef not only from the EU but also from other third countries, which fulfil the veterinary requirements set by MoFAL in accordance with international rules. Veterinary health certificates required for exportation by EU Member States have been harmonised with the relevant EU Regulations and the restriction on derivate products originating from countries categorized as having negligible and controlled BSE risk by the OIE and falling under the CN Codes 0210 and 16 02 10 00 has 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. A draft EU-compliant Fisheries Law has been prepared by MoFAL, for which the opinions of the relevant institutions will be taken in the forthcoming period. Pursuant to a Communiqué published in June 2012, 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. Applications have been evaluated by MoFAL and the first drawing has been made under the supervision of a notary public for the first round of handover.

As concerns **Transport Policy**, Turkey supports the establishment of a high-level transport dialogue between Turkey and the EU. A dialogue has been established addressing Turkey's wish to fully integrate into the EU aviation system with a special attention to safety including participation in the work of "Management Board of the European Aviation Agency(EASA)" and joining the "Single European Sky (SES)" Project as well as one-stop-security area. In this regard, a road map setting out the key milestones to be achieved together with a view to enhancing Turkey-EU aviation relations has been developed. In this context, a comprehensive agreement between Turkey and the EU would institutionalise the structure of aviation relations pending Turkey's full membership to the EU. In parallel, evaluation process of the horizontal aviation agreement is still ongoing.

Regarding safety in Eastern Mediterranean, currently there are no developments concerning the exchange of flight data and requirements for the application of a flight message transfer protocol between Ercan Area Control Center and Nicossia Area Control Center. A technical solution needs to be sought to resolve the safety issues. Turkey and the Turkish Cypriot side stand ready to pursue discussions under the auspices of the International Civil Aviation Organisation. However, Greek Cypriot side has rejected a recent proposal prepared by ICAO.

Turkish Cypriots air controllers have rendered air traffic and aeronautical services and coordinated relevant activities within the Ercan Advisory Airspace for over thirty years at ICAO standards. The establishment of communication between Ercan ACC and Nicosia ACC will further develop air navigation safety in the Eastern Mediterranean.

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

Turkey's primary energy policy is to achieve a supply security, which is adequate, affordable, reliable, timely and environmentally sustainable.

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

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

Diversification of energy supplies and transport routes - both by energy type and source as well as route - has been and will continue to be an important measure to improve energy security. The cooperation and solidarity among the producer, consumer and transit countries are inevitable in developing regional and global transportation systems in a suitable manner. Turkey lies adjacent to the regions possessing the three fourth of the world's proven oil and gas reserves. Thanks to this geostrategic location, Turkey has already realized major energy projects, such as the Baku-Tbilisi-Ceyhan Oil Pipeline and the Baku-Tbilisi-Erzurum Natural Gas Pipeline Projects, which contribute to European energy security.

We attribute particular significance to the fact that the Southern Gas Corridor projects should transit through Turkey. *In this respect, Turkey, together with Azerbaijan, elaborated the Trans Anatolian Natural Gas Pipeline Project (TANAP).* We believe that TANAP carries a great strategic, economic and political importance for the region and beyond. TANAP will directly link the vast natural gas resources of Azerbaijan to Europe. *This project to be realized on the Turkish soil will be subject to Turkish laws and regulations and to international agreements to which Turkey is a party.* In addition to Azerbaijan, in the future, Turkmen gas may also be transported through this pipeline.

On the other hand, we believe that LNG is not an economically viable and sustainable option for the transportation of natural gas resources of the greater Caspian basin to the European markets.

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

Studies for synchronous parallel operation of Turkish Electricity System with ENTSO-E Continental Europe Synchronous Area (CESA) are ongoing. Following the monitoring of the performance of Turkish Electricity System by ENTSO-E experts in accordance with the defined criteria, the synchronous trial parallel operation between Turkish Electricity System and ENTSO-E CESA started on September 18th, 2010.

Establishment of nuclear energy power plants in Turkey appears high on our national energy agenda. We signed an Intergovernmental Agreement with the Russian Federation for the construction of a nuclear power plant at our Akkuyu site with a capacity of 4800 MW. We signed an Intergovernmental Agreement with Japan on May 3rd, 2013 for the construction of a second nuclear power plant in Sinop. We plan to meet 10% of our electricity demand from the nuclear by the 2023.

We deem nuclear safety as a top priority in our projects. We have already signed the Joint Convention on the Safety of Spent Fuel Management and Radio-Active Waste Management. We will be a party to the Convention once the ratification process in the Turkish Grand National Assembly is completed. We believe that the Convention will contribute to Turkey's legislative and administrative framework.

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

We welcome the meetings between Commissioner Ottinger, Commissioner Füle and Ministers Yıldız and Bağış in İstanbul and Stuttgart in 2012. The implementation of the goals set out in the document entitled “Turkey-EU Positive Agenda, Enhanced EU-Turkey Energy Cooperation” written in line with the outcomes of above-mentioned meetings may contribute further to the Turkey-EU energy cooperation.

Concerning **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 stated in the Action Plan, tax differentials between imported and locally produced beverages will be eliminated gradually up to 2018.

As regards Tobacco Fund, Turkey decreased Tobacco Fund levy on unmanufactured tobacco from 1800\$/Ton to 1500\$/Ton as of January 1, 2013. Thus, the total reduction of the Fund levy have reached to 50% since 2009 when the Fund levy was 3000\$/Ton.

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, two new laws regarding the trade union's rights were adopted (the Law on Public Servants' Trade Unions and Collective Agreement was published in the Official Gazette dated 11.04.2012; the Law on Trade Unions and Collective Labour Agreement was published in the Official Gazette dated 07.11.2012).

These laws have been adopted as a result of years long process of social dialogue and tripartite consultations. As the government, we put utmost effort to reconcile the naturally differing interests of employees and employers. These efforts need to be clearly and well understood by the European Union. We expect that the European Union appreciates considerable progress achieved in development of trade union rights in Turkey. These new laws represent a broader consensus as much as possible on trade union rights.

We also explained about the intendment and objective of the new legislation to the European Commission in the meeting held with the Commissioners Štefan Füle and László Andor in Brussels (on 10 April 2013) and the consensus that was reached in adopting the laws on trade union rights was attested with a joint declaration as well. The Turkish Minister for EU Affairs and Chief Negotiator Mr. Egemen Bağış and the Minister of Labour and Social Security Mr. Faruk Çelik held meetings with the Commissioner László Andor in Turkey (on 8 and 9 May 2013) regarding the first opening benchmark and progress made in the field.

We hope that the European Union would appreciate Turkey's efforts and positive steps taken in this field. I believe, opening accession negotiations for Chapter 19 will accelerate Turkey's accession negotiation process with the EU. And, it will also contribute to the cooperation between the EU and Turkey and promote mutual development both in economic and social spheres.

Concerning **Regional Policy and Coordination of Structural Funds**, there has been encouraging progress. With Ireland's taking over Presidency of the Council of the EU and the announcement of removal of the French blockage, we received Irish Presidency letter regarding the opening benchmark for Chapter 22 - Regional Policy and Coordination of Structural Instruments on 27 February 2013. To this end, an action plan, which sets out actions and timeframe regarding the implementation of the EU Cohesion Policy, was submitted by Turkey on 11 March 2013. The EU informed Turkey on 24 April 2013 that the Action Plan met the opening benchmark for the Chapter and also invited Turkey to submit its negotiating position paper. We submitted our position paper on 7 May 2013. We are expecting that the process regarding the opening of the chapter for negotiations would be completed until the end of June 2013.

Concerning **Education and Culture Chapter**, Turkey submitted its negotiation position paper, which touches upon all issues relevant with the chapter requirements, on 25 May 2006. In this field, as it is confirmed by the European Commission, Turkey has a good level of alignment with the Chapter requirements and the necessary administrative capacity. Furthermore, Turkey fully shares the educational targets of the Europe 2020 and continues its efforts to improve its performance. However, the process has been blocked at the EU Council due to certain demands of Member States that are not related to the content of the Chapter at all. Opening accession negotiations for this Chapter will contribute to the cooperation between the EU and Turkey and promote mutual understanding and intercultural dialogue.

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

Turkey attaches great importance to implementation of horizontal legislation. The studies on the transposition of the Environmental Liability and INSPIRE Directives continue within the scope of the project "Capacity Building in Horizontal Sector" under IPA 2011 programming. Furthermore, the studies on the transposition and implementation of the Strategic Environmental Assessment Directive are carried out within the framework of the project "Implementation of by-law on Strategic Environmental Assessment" under IPA 2010 programming.

The Ministry of Foreign Affairs is assessing the draft bilateral agreement on EIA (Environmental impact assessment) for trans-boundary cooperation in the Environment Chapter Negotiation Position Paper.

Regarding Nature protection, Draft Law on the Conservation of Nature and Biological Diversity has been prepared largely in conformity with the EU's Birds and Habitats Directives. The Environment Commission of Grand National Assembly adopted the Draft Law in June 2012. The Draft Law is expected to be enacted in 2013. The studies with regard to the secondary legislation which is to be implemented after the enactment of the Law have been initiated. With the enactment of the secondary legislation, some issues regarding the Draft Law will be clearer.

With respect to climate change, the UN Framework Convention on Climate Change (UNFCCC) negotiations are of utmost importance to Turkey. We trust that the negotiations are the only instrument to create an effective regime for addressing climate change. We call on all stakeholders to shoulder their responsibilities and to continue to engage in the process in this manner.

Against this backdrop, the responsibilities should be defined in accordance with the “common but differentiated responsibilities” principle of the UN Framework Convention on Climate Change and the respective capabilities of the Parties to the Convention. It is important that countries with similar economic and social conditions and historical responsibility should be provided with the same support and benefit.

In this respect, we welcome the adoption of a roadmap at COP 17 in Durban aiming at shaping the post-2020 climate change regime. This roadmap was further elaborated at COP 18 in Doha. We believe that COP 18 was an important step forward to discuss the parameters of the post 2020 climate change regime. It is vitally important that the new regime which will be established through negotiations by 2015, should be fair, inclusive, comprehensive, legally - binding, applicable to all and rule-based. Turkey is committed to continue to actively participate in and contribute to the negotiations in a constructive manner in order to establish a fair regime.

Turkey has reduced its GHG emissions 21 per cent from the business as usual scenario starting from the year 1990 till 2012 by only domestic measures and resources. The total amount of GHG emission reduction is estimated as 1.5 billion tons of CO₂ equivalent between 1990 and 2011. This figure does not include the forestry in which Turkey has invested US\$ 2 billion between 2008 and 2012. During the period of 1990-2009, there has been a decline of 14 per cent in emissions in agriculture sector. The carbon intensity (kg CO₂ per PPP \$ of GDP) of the Turkish economy was reduced more than 50 per cent, i.e. from 0.61 to 0.3 between 1990 and 2010.

Turkey is a rapidly developing country. Our economic and social development continues in a constant manner. During the last two decades, we have recorded high growth rates. Yet, basic indicators such as per capita income, per capita primary energy consumption, and greenhouse gas emissions place Turkey in the category of a upper middle-income developing country.

Turkey's special circumstances and the fact that Turkey is in a situation different from other Parties included in the Annex I of the United Nations Framework Convention on Climate Change (UNFCCC), were recognized by a number of decisions taken at the Conference of the Parties (COP7, COP16, COP17). Doha (COP 18) decision has outlined a road map for defining the modalities of provision of support to Turkey for mitigation, adaptation, technology development and transfer and capacity building mechanism as well as financial support.

On the other hand, the secretariat was asked to prepare, a technical paper identifying opportunities for Turkey to benefit, at least until 2020, from support from relevant bodies established under the Convention and other relevant bodies and institutions to enhance mitigation, adaptation, technology, capacity-building and access to finance. This paper will be further elaborated at the upcoming meetings of the Subsidiary Body for Implementation (SBI).

EU's accession to Bucharest Convention: During the 28th Regular Meeting of the Black Sea Comission the member countries were invited to submit their views until 15 February 2013 on re-launching and continuing the joint process with a view to accomplishing the tasks set out in Article 8 of the Ministerial Declaration. Turkey has agreed to re-launch and continue the joint process. However, Turkey is of the view that as a first step, it is necessary to redraft the Terms of Reference for carrying out the abovementioned task of the Ad Hoc Group on Amendments to the Black Sea Convention.

Regarding **Customs Union**, Turkey's National Programme envisages that the full alignment of the free zones with the EU *acquis* will be realized at the time of membership. However, very important steps have been taken and alignment with the *acquis* has already been reached to a large extent by the Law on the Amendment of Free Zones Law and Customs Law Nr. 5810, which redefined free zones in line with the EU Customs Code.

On the other hand, to provide a transitional period to the users, especially the ones with operating licences on manufacturing, interim Article 6 and interim Article 7 have been inserted to the Free Zones Law Nr. 3218, with the Law on the Amendment of Free Zones Law and Customs Law Nr. 5810.

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

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

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

Currently, Turkey is applying general safeguard measures on 7 product groups (frames and mountings spectacles; travel goods, handbags and similar containers; certain electrical appliances; matches; motorcycles; footwears and polyethylene terephthalate). Safeguard investigation on PTA is still ongoing.

51st SESSION OF THE TURKEY-EC ASSOCIATION COUNCIL

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

**AGENDA ITEM 4: STATE OF RELATIONS UNDER THE ASSOCIATION AGREEMENT
AND THE CUSTOMS UNION**

BRUSSELS, 27 MAY 2013

CUSTOMS UNION

Turkey's involvement in EU's decision making mechanisms

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

Although the Customs Union Decision itself, namely Article 59 and 60, provide the legal basis for Turkey's participation to the consultation and decision making procedures, these articles are not applied fully and effectively. In that respect, pursuant to Article 59, Turkish experts shall be consulted on the same basis as Member States' experts and that Turkey be informed regarding the new EU legislation relating the Customs Union beginning from their drafting stage. However there is an apparent discrepancy between the information and consultation process of Turkish experts compared to Member States' experts especially in the formation of the common commercial policy. Furthermore, there is no systematic approach in providing information to Turkey about draft measures prepared by the Commission. Besides, although Article 60 provides a legal basis for Turkey's participation to technical committees, Turkey's participation in the technical committees is still very limited.

These articles, which envisage the involvement of Turkish experts in committees assisting the Commission in the exercise of its executive powers, impose no conditionality related to full transposition and full implementation of the acquis. Moreover, there is no distinction of regulatory or advisory committee between the committees to which Turkey can participate.

However, the Commission is declining Turkey's participation request to some committees based on the Communication to the Council concerning participation of candidate countries in Community Programmes, agencies and committees. The Communication sets out the common approach of the EU for candidate countries to support their alignment process undertaken during the accession negotiations. It is important to note that Turkey's demand to be involved in EU's consultation and decision making process just as other EU member states is stemming from the Customs Union, and not from its candidate status.

As a result, for more than 17 years, Turkey has not had the opportunity to reflect its priorities and concerns to the formation of the EU's Common Commercial Policy. Turkey's request to participate in the Trade Policy Committee meetings and the Generalised System of Preferences (GSP) Committee has been rejected several times. Even Turkey's request to receive TPC documents which are shared with Member States is being rejected.

It is important to underline that the establishment of an effective consultation and decision making mechanism is indispensable for the proper functioning of the Customs Union and Turkey's compliance process to the EU legislation.

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

Turkey carries out its best efforts to launch and conclude FTA negotiations with the EU's FTA partners. In this context, Turkey has put into force 16 FTAs (EFTA, Macedonia, Croatia, Bosnia-Herzegovina, Albania, Israel, Palestine Authority, Morocco, Tunisia, Egypt, Syria, Georgia, Montenegro, Serbia, Chile and Jordan.). Moreover, the FTA with South Korea entered into force on 1 May, while FTA with Mauritius will enter into force on 1 June 2013. The FTA with Lebanon will enter into force once the internal ratification process will be completed.

However, it is important to underline that Turkey faces serious difficulties in launching and concluding FTA negotiations with third countries despite all its efforts.

This creates; first, unfair competition between the EU and Turkish exporters which cannot benefit from preferential access to the EU's FTA markets, and second, a trade deflection risk due to the products exported by the EU's FTA partners to Turkey via the EU.

Since the EU initiates and put into force its FTAs in advance of Turkey, a “moving target problem” arises for Turkey regarding the alignment with the EU's FTAs. Turkey could conclude only 19 FTAs as of today, while the EU has 28 FTAs. Moreover, the problem concerning the gap between Turkey and the EU's FTAs is getting more and more serious because of the increasing number of the EU's FTAs.

The main point of concern for Turkey is that Customs Union is being ignored in determination of EU's Common Commercial Policy and the EU negotiates FTAs with third countries without consulting Turkey and more importantly without ensuring that Turkey starts and concludes FTAs in parallel. The fact that the EU initiated FTA negotiations with bigger economies as India, Canada and especially the US with no prior and substantial consultation with Turkey resulted in a frustration in Turkey.

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

In order to find a mutually acceptable solution, Turkey underlined many times that the principle objective should be to ensure that Turkey simultaneously start and finalize free trade agreement negotiations with the EU. We observe that the Commission is relatively more open to share information on its FTA negotiations; however it is obvious that this is not sufficient to ensure the parallel conclusion of FTAs and the full involvement of Turkey in the policy formation process.

In this framework, Turkey prepared a proposal for an Action Plan which has been conveyed to the Commission in October 2011. In the Action Plan, Turkey put forward practical proposals in order to conduct FTA negotiations in parallel. Lastly, we proposed the inclusion of a binding Joint Declaration, in which we have proposed a special clause that can be introduced to the EU's FTAs, in order to deal with the special condition of Turkey regarding the FTAs within the context of the Customs Union. We expect EU to evaluate our proposals and to have a positive approach so as to find a practical solution to our problems.

Turkey's Position on the EU-US Transatlantic Trade And Investment Partnership (TTIP)

In the presence of these problems, without taking account its direct impacts on its Customs Union with Turkey, now the EU has launched the TTIP which is incomparable with the other FTAs of the EU considering its deep and comprehensive scope. Although Turkey will be directly affected by the outcomes of the TTIP, there has been no reference for Turkey either in the impact analysis of the TTIP or in the draft negotiation mandate of the Commission. This concerns Turkey that the Commission will not take Turkey's views and expectations into consideration during the following steps of the TTIP negotiations as well.

Furthermore, the EU's recent initiative has also led to strong discussions in Turkey on the logic of being a Party to the Customs Union. Since, concluding parallel FTAs is directly related with the proper functioning of the Customs Union, which is also the common responsibility of the both sides, Turkey expects the EU to take all necessary and timely measures to pave the way for a parallel initiation and conclusion of Turkey-US FTA negotiations. In this respect, we consider that the most appropriate and concrete solution to address Turkey's concerns would be the inclusion in the Commission's negotiating directive for TTIP, a provision, which will enable the proper functioning of the Customs Union.

In the light of these, Turkey has already declared its strong willingness at the highest level to launch FTA talks with the US in parallel with that of the EU through our Prime Minister's letter addressed to US President Obama. Concurrently, Ministry of Economy has sent a letter to the Trade Commissioner De Gucht in which Turkey expects strong support from the Commission.

Furthermore, Minister of Foreign Affairs has also brought our expectations to the attention of the US Secretary of State Mr. KERRY during his visit to Turkey in March and of Mrs. Ashton during her visit at the beginning of April. Furthermore, our President has brought the issue to the attention of the WTO General Secretary Mr. LAMY during his visit to Turkey in mid-March.

As a complementary act to those abovementioned, Ministry of Economy also had a special technical meeting with the Commission DG Trade in March. The Commission stated that the effect of TTIP on the Customs Union can be examined during the sustainable impact analysis on TTIP. During that meeting, it is also stated by the Commission side that Turkey can be updated systematically about the negotiation proposals of the EU in the course of TTIP negotiations. Turkey also brought this issue in the last Joint Committee Meeting held in April 12th, 2013 as well as the last Customs Union Joint Committee Meeting held in 17-18 April 2013.

Turkey also closely follows the recent initiatives led by some of the European Parliament members in the International Trade (INTA) Committee which is about to play key role during this process. In this regard, Turkey also welcomes the initiatives of some European Parliament Members who have already brought to the attention of INTA Committee that due to Customs Union, Turkey should be taken into account in the course of TTIP talks.

Finally, the issue was on the agenda of the meeting which took place on May 16 2013, between the President Obama and the Prime Minister Erdoğan and the parties agreed to establish a bilateral High Level Committee with the ultimate objective of continuing to deepen our economic relations and liberalize trade.

Quotas Imposed for Road Vehicles Registered in Turkey

On many occasions, Turkey put forward that road quotas, both bilateral road quotas and transit quotas, imposed by the EU Member States are not in line with the Custom Union Decision and World Trade Organization rules and procedures.

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 essence of the Customs Union, which is the principle of free circulation of goods.

Moreover, road transit permit quotas imposed on Turkish transporters carrying Turkish export goods during their transit passages are also inconsistent with the WTO rules, in particular Article V of the General Agreement on Tariffs and Trade, which aims to secure free transit traffic between WTO members.

We disagree with the EU's claim that transportation is within services sector, which is not within the scope of the Customs Union. The mere fact that services have not been covered by the Customs Union, does not allow the Parties of the Customs Union to implement regulations in the area of services which restricts the free movement of goods.

Moreover, the linkage between transportation and free movement of goods has already been recognized by the ECJ, in the Schmidberger case, where the ECJ ruled that a measure which affects transportation may be capable of restricting trade in goods and therefore must be regarded as a measure of equivalent effect to a quantitative restriction. Therefore, it is clear in the judicial precedent of the ECJ that even in case that an area have not been covered by the Customs Union, this does not enable Parties to use this area as an obstacle to the free movement of goods.

Hence, Turkey's request to abolish road quotas finds its roots directly in the core principle of the Customs Union, namely the free movement of goods. Accordingly, Turkey reiterates its position that road quotas imposed by Member States are considered as measures having equivalent effect to quantitative restrictions and are in breach of Customs Union Decision based on the rulings of the ECJ.

Visa Problems encountered by Turkish Businessmen

Due to the restrictive regime applied by the EU Member States towards Turkish nationals, Turkish businessmen and lorry drivers are facing burdensome procedures and additional costs; creating difficulties in establishing business relations, as well as attending trade fairs. In this sense, the extensive list of supporting documents requested and the lengthy visa procedure has serious repercussions on Turkey-EU trade relations.

In this context, while the goods are freely circulated between the Parties since 1996 in the framework of Customs Union, producers of these goods can not freely travel across Europe and promote their products. Therefore, this situation constitutes one of the most important non-tariff barriers to bilateral trade and is an indirect obstacle to free circulation of goods between the Parties.

On the other hand, in the Soysal/Savathı case, the court decision ruled that Article 41 (1) of the Additional Protocol prevents the introduction by the Member States of a visa requirement for the Turkish citizens who provide services, if visa was not a requirement at the time of entry into force of the Additional Protocol.

In this respect, we are requesting the full recognition and implementation by Member States of Turkey's rights recognized by Article 41(1) for Turkish service providers in EU countries.

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

The continued evaluation of the EU acquis on removal of technical barriers to trade and the need to incorporate these new EU instruments into Turkey's legal order, have required 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 at the end of 2011 and the Parties have agreed on a draft Association Council Decision, which will amend certain Articles of Decision No. 1/95 and thus enable the new EU acquis on technical legislation of products to be covered by Decision 2/97.

To this end, in order to enable the new EU acquis on technical legislation of products to be covered by Decision 2/97, the Parties carried out a technical work and agreed on a draft Association Council decision in 2011.

In March 2012, 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 submitted to the Council with a view to complete the EU's internal process towards formal adoption of the draft Association Council Decision.

The aforementioned draft has already been transmitted by the Commission to the Council. However, although, the issue is completely technical in substance, we regret to see that the EU has not completed its ratification process and the draft has not been approved on the grounds of political concerns.

Therefore, with an understanding that this draft would not pass through the formal ratification procedure, we would like the EU side to officially inform us on how to proceed in the future regarding this issue.

Alignment with the EU Technical Regulations Administered by Agencies

In order to establish the free movement of goods, Turkey aligned or is on the way to align the majority of its technical regulations and products standards with those of the EU. However, in the recent years, EU has designed or implemented some technical regulations administered by Agencies without incorporating Turkey to them, which is the requirement of Customs Union. The EU's recent approach is eroding the scope of the Customs Union by creating import restrictive measures.

REACH and CLP Regulations and their administrative body European Chemicals Agency (ECHA) can best exemplify the problem. Even though Turkey has harmonized the main legislation which is the basis of REACH Regulation, as if they are like any other economic operators of a third country, Turkish economic operators can only register their chemicals to the ECHA through their "importer" or "only representative" both which are required to be established within the EU territory" in order to access to the EU market without any interruption."The EU's approach is not in line with the Article 5 and 7 of the ACD 1/95 and Article 7 of ACD 2/97.

REACH and CLP legislation are not the only technical legislation that have the potential for bringing about economic and legal problems for Turkey since they are neither designed nor implemented by considering our Customs Union. As observed, the scope of the legislation that the ECHA is responsible for is being extended with the new technical legislation such as 528/2012/EU Biocidal Products Regulation (BPR). Through this new legislation, ECHA will be the administrative authority for central authorization of the some active substances defined in the BPR. In the reply of DG Environment, it is mentioned that the authorisation granted for the biocides by Turkey cannot be mutually recognised by EU member states even if Turkey has implemented the BPD/BPR in full. Furthermore, it is mentioned that a possible MRA on the BPD/BPR like the one between the EU and Switzerland can be the solution of the issue.

However when Turkey transposed/harmonized relative legislative text, products regulated under that legislation moves freely within the custom union area. Therefore, there is no need for mutual recognition agreement between the Turkey and the EU as they are the two Parties of the Customs Union which is quite different than the case between the EU and Switzerland.

Thus, Turkey believes that the rules and principles of the Customs Union cannot be interpreted on a case by case. Therefore, Turkey cannot understand why the Commission takes different approaches regarding the implementation and effects of different technical legislative pieces and not take into account the special status of Turkey deriving from Customs Union during the design and implementation process such technical legislation.

While Turkey expects from the EU to integrate Turkey as much as to its new systems established by new technical legislation relating to the products covered by the Customs Union, our experience up until now shows that the Commission did not take into account the special status of Turkey.

Market Access Problems in Agricultural Products-Capitan Andrevo

Since the last three years Turkish fruit and vegetable exporters to the EU encounter severe problems at the Bulgarian point of entry Kapitan Andreevo due to the high frequency of official controls and the inordinate fees charged for the loading/unloading service and disinfection of truck tires

Based on the data provided by a Turkish exporter, within an 8 months period, every single consignment has been subject to loading/unloading for 250 Euros and the total cost for loading/unloading amounted to 40.000 Euros corresponding to 0.7% of the total value of the consignments within that period.

In that respect, the implementations at the Bulgarian customs, which contradict with the WTO rules, constitute a non-tariff barrier and negatively affect Turkish fruit and vegetable exports to the other EU member states. Therefore, with this opportunity we would like to reiterate our request from the European Commission to find a solution to this problem as soon as possible.

FINANCIAL COOPERATION

IPA II (2014-2020) Preparations

While the implementation of the programmes and projects under the current IPA period continues, preparations of the new IPA period (2014-2020) have started.

The Commission is working closely with the Turkish authorities to prepare the Country Strategy Paper for Turkey, which will cover the priorities of funding and assistance to Turkey in the new period.

10th National Development Plan (2014-2018) and National Strategy for Regional Development (NSRD) will be the main inputs for the Country Strategy Paper of Turkey.

Ministry of EU Affairs and Ministry of Development are taking leading role in drafting of the Country Strategy Paper of Turkey.

On the other hand, we are still waiting for the completion of the discussions on the budget and implementation details.

General Expectations for IPA II

The Commission introduces drastic changes in the new period. At this point we would like to express our views and expectations:

- Accession perspective will be the only priority for using IPA II funds: As IPA I, IPA II should continue to address accession priorities as well as economic and social development priorities in a way by assisting its beneficiary countries for the policy development and implementation of EU cohesion funds upon accession.
- Current accredited structures should be maintained based on the ‘sustainability’ principle which the IPA II period follows, and extra administrative burden and unnecessary time loss for further accreditation be avoided.

- Extra procedures prolonging the overall implementation process should be avoided and simplification of the procedures and application rules be introduced to this end. Burdensome procedures reduce the impact of the effective implementation.
- Tailor-made approach among the beneficiary countries would be fair. “One size fits all” approach is not appropriate. Differentiated needs, size and state of play of the beneficiaries should be borne in mind while designing the priorities in Country Strategy Paper and allocating the funds as well as setting the performance criteria in particular.

Expectations for IPA Funds in the Area of Economic and Social Cohesion (Regional Development and Human Resources Development Areas)

IPA assistance to the Candidate Countries is very crucial since it mirrors the Structural Funds and Cohesion Fund rules. This provides Candidate Countries an effective “learning by doing” experience to prepare for Structural Funds.

As Cohesion Policy implementation in member states, IPA funds in the area of economic and social cohesion is the main tool to invest in the real economy and to contribute to growth and jobs creation in Candidate Countries.

The Regional Development and Human Resources Development Policy Areas under IPA II should closely follow Cohesion Policy funds regime.

In other words, IPA II priorities for these policy areas should be fully coherent with cohesion policy (European Regional Development Fund and the European Social Fund) and Europe 2020 Strategy priorities.

Like Cohesion Policy, investment and infrastructure projects (i.e. transport, environment, and business related infrastructure) under the Regional Development Policy Area should be financed as they were in the IPA I period, in order to contribute to the infrastructure needs of Turkey and to support preparation for Structural Funds and Cohesion Fund upon accession.

Issues Regarding Current IPA Implementation

New structures were established within the framework of the IPA components Development Policy Area and Human Resources Development and accredited by the Commission.

IPA is a bridge to the Cohesion Policy and Structural Funds mechanisms upon accession. Current structures and mechanisms will also serve as a basis for management and implementation structures for EU Cohesion Policy upon accession.

As a consequence of enhanced inter-institutional cooperation, there has been significant progress in the implementation of Operational Programmes, thus absorption has been increased in recent years.

However, long delays in the accreditation process and conferral of management powers and cumbersome rules caused delays in the implementation.

Ex-ante approval of the EU Delegation and Commission takes too long. Excessive bureaucratic procedures and slow implementation result in lack of motivation for project applications.

A proper solution for this problem is EDIS (DIS without ex-ante control). The EDIS transition process should be completed as soon as possible with close cooperation with the EU and Turkish side.

Another important issue is to simplify the procedures of IPA implementation. In order to make the project cycle management effective and manageable, existence of time-limited and simple procedures is needed. In this respect; simplification of all stages, from the approval of the projects to the tendering and implementation processes, by taking into consideration the lessons learnt shall both reduce the risk of fund loss and ensure effective and timely intervention of funds.

N+3 rule for the EU funds puts great pressure on the implementation periods of the projects and cause de-commitment of the funds. For this reason, by taking into account the peculiarities of the projects, arrangements to introduce flexibility to this rule under IPA II period are important to increase the absorption capacity.

A Closer cooperation between EU institutions and Turkey is needed in terms of increasing effective and efficient use of the EU funds well as preparation for the EU Cohesion Policy.

EU Funds Allocated to Turkey

Under current IPA period, Turkey gets the least amount of financial support per capita when compared with other candidate countries.

2007-2013 budget of IPA has arisen from 11.468 Billion Euro to 14.11 Billion Euro for the period 2014-2020. Since the differentiation between candidate and potential candidate countries is removed in terms of access to IPA II funds, risk of decrease in the assistance allocated to our country arises.

At present, Turkey holds institutional structure and absorption capacity to commit more funds in the future.

Considering Turkey's potential, size and needs as well as achieving fairness, pre-accession funds to Turkey must be allocated at a level equal to potential and candidate countries in per capita terms. In other words, funds allocated to Turkey should be increased in post-2013 period.
