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# Executive Summary of the Turkish National Programme for the adoption of the Acquis

## INTRODUCTION

The modern Turkish Republic is founded on the principles of peaceful foreign policy, secularism, the rule of law, a pluralistic and participatory democratic system, and fundamental human rights and freedoms.

Turkey is a country that contributes to the enhancement and reinforcement of peace, security, stability and prosperity in international relations, and will continue to develop her relations with neighbouring countries on the basis of a peace-seeking foreign policy; in this context, Turkey will continue to undertake initiatives and efforts towards the settlement of bilateral problems through dialogue with Greece. Turkey will continue to support the efforts of the UN Secretary General, in the context of his good-offices mission aiming at a mutually acceptable settlement with a view to establishing a new partnership in Cyprus based on the sovereign equality of the two parties and the realities on the Island. As an EU Member State, Turkey will act as a democratic and secular model for the Turkic States and the Islamic world in their further development according to universal values; enhance, as a key actor, stability in the Balkans, the Caucasus, Central Asia and the Middle East; contribute to the ongoing rapprochement of Europe and Asia, and hence help extend contemporary values throughout Eurasia.

The Turkish Government regards EU membership as a new step forward, a milestone confirming the founding philosophy of, and Atatürk's vision for the Republic.

Turkey will accede to all relevant international conventions and take the necessary measures for their effective implementation in order to ensure alignment with the universal norms manifest in the EU acquis and with practices in EU Member States, particularly in the areas of democracy and human rights.

Turkey can assume an important role in the process of European unification through concrete and distinct contributions that she can offer.

## POLITICAL CRITERIA

In 2001, the Turkish Government will speed up the ongoing work on political, administrative and judicial reforms and will duly convey its legislative proposals to the Turkish Grand National Assembly. The goal is to further develop, on the basis of Turkey's international commitments and EU standards, the provisions of the Constitution and other legislation to promote freedom; provide for a more participatory democracy with additional safeguards; reinforce the balance of powers and competences between State organs; and enhance the rule of law. In the context of the reform process regarding democracy and human rights, the review of the Constitution will have priority. The constitutional amendments will also establish the framework for the review of other legislation.

The Turkish Government will monitor closely progress in the country in the areas of human rights, democracy and the rule of law, regularly evaluate the work underway for harmonization with the EU acquis, and will take all necessary measures to speed up the ongoing work.

In addition, legal and administrative measures will be introduced in the short or medium term regarding individual rights and freedoms, the freedom of thought and expression, the freedom of association and peaceful assembly, civil society, the Judiciary, pre-trial detention and detention conditions in prisons, the fight against torture, human rights violations, training of law enforcement personnel and other civil servants on human rights issues, and regional disparities.

## **ECONOMIC CRITERIA**

The economic stabilization programme introduced in 1999 has been revised due to the economic crisis of February 2001. It has been decided that the necessary structural reforms be introduced as soon as possible, on the basis that they are crucial for the success of the new program.

Within the scope of structural reforms, the social security system, which was in deficit for years, has been reorganised and significant steps have been taken to ensure a balance between the system's assets and liabilities.

Tax reform has been introduced so as to enlarge the tax base and to register the unregistered economy. The Banking Regulation and Supervision Board, established as a consequence of the reform of the fiscal sector, provides a central authority for the regulation, observation and supervision of the banking sector. However the crisis faced in February 2001 has made it necessary to take more fundamental measures in the context of the reforms of the fiscal sector. It is essential that priority be given to the Banking Act and the Law of the Central Bank of Turkey. The regulations regarding state owned banks will also be given first priority in the context of fiscal sector reform.

Transition to the direct income support system in agriculture has been initiated and positive responses have been received from projects undertaken in pilot regions. Within the framework of fiscal transparency certain projected budgetary and non-budgetary funds have been dissolved.

Privatisation is an important component of the reform program. For the growth of the Turkish economy in a competitive environment, economic activities of the state, especially those having a monopolistic character, have to be privatised immediately. Meanwhile, maximum care must be taken to ensure that private monopolies do not develop and replace the state monopoly.

The amendments introduced in 1999 mean that privatisation is included in the Constitution for the first time. In addition, problems concerning public procurement in the energy sector have been dealt with through the establishment of an international arbitration mechanism. Within the year 2001 the privatisation of public enterprises including State Economic

Enterprises (SEE) such as TÜPRAŞ and PETKİM (petrochemical production and oil refining companies), Turkish Airlines, ERDEMİR (integrated steel and iron works) and SEKA (Turkish Pulp and Papermills General Directorate) has been planned via block sale and public offerings. Within the year 2000, a 51 percent block sale of Petrol Ofisi (responsible for petroleum distribution), a 31.5 percent public offerings of TÜPRAŞ, and a greater than expected revenue from the sale of mobile phone licences were positive developments in the privatisation program.

Following the February 2001 crisis the government has declared its intention of finalising the privatisation of Turkish Airlines and Turk Telecom by accelerating the procedure.

In the short term Turkey will fulfil its obligations regarding the Pre-accession Fiscal Surveillance Procedure.

## **CAPACITY TO ASSUME THE OBLIGATIONS FOR MEMBERSHIP**

### **A. Efforts on the Adoption of the Acquis Communautaire Conducted under the Scope of the "Customs Union" (within the framework of Association Relations)**

This chapter lists the obligations that are both fulfilled and unfulfilled by Turkey within the framework of the Association relations with the EU. In this respect, Turkey has not yet fulfilled the obligations due from previous years in the fields of adoption of the technical acquis of the EU, and certain parts of competition law (state aids, special or exclusive rights granted to public enterprises and TEKEL Administration).

### **B. Adoption of the Acquis**

#### **1. Free Movement of Goods**

In the field of free movement of goods Turkey is required to complete the adoption of the technical acquis of the EU related to industrial products. This obligation arises from Decision No. 1/95 of the Association

Council laying down the rules on the functioning of the customs union and Decision No. 2/97 enacted therefrom, and thus from the Association Agreement built between Turkey and the EU.

The fulfilment of these obligations, will provide for a supply of quality goods conforming to international norms to our domestic market, and with its positive impact on our exports, will also increase our competitiveness.

In this respect it is a priority that the draft "Law on the Preparation and Application of Technical Arrangements regarding Products", also known as the Framework Law, already presented to the Turkish Parliament, becomes law as quickly as possible. Only after the enforcement of the said draft law will it be possible for related institutions to enforce the legal arrangements in the areas falling under their responsibility, and to take the necessary measures towards implementation thereof.

Another important factor in terms of implementation is to ensure that the Turkish Accreditation Authority (TÜRKAK), officially established on 4 November 1999 through Law No. 4457, begins operation.

Accordingly, it is necessary to establish and develop the institutions responsible for conformity assessment and certification, to assess and certify conformity with the legislation, and establish the accredited institutions to be notified to the EU Commission.

Studies for the establishment of a new market supervision system, initiated following the Customs Union, still continue. This system covers the technical acquis of the EU and its stages of implementation including standardization, measurement (metrology) and accreditation.

#### Public Procurement

It is very important to finalize the new Draft Law on Procurement, prepared to replace the applicable Law No. 2886 on Public Procurement. This will ensure transparency and impartiality in conformance with international norms, maximize competition and public control in the field of public procurement, and harmonization with the EU acquis in the shortest possible time, as well as taking into account the interests of Turkey.

There is also the need to establish an independent legal or administrative institution to consider applications and to settle disputes in public procurement.

### **2. Free Movement of Persons**

It has been envisaged that many issues related to the free movement of persons, considered to be a very sensitive issue by EU member states, will be dealt with at the full member stage, and possibly through transitional arrangements.

However, Decisions Nos. 1/80 and 3/80 of the Turkey-EU Council laying down the procedures related to the entry of Turkish workers and their families to the EU employment market and their wages and working conditions, need to be updated by taking into consideration the interpretations of the European Court of Justice. There is a need for new

Association Council Decisions that will permit our citizens working legally and residing in member states to exercise the right to free movement without having to wait for Turkey's full membership.

On the other hand, it is proposed to amend related articles of Law No. 5682 on Passports, and to establish a structure ensuring conformity with the decisions of the Community acquis in order to prevent illicit immigration, as required by the EU. The relevant draft law should be enacted as soon as possible.

### **3. Free Movement of Services**

Applications in the field of financial services are in harmony with the EU acquis in general terms. The relevant institutions are making efforts to define and correct areas which currently do not conform.

There are national preferences and restrictions with respect to services other than financial services. First of all, it is necessary to initiate coordinated studies for defining and correcting these. This subject will be handled by the Secretariat General of the European Union, as in similar cases, taking into account the fact that there are numerous public institutions and organizations involved in this field.

The negotiations between Turkey and the EU on “Liberalization of Services and Public Procurement” initiated by the Decision No. 3/2000 of the Association Council are underway, and the developments arising from these negotiations will be considered as part of further harmonization measures.

#### **4. Free Movement of Capital**

Upon enforcement of the “Draft Law on Foreign Capital”, replacing the “Law on Foreign Capital Incentives”, the authorization procedure will be abolished and a registry system will be introduced.

The following regulations having restrictive provisions on the “Free Movement of Capital” need to be revised, taking into consideration the important nature of such provisions and matters regarding security and reciprocity:

- Law on the Establishment and Broadcasting Activities of Radio and Television Enterprises,
- Law on Civil Aviation,
- Law on Cabotage,
- Restrictive provisions of the Turkish Code of Commerce regarding foreign shares,
- Restrictions on property acquisition by foreigners,
- Authorization for investments in the fields of oil and mining

Lifting restrictions such as those under the Village Law with respect to property acquisition by foreigners plays an important role in terms of free movement of services.

The restrictions put on cash and “in kind” transfers abroad according to Decision No. 32 on Protecting the Value of Turkish Currency and the Circular No. I-M of the Central Bank of the Republic of Turkey (where amounts over 5 million dollars are subject to authorization), must be adapted to EU norms.

#### **5. Company Law**

Although the corresponding Turkish legislation related to companies is in conformity with the EU acquis in general terms, partial amendments are required in Turkish legislation. To this end, a commission working under the coordination of the Ministry of Justice is preparing a new draft of the Turkish Code of Commerce, taking into consideration all the related EU Directives. It is very important that this draft be enacted in the medium term.

Significant progress has been noted in the field of industrial property rights within the scope of the Customs Union. Relevant studies still continue with respect to the Draft Law on the Protection of Integrated Circuit Topographies and on the Protection of the Improvement Rights of New Plant Species.

In the field of intellectual property rights, it is proposed to ratify certain international agreements (WIPO-World Intellectual Property Organization – Property Rights and WIPO Performances and Phonogram Agreements) within the year 2001.

It is expected that the project aimed at the establishment of 12 specialized courts to provide for expertise in the settlement of disputes on intellectual and industrial property rights will be concluded with the assistance of EU finance. As an initial step, a Specialised Court for Intellectual and Industrial Property Rights has been established in the province of Istanbul.

#### **6. Competition and State Aid**

Turkish Competition Law is to a great extent parallel to the Competition Law of the EU. The Competition Authority is following amendments to EU rules of competition, and activities have already been initiated to prepare parallel arrangements.

Works on the Draft Law No. 1177 on Tobacco and Tobacco Products which is part of the obligations of Turkey arising from the Customs Union should be completed immediately. The



Turkish Parliament passed the Draft Law amending Law No. 4250 on the Monopoly on Spirits and Spirit Drinks on 11 January 2001. However, it would be beneficial to reconsider the said arrangements from the perspective of full membership.

Where state aid is concerned, a working group has been established with the participation of the related public institutions and organizations and whereby the fragmented picture of state aid aims to be eliminated. A system similar to the Nomenclature of Territorial Units for Statistics (NUTS), forming the basis of the regional statistical classification of the state aids system of the EU, needs to be established in Turkey.

Furthermore, there is also the need to establish a Monitoring and Supervision Authority for State Aid to assess the conformity of state aid applications with the criteria laid down by the EU acquis.

## **7. Common Agricultural Policy**

The agricultural sector encompasses the largest area in terms of adoption of the EU acquis. It is very important to adopt the complicated provisions in this field which represents such a significant part of the Community acquis.

The priority issue in Turkey-EU relations in the field of agriculture is the harmonization of Turkish agriculture with the Common Agricultural Policy. However, it will not be possible to implement the Common Agricultural Policy in Turkey without establishing an adequate infrastructure that is in conformity with the system of the Community. Therefore, the adoption process can only be realized gradually. In the first place, certain studies on the infrastructure have to be completed prior to the completion of the adoption process. Studies on infrastructural development cover a wide range, from the administrative structure of the national agricultural sector to the policies on production, consumption, prices and markets, and from productivity and competition to rural, regional and environmental development policies.

One of the major factors in the adoption of the Common Agricultural Policy is the application of Direct Income Support for Farmers. A Decree on Direct Income Support for Farmers was enacted on 1 March 2000. Pilot projects have been conducted in Adiyaman, Ankara, Antalya and Trabzon. This system will be extended countrywide as from 2001 and will take into account findings of the pilot studies.

The application of Direct Income Support for Farmers depends on the establishment and development of functioning Farm Registry and Land Registry Systems across the country. Within the framework of the establishment of a Land Registry System studies are being conducted for the preparation of a new project which will provide for the entering of title deed and cadastre information into the data system, and for servicing computer users. The necessary technical and legal arrangements related to this matter need to be completed. Moreover, the studies on the development of a Geographical Information System and Data Network for Farm Accounting, together with the Farmer Registry System and the Title Deed Cadastre System, and the establishment of the Agricultural Information System, should be accelerated by using the agricultural database.

Establishment of an Animal Identification System plays an important role in terms of bringing contagious diseases under control. Upon the realization of the above it will be possible to ensure safe animal movements and trade. Moreover, it will be impossible to include farmers producing dairy and meat products in the Direct Income Support System for Farmers, within the framework of the Common Agricultural Policy, without the establishment of a properly functioning Animal Identification and Registry System. To this end, the Animal Identification System should be extended nationwide and the administrative structure required for this matter should be completed.

In the field of animal health, the Community acquis related to veterinary procedures and the procedures of the EU related to the combat against contagious animal diseases need to be adopted as soon as possible, within the framework of the objective to eliminate such diseases. Concerning the administrative structure, relations between the central organization and the regional organizations have to be conducted in a way which eliminates conflict arising from delegation of authority and coordination. Furthermore, it is necessary to establish Quarantine Laboratories in conformity with Community standards at border inspection posts, in order to ensure efficient inspection during the customs clearance of livestock and animal products.

Turkish legislation on plant health is to a great extent in harmony with the related acquis of the Community. Studies to be conducted in this respect have been identified in general terms, and the results thereof need to be embodied in the legislation. It should be noted that the differences between Turkey and the EU in the

field of plant health arise mostly in terms of implementation. Accordingly, necessary measures need to be taken towards improving

implementation. Moreover, the infrastructure of the institutions and organizations in charge of plant health needs to be improved, mainly by focusing on the laboratories.

Studies on achieving harmonization with hygiene and public health standards of the EU by the foodstuff processing establishments still continue. In particular, the arrangements for bringing the standards of dairy and meat processing facilities to the level of the EU should be completed.

Activities conducted under the Southeast Anatolia Project and other studies performed by the Ministry of Agriculture and Rural Affairs within the framework of Rural Development Projects, based on the participation of producers, should be extended in scope to cover rural development measures parallel to those within the EU.

The Draft Law Regulating Agricultural Services is required for the purpose of eliminating the disorder existing in the distribution of authority in the agricultural sector and to centralize the delivery of services.

Existing legislation covers farmers organized within cooperatives. However, regulations in conformity with EU norms regarding Union for Agricultural Producers do not exist. In this context, the Draft Law on the Union for Agricultural Producers which has been presented to the Prime Ministry will allow producers' unions to become organized in conformity with EU norms and should be enacted. The said draft law aims at supporting organized farmers from the production to the marketing stages, and at implementing relevant incentives.

The Board for Restructuring and Supporting Agriculture has been established to eliminate disorder in the distribution of authority in the agricultural sector, to restructure the agricultural subsidy policies, and conduct studies on the development of an agricultural database. It is composed of high level representatives from the leading institutions in the sector, including representatives from private sector establishments and farmers' organizations.

## **8. Common Fisheries Policy**

The establishment of an administrative structure to organize the structural developments in the fisheries market by means of short term supervisory and control measures should be ensured. In addition, fishing fleet registers should be improved.

## **9. Common Transport Policy**

Turkey is expected to join TINA (Trans-Infrastructure Needs Assessment), the main planning platform for the Transport Corridors, in accordance with the objectives set under the Decision 1/95 of the Association Council and the "European Strategy for Turkey" published by the European Commission on 4 March 1998.

Where adoption of the EU acquis in the field of transport is concerned, efforts regarding the road and rail transport need to be accelerated, the related framework laws have to be enacted, and the implementation regulations should be completed in the shortest possible time. In addition, it is expected to restructure the railways and to improve harmonization with security requirements applicable in maritime transport.

In this context, the following matters are to be fulfilled:

- To enact the Draft Law on Road Transport that is before the Turkish Parliament, to amend the Regulation on International Goods and Passenger Transport by Road, and to enforce the Regulation on National Goods Transport,
- To establish an institutional structure for the railways, by making amendments to Law No. 3348 on the Establishment and Duties of the Ministry of Transport, Statutory Decree No. 233 on the State Owned Economic Enterprises, and the Incorporation Statute of the Turkish Railways Authority.

The conventions of the International Maritime Organization (IMO) on sea safety have to be ratified. Moreover, the existing administrative, legal and technical infrastructure will be revised for increased efficiency in Flag State, Port State applications and a re-structuring will be undertaken in the areas of training, materials and financial resources, and through technology transfer.

## **10. Taxation**

The corresponding Turkish legislation on taxation, including Value Added Tax, is to a great extent in harmony with the EU acquis. Remaining differences will be eliminated during the negotiations stage.

However, the Draft Law on Excise Tax (ÖTV), which was previously submitted to the Turkish Parliament became obsolete, needs to be re-submitted as soon as possible.

## **11. Economic and Monetary Union**

For the purpose of achieving harmonization with the EU Central Banks System, amendments to certain parts of the Law on the Central Bank of the Republic of Turkey (TCMB) are necessary; namely the duties of the Bank, its independence, and its relations with public institutions. The new Law will include the following:

- The main objective of TCMB is to ensure price stability and determine monetary policy and policy instruments,
- With regard to the institutional independence of TCMB, no authority will give recommendations and instructions to the Bank in a way to affect its decision making process,
- The 51 percent share of the Treasury in the Bank's capital will be reduced.
- The Bank will not provide credit facilities to public institutions and organizations,
- The Bank will establish a Monetary Policy Board to ensure price stability,
- The Bank will be in charge of, and authorized for, establishing payment systems and making all necessary arrangements, thereby ensuring the continuous functioning of these systems,
- The Bank will be authorized to collect statistical data from real and legal persons, when deemed necessary,
- The terms of the vice presidents will be arranged in parallel to that of the president.

Furthermore, the legislation on the Protection of the Value of the Turkish Currency needs to be revised to permit the establishment of a fixed exchange rate with the single currency necessary for acceding to the European Economic and Monetary Union (EMU), and for implementing a single monetary and exchange rate policy. However, since Turkey's priority at the moment is accession to the EU and participation to the EMU is a post-accession phenomenon, it is not deemed necessary at this stage to make any changes in the legislation regarding harmonization with the single currency policy of EMU.

## **12. Statistics**

Adoption of the acquis on "Statistics" has a special importance and urgency. Therefore, full adoption efforts on issues such as collection of data and methodology, necessary institutional arrangements, inter-institutional coordination and cooperation with EUROSTAT (the statistical office of the EU) are to be given priority.

There is no provision within Turkish legislation specifically relating to statistics. Necessary legal arrangements including standards, principles, and methodology, must be made in the medium-term in the laws of all institutions responsible for producing and interpreting statistics.

## **13. Social Policy and Employment**

- The Law on Trade Unions for Public Officers has to be enacted.
- Legal arrangements will be introduced regarding job security.
- The following matters are required within the framework of studies on the elimination of child labour:

- To amend Law No. 1475 on Labour in order to strictly prohibit the employment of children under the age 15,
  - To complete preliminary studies on defining light work in which children in the age group 15-18 may be employed, and in which sectors,
  - To continue to implement the ILO/IPEC project (International Programme on the Elimination of Child Labour) introduced in 2000.
- Amendments are required to be made to Law No. 2821 on Trade Unions, Law No. 2822 on Collective Labour Agreements, Strikes and Lockouts.
  - The Law on the establishment and duties of the Economic and Social Council should be enacted.
  - It is very important to enact the Draft Law on the Work Permits of Foreigners.
  - The Ministry of Labour and Social Security, Labour Market Information Consultancy Committee will be established.
  - The Ministry of Labour and Social Security, Labour Health and Safety Assembly will be established.
  - The Professional Standards Authority must be established.

As for the elimination of discrimination based on sex the following matters are required to be fulfilled:

- To complete the legal arrangements on paid maternity leave and parental leave;
- To complete the legal arrangements on abolishing the term "head of the family";
- To introduce arrangements on equal treatment in terms of social security;
- To make the necessary arrangements for shifting the burden of proof in cases of sex discrimination to the employer.

#### **14. Energy**

The "Regulatory Authority for the Electricity Market" will soon be established in line with the provisions of the Electricity Market Law no.4628, which was enacted on 3 March 2001.

A restructuring of the national oil and natural gas market will result from amending the Law on Oil, introduced in 1954. It is anticipated that Directorate General for Oil Affairs will be reorganized as the "Regulatory Authority for the Oil Market".

#### **15. Industrial Policy**

The complex structure of the "Legislation on State Aids" shall be revised to ensure a simple, comprehensive and harmonious legislation. Accordingly, in the near future certain amendments will be made to the applicable legislation for the purpose of simplifying the investment incentive system and making this system more efficient.

The Turkish Accreditation Authority, officially established on 4 November 1999 through Law No 4457, will begin its activities as soon as possible. It will complete the national quality infrastructure by increasing competitiveness in industry and ensuring free movement of products within the EU market.

In relation to the structural problems of industry, the following will be accomplished:

- i. The adaptation of enterprises to the competitive environment
- ii. To facilitate the access of enterprises to the Internal market and to enable them comply with the EU acquis and quality targets

iii. To support enterprises in complying with the environmental policies of the EU

Within the scope of the development of a supportive infrastructure for enterprises the following steps will be taken:

- i. The development of technological infrastructure
- ii. The provision of metrological and technological support for industrial sectors
- iii. The establishment of technology transfer agencies
- iv. The strengthening of the technical infrastructure
- v. The establishment of certification institutions and business development centres
- vi. Support for agencies developing industry
- vii. The establishment of industrial zones
- viii. Support for studies carried out by Small and Medium Sized Enterprises for harmonisation with the technical acquis (training and promotion), and to launch studies on harmonisation with the New Approach directives and use of CE marking.

The studies will be introduced parallel to the “Industrial Strategy” prepared within the context of the “European Strategy for Turkey”, which also includes various requirements regarding Small and Medium Sized Enterprises.

#### **16. Small and Medium Sized Enterprises**

Turkish Small and Medium Sized Enterprises will be encouraged to adapt to the Internal Market conditions of the EU, in accordance with the conditions existing in Turkey.

Turkey will try to participate in the EU’s “Fourth Multi-annual Programme for Enterprises and Entrepreneurship (2001-2005)”. Through participation in the Program the necessary alignment and implementation of legislation will be completed. The Multi-annual Program will enable the SMEs of the candidate countries and the SMEs of Turkey to participate in EU activities and this will be beneficial for SMEs in increasing their competitiveness within the EU market.

Legislation will be introduced to establish mutual benefits and greater reliability between the main and subsidiary industry, to provide mutual long-term cooperation between them, and to render the main and subsidiary industries more competitive.

#### **17. Science and Research**

Turkey endeavours to participate in the Fifth Framework Program (1998 – 2002) of the EU in the field of Research and Technological Development covering the years 2000-2002 with a maximum number of projects until 31 December 2001.

In order to participate in the next framework program as an “associate member”, an association agreement will be negotiated and necessary studies will be conducted to allow for Turkey’s first full participation in the 6th Framework Program (2002 – 2006).

#### **18. Education and Training**

For the delegation of relevant authority and responsibility to the regional organisations of the Ministry of National Education, Law No 3797 on the Establishment of the Ministry of National Education should be revised.

The modifications to be made to the following laws play a significant role in the elimination of shortcomings in the education system: Law No 1739 on National Education, Law No 3308 on Apprenticeship and Vocational Training, Law No 3797 on the Establishment and Duties of the Ministry of National Education,

Law No 3418 on the Fund for Apprenticeship and Vocational Training, Law No 4306 on Eight Year Compulsory Basic Education.

With the aim of mutual recognition of vocational training documents and ensuring a certain standard in vocational training, the "Draft Law on National Professional Standards", contemplating the establishment of a Professional Standards Institute which regulates vocational standards and is open to the participation of employees, employers and state agencies has been prepared by the Ministry of Labour and Social Security and the Turkish Employment Agency and submitted to the Prime Ministry. The enactment of this draft will be very significant.

The Draft Law on Establishment and Duties of the National Agency responsible for the Youth and Training Programs of the EU should be enacted.

Turkey plans to participate actively in the SOCRATES Program, one of the education programs of the EU, as from November 2001. In this context, Diploma Supplements to be granted to students by the EU upon their graduation will be introduced in all the higher education institutions of Turkey with effect from June 2001.

Necessary studies will be carried out to increase the period of compulsory basic education to 9-12 years as in EU member states.

### **19. Telecommunications**

Through the introduction of Law No 4502, various articles of Law No 406 on Telegram and Telephone Communications, Law No 2813 on Radio Communication, and Law No 3348 on the Establishment and Duties of the Ministry of Transport have been amended. It is anticipated that certain inconsistencies with the EU acquis in terms of implementation and technical compliance will be harmonised within a short period of time through by laws and/or technical specifications to be published by the Telecommunications Authority.

The necessary legal infrastructure and institutional structure to be applied to existing institutions will be prepared for the alignment of Turkish legislation with the EU acquis in the fields of information security and processing and free circulation of personal data, development of e-commerce in terms of information security, and disclosure of the information processed by the public and private sector through the internet, taking into account the protection of personal data and information related to national security.

### **20. Cultural and Audio-Visual Policy**

Various articles of Law No 3984 on the Establishment of Radio and Television Enterprises and Their Broadcasts should be harmonised with the EU Directive on "Television without Frontiers".

The Draft Law Amending Some Articles of Law No 5846 on Intellectual and Artistic Works should be enacted as soon as possible.

### **21. Regional Policy**

A system similar to NUTS (Nomenclature of Territorial Units for Statistics), which is a system based on the statistical classification of the regions in EU, should be identified and target regions should be determined according to this system.

State aid provided to the regions should be harmonised with the requirements of the EU. This is also one of the obligations of Turkey arising from the Customs Union.

### **22. Environment**

The aim is to increase the efficiency of the Environmental Impact Assessment (EIA) process, harmonise with the EU acquis, and to develop the necessary infrastructure. Therefore studies on the revision of the EIA regulation should be finalised.

In the year 2001 a national program will be prepared so as to provide the necessary legal, technical and administrative infrastructure in order to provide access to environmental information. The said national program will also determine the strategy for accession of Turkey to the Aarhus Convention in the field of

access to environmental information, and will accelerate integration of Turkey with the European Environment Agency and European Environment Information and Observation Network (EIONET).

Necessary modifications will be made to the Regulation on the Control of Solid Wastes (14 March 1991), the Regulation on the Control of Medicinal Wastes (20 May 1993), and the Regulation on the Control of the Hazardous Wastes (27 August 1995), for alignment with the EU acquis.

Administrative and technical arrangements covering the issues stated in the EU Directive on The Conservation of Natural Habitats and of Wild Fauna and Flora, that have been launched for the preparation of national legislation related to the conservation of habitats within the scope of the international conventions undersigned by Turkey, are expected to be completed in the near future. The Framework Law on Protection of Nature will be prepared and harmonised with the EU acquis. Legislation contradictory to the EU Directive will be excluded.

### **23. Protection of Consumers and Health**

Studies have been launched for the amendment of Law No 4077 on the Protection of Consumers to ensure harmonisation with the EU acquis. The Draft Law was submitted to the Turkish Parliament in 2001.

The Framework Law mentioned in the Chapter entitled "Free Movement of Goods" should be enacted as soon as possible in order that the EU directive on general product safety, one of the most important directives of the EU in this field, can be adopted.

The Consumer Courts foreseen in Law No 4077 have been established and activated in İstanbul, Ankara and İzmir on 1 February 2001 as a first stage implementation.

### **24. Justice and Home Affairs**

The following are the main objectives on which work is being initiated in 2001 to be completed by the medium term:

- Work on administrative reform in the field of justice and home affairs will be accelerated.
- Coordination between competent Ministries and other public institutions will be enhanced.
- Border management will be reinforced and preparations will be made to fully implement the Schengen Convention.
- Work will be undertaken for the alignment of Turkish visa legislation and practices with the EU acquis.
- In order to prevent illegal immigration, the EU acquis and practices on migration (admission, readmission, expulsion) will be adopted.
- The EU acquis in the areas of fraud and corruption, the illicit use, production of and trafficking in drugs, organized crime, money laundering and judicial cooperation in civil and criminal matters will be adopted and international cooperation in these areas will be intensified.
- The capacity to fight against organized crime, the illicit use, production of and trafficking in drugs, fraud and corruption, money laundering and police and judicial cooperation will be enhanced.
- Work on the collection, storage, processing, analysis and exchange of relevant information on suspicious financial transactions will be accelerated.
- For full membership in Europol, harmonisation with the relevant acquis will be achieved and preparations will be completed.
- In order to fully participate in the Schengen Information System (SIS) and in Europol, the EU acquis on the protection of individuals in the processing of personal data will be adopted.
- Programs will be prepared to inform and acquaint the public with the EU acquis and practices in EU Member States in the field of justice and home affairs.

- It is envisaged to benefit to the greatest extent possible from existing cooperation schemes within the framework of MEDA, and with the assistance of EU Member States, from specific programmes such as Falcone, Odysseus, Grotius, Daphne, Oisin and Stop, the Action Plan Against Organized Crime, the Action Plan on the Fight Against Drugs, and the European Refugee Fund, in the field of justice and home affairs.
- Existing accommodation facilities and social support mechanisms for refugees will be further developed.
- Lifting the geographical reservation on the 1951 United Nations Convention Relating to the Status of Refugees will be considered in a manner that would not encourage large scale refugee inflows from the East, when the necessary legislative and infra-structural measures are introduced, and in the light of the attitudes of the EU Member States on the issue of burden-sharing.

## **25. Customs Union**

The related legislation is to a great extent in harmony with the EU acquis. Developments are monitored and studies for the preparation of new legislation are ongoing.

Studies for the modernisation and automation of the customs administration are still underway.

## **26. External Relations**

Harmonisation efforts are ongoing concerning EU trade policy. Within this framework, Free Trade Agreements (FTAs) have been signed with 13 countries. Parallel to the preferential regimes of the EU, negotiations towards the signing of free trade agreements are continuing with Egypt, Palestine, Jordan, Croatia, Morocco and Tunisia. Studies are ongoing to launch negotiations with Malta, Algeria, Mexico and South Africa in the near future.

Efforts are continuing towards alignment with the autonomous regimes of the Community.

## **27. Common Foreign and Security Policy**

In the process of alignment with the CFSP of the EU, a matter that merits attention is the fact that the Candidate States are denied in practice the opportunity to contribute to the shaping of EU common positions, although, due to her unique position in regional and global politics, Turkey's views on certain aspects of international relations may well offer useful insights for the EU; in this context, until Turkey becomes a full member, she may not go along with common positions that do not take into consideration her fundamental concerns. In any event, Turkey will continue to maintain her commitment to the principle of aligning with common positions, and strive to limit her abstentions only to specific cases that are closely related to national interests. In fact, in the one-year period from the Helsinki Summit of December 1999 to December 2000, Turkey aligned with approximately 530 of the EU common positions to which Candidate States were invited to align with.

Turkey, who has expressed her support from the beginning for the development of European Security and Defence Policy (ESDP), is resolved to continue actively her efforts and contributions for the full and equal participation of non-EU European allies to the ESDP, as well as for the establishment of a sound basis for the NATO-EU relationship.

## **28. Financial Control**

It is necessary to introduce a framework arrangement since Law No 1050 on General Accounting does not meet EU requirements, and the implementation scope thereof is restricted.

This arrangement is important for increasing efficiency and productivity in public services, maintenance of macro discipline, and harmonisation with EU norms.

Within this framework;

- The creation of a unified public accounting system should be included within the scope of the Law.



- The penal liabilities in budgetary practices should cover all the authorities included in the implementation procedure.
- The budget should be simplified and the provisions not related to the budget should be excluded.

Law No 2886 on Public Procurement should be amended to ensure competition and efficiency required in purchasing and construction works. The scope thereof should be improved so that all the institutions exercising public authority can apply the said Law (special goods and services and public institutions are excluded).

The main arrangement required for the effective operation of the fiscal control system is bringing together the piecemeal legislation within a framework law, and increasing coordination between 129 supervisory institutions to render them more efficient in carrying out the necessary arrangements.

## **ADMINISTRATIVE CAPACITY FOR THE ADOPTION OF THE ACQUIS**

In this chapter, a general appraisal is given of the administrative capacity required to implement the modifications, and the innovations to be introduced in Turkish legislation for the adoption of the acquis.

## **GLOBAL FINANCIAL ASSESSMENT OF THE REFORMS**

In this chapter the financial resources required for the implementation of the National Program, and the amount of financial assistance expected from the EU side is explained.



## 1.1. Introduction

The modern Turkish Republic is founded on the principles of peaceful foreign policy, secularism, the rule of law, a pluralistic and participatory democratic system, and fundamental human rights and freedoms.

Founded under the leadership of Atatürk, the Turkish Republic undertook rapidly sweeping reforms based on the contemporary system of values in all spheres of social life. These reforms enabled the Turkish nation to participate in the value system shared by the European family of nations with whom Turkey has a common history and geography.

Since the proclamation of the Republic, Turkey has developed her legal and social order in accordance with Western norms; multiparty politics was introduced in 1946 and major strides were taken towards an open and participatory social order, first and foremost in areas of the freedom of the press and labour union rights. Turkey placed the individual and the inalienable human rights and freedoms of the individual at the very core of her efforts. Thus, a dynamic evolution of democracy and the legal order was set in motion in Turkey.

Since 1984 Turkey has been fighting against separatist terrorism, which enjoys considerable external support. This phenomenon has adversely affected the environment of democracy and human rights, as well as the social and economic progress of Turkey. Despite this threat the Turkish Republic has maintained her national integrity and unity based on the equality of her citizens.

Economic policies in Turkey have moved progressively from the state-led development model attuned to the needs of the early years of the Republic towards a mixed economic system, and more recently a market economy, thereby keeping in step with developments in the international economic system. Despite the recent economic crises, stemming mainly from problems in the financial structure, Turkey is going ahead with her policies to further strengthen the rules and institutions of a market economy. In order to eliminate macro-economic instabilities Turkey aims to ameliorate the harmful effects of long-term inflation on the Turkish economy, maintain public deficits at a sustainable level, realise structural reforms in areas such as the financial and agricultural sectors and social security, and speed up privatisation. Turkey intends to meet the Copenhagen economic criteria through the achievement of these objectives.

Turkey is a country that contributes to the enhancement and reinforcement of peace, security, stability and prosperity in international relations, and will continue to develop her relations with neighbouring countries on the basis of a peace-seeking foreign policy; in this context, Turkey will continue to undertake initiatives and efforts towards the settlement of bilateral problems through dialogue with Greece. Turkey will continue to support the efforts of the UN Secretary General in the context of his good-offices mission aiming at a mutually acceptable settlement with a view to establishing a new partnership in Cyprus based on the sovereign equality of the two parties and the realities on the island. As an EU Member State, Turkey will act as a democratic and secular model for the Turkic States and the Islamic world in their further development according to universal values; enhance, as a key actor, stability in the Balkans, the Caucasus, Central Asia and the Middle East; contribute to the ongoing rapprochement of Europe and Asia and hence help extend contemporary values throughout Eurasia.

The Republic of Turkey would like to share in, and is resolved to contribute to, a peaceful and prosperous future with the Member States of the EU on the basis of universal values.

The Turkish Government regards EU membership as a new step forward, a milestone confirming the founding philosophy of, and Atatürk's vision for, the Republic.

For the Turkish nation, conforming to contemporary values is a way of life and an ideal to be pursued. Therefore, the Turkish nation is able and willing to assume the significant duties and responsibilities entailed by the ideal of European unification, drawing upon its centuries-old historical heritage and respect for civilization. In this context, Turkey is fully resolved to adopt and implement the EU acquis.

Turkey intends to fulfil the Copenhagen criteria and complete the accession process on the basis of the fundamental principles of the Republic as articulated in the Turkish Constitution. The basic ideals of EU membership are one and the same as the ideals inherent in Turkey's national identity. Therefore, membership in the EU is a conscious choice for Turkey, promising new horizons in the nation's progress towards the highest standards of contemporary life. In this context, raising the standards of education for all citizens, both in terms of quality and quantity, will further align Turkey with EU norms and facilitate the achievement of the objectives set out in the National Programme.

Turkey will accede to all relevant international conventions and take the necessary measures for their effective implementation in order to ensure alignment with the universal norms manifest in the EU acquis and with practices in EU Member States, particularly in the areas of democracy and human rights. In fact, Turkey has already acceded to a majority of the international conventions in these areas.

Turkey's membership in the EU will be a symbol of the convergence of dynamic trends, embracing aspirations for the harmonious co-existence of cultures, and enriching the spiritual fabric of the EU. In this context, a process that sustains continuous cultural interaction between Turkey and the EU may well pave the way for the common achievement of a higher moral and philosophical synthesis. This process will enable both parties to help shape a brighter future within a more stable and secure environment by encouraging positive developments in the political, economic and social spheres.

Turkey can assume an important role in the process of European unification through concrete and distinct contributions that she can offer. The combined experiences and contributions of Turkey and the EU will be a major advantage in meeting the promising, but also challenging prospects of our era. It would thus be possible to reap long-term benefits more fully by seizing the opportunities that the spiritual and material wealth of the contemporary world offers today. Hence, through a mutually beneficial partnership, Turkey and the European Union would be better prepared for and capable of shaping the dynamics of the twenty-first century, and will continue to work together in cooperation and solidarity for the advancement and the development of their peoples and the international community.

## 2. Political Criteria

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### 2.1. Political Criteria

In 2001, the Turkish Government will speed up the ongoing work on political, administrative and judicial reforms and will duly convey its legislative proposals to the Turkish Grand National Assembly. The goal is to further develop, on the basis of Turkey's international commitments and EU standards, the provisions of the Constitution and other legislation to promote freedom; provide for a more participatory democracy with additional safeguards; reinforce the balance of powers and competences between State organs; and enhance the rule of law. In the context of the reform process regarding democracy and human rights, the review of the Constitution will have priority. The constitutional amendments will also establish the framework for the review of other legislation.

The Turkish Government will closely monitor progress in the areas of human rights, democracy and the rule of law, regularly evaluate the work underway for harmonization with the EU acquis and will take all necessary measures to speed up ongoing work.

The Turkish Grand National Assembly has already undertaken a substantial amount of work on reforms and the Inter-Party Constitutional Harmonization Commission is currently working on amendments to the Constitution.

#### 2.1.1. Freedom of Thought and Expression

Further development of the freedom of thought and expression in line with the EU acquis and practices in EU Member States is a priority for the Turkish Government. The Turkish Constitution and relevant provisions in other legislation will be reviewed in order to enhance the freedom of thought and expression, in the light of the criteria referred to in Article 10 of the European Convention on Human Rights and Fundamental Freedoms, including those concerning territorial integrity and national security. This review will be undertaken on the basis of the fundamental principles of the Turkish Constitution, particularly those concerning the secular and democratic character of the Republic, national unity and the unitary state model.

With a view to enhancing the constitutional and legal guarantees concerning freedom of expression, in the short term, the Turkish Government plans to:

- review the provisions of the Constitution on human rights and freedoms, in particular those concerning the expression and the dissemination of ideas, the freedom of science, the arts, and the press;
- review Article 312 of the Turkish Penal Code, without prejudice to values protected therein;
- review Articles 7 and 8 of the Anti-terrorism Act, with the same understanding;
- review the Act on the Establishment of Radio and Television Enterprises and Their Broadcasts;
- review the Act on Press, in relation to the scope of the offences and penalties.

And in the medium term, the Turkish Government plans to:

- review the Political Parties Act;
- review the Act on the Duties and Competences of the Police, and the relevant regulation; the Act on the Organization, Duties and Competences of the Gendarmerie, and the relevant bylaw; and the Act on the Coast Guard Command, and the relevant regulation;

- review the Act on Cinema, Video and Musical Works and other relevant legislation;
- enact the new Turkish Penal Code;
- undertake work concerning reimbursement of payments of reparations from public officials who are found at fault, in light of the decisions taken by the European Court of Human Rights.

### **2.1.2. Freedom of Association and Peaceful Assembly, and the Civil Society**

Encouraging the further development of the civil society is a priority for the Turkish Government. Strengthening the civil society will contribute to the development of democracy in Turkey. Enhancement of freedom of association and peaceful assembly is expected to encourage individuals to become more actively involved in social issues.

In this context, in the short term, the Turkish Government plans to:

- enact the Draft Act on the Establishment and Working Principles and Procedures of the Economic and Social Council;
- enhance constitutional safeguards for non-governmental organizations and the institutions for social and economic democracy;
- enact the Draft Act on Job Security.

And in the medium term, the Turkish Government plans to:

- review any restrictions there may be on rights of labour unions and employers' associations, and the relevant articles of the Constitution regarding the right to go on strike on justifiable grounds;
- review rights of labour unions and employers' associations on the basis of ILO Conventions Nos. 87 and 98 and of the European Social Charter;
- review the legislation on the freedom of association and holding meetings and demonstration marches.

A circular issued by the Prime Ministry in August 1999 cautions against undue restrictions on public employees who may wish to organize in trade unions and confederations and the activities thereof, pending the enactment of the Draft Act on Public Employees' Trade Unions.

### **2.1.3. Fight Against Torture**

The Turkish Government is determined to fight against torture. To this end, the Government has strengthened legal and administrative measures ranging from enhanced training programmes on human rights to the thorough and timely investigation of incidents of torture and prosecution of those responsible.

Recent measures introduced in this context are as follows:

- A circular was issued by the Prime Ministry in June 1999 on the effective implementation of the Bylaw on Apprehension, Custody and Interrogation, and on the strict supervision of the implementation of this bylaw.
- In August 1999, provisions in the Turkish Penal Code on torture and inhuman or degrading treatment were amended so as to align the definitions thereof with those in international conventions. Moreover,

sanctions were increased in general and criminal penalties were introduced for health services personnel issuing falsified reports on incidents of torture.

- The Act on the Prosecution of Civil Servants and other Public Employees was enacted on 2 December 1999, thereby speeding up the investigation and prosecution of public personnel.
- In addition to the Ministries concerned, the Human Rights Directorate of the Prime Ministry has been authorised to undertake measures necessary for the prevention of incidents of torture and inhuman or degrading treatment that may arise despite measures already in force. Such incidents will not be tolerated by the Government under any circumstances.

A series of laws and amendments are planned in order to enhance the fight against torture and inhuman or degrading treatment. In this context, in the short term, the Turkish Government plans to:

- review the Act on the Duties and Competences of the Police, and the relevant regulation; the Act on the Organization, Duties and Competences of the Gendarmerie, and the relevant bylaw; and the Act on the Coast Guard Command, and the relevant regulation;
- undertake arrangements to modernize the Forensic Medicine Institution.

And in the medium term, the Turkish Government plans to:

- enact the new Turkish Penal Code;
- enact the new Code of Penal Procedure;
- explore the availability of financial resources for training law enforcement personnel for the prevention of human rights violations and increase the use of technology to effectively monitor places where incidents of human rights violations continue to occur;
- introduce legal provisions on the joint and several liability of perpetrators of torture.

#### **2.1.4. Pre-Trial Detention**

In order to align legal practices and procedures related to pre-trial detention with the provisions of the Convention for the Protection of Human Rights and Fundamental Freedoms, the decisions of the European Court of Human Rights, the recommendations of the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment, and to attain uniformity throughout the relevant Turkish legislation, the Turkish Government, in the medium term, plans to:

- review Article 19/6 of the Constitution;
- enact the new Code of Penal Procedure;
- amend the Act on the Establishment and Procedure of the State Security Courts.

#### **2.1.5. Strengthening Opportunities to Redress the Consequences of Human Rights Violations**

The Turkish Government, in the medium term, plans to:

- enact the new Code of Penal Procedure;

- enact the Draft Act on the Indemnification of Losses Resulting from Terrorism and the Fight Against Terrorism.

### **2.1.6. Training of Law Enforcement Personnel and Other Civil Servants on Human Rights Issues**

Work to intensify training of law enforcement personnel and other civil servants on human rights issues is currently underway at all relevant institutions. The Turkish Government will seek to intensify international cooperation in this area both on a bilateral and multilateral basis.

To this end, in the short term, the Turkish Government plans to:

- undertake legal arrangements to extend the duration of education at Police Academies from 9 months to 2 years;
- put into action, within the framework of the UN Decade of Human Rights Education, the Human Rights Education Project of the Ministry of the Interior and Its Affiliated Agencies (2000-2007);
- train law enforcement personnel on human rights over a period of 7 years, within the framework of a project developed in light of the 1997-2000 Police and Human Rights Programme of the Directorate of Human Rights of the Council of Europe.

Other measures in this area are covered in the section on Justice and Home Affairs.

### **2.1.7. Improving the Functioning and Effectiveness of the Judiciary, Including the State Security Courts**

The Turkish Government accords particular importance to the improved functioning and effectiveness of the Judiciary. The Government, in the short term, plans to:

- review the constitutional provisions on the State Security Courts and the Act on the Establishment and Procedures of the State Security Courts;
- strengthen legal defence by introducing a constitutional provision that will establish this as one of the fundamental elements of the judicial process, and enact the Draft Advocacy Act;
- review provisions which may infringe upon the independence of the Judiciary, and restructure the Supreme Council for Judges and Public Prosecutors;
- undertake legal arrangements to modernise the Forensic Medicine Institution;
- step up activities for the UN Decade of Human Rights Education and seek further opportunities for the education and training of Turkish judges and prosecutors in Member States of the European Union and the Council of Europe;
- provide regular in-service training on human rights and the decisions of the European Court of Human Rights for Turkish judges and prosecutors.

And the Turkish Government, in the medium term, plans to:

- review Act No. 4483 on the Prosecution of Civil Servants and other Public Employees, in light of the experience gained since its implementation;



- review the Military Penal Code, the Act No. 353 on the Establishment and Procedure of Military Courts, and the Act No. 1602 on Military Administrative High Courts;
- review the Act on the State of Emergency, in the light of the relevant amendments to be made in the Constitution and other legislation.

Other measures in this area are covered in the section on Justice and Home Affairs.

### **2.1.8. Abolition of the Death Penalty**

According to the Constitution of the Republic of Turkey only the Turkish Grand National Assembly is authorised to take the decision to enforce a sentence of capital punishment. The Turkish Government respects the practice of not infringing upon the essence of the right to life, upheld by the Turkish Grand National Assembly since 1984.

The abolition of the death penalty in Turkish criminal law, its form and its scope, will be considered by the Turkish Grand National Assembly in the medium term.

### **2.1.9. Cultural Life and Individual Freedoms**

The official language and the formal educational language of the Republic of Turkey is Turkish.

This, however, does not prohibit the free usage of different languages, dialects and tongues by Turkish citizens in their daily lives. This freedom may not be abused for the purposes of separatism and division.

### **2.1.10. Alleviating Regional Disparities to Increase Economic, Social and Cultural Opportunities for All Citizens**

The Government has adopted a comprehensive strategy to alleviate regional disparities and increase cultural and social opportunities for all citizens.

Since separatist terrorist activities ongoing since 1984 were effectively curbed, the Turkish Government has undertaken a series of measures for economic and social development. The implementation of this strategy is planned for the medium term.

### **2.1.11. Full Enjoyment by All Individuals without Any Discrimination and Irrespective of Their Language, Race, Colour, Sex, Political Opinion, Philosophical Belief or Religion of All Human Rights and Fundamental Freedoms; Freedom of Thought, Conscience and Religion**

Article 10 of the Constitution prohibits discrimination on any grounds, and adopts the principle of the equality of all citizens before the law.

In the short term, in accordance with this principle, the Turkish Government plans to:

- conclude the UN Convention on the Elimination of All Forms of Racial Discrimination;

- reinforce in the Constitution the principle that men and women have equal rights;
- enact the Draft Turkish Civil Code embodying improvements in gender equality;
- enact the Draft Act on the Organisation of the Directorate General for the Status and Problems of Women, and the Draft Act on the Organisation of the Family Research Institution;
- conclude the ILO Convention Concerning the Prohibition and Immediate Action for the Elimination of Worst Forms of Child Labour (No.182) and put into effect the National Action Plan prepared in cooperation with ILO on this subject.

In the medium term, the Turkish Government plans to:

- conclude the Optional Protocol to the UN Convention on the Elimination of All Forms of Discrimination against Women;
- conclude Protocol No. 4 to the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms, securing certain rights and freedoms other than those already included in the Convention and in Protocol No.1;
- conclude Protocol No. 7 to the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms;
- conclude the European Social Charter (Revised) and the Additional Protocol to the European Social Charter Providing for a System of Collective Complaints;
- conclude Protocol No. 12 of the Council of Europe Convention for the Protection of Human Rights and Fundamental Freedoms, which extends the scope of Article 14 of the Convention to prohibit discrimination on any grounds;
- take further practical measures, within the framework of the legislation on the protection of the public order, to facilitate religious practice for non-Muslim foreign nationals residing in Turkey and practices in other areas pertaining to these persons;
- take measures in accordance with the ILO Convention (No. 159) Concerning Vocational Rehabilitation and Employment (Disabled Persons).

#### **2.1.12. Alignment of the Turkish Constitution and Other Relevant Legislation with the EU acquis**

In the short term the Turkish Government plans to review the Constitution in the light of the European Convention on Human Rights and Fundamental Freedoms, and to undertake, in the medium term, necessary amendments to other legislation.

#### **2.1.13. International Covenant on Civil and Political Rights and its Optional Protocol, and International Covenant on Economic, Social and Cultural Rights**

The fact that Turkey has signed these conventions demonstrates the Government's political will and resolve in this regard. Legislation initiating the process of ratification will be submitted to the Turkish Grand National Assembly along with any reservations there may be.

#### **2.1.14. Detention Conditions in Prisons**

The Turkish Government is resolved to eliminate any unfavourable conditions that may exist in prisons and has undertaken intensive efforts to this end.

The dormitory system, which was discontinued in Europe in the 1960s and 1970s, is also being phased out in Turkey. In accordance with the recommendations of the Council of Europe and the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment, prison rules and standards are being aligned with the United Nations Standard Minimum Rules for the Treatment of Prisoners and the European Prison Rules of the Council of Europe.

In the short term:

- the Ministry of Justice will render more effective the supervision and control over prisons by public administrators and chief public prosecutors;
- the Draft Act Amending the Anti-terrorism Act will be enacted, and in the course of this process, matters related to open visits and workshop activities for prisoners convicted of such crimes will be reviewed.

Other measures in this area are covered in the section on Justice and Home Affairs.

#### **2.1.15. The National Security Council**

The National Security Council, which is a constitutional body, has the status of a consultative body in areas of national security. Relevant articles of the Constitution and other legislation will be reviewed in the medium term to define more clearly the structure and the functions of this Council.

#### **2.1.16. State of Emergency**

The State of Emergency was introduced to fight terrorism and it was lifted in six provinces out of a total of ten. The lifting of the State of Emergency in the remaining four provinces is an integral part of the comprehensive strategy for economic, social and cultural development in the area. The State of Emergency will be lifted with due regard to threat assessment and developments on the ground with respect to security.



### 3.1. Economic Criteria

#### 3.1.1. Liberalisation Process in the Economy

The Turkish economy underwent rapid development during the 1960s as a result of an import substitution industrialization strategy in which the state was in a leading position. However, the oil shocks in the 1970s and problems in financing the balance of payments deficits caused high inflation and economic contraction. These problems led to the initiation of a comprehensive stabilization and structural adjustment program supported by certain international organizations such as the International Monetary Fund, the Organization of Economic Cooperation and Development and the World Bank in 24 January 1980. Significant and radical steps were taken within this program in order to stimulate the market, enhance the efficient distribution of resources, and prepare the Turkish economy for competition.

The main objectives of the program were liberalization of foreign trade, supporting exports with the help of exchange-rate and incentive policies, fostering domestic savings and investments on the basis of real interest rate rises due to fiscal liberalization, liberalization of international capital movements, providing the convertibility of the Turkish currency, and decreasing the importance of the public sector in the economy through privatization.

Turkey took the first step regarding the transition from the import substitution development strategy to an outward-oriented growth model. The foreign trade regime was liberalized, quota restrictions on foreign trade were eliminated, and customs duties were reduced significantly. Foreign trade expanded in terms of client countries and range of goods as a result of the policies implemented, and in the first half of the 1980s exports increased rapidly. Efforts to integrate the fiscal system with the international financial markets began with the structural adjustment and reform program that was implemented in 1980.

#### 3.1.2. Disinflation and Economic Restructuring Programme

The Turkish economy has grown rapidly as a result of the liberalization experienced at the beginning of the 1980s. However, chronically high inflation and burgeoning public sector deficits have played a significant role in the creation of macroeconomic imbalances. Within this framework, the financial crisis of 1994 and the crises experienced in the international markets since 1997 have had a negative effect on the Turkish economy. The 17 August earthquake that shook Turkey in 1999 occurred in the period during which economic activity started to recover slightly, and problems resulting from the earthquake has slowed economic activity considerably. As a result of these developments, GDP and GNP contracted by 5 percent and 6.1 percent respectively in 1999.

Carrying out certain structural amendments is of paramount importance for the sound operation of the competitive market economy which Turkey initiated successfully in the 1980s, the adaptation of the economy to changing foreign and domestic conditions, and the elimination of serious obstacles to the dynamic growth of the country. Within this framework, the preparation of a comprehensive program was necessary because of long-term damage caused by inflation and unsustainable public deficits, and the elimination of macroeconomic imbalances, mainly inflation, is required for membership of the European Union.

With this understanding the Government started implementing a three-year disinflation and structural adjustment program at the end of 1999, helped by a supportive stand-by agreement from the International Monetary Fund. This highly ambitious program was implemented successfully in 2000. However, due to the fact that instability in the form of a financial crisis in November 2000 has been transformed into an economic crisis in February 2001, the program has been amended.

Following the said economic crises there has been no deviation from the main principles of the program that will help Turkey meet the criteria for full membership of the European Union, and to fulfill the

fundamental economic criteria of the Maastricht Treaty. Despite the economic crises we will continue to apply the policies in awareness of the fact that the establishment of public discipline and the completion of structural reforms are essential for the realization of sustainable economic stability.

Fiscal discipline, the first pillar of the program, aims for a surplus on the budget primary balance so as to decrease the outstanding domestic debt in real terms. Thus, the increasing domestic debt burden will rapidly be decreased. A considerable decrease in public sector deficits, which have risen since the mid 1980s, is indispensable for the stability of durable prices and macroeconomic balances. Within the framework of these aims certain measures have been taken to increase revenues and decrease expenses in order to achieve a surplus in the public sector. These measures were successfully applied in 2000. The establishment of fiscal management based on the principle of transparency is envisaged.

Structural reforms are the second component of the disinflation and restructuring program. Structural reforms that have been introduced in the banking, social security and agricultural sectors will continue to be carried out during the implementation of the program.

Exchange rate policy, the second pillar of the program, has been designed in order to eliminate uncertainty and contribute to the elimination of inflationary expectations. In terms of exchange rate policy, previously there was a formal commitment to the pre-announcement of future exchange rates. In other words a crawling peg system was put into implementation. Within the framework of tight monetary policy, liquidity creation by the Central Bank of Turkey was linked directly to the level of foreign exchange reserves. As a result of severe fluctuations experienced in the financial markets in November and February the crawling peg regime has been terminated and a free-floating exchange rate system has been put into practice. In parallel to new exchange rate system, monetary policies have been amended to focus on price stability.

Practices aimed at the realization of public discipline and the completion of key structural reforms will continue rapidly. The restructuring of the public banks and the privatisation program have great significance for the reduction of inflation to single digits, in the medium and long term, compatible with the EU criteria.

The elimination of the enormous public duty losses of public banks which have contributed so much to the unhealthy structure of the domestic financial markets, and have created a huge finance burden on public finances for years, along with the restructuring of the said banks constitute the most significant short term steps of the program. Within this framework resources will be provided for the achievement of public fiscal discipline through the privatisation of institutions such as Turk Telecom and Turkish Airlines. In this way the economic structure based upon rules of competition and market economy will be strengthened.

When the matter is considered from the point of view of the Copenhagen criteria Turkey has made a successful transition to a market economy, particularly in the last two decades. Economic resources have started to be used efficiently since privatisation schemes reduced the influence of the public sector in markets. Moreover it was also proved after the introduction of the customs union, in 1996, that the Turkish economy, mainly the private sector, has a high endurance capability against international competition. Although there are certain structural problems, the structural foundations of the Turkish economy are at a sufficient level of competence and development to allow for the sound functioning of the free market based on competition.

The market economy has been given a more sound and healthy structure through measures for the achievement of public discipline and structural reforms, and the competitiveness of the private sector in the international arena will increase with the help of stability. The policies aimed meeting the Copenhagen criteria will be a significant step.

Turkey has been preparing a Pre-Accession Economic Programme, which forms one of the two significant pillars of the Pre-Accession Fiscal Surveillance Procedure. It covers the economic reforms required for becoming a full member of the European Union, and the economic policies, structural reforms and institutional capacity necessary for accession to Economic and Monetary Union after membership. The said programme will be updated every year. The Pre-Accession Economic Programme is composed of four parts, namely the recent developments in the Turkish economy, macroeconomic framework, public finance, and the structural reform objectives, and which will be presented to the EU Commission on 1 October 2001, is also in harmony with the policies currently in progress.

### **3.1.3. Economic Developments in 2000 and 2001**

The Disinflation and Structural Adjustment programme was implemented with remarkable success throughout the year 2000. The performance in the field of public finance went beyond the Programme's objectives. The monetary objectives were followed strictly until November. There occurred no observable deviation from the formal exchange policy. However, the current account deficit has exceeded the projected level.

Within the framework of the program being carried out, strict monetary and fiscal policies did not create any negative effects on economic activity. On the contrary, there has been a post-recession consumption boom far beyond expectations. A marked fall in interest rates since late 1999 contributed to the rapid recovery in economic activity. On the other hand, that foreign exchange rates followed a different route than the pre-announced foreign exchange basket values, and that valuation of the exchange basket was below the inflation rate, resulted in the rapid increase of imports. The structure of imports played a particular role in the increase of industrial investments and production. In this framework, in the first nine-month period of the year GDP increased by 6,5 percent.

The programme aims to decrease public deficits and create a public sector primary surplus. Within this framework, the performance of the consolidated budget balance has exceeded the objectives for 2000. The primary surplus which was TL. 1,6 quadrillion in 1999, reached TL. 7,6 quadrillion by the end of 2000.

Confidence in the programme on the domestic and foreign markets and the Treasury's ability to borrow abroad have increased, and the level of borrowing from the domestic markets which was 100 percent by the end of 1999 decreased to 30-40 percent within the year 2000. The high incidence of long term borrowing in 2000 contributes to decreasing the burden of interest on the budget.

Structural reforms play a key role in terms of ensuring economic stability and permanently decreasing public deficits, which is the most significant problem in the disinflation program. Regulations on social security institutions and tax reforms, speeding up privatisation activities, and providing discipline on public expenditures will ensure a rapid and permanent recovery of the public balance.

The current account and foreign trade deficit has exceeded the projections of the programme. While exports increased by 6,4 percent in 2000, imports expanded by 34,7 percent. The foreign trade deficit increased from 10,4 billion dollars to 22,3 billion dollars. The current accounts deficit has reached 9,8 billion US Dollars.

Typical disinflation programmes such as crawling peg regime, based on the use of exchange rates as a nominal anchor, are characterized by inflation rates following exchange rate movements after a certain time lag. This means that overvaluation of the local currency is an expected outcome. The increase in the value of the Turkish Lira has contributed to a more rapid increase in imports, compared to exports. Moreover, the developments occurring in the internal markets during the year 2000 have also contributed to the increase in the current account deficit.

Although exports increased in volume, the fact that prices were lower in the international markets had a negative impact on the value of exports in dollar terms. That the Euro-Dollar parity changed in favor of the dollar, and a considerable proportion of exports are to the Euro-region, decreased demand affected export revenues negatively in dollar terms. The recession in the Russian economy, one of Turkey's main trading partners in recent years, decreased our exports, particularly in the shuttle trade.

Foreign developments have contributed to an increase in imports. The high oil and raw material prices due to rising world demand have increased imports. After the contraction in 1999, imports of raw materials and semi-finished goods increased.

A rapid decline in interest rates during the inception of the program contributed to a remarkable increase in credit demand, particularly in durable consumer goods and thus imported goods.

The current account deficit has exceeded projections due to an unexpected increase in the foreign trade deficit. On the other hand, no serious problems regarding the financing of the current deficit has been observed so far.

While foreign direct investments have generally been at a low level, taking into account the capacity and opportunities in Turkey, an increase was observed in foreign capital investments during 2000, compared to

the previous years. The total amount of the actual foreign capital inflow in 2000 was 1,7 billion dollars. Efforts are being made on a new foreign capital draft law and on decreasing bureaucracy in order to attract more foreign direct investment to Turkey.

Within the framework of the programme in progress the inflation rate started to decline until February 2001. The wholesale goods prices, which were 62,9 percent in 1999, dropped to 32,7 percent in 2000, and 26,5 percent in February 2001. Although inflation rates failed to meet the objectives set for the year 2000, a noteworthy success was achieved.

The ultimate objectives of the disinflation programme were the elimination of forward-looking indexation and the transformation of the inflation expectations of economic agents. High raw material and oil prices in the international markets, as well as a strong resurgence in domestic demand prevented the fall in inflation rate to a lower level in 2000.

The objectives designated within the framework of monetary policies were revised on 30 November following the fluctuations which occurred in the financial markets. One of the main reasons for the destabilizing fluctuations in the markets in November was the non-fulfilment of the liquidity requirement of the system due to the differences in the risk perception among banks. The liquidity problems of the banks were caused mainly by the decrease in the public sector borrowing requirement due to strict financial policies and the significant decrease in the final demand of the public sector from the domestic financial markets in the year 2000 which was caused by the financing of deficits by external borrowing. The marked fall in interest rates in 1999 play a role in the decrease in banking sector revenues as well. Also, severe competition brought about in the credit-extension activities of the private sector decreased the profit margins in the sector.

The fact that increasing liquidity demand cannot be met by the banks and that the banks had to close their yearly open positions resulted in an increase of foreign exchange demand in the markets. Foreign exchange inflows from abroad decreased because of the fact that the current account balance had turned into a high deficit, and that there had been seasonal fluctuations in international markets. That the foreign currency demand was met by the reserves of the Central Bank led to a slight liquidity crunch in the economy.

The increasing liquidity demand in the interbank market at the end of November has resulted in an interest rate increase. The interest rates, which continued to hover at high levels at the beginning of December, started to decline with the help of subsequent measures. As a result of the functioning of the markets prior to the crisis and the decrease in the pressure on the interest rates the monetary policy performance criteria which were revised on 30 November have been revised again and policies aiming at bring the monetary indicators to the pre-crisis level were identified on 30 January 2001 with an additional letter of intention.

The developments which occurred on 19 February 2001 have cast doubts on the sustainability of the program. The banks have demanded foreign currency for the purpose of closing their open positions to avoid any loss against the possible devaluation of the Turkish Lira. The lack of confidence observed in the market liquidity shortage has resulted in the massive domestic borrowing tender on 20 February augmenting the interest rate to 140 percent.

The continuity of demand for foreign exchange has resulted in the following; the Central Bank has abandoned the exchange rate system applied with the support of IMF, it has been decided that the value of the Turkish Lira vis-à-vis foreign currency be set by the market, the Turkish Lira has devaluated around 30 percent vis-à-vis USD.

As a result of the modifications in the monetary and exchange policy, which is one of the main pillars of the Disinflation and Structural Adjustment Programme, the macroeconomic indicators designated within the framework of the Programme need to be revised.

It has been estimated that inflation will remain at a high level in the forthcoming months due to the devaluation of Turkish Lira vis-à-vis USD, as a result of the changes noted in the exchange rate. Actually, the increase in question is the increase in the general level of the prices rather than inflation. It has been proposed that the monthly inflation levels be taken under control by means of strict fiscal and monetary policies in order that relative prices can gain stability at a new level.

The disinflation programme is a natural objective for a country dealing with macroeconomic instabilities caused by inflation and deficiencies in income distribution. The sustainability of the system will be ensured by continuing to apply strict fiscal policies to decrease the public deficits which trigger inflation. In this



context, ceasing to follow the exchange policy due to the fluctuations occurring in the financial markets should not be interpreted as renouncing the goal of disinflation efforts.

The new Programme aims to accelerate structural reforms designed to eliminate the factors causing instabilities in the markets, support of all segments of society, and rebuild the confidence in the system.

### **3.1.4. Structural Reforms**

#### **Social Security Reform**

The social security system in Turkey has turned out to be a structure that is continuously in deficit as a result of the populist policies implemented over a long period. In particular, deterioration in the balance between active insured and passive insured persons, and the failure to operate the system mean that reform needs to be carried out in this field.

The first serious initiative taken in this direction is the law No.4447 that entered into force in 1999. The retirement age and minimum premium payment period were raised within the framework of a transition period. The increased rate of income based on premiums and the increased levels of the pensions were connected to the consumer price index and gross national product growth rate, and an unemployment insurance system was established.

In the second stage of the reform, social security institutions will have a more efficient and transparent structure in the administrative and institutional fields. It will provide for coordination and harmonization between the Social Security Authority, the Pension Fund, and the Pension Fund for the Self Employed. Also, separating accounting and administrative functions for retirement, health and unemployment insurance is of paramount importance. The Social Security Authority was established in order to ensure the application of norms and standards between the institutions. Furthermore, in the draft laws prepared for the Social Security Institution and the Pension Fund for the Self-Employed there are certain regulations regarding the separation of health and retirement insurance and overcoming deficiencies in the above mentioned institutions.

Efforts are being taken to establish a private pension system, which is the third stage of the reform. Furthermore, it is projected that the structural regulations regarding the improvement of social security institutions will be completed by 2002.

An efficient fund management policy will be implemented to increase effectively the revenues of the social security institutions. Instead of operating the assets directly they will be let, and real estate investment trusts will be made use of.

#### **Tax Reform**

The Tax Law that entered into force in 1998 includes many bold regulations regarding expanding the tax base, registering the unregistered economy, providing fairness, and organizing the taxation system in a more simple and transparent way. However, the international economic crisis affected the Turkish economy negatively, and certain amendments were made to the tax laws in order to help the real sector escape of the effects of this crisis more easily.

Certain additional taxes were imposed for the financing of the extra burden on public expenditure caused by the disinflation program and earthquakes. Efforts on improving the tax system will concentrate on improving public sector balances and establishing permanent improvements in this area.

Efforts to improve the taxation administration and the implementation of tax numbers will be almost completed in 2001 and the tax identity number application will be extended. The number of tax identity number allocations, which was 13 million as of the end of 1999 was increased to 15,2 million by the end of 2000. It has been proposed that the number be increased by 50 percent by the end of 2002 and that the relevant legislation be enforced within 2001.

## **Fiscal Sector Reform**

Banking sector reform established within the framework of the Disinflation and Structural Reform Programme aims to restructure the banking system according to international standards. A regulatory frame compatible with international standards has been established in the banking reform carried out to date, and regulatory and supervisory authority was redefined.

Following the Banking Act which entered into force in June 1999, certain amendments were made to the legal framework covering the regulation, supervision and control of the banking system in December 1999.

The most fundamental amendment is the integration of the regulatory, supervisory and control functions of the Central Bank and the Undersecretariat of Treasury under a single authority. Members of the Banking Regulatory and Supervisory Board (BDDK) established as the single authority in the banking sector were appointed on 31 March 2000, and the Banking Regulatory and Supervisory Authority started to operate on 31 August 2000. This board has administrative and financial autonomy, and this is in line with the Fundamental Principles for the Efficient Control of Banks (Bank for International Settlements). Authority for issuing licenses to banks, annulling them, and approving the regulations of the banks rests with the Banking Regulatory and Supervisory Board.

The standards on credits to be applied to the partners of the banks and to their clients directly or indirectly are strengthened with the law. In this framework, the limit on the total credit to be given to those with a direct credit relationship was decreased from 75 percent of the equities, to 70 percent on 1 July 2000, and it was decided that this rate would be further decreased by 5 percent every six months until it reached 25 percent.

Allowing the Savings Deposit Insurance Fund to take over the management of a bank that has lost its solvency was made easier in order to eliminate the risk to the system posed by such a bank. In this framework, the Savings Deposit Insurance Fund is authorized to sell a problem bank in whole or in part after it is restructured, or to liquidate such a bank within the framework of the current laws.

An implementation regarding grouping of credits and other debts according to their likelihood of being repaid and debtors according to their creditworthiness was initiated on 31 March 2000 within the framework of establishing accounting standards concerning the correct method of assessing securities and reporting on a consolidated basis in order to monitor the fiscal structure of the banks in a proper way. Moreover, significant steps are being taken to harmonize the Turkish banking system with international standards by means of various arrangements.

Unlimited guarantee on deposits was removed and the scope of the saving deposit insurance fund was narrowed, in order to eliminate the defective effects of the guarantee system applied to savings. Moreover, the government declared on 6 December 2000 that all the deposits and other creditors are temporarily taken under full guarantee. The said guarantee will be managed by the Savings Deposit Insurance Fund as per the Banking Act and covers all the local banks collecting deposits.

Necessary legal arrangements have been enforced regarding the privatisation of Vakıflar Bank and the granting of autonomous status to Ziraat Bank, Halk Bank and Emlak Bank so to prepare them for privatisation within the framework of decreasing the burden of public ownership in the banking system.

A decision of the Banking Regulatory and Supervisory Board regulating the transfer of bank shares and the conditions required for the merging of banks and thereby contributing to the future consolidation in the banking system has entered into force.

The rapid developments in 2000, designed to restructure the banking system in line with international norms will continue with additional measures regarding supervision and control points in the system. These are as follows: (i) accounting standards applicable to banks for prudential reporting and financial disclosure purposes, (ii) capital adequacy including market risk, (iii) new regulations in line with international standards in the field of improved internal risk management procedures. These changes will allow for better asset valuation of banks and for more meaningful financial statements, and will facilitate early corrective actions based on more realistic asset valuations, and introduce the necessary discipline in the lending policies of banks in the context of international standards and EU norms.

While the short-term objective is to provide harmonization of the banking sector with EU norms in the areas of the transparency of risks and the registration system, the objective in the medium term is to

provide the functioning of the financial system completely in accordance with market conditions. Another objective in the medium term is to converge the deposit insurance to the EU level.

This intense agenda for strengthening the banking system will be implemented simultaneously with the disinflation programme. Thus, the banking system tries to adapt itself to these legal regulations in addition to the radical changes provided in the environment where the implemented economic program is operating. This increases the fragility of the banking system in the transition period. However, the banking sector has a high potential for adapting to the changes since it is one of the most dynamic sectors in Turkey. The Banking Act will continue to be amended to ensure an efficient structure for competition in the international arena.

The Draft Law on the Central Bank of Turkey, related preparations of which have been completed to a great extent and which will be enforced as soon as possible will also bring together major structural changes. Under this law the function that the Central Bank may assume with respect to public financing will be annulled. Moreover, through the new law, the independence of the Central Bank will be ensured, and the Bank will be allowed to focus on the disinflation objective and to apply the inflation target regime in a healthy and efficient manner.

### **Capital Market**

The Law on Capital Market was revised in order to harmonize the capital market of Turkey with international standards, secure the rights of minor investors, to modernize the structure of the stock exchanges, and to provide the legal infrastructure for the foundation of forward transaction stock exchanges.

### **Fiscal Transparency**

Fiscal transparency is a significant tool for providing fiscal discipline and for fundamental budgetary results such as the efficient distribution of resources in accordance with strategic priorities. Both the budgetary and the non-budgetary funds will be discontinued in order to provide transparency in the field of public sector finance. The liquidation of the other funds to be discontinued in fulfilment of the program will occur by June 2001.

The Undersecretariat of the Treasury has put a limit on secured debts assumed by the state. The conditions on the structure of State guarantees and the other precautionary liabilities have been declared.

Efforts are being made to overhaul the relations between the central government, state-owned enterprises, and social security institutions. Also, efforts must be made to find a solution for the stock of outstanding tax debts and social security contribution shares and current 'duty loss'.

The Law on Public Sector Financing and Debt Management, expected to enter into force in 2001, aims to define more clearly rules on borrowing, set limits on borrowing, and define provisions on payments made with state guarantees and on activities of negotiable credits. Moreover, the report on "Restructuring of Public Fiscal Management and Transparency in Public Accounting" by the International Monetary Fund was taken into consideration and certain studies regarding the issue are underway.

Among the objectives for the next term are improving and implementing the accounting and fiscal reporting standards for making fiscal transparency more widespread.

Moreover, the Central Bank declared new reporting regulations regarding the banking sector credit rates. Improving the statistics on balance of payments was the aim of a reporting condition implemented for the banking sector, as well as amendments being prepared for other sectors.

### **Reforms Carried out in the Agriculture Field**

The cost to the state of the price and input subsidies for the agricultural sector has been considerable. Subsidy aids were not distributed among the farmers in an equal way, and there has been a decline in the productivity of the agricultural sector. Moving towards a system of direct income support for farmers is a significant step towards decreasing the cost to the state of agricultural support policies. In this framework, "The Board for Restructuring and Supporting the Agricultural Sector" has been established. It is expected that the direct income system will be implemented after the agricultural database has been completed by the Board. Pilot projects are being undertaken.

Low interest credit given to farmers has been discontinued. Fertilizer support is being decreased gradually. It will be the same in nominal terms throughout 2001, thus decreasing in real terms, and will be removed altogether in the first quarter of 2002.

The 2000 grain support price was limited to 35 % of the envisaged world CIF market price. It is expected that this difference will be 20 % in 2001.

Studies are underway on tobacco subsidies and on the privatisation of TEKEL's commercial assets. Once the regulations are implemented, instead of the current system where by TEKEL purchases tobacco at the support price defined by the government, sales by public auction will take place. Also the price support unit of the organization and the other functional units will be separated, and the private sector will be allowed to produce alcoholic products thereby eliminating the monopoly in the sector. The Law removing the monopoly on alcoholic beverages has been enacted and it is expected that the Law on Tobacco will be enacted as soon as possible. Finally, TEKEL has been included in the privatisation scheme, and the privatisation process is expected to be completed within three years.

The price support system for sugar will be eliminated and the new Law on Sugar will enter into force providing the Turkish Sugar Factories Corporation and private sector factories with the possibility to negotiate on prices and other contract provisions with producers. Moreover, the privatisation of the sugar factories will be completed in 2001 and 2002.

The law allowing for the Agricultural Sales Cooperatives and the Unions established by them to have the autonomy to offer the price support for the industrial agricultural products on behalf of the government, entered into force in 2000. This law will allow the restructuring of the Cooperatives and Unions, revise all activities in a comprehensive way and performing fiscal/administrative audit, improve detailed restructuring programs for each Union, the liquidation of inactive assets and assets not required for the principal activities of the Union, and the fully autonomous and democratic operation of the cooperatives and Unions.

#### **Turkish Accreditation Authority**

The Turkish Accreditation Authority (TÜRKAK) which is subordinated to the Prime Ministry, subject to provision of Private Law, having legal entity, administrative and financial autonomy and principal office of which is in Ankara, was founded through the "Law on the Establishment and Duties of the Turkish Accreditation Authority". It is designed to provide standards for the operation of domestic and foreign organizations, and the recognition of the documents issued by such institutions in the national and international fields.

#### **Privatisation**

It is expected that efforts on privatisation will be speeded up in order to increase efficiency. Thus, privatisation is a very significant part of the reform program. Rapid privatisation of the state, particularly of the economic activities of monopolies is required for the growth of the Turkish economy in a competitive environment. In doing this, maximum care is taken in order not to replace state monopolies with private sector monopolies. The financial deficits that the state has to shoulder due to the state-owned economic enterprises (SEE) will be eliminated. Fiscal transparency will be facilitated as a result of the privatisation program and its significant role in the process whereby the state returns to deal with core duties. Decreasing the role and strength of the state in the economy will make a contribution to the efficiency of resource distribution, productivity, and the efficiency of production technology.

Privatisation was included in the Constitution for the first time with the amendment made in 1999, and an international arbitration institution was founded in order to overcome the bottlenecks encountered in the award of power related tenders.

The contracts on the sales of 2 GSM licenses transferred to the private sector on the basis of income sharing were signed in 1998, and 1 billion USD was transferred to the budget as revenue. A third GSM license was sold in the first quarter of 2000, and about 3 billion USD (Value Added Tax included) is expected from this sale.

In the year 2000 it was planned to privatise public enterprises such as the large scale SEEs like Tüpraş, Petkim, THY (Turkish Airlines), Erdemir and SEKA through various methods such as block sales and public offerings. Within the year 2000, income from the block sale of 51 % of Petrol Ofisi, 31.5% of TÜPRAŞ by public offering, and by the mobile phone license sales, was more than expected and can be

considered as positive developments. The tender invitation was announced on 14 December 2000, and it is planned to complete the sale of 51 percent of Turkish Airlines by early 2001.

#### **Arrangements in the field of Telecommunications**

With the legal regulation enacted on 27 January 2000 Turk Telecom Inc was restructured as a company with special law provisions, and the Telecommunications Authority, which is authorized for the regulation of the sector, was founded. The aim of this arrangement is to open the telecommunications sector to competition and to provide more efficient and high-quality services by decreasing the burden of the public sector in this field.

Although there was a delay in the privatisation of Turk Telecom Inc due to public opinion, the privatisation process leading to the block sale of the institution has been started and the legal amendment studies on the complete sale are ongoing.

#### **Arrangements in the Energy Sector**

The privatisation scheme for the energy sector is of vital importance both for providing income to the state from the contracts on transfer of operation rights and increasing investments and efficiency in the sector. To this end, rights concerning the distribution of electricity and the operation of power plants shall be transferred to the private sector to fully open up the energy sector to competition and decrease the public burden in the field. In this framework, the draft law was presented to the Turkish Parliament on 14 December 2000 and the relevant law has been enacted after being published in the Official Gazette at the beginning of March 2001. Thus, the necessary infrastructure, ensuring the formation of a competition based market in the electricity sector and allowing for the public sector to be the single authority with respect to the required regulation, has been established. The new system will begin following the preparations covering a 24 months period as from the entry into force of the Law. The Electricity Market Regulatory Board, to be established independently within the system, will provide for the formation of free market competition and will undertake the necessary control activities.



## 4. Capacity to Undertake the Membership Obligations

### 4.1. Customs Union (Within the Framework of the Association Relations)

The association relation between Turkey and the EC entered a new phase following Association Council Decision No 1/95 of 6 March 1995 and the two attached texts (Resolution on the Development of the Association Relations and the Union Declaration on Financial Cooperation). Following the enforcement of the said Decision on 31 December 1995, a customs union covering industrial products was realized between Turkey and the EC, and thus the transition period in Turkey-EC relations was completed and the relation reached its final phase.

In Association Council Decision No 1/95 determining the procedures and principles of the customs union between Turkey and the European Union, not only the harmonisation efforts to be conducted in the fields of customs and foreign trade legislation, but also the EC acquis to be taken into consideration by Turkey for alignment with the EC in fields such as competition law, intellectual and industrial property rights, and state aids were stated. In accordance with the said Decision Turkey was obliged to complete the vast majority of the alignment studies mentioned above before 31 December 1995. Other parts of the Association Council Decision define the procedures to be followed and the measures required to be taken for the healthy operation of the customs union as of 1996. For this reason the Decision required new arrangements in terms of strengthening the institutional aspects of the association and especially the consultancy procedures thereof.

The second text approved by the Association Council on 6 March 1995 was the "Resolution on the Development of the Association Relations". In this Resolution, the general framework for the studies to be conducted on the subjects defining the development of Turkey-EC relations was stated.

The third text taken up by the Association Council meeting held on 6 March 1995 was the "Union Declaration on Financial Cooperation". In this Declaration the Union stated that financial cooperation with Turkey will be restarted following the realisation of the customs union, and that detailed arrangements on this subject will be determined in the second half of 1995.

The Association relation aiming at full membership of the EU was accelerated after the abovementioned documents of the Association Council were enforced. Within the framework of the provision of Association Council Decision No 1/95 Turkey completed an intensive legalisation process, especially before and after the finalisation of the customs union.

#### Foreign Trade and Customs

Turkey has realised harmonisation in the fields of foreign trade and customs to a great extent in accordance with her obligations within the scope of Association Council Decision No 1/95. Harmonisation work conducted within this scope is as follows:

As of 1 January 1996, the customs duties applied to products included on the 12 and 22 year lists were eliminated and the Turkish Customs Tariff applied to third countries was aligned with the Common Customs Tariff (CCT) of the Union for all products, except for those stated on the list attached to Association Council Decision No 2/95 through Cabinet Decree No 95/7603. For products stated on the above mentioned list, alignment with the Common Customs Tariff was to be realised through gradual reductions over 5 years until 1 January 2001. In compliance with Association Council Decision No 2/95, the customs duties accrued on the said products were decreased by 10 % in 1997 and 1998, and then decreased again by 15 % in 1999 and 2000, and with the 50 % reduction of 31 December 2000 the customs duties have been totally aligned with the CCT. (Official Gazette No 24274 of 31 December 2000).

The below stated Decrees have been enacted: Decree No 95/6814 Regarding Safeguard Measures and Surveillance for Imports and the Administration of Quotas and Tariff Quotas; Decree No 95/6815 Regarding Safeguard Measures and Surveillance for Imports of Certain Textile Products; Decree No 95/6816 on the Surveillance and Safeguard Measures for Importation of Textile Products from Certain

Third Countries, Excluding the Arrangements under Bilateral Agreements and Protocols or Other Arrangements; Decree No 95/7608 on the Protection of Commercial Rights of Turkey; Decree No 95/7348 on Surveillance and Safeguard Measures for Imports of Goods Originating in Certain Third Countries; Decree No 95/7614 on the Importation of Some Personal and Commercial Commodities subject to duty exemption.

Decree No 95/7615 on Inward Processing Procedure; Decree No 95/7616 on the Quota Administration and Tariff Quotas on Exports; Decision No 95/76/17 on Outward Processing Procedure; Decree No 96/8703 on the Economic Outward Processing Procedure Applicable to Certain Textile Products and Clothing Re-imported into Turkey After Being Processed in Certain Third Countries.

In order to achieve the free movement of goods in textiles and clothing products, quantitative restrictions and surveillance measures have been implemented in line with Community practices. Unilateral and bilateral quantitative restrictions and surveillance measures have been implemented in textiles and clothing products against 43 countries parallel to Community implementations in order to realize the free movement of goods. In this context, conforming with regulations in accordance with Decree No 95/6815 enforced within the framework of Council Regulation No 3030/93/EEC, quotas are implemented against 11 countries in the framework of the double-checking regime, and surveillance measures against 7 countries again in the framework of the double-checking regime. Quotas are implemented against 10 countries in the framework of the single-checking system and surveillance measures against 15 countries in the framework of the single-checking system, in accordance with the above mentioned regulations. (Both quotas and surveillance measures are implemented in the cases of Uzbekistan, Ukraine, Egypt and Vietnam.)

Quotas are applied to 4 countries according to Decree No 95/6816 within the context of Council Regulation 517/94/EC.

From the institutional aspect, arrangements have been carried out for the establishment of the Board on Evaluation of Unfair Competition, the Board on the Evaluation of Safeguard Measures and Surveillance in Imports, the Board on Evaluation of Turkey's Commercial Rights, and the Board on Safeguard Measures and Surveillance in Imports of Textile Products.

In compliance with the Resolution taken at the Association Council Meeting of 6 March 1995, within the framework of the issues to be primarily taken up at the final stage of Turkey-EC relations, the "Agreement between the European Coal and Steel Community and Turkey on the trade of products covered by the Treaty establishing the European Coal and Steel Community" was signed on 1 August 1996, and enforced after being published in the Official Gazette No 22714.

Within the scope of the adoption by Turkey of the free trade agreements of the EU signed with third countries, free trade agreements have been signed with the following countries: Israel, Romania, Hungary, Czech and Slovak Republics, Bulgaria, Estonia, Lithuania, Macedonia, Poland, Latvia and Slovenia. Negotiations are still continuing with Tunisia, Egypt, Morocco and Palestine.

The Mining Fund has been nullified through the "Regulation Amending the Regulation on the Implementation of Mining", enforced for the settlement of the problem until the enactment of the "Law Amending the Law on Mines", prepared for the elimination of deductions to the Mining Fund imposed on mining imports and exports.

Within the framework of the harmonisation of trade policy instruments with the related EC acquis, deductions to the Supporting and Price Stability Fund imposed on the exports of some products have been lifted, except for hazelnuts, olive oil, rye, animal hides and skins.

Cabinet Decree No 564 amending Law No 1615 on Customs, enforced for the harmonisation of Turkish customs legislation with the EC acquis, does not include monetary and penal provisions. As a result, a new Law on Customs, including such provisions and prepared on the basis the Customs Code of the Union and the Implementing Regulation thereof, was published in the Official Gazette of 4 November 1999 and enforced on 5 February 2000. In this context, the Customs Regulation published in the Official Gazette No 23939 of 20 January 2000 was enforced on 5 February 2000.

For the alignment with the EC acquis regulating protection activities against discounted and/or subsidised imports from third countries, Law No 4412 Amending Law No 3577 on the Prevention of Unfair Competition in Imports was enacted on 25 July 1999.



For the alignment with the EC acquis of the provisions of laws and decrees granting import privileges to public institutions and organisations, the necessary amendments to Law No 2767 on Malaria and Syphilis Medicine, Law No 3291 on Tobacco and Tobacco Monopoly, and Law No 32 on the Protection of the Value of the Turkish Currency have not been realized yet.

The legislation related to common rules applied to exports and covering the exports of products which are either subject to permits or are prohibited, was enforced as of the end of 1995.

### **Agriculture**

Turkey-EC relations are developing along three dimensions, namely, free movement of agricultural products (harmonisation of the Turkish agriculture with the Common Agricultural Policy - CAP), implementation of a mutual preferential regime in the trade of agricultural products (agricultural concessions), and processed agricultural products containing cereals, sugar and milk.

In the Additional Protocol it was envisaged that Turkey would take the necessary measures for alignment with CAP by the end of a 22-year period. However, this provision was changed by Association Council Decision No 1/95, and it has been resolved that the period be extended without specifying a deadline.

In the Additional Protocol it was envisaged that Turkey and the Community would apply a mutual preferential regime in the trade of agricultural products. It was resolved by Association Council Decision 1/95 that the preferential regime for the benefit of Turkey stated in the Additional Protocol be revised to provide mutual benefits for all parties. In this context, the negotiations between Turkey and the EC were finalised in April 1997. The said preferential regime was enforced at the beginning of 1998 after being published in the Official Gazettes of both parties (Turkish Official Gazette of 9 January 1998 under the name of Decision on Import Regime and Official Gazette of the Community of 28 February 1998 as the Decision of the Association Council No 1/98).

In accordance with Association Council Decision No 1/95, in the context of the protection of agricultural products an agricultural and an industrial component is defined. It was envisaged that for the benefit of the Community Turkey would nullify the industrial component for some products by 1 January 1996, and for other products by 1 January 1999. Turkey has nullified the industrial component applied to processed agricultural products according to the schedule set in Association Council Decision No 1/95, by the Decision on Import Regime enforced on 1 January 1996, and by the following decision on the same subject. The Community has lifted the industrial component applied to some products not previously nullified, in compliance with Association Council Decision No 1/95.

### **Intellectual, Industrial and Commercial Property Rights**

In line with the provisions of Annex No 8 of Association Council Decision No 1/95 on intellectual, industrial and commercial property rights, many legal arrangements have been realised within the framework of the targeted arrangements for the harmonisation of Turkish legislation with international norms, and the commitments undertaken by Turkey.

Turkey acceded to the below mentioned agreements within this framework:

Paris Text of the Bern Convention on the Protection of Literary and Artistic Works (Law No 4417); Rome Convention on the Protection of Performing Artists, Phonogram Producers and Broadcasting Enterprises (Law No 4116); Stockholm Text of Paris Convention on the Protection of Industrial Property (Cabinet Decree No 94/5903); Nice Agreement on the International Classification of the Goods and Services for the Purposes of Establishing Registration of Marks (Cabinet Decree No 95/7094); The Approval of Turkey's Accession to the Patent Cooperation Treaty (Law No 4115); Vienna Agreement on the International Classification of the Figurative Elements of Trademarks (Cabinet Decree No 95/7094); Strasbourg Agreement on the International Patent Classification (Cabinet Decree No 95/7094); Protocol Relating to the Madrid Agreement concerning International Registration of Marks (Cabinet Decree No 97/9731); Locarno Agreement on Establishing International Classification of Industrial Designs (Cabinet Decree No 97/9731); Budapest Agreement on International Recognition of the Deposit of Micro-organisms for The Purposes of Patent Procedure (Cabinet Decree No 97/9731); European Patent Convention and Annexes Thereof on Issuance of European Patents (Law No 4504).

As the negotiations have been initiated for the amendment of the Hague (Den Haag) Agreement on International Registration of Industrial Designs, the accession of Turkey to that agreement has been postponed. The said negotiations have been completed. Turkey participated in the "Diplomatic

Conference” held in Geneva between 16 June and 6 July 1999 for the enforcement of the new text and the Regulation of the Hague Agreement. Necessary efforts on accession to the new text have been initiated.

Efforts on Turkey’s accession to the Agreement on Trade Mark Law are ongoing.

The accession of Turkey to the UPOV Convention on the Protection of Plant Species has not been realised since the related legal arrangement concerning the protection of new plant species has not been enforced. The Draft Law on the Protection of Breeders Rights Concerning New Plant Varieties is expected to be enforced.

For the protection of industrial rights in accordance with the EU acquis and international norms, and with the TRIPS text of the World Trade Organisation Agreement, the below stated Cabinet Decrees were enforced after being published in the Official Gazette of 26 June 1995: Cabinet Decree No 551 on Protection of Patent Rights, Cabinet Decree No 554 on Protection of Industrial Designs, Cabinet Decree No 555 on Protection of Geographical Signs and Cabinet Decree No 556 on Protection of Trade Marks. Law No 4128 regulating the penal sanctions on the same issue was enforced on 7 November 1995. Studies still continue on the enforcement of the legal arrangements concerning the protection of integrated circuit topographies and bio-technological inventions. In accordance with Association Council Decision No 1/95, one of the subjects to be harmonised in the field of industrial property rights within 3 years from the realisation of the customs union was the protection of know-how and commercial secrets. The related Turkish legislation has been examined and found to be in harmony with the legislation of the EU states.

For the protection of intellectual property rights in line with the EU system, Law No 4110 Amending Some Articles of Law No 5846 on Intellectual and Artistic Works was enacted. However, for full harmonisation with the EU acquis in this field a Draft Law Amending Law No 5846 was prepared and submitted to the Turkish Parliament. Following a unanimous vote, the draft has been submitted to the Presidency.

As provided for in the related legislation, as an interim arrangement the General Civil Courts have been provisionally authorised to handle cases related to intellectual and industrial property rights until specialised courts are established. Under the scope of the Project prepared by the Ministry of Justice, entitled “Effective Enforcement of Intellectual Property Rights”, supported by EU resources, 12 specialised courts, are to be established in order to ensure specialisation in disputes associated with intellectual and industrial property rights. As an initial step, Specialised Courts were established in the province of Istanbul by Decree No 59 of the Supreme Court for Judges and Public Prosecutors on 25 January 2001. Should the required finance be provided by the EU, it is expected that the system will be completed by the end of 2005.

### **Protection of Consumers**

Law No 4077 of 23 February 1995 on the Protection of Consumers, protecting the health, safety and economic concerns of consumers and for the training of consumers, was enacted. The said law meets the vast majority of the requirements of the EU acquis. However, for full harmonisation with the acquis efforts have been launched by the Ministry of Trade and Industry to amend Law No 4077.

The establishment of consumer courts is provided for in Law No 4077. Consequently, consumer courts have been established and are operating in the major provinces of Istanbul, Ankara, and Izmir, via Decision No. 60 of the Higher Council of Judges and Prosecutors of 25 January 2001 (Official Gazette No 24805 of 1 February 2001). However, as for the other regions, the Commercial Courts and General Civil Courts have been provisionally authorised to act until the establishment of the aforementioned courts.

The Consumer Council and the Arbitration and Advertisement Board for Consumer Complaints have been founded in accordance with Law No 4077.

### **Technical Legislation**

The “Law on the Establishment and Working Principles of the Turkish Accreditation Council”, prepared for the effective operation of the accreditation system on a national and international level, was enforced after being published in the Official Gazette N0 23866 of 4 November 1999.

For the harmonisation of the technical legislation and the implementation thereof, and for the fulfilment of our obligations stated in the Decisions of the Association Council Nos. 1/95 and 2/97, the institutions to carry out harmonization and the other institutes and institutions to support harmonisation have been

determined through Cabinet Decree No 97/9196 of 24 April 1997 on "Determination of the Institutions to Prepare the Technical Legislation Towards the Increase of Exports". Within this framework the Draft Law on the Preparation and Implementation of the Technical Legislation Concerning the Products (Framework Draft Law) has been prepared and has been submitted to the Turkish Parliament. Moreover, the related Ministries are still conducting work on the preparation and harmonisation of the technical legislation of relevant subjects.

### **Public Procurement**

For the adoption of the principles of tendering contained in the EU acquis, namely competition, transparency and the provision of the requirements of the administration in the best and most suitable manner, studies related to the amendment of Public Procurement Law No 2886 are ongoing. A draft law covering the norms of the WTO and the directives of the EU has been prepared by the Ministry of Development and Public Works and the Ministry of Finance and submitted to the related institutes and institutions.

### **Company Law**

Cabinet Decree No 559 Amending Some Articles of the Turkish Code of Commerce increased the minimum capital for joint stock companies from TL 500.000 to TL 5 billion, and for limited companies from TL 10.000 to TL 500 million.

### **Competition Law**

The Competition Board envisaged in Law No 4054 of 7 December 1994 on the Protection of Competition, enacted for the protection of commercial competition in the market, has been appointed by Cabinet Decree No 97/9090 and started its activities on 5 March 1997. The Board has published communiqués on various subjects for the harmonisation of legislation with the provisions of Association Council Decision No1/95 and for the active implementation of the Law. These are as follows: Communiqué No 1997/1 on Mergers and Acquisitions Calling for the Authorisation of the Board; Communiqué No 1997/2 on Procedures and Principles of Notification of Agreements, Concerted Practices and Decisions of Association of Undertakings Pursuant to Article 10 of the Act; Communiqué No 1997/3 on The Block Exemption of Exclusive Distribution Agreements; Communiqué No 1997/4 on Block Exemption Communiqué Exclusive Purchasing Agreements and Communiqué No 1998/7 on Block Exemption Regarding Franchise Agreements. Arrangements parallel to the block exemption regulation of the EU are being enforced. Within this framework the preparation of the communiqué on technology transfer providing group exemption from the patent, know-how, license and trade mark agreements, and the communiqué on the exclusion of small and medium scale enterprises of minor importance from the agreements, harmonised actions and practices with respect to competition in the market, are still ongoing.

The regulation on Working Procedures and Principles of the Competition Board was enforced on 21 June 1997. Communiqué No 1997/5 on the Foundation of the Organisation of Competition Board founded the organisation of the Competition Board on 5 November 1997. Through the enforcement of this Communiqué the Competition Board has started to operate. The Competition Board prepares Communiqués for harmonization with the EU acquis.

For the fulfilment of Turkey's obligations stated in Association Council Decision No 1/95 towards harmonisation with the EU acquis concerning special and exclusive rights granted to public and other enterprises, a preliminary study has been launched for the determination of the rules applied to the institutions possessing special and exclusive rights in Turkey.

Work still continues concerning the reorganization of state monopolies possessing commercial qualities to eliminate discrepancies between Turkish citizens and the citizens of EU states in the area of production and marketing of goods. The draft law aiming to remove the TEKEL monopoly on the distribution and import of alcoholic drinks, and amending Law No 4250 on the Monopoly of Spirits and Alcoholic Beverages, prepared within this framework was adopted by Parliament on 11 January 2001. Furthermore the draft law on Tobacco and Tobacco Products redefining the procedures and principles of Law No 1117 on Tobacco and Tobacco Monopoly concerning the production of tobacco and tobacco products, imports and exports thereof, collection of funds from these transactions, and support for producers during all stages of the process from production of the tobacco leaves to the trade in tobacco products, has been submitted to the Turkish Parliament.

## **State Aids**

Harmonization was to start in the field of "State Aid in Investments", according to Association Council Decision No 1/95.

The general incentive legislation has been transferred into a "regional" system. In addition, the enforcement of the project "Adaptation of the Investment Incentive System and Its Related Aspect to the EU Framework and Guidelines" was attempted in order to accelerate harmonisation and to achieve cooperation and coordination with the EU. Work on the preparation of the "Regional Development Map of Turkey" within the framework of the criteria stated in the Official Gazette of the Community No C212 of 12 August 1998 is continuing.

As yet, the Community has not submitted a negative response to Turkey, although it is aware of our legislative practices concerning state aids in investments.

The Directorate-General for Competition of the EU has not submitted comments on the draft agenda prepared by the Under-Secretariat of Foreign Trade under the coordination of the EU General Directorate, concerning harmonisation programs in the sectors subject to specific rules; Textile and clothing, Synthetic Fibre, Motor Vehicles, Vessel Construction, Coal, Steel, Transportation, Agriculture and Fisheries.

In addition to issues related to the sectors subject to specific rules, alignment studies and negotiations are ongoing within the framework of the European Coal and Steel Community. Although a "Contact Group" has been established, the "Joint Committee" has not been formed yet.

Within the scope of the harmonisation of Turkey's applicable legislation with the obligations arising from the World Trade Organisation and customs union, the legislation on export incentives has been aligned with the acquis of the Community. Within this framework the Communiqués on state subsidies for exports issued by the Money, Credit and Coordination Board, prepared upon the authorisation granted by Cabinet Decree No 94/6401, have been enforced.

## **Transportation**

In the field of transportation it was foreseen that Turkey would participate in future international agreements, and that arrangements consistent with the EU acquis in the areas of motorway, rail, airline and combined transport would be concluded.

The Law on the Ratification of Turkey's Accession to the European Agreement on the Working Principles of Vehicle Personnel Conducting International Motorway Transportation was ratified by the Turkish Parliament on 20 July 1999, and enforced after being published in the Official Gazette No 23766 of 25 July 1999. Efforts continue concerning the ratification of Turkey's accession to other agreements. Draft legislation is being prepared in line with the EU acquis in the fields of motorway, rail, airline and combined transport. In this context, the "Draft Law on Motorway Transportation" submitted to the Prime Ministry, was prepared to encourage a healthy transport structure and large scale and reliable partnerships and organisations in road transport, especially cargo transportation. The said draft law covers arrangements related to international passenger transport, and entry to the cargo transport and passenger transport businesses.

## **Other**

"Law No 4538 of 24 February 2000 Amending the Laws on the Effect of the Euro on the Legal Instruments and Fuel-Oil Excise Tax", defining the procedures and principles for the legal instruments related to the national currencies of EU states participating in the single monetary system according to the Maastricht Agreement, or related to ECU in respect to the problems due to the effective circulation of Euro, was enacted after being published in the Official Gazette No 23977 of 27 February 2000.

For the maintenance of effective relations with the EU, a State Minister responsible for relations with the EU has been appointed. This was achieved through the Circular of the Prime Ministry No 1997/56 designed to coordinate public institutions and organisations. Under the presidency of the State Minister, the Coordination Board and Consultancy Board have carried out relevant studies. These studies have played an important role in the preparation of the Turkish Strategy Text and in the coordination of the harmonisation studies being carried out in Turkey. There is a need to accelerate harmonisation, to finalise studies not yet completed in accordance with the provisions of Association Council Decision No 1/95, to operate the customs union in a healthy manner, and to launch a new initiative towards realizing the

requirements of the association at the final stage. Within this context a harmonisation program has been prepared and Circulars of Prime Ministry Nos. 1998/31 and 1999/46 of 24 November 1998 and 5 August 1999 for the years 1998-2000 and 1999-2000 respectively, have been enforced. The Circular of Prime Ministry No 2000/3 has been enforced to determine the methods to be followed in the pre-accession process following the Helsinki Summit. A new structure has been created for organisation in this field. In this Circular the establishment of the following was envisaged: European Union Economic and Technical Board, Internal Coordination and Harmonisation Committee and Secretariat, European Union Consultancy Board and Consultants Group.

For efficient coordination of relations with the EU, the "Secretariat General for European Union Affairs", affiliated to the Prime Ministry, was established by Law No 4587 of 27 June 2000.



## **4.2. Free Movement of Goods**

### **4.2.1. General**

#### **I- Priority description**

##### **a) Current Status**

In accordance with the Decree No 97/91/96 for Determining the Public Institutions Responsible for Preparation of the Technical Legislation” published in the Official Gazette No 22974 of 29 April 1997 and “Communiqué (DTS No 99/7) Amending the Decree for Determining the Public Institutions Responsible for Preparation of the Technical Legislation” published in the Official Gazette No 23616 of 19 February 1999, studies on the adoption by Turkey of the technical tools of the EU concerning the free movement of goods, annexed to the Association Council Decision No.2/97, are carried out by relevant public authorities under below listed headings:

- 1- Motor Vehicles: The Ministry of Industry and Trade
- 2- Agricultural and Forestry Tractors: The Ministry of Industry and Trade
- 3- Lifting and Mechanical Handling Appliances: The Ministry of Industry and Trade
- 4- Household Appliances: The Ministry of Industry and Trade
- 5- Gas Appliances: The Ministry of Industry and Trade
- 6- Construction Plant and Equipment: The Ministry of Industry and Trade
- 7- Other Machines: The Ministry Industry and Trade
- 8- Pressure Vessels: The Ministry of Industry and Trade
- 9- Measuring Instruments: The Ministry of Industry and Trade
- 10- Electrical Material: The Ministry of Industry and Trade
- 11- Textiles: The Ministry of Industry and Trade
- 12- Foodstuffs: The Ministry of Agriculture and Rural Affairs
- 13- Medicinal Products: The Ministry of Health
  - a) Medicine for humans: The Ministry of Health
  - b) Veterinary products: The Ministry of Agriculture and Rural Affairs
- 14- Fertilizers: The Ministry of Agriculture and Rural Affairs
- 15- Dangerous Substances: The Ministry of Environment
- 16- Cosmetics: The Ministry of Health
- 17- Environment Protection: The Ministry of Environment
- 18- Information Technology, Telecommunications and Data Processing: The Ministry of Transportation

- 19- General Provisions in the Field of Technical Barriers to Trade: The Undersecretariat of Foreign Trade
- 20- Free Movement of Goods: The Undersecretariat of Foreign Trade
- 21- Construction Products: The Ministry of Public Works and Settlement
- 22- Personal Protective Equipment: The Ministry of Labour and Social Security
- 23- Toys: The Ministry of Health
- 24- Machinery: The Ministry of Industry and Trade
- 25- Tobacco: Directorate General of TEKEL (Turkish State Monopoly on Alcohol and Tobacco)
- 26- Energy: The Ministry of Energy and Natural Resources
- 27- Spirit Drinks: The Ministry of Agriculture and Rural Affairs
- 28- Cultural Goods: The Ministry of Culture
- 29- Explosive for Civil Use: The Ministry of Industry and Trade
- 30- Medical Devices: The Ministry of Health
- 31- Recreational Craft: The Undersecretariat for Maritime Affairs
- 32- Miscellaneous: The Ministry of Industry and Trade

The work regarding the harmonisation of current legislation with the EU legislation and the preparation of the new legislation (in cases where no corresponding Turkish legislation exists), are in progress. Within this framework, the adoption process on approximately 35% of the technical legislation listed in the annex of the Association Council Decision No. 2/97 is concluded and published in the Official Gazette. As for the rest, the draft texts of most of the legislation have been completed.

The “horizontal legislation” that will ensure the free movement of goods, namely, the draft “Law on the Preparation and Application of Technical Arrangements Regarding Products” also known as the “Framework Law” has been submitted to Parliament.

This draft law aims to regulate the basic provisions of the system of the EU on the free movement of goods and provides for the transposition of the Directive on General Product Safety to the Turkish legislation.

The institutions to publish and apply the EU legislation on the free movement of goods do exist. However, most of these units are in need of being strengthened as regards market surveillance mechanisms. Likewise, it is required to make an inventory of testing, certification and inspection institutions. In particular, those acting within the framework of the New Approach Directives are required to be reinforced with equipment and personnel. As an outcome of this work, it may become necessary to establish new testing and certification institutions.

## **b) EU Acquis**

The list of the related EU acquis is given in Volume II. The main legislation of this part is given below:

### Legislation on the Free Movement of Goods (in general)

1. Decision No 3052/95/EC on establishing a procedure for the exchange of information on national measures derogating from the principle of the free movement of goods within the Community
2. Directive No. 98/34/EC laying down the procedure for the provision of information in the field of technical standards and regulations



3. Decision No. 93/465/EEC concerning the modules for the various phases of the conformity assessment procedures and the rules for the affixing and use of the CE conformity marking, which are intended to be used in the technical harmonization directives
4. Regulation No. 339/93 on checks for conformity with the rules on product safety in the case of products imported from third countries

### **c) Implementing Institution**

The Undersecretariat for Foreign Trade will carry out the adoption work of the four pieces of legislation indicated above. The Undersecretariat for Foreign Trade will also be in charge of the implementation of the legislation on the exchange of information, while the public institutions responsible for adopting the relevant parts of the technical legislation will implement the other two pieces of legislation.

### **d) Final Objective**

Adaptation and implementation of the related EU legislation.

## **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

Currently, safety controls of the goods imported from third countries are carried out within the framework of the “Decree on Technical Regulations and Standardization Regime in Foreign Trade” and the related By Laws and Communiqués.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The implementing By Laws have been prepared on the basis of the “Decision No. 3052/95/EC on establishing a procedure for the exchange of information on national measures derogating from the principle of the free movement of goods within the Community”, the “Directive No. 98/34/EC laying down the procedure for the provision of information in the field of technical standards and regulations” and the “Decision No. 93/465/EEC concerning the modules for the various phases of the conformity assessment procedures and the rules for the affixing and use of the CE conformity marking, which are intended to be used in the technical harmonization directives”. These implementing By-Laws are related to the implementation of the draft “Law on the Preparation and Application of Technical Legislation of Products (Framework Law)” and will be published following the adoption of the draft law.

The draft “By-Law on the Market Surveillance and Control on the Products”, prepared on the basis of the Framework Law, requires control on imports as to safety and conformity with technical regulations, in accordance with the procedures and principles laid down in the “Technical Regulations and Standardization Regime in Foreign Trade” and the related By-Laws and Communiqués. In this respect, the provisions of the Regulation No. 339/93/EC on imports from third countries will be implemented after being incorporated in the “Technical Regulations and Standardization Regime in Foreign Trade”. The studies on this issue are ongoing.

### **c) Necessary Institutional Changes**

The establishment of the Turkish Accreditation Authority as a significant market operator, was officially completed as of November 4, 1999. The conformity assessment certificates issued by the Authority may also be applicable to the matters where alignment by Turkey with the EU acquis is attained.<sup>1</sup>

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<sup>1</sup> *Law on the Establishment and the Functions of the Turkish Accreditation Authority (TÜRKAK) established in accordance with the international norms in the field of accreditation was published in the Official Gazette No. 23866 of 4 November 1999*

*During the preparation of the TÜRKAK Law, the generally accepted EN 45000 (new EN ISO 17000) series standards, legislation of the European countries and the current applications were taken into consideration.*

Accordingly, the establishment and development of conformity assessment and certification bodies responsible for the assessing and certifying conformity with the legislation and the accredited institutions responsible for assessing and certifying conformity with legislation on certain high-risk products to be notified to the EU Commission, will be encouraged. Other necessary institutional changes envisaged at this stage are listed under the sections where the related main Directives requiring conformity assessment and certification procedures are deliberated.

No institutional modification is foreseen regarding notification and the safety controls on imports.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Turkish Standards Institute<sup>2</sup> is working on the Harmonized Standards to be used particularly during the implementation of the New Approach Directives. In this regard, Turkey's current situation regarding the European Standards is given in the table below:

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*The following principles are taken as the basis during the establishment of TÜRKAK; (a) objectivity, (b) distinct and independent structure with respect to the institutions that prepare standards and carry out testing and certification, (c) financial capacity that will ensure the stability of the functioning of the system. TÜRKAK has been structured as a legal entity with administrative and financial autonomy subject to special provisions of law*

<sup>2</sup> *Turkish Standards Institute (TSE) is also entrusted with responsibility for; the preparation and publication of the Turkish Standards, industrial metrology and calibration, conformity assessment and certification for laboratories, material, product and service, extending awareness of quality and certification of quality systems (TS EN ISO 9000 and TS-ISO 14000).*

*Within the framework of Customs Union and Turkey's relation with the EU, TSE provides for the preparation of the European standards (CEN/CENELEC) referred in the technical legislation concerning commercial relations with the Community, as a Turkish standard and its acceptance. TSE is already an affiliate member to the European Organisation for Standards, CEN/CENELEC.*

*The international monitoring capacity of the Calibration Laboratories of TSE has been fulfilled within the framework of the programme applied in the last 10 years and their personnel, equipment and services have been accredited by **DKD-PTB**, Germany.*

*TSE is a member to **EOQ** (European Organization for Quality). Although, the quality institutions of the 33 member countries to the said organisation do not have an agreement for the reciprocal recognition of their certificates, they have mutual bona fide. Moreover, the practice of mutual recognition of TS-ISO 9000 System Service Certificates and TS-ISO 14000 Environmental Management certificates still continues. Additionally, the work concerning participation to the Personnel Certification System under EOQ has almost completed.*

*TSE-Testing Laboratories Centre is a signatory to **IECEE-CB** (Certification Body) System, **CCA** (Cenelec Certification Agreement), **HAR** (Harness Agreement) and **KEYMARK** Agreements.*

*In the context of the Customs Union and full membership process, the Certification Centre, the Testing Centre and Calibration Centres have been established through a restructuring in the fields of calibration, testing and certification. These centres have been organized in accordance with EN 45000 series standards (new EN ISO 17000) and their quality systems have started to function.*

*The Institute continues with the training of its personnel, adoption works for which enforcement is complete, together with the training in fields aimed at meeting requirement of the industry. These projects will be organised through the own financial resources of the Institute, in addition to the current funds and resources of the EU.*

| EN Standards |             |                                                 | EN Standards referred to in the Directives |                                                 |
|--------------|-------------|-------------------------------------------------|--------------------------------------------|-------------------------------------------------|
|              | General     | Standards with a corresponding Turkish Standard | General                                    | Standards with a corresponding Turkish Standard |
| CEN          | 5844        | 4857                                            | 858                                        | 829                                             |
| Cenelec      | 2769        | 2284                                            | 586                                        | 531                                             |
| <b>TOTAL</b> | <b>8613</b> | <b>7141</b>                                     | <b>1444</b>                                | <b>1360</b>                                     |

Other additional requirements proposed at this stage are listed under the sections where the related main Directives requiring conformity assessment and certification procedures are deliberated.

Moreover, approximation of legislation requires, at least, the participation of the implementing body in the committees set up under the Directives. Otherwise, after the related legislation enters into force differences in implementation between Turkey and the EU will be inevitable. For this reason, the participation of Turkish representatives in the preparatory work and committee meetings concerning implementing procedures is also important. No additional requirement is proposed on the notification and the safety controls on imports.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Legislation, particularly on notification, will be applied by the Undersecretariat of Foreign Trade. The personnel responsible for notification may require technical training. These personnel will also be responsible for notification under the scope of the Directive on General Product Safety.

#### **f) Necessary Investments**

No investment is foreseen.

### **III. Time Schedule**

#### *Short Term*

It is envisaged that the legislation be effected within the year 2001, provided that the Framework Law is put into force.

### **IV. Financing**

Projects related to conformity assessment, testing and certification in particular can be included in the MSTQ Project, the financing of which will be provided from the MEDA fund. Moreover, it is necessary to activate immediately the Administrative Cooperation Fund and other resources.

## **4.2.2. Market Surveillance**

### **I. Priority description**

#### **a) Current Status**

Market surveillance activities are performed by Ministries and public institutions such as the Ministry of Industry and Trade, the Ministry of Public Works and Settlement, the Ministry of Health, the Ministry of Agriculture and Rural Affairs, the Undersecretariat of Foreign Trade, the Undersecretariat of Maritime Affairs, etc. according to their relevant legislation.

Following the establishment of the Customs Union between the EU and Turkey, necessary studies and arrangements are being carried out to set up a new market surveillance system. This system is related to the technical legislation of the EU and its implementation pillars, such as standardization, metrology, accreditation etc.

Accordingly, the conformity assessment operations (testing and certification) with regard to market surveillance will be regulated starting at the accreditation stage. The new system will be introduced soon after the Framework Law and the "By-Law on Market Surveillance and Control of the Products", prepared on the basis of this Law, are invoked.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

The technical legislation of the EU to be approximated by Turkey is subject to market surveillance under this heading.

#### **c) Implementing Institution**

Ministry of Industry and Trade, Ministry of Public Works and Settlement, Ministry of Health, Ministry of Agriculture and Rural Affairs, Undersecretariat of Foreign Trade, Undersecretariat of Maritime Affairs, etc. are responsible for the matters falling within the scope of their legislation.

#### **d) Final Objective**

Within the framework of the New Approach Policy of the EU, the final objective is to adopt a conformity assessment and market surveillance system having an internationally recognized reliability and to establish the standardization, testing, certification, inspection, metrology, calibration, accreditation and market surveillance infrastructure required for proper functioning of the free movement of goods within the Customs Union and for the implementation of the related legislation.

## **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

Responsible authorities carry out market surveillance in accordance with the scope of their legislation.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

With the aim of providing the legal basis of the elimination of technical barriers to trade, a draft Law on the Preparation and Implementation of the Technical Legislation on Products (Framework Law), also including the issue of general product safety has been prepared by the Undersecretariat for Foreign Trade and conveyed to the Turkish Parliament.

Moreover, the draft texts of the "By-Law on the Market Surveillance and Control of the Products", "By-Law on CE Conformity Marking and its Use", "By-Law on Conformity Assessment Bodies and Notified Bodies", "By-Law on the Information Exchange Procedure on Technical Arrangements between the European Community and Turkey" and "By-Law on Establishing a Procedure for the Exchange of Information on

National Measures Derogating from the Principle of the Free Movement of Goods between the European Community and Turkey” have been prepared.

Furthermore, since 1995 market surveillance has been performed by the DG for Protection of Consumers and Competition, in accordance with the Law on Protection of Consumers.

As the adopted legislation enters into force, Turkish standards with obligatory practices on these matters will be abolished, and voluntary practices will be introduced.

#### **c) Necessary Institutional Changes**

The administrative structures of the Ministries and public institutions, which are in charge of market surveillance also need to be strengthened.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

It is required to make an inventory of the current certification system in Turkey and accordingly, upon the enforcement of the legislation adopting the technical legislation of the EU, to determine whether there is a need to establish a new laboratory, testing and inspection institution, an authorized body and/or accredited institution.

Currently, there is no an inventory study on testing and certification matters regarding the Turkish legislation enforced in return to the corresponding EU legislation.

#### **e) Additional Staffing and Training Requirement for the Implementation of Amendments and Modifications**

Additional personnel must be employed in the medium term, regardless of the type of the alternative institutional changes provided for under the section “Necessary Institutional Changes”. Moreover, all staff should receive technical training to enable them to decide on the conformity of an industrial good introduced on the market or put into service.

#### **f) Necessary Investments**

The necessary investment will be determined after the completion of the inventory study.

### **III. Time Schedule**

#### *Medium Term*

Within the framework of the adoption process, it will be possible to establish both the technical and administrative infrastructure for market surveillance in the medium term.

### **IV. Financing**

Administrative Cooperation Fund and other resources need to be activated immediately. Moreover, the projects to be prepared within the framework of standardization, testing, certification, inspection, metrology, calibration, accreditation and market surveillance infrastructure can be financed from the MSTQ Project (Metrology, Standardization, Testing, Quality) for which financing will be provided from the MEDA Fund.

### **4.2.3. Motor Vehicles**

#### **I- Priority description**

##### **a) Current Status**

In the main industry of the automotive sector in Turkey there are 16 privately owned enterprises generally operating under a license.

With a motor vehicle production capacity of 911,577 including tractors, the automotive sector production was 325,297 in the year 1999. In the same year, the total exports and imports of the sector, including both the main industry and sub-sectors, reached 1,6 billion dollars and 3,4 billion dollars, respectively.

The volume of imports increased significantly following the Customs Union, from 34,631 in 1995 to 130,522 in 1999. As a result, the share of imports in total car sales was 47% in 1999.

It is apparent that the Customs Union with the EU and the closeness of Turkey particularly to the European, Middle Eastern and North African markets has played an important role in the entry of new producers to the sector and in the trend towards increased future investments.

It is important to establish a structure in the automotive sector in which production is realized at an economic scale, new technologies are used, and an export-based sustainable competitiveness is ensured.

The current technical legislation applicable to motor vehicles is the "By-Law on Vehicle Manufacturing, Modification and Assembly" (AİTM) enforced by the Ministry of Industry and Trade and published in the Official Gazette No. 21485 of 3 February 1993.

The "By-Law on Type-Approval of Motor Vehicles" (MARTOY), which is based on EU Directive 70/156/EEC was enforced in the year 1997. MARTOY was amended in 1999, in accordance with Directive 98/14/EC amending Directive 70/156/EEC. Accordingly, the corresponding AİTM legislation in force was repealed upon the enforcement of the legislation on parts, components and units laid down in the EU legislation on type-approval of motor vehicles. After the completion of the adoption process in this field, the AİTM By-Law will be completely repealed and replaced with the EU Type- Approval system.

In accordance with MARTOY, a Technical Committee on Motor Vehicles (MARTEK) was established in 1997 by the Ministry of Industry and Trade, with the aim of monitoring the adoption process and the practices in this field. The Committee, composed of public and private sector representatives, convenes regularly. There are 10 sub-committees acting under MARTEK. These technical sub-committees are in charge of the following topics: noise, lighting and light-signalling devices, emission and energy, brake and propelling devices, general safety, passive security, tyres, trailers, agricultural and forestry tractors, motorcycles and mopeds.

The field of responsibility of 8 of these sub-committees, except the trailers subcommittee and motorcycles subcommittee, covers the same issues as those currently acting on motor vehicles within the EU. These sub-committees examine the relevant EU legislation that will be transposed or has already been transposed to Turkish legislation, and communicate their recommendations to MARTEK.

The work towards the establishment of an EU Type-Approval system for agricultural and forestry tractors in Turkey was initiated in 1999 upon the publication of the "By-Law on the Type-Approval of Agricultural and Forestry Tractors", based on EU Directive 74/150/EEC. Similar work was again started in 1999 upon the enforcement of the " By-Law on the Type-Approval of Two or Three Wheel Motor Vehicles", which takes EU Directive 92/61/EEC as its basis.

The Ministry of Industry and Trade carries out market surveillance in accordance with "Law No. 1705 on the Prevention of Adulteration in Trade and Supervision of Exports" and "Law No. 4077 on the Protection of Consumers".

##### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

The legislation not provided in TAIEX list but evaluated by the responsible authority is indicated below:

- 78/1015/EEC
- 80/780/EEC
- 98/91/EEC
- 00/30/EC
- 00/40/EC
- 75/323/EEC

#### **c) Implementing Institution**

The harmonisation process of the technical legislation related to the motor vehicles and agricultural and forestry tractors is being carried out under the coordination of the Ministry of Industry and Trade.

#### **d) Final Objective**

The final objective is to establish a EU Type-Approval system in Turkey by transposing the relevant EU Directives and the Regulations of the United Nations Economic Commission for Europe with the aim of ensuring free movement of goods within the Customs Union.

### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) Corresponding Turkish Legislation**

The harmonisation process completed out of 72 main directives laid down in the “Motor Vehicles and Trailers” section and out of 24 main directives stated under the “Wheeled Agricultural and Forestry Tractors” section of the EU technical legislation are listed below:

##### Motor vehicles and their trailers

1. 70/156/EEC (Corresponding Turkish Legislation: Official Gazette No. 22987 of 7 May 1997 and Official Gazette No. 23653 of 1 April 1999 bis)
2. 70/157/EEC (Corresponding Turkish Legislation: Official Gazette No. 24246 of 30 November 2000)
3. 70/221/EEC (Corresponding Turkish Legislation: Official Gazette No. 23825 of 23 September 1999)
4. 70/222/EEC (Corresponding Turkish Legislation: Official Gazette No. 23752 of 11 July 1999)
5. 70/311/EEC (Corresponding Turkish Legislation: Official Gazette No. 24261 of 15 December 2000)
6. 70/387/EEC (Corresponding Turkish Legislation: Official Gazette No. 23844 of 12 October 1999)
7. 70/388/EEC (Corresponding Turkish Legislation: Official Gazette No. 23682 of 1 May 1999 and Official Gazette No. 23903 of 11 December 1999)
8. 71/127/EEC (Corresponding Turkish Legislation: Official Gazette No. 23871 of 9 November 1999 Official Gazette No. 24044 of 9 May 2000)
9. 76/115/EEC (Corresponding Turkish Legislation: Official Gazette No.24282 of 9 January 2000)
10. 76/756/EEC (Corresponding Turkish Legislation: Official Gazette No. 24136 of 10 August 2000)
11. 76/761/EEC (Corresponding Turkish Legislation: Official Gazette No. 24167 of 11 September 2000)

12. 76/762/EEC (Corresponding Turkish Legislation: Official Gazette No. 24140 of 14 August 2000)
13. 77/389/EEC (Corresponding Turkish Legislation: Official Gazette No. 24215 of 30 October 2000)
14. 77/538/EEC (Corresponding Turkish Legislation: Official Gazette No. 24147 of 21 August 2000)
15. 77/539/EEC (Corresponding Turkish Legislation: Official Gazette No. 24141 of 15 August 2000)
16. 77/541/EEC (Corresponding Turkish Legislation: Official Gazette No. 24023 of 17 April 2000)
17. 78/316/EEC (Corresponding Turkish Legislation: Official Gazette No. 23825 of 23 September 1999)
18. 78/317/EEC (Corresponding Turkish Legislation: Official Gazette No. 24294 of 21 January 2001)
19. 78/318/EEC (Corresponding Turkish Legislation: Official Gazette No. 24281 of 8 January 2001)
20. 78/549/EEC (Corresponding Turkish Legislation: Official Gazette No. 24246 of 30 November 2000)
21. 78/932/EEC (Corresponding Turkish Legislation: Official Gazette No. 24249 of 03 December 2000)
22. 92/23/EEC (Corresponding Turkish Legislation: Official Gazette No. 24123 of 28 July 2000 )
23. 92/61/EEC (Corresponding Turkish Legislation: Official Gazette No. 23743 of 2 July 1999)

Wheeled Agricultural and Forestry Tractors

1. 74/150/EEC (Corresponding Turkish Legislation Official Gazette No. 23576 of 7 January 1999)
2. 74/347/EEC (Corresponding Turkish Legislation Official Gazette No. 24310 of 6 February 2001)
3. 75/321/EEC (Corresponding Turkish Legislation Official Gazette No. 24310 of 6 February 2001)
4. 75/323/EEC (Corresponding Turkish Legislation Official Gazette No. 23909 of 17 December 1999)
5. 76/763/EEC (Corresponding Turkish Legislation Official Gazette No. 23945 of 26 January 2000)
6. 77/536/EEC (Corresponding Turkish Legislation Official Gazette No. 24142 of 16 August 2000)
7. 78/764/EEC (Corresponding Turkish Legislation Official Gazette No. 24246 of 30 November 2000)
8. 79/533/EEC (Corresponding Turkish Legislation Official Gazette No. 23909 of 17 December 1999)
9. 79/622/EEC (Corresponding Turkish Legislation Official Gazette No. 24143 of 17 August 2000)
10. 86/297/EEC (Corresponding Turkish Legislation Official Gazette No. 24218 of 2 November 2000)

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The above-mentioned legislation will be transposed to the Turkish legal system as By-Laws.

**c) Necessary Institutional Changes**

In order to ensure the efficient functioning of the EU Type-Approval system in Turkey, the Department in charge of this issue acting under the Directorate General for Industry shall be strengthened and accordingly, the technical and administrative infrastructure of the Provincial Offices of the Ministry of Industry and Trade shall be reinforced.

**d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The work on the legislation of the Economic Commission for Europe, which is completely the same as the relevant EU legislation with respect to motor vehicles, was initiated in 1993.



According to a protocol signed with the Ministry of Industry and Trade, TSE carries out the translation of the regulations of the Economic Commission for Europe and the EU directives concerning the automotive sector. Certain parts of this project related to the EU directives will be financed by the EU Commission.

According to another protocol signed between TSE and the Ministry of Industry and Trade, TSE has been delegated the responsibility for providing the technical service for the implementation of the adopted legislation that was enforced with regards to motor vehicles and the agricultural and forestry tractors. In this respect, the required tests and inspections will be carried out by TSE or some other body approved by TSE.

In this context, concerning the Regulations of the Economic Commission for Europe, since February 1999, TSE has delivered technical services on motor vehicles listed under 71 headings. Accordingly, delivering technical service on 160 topics, the Ministry of Industry and Trade, as the Approval Authority, has started to issue notification certificates, and the use of the E37 Mark by the industrialists has been ensured.

The work on other matters under the scope of EU Directives continues through the delivery of technical service. Since the technical legislation within the framework of the Type-Approval System has not yet been published in its entirety, the delivery of related technical service has not yet been defined and certificates bearing the E 37 mark have not been issued, and consequently the notification process is not initiated.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

For the time being, approximately 50 technical personnel, 15 in the Ministry of Industry and Trade and 35 in the provincial offices, with foreign language proficiency preferably in English, are required for the structuring referred to in the "Necessary Institutional Changes" section.

#### **f) Necessary Investments**

A joint investment project on the establishment of a central testing, inspection and certification laboratory for motor vehicles in Istanbul was approved by the Undersecretariat for Treasury in the year 2000. This investment, with the status of a Joint Stock Company, will consist of public and private enterprises. The technical infrastructure of Istanbul Technical University will be utilized.

Moreover, there are some investment projects which are already realised or under consideration at the TSE quality campus or in other TSE laboratories in the field, such as; lightening equipment, EMC, active and passive safety, and LPG.

For test-driving motor vehicles, the construction of a test-driving track is proposed in Sakarya (Pamukova). The work on this project is ongoing.

The central laboratory of the Ministry of Agriculture and Rural Affairs in Ankara will be utilized as the testing and inspection laboratory for agricultural and forestry tractors.

### **III-Time Schedule**

#### *Short Term*

By the end of the year 2001 it is planned to conclude the adoption of 49 outstanding main Directives and related technical legislation in respect of "Motor Vehicles and Trailers". It is also proposed to conclude the harmonization work by the end of the year 2001 in respect of 14 main Directives and the related legislation listed under the "Wheeled Agricultural and Forestry Tractors" heading which are not adopted yet.

### **IV- Financing**

Additional funding is required to meet the cost of new personnel and their training. Moreover, a fixed budget should be allocated to ensure regular participation in the technical committee meetings on motor vehicles and agricultural and forestry tractors held at the EU Commission in Brussels and in the UN-Economic Commission for Europe in Geneva.

Project expenses of approximately 50,000 EURO have been allocated from the Administrative Cooperation Fund for the translation of the EU legislation on motor vehicles and agricultural and forestry tractors.

It is also required to activate the MSTQ Project within this context, which will be financed from the MEDA fund.

#### **4.2.4. Foodstuff Industry**

##### **I. Priority Description**

###### **a) Current Status**

The new legislation on foodstuffs prepared within the framework of the adoption of technical legislation is in harmony with EU legislation to a great extent. During the preparation of the new arrangements set forth with "Decree Law No. 560 on the Production, Consumption and Control of Foodstuffs" enacted in 1995, the EU Regulations and Directives and the standards published by the Codex Alimentarius Commission were taken into consideration.

64 main directives on foodstuffs and several directives specifying their prospective implementations and amendments have been examined. Full adoption was achieved with some of the directives. The EU Directives adopted so far, those on which the harmonization process still continues, and those that will be adopted within the near future, the corresponding Turkish legislation, the differences between EU and Turkish legislation, and the level of harmonization are all listed in a table laid down in the "Necessary Amendments and Modifications in the Corresponding Turkish Legislation" section.

Even though certain arrangements put into force in the EU through directives have not been enacted in Turkey, there exist similarities in practice. For example, although there is no provision that foresees the establishment of foodstuffs committees in the current Turkish legislation, in practice certain foodstuff sub-committees, established with the approval of the related Authority, are presently functioning. Moreover, the Safety Action Plan for Foodstuffs prepared by the Ministry of Agriculture and Rural Affairs proposes the completion of the establishment of Scientific Foodstuff Committees with respect to sub-sectors.

There are certain directives that do not have corresponding Turkish Legislation. However, the "By-Law on the Production, Consumption and Control of Foodstuffs" related to Decree Law No. 560, enacted after its publication in 1998, states that regarding issues not covered by Turkish legislation, procedures will be conducted in conformity with international legislation. As the international legislation, EU Directives have priority in practice. This situation has been clarified by Ministerial Circulars. This approach gives Turkey an advantage in the adoption of the EU legislation on foodstuffs.

Since certain beverages (e.g. rum, egg liquor, etc.) covered by EU legislation on alcoholic beverages are not produced in Turkey, there is no corresponding Turkish legislation for such products. However, EU Directives are referred to in practice. A table showing the level of harmonization on this matter is laid down in the "Necessary Amendments and Modifications in the Corresponding Turkish Legislation" section.

Within the context of transposing EU Directives on Wine, Sparkling Wine and Aerated Sparkling Wine into national legislation, studies and inter-sectoral evaluations have been carried out for the last 1,5 years. The ongoing work has reached its final stage.

###### **b) EU Acquis**

The list of the related EU legislation is given in Volume II.

###### **c) Implementing Institution**

- Ministry of Agriculture and Rural Affairs
- Ministry of Health

#### d) Final Objective

Adoption and implementation of the EU legislation.

### II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications

#### a) The Corresponding Turkish Legislation

Decree Law No. 560 on the Production, Consumption and Control of Foodstuffs, the By-Laws and communiqués enacted on the basis of this Decree Law, and Law No. 4128 amending this Decree Law, constitute the main legislation in this field.

#### b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation

The table below summarizes the level of adoption on the foodstuff sector and the required measures to be taken:

|                                          |                                                                                                                                                                                                            |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. 67/427/EEC</b>                     | <b>Use of certain preservatives for the surface treatment of citrus fruit and on the control measures to be used for the qualitative and quantitative analysis of preservatives in and on citrus fruit</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                        |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                        |
| <b>Remarks</b>                           | Adoption works on the analysis method have been conducted by the Ministry of Agriculture and Rural Affairs over 1.5 years, will be completed it in the short term (end of 2001).                           |
| <b>2. 69/414/EEC</b>                     | <b>Setting up a Standing Committee for Foodstuffs</b>                                                                                                                                                      |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                        |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                        |
| <b>Remarks</b>                           | Related work continues. The sub-committees have already been established. However, there are no legal arrangements. Related provisions will be included in the legislation in 2001.                        |
| <b>3. 73/241/EEC</b>                     | <b>Approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption</b>                                                                              |
| <b>Corresponding Turkish Legislation</b> | Communiqué on cacao and cacao products<br>Official Gazette No. 24002 of 27 March 2000                                                                                                                      |
| <b>Summary of the difference</b>         | Cacao is in full harmony and chocolate is separately considered within the general Codex.                                                                                                                  |
| <b>Remarks</b>                           | Work regarding the communiqué on chocolate products still continues and it is possible to complete it in the short term.                                                                                   |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>4. 73/437/EEC</b>                     | <b>Council Directive of 11 December 1973 on the approximation of the laws of the Member States regarding certain sugars intended for human consumption</b>                                                                                                                                                                                                                                                                                                  |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex (TFK), Communiqué on Sugar,<br>Official Gazette No. 23853 of 21 October 1999                                                                                                                                                                                                                                                                                                                                                             |
| <b>Summary of the difference</b>         | Types of sugar not produced in Turkey are not included in this Communiqué.                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Remarks</b>                           | EU acquis is applicable at importation stage. Therefore, there is no problem in practice.                                                                                                                                                                                                                                                                                                                                                                   |
| <b>5. 74/409/EEC</b>                     | <b>Provisions relating to honey</b>                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Corresponding Turkish Legislation</b> | TFK Communiqué on Honey,<br>Official Gazette No. 24208 of 22 October 2000                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Summary of the difference</b>         | In harmony as regards honey, however, provisions like "naphthalene should not exist" are included in the EC acquis as "no naphthalene". In Turkish legislation the following provisions exist: "The basic honeycomb thickness will not exceed 3 mm and there will not exist organic substances such as paraffin, resin, selecine, oxalic acid, tallow oil and inorganic substances such as bleaching substances. Use of commercial glucose is not allowed." |
| <b>Remarks</b>                           | It is in harmony with the general provisions of the Community. However, the criteria which are important due to specific conditions of Turkey are included in the Communiqué.                                                                                                                                                                                                                                                                               |
| <b>6. 76/118/EEC</b>                     | <b>Certain partly or wholly dehydrated preserved milk</b>                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Remarks</b>                           | Adoption works still continue with respect to milk products. The related works will be completed in 2001.                                                                                                                                                                                                                                                                                                                                                   |
| <b>7. 76/621/EEC</b>                     | <b>Fixing of the maximum level of erucic acid in foodstuffs containing added oils or fats</b>                                                                                                                                                                                                                                                                                                                                                               |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Summary of the difference</b>         | It is in harmony with the Turkish Food Codex.                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Remarks</b>                           | ...                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>8. 77/436/EEC</b>                     | <b>Coffee extracts and chicory extracts</b>                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Remarks</b>                           | It is under the scope of harmonisation works.                                                                                                                                                                                                                                                                                                                                                                                                               |

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|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>9. 78/142/EEC</b>                     | <b>Materials and articles which contain vinyl chloride monomer and are intended to come into contact with foodstuff</b>                                                                                                                                                                                          |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                                                                                                                       |
| <b>Summary of the difference</b>         | It is in harmony with the Turkish Food Codex.                                                                                                                                                                                                                                                                    |
| <b>Remarks</b>                           | ...                                                                                                                                                                                                                                                                                                              |
| <b>10. 78/663/EEC</b>                    | <b>Criteria of purity for emulsifiers, stabilisers, thickeners and gelling agents for use in foodstuffs</b>                                                                                                                                                                                                      |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                              |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                                                                                                              |
| <b>Remarks</b>                           | Adoption works will be started. EU criteria are used in practice.                                                                                                                                                                                                                                                |
| <b>11. 79/112/EEC</b>                    | <b>Labelling, presentation and advertising of foodstuff for sale to the ultimate consumer</b>                                                                                                                                                                                                                    |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFK)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                                                                                                                      |
| <b>Summary of the difference</b>         | It is obligatory to specify the date of production as per the legislation of the country. Many provisions related to specifying the ingredients are not as clear as the Directives. The list of the materials, shelf lives of which will not be required in the sub-directive, is not stated in the legislation. |
| <b>Remarks</b>                           | The adoption works continue in accordance with 2000/13/EC Directive. The adoption works will be completed in 2001.                                                                                                                                                                                               |
| <b>12. 79/693/EEC</b>                    | <b>Fruit jams, jellies and marmalades and chestnut purée</b>                                                                                                                                                                                                                                                     |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                              |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                                                                                                              |
| <b>Remarks</b>                           | Adoption works will be realized in 2001.                                                                                                                                                                                                                                                                         |
| <b>13. 79/796/EEC</b>                    | <b>Analysis for testing certain sugars</b>                                                                                                                                                                                                                                                                       |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                              |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                                                                                                              |
| <b>Remarks</b>                           | All the analysis methods are worked on separately. For this purpose, adoption works will be completed in the medium term. The works on sugar analyses may be completed in the short term. The conditions of foodstuff laboratories are required to be improved.                                                  |

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| <b>14. 79/1066/EEC</b>                   | <b>Methods of analysis for testing coffee extracts and chicory extracts</b>                                                                                                                           |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                   |
| <b>Remarks</b>                           | All the analysis methods are carried out separately. For this purpose, adoption works will be completed in the medium term. The conditions of foodstuff laboratories are required to be improved.     |
| <b>15. 79/1067/EEC</b>                   | <b>Methods of analysis for testing certain partly or wholly dehydrated preserved milk</b>                                                                                                             |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                   |
| <b>Remarks</b>                           | All the analysis methods are carried out separately. For this purpose, adoption works will be completed in the medium term. The conditions of the foodstuff laboratories are required to be improved. |
| <b>16. 80/1073/EEC</b>                   | <b>Establishing an Advisory Committee on Foodstuffs</b>                                                                                                                                               |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                   |
| <b>Remarks</b>                           | Although each institution has its own committee, there does not exist a general board.                                                                                                                |
| <b>17. 80/590/EEC</b>                    | <b>Symbol that may accompany materials and articles intended to come into contact with foodstuffs</b>                                                                                                 |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                   |
| <b>Remarks</b>                           | Adoption process is in progress.                                                                                                                                                                      |
| <b>18. 80/766/EEC</b>                    | <b>Method of analysis for the official control of the vinyl chloride monomer level</b>                                                                                                                |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                   |
| <b>Remarks</b>                           | All the analysis methods are carried out separately. For this purpose, adoption works will be completed in the medium term. The conditions of foodstuff laboratories are required to be               |

|                                          |                                                                                                                              |
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|                                          | improved.                                                                                                                    |
| <b>19. 80/891/EEC</b>                    | <b>Determining the erucic acid content in oils and fats to be used as such for human consumption</b>                         |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                          |
| <b>Summary of the difference</b>         | ...                                                                                                                          |
| <b>Remarks</b>                           | Adoption works are being carried out by the commission responsible for analysis methods.                                     |
| <b>20. 81/432/EEC</b>                    | <b>Determining the level of vinyl chloride in packaging materials</b>                                                        |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                          |
| <b>Summary of the difference</b>         | ...                                                                                                                          |
| <b>Remarks</b>                           | Adoption works are being carried out by the commission responsible for analysis methods.                                     |
| <b>21. 81/712/EEC</b>                    | <b>Analysis for verifying that certain additives used in foodstuffs satisfy criteria of purity</b>                           |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                          |
| <b>Summary of the difference</b>         | ...                                                                                                                          |
| <b>Remarks</b>                           | Adoption works are being carried out by the commission responsible for analysis methods.                                     |
| <b>22. 82/711/EEC</b>                    | <b>Testing migration of the constituents of plastic materials and articles intended to come into contact with foodstuffs</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                          |
| <b>Summary of the difference</b>         | ...                                                                                                                          |
| <b>Remarks</b>                           | Adoption works are being carried out by the commission responsible for analysis methods.                                     |
| <b>23. 83/417/EEC</b>                    | <b>Provisions for certain lactoproteins (caseins and caseinates)</b>                                                         |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                          |
| <b>Summary of the difference</b>         | ...                                                                                                                          |
| <b>Remarks</b>                           | Adoption works are required to be carried out on this matter.                                                                |

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| <b>24. 84/500/EEC</b>                    | <b>Ceramic articles intended to come into contact with foodstuffs</b>                                                                                                                             |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                               |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                               |
| <b>Remarks</b>                           | Adoption works are required to be carried out on this matter.                                                                                                                                     |
| <b>25. 85/503/EEC</b>                    | <b>Methods of analysis for edible caseins and caseinates</b>                                                                                                                                      |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                               |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                               |
| <b>Remarks</b>                           | All the analysis methods are carried out separately. For this purpose, adoption works will be completed in the medium term. The conditions of foodstuff laboratories are required to be improved. |
| <b>26. 85/572/EEC</b>                    | <b>The list of simulant to be used for testing migration of constituents of plastic materials and articles intended to come into contact with foodstuffs</b>                                      |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                               |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                               |
| <b>Remarks</b>                           | Adoption works are required to be carried out on this matter.                                                                                                                                     |
| <b>27. 85/591/EEC</b>                    | <b>Methods of sampling and analysis for the monitoring of foodstuffs intended for human consumption</b>                                                                                           |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                             |
| <b>Summary of the difference</b>         | Sampling is in harmony with the Turkish Food Codex.                                                                                                                                               |
| <b>Remarks</b>                           | Works to ensuring adoption in terms of analysis methods is in progress                                                                                                                            |
| <b>28. 86/424/EEC</b>                    | <b>First Commission Directive of 15 July 1986 laying down methods of sampling for chemical analysis of edible caseins and caseinates</b>                                                          |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                               |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                               |



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| Remarks                           | Harmonisation works are required.                                                                                                                                                     |
| <b>29. 87/250/EEC</b>             | <b>Commission Directive of 15 April 1987 on the indication of alcoholic strength by volume in the labelling of alcoholic beverages for sale to the ultimate consumer</b>              |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                   |
| Summary of the difference         | ...                                                                                                                                                                                   |
| Remarks                           | This matter is considered at the study on amending the Turkish Food Codex with respect to labelling and packaging. It will be published in 2001.                                      |
| <b>30. 87/524/EEC</b>             | <b>Methods of sampling for chemical analysis for the monitoring of preserved milk products</b>                                                                                        |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                   |
| Summary of the difference         | ...                                                                                                                                                                                   |
| Remarks                           | Harmonisation process is in progress.                                                                                                                                                 |
| <b>31. 88/389/EEC</b>             | <b>Source materials and substances used in preparation flavourings</b>                                                                                                                |
| Corresponding Turkish Legislation | Turkish Food Codex,( TFC)<br><br>Official Gazette No. 23172 of 16 November 16 1997                                                                                                    |
| Summary of the difference         | The corresponding legislation is fully in harmony.                                                                                                                                    |
| <b>32. 88/344/EEC</b>             | <b>Extraction solvents used in the production of foodstuffs and food ingredients</b>                                                                                                  |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                   |
| Summary of the difference         | ...                                                                                                                                                                                   |
| Remarks                           | Harmonisation is required in this matter.                                                                                                                                             |
| <b>33. 88/388/EEC</b>             | <b>Council Directive of 22 June 1988 on the approximation of the laws of the Member States relating to flavourings use in foodstuffs and to source materials for their production</b> |
| Corresponding Turkish Legislation | Turkish Food Codex, (TFC)<br><br>Official Gazette No. 23172 of 16 November 1997                                                                                                       |

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| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                               |
| <b>Remarks</b>                           | ...                                                                                                                                                              |
| <b>34. 89/107/EEC</b>                    | <b>Food additives authorized for use in foodstuffs</b>                                                                                                           |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                      |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                               |
| <b>35. 89/109/EEC</b>                    | <b>Materials and articles intended to come into contact with foodstuffs</b>                                                                                      |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                      |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                               |
| <b>36. 89/396/EEC</b>                    | <b>Indications or marks identifying the lot to which a foodstuff belongs</b>                                                                                     |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                       |
| <b>Summary of the difference</b>         | Although there are communiqués regarding the definition and label content of foodstuffs having special nutritional purpose, there does not exist a product list. |
| <b>Remarks</b>                           | Harmonisation works will be carried out. EC acquis is applicable in practice.                                                                                    |
| <b>37. 89/397/EEC</b>                    | <b>Official control of foodstuffs</b>                                                                                                                            |
| <b>Corresponding Turkish Legislation</b> | Decree Law on the Production, Consumption and Control of Foodstuff (1995, No. 560)                                                                               |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                               |

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| <b>38. 89/398/EEC</b>                    | <b>Foodstuffs intended for particular nutritional uses</b>                                                                                                                                                |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                |
| <b>Summary of the difference</b>         | The corresponding legislation is partly in harmony.                                                                                                                                                       |
| <b>Remarks</b>                           | Harmonisation process still continues. EC acquis is applicable in practice.                                                                                                                               |
| <b>39. 90/128/EEC</b>                    | <b>Plastic materials and articles intended to come into contact with foodstuffs</b>                                                                                                                       |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                               |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                        |
| <b>Remarks</b>                           | ...                                                                                                                                                                                                       |
| <b>40. 90/496/EEC</b>                    | <b>Nutrition labelling for foodstuffs</b>                                                                                                                                                                 |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                       |
| <b>Remarks</b>                           | Works still continue on the amendments to the Turkish Food Codex within the framework of adoption with the 2000/13 /EC Directive.                                                                         |
| <b>41. 90/2377/EEC</b>                   | <b>Residue limits of veterinary medicinal products in foodstuffs of animal origin</b>                                                                                                                     |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                               |
| <b>Summary of the difference</b>         | Harmonisation works for the directives published prior to publication of the Turkish Foodstuff Codex have been completed by taking into consideration the practices. However, it is not fully in harmony. |
| <b>Remarks</b>                           | It will be revised under the scope of amendments to the Turkish Foodstuff Codex, however, there may arise some differences when the conditions of the country are considered.                             |

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| <b>42. 91/321/EEC</b>                    | <b>Infant formulae and follow-on formulae</b>                                                                                                                                                                            |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,<br><br>Infant formulae –Infant Formulae, Turkish Food Codex Follow-on Formulae- Follow-on Formulae; Official Gazette No. 2344 of 28 August 1998;<br><br>Official Gazette No. 24142 of 16 August 2000 |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                       |
| <b>Remarks</b>                           | ...                                                                                                                                                                                                                      |
| <b>43. 92/1/EEC</b>                      | <b>Monitoring of temperatures in the means of transport, warehousing and storage of quick-frozen foodstuffs</b>                                                                                                          |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br><br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                           |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                       |
| <b>Remarks</b>                           | ...                                                                                                                                                                                                                      |
| <b>44. 92/2/EEC</b>                      | <b>The sampling procedure and methods of analysis for the official control of the temperatures of quick-frozen foods</b>                                                                                                 |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                      |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                      |
| <b>Remarks</b>                           | Harmonisation works on analysis methods are in progress.                                                                                                                                                                 |
| <b>45. 92/52/EEC</b>                     | <b>Infant formulae and follow-on formulae intended for export to third countries</b>                                                                                                                                     |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                      |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                      |
| <b>Remarks</b>                           | In harmony. However there is no specific arrangement for exportation.                                                                                                                                                    |
| <b>46. 93/5/EEC</b>                      | <b>Cooperation by the Member States scientific examination of questions relating to food</b>                                                                                                                             |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                      |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                      |
| <b>Remarks</b>                           | Work is ongoing for establishing the Scientific Committees on foodstuffs                                                                                                                                                 |

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| <b>47. 93/43/EEC</b>                     | <b>Hygiene of foodstuffs</b>                                                                                                                                                                                            |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                              |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                      |
| <b>48. 93/45/EEC</b>                     | <b>Manufacture of nectars without the addition of sugars or honey</b>                                                                                                                                                   |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                             |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                      |
| <b>49. 93/77/EEC</b>                     | <b>Fruit juices and certain similar products</b>                                                                                                                                                                        |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex,(TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                              |
| <b>Summary of the difference</b>         | Fully in harmony, however, the fruit amount is kept low due to the fruit characteristics of the country and the sugar and acid quantities.                                                                              |
| <b>50. 93/102/EC</b>                     | <b>Commission Directive amending Directive 79/112/EEC on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer</b> |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                             |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                      |
| <b>51. 93/315/EEC</b>                    | <b>Council Regulation (EEC) No 315/1993 of 8 February 1993 laying down Community procedure for contaminants in food</b>                                                                                                 |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                             |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                      |

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| <b>52. 94/652/EEC</b>                    | <b>Scientific examination of questions relating to food</b>                                                                                                                                                                                                                                                               |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                       |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                                                                                                                       |
| <b>Remarks</b>                           | Harmonisation works will be conducted.                                                                                                                                                                                                                                                                                    |
| <b>53. 94/35/EC</b>                      | <b>Sweeteners for use in foodstuffs</b>                                                                                                                                                                                                                                                                                   |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                                                                                                                               |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                                                                                                                        |
| <b>54. 94/36/EC</b>                      | <b>Colouring material for use in foodstuffs</b>                                                                                                                                                                                                                                                                           |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex, (TFC)<br>Official Gazette No. 23172 of 16 November 1997                                                                                                                                                                                                                                               |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                                                                                                                        |
| <b>55. 95/45/EC</b>                      | <b>Purity criteria concerning colouring material for use in foodstuffs</b>                                                                                                                                                                                                                                                |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                       |
| <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                                                                                                                       |
| <b>Remarks</b>                           | Adoption works still continue.                                                                                                                                                                                                                                                                                            |
| <b>56. 94/54/EC</b>                      | <b>Compulsory practices on the labelling of those foodstuff other than those provided for in Council Directive 79/112/EEC</b>                                                                                                                                                                                             |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex (TFC)                                                                                                                                                                                                                                                                                                  |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony.                                                                                                                                                                                                                                                                        |
| <b>57. 95/2/EC</b>                       | <b>Food additives other than colouring materials and sweeteners</b>                                                                                                                                                                                                                                                       |
| <b>Corresponding Turkish Legislation</b> | Turkish Food Codex (TFC)                                                                                                                                                                                                                                                                                                  |
| <b>Summary of the difference</b>         | The corresponding legislation is fully in harmony, however, commission has not approved the use of additives in pasteurised milk, cream, jam, gel and marmalades, despite the fact that it is being included in the directives. Foodstuff additives such as GEHAKT, which are not produced in Turkey, are not included in |

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|                                          | the by law.                                                                                           |
| <b>Remarks</b>                           | EC Directives are applicable for the matters not specified in the regulation.                         |
| <b>58. 95/31/EC</b>                      | <b>Criteria of purity concerning sweeteners for use in foodstuffs</b>                                 |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                   |
| <b>Remarks</b>                           | Harmonisation process is in progress.                                                                 |
| <b>59. 96/5/EC</b>                       | <b>Processed cereal-based baby foods for infants and young children</b>                               |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                   |
| <b>Remarks</b>                           | Harmonisation process is in progress                                                                  |
| <b>60. 96/8/EC</b>                       | <b>Foods intended for use in energy-restricted diets for weight reduction</b>                         |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                   |
| <b>Remarks</b>                           | It is not in harmony.                                                                                 |
| <b>61. 96/77/EC</b>                      | <b>Specific purity criteria on food additives other than colouring materials and sweeteners</b>       |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                   |
| <b>Remarks</b>                           | Harmonisation is required to be achieved.                                                             |
| <b>62. 96/2232/EEC</b>                   | <b>Flavourings substances used or intended for use in or on foodstuffs</b>                            |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                   |
| <b>Remarks</b>                           | This matter is under consideration within the scope of the work amending the Turkish Food Codex.      |
| <b>63. 97/258/EEC</b>                    | <b>Novel foods and novel food ingredients</b>                                                         |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                   |
| <b>Remarks</b>                           | Harmonisation is required to be achieved.                                                             |
| <b>64. 97/1813/EEC</b>                   | <b>Indication on the labelling of certain foodstuffs produced from genetically modified organisms</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                   |
| <b>Summary of the difference</b>         | ...                                                                                                   |
| <b>Remarks</b>                           | Harmonisation works will be carried out in 2001.                                                      |

The table below shows the Turkish legislation on alcoholic beverages and the required actions to be taken:

|           |                                          |                                                                                                                                                                                                                                 |
|-----------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1.</b> | <b>1576/89/EEC</b>                       | <b>Directive on the definition, description and presentation of spirit drinks</b>                                                                                                                                               |
|           | <b>Corresponding Turkish Legislation</b> | Turkish Foodstuff Codex, Communiqué on the distilled spirit drinks,<br><br>Official Gazette No. 22440 of 21 October 1995                                                                                                        |
|           | <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                             |
|           | <b>Remarks</b>                           | Although it is fully in harmony with the related directive, rum, advocaat and egged liquor production are not mentioned in the legislation since they are not produced in Turkey. EC Directives are applicable, when necessary. |
| <b>2.</b> | <b>1014/90/EEC</b>                       | <b>Details on the definition, description and presentation of spirit drinks</b>                                                                                                                                                 |
|           | <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                             |
|           | <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                             |
|           | <b>Remarks</b>                           | Harmonisation is required.                                                                                                                                                                                                      |
| <b>3.</b> | <b>1601/91/EEC</b>                       | <b>On the definition, description and presentation of aromatized wines, aromatized wine- based drinks and aromatized wine-product cocktails</b>                                                                                 |
|           | <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                             |
|           | <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                             |
|           | <b>Remarks</b>                           | Harmonisation is required.                                                                                                                                                                                                      |
| <b>4.</b> | <b>3664/91/EEC</b>                       | <b>On the criteria applicable to the transportation and storage of aromatized wines and aromatized wine-based drinks</b>                                                                                                        |
|           | <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                             |
|           | <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                             |
|           | <b>Remarks</b>                           | Harmonisation is required..                                                                                                                                                                                                     |
| <b>5.</b> | <b>1238/92/EEC</b>                       | <b>On methods applicable in the wine sector for the analysis of neutral alcohol</b>                                                                                                                                             |
|           | <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                             |
|           | <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                             |
|           | <b>Remarks</b>                           | It is included within the scope of works for analysis methods.                                                                                                                                                                  |
| <b>6.</b> | <b>2009/92/EEC</b>                       | <b>On analysis methods for ethyl alcohol of agricultural origin used in the preparation of spirit drinks, aromatized wines, aromatized wine- based drinks and aromatized wine-product cocktails</b>                             |
|           | <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                             |
|           | <b>Summary of the difference</b>         | ...                                                                                                                                                                                                                             |



**Remarks**

It is included within the scope of works for analysis method.

Work is carried out continuously to convert the current Foodstuffs Control System based on control of the final product into a control system which takes measures promptly at the critical control points by identifying the risks that may occur at these points, and thus provides supplying of healthier and higher quality food with acceptable levels of risks to consumers.

**c) Necessary Institutional Changes**

Even though the new Legislation on Foodstuffs sets forth various responsibilities and liabilities, it does not change the administrative structure. As a result, several problems arise for the effective implementation of the legislation.

In order to keep up with the recent technology, update and guide the industry, protect the consumer, facilitate national and international trade, and implement effectively the legislation nationwide, there is a need for restructuring and reinforcement of the administration of foodstuffs control.

The infrastructure of the Ministry and provincial offices is not adequate. The Ministry, while keeping track of the EU and international approaches on foodstuffs and transposing these arrangements into the national legislation, also coordinates, organizes and controls the provincial offices with the aim of establishing an efficient foodstuff safety system within the country.

The cooperation, coordination, control and monitoring between the Ministry and the provincial offices are carried out through meetings, correspondence, telephone and fax transmission. There does not exist an Information-Network system that ensures instant communication and an efficient working environment.

The Ministry of Agriculture and Rural Affairs is the contact point in Turkey with regard to the Codex Alimentarius Commission. The Ministry is responsible for preparing national opinions for the meetings of this Commission, to which many countries including the EU are members, and through which worldwide foodstuff norms are developed. Due to budgetary constraints facing the Ministry it has seldom participated in the International Codex meetings. As a matter of fact, the representatives of the Ministry attended only one of the 12 Food Codex meetings that took place in the year 2000. Although the results of the meetings are followed from the minutes, Turkey's non-participation in these meetings means that she cannot be a part of the decision-making process concerning international foodstuff policies, and thus can not have any effect on the preparation of international legislation, even on Turkey's strategic products.

Although the EU participates extensively in each Food Codex meeting through the representatives of the EU Commission and member states, it was stated in the Food Safety-White Paper of the EU published in 2000 that "The EU shall participate more actively in the meetings of the World Codex". In parallel, necessary financing facilities need to be arranged to enable Turkey's active participation in these meetings.

Many problems are encountered at the foodstuffs control laboratories during the application of the Laboratory Analysis methods, which are in conformity with EU norms. This is primarily due to a lack of specific laboratory tools and equipment and qualified technical personnel capable of using these tools and devices in practice.

Although it was approved in 1997 and developed within the context of a EU project, the "Project for Strengthening Foodstuffs Control Services" has not been implemented yet. Under the scope of a EU grant of 10 million Euro, which is yet to be activated, there is a need for the purchase of approximately 9 million Euro worth of equipment to strengthen the Foodstuffs Control Laboratories and the foodstuffs control system. Consequently, it is necessary to purchase additional tools and equipment in order to efficiently implement the analysis methods nationwide.

Intensive works have been initiated to base the Foodstuffs Control System on Risk Analysis, as it is in the EU. This issue has also taken up in the Food Safety Action Plan. However, in order to develop Risk Assessment systems, laboratories should be properly equipped and should be capable of conducting analyses for risks. For instance, the dioxin analyses introduced in Europe recently cannot be performed in Turkish laboratories due to the lack of specific devices.

Plans are underway to set up a Coordination Committee for the purpose of overcoming the problems that arise during the implementation of the legislation, enhancing coordination between the institutions, and transposing EU legislation on foodstuffs into Turkish legislation by monitoring changes to EU legislation. It will be beneficial if the members of this Committee make contact with units in the EU such as the Foodstuffs Advisory Board, and participate in its meetings as an observer.

A dynamic monitoring and implementation system needs to be established to harmonize with the structures related to food safety policies developed within the EU.

Foodstuffs control implementations at food production sites, and on imports and exports are conducted by the Ministry of Agriculture and Rural Affairs, while at food sales points the Ministry of Health is responsible. The Ministry of Agriculture and Rural Affairs carries out foodstuff control services through the General Directorate for Protection and Control, District Control Directorates, 81 Provincial Offices, Laboratory Control Directorates acting in 40 provinces, and through several Research Institutes.

In general, the physical conditions at Turkish customs are not appropriate for the entry of agricultural products and foodstuffs. The customs entry ports for perishable agricultural products, foodstuffs and fishery products need to be redesigned and their infrastructure needs to be reinforced.

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The Ministries conducting food control and inspection services require additional staffing. Existing numbers of qualified technical personnel and other personnel for work on the harmonization process with the EU are very limited. It has been determined that the additional staffing requirement at the Ministry of Agriculture and Rural Affairs, one of the relevant Ministries, totals 400-500. One component of the "Project for Strengthening the Foodstuff Control Services" included in the Investment Programme is designated for the training of personnel responsible for food control. Although this project is to be financed from the MEDA-I fund, EU funding has been delayed for more than 4 years. Upon the receipt of the financial aid, the training of the staff will be provided by the EU experts.

The Ministry of Agriculture and Rural Affairs has more than 400 Food Controllers. These Food Controllers have university degrees and in addition attend training courses held by the Ministry. Moreover, food technicians are given in-house training and subsequently employed as assistant food controllers. Training activities focus on the theoretical and practical aspects of the implementation of foodstuffs legislation, and on the skills and techniques of foodstuffs control.

Food controllers require training to EU standards on food control devices and their applications, for example sampling devices and their use, and sampling methods and systematic foodstuff control issues. Moreover, due to insufficient levels of English, there is a need to improving their foreign language skills in order to monitor and implement international foodstuff control practices. In this regard, there is a need for financial support.

There is a total of nearly 700 technical staff - engineers, veterinarians, biologists, laboratory assistants, technicians, laboratory staff - employed at the Foodstuffs Control Laboratories of the Ministry of Agriculture and Rural Affairs. These experts are capable of using special laboratory devices but need to be trained in compliance with the EU standards. Since the personnel do not have proficiency in English, they also need to be trained in English in order to fully understand and implement the analysis methods, directives and the features of the devices. In this regard once again, there is a need for financial support.

#### **e) Necessary Investments**

The "Project for Strengthening Foodstuffs Control Services" included in the Investment Programme has been revised in conjunction with the EU, and work on this matter is still in progress. The grant to be received from the MEDA resources, will help finance the purchase of laboratory equipment, personnel training and accelerate the harmonization process. Furthermore, the amount of investment should be determined for the establishment of the infrastructure for the adoption of Food Safety policies being developed within the EU.

### **III- Time Schedule**

The legal basis for legislative arrangements has already been established. Based on the work of the Ministries, the arrangements "on product basis" are proposed to be adopted in the short term, while more

technical issues such as foodstuff analysis methods and the determination of purity tolerances of food additives are planned to be harmonized in the medium term. This means that Turkey has not been able to entirely meet her commitments before the beginning of 2001, as laid down in 2/97 on the adoption of the foodstuffs legislation.

#### **IV- Financing**

Financing is required particularly for improving laboratory facilities and the training of technical personnel. The staffing needs of the relevant Ministries will also require funding.

### **4.2.5. Chemicals**

#### **4.2.5.1 Fertilizers**

##### **I- Priority description**

###### **a) Current Status**

No customs duties are applied to fertilizers originating in EU member states, while the Common Customs Tariff has been applied to third countries since 1994.

The privatisation of the two public enterprises in this sector still continues.

Within the framework of general agricultural support policies, subsidies for fertilizers are planned to be completely terminated in the medium term, as is the case with other agricultural inputs.

Since the harmonization work with respect to the EU Directives on Fertilizers has not yet been completed the related legislation has not been enforced.

###### **b) EU Acquis**

The list of the related EU legislation is given in Volume II.

###### **c) Implementing Institution**

- Ministry of Agriculture and Rural Affairs
- Turkish Standards Institute

###### **d) Final Objective**

Adoption and implementation of the relevant EU legislation.

##### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

###### **a) The Corresponding Turkish Legislation**

Turkish Standards (TS No. 836, 4837, 856, 566, 1054, 2832) applied to fertilizers.

###### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Current Turkish Standards need to be amended in order to harmonize with the EU Directives on Fertilizers with regard to the technical legislation. Moreover, some amendments may be necessary in the legislation for which applications are obligatory or that refer to these standards.

Some of the EU legislation on fertilizers and the corresponding Turkish legislation are laid down in the table below.

|                                          |                                                                                                                                                                           |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. 76/116/EEC</b>                     | <b>On Primary Fertilizers</b>                                                                                                                                             |
| <b>Corresponding Turkish Legislation</b> | By Law on the Control of Chemical Fertilizers                                                                                                                             |
| <b>Remarks</b>                           | In harmony                                                                                                                                                                |
| <b>2. 77/535/EEC</b>                     | <b>On methods of sampling and analysis</b>                                                                                                                                |
| <b>Corresponding Turkish Legislation</b> | By Law on the Control of Chemical Fertilizers                                                                                                                             |
| <b>Remarks</b>                           | In harmony                                                                                                                                                                |
| <b>3. 80/876/EEC</b>                     | <b>On straight ammonium nitrate fertilizers of high nitrogen content</b>                                                                                                  |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                       |
| <b>Remarks</b>                           | Harmonisation is required.                                                                                                                                                |
| <b>4. 87/94/EEC</b>                      | <b>On the procedures for the control of characteristics of, limits for and resistance to detonation of straight ammonium nitrate fertilizers of high nitrogen content</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                       |
| <b>Remarks</b>                           | Harmonisation is required.                                                                                                                                                |

#### **c) Necessary Institutional Changes**

There is no need for institutional change.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The Ministry of Agriculture and Rural Affairs shall enact a By-Law that will enforce the standards.

#### **e) Additional Staffing Requirement for the Implementation of Amendments and Modifications**

The Ministry of Agriculture and Rural Affairs shall set up a team of 10 personnel who will be trained on the methods applied at the reference laboratories in EU countries. Moreover, on-site examination of the application of the EU legislation would be beneficial to prevent errors that may arise during application and to accelerate the harmonization process.

#### **f) Necessary Investments**

There is a need to establish 10-15 laboratories nationwide, capable of conducting fertilizer analyses, under the body of Ministry of Agriculture and Rural Affairs. The cost of one laboratory is US\$ 250.000-300.000.

### **III- Time Schedule**

#### *Short Term*

The necessary amendments in the legislation can be completed in the short term.

#### **4.2.5.2 Psychotropic Substances**

##### **I- Priority description**

###### **a) Current Status**

Misuse of narcotic drugs and psychotropic substances intended for medical use causes many social problems, particularly with regard to health issues. Therefore, certain measures are required in order to restrict the use of narcotic drugs and psychotropic substances to medical and scientific purposes.

The Department of Narcotic Drugs and Psychotropic Substances, under the Directorate General for Pharmaceuticals and Pharmacy, Ministry of Health, carries out the manufacturing, imports, exports, purchasing, sales, domestic distribution, storage and control of narcotic drugs, psychotropic substances and preparations thereof supplied to the public. In addition, the imports, purchasing, sales and domestic stocks of certain chemical substances used in the illicit manufacture of narcotic drugs and psychotropic substances are controlled.

###### **b) EU Acquis**

The list of related EU legislation is given in Volume II.

###### **c) Implementing Institution**

- Ministry of Health, Directorate General for Pharmaceuticals and Pharmacy; for legal trade in Narcotic Drugs and Psychotropic Substances,
- Ministry of Health, Directorate General for Primary Health Care, and Directorate General for Curative Services; for the matters regarding the treatment of drug addiction,
- Ministry of Health; regarding the treatment of drug addiction,
- Ministry of Agriculture and Rural Affairs; regarding opium poppy cultivation,
- Ministry of Interior; regarding illicit drug trafficking,
- Undersecretariat for Customs; regarding customs control on drugs,
- Ministry of Justice; regarding penal action.

###### **d) Final Objective**

International conventions are in force in Turkey with regard to the related EU legislation. There are no harmonization problems as the current practices in Turkey are in accordance with the related UN Convention.

## **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

Following legislation is applied together with the circulars enacted thereon:

- 1961 UN Single Convention on Narcotic Drugs (Official Gazette No. 12596 of 12 May 1967)
- 1971 UN Convention on Psychotropic Substances (Official Gazette No. 17272 of 7 March 1981)
- 1988 UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Official Gazette No. 22551 of 11 February 1996)
- Law No. 984 of 12 March 1927 on the Pharmacies and Stores Selling Poisonous and Effective Chemicals used in the field of Art and Agriculture and the circular enacted as per article 18 of this Law.
- Law No. 1262 of 26 May 1928 on Medicinal Products
- Law No. 2313 of 12 June 1933 on the Control of Narcotic Drugs and the Decrees enacted as per this Law.
- Law No. 6197 of 24 December 1953 on Pharmacists and Pharmacy
- Decisions of the Commission established as per the By-Law on the Establishment and Functions of the Advisory Commission for Authorization of Medicinal Products (Official Gazette No. 20425 of 6 February 1990)
- Import Regime
- Communiqué on Standardization in Foreign Trade (Official Gazette No. 24083 of 18 June 2000)
- Law on Money Laundering (Official Gazette No. 22822 of 19 November 1996)

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Upon the ratification of the Protocol revising the UN Single Convention on Drugs of 1972, minor amendments required in the current legislation will also be enforced.

### **c) Necessary Institutional Changes**

This matter is considered under the scope of the restructuring of the Directorate General for Pharmaceuticals and Pharmaceutics of the Ministry of Health. In addition to the Section for the Control of Narcotic Drugs and Psychotropic Substances, and the Section for Studies on Narcotic Drugs and Psychotropic Substances, both acting under the Department of Narcotic Drugs and Psychotropic Substances, work on the establishment of a third section still continue.

### **d) Additional Requirements Stemming from the Entry into Force of the New Legislation**

Additional requirements will be determined following the completion of detailed studies.

### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

In order to carry out the work on the legislation more efficiently, Turkey is in need of qualified pharmacists, lawyers, chemical engineers/chemists and inspectors with foreign language proficiency. Upon the completion of detailed studies, different occupational groups will also be mentioned, if deemed necessary.

### **III- Time Schedule**

Medium term.

### **IV- Financing**

- Budget of the Turkish Government
- EU resources

## **4.2.6. Pharmaceuticals**

### **I- Priority description**

#### **a) Current Status**

##### Medicinal Products for Human Use

Law No 1262 on Medicinal Products when enacted in 1928, it covered almost all the concepts and principles at its time on pharmaceuticals, and most of these basic principles and rules are now still valid. However, the said Law needs to be harmonized with the EU acquis and updated and supplemented with new rules and concepts.

In Turkey, prior authorization is required before placing medicinal products for human use on the market. This matter is covered by Law No.1262 on Medicinal Products and the By-Law on Licensing for Pharmaceutical Products which entered into force one year after its publication in the Official Gazette No. 22218 of 2 March 1995.

Rules and principles used in licensing procedures to ensure efficacy, safety and appropriate quality of medicinal products, as well as practices with regard to licensed medicinal products, are defined through the By-Law.

Hence, in order to be eligible to receive a license for practicing an occupation in the field of medicine, pharmaceuticals or chemistry, it is required to have the right to execute that occupation in Turkey. The information and documents requested by the Ministry of Health are presented at the application stage for authorization. The Advisory Commission for the Authorization of Medicinal Products, set up as per By-Law No 20425 of 6 February 1990, examines the applications. Accordingly, after the medicinal products are examined on the basis of their efficacy, safety, pharmaceutical properties and their contribution to treatment, scientific opinion is presented together with the reasoning. The said Commission also makes assessment for the inclusion of new medicinal products in the list of narcotic drugs and psychotropic substances, or taking them out of these list by cancelling them.

The supervision process for medicinal products is carried out by Refik Saydam Hygiene Centre, the State Control Laboratories. The auditing conclusions on authorisation should be consistent with the information presented in the application file.

The By-Law on Pharmaceuticals and Medicinal Preparations' Manufacturing Premises (GMP) was enforced after its publication in the Official Gazette No. 18562 of 1 November 1984 to ensure the manufacturing of medicinal products in accordance with good manufacturing practices and to the required standards of efficiency, safety and quality. The By-Law covers provisions related to the place of manufacturing, the conditions and controls thereof, and the liabilities of the relevant personnel for ensuring acceptable standards in the manufacturing of pharmaceuticals, medicinal preparations, substances, materials and mixtures intended for life saving, protection of public health, or treatment. The inspectors and the supervision staff of the Ministry of Health carry out inspections at drug manufacturing sites.

In order to secure the health and safety of the consumer, the By-Law on Packaging and Labelling of Pharmaceutical and Medicinal Products for Human Use, laying down rules and procedures for the proper use of and proper labelling information for medicinal products, was enforced after its publication in the Official Gazette No. 20851 of 24 April 1991.

The By-Law on the Promotion of Pharmaceutical Products for Human Use was enforced after its publication in the Official Gazette No. 20628 of 7 September 1990, for the purpose of laying down the rules applicable to advertising of medicinal products, and thus guiding the rational use of these preparations.

The By-Law on Recall and Seizure of Pharmaceutical and Medicinal Preparations, Substances, Materials, Compounds and the Herbal Remedies, laying down the rules, authorizations, responsibilities, and controlling principles applicable for the immediate and efficient withdrawal of pharmaceuticals and preparations deemed to be improper and defective, or the use of which is dangerous, entered into force after its publication in the Official Gazette No. 19196 of 15 August 1986.

The By-Law on "Drug Research", especially dealing with clinical research issues, entered into force after it was published in the Official Gazette No. 21480 of 29 January 1993. The said By-Law lays down provisions regarding in vivo studies conducted for the purpose of researching and assessing the efficacy and/or side effects, absorption, metabolism and discharge of medicinal products. A guideline is available on "Good Clinical Practice" for implementation of the By-Law. The By-Law and the guidelines are in the process of being revised.

The objective of the By-Law on Bio-availability and Bio-equivalence Studies for Medicinal Products, published in the Official Gazette No. 21942 of 27 May 1994, is to lay down the rules and procedures related to the implementing inspections on the bio-availability and bio-equivalence of pharmaceutical preparations. It also set forth measures to be taken for examining the differentiation in bio-availability of the preparations that are equivalent in terms of pharmaceuticals, and the problems that may arise due to such differentiation with regard to insufficiency of treatment or increase in toxicity. The said By-Law also covers principles related to the examination of the preparations in terms of bio-availability and bio-equivalence, the conditions on the requirement for such examinations, criteria regarding their order of priority, the design, implementation and control of such examinations, the status of bio-availability in applications for authorization, the personnel to carry out the examination, and the place of examination.

The By-Law on Radio-pharmaceuticals, laying down the rules applicable to the registration, manufacturing and imports of radio-pharmaceuticals and for ensuring the desired efficacy, safety and quality with respect to the radio-pharmaceuticals to be applied to patients, was published in the Official Gazette No. 21797 of 23 December 1993.

The By-Law on Wholesale Distribution and Storage of Pharmaceutical Products for Human Use was published in the Official Gazette No. 23852 of 20 October 1999. The said By-Law covers provisions related to purchasing, sales, storage and transportation of medicinal pharmaceutical products, immunological products, blood products, primary substances used in the manufacturing of medicinal products, cosmetics, medical products and materials, and the conduct of these processes under appropriate conditions for ensuring the safe and quality placement of such products on the market, and withdrawing the same when deemed necessary.

The market control (supervision) of medicinal products is carried out by the Provincial Health Directorates by means of collecting samples from the market and conducting necessary examinations. This examination of samples is conducted for each individual medical product placed on the market, in the form of the final product notified to the Ministry of Health (technical content, package, prospectus, product label, etc.). During market controls, Law No. 1262 and the "By-Law and Guidelines on Good Manufacturing Practice" are applied, and when necessary, the provisions of the "By-Law on Recall and the Seizure of Pharmaceutical and Medicinal Preparations, Substances, Materials, Compounds and the Herbal Remedies" are invoked as well.

Arrangements in respect of homeopathic products intended for human use do not exist in Turkey.

A new regulation on the certification of blood and blood products, and biological products is being prepared.

Blood products used in the treatment of certain diseases and requiring advanced technology are not manufactured in Turkey and thus are imported. Work is in progress for providing problem free and timely access of such products to the patients, controlling the sales and use of these products, establishing a special prescription, certificate and registration system, and taking all additional necessary measures to develop such programmes.

Since January 2001 the certification of blood products and biological products, issuing of import authorisation for blood products and apheresis kits, pricing, legislative and related statistical works have



fallen in with the responsibilities of the Ministry of Health. The Ministry has been designated with the specific task of handling prescriptions, card systems and establishing a registration system for blood products.

#### Veterinary Medicinal Products

The services for veterinary medicinal products are provided by the Division of Veterinary Medicinal Products under the Directorate of Supply for Medicinal Products and Equipment of the Directorate General for Protection and Control, the Ministry of Agriculture and Rural Affairs. Technical staff consists of 3 veterinarians and 1 chemical engineer.

Analyses of veterinary medicinal products are generally conducted at Refik Saydam Hygiene Centre under the Ministry of Health. A laboratory was also established within Pendik Control and Research Institute for the same purpose.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

- Ministry of Health; for medicinal products intended for human use,
- Ministry of Agriculture and Rural Affairs; for veterinary medicinal products,
- Turkish Patent Institute; for supplementary protection certificates for medicinal products.

#### **d) Final Objective**

Adoption and implementation of the said EU acquis.

### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

##### Medicinal Products Intended for Human Use

- Law No 1262 on Medicinal Products (Official Gazette No. 898 of 26 May 1928)
- By-Law on the Establishment and Functions of the Advisory Commission for Authorization of Medicinal Products (Official Gazette No. 20425 of 6 February 1990)
- By-Law on Licensing for Pharmaceutical Products (Official Gazette No. 22218 of 2 March 1995)
- Guidelines on Type I and Type II Variation of Pharmaceutical Products Registered or Applied for Registration (in force since January 1 2000)
- By-Law on Drug Research (Official Gazette No. 21480 of 29 January 1993)
- By-Law on of Bio-availability and Bio-equivalence Studies for Medicinal Products (Official Gazette No. 21942 of 27 May 1994)
- Guidelines of Good Clinical Practice (GCP)
- Guidelines of Good Laboratory Practice (GLP)
- By-Law on Pharmaceutical and Medicinal Preparations' Manufacturing Premises (GMP) (Official Gazette No. 18562 of 1 November 1984)

- Guidelines of Good Manufacturing Practice (1995)
- By-Law on Recall and the Seizure of Pharmaceutical and Medicinal Preparations, Substances, Materials, Compounds and the Herbal Remedies (Official Gazette No. 19196 of 15 August 1986)
- By-Law on Importation of Drug Materials, Starting Materials-Pharmaceuticals and Medicinal Preparations (Official Gazette No. 18562 of 1 November 1984)
- By-Law on Radio-pharmaceuticals (Official Gazette No. 21797 of 23 December 1993)
- Pharmaceutical Price Decree (Official Gazette No. 18619 of 28 December 1984)
- By-Law on Wholesale Distribution and Storage of Pharmaceutical Products for Human Use (Official Gazette No. 23852 of 20 October 1999)
- Guidelines on Wholesale Distribution and Storage of Pharmaceutical Products for Human Use (The Communiqué of the Directorate General for Pharmaceuticals and Pharmacy, Ministry of Health No.28196 of 22 October 1999)
- By-Law on Packaging and Labelling of Pharmaceutical and Medicinal Products for Human Use (Official Gazette No. 20851 of 24 April 1991)
- By-Law on Promotion of Pharmaceutical Products for Human Use (Official Gazette No. 20628 of 7 September 1990)
- A Circular of the Ministry of Health on the Colouring Matters for the Medicinal Products of 10 October 1995
- Decree Law No. 551 Pertaining to Protection of Patents (Official Gazette No. 22326 of 27 June 1995)
- Decree Law No. 566 Amending the Decree Law No. 551 Pertaining to Protection of Patents (Official Gazette No. 22412 of 22 September 1995)

#### Veterinary Medicinal Products

- By-Law on Classification and Authorization of Veterinary Pharmaceuticals and Medicinal Preparations
- By-Law on Labelling of Veterinary Pharmaceuticals and Medicinal Preparations
- By-Law No. 96/10 on the Veterinary Pharmaceutical and Medicinal Products and the Related Instructions

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

There exist minor shortcomings that need to be revised in the applicable legislation on the authorization, pharmaco-toxicological studies, pricing, classification, packaging, prospectuses and advertising of medicinal products intended for human use. There is no legal arrangement on homeopathic products intended for human use.

The establishment of a system on the monitoring and assessment of safety for medicinal products (pharmaco-vigilance) is required (Preparatory work is in progress on the draft By-Law).

The acquis regarding the European Agency for Medicinal Products is binding for the Member States of the Union. Although Turkey does not have any obligation to adopt the said arrangement before accession, the establishment of a body having a similar function is planned. However, the completion of such a comprehensive structure is expected to extend to the medium term.

Establishment of a new system for blood products is required. (Preparatory work is in progress).

## Medicinal Products

|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. 65/65/EEC</b></p>                      | <p><b>Council Directive on the approximation of provisions laid down by Law, Regulation or Administrative Action relating to proprietary medicinal products</b></p>                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Corresponding Turkish Legislation</b></p> | <ul style="list-style-type: none"> <li>• Law No 1262 on Medicinal Products Official Gazette No. 898 of 26 May 1928</li> <li>• By Law on Licensing for Pharmaceutical Products, Official Gazette No. 22218 of 2 March 1995</li> <li>• By Law on the Establishment and Functions of the Advisory Commission for Authorization of Medicinal Products (Official Gazette No. 20425 of 16 February 1990)</li> <li>• Guidelines on the Type I and Type II Variation of Pharmaceutical Products Registered or Applied for Registration (is in force since January 1, 2000)</li> </ul> |
| <p><b>Remarks</b></p>                           | <p>The corresponding legislation is in general in harmony, however, certain shortcomings are need to be revised.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p><b>2. 75/318/EEC</b></p>                     | <p><b>Council Directive on the approximation of the laws of Member States relating to analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of proprietary medicinal products</b></p>                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Corresponding Turkish Legislation</b></p> | <ul style="list-style-type: none"> <li>• Law No 1262 on Medicinal Products Official Gazette No. 898 of 26 May 1928</li> <li>• By Law on Licensing for Pharmaceutical Products, Official Gazette No. 22218 of 2 March 1995</li> <li>• By Law on Drug Research, Official Gazette No. 21480 of 29 January 1993</li> <li>• By Law on Bio-availability and Bio-equivalence Studies for Medicinal Products, Official Gazette No. 21942 of 27 May 1994</li> <li>• Guidelines of Good Clinical Practice</li> <li>• Guidelines of Good Laboratory Practice</li> </ul>                  |
| <p><b>Remarks</b></p>                           | <p>The corresponding legislation is in general in harmony, however, certain shortcomings are need to be revised.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. 75/319/EEC                            | <b>Second Council Directive on the approximation of provisions laid down by Law, Regulation or Administrative Action relating to proprietary medicinal products (amending Council Directive 65/65/EEC)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• Law No 1262 on Medicinal Products Official Gazette No. 898 of 26 May 1928</li> <li>• By Law on Licensing for Pharmaceutical Products, Official Gazette No. 22218 of 2 March 1995</li> <li>• By Law on Drug Research, Official Gazette No. 21480 of 29 January 1993</li> <li>• By Law on Bio-availability and Bio-equivalence Studies for Medicinal Products, Official Gazette No. 21942 of 27 May 1994</li> <li>• By Law on Pharmaceuticals and Medical Preparations' Manufacturing Premises (GMP), Official Gazette No. 18562 of 1 November 1984</li> <li>• Guidelines of Good Manufacturing Practice (1995)</li> <li>• By Law on Recall and the Seizure of Pharmaceutical and Medicinal Preparations, Substances, Materials, Compounds and the Herbal Remedies, Official Gazette No. 19196 of 15 August 1986</li> <li>• By Law on Importation of Drug Materials, Starting Materials-Pharmaceuticals and Medicinal Preparations, Official Gazette No. 18562 of 1 November 1984</li> </ul> |
| <b>Remarks</b>                           | The corresponding legislation is in general in harmony, however, certain shortcomings are need to be revised.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 4. 75/320/EEC                            | <b>Council Decision on setting up a pharmaceutical committee</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Remarks</b>                           | There is no applicable arrangement in Turkey regarding this matter.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 5. 78/25/EEC                             | <b>Council Directive on the approximation of the laws of the Member States relating to the colouring matters which may be added to medicinal products</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Corresponding Turkish Legislation</b> | A Circular of the Ministry of Health on the Colouring Materias for the Medicinal Products of 10 October 1995.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Remarks</b>                           | It is in harmony with the relevant EU Directive                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

|                                          |                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>6. 88/320/EEC</b>                     | <b>Council Directive on the inspection and verification of Good Laboratory Practices</b>                                                                                                                                                                                                                                            |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                 |
| <b>Remarks</b>                           | Although there is no corresponding Turkish legislation, there exists guidelines on "Good Laboratory Practice".                                                                                                                                                                                                                      |
| <b>7. 89/105/EEC</b>                     | <b>Council Directive relating to the transparency of measures regulating the prices of medicinal products and their inclusion in the scope of national health insurance systems</b>                                                                                                                                                 |
| <b>Corresponding Turkish Legislation</b> | Pharmaceutical Price Decision, Official Gazette No. 18619 of 28 December 1984                                                                                                                                                                                                                                                       |
| <b>Remarks</b>                           | Although there is an applicable Decree, further revisions are needed.                                                                                                                                                                                                                                                               |
| <b>8. 89/342/EEC,</b>                    | <b>Council Directive widening the scope of the Directives Nos. 65/65/EEC and 75/319/EEC and laying down additional provisions related to the immunological medicinal products containing vaccine, allergen and toxin or serum.</b>                                                                                                  |
| <b>Corresponding Turkish Legislation</b> | ....                                                                                                                                                                                                                                                                                                                                |
| <b>Remarks</b>                           | The Ministry of Health will make the necessary legal arrangements                                                                                                                                                                                                                                                                   |
| <b>9. 89/343/EEC</b>                     | <b>Council Directive widening the scope of the Directives Nos. 65/65/EEC and 75/319/EEC and laying down additional provisions on the radio-pharmaceuticals</b>                                                                                                                                                                      |
| <b>Corresponding Turkish Legislation</b> | By Law on Radio-pharmaceuticals, Official Gazette No. 21797 of 23 December 1993                                                                                                                                                                                                                                                     |
| <b>Remarks</b>                           | It is in harmony.                                                                                                                                                                                                                                                                                                                   |
| <b>10. 89/381/EEC</b>                    | <b>Council Directive widening the scope of the Directives Nos. 65/65/EEC and 75/319/EEC on the approximation of provisions laid down by Law, Regulation or Administrative Action relating to proprietary medicinal products and laying down additional provisions on the medicinal products obtained from human blood or plasma</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                 |
| <b>Remarks</b>                           | The Ministry of Health will make the necessary legal arrangements                                                                                                                                                                                                                                                                   |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>11. 91/356/EEC</b>                    | <b>Commission Directive laying down the principles and guidelines of good manufacturing practice for medicinal products for human use</b>                                                                                                                                                                                                                                                                                    |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• By Law on Pharmaceuticals and Medical Preparations' Manufacturing Premises (GMP), Official Gazette No. 18562 of 1 November 1984</li> <li>• Guidelines of Good Manufacturing Practice (1995)</li> </ul>                                                                                                                                                                              |
| <b>Remarks</b>                           | It is in harmony.                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>12. 92/25/EEC</b>                     | <b>Council Directive on the wholesale distribution of medicinal products for human use</b>                                                                                                                                                                                                                                                                                                                                   |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• By Law on Wholesale Distribution and Storage of Pharmaceutical Products for Human Use, Official Gazette No. 23852 of 20 October 1999</li> <li>• Guidelines on Wholesale Distribution and Storage of Pharmaceutical Products for Human Use, (The Communiqué of the Directorate General for Pharmaceuticals and Pharmacy, Ministry of Health No. 28196 of 22 October 1999)</li> </ul> |
| <b>Remarks</b>                           | It has been approximated                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>13. 92/26/EEC</b>                     | <b>Council Directive concerning the classification for the supply of medicinal products for human use</b>                                                                                                                                                                                                                                                                                                                    |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• Law No 1262 on Medicinal Products Official Gazette No. 898 of 26 May 1928</li> <li>• By Law on Licensing for Pharmaceutical Products, Official Gazette No. 22218 of 2 March 1995</li> </ul>                                                                                                                                                                                         |
| <b>Remarks</b>                           | There is an implementation in force regarding this matter, however, further arrangements are needed.                                                                                                                                                                                                                                                                                                                         |
| <b>14. 92/27/EEC</b>                     | <b>Council Directive on the labelling of medicinal products for human use and on package leaflets</b>                                                                                                                                                                                                                                                                                                                        |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• By Law on Packaging and Labelling of Pharmaceutical and Medicinal Products, Official Gazette No. 20851 of 24 April 1991</li> </ul>                                                                                                                                                                                                                                                  |
| <b>Remarks</b>                           | The related By Law is in force, however, there are shortcomings need to be revised.                                                                                                                                                                                                                                                                                                                                          |

|                                          |                                                                                                                                                                                                                                                                                                         |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>15. 92/28/EEC</b>                     | <b>Council Directive on the advertising of medicinal products for human use</b>                                                                                                                                                                                                                         |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>By Law on Promotion of Pharmaceutical Products for Human Use, Official Gazette No. 20628 of 7 September 1990</li> </ul>                                                                                                                                          |
| <b>Remarks</b>                           | The related By Law is in force, however, certain shortcomings are required to be revised.                                                                                                                                                                                                               |
| <b>16. 92/73/EEC</b>                     | <b>Council Directive widening the scope of the Directives Nos. 65/65/EEC and 75/319/EEC on the approximation of provisions laid down by Law, Regulation or Administrative Action relating to proprietary medicinal products and laying down additional provisions on homeopathic medicinal products</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                     |
| <b>Remarks</b>                           | There is no arrangement in Turkey regarding this matter.                                                                                                                                                                                                                                                |
| <b>17. 1768/92/EEC</b>                   | <b>Council Regulation concerning the creation of a supplementary protection certificate for medicinal products</b>                                                                                                                                                                                      |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>Decree Law No. 551 Pertaining to the Protection of Patents; Official Gazette No. 22326 of 27 June 1995 and the Decree Law No. 566 Amending the said Decree Law; Official Gazette No. 22412 of 22 September 1995</li> </ul>                                       |
| <b>Remarks</b>                           | Turkish Patent Institute is responsible for implementing the said Decree.                                                                                                                                                                                                                               |
| <b>18. 93/41/EEC</b>                     | <b>Council Directive repealing Directive 87/22/EEC on the approximation of national measures relating to the placing on the market of high- technology medicinal products, particularly those derived from biotechnology</b>                                                                            |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                     |
| <b>Remarks</b>                           | There is no corresponding arrangement in Turkey.                                                                                                                                                                                                                                                        |
| <b>19. 2309/93/EC</b>                    | <b>Council Regulation laying down Community procedures for the authorization and supervision of medicinal products for human and veterinary use and establishing a European Agency for the Evaluation of Medicinal Products</b>                                                                         |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                     |
| <b>Remarks</b>                           | Although the said Community arrangement is binding for the member States, it is proposed to introduce a structure in Turkey vested with a function similar to that of the European Agency for Medicinal Products                                                                                        |

|                                          |                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 20. 297/95/EC                            | <b>Council Regulation on the fees payable to the European Agency for Medicinal Products</b>                                                                                                                                                                                                                                                                                                  |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Remarks</b>                           | Although the said Community arrangement is binding for the member States, it is proposed to undergo a structuring vested with a function similar to that of the European Agency for Medicinal Products in Turkey.                                                                                                                                                                            |
| 21. 540/95/EC                            | <b>Council Regulation on the adoption of the reporting for the minor contingent adverse effects of the medicinal products intended for human use and veterinary use circulating within the Community or sent to the third countries</b>                                                                                                                                                      |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Remarks</b>                           | The works on a draft By Law for the monitoring and assessment of safety for medicinal products still continue.                                                                                                                                                                                                                                                                               |
| 22. 541/95/EC                            | <b>Council Regulation on the assessment of the variations for the marketing licenses received by the competent authority of a Member State</b>                                                                                                                                                                                                                                               |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• Law on Medicinal Products, Official Gazette No. 898 of 26 May 1928</li> <li>• By Law on Licensing for Pharmaceutical Products, Official Gazette No. 22218 of 2 March 1995</li> <li>• Guidelines on the Type I and Type II Variation of Pharmaceutical Products Registered or Applied for Registration (is in force since January 1,2000)</li> </ul> |
| <b>Remarks</b>                           | Guidelines on the marketing variations are in harmony with the relevant acquis of the Community. However, there is no applicable By Law on variations.                                                                                                                                                                                                                                       |
| 23. 542/95/EC                            | <b>Council Regulation on the assessment of the variations of authorization for marketing under the scope of 2309/93/EEC</b>                                                                                                                                                                                                                                                                  |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• Law on Medicinal Products Official Gazette No. 898 of 26 May 1928</li> <li>• By Law on Licensing for Pharmaceutical Products, Official Gazette No. 22218 of 2 March 1995</li> <li>• Guidelines on the Type I and Type II Variation of Pharmaceutical Products Registered or Applied for Registration (is in force since January 1,2000)</li> </ul>  |



|                                          |                                                                                                                                                     |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Remarks</b>                           | Guidelines on the variations are in harmony with the relevant acquis of the Community. However, there is no applicable By Law on variations.        |
| <b>24. 2141/96/EC</b>                    | <b>Council Regulation on the assessment of the applications for the transfer of marketing authorization received under the scope of 2309/93/EEC</b> |
| <b>Corresponding Turkish Legislation</b> | By Law on Licensing for Pharmaceutical Products, Official Gazette No. 22218 of 23 March 1995                                                        |
| <b>Remarks</b>                           | It is a matter to be considered after becoming full member since such authorizations are vested by the Community.                                   |

Work on the preparation of a By-Law on the certification of blood, blood products and biological products, is in progress.

The ongoing works to establish a special prescription, health certificate and registration system for blood products and additional programmes are to be completed and implemented as of 2001.

#### Veterinary Medicinal Products

There is a need to introduce a "Law on Animal Health Products". Thus, arrangements within the framework of an integrated approach can be made for licensing of veterinary medicinal products and biological substances, their places of production, acceptable technical and hygienic conditions for production, storage, sales and distribution channels, advertising, control, importation and exportation, offences and penalties.

The current status of the legislation related to the veterinary medicinal products is listed in the below given table.

|                                          |                                                                                                                                                                                                   |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. 81/851/EEC</b>                     | <b>Veterinary medicinal products</b>                                                                                                                                                              |
| <b>Corresponding Turkish Legislation</b> | "By-Law on Classification and Authorization of Veterinary Pharmaceuticals and Medicinal Preparations"<br><br>"By-Law on Labelling of Veterinary Pharmaceuticals and Medicinal Preparations"       |
| <b>Remarks</b>                           | This legislation is in harmony. However as it has a limited scope, a new by law, which is wider in scope, has been prepared to replace the previous one. The new by law will be enforced in 2001. |
| <b>2. 81/852/EEC</b>                     | <b>The analytical, pharmaco-toxicological and clinical standards and protocols in respect of the testing of veterinary medicinal products</b>                                                     |
| <b>Corresponding Turkish Legislation</b> | By-Law No. 96/10 on the Veterinary Pharmaceutical and Medicinal Products and the Related Instructions                                                                                             |
| <b>Remarks</b>                           | This legislation is in harmony. However as it has a limited scope, a new by law, which is wider in scope, has been prepared to replace the previous one. The new by law will be enforced in 2001. |

|                                          |                                                                                                                                                                                                                                                           |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3. 91/412/EEC</b>                     | <b>The principles and guidelines of good manufacturing practice for veterinary medicinal products</b>                                                                                                                                                     |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                       |
| <b>Remarks</b>                           | It will be possible to enforce this By-law within 2 months, for which technical assistance is needed.                                                                                                                                                     |
| <b>4. 92/74/EEC</b>                      | <b>Directive on widening the scope the approximation of provisions laid down by Law, Regulation or Administrative Action relating to veterinary medicinal products and laying down additional provisions on homeopathic veterinary medicinal products</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                       |
| <b>Remarks</b>                           | A new by law which is in harmony with the relevant Directive has been prepared but not enforced yet. The related instructions are being worked on.                                                                                                        |
| <b>5. 86/609/EEC</b>                     | <b>The approximation of laws, by laws and administrative provisions of the Member States regarding the protection of animals used for experimental and other scientific purposes</b>                                                                      |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                       |
| <b>Remarks</b>                           | Harmonisation works will be initiated in the near future.                                                                                                                                                                                                 |

### **c) Necessary Institutional Changes**

The EU acquis related to the European Agency for Medicinal Products is binding for the Member States of the Union. Although Turkey does not have any corresponding obligation before accession, it is envisaged to bring about a structure vested with a similar function to the European Agency for medicinal products. The administrations of medicinal products in France and Germany have been taken as the reference model and also, cosmetics are planned to be considered under this framework. However, the completion of such a comprehensive structure will extend beyond the medium term.

A new structure is needed for blood products.

The establishment of an Institute for Veterinary Medicinal Products is required.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Within the framework of the establishment of the Turkish Pharmaceuticals Authority, the following need to be completed:

- Meeting the conditions for membership to the Pharmaceutical Inspection Convention-PIC, for the harmonization of the inspection system with that of the EU,
- Setting up a revolving capital fund for this authority to help ensure proper functioning.

The Directorate General for Pharmaceuticals and Pharmacy, Ministry of Health, is to be restructured and its status needs to be redefined following the establishment of Turkish Pharmaceuticals Authority.

In addition, with the establishment of the Turkish Accreditation Council, it becomes important to establish and put into operation internationally accepted accreditation laboratories for the efficient functioning of the system as a whole.

The division for veterinary medicinal products under the Ministry of Agriculture and Rural Affairs needs to be reorganized as a department and administrative activities need to be reinforced with necessary infrastructure. It is also a priority to strengthen the proper functioning of the central authority and provide

additional work incentives, procurement of sensitive instruments and advanced equipment for the laboratories.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Within the context of new restructuring activities, there is a particular emphasis on organising postgraduate courses and special training programmes in cooperation with universities so as to meet staffing requirements and to upgrade the qualifications of existing personnel. It will also be beneficial to send technical personnel to certain European countries for on-site training in order to assess the actual implementation. Training of the personnel employed at the laboratory of Refik Saydam Hygiene Centre, Ministry of Health, is also essential as this laboratory will be modernised.

Within this context, for the purpose of gaining proper experience in certification procedures for blood and blood products, facilitating the efficacy of implementation and inspection, there is a need for the training of two technical personnel for a reasonable period in the Netherlands or in Belgium (a period of two months seems to be sufficient for such training).

Moreover, it is planned to assign two personnel to Germany or France for on-site training for a period of three months to learn the working disciplines of the reference laboratories.

To ensure harmonization with the European Union it would be highly beneficial to train technical personnel in European countries on such matters as the standardization of laboratories and the training of inspectors.

Additionally, there is also a need for well-trained technical personnel and a strong infrastructure to continue with the projects on blood and blood products.

The requirements that are to be met in the forthcoming years for veterinary medicinal products are listed below:

- Increasing the number of personnel employed at the related division of the Ministry of Agriculture and Rural Affairs to 16,
- Increasing the number of personnel employed at the laboratories to a minimum of 12 and hiring chemists and pharmacists along with veterinarians,
- Providing short term training for laboratory staff on the basic analyses and good laboratory practice (GLP),
- Providing training for at least two of the personnel on good manufacturing practice (GMP) to allow for the establishment of manufacturing facilities and their efficient inspection,
- Employing in laboratories the personnel experienced in the pharmaceuticals sector,
- Enforcing the practices for encouraging the employment of experts,
- Providing foreign language training for all personnel,
- Providing training abroad for personnel on new pharmaceutical compounds and analyses.

#### **e) Necessary Investments**

The draft By-Law on the establishment of the Turkish Pharmaceuticals Authority is considered quite important from the point of view of the Ministry of Health. Within this framework a project was submitted to the Undersecretariat of the State Planning Organization. However, instead of the budget amount requested for the project, for the year 2001 TL. 5 billion was allocated under the investment item of the Budget of the Ministry of Health. The allocation of TL. 5 billion will be used towards necessary works under this project.

In order to ensure the proper functioning of the Turkish Pharmaceuticals Authority, it is planned to improve the laboratory conditions of the Refik Saydam Hygiene Center, active in the field of pharmaceuticals and

cosmetics, and to establish an efficient computer network infrastructure with file recognition and electronic environment.

It is important to modernize the laboratories for cosmetics and biotechnological products and establish European standard quality control laboratories for radio-pharmaceutical products and gases for medical use. Furthermore, it is necessary to establish a reference laboratory for the analysis of blood products.

### **III- Time Schedule**

The modifications are to be completed in the medium term.

### **IV- Financing**

The facilities stated below are considered as financing resources.

- MEDA II (Mediterranean Development Programme)
- Funds to be allocated within the framework of the Regulations on European Strategy/ Pre-Accession Strategy
- Other resources of the European Union
- Sectoral Non-Governmental Organizations
- Other international institutions

## **4.2.7. Cosmetics**

### **I- Priority Description**

#### **a) Current Status**

The By-Law on Cosmetics published in the Official Gazette No. 21899 of 8 April 1994 sets forth the principles for manufacturing, import authorization and control of cosmetic products to ensure that they are not harmful. Accordingly, the By-Law covers provisions on the classification, manufacturing and import authorization, packaging information, control and advertising, manufacturing conditions and measures related to cosmetics.

Prior authorization is required for marketing of cosmetic products. Although applications for the method of analysis of these products do exist in practice, there is no separate regulation in Turkish legislation.

#### **b) EU Acquis**

The list of relevant EU acquis is given in Volume II.

#### **c) Implementing Institution**

Ministry of Health

#### **d) Final Objective**

Adoption and implementation of the said EU acquis.

## II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications

### a) The Corresponding Turkish Legislation

- Law No 3977 on Cosmetics (Official Gazette No. 21861 of 23 February 1994)
- By-Law on Cosmetic (Official Gazette No. 21899 of 8 April 1994)
- By-Law Amending Cosmetic By-Law (Official Gazette 23244 of 28 January 1998)

#### Cosmetics

|                                          |                                                                                                                                                                                                                                                                                                 |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. 76/768/EEC</b>                     | <b>Council Directive on the approximation of the laws of the Member States relating to cosmetic products</b>                                                                                                                                                                                    |
| <b>Corresponding Turkish Legislation</b> | <ul style="list-style-type: none"> <li>• Law No 3977 on Cosmetics, Official Gazette No. 21861 of 23 February 1994)</li> <li>• By Law on Cosmetic (Official Gazette No. 21899 of 8 April 1994)</li> <li>• By Law Amending Cosmetic By Law (Official Gazette 23244 of 28 January 1998)</li> </ul> |
| <b>Remarks</b>                           | In Harmony                                                                                                                                                                                                                                                                                      |
| <b>2. 78/45/EEC</b>                      | <b>Council Directive on the setting up a Committee for Cosmetology</b>                                                                                                                                                                                                                          |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                             |
| <b>Remarks</b>                           | No regulation exists in Turkey concerning this matter.                                                                                                                                                                                                                                          |
| <b>3. 80/1335/EEC</b>                    | <b>First Commission Directive on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products</b>                                                                                                             |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                             |
| <b>Remarks</b>                           | Although similar implementations do exist in practice, there is no separate regulation in Turkish legislation. The harmonization process is ongoing.                                                                                                                                            |
| <b>4. 82/434/EEC</b>                     | <b>Second Commission Directive on the approximation of the Laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products</b>                                                                                                            |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                             |
| <b>Remarks</b>                           | Although similar implementations do exist in practice, there is no separate regulation in Turkish legislation. The harmonization process is ongoing.                                                                                                                                            |

|                                   |                                                                                                                                                                                                                                                                                                 |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. 83/514/EEC                     | <b>Third Commission Directive on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products</b>                                                                                                             |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                                                                                                                             |
| Remarks                           | Although similar implementations do exist in practice, there is not a separate regulation in Turkish legislation. The harmonization process is ongoing.                                                                                                                                         |
| 6. 85/490/EEC                     | <b>Fourth Commission Directive on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products</b>                                                                                                            |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                                                                                                                             |
| Remarks                           | Although similar implementations do exist in practice, there is no separate regulation in Turkish legislation. The harmonization process is ongoing.                                                                                                                                            |
| 7. 87/137/EEC                     | <b>Ninth Commission Directive on the adoption of the technical process of the annexes to the Council Directive on the approximation of the laws of the Member States relating to cosmetic products<br/>(Amending Council Directive 76/768/EEC)</b>                                              |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                                                                                                                             |
| Remarks                           | No corresponding regulation exists in Turkey concerning this matter.                                                                                                                                                                                                                            |
| 8. 93/73/EEC                      | <b>Fifth Commission Directive on the approximation of the laws of the Member States relating to the methods of analysis necessary for checking composition of cosmetic products</b>                                                                                                             |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                                                                                                                             |
| Remarks                           | Although similar implementations do exist in practice, there is not a separate regulation in Turkish legislation. The harmonization process is ongoing.                                                                                                                                         |
| 9. 95/17/EC                       | <b>Commission Directive laying down detailed rules for the application of the relevant Council Directive as regards the list used for the labelling of cosmetic products</b>                                                                                                                    |
| Corresponding Turkish Legislation | <ul style="list-style-type: none"> <li>- Law No 3977 on Cosmetics (Official Gazette No. 21861 of 23 February 1994)</li> <li>- By Law on Cosmetic (Official Gazette No. 21899 of 8 April 1994)</li> <li>- By Law Amending Cosmetic By Law (Official Gazette 23244 of 28 January 1998)</li> </ul> |
| Remarks                           | In Harmony.                                                                                                                                                                                                                                                                                     |
| 10. 95/32/EC                      | <b>Sixth Commission Directive on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products</b>                                                                                                             |
| Corresponding Turkish Legislation | ...                                                                                                                                                                                                                                                                                             |
| Remarks                           | Although similar implementations do exist in practice, there is no separate regulation in Turkish legislation. The harmonization process is ongoing.                                                                                                                                            |

|                                          |                                                                                                                                                                                       |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>11. 96/335/EC</b>                     | <b>Commission Directive on establishing an inventory and a common nomenclature of ingredients employed in cosmetic products</b>                                                       |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                   |
| <b>Remarks</b>                           | No corresponding regulation exists in Turkey concerning this matter.                                                                                                                  |
| <b>12. 96/45/EC</b>                      | <b>Seventh Commission Directive on the approximation of the laws of the Member States relating to methods of analysis necessary for checking the composition of cosmetic products</b> |
| <b>Corresponding Turkish Legislation</b> | ...                                                                                                                                                                                   |
| <b>Remarks</b>                           | Although similar implementations do exist in practice, there is no separate regulation in Turkish legislation. The harmonization process is ongoing.                                  |

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Prior authorization is required for marketing cosmetic products. This situation creates a technical barrier to trade that can be overcome through adopting market control methods applied in EU countries. Thus, necessary arrangements on the methods of analysis for cosmetic products need to be completed.

#### **c) Necessary Institutional Changes**

Cosmetic products will be considered under the Turkish Medicinal Products Agency.

Moreover, the General Directorate for Pharmaceuticals and Pharmacy, Ministry of Health will have to be restructured and its status redefined following the establishment of the Turkish Medicinal Products Agency.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Necessary arrangements for monitoring the methods of analysis for cosmetic products need to be concluded.

In addition, subsequent to the establishment of the Turkish Accreditation Council, it is very important to establish and implement internationally accepted accreditation laboratories for the efficient functioning of the system as a whole.

#### **e) Additional Staffing Requirement for the Implementation of Amendments and Modifications**

Reorganization activities within the framework of the Turkish Medicinal Products Agency will necessitate graduate or special training programmes in close cooperation with universities to attain the required number of qualified personnel.

Similar training programmes will be necessary for the personnel employed at the laboratory of the Refik Saydam Hygiene Centre, which will be modernized.

#### **f) Necessary Investments**

It is necessary to improve laboratory conditions or establish new ones. In this respect, improvement and modernisation of the laboratory services of the Refik Saydam Hygiene Centre, responsible for the analysis of the ingredients of cosmetic products, is particularly important from the point of view of harmonizing with the acquis.

### **III- Time Schedule**

It will be effected in the medium term.

## **IV- Financing**

Possible financing sources are given below:

- MEDA II (Mediterranean Development Programme)
- Funds to be allocated within the framework of Regulations on Pre-Accession/European Strategy
- Other EU resources
- Sectoral Non-Governmental Organizations
- Other international financial institutions

### **4.2.8. Legal Metrology and Pre-packaging**

#### **I- Priority description**

##### **a) Current Status**

In order to achieve a metrology system for international monitoring necessary work is being carried out to overcome the infrastructural inadequacies in calibration services required for the manufacturing and use of measurement equipment in trade. Accordingly, efforts continue for the restructuring of the provincial laboratories.

The Ministry of Industry and Trade is the responsible authority for legal metrology. Law No. 3516 on Metrology and Calibration entered into force on January 21, 1989. This Law aims at the manufacturing and use of all measurement equipment in Turkey, in conformity with international unit systems and properly calibrated according to the needs of the national economy and public interest.

For this purpose, measurement equipment covered by this law is subject to a number of inspections - initial, periodic, sudden, upon complaint, stock inspection - by the Metrology and Calibration Organization established under 80 provincial directorates of the Ministry of Industry and Trade. Those in conformity with requirements are stamped or certified. Within the framework of "Turkey-Germany Technical Cooperation Agreement", a project signed between the governments of the parties on September 13, 1993 regarding "The Development of Metrology and Calibration in Turkey" is being carried out. Under the scope of this project and the Metrology Investment Program, it is planned to control measurement equipment used in trade periodically and, establishing an autonomous organization for metrological control within the Ministry of Industry and Trade. Through these projects, Measurement and Calibration Organization in 80 provinces will be supplied with necessary equipment, tools and measurement etalons.

Under the aforementioned Project on the "Development of Metrology and Calibration in Turkey", Metrology and Calibration laboratories have been established in 6 pilot provinces (Ankara, İstanbul, Konya, İzmir, Gaziantep and Samsun) for periodic control of measurement equipment. These six laboratories, which will be a model for the remaining 74 provinces, are supplied with fully equipped fuel oil scaled vehicles, inspection equipment and etalons, provided partly by Germany and partly by Turkey. In this respect, 10 personnel from the Directorate General for Measurement and Standards and the related personnel from the pilot provinces were trained for one year at the PTB Institute in Germany.

Turkey is a correspondent member of OIML, and full member to BIMP in the field of legal metrology.

The institution responsible for Scientific Metrology in Turkey is the National Metrology Institute (UME) acting under the Turkish Scientific and Technical Researches Institution (TÜBİTAK). UME is full member to EUROMET. UME and TSE are also in charge of industrial metrology, in other words, calibration. UME can monitor through the German PTB.



## **b) EU Acquis**

The related list of the EU acquis is given in Volume II.

## **c) Implementing Institution**

The harmonization of the technical legislation on measuring instruments used in trade is carried out under the coordination of the Directorate General for Measurements and Standards, Ministry of Industry and Trade.

## **d) Final Objective**

To establish and implement an autonomous legal metrology system in Turkey to ensure the calibration and monitoring of measurement and weighing instruments for consumer use.

## **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

Staff in the central and provincial offices of the Ministry of Industry and Trade perform market surveillance in accordance with Law No. 3516 on "Measurement and Calibration" and the related legislation (By-Laws, communiqués, instructions, etc.) enacted as per this Law.

The relevant legislation is as follows: "By-Law on the Inspection of Non-Automatic Weighing Instruments", enforced on April 15, 2000; "By-Law on the Inspection of Measurements and Measuring Instruments", enforced on April 27, 1994; "By-Law on the Procedures regarding the Importation and Exportation of Measurements and Measuring Instruments", enforced on February 17, 2000; "By-Law on Marking Registry and Type and System Approval of the Measurements and Measuring Instruments" enforced on February 21, 2000.

To this end, 6 of the 25 main directives related to Measuring Instruments effected as By-Laws are listed below. The studies on the remaining Directives are ongoing.

#### Harmonized Legislation on Legal Metrology and Pre-Packaging

1. 71/317/EEC (Corresponding Turkish Legislation Official Gazette No. 22835 of 2 December 1996)
2. 74/148/EEC (Corresponding Turkish Legislation Official Gazette No. 22835 of 2 December 1996)
3. 86/217/EEC (Corresponding Turkish Legislation Official Gazette No. 24296 of 23 January 2001)
4. 76/766/EEC (Corresponding Turkish Legislation Official Gazette No. 24317 of 13 February 2001)
5. 76/765/EEC (Corresponding Turkish Legislation Official Gazette No. 24318 of 14 February 2001)
6. 76/891/EEC (Corresponding Turkish Legislation Official Gazette No. 24319 of 15 February 2001)

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The related EU legislation will be embodied in the Turkish legal system through By-Laws.

### **c) Necessary Institutional Changes**

Within the framework of the Project on "The Development of Metrology and Calibration in Turkey" and the Metrology Project laid down in the Annual Investment Programmes since 1991, it is planned to establish an autonomous organization for metrological control within the Ministry of Industry and Trade to ensure monitoring between the said Ministry, the National Metrology Institute and the Turkish Standards Institute, and to perform periodic checks on the measurement instruments used in trade which are under the responsibility of the Ministry of Industry and Trade.

Moreover, in order to perform metrology and calibration activities in a more effective, accelerated and efficient manner throughout the country, the establishment of a Central Laboratory for Metrology and Calibration, and providing the functioning of the provincial laboratories with qualified personnel and full equipment is also crucial.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Companies are also required to take the necessary measures to follow developments under the harmonization process. Thus, the private sector needs to be informed.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Additional staff is required in the medium term. Additionally, the personnel working at the central laboratory and the provincial laboratories need to be trained.

#### **f) Necessary Investments**

With regard to metrology, investment is required for the establishment of a Central Laboratory and associated facilities, along with provincial laboratories.

### **III- Time Schedule**

#### *Short Term*

It is planned to complete the major part of the harmonization process within 2001.

### **IV- Financing**

The Administrative Cooperation Fund and the other resources need to be utilized as soon as possible. Moreover, projects related to metrology and calibration can be included in the MSTQ Project, which will be financed from the MEDA budget.

## **4.2.9. Electrical risk and electrical equipment**

### **I- Priority description**

#### **a) Current Status**

The Communiqués concerning the relevant Turkish Standards are in force. Conformity assessment activities and tests as regards these communiqués are performed at the laboratories of the Turkish Standards Institute.

The Ministry of Industry and Trade carries out market surveillance in accordance with “Law No. 1705 on the Prevention of Adulteration in Trade and Supervision of Exports” and “Law No. 4077 on the Protection of Consumers”.

#### **b) EU Acquis**

The related list of the EU acquis is given in Volume II.

Although it was not provided by TAIEX, the following legislation has been taken into account by the responsible authority

- 84/539/EEC
- 94/26/EEC

### **c) Implementing Institution**

Ministry of Industry and Trade

### **d) Final Objective**

To harmonize with all Community acquis related to this matter, and in particular, to ensure that the conformity assessment and certification activities for Electromagnetic Compatibility are carried out completely in Turkey.

## **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

There are Communiqués concerning the relevant Turkish Standards.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The related legislation will be transferred into the Turkish legal system through By-Laws. Subsequently, the corresponding Turkish Communiqués will be repealed.

### **c) Necessary Institutional Changes**

Following the entry into force of the Framework Law, which is related particularly to the implementation of the New Approach Directives, conformity assessment and certification institutions will be appointed. Furthermore, the notified bodies to perform conformity assessment procedures involving high risk will be appointed and subsequently they will be notified to the EU Commission.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The additional requirements stemming from the entry into force of the New Approach Directives are considered under the draft Framework Law.

### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

There is a need to inform industrialists on the legislation related to the Old Approach and New Approach, following the enactment of the technical legislation of the EU.

### **f) Necessary Investments**

Public and private sector investments are required in order to reach the target of being a self-sufficient country in conformity assessment and certification.

## **III- Time Schedule**

### *Short Term*

It is planned to complete the harmonization of the related acquis by the end of 2001.

## **IV- Financing**

The Administrative Cooperation Fund and other resources need to be utilized as soon as possible. In particular, projects related to certification and testing can be included in the MSTQ Project, which will be financed from the MEDA budget.

## **4.2.10. Telecommunications**

### **I- Priority description**

#### **a) Current Status**

Turkey is member of several international organizations, for example the Conference of the European Postal and Telecommunication (CEPT), the European Telecommunication Standardization Institute (ETSI) and the International Telecommunication Union (ITU), and is in close cooperation with organizations in the telecommunications sector. Moreover, the telecommunications sector is one of the areas where the least problems may be encountered in terms of the adoption of the EU acquis, given the fact that Turkey has closely followed Europe in respect of manufacturing and assembly techniques, as well as regulations.

#### **b) EU Acquis**

The list of relevant EU acquis is given in Volume II.

#### **c) Implementing Institution**

The Directorate General for Radio Communication was dissolved as per Law No. 4502 ratified by the Turkish Parliament, and the Telecommunication Authority started activities on 15 August 2000. The Telecommunication Authority acquired an autonomous structure by being affiliated to the Ministry of Transportation, and has become the responsible authority for the telecommunication and radio-communication sectors.

#### **d) Final Objective**

Adoption and implementation of the relevant EU acquis.

### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

Certain tests are carried out on telecommunication and radio-communication devices at the existing laboratory of the said Authority, in accordance with the technical arrangements prepared by international standardization organizations such as CEPT, ETSI, ITU, which also form the basis of EU standards in telecommunications. However, devices operating in the harmonized band or the testing of which cannot be carried out at the laboratory of the said Authority are approved, providing such devices have the Type Approval Certificate received from any accredited laboratory in Europe.

In general, Turkish legislation regarding telecommunications is in harmony with the corresponding EU acquis. However, the current status of Turkish legislation, where full harmonization with the relevant Commission Decisions has not been attained, is stated below:

| EU Acquis | Current Status                                                                                                                                                                       |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 98/543/EC | There is no monopoly in mobile telephony services. At present, there are two GSM 900 operators operating in Turkey and two more GSM 1800 operators are expected to function in 2001. |
| 98/577/EC | VSAT communication system is applied, yet another frequency band is being used according to the national frequency planning.                                                         |
| 98/535/EC | The frequency band and the technical criteria reserved for TFTS are in harmony, however, it has not been utilized yet.                                                               |
| 99/497/EC | It is in harmony, however, DECT/GSM dual-mode terminal equipment is not used at this stage.                                                                                          |
| 98/522/EC | It is in harmony, however,ERMES system is not being used at this stage.                                                                                                              |
| 99/645/EC | It is in harmony, however, TETRA system is not being used at this stage.                                                                                                             |

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Regarding the adoption of the Directive No 99/5/EC on the mutual recognition of radio and telecommunications equipment, amendments to Law No. 4502 and other related laws will be considered when relevant practices are brought to the agenda.

#### **c) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Within the framework of the adoption of Directive No 99/5/EC, it will be evaluated at subsequent stages.

#### **d) Necessary Investments**

Within the framework of the adoption of Directive No 99/5/EC, it will be evaluated at subsequent stages.

### **III- Time Schedule**

The harmonization of Turkish legislation with the EU acquis still continues. As regards institutional restructuring, the Telecommunication Authority was set up as per Law No. 4502. It is estimated to complete alignment with the remaining Community acquis in the medium term.

### **IV- Financing**

The financing of the costs arising from the realization and implementation of the amendments and modifications to the Turkish legislation and the related financing resources will be determined in accordance with future developments.

## **4.2.11. Toys**

### **I- Priority description**

#### **a) Current Status**

The procedures concerning toys are regulated through the "By-Law on the Special Properties of Foodstuffs and Goods and Supplies Concerning Public Health". However, these arrangements are deemed insufficient. The Draft By-Law on Toys, which is in harmony with EU Directives, has already been prepared and will enter into force following the ratification of the Framework Law.

#### **b) EU Acquis**

The list of relevant EU acquis is given in Volume II.

#### **c) Implementing Institution**

Ministry of Health

#### **d) Final Objective**

Adoption and implementation of the relevant EU acquis.

### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

By-Law No. 8326 of 18 October 1952 on the Special Properties of Foodstuffs and Goods and Supplies Concerning Public Health

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The Draft By-Law on Toys, which is in harmony with the EU Directives, has already been prepared and will enter into force following the ratification of the relevant By-Laws of the Framework Law.

#### **c) Necessary Institutional Changes**

Notified bodies regarding the safety of toys need to be appointed and start functioning.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The requirements will be determined following the entry into force of the By Law on Toys.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The requirements will be determined following the entry into force of the By-Law on Toys.

#### **f) Necessary Investments**

Necessary investment requirements will be determined following the entry into force of the By-Law on Toys.

### **III- Time Schedule**

In accordance with Articles 8-11 of the Decision 1/95 of the Association Council of 6 March 1995, work regarding toys should have been completed by December 31, 2000. It is envisaged to finalize the approximation process in the short term.

### **IV- Financing**

- MEDA II (Mediterranean Development Programme)
- Funds to be allocated within the framework of Regulation on Pre-Accession Strategy/European Strategy
- Other EU resources
- Sectoral Non-Governmental Organizations

- Other international financial institutions

## **4.2.12. Other Product Groups**

### **4.2.12.1 Textiles**

#### **I- Priority description**

##### **a) Current Status**

Approximation process is ongoing on the following EU legislation; 73/44/EEC, 96/73/EC and 96/74/EC.

##### **b) EU Acquis**

The related list of the EU acquis is given in Volume II.

##### **c) Implementing Institution**

Ministry of Industry and Trade

##### **d) Final Objective**

Adoption and implementation of the relevant EU acquis.

#### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

##### **a) The Corresponding Turkish Legislation**

Directorate General for Measurements and Standards of the Ministry of Industry and Trade has submitted the Draft By-Laws on Binary and Ternary Fibre Textiles to relevant institutions and organizations for their assessment. The Directorate General for the Protection of Consumers and Competition of the Ministry of Industry and Trade continues their studies regarding the Draft By-Law on Textile Names..

##### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The said legislation will be transferred into the Turkish legal system as By Law.

##### **c) Necessary Institutional Changes**

A new institutional change is not foreseen.

##### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Additional requirements have not yet been determined.

##### **e) Additional Staffing Requirement for the Implementation of Amendments and Modifications**

Additional staffing requirements have not yet been determined.

##### **f) Necessary Investments**

An additional investment is not envisaged for the time being.

### **III- Time Schedule**

#### *Short Term*

Works on the adoption of the acquis are envisaged to be completed by the end of 2001.

### **IV- Financing**

Financial requirements have not yet been determined.

#### **4.2.12.2 Medical Devices**

##### **I- Priority description**

###### **a) Current Status**

Although there is no legal arrangement related to medical devices and active implantable medical devices, the import procedures for certain medical devices are carried out within the framework of the "Communiqué on Foreign Trade" published by the Undersecretariat of Foreign Trade. Currently, Communiqué No 2001/4 on Standardization in Foreign Trade (Official Gazette No. 24271 of 25 December 2000) is applicable. Draft By-Laws have been prepared in conformity with EU Directives with respect to medical devices and active implantable medical devices. Following the enforcement of the Framework Law prepared by the Undersecretariat of Foreign Trade and its relevant By-Laws, these By-Laws will be effected.

The By-Law on In Vitro Diagnostic Medical Products needs to be revised in accordance with the related EU acquis

###### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

###### **c) Implementing Institution**

Ministry of Health

###### **d) Final Objective**

Adoption and implementation of the said EU acquis.

##### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

###### **a) The Corresponding Turkish Legislation**

- Communiqué No 2001/4 on Standardization for Foreign Trade, published in the Official Gazette No. 24271 of 25 December 2000 applicable to the importation of medical devices,
- By-Law on In Vitro Diagnostic Medical Products (Official Gazette No. 23875 of 13 November 1999).

###### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The draft By-Laws on Medical Devices and Active Implantable Medical Devices related to medical devices have been prepared and are ready to be published. Prior to their publication, they need to be amended according to the Law on the Preparation and Implementation of the Technical Legislation on Products (the Framework Law) and the new arrangements of the EU on this subject.

The By-Law on In Vitro Diagnostic Medical Products needs to be revised in accordance with the related EU acquis



### **c) Necessary Institutional Changes**

There is a need for a unit within the Ministry of Health to take responsibility for all procedures related to medical devices (registration of manufacturers, designation of notified bodies and their notification to the EU Commission, market surveillance, establishment of reference laboratories required for conformity assessment, development of a control and inspection mechanism for CE marking, performing clinical researches, etc.) and this requires institutional changes. At present, the "Department of Safety for Medicinal Products" under the Directorate General for Curative Services of the Ministry of Health performs the secretarial work concerning establishment of this system.

Several problems have been encountered during implementation. First, there is no single unit in the Ministry of Health carrying out the necessary procedures for medical devices. Second, only a limited number of devices are checked, by various departments using different procedures. Moreover, controls on the importation of medical devices are not carried out efficiently due to the low technical skills and infrastructure insufficiencies of the units responsible for such controls.

To this end, in order to allow for the establishment of a separate "Department of Medical Devices", a Draft Law amending Decree Law No 181 Establishing the Ministry of Health has been prepared. This Draft and its rationales have been conveyed to the related institutions for their considerations.

### **d) Additional Requirements Stemming From the Entry into Force of the New Legislation**

A market surveillance system and a control and inspection mechanism for CE marking will be required following the full implementation of the EU acquis on medical devices in Turkey. In this respect, there is a need to establish an efficient surveillance and inspection system and to train qualified personnel capable of performing the related procedures.

### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Within the framework of the restructuring to be established in accordance with the directives of the EU on medical devices, it is intended to provide training facilities for 10 technical personnel for two months periods in the EU countries (UK, Germany, France) in order to efficiently implement the system.

Moreover, setting up the necessary structures in the field of medical devices is a new concept. With "candidate country status" other candidate countries were given the right to participate in the meetings of the EU Commission as observers, to assist them in establishing similar systems in their countries. Similarly, it would be beneficial for Turkey to participate regularly in these meetings as an "observer".

### **f) Necessary Investments**

For the purpose of having a single responsible unit performing all kinds of procedures on medical devices in the Ministry of Health, it has been determined that investment is required for training key staff and providing the minimum infrastructure for the "Department of Medical Devices". However, while ensuring full harmonization with the EU and implementing all components of the system in Turkey, additional efforts are needed for the determination of a budget for strengthening the central structures, establishing reference laboratories and realizing other necessary requirements.

## **III- Time Schedule**

In accordance with Articles 8-11 of Decision 1/95 of the Association Council of 6 March 1995, work regarding medical devices should have been completed by December 31, 2000. However, since the related work could not be completed due to the complexity of the issue, within the National Programme it is planned to conclude the studies in the short term. Harmonization studies concerning in-vitro diagnostic medical devices are expected to be finalized in the medium term.

## **IV- Financing**

- MEDA II (Mediterranean Development Programme)
- Funds to be allowed within the framework of Regulation on Pre-Accession /European Strategy

- Other EU resources
- Sectoral Non-Governmental Organizations
- Other international financial institutions

#### **4.2.12.3. Recreational Crafts**

##### **I- Priority description**

###### **a) Current Status**

In accordance with the obligations stemming from the Customs Union, a Draft By-Law in conformity with the relevant EU directive has been prepared and will enter into force following the ratification of the Law on the Preparation and Implementation of the Technical Legislation on Products (the Framework Law) by the Turkish Parliament.

The harmonized standards on recreational crafts have been adopted by the Turkish Standards Institute.

The organizations to be designated as notified bodies still continue their efforts to become accredited.

The major concern in enforcing and implementing the rules and standards laid down by the Directive on recreational crafts arises from the present situation in the industry. The manufacturing industry for recreational crafts consists of small-scaled and widely scattered enterprises, using traditional manufacturing techniques. Therefore, significant changes in the manufacturing processes and techniques and new investments are required for the implementation of the related By-Law.

###### **b) EU Acquis**

The list of the relevant EU acquis is given in Volume II.

###### **c) Implementing Institution**

Undersecretariat of Maritime Affairs

###### **d) Final Objective**

Adoption and implementation of the related EU acquis.

##### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

###### **a) The Corresponding Turkish Legislation**

The related draft By-Law will be put into force following the ratification of the Framework Law by the Turkish Parliament.

###### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The administrative capacity of the Undersecretariat of Maritime Affairs will be strengthened to ensure efficient implementation of the related By-Law.

An Advisory Board will be set up under the coordination of the Undersecretariat of Maritime Affairs comprising of the representatives of manufacturers, notified bodies and testing organisations.

### **c) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The Undersecretariat of Maritime Affairs, responsible for designating the notified bodies, making conformity assessment, controlling the certification system and providing efficient market surveillance, is in need of additional qualified personnel and technical equipment.

Therefore, 15 additional personnel will be employed and trained in Turkey or abroad.

### **e) Necessary Investments**

Since the current situation of the manufacturing industry for recreational crafts is not adequate for complying with the technical obligations arising from the By-Law, it is deemed necessary to effect new investments and restructuring.

Moreover, additional investments will be realized in setting up new technical facilities for testing laboratories, which play a significant role in the conformity assessment procedures.

## **III- Time Schedule**

Harmonization of the legislation is envisaged in the short term.

### **4.2.12.4 Other Products**

#### **I – Priority definition**

##### **a) Current Status**

Under the headings; Appliances Burning Gaseous Fuels, Machinery, Lifting and Mechanical Handling Appliances, Construction Plant and Equipment, Construction Products, Other Machines, Explosives for Civil Use and others in the list annexed to the Association Council Decision No. 2/97, there exists no legislation corresponding to that of the EU.

However, Communiqués on Turkish Standards concerning the corresponding legislation are in force. The relevant conformity assessment and testing activities are being carried out at the laboratories of the Turkish Standards Institute.

Market surveillance activities in these fields are carried out by the responsible authorities in accordance with their legislation.

Turkey is among the top five countries in the world as regards covering materials, significant in the construction sector, with a production capacity of 200 million m<sup>2</sup>. Domestic production supplies 100 % of domestic demand. In addition, 1/3 of total production is exported. The export value for 1999 was US\$ 268 million .

##### **b) EU Acquis**

The related EU acquis list is given in Volume II.

Although it was not provided by TAIEX, the EU legislation evaluated by the responsible authority is listed below:

- 86/295/EEC
- 86/296/EEC
- 86/663/EEC
- 95/17/EC

- 93/15/EEC

**c) Implementing Institution**

Ministry of Industry and Trade

Ministry of Public Works and Settlement (Construction products)

**d) Final Objective**

Adoption and implementation of the EU acquis.

**II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

Communiqués on Turkish Standards are implemented for parts of the legislation.

Four out of 7 main Directives on pressure vessels are published as regulations. Another is due to be published by the end of 2001. The others are New Approach Directives and will be published following the ratification of the Framework Law.

Two out of 3 main Directives on appliances burning gaseous fuels are New Approach Directives and will be published following the ratification of the Framework Law.

The Directive on the labelling of footwear entered into force as a Communiqué.

The list of the legislation effected within the scope of the harmonization process is provided below:

Legislation related to Footwear

- 94/11/EC (Corresponding Turkish Legislation Official Gazette No. 24068 of 3 June 2000)

Legislation related to Pressure Vessels

- 75/324/EEC (Corresponding Turkish Legislation Official Gazette No. 24246 of 30 November 2000)
- 76/767/EEC (Corresponding Turkish Legislation Official Gazette No. 24226 of 10 November 2000)
- 84/525/EEC (Corresponding Turkish Legislation Official Gazette No. 24226 of 10 November 2000)
- 84/527/EEC (Corresponding Turkish Legislation Official Gazette No.24298 of 25 January 2001)

Legislation related to Appliances Burning Gaseous Fuels

- 78/170/EEC (Corresponding Turkish Legislation Official Gazette No. 24246 of 24 December 2000)

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Harmonization continues as regards 5 main Directives on Lifting and Mechanical Handling Appliances, 1 main Directive on Machinery and 1 main Directive on Crystal Glass. It is envisaged to complete the harmonization studies by the end of 2001.

Council Directive No. 93/15/EEC on the harmonization of the provisions relating to the placing on the market and supervision of explosives for civil uses was published in the Official Journal of the European Union on 5 April 1993. This Directive was put into force on 1 January 1995 and the expiry date for the transition period is 31 December 2002. Various Ministries are conducting studies concerning explosives. However, these Ministries are working individually. The Ministry of Interior is conducting updating studies related to the "Regulation on the Procedures and Principles for the Importation, Handling, Storage, Marketing, Utilisation, Destruction and Control of the Explosive Materials excluded from Monopoly Status

and Hunting Products and Similar Materials” Decision No 87/12028; while the Ministry of Labour and Social Security is carrying out updating studies related to the “Regulation on Safety Measures Related to Works and Workplaces Which use Inflammable, Explosive, Dangerous and Hazardous substances” Decision No. 7/7551. Dialogues still continue on the determination of the institution that will carry out the tasks for embodying the Directive No. 93/15/EEC into Turkish legislation.

Moreover, the Ministry of Public Works and Settlement has drafted a By-Law on Construction Products, and has been conveyed to relevant public bodies for their consideration.

#### **c) Necessary Institutional Changes**

Following the entry into force of the Framework Law, related in particular with the implementation of the New Approach Directives, conformity assessment and certification institutions will be designated. Furthermore, the notified bodies performing conformity assessment procedures involving high risk will be designated and subsequently notified to the EU Commission.

#### **d) Additional Requirements Stemming from the Entry Into Force of the New Legislation**

The additional requirements stemming from the entry into force of the New Approach Directives are considered under the Framework Law.

#### **e) Additional Staffing and Training Requirement for the Implementation of New Arrangements**

Industrialists need to be informed about legislation related to Old Approach and New Approach, following the preparation of the technical legislation of the EU.

#### **f) Necessary Investments**

Public and private sector investments are required in order to be a self-sufficient country in terms of conformity assessment and certification.

### **III- Time Schedule**

It is envisaged to conclude the studies concerning the approximation of legislation by the end of 2001.

### **IV- Financing**

Investment, staffing and financing requirements will be determined according to the progress of studies on the subjects mentioned under this title.

The Administrative Cooperation Fund and other resources need to be utilized as soon as possible. Moreover, projects particularly related to metrology and calibration can be included in the MSTQ Project, which will be financed from the MEDA budget.

## **4.2.13. Free Movement of the Goods – Miscellaneous**

### **4.2.13.1 Cultural Goods**

#### **I – Priority definition**

##### **a) Current status**

The aim of the Law on the Preservation of Cultural and Natural Property (Official Gazette No. 18113 of 23 July 1983) is to decide on definitions concerning movable and immovable cultural and natural properties, to regulate the measures and the activities to be performed, to assign duties to the institutions that will take the necessary decisions regarding principles and implementations. This Law also comprises the duties and responsibilities of the related real and legal entities.

Some amendments made to the said Law entered into force with Law No 3386 of 17 June 1987.

The Law No 2863 on the Preservation of the Cultural and Natural Property, amended by the Law No. 3386 consists of 6 chapters and 75 articles:

**Chapter 1:** Provisions on the Objective, Definitions, Imperative Notification and other articles related to Characteristics for being State Property (Articles 1 – 5)

**Chapter 2:** Provisions concerning Immovable Cultural and Natural Property that should be preserved (Articles 6 – 22)

**Chapter 3:** Provisions concerning the Movable Cultural and Natural Property that should be preserved (Articles 23 - 34)

**Chapter 4:** Provisions concerning Survey, Sounding, Excavations and Treasure Hunting (Articles 35 – 50)

**Chapter 5:** Provisions concerning the Supreme Board for Preserving Cultural and Natural Properties and Regional Preservation Boards (Articles 51 – 63)

**Chapter 6:** Provisions concerning Awards and Penalties (Articles 64 – 75)

The related provisions of the law are supported by 18 By-Laws, where methods, procedures and principles are determined.

The spirit of the law is that, universal cultural and natural properties, which need to be transmitted to future generations in the most appropriate way, are to be preserved in their original place.

#### **b) EU Acquis**

The list of relevant EU acquis is given in the Volume II.

#### **c) Implementing Institution**

Ministry of Culture

#### **d) Final Objective**

It is to realise the final objective of Turkish legislation on the Preservation of Cultural and National Property and to adopt the EU acquis (related to the cultural objects) in accordance with Turkey's interests.

### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) Corresponding Turkish Legislation**

- Law No 2863 on Preservation of Cultural and Natural Property Amended by the Law No 3386.

Moreover, there exist 18 regulations related to the Law on Preservation of Cultural and Natural Property. The relevant ones are listed below:

- By-Law on the Classification, Registration and Acquisition of the Cultural and Natural Property to be Preserved in the Museums. Official Gazette: No 18488 of 13 August 1984
- By-Law on the Private Museums and Their Inspections. Official Gazette No 18298 of 22 January 1984.
- By-Law on Making Copies, Mullages, Shooting Photographs and Films of Cultural Property at the Archaeological Sites, Museums and at Their Related Units. Official Gazette No 18293 of 26 January 1984.
- By-Law on Treasure Hunting. Official Gazette No 18294 of 27 January 1984.

- By-Law on the Exporting and Importing of Movable Cultural and Natural Property to be Preserved (Exhibitions). Official Gazette No 18314 of 16 February 1984.
- By-Law on the Collection of the Cultural and Natural Property to be Preserved and Their Controlling. Official Gazette No 18342 of 15 March 1984.
- By-Law on the Movable Cultural Property Carrying Ethnographical Characteristics. Official Gazette No 19803 of 3 May 1988.

The international conventions Turkey became party to are:

- Convention for the Protection of Cultural Property In the Event of an Armed Conflict, La Hague 1954 (Turkey became party to the convention on 10 April 1965)
- Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property UNESCO – Paris 1970. (Turkey became party to the convention on 21 April 1981).
- Convention on the Preservation of the World's Cultural and Natural Heritage, UNESCO – Paris, 1972. (Turkey became party to the convention on 14 February 1983).
- Europe Convention on the Preservation of the Archaeological Heritage, Malta 1992-Revised No:143. (Turkey became party to the convention on 5 August 1999).

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Within the framework of the Council Directive 93/7/EEC on the return of cultural objects unlawfully removed from the territory of a Member State (Article 5), there exists the right to file a lawsuit. It is foreseen to align this issue by adding an article to the Law on the Preservation of Cultural and Natural Property.

The Council Directive 93/7/EEC (Article 9) states that the burden of proof as regards the possessor's due care and attention in acquiring the cultural object shall be governed by the legislation of the requested Member State. The related provision should be embodied in the Turkish legislation.

Council Directive 93/7/EEC (Article 12) states that the ownership of the cultural object after return shall be governed by Law of the requesting Member State. It has been foreseen that similar provisions need to be reflected to the Turkish legislation.

Following the harmonisation of the Law, it is required to prepare By-Laws or to amend some By-Laws. (For example; exhibitions).

#### **c) Necessary Institutional Changes**

Harmonization of 3 legal arrangements and 2 amending Regulations of the EU necessitates administrative restructuring which is necessary for a healthy and effective implementation of these arrangements.

Currently, "The Unit of International Agreements and Relations with the EC" established via the "Minister's Approval" of 25 November 1997 under the Directorate General of Monuments and Museums, Ministry of Culture is conducting all activities related to the cultural issues of the EU and harmonization studies on legislation.

Work has been initiated to transform the Unit into a Section and to establish a Department attached to the Deputy Directorate General, not only because of the comprehensive structure of the issues but also for the realisation and control of implementations following harmonization.

#### **d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

Legal studies concerning the legislation to be enacted for harmonization with the *acquis* are incomplete, as such additional measures will be determined in the future.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

In order to obtain the targeted results from the amendments, modifications and institutional restructuring required for implementation within the framework of the Law on the Preservation of Cultural and Natural Property, training programs within Turkey and abroad need to be organized under the "Expert Exchange Program", for judicial persons, customs authorities and experts participating in the new structure.

In this context, it is necessary to reinforce the Ministry of Culture and its provincial directorates with experienced and well qualified Experts on EU Affairs, Archaeologists, Historians of Art and Ethnologists having a good command of English.

Additionally, it would be useful for experts to examine the practices of Member States with similar geographical and cultural characteristics; Greece, Italy, France, Spain and Portugal.

Moreover, sufficient number of computers and operators are required to provide network access between the Ministry of Culture, its provincial directorates, other relevant bodies (Directorate General for Foundations, Head of the Department of National Palaces), judicial authorities, police (INTERPOL etc), customs administrations, and related units of the EU.

#### **f) Necessary Investments**

Investments are required for the implementation of the amendments to be effected in the legislation. However, the amount of investments will be defined following the completion of the studies.

### **III – Time Schedule**

#### *Medium Term*

Considering the sensitive situation regarding cultural property, amendments and modifications are planned for the "medium term".

### **IV- Financing**

Considering the fact that the budget of the Ministry of Culture for the year 2000 is 0,26% of the General Budget, difficulties will be encountered for the realisation of the necessary amendments. Therefore, it is required to increase the budgetary share of the Ministry and financial support is anticipated from resources of the EU.

#### **4.2.13.2 Public Procurement**

##### **I – Priority definition**

###### **a) Current status**

Although Turkey has no obligations arising from Association Council Decision No 1/95 as regards harmonization with the EU acquis, studies have been initiated for harmonizing the public procurement legislation with the EU acquis and with international norms, within the perspective of full membership.

As for Turkish legislation for tendering, Law No 2886 on Public Procurement, which entered into force on 1 January 1984, is the main legislation. By-Laws, decrees and terms of reference enforced on the basis of the Law constitute the integral parts of the tendering legislation. Tenders announced by departments within the scope of the administration of the General Budget, administration of annexed budgets, local administrations and municipalities as regards purchasing, sales, services, construction, lending, exchange, establishment of incorporeal rights on property and transportation, are executed according to the provisions of Law No 2886.

SEEs and some autonomous administrations are excluded from the scope of this Law. These administrations put into force their own arrangements parallel to the Law on Public Procurement.



In the implementation of this Law the main principle is to meet the requirements under the most favourable and suitable conditions and in due time. Tender procedures are followed in line with the principles of competition and openness. There exist no provision prohibiting the participation of foreign real and legal entities in the tenders. The tenders are announced in the newspapers. Moreover, tenders, the estimated amounts of which are above the threshold levels stated and defined annually in the Budget Law have to be announced in the Official Gazette.

For harmonization with the EU acquis, preparatory studies based on the principle of transparency, competition, predictability and public surveillance on a broad basis, have been initiated with a view to introducing a new Draft Law on public procurement to replace the existing Law on Public Procurement No 2886 of 8 September 1983. The related work is being carried out by the Ministry of Finance and the Ministry of Public Works and Settlement.

The amendments to be made in the Draft Law are summarised below:

- All public institutes and institutions utilising public resources will be included within the scope of the new Draft Law on Public Procurement. Public tender for the procurement of goods and services, construction, leasing and transportation works will be subject to a single arrangement so as to attain uniform implementations in the public sector.
- In order to participate in tenders, applicants are obliged to possess the qualifications and capacity necessary for the work concerned, and it will be sufficient to have a correspondence address in Turkey.
- Instead of using the method of making deductions over the estimated amount, the tenders will be decided upon in accordance with the current market prices.
- With a view to ensuring tendering practices in parallel with international practices and those of the EU, three tender methods have been defined; namely, the open tender procedure in which all the applicants possessing the required qualifications can participate, selective limited tendering, and negotiated tendering.
- In cases where selective limited tendering is applied, prior selection announcements will become obligatory. However, this tendering method is limited to work for which the cost exceeds a specific amount and work requiring high technology.
- Since the administration announces tenders after only preliminary projects and without making the necessary examinations and feasibility studies on the construction work, the investment costs cannot be assessed realistically. Therefore, the work often requires a higher cost than anticipated and takes longer to complete. In order to prevent such situations, completion of the implementation projects for construction work will be a prerequisite for tender announcements.
- In order to attain consistency with international practices, it is planned to receive bids via one of the following bidding methods: "lump sum price", "turnkey lump sum price" and "unit price".
- In order to ensure concurrent comparisons of technical specifications and costs for works requiring technical assessment, technical and financial bids will be submitted at the same time and evaluated simultaneously.
- So as to provide a reasonable preparation period for applicants to submit realistic bids, tender methods and announcement periods have been redefined in accordance with the announcement periods stated in the relevant EU directives. Furthermore, with a view to ensuring more participation in tenders, tender announcements via current electronic communication means (internet), have been made available.
- With the aim of informing the public on the utilisation of public resources in a transparent way, not just before but also after the tender, the results of the tenders will be announced.
- Construction and control liabilities have been amended, so that public buildings are built according to civil and construction rules. Additionally, appropriate provisions are included for the prevention of possible damage which might arise from a lack of proper supervision.

- The security covering bid amounts and performance has been increased, so that only the applicants capable of fulfilling their commitments as regards the terms of the reference and the specifications can participate in the tender.
- For the efficient utilisation of public resources, penal sanctions will be applied to the contractors and authorities of the administrations not fulfilling their legal obligations.

#### **b) EU Acquis**

The list of relevant EU acquis is provided in Volume II.

#### **c) Implementing Institution**

There is no single authority responsible for the control of public tenders. However, the Ministry of Finance renders orientation and control activities related to the implementation of Law No 2886 on Public Procurement. Furthermore, the Ministry of Public Works and Settlement carries out implementations concerning construction works. Within the framework of harmonization with the EU, the new Draft Law on Public Procurement is being prepared by the Ministry of Finance and the Ministry of Public Works and Settlement.

#### **d) Final Objective**

Adoption and implementation of the said EU acquis.

### **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) Corresponding Turkish Legislation**

Law No 2886 on Public Procurement of 8 September 1983 (Official Gazette No 18161 of 10 September 1983)

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The work on the new Draft Law on Public Procurement, replacing Law No 2886 on Public Procurement will be finalised and enacted in the medium term.

#### **c) Necessary Institutional Changes**

There is a need to establish an independent administrative institution for the orientation of the implementations related to public procurement and the settlement of complaints.

#### **d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

Following the entry into force of the Draft Law on Public Procurement, complementary By-Laws regarding implementations, terms of specifications and contracts will be prepared.

#### **e) Additional Staffing and Training Requirement for the Implementation of Amendments and Modifications**

To carry out the work required, within the framework of the Draft Law, there is a need for more qualified personnel, and additional training.

### **III. Time schedule**

It is envisaged that in 2001, efforts concerning the Draft Law on Public Procurement replacing Public Procurement Law No 2886, will continue and studies will be finalized in the medium term.

## **4.3. Free Movement of Persons**

### **4.3.1. Right of Residence**

#### **I- Priority Description**

##### **a) EU Acquis**

The list of the relevant EU Acquis is given in Volume II.

##### **b) Implementing Institution**

- Ministry of Justice
- Undersecretariat of Treasury
- Ministry of the Interior
- Ministry of Labour and Social Security

##### **c) Final Objective**

Adoption and implementation of the related EU acquis.

#### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

##### **a) The Corresponding Turkish Legislation**

- Constitution of the Turkish Republic
- Law No 2007 on the Arts and Services Allocated for Turkish Citizens in Turkey
- Law No 5683 on the Residence and Travels of Foreigners in Turkey
- Law No 5682 on Passports
- Law No 6326 on Oil
- Law No 6224 Concerning the Encouragement of Foreign Capital
- Law No 2634 on Tourism Incentives
- Law No 506 on Social Security Institution
- Law No 1479 on Social Security Institution for Craftsmen, Artisans and Other Self-Employed
- Law No 3218 on Free Trade Zones
- Law No 403 on Citizenship
- Law No 854 on Maritime Labour Law
- Law No 815 on Maritime Transport on the Turkish Coast Line and Performance of Business and Trade in Ports and on International Waters

- Law No 6235 on Turkish Chamber of Engineers and Architects
- Law No 2527 Permitting Foreign Nationals of Turkish Origin to Freely Practice Their Professions and Trades or to be Employed in Public or Private Organisations or Enterprises in Turkey
- Law No 3308 on Apprenticeship and Vocational Training
- Law No 2922 on the Foreign Students Studying in Turkey
- By Law on the Foreign Students Studying in Turkey
- Law No 2547 on Higher Education
- Law No 1136 on Attorneyship
- Law No 2219 on Private Hospitals
- Law No 3958 on Opticians
- Law No 6197 on Pharmacists and Pharmacies
- Law No 6343 on the Performance of the Profession of Veterinarians, and Formation of the Union and Chambers of Turkish Veterinarians
- Law No 1219 on the Exercises of Medical Professions,
- Law No 6283 on Nurses
- Law No 5680 on Press
- Law No 507 on Tradesmen and Craftsmen

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The Draft Law on the Work Permits of Foreigners has been prepared and submitted to the Turkish Parliament by the Ministry of Labour and Social Security. The said draft covers foreigners who are working in Turkey independently or dependently and real and legal entities employing foreigners. The Draft Law envisages that the work permit be issued by a single centre. Currently, there are direct or indirect provisions regarding the employment of foreigners in more than 70 laws, and this leads to a fragmented picture which is inadequate for arranging matters related to the employment of foreigners. Moreover, the rapid political and economic developments in our geographical neighbourhood has increased immigration to Turkey thereby causing an increase in the unregistered employment of foreigners. The Association Council Decisions covering social matters between the EU and Turkey, have also brought about the need for the employment of foreigners to be regulated.

As an outcome of the said Draft, the work permits of foreigners shall be issued by the Ministry of Labour and Social Security. The Ministry shall have recourse to receive opinions of the relevant Ministries, public institutions and bodies and the public professional institutions during the course of issuing such work permits. The work permits that can be issued by the Ministry have been classified in 4 groups: general work permits, special work permits, work permits for the self-employed, and work permits to be issued in exceptional situations. The provisions of Association Council Decision No 1/80 have been taken into consideration in relation to these permits. According to the Draft Law, the Ministries, public institutions and organisations that are explicitly authorised by law to issue work permits, will continue to do so and to employ foreigners, and will inform the Ministry of Labour and Social Security thereon. The legalisation of the said Draft Law will be a major step towards preventing the unregistered employment of foreigners. Moreover, "Law No 2007 on the Arts and Services Allocated for Turkish Citizens in Turkey", bearing provisions contrary to the multilateral agreements ratified by Turkey and the EU acquis will be abolished.

### **c) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

In the course of harmonisation process staff need to be trained in order to adopt the best practices of the EU member states.

### **III – TIME SCHEDULE**

Medium Term

## **4.3.2. Free Movement of Workers <sup>3</sup>**

### **I – Priority Description**

#### **a) Current Status**

Article 48 of the Constitution of the Turkish Republic stipulates, “Everyone has the right to work in the field of their own choice and to conclude labour contracts. The right to establish private enterprises is unrestricted”. However, the right of foreigners to work may be limited within the framework of Article 16 of the Constitution. The performance of some professions in Turkey is restricted to Turkish citizens. Foreigners may work in the professions assigned to them provided that they have a work permit.

The basic references in this case are the Association Agreement (1963), Additional Protocol (1970) and Association Council Decisions No 2/76, 1/80 and 3/80 concluded between the EU and Turkey. Article 12 of the Association Agreement and Article 36 of the Additional Protocol envisage that the free movement of workers should be provided gradually between Turkey and the EU member states. Articles 6 to 18 of Association Council Decision No 1/80 introduce provisions on employment and free movement of workers. The Recommendation Decision annexed to the Customs Union Decision No 1/95 states that a continuous dialogue will be formed as concerns the Turkish workers legally residing in the EU countries and that all types of measures will be sought in relation to the better integration of these workers.

The lawsuits filed by our workers residing in the EU countries in national courts as per the provisions of Ankara Agreement, Additional Protocol and Association Council Decision No 1/80 on free movement, have been taken to the European Court of Justice and the Court has taken decisions on 17 lawsuits up to date. The Court has decided that the Association Agreement, Additional Protocol and Association Council Decisions are integral parts of the EU acquis and that their provisions are precise and unambiguous enough not to require additional measures to be implemented as they have equal effect of being directly applied in member states.

#### **b) EU Acquis**

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<sup>3</sup> Freedom of Movement has been regulated within the law of association between Turkey and EU in detail under Ankara Agreement and the Additional Protocol, and Association Council Decision No: 1/80 on the gradual realisation of this objective. This Decision, in essence, regulates issues such as the right of Turkish workers to be employed in preference to workers from third countries, and the equality of treatment of the Turkish workers and their family members in the member states in comparison to the citizens of member states in terms of entrance to the employment market, wages and working conditions. The Association Council Decision has not been implemented as relations developed in a different way than expected. The European Court of Justice has interpreted many of the provisions of the Association Council Decision No: 1/80 through a number of rulings since 1986. There are around 17 Court decisions referring to Decision No: 1/80 alone. Since it is common to update the Union's acquis in line with Court Decisions it is necessary to adopt the same approach as regards Decision No: 1/80. There is a need for Association Council Decisions to incorporate the Court rulings on Decision No:1/80, which will grant the right of freedom of movement to our citizens who legally work and reside in the member states before full accession of Turkey into EU. While Turkey proceeds with the adoption of the acquis, it is highly important that the dimension of freedom of movement within the law of association is maintained in a parallel direction.

The list of the relevant EU Acquis is given in Volume II.

**c) Implementing Institution**

- Ministry of Interior
- Ministry of Labour and Social Security

**d) Final Objective**

Adoption and implementation of the related EU acquis.

**II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

1. The Constitution of the Republic of Turkey,
2. Labour Act No.1475,
3. Law No 2821 on Trade Unions
4. Law No 4837 on the Duties of the Turkish Employment Institution (replaced by Decree No 617 on the Establishment of Turkish Employment Institution),
5. Law No 854 on Maritime Labour
6. Law No 3308 on Apprenticeship and Vocational Training,
7. By Law No 7/6825 on the Functions and Duties of the Turkish Employment Institution
8. By Law No 83/6750 on Entrance Examinations for those to be Employed at Permanent Positions of the Public Institutions and Organisations,
9. Law No 2644 on Title Deed,
10. Law No 442 on Village,
11. Law No 2565 on Military Restricted Zones,
12. Law No 2885 on Mass Housing,
13. Law No 1580 on Municipalities,
14. Turkish Civil Code No 743,
15. Law No 403 on Turkish Citizenship,
16. Law No 2007 on Arts and Services Assigned to Turkish Citizens in Turkey,
17. Law No 5683 on the Residence and Travels of Foreigners in Turkey,
18. Law No 6224 Concerning the Encouragement of Foreign Capital,
19. Law No 6283 on Nurses,
20. Law No 815 on Maritime Transport on the Turkish Coast Line and Performance of Business and Trade in Ports and on International Waters,

21. Law No 6235 on Turkish Chamber of Engineers and Architects,
22. Law No 992 on Public Bacteriology and Chemistry Laboratories,
23. Law No 1219 on the Exercises of Medical Professions,
24. Law No 2219 on Private Hospitals,
25. Law No 3958 on Opticians,
26. Law No 6197 on Pharmacists and Pharmacies,
27. Law No 1136 on Attorneyship,
28. Law No 6326 on Oil,
29. Law No 3218 on Free Zones,
30. Law No 2634 on Tourism Incentives,
31. Law No 6343 on the Performance of the Profession of Veterinarians, Formation of the Union and Chambers of Turkish Veterinarians,
32. Law No 1593 on the Public Health,
33. By Law on Issuing Licences for Nuclear Power Plants,
34. By Law on Radiation Safety,
35. By Law on Issuing Licences for Research Reactors Operators and Designation of Their Duties, Authorisations and Responsibilities,
36. Law No 1512 on Notary Publics,
37. Law No 2802 on Judges and Public Prosecutors,
38. Law No 1163 on Cooperatives,
39. Law No 5590 on "Chambers of Trade and Industry", "Chambers of Trade", "Chambers of Industry", "Chambers of Maritime Trade", "Stock Exchanges of Trade", "Turkish Chambers of Trade, Industry and Maritime Trade" and "Union of Stock Exchanges of Trade",
40. Law No 1618 on Tourism Agencies and Union of Tourism Agencies,
41. Law No 1615 on Customs,
42. Law No 2547 on Higher Education,
43. Law No 3797 on the Organisation and Duties of the Ministry of Education,
44. By Law No 93/4074 on the Studies of Turkish Students Abroad,
45. By Law No 85/9380 on the Foreign Students Studying in Turkey,
46. Law No 2922 on the Foreign Students Studying in Turkey,
47. Law No 2684 on Basic Education,
48. Law No 5680 on Press,

49. Law No 2527 Permitting Foreign Nationals of Turkish Origin to Freely Practice Their Professions and Trades or to be Employed in Public or Private Organizations or Enterprises in Turkey
50. Law No 507 on Tradesmen and Minor Artisans,
51. Law No 5682 on Passport,
52. European Convention Regulating the Matters Related to the Travellers Between European Council Member States,
53. Law No 6224 on Encouragement of Foreign Capital.

### **c) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Council Regulation No 1612/68/EEC and Council Directive No 68/360/EEC have been translated into Turkish and the relevant Turkish legislation has been compared with the other EU acquis. It is necessary to revise the requirement to be a Turkish citizen to perform an occupational activity.

The Draft Law on the Work Permits of Foreigners has been prepared and submitted to the Turkish Parliament by the Ministry of Labour and Social Security. Explanatory information on the text of the Draft has been submitted in the section on the "Right of Residence" under the title of "Necessary Amendments and Modifications in the Corresponding Turkish Legislation".

### **III. Time Schedule**

Medium Term

#### **4.3.3. Co-ordination of Social Security <sup>4</sup>**

##### **I – Priority Description**

###### **a) Current Status**

The provisions related to the right of social security of every individual is guaranteed by the Turkish Constitution.

All contemporary risks are covered by the field of social security, except for maternity insurance. There are no provisions on maternity insurance in Law No 1479 on Social Security Institution for Craftsmen, Artisans and Other Self-Employed, Law No 506 on Social Insurance Institution, Law No 2926 on the Social

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<sup>4</sup> As for Decision No: 3/80, there is a serious bottle-neck situation. Decision No: 3/80 could not be enforced because the Implementing Regulation has not been prepared. The Council offered the said Implementing Regulation to the Commission back in 1983, however the draft regulation has not been accepted for political reasons. The two decisions of the European Court of Justice commenting on the provisions of Association Council Decision no: 3/80 have clarified that Decision No: 3/80 is an integral part of the Community's acquis, that it was enforced on the date of ratification, and that its articles such as equality of treatment are clear and precise in their provisions, and are directly effective (whereas some other articles requiring coordination are not directly effective). Thus, the decision of the court is in a way pointing at the obligation of the Council to issue the Implementing Regulation for Decision No: 3/80. The Commission lacks power on the resubmission of the Implementing Regulation, previously submitted to the Council in 1983 and which could not be enacted due to political reasons. In this case, Decision No: 3/80 could be enforced without the enactment of an Implementing Regulation if a new Association Council Decision is enforced to substitute Decision No: 3/80 referring to the EU Regulation No: 1408/71 in the articles on coordination. While the Turkish party works on the harmonization of the legislation for providing coordination of social security with the EU acquis, the Association Council should convene and take new decisions to develop the current law of association. The social security rights of Turkish citizens who legally work and reside in member states and pay regular social security premiums should be coordinated promptly. The practice and realization of the rights arising from the Decisions concluded in 1980 should not be correlated with the membership of Turkey.



Insurance of Self-Employed in Agriculture and Law No 2925 on the Social Security of Agricultural Workers. Moreover, social security institutions are classified in three groups. The paid employees are subject to Law No 506 on Social Security Institution, self-employed persons are subject to Law No 1479 on Social Security Institution for Craftsmen, Artisans, and Other Self-Employed and civil servants are subject to Law No 5434 on the Retirement Fund of the Republic of Turkey.

Association Council Decision No 3/80 is related to the application of the member states' social security systems to Turkish employees in these countries. Implementation thereof is not yet underway as the Implementing Regulation has not been issued. There are 2 decisions of the European Court of Justice concerning Association Council Decision No 3/80. The Taflan-Met Decision suggests that Association Council Decision No 3/80 was enforced on the date of adoption thereof. Moreover, under the Sema Sürül Decision, related to Article 3 of the Association Council Decision No 3/80 concerning equality of treatment, the European Court of Justice accepts that the related article of the Association Council Decision No 3/80 has direct effect on the member states.

#### **b) EU Acquis**

The list of the relevant EU Acquis is given in Volume II.

#### **c) Implementing Institution**

Ministry of Labour and Social Security

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- The Constitution of the Republic of Turkey,
- ILO Convention No 102 regarding Minimum Standards of Social Security,
- ILO Convention No 118 concerning Equality of Treatment of Nationals and Non-Nationals in Social Security,
- Law No 506 on Social Insurance Institution,
- Law No 5434 on the Retirement Fund of the Republic of Turkey,
- Law No 1479 on Social Security Institution for Craftsmen, Artisans and Other Self-Employed,
- Law No 2926 for the Social Insurance of Self-Employed in Agriculture,
- Law No 2925 on the Social Security of Agricultural Workers,
- Law No 4447 on Unemployment Insurance,
- By-Law on Social Insurance Transactions,
- Bilateral Social Security Agreements (See Annex – 1)
- Multilateral Social Security Agreements (1976 European Social Security Contract, 1989 European Social Act, 1980 European Social Security Code) (1990 European Social Security Revised Code has been executed, however, not ratified yet.)

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Considering that both Regulation No 1408/71/EEC and the Turkish social security legislation took into consideration inclusion of the risks defined by ILO Convention No 102, there seems to be no problem issues.

Turkish social security legislation should be extended to cover all employees, both paid and unpaid, in terms of harmonisation with Regulation No 1408/71/EEC.

When an assessment is made from the point of view of the risks covered in Regulation No 1408/71/EEC it appears that the nine traditional risks, excluding family allowance, are covered in Turkish legislation. With the entrance into force of the unemployment insurance legislation, an important problem has been dealt with. However, a number of risks that are missing from some of the insurance laws need to be included. Moreover, family allowance should also be regulated in Turkish legislation.

When an evaluation in terms of the principle of equality is made of Regulation No 1408/71, it appears that a number of provisions in Turkish legislation need to be revised. Foreigners, who are excluded from the scope of Law No 1479 on Social Security Institution for Craftsmen, Artisans and Other Self-Employed, are covered by Decree Law No 619. Law No 506 allows foreigners to choose long-term insurance policies on a voluntary basis. This should be not optional but compulsory.

The complete set of modifications that need to be introduced to the Turkish Social Security legislation in order to harmonise with the EU acquis on social policy and co-ordination of social security, have been separately laid down in terms of each and every social security law, and these modifications have been arranged under the "Draft Law on the Social Security for Harmonisation with EU Legislation". The Ministry of Labour and Social Security is currently working on the final version of this draft law.

The draft of a social security dictionary in four languages has been prepared and will be published by the said Ministry.

### **III. Time Schedule**

Medium term

### **IV. Financing**

There will be a need for additional financing during the modification of the Turkish social security legislation to harmonise with the EU acquis.

## **ANNEX - 1**

## TURKEY'S BILATERAL SOCIAL SECURITY AGREEMENTS<sup>5</sup>

| Country of Agreement                | Date of Signature | Date of Ratification |
|-------------------------------------|-------------------|----------------------|
| U.K.                                | 9/9/1959          | 1/6/1961             |
| Germany                             | 30/4/1964         | 1/11/1965            |
| Netherlands                         | 5/4/1966          | 1/2/1968             |
| Belgium                             | 4/7/1966          | 1/5/1968             |
| Austria                             | 12/10/1966        | 1/10/1969            |
| Switzerland                         | 1/5/1969          | 1/1/1972             |
| France                              | 20/1/1972         | 1/8/1973             |
| Libya                               | 20/3/1976         | 1/10/1976            |
| Denmark                             | 22/1/1976         | 1/2/1978             |
| Sweden                              | 30/6/1978         | 1/5/1981             |
| Norway                              | 20/7/1978         | 1/6/1981             |
| Turkish Republic of Northern Cyprus | 10/3/1987         | 1/12/1988            |
| Republic of Macedonia               | 21/9/1998         | 1/7/2000             |

### 4.3.4. Medical and Paramedical Activities

#### I – Priority Description

##### a) Current Status

###### Medical Doctors, Dentists and Midwifery

Law No 1219 on the Exercise of Medical Professions regulates the matters related to the performance of, training, and use of the titles, of medical doctors, dentists and midwives. The prerequisites for the practice of medical science and the treatment of patients are to have a diploma from the Faculties of Medicine and other vocational schools in Turkey and to be a Turkish citizen or of Turkish origin.

The Turkish medical doctors, who are graduates of foreign faculties, apply to the Higher Education Board to receive a certificate of equivalence. A commission in the Ministry of Health evaluates the status of the education and the diplomas are thereby certified and registered through the decision of the commission. The same procedure applies for the diploma equivalence of dentists and pharmacists.

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<sup>5</sup> Turkey has completed 18 agreements in the field of social security. 13 of these agreements are enforced, while agreements with Canada, Albania, Georgia, Romania and Azerbaijan, will enter into force in the near future. Negotiations are continuing for signing agreements with Quebec and Uzbekistan. Moreover, the agreement with Austria was cancelled unilaterally by the said country and the newly concluded agreement has not been enforced yet.

As regards the medical doctors who complete their specialisation abroad, the study periods and rotation for such education are required to comply with the periods and rotation conditions stipulated in the Regulation on Specialisation of Medical Doctors. In the event that the study period falls short of the period required for the medical schools in Turkey, supplementary courses then can be taken at any of the medical faculties that can offer such courses, followed by a qualifying examination. The specialisation diplomas of the medical doctors passing such examination are approved by the Ministry of Health.

#### Pharmacists

The Turkish legislation on pharmacists comprises Law No 6197 on Pharmacists and Pharmacies. In order to work as a pharmacist in Turkey, it is obligatory to be a Turkish citizen or of Turkish origin and to be a graduate of the Turkish universities with four years of education on pharmaceutical science.

Pharmacists having studied abroad should have a certificate of equivalence from the Higher Education Board to be able to practice their professions.

#### Nurses

The Turkish legislation on nurses is Law No 6283 on Nurses. According to the Law, the nurses must be Turkish citizens having acquired the title of a nurse within the scope of the relevant law. However, the Implementing By-Law of Law No 2527 allows foreigners with Turkish origins to be nurses. Nurses having studied abroad are subject to the aforementioned conditions (as in the case of medical doctors) before working as nurses.

Since 1997, the education of nurses and midwives comprises 4 years at vocational schools, preceded by high-school education.

#### **b) EU Acquis**

The list of the relevant EU Acquis is given in Volume II.

#### **c) Implementing Institution**

- Higher Education Board
- Ministry of Health

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Law No 1219 on the Exercises of Medical Professions, Official Gazette No 863 of 14/4/1928,
- Law No 6283 on Nurses, Official Gazette No 8647 of 28/2/1954,
- Law No 6197 on Pharmacists and Pharmacies, Official Gazette No 8591 of 24/12/1953,
- Regulation No 7/6229 on the Specialisation of Medical Doctors, Official Gazette No 14511 of 18/4/1973

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

- Draft Law on Nurses and Union of Nurses, Draft Law on Midwives and the Regulation on Specialisation in Medical Science, as prepared under the scope of the corresponding Turkish legislation, will be finalised and then implementation will be initiated. With this in mind, it is envisaged that the provisions on the restrictions due to nationality be reviewed in the first place and statements

such as “Turkish citizen or of Turkish origin”, under the principles of admission to profession should be deleted.

- Within the framework of providing free movement, it is aimed to ensure mutual recognition of diplomas to effect necessary amendments required thereof, and to complete other requirements for harmonising purposes.
- It is also planned to ensure equivalence in the curriculum of medical staff, other than medical doctors, and to complete the job analysis and description and the preparation of the necessary legislation.

#### **c) Necessary Institutional Changes**

- Professional unions should be founded for medical staff other than medical doctors.

#### **d) Additional Requirements Stemming From the Entry into Force of the New Legislation**

- Following the modification of the existing laws and by-laws, additional measures need to be taken to prevent the lack of qualified employment in the implementation stage,
- The curricula of the medical and health education institutions should be reviewed.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

- Specialised staff need to be trained on special branches of education for nurses,
- The professional education of nurses and midwives needs to be extended after their graduation and their knowledge and abilities should be subject to periodical testing,
- There is no need for additional staffing as regards medical doctors, dentists and pharmacists.

#### **f) Necessary Investment**

There will be a need for investment related to the training of additional staff, when necessary.

### **III. Time Schedule**

Medium Term

### **IV – Financing**

The size and content of necessary expenses will be designated in the future.

#### **4.3.5. Visas**

##### **I- Priority Description**

###### **a) Current Status**

Turkey's visa application procedures are, in general, not in harmony with the EU acquis.

###### **b) EU Acquis**

The list of the relevant EU Acquis is given in Volume II.

### **c) Implementing Institution**

- Ministry of Interior
- Ministry of Foreign Affairs

### **d) Final Objective**

Adoption and implementation the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Law No 5683 on the Residence and Travels of Foreigners in Turkey,
- Law No 5682 on Passports

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

There is currently no progress on the application of secure visas through the method of issuing a single type of visa as suggested in the EU Acquis. However, a working group, set up within the Ministry of Interior is working on the administrative structure and legal modifications thereon.

### **c) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

In the course of the harmonisation process, staff need to be trained in order to share the experiences of the EU member states and to make good use of these experiences.

### **d) Necessary Investment**

In order for visas to have standard security measures, and to be harmonized into a single type, investment will be needed.

## **III – TIME SCHEDULE**

Medium term

### **4.3.6. Immigration**

#### **I- Priority Description**

##### **a) Current Status**

Turkey's immigration policy differs extensively from the notion of immigration stated in the EU acquis.

However, there is full consensus on the notion of immigration with respect to illegal immigration or mass immigration that directs and shapes the EU policies. In this respect, a wide range of work both on the administrative structures and the harmonisation of laws have been taken up and most of which have been completed.

##### **b) EU Acquis**

The list of the relevant EU Acquis is given in Volume II.

**c) Implementing Institution**

- Ministry of Interior
- Ministry of Foreign Affairs

**d) Final Objective**

Adoption and implementation of the related EU acquis.

**II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

- Law No 5682 on Passports,
- Turkish Penal Code No 765,
- Labour Act No.1475,
- By Law on International Transport of Passengers or Goods by Roads,
- Law No 5683 on the Residence and Travels of Foreigners in Turkey,
- Law No 2007 on Arts and Services Allocated for Turkish Citizens in Turkey,
- Law No 4422 on Combating Organisations Pursuing Illicit Gain

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

First of all, the necessary amendments need to be introduced in order to dismantle the current differences between the immigration policy in Turkey and the notion of immigration covered by the EU acquis.

Additionally, there is a need to amend the related articles of Law No 5682 on the prevention of illegal immigration which are of particular importance to the EU with a view to ensuring an alignment that is compatible with the decisions taken under the Community acquis.

**c) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

During the course of the harmonisation process, an urgent need will arise for the training of the staff in order to share the experiences of the EU member states and to make good use of these experiences.





## **4.4. Freedom to Provide Services**

### **4.4.1. Sectoral Practice**

#### **4.4.1.1 Financial Services**

##### Banking Sector and Other Financial Institutions

#### **I- Priority Description**

##### **a) Current Status**

In Turkey, financial sectors in general, and the banking sector in particular, operate in a liberal environment open to international competition. The Banks Act No 4389, as amended by Law No 4491, established the Banking Regulation and Supervision Agency, which has transparency as well as administrative and financial autonomy. The decision making organ of the Banking Regulation and Supervision Agency is the Board of the Agency, which is independent of political authority. Within this framework, the Board of the Agency decides on granting and withdrawing banking licenses in the banking system. With the new Law, strict terms have been introduced for the establishment of new banks; concluding international agreements have become a prerequisite for the control and supervision of off-shore banking activities; the responsibilities and liabilities of share holders, the board of directors, and high level executives have been enhanced; an internal auditing and risk management system has been introduced. Accordingly, it is expected to enable partial differentiation between the executive and the management units; restraints regarding credits and shares and the definition of direct credits have been brought in line with the EU regulations; it is planned to constitute standard ratios parallel to international applications and the supervision and control of banks have been tied to more strict and yet transparent rules; a more objective, detailed, comprehensive and step-by-step process has been secured for finalizing the findings concerning the control and the supervision of banks; the functioning of the Savings Deposit Insurance Fund has gained flexibility and stimulation; mergers and consolidation between the banks have been encouraged and the clearance procedure has been speeded up; private financial institutions are obliged to comply with the Banks Act; administrative penalty implementations have been initiated; the limits for judiciary crimes and penalties have been increased; new provisions have been inserted to prevent actions and attitudes which may harm the smooth functioning of the banking system and the entirety of the financial system; close cooperation between the institutions regulating and supervising the financial markets has become obligatory. Further amendments to the Banks Act will provide greater harmonization with the EU and international regulation.

The integration of the EU services sector was realized in 1992 following the establishment of the Internal Market. This process has been realized on the basis of three main principles. The first principle is Home Country Control. According to this principle, giving an example from the banking sector, a bank of a Member State is subject to the regulation and supervision of the authorized body of its home country. Another principle is the Single License practice. In accordance with this principle, a license received from any of the Member Countries is sufficient for a bank to act, and the bank is not required to take a license from the authorized bodies of other countries. The third principle is Mutual Recognition. An outcome of the first two principles, the third principle ensures the mutual recognition of the respective authorized bodies and legislation of the Member States.

Within the accession process, Turkey is obliged to align with the abovementioned principles in the field of financial services, and with the EU's legislation enforced within the framework of these principles. In Turkish banking legislation there is no prohibition on foreigners establishing banks and carrying out banking activities through branches in Turkey. Of the 61 commercial banks acting in Turkey, 19 are foreign banks either established in Turkey or conducting banking activities through branches. The freedom to provide services between Turkey and the EU is on the agenda for the pre-accession period, and was adopted by Association Council Decision (2000/3/EC) of 11 April 2000. With the introduction of the freedom to provide services between Turkey and the EU it is anticipated that the number of foreign banks and the volume of international banking transactions in Turkey will thrive. As a consequence, the competition between the banks will increase, the financial markets will function in a more systematic and disciplined manner, and overall the banks and financial markets will act more efficiently.

The Turkish Banking Sector has the advantage of qualified human resources and technological infrastructure; and in terms of variety of services it has the capacity to compete in international markets.

Recently, some important revisions have been carried out providing alignment with the international banking activities, namely;

- 1) By-Law Related to Principles and Procedures on Determining the Qualifications of Bank Loans and Other Claims with Required Provisions,
- 2) Communiqué No 1 on the Decree Related to Principles and Procedures on Determining the Qualifications of Bank Loans and Other Claims with Required Provisions,
- 3) Decree on the Saving Deposits Subject to Insurance and the Premium to be Collected for the Savings Deposit Insurance,
- 4) By-Law on Savings Deposit Insurance Fund,
- 5) By-Law on Internal Audit and Risk Management System,
- 6) By-Law on Procedure and Principles of Measurement and Assessment of Bank Capital Adequacy,
- 7) Communiqués on Calculation of Bank Standard Ratio on Consolidated Base.

The short term priorities can be summarized as follows:

- 1) "By-Law on Establishment and Activities of the Banks" which will include and regulate provisions such as; establishing; activating; transferring shares; opening of branches and representation office; assignment of Director General and Deputies; statement and declaration of property, transferring the right of credit opening; establishment of credit committee and its rules on working and the decision making process; indirect credit; indirect participation; ratio of the cash value and non-cash value of credits in determining the limits of the credits; operations among the banks not subject to the credit limits; financial tables, goods and immovable property acquired by claims; procedure of the banks concerning their records and calculation,
- 2) "By-Law on Auditing Implementation" which will be prepared by taking into account Internal Auditing Standards and will also include the provisions concerning the auditing of the Independent Auditing Firms,
- 3) Council of Ministers' Decree on the principles concerning the equivalences accepted as expenditure in the determination of the corporate tax basis
- 4) By-Law on principles and procedures concerning mergers and consolidations of banks,
- 5) By-Law on Establishment and Operation of Private Financial Institutions.

Within the framework of harmonizing the structure of the banking sector to market conditions, the privatisation of the public banks in a near future is a topic of particular importance.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

The competent authorities of the banking sector (including private financial institutions) are the Banking Regulation and Supervision Agency and the Savings Deposit Insurance Fund acting under the body of the said Agency. The competent authority regarding the legislation for leasing, factoring, consumer financing companies and authorized institutions is the Undersecretariat of Treasury.

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

## II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the required amendments and modifications

### a) Corresponding Turkish Legislation

The corresponding provisions of the EU's "Council Directive No 63/474/EC of 30 July 1963 liberalizing transfers in respect of invisible transactions not connected with the movement of goods, services, capital or persons" are listed in "the Decree No. 32 on the Protection of the Value of the Turkish Currency" and in "I-M Circular of the Central Bank related to the Communiqué No. 91/32-5" of the Undersecretariat of Treasury. The corresponding provisions are in harmony with the provisions of the related EU acquis.

Current Turkish legislation on the Banking sector is in harmony with the spirit of EU acquis. The item by item comparison of the current EU acquis with the corresponding Turkish legislation on this subject indicates that some of the legislation has been fully harmonized and some need slight amendments. However, in other areas there exists no corresponding legislation. The situation of the harmonization of the Turkish legislation with the EU acquis is given below:

|    |                                          |                                                                                                                                                                                                                                                                                        |
|----|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | <b>73/183/EEC</b>                        | <b>Council Directive of 28 June 1973 on the abolition of restrictions on freedom of establishment and freedom to provide services in respect of self-employed activities of banks and other financial institutions</b>                                                                 |
|    | <b>Corresponding Turkish Legislation</b> | Related articles of the Banks Act No 4389, Decree No 32 regarding the Protection of the Value of the Turkish Currency and the related articles of the Foreign Capital Legislation                                                                                                      |
|    | <b>Harmonization Level</b>               | There is no requirement for harmonization with regard to Banks Act and the Decree No 32                                                                                                                                                                                                |
| 2. | <b>77/780/EEC</b>                        | <b>First Council Directive of 12 December 1977 on the coordination of the laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions</b>                                                                             |
|    | <b>Corresponding Turkish Legislation</b> | The related provisions of the Banks Act No 4389 and By-Laws & communiqués enforced according to the Act, By-Law on Procedure and Principles for Permission Pertaining to Establishment and Assignment of Shares of Bank published in the Official Gazette No 24235 of 19 November 2000 |
|    | <b>Harmonization Level</b>               | Harmonized to a great extent.                                                                                                                                                                                                                                                          |
| 3. | <b>89/646/EEC</b>                        | <b>Second Council Directive of 15 December 1989 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions, amending Directive 77/780/EEC</b>                                                 |
|    | <b>Corresponding Turkish Legislation</b> | The Related provisions of the Banks Act No 4389 and Communiqué on Procedure and Principles of Preparation and Disclosure of Banks Consolidated Financial Tables published in the Official Gazette No 22985 of 10 May 1997                                                              |
|    | <b>Harmonization Level</b>               | Harmonization is required. As stipulated by the Law, the Communiqué on Consolidation will be modified. Work on this issue is ongoing.                                                                                                                                                  |

|    |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. | <b>94/19/EC</b>                          | <b>Directive of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes</b>                                                                                                                                                                                                                                                                                                                                                                                              |
|    | <b>Corresponding Turkish Legislation</b> | The Related provisions of the Banks Act No 4389 and Decree No 2000/682 on the Saving Deposits Subject to Insurance and the Premium to be Collected for the Savings Deposit Insurance and By-Law on Savings Deposit Insurance Fund published in the Official Gazette No 24152 of 26 August 2000                                                                                                                                                                                                          |
|    | <b>Harmonization Level</b>               | Harmonization has been completed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 5. | <b>89/299/EEC</b>                        | <b>Council Directive of 17 April 1989 on the own funds of credit institutions</b>                                                                                                                                                                                                                                                                                                                                                                                                                       |
|    | <b>Corresponding Turkish Legislation</b> | Related articles of the Banks Act No 4389 and the Communiqué on Application of Banking Accounting                                                                                                                                                                                                                                                                                                                                                                                                       |
|    | <b>Harmonization Level</b>               | Needs harmonization.<br>As stipulated by the Law, arrangements need to be revised. Work is ongoing.                                                                                                                                                                                                                                                                                                                                                                                                     |
| 6. | <b>89/647/EEC</b>                        | <b>Council Directive of 18 December 1989 on a solvency ratio for credit institutions</b>                                                                                                                                                                                                                                                                                                                                                                                                                |
|    | <b>Corresponding Turkish Legislation</b> | Communiqué on Procedure and Principles of Measurement and Assessment of Banks Capital Adequacy published in the Official Gazette No 24314 (bis) of 10 February 2001.                                                                                                                                                                                                                                                                                                                                    |
|    | <b>Harmonization Level</b>               | Harmonized to a great extent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 7. | <b>93/6/EEC</b>                          | <b>Council Directive of 15 March 1993 on the capital adequacy of investment firms and credit institutions</b>                                                                                                                                                                                                                                                                                                                                                                                           |
|    | <b>Corresponding Turkish Legislation</b> | Communiqué on the Procedure and Principles of Measurement and Assessment of Banks Capital Adequacy published in the Official Gazette No 24314 of 10 February 2001, By-Law on Internal Audit and Risk Management Systems published in the Official Gazette No 24312 of 8 February 2001 and Communiqué on Calculation and Applications of Bank Standard Ratio for "Foreign Currency Net General Position/Capital Base" on Consolidated Base published in the Official Gazette No 23448 of 29 August 1998, |
|    | <b>Harmonization Level</b>               | Harmonized to a great extent.                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 8  | <b>92/30/EEC</b>                         | <b>Council Directive of 6 April 1992 on the supervision of credit institutions on a consolidated basis</b>                                                                                                                                                                                                                                                                                                                                                                                              |
|    | <b>Corresponding Turkish Legislation</b> | Related articles of the Banks Act No 4389 and the Communiqué on Procedure and Principles of Preparation and Disclosure of Banks Consolidated Financial Tables published in the Official Gazette No 22985 of 10 May 1997.                                                                                                                                                                                                                                                                                |
|    | <b>Harmonization Level</b>               | Needs harmonization.<br>As stipulated by the Law, arrangement needs to be revised. Work is ongoing.                                                                                                                                                                                                                                                                                                                                                                                                     |

|     |                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9.  | <b>92/121/EEC</b>                        | <b>Council Directive of 21 December 1992 on the monitoring and control of large exposures of credit institutions</b>                                                                                                                                                                                                                                                                                                                                                                            |
|     | <b>Corresponding Turkish Legislation</b> | Related articles of the Banks Act No 4389 and the arrangements to be enacted accordingly.                                                                                                                                                                                                                                                                                                                                                                                                       |
|     | <b>Harmonization Level</b>               | Harmonization has been completed to a great extent. Work is to be finalized.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 10. | <b>86/635/EEC</b>                        | <b>Council Directive of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions</b>                                                                                                                                                                                                                                                                                                                                                          |
|     | <b>Corresponding Turkish Legislation</b> | Communication on Application of Banking Accounting                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|     | <b>Harmonization Level</b>               | Needs harmonization regarding the banking application.<br>As stipulated by the Law, the arrangements need to be revised. Work on "By-Law on Auditing Application" is ongoing. It is expected to be put into force in 2001.                                                                                                                                                                                                                                                                      |
|     | <b>Other Financial Institutions</b>      | There is no special arrangements for financial institutions other than banks, such as factoring, leasing, consumer financing companies and other authorized bodies. However, this Directive is applied along with the Directives No 78/660/EEC and No 83/349/EEC, if the said financial institutions are subject to the legislation of the Capital Market Authority, the partial arrangement referred to under the title of Company Law will also be applicable to these financial institutions |

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

- The sub By-Laws issued in accordance with the Banks Act No 4389 Amended by Law No 4491 and Law No 4491 amending the Banks Act as regards the provisions thereof related to the Private Financing Institutions, will be modified for alignment with the provisions of the First Council Directive (77/780/EEC) of 12 December 1977 on the coordination of the laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions.
- Banks Act No 4389 Amended by Law No 4491 will be revised and harmonized in accordance with the provisions of the Council Directive (89/299/EEC) of 17 April 1989 on the own funds of credit institutions.
- The sub By-Laws issued in accordance with the Banks Act No 4389 Amended By the Law No 4491 will be modified for the alignment with the provisions of the Second Council Directive (89/646/EEC) of 15 December 1989 on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions and amending Directive 77/780/EEC.
- The Communiqué on Procedure and Principles of Preparation and Disclosure of Banks Consolidated Financial Tables issued in accordance with the repealed Banks Act No 3182, will be revised according to the Banks Act No 4389 Amended by the Law No 4491 and will be amended in parallel to the provisions of the Council Directive 83/349/EEC of 13 June 1983 on the consolidated accounts and the Council Directive 92/30/EEC of 6 April 1992 on the supervision of credit institutions on a consolidated basis.
- The provisions of Decree on the Saving Deposits Subject to Insurance and Premium to be collected for the Savings Deposits Insurance and the By-Law on the Savings Deposit Insurance Fund will be

revised and harmonized in parallel to the provisions of the Council Directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes.

- The provision of the Communiqué on Application of Banking Accounting will be harmonized according to the Council Directive (86/635/EEC) of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions and to the other Directives related to the accounting and figures.
- Harmonization will be realized as regards the Council Directive 89/117/EEC of 13 February 1989 on the obligations of branches of credit institutions established in a Member State and financial institutions having their head offices outside that Member State regarding the publication of annual accounting documents.

The provisions of the EU acquis which have not yet been adopted in the corresponding Turkish legislation, and according to which Turkish legislation will be harmonized, is as follows:

- Commission Directive (91/31/EEC) of 19 December 1990 on the adaptation of the technical definition of the multilateral development banks to the Council Directive 89/647/EEC of 18 December 1989 on a solvency ratio for credit institutions and the Commission Directive (94/7/EC) of 15 March 1994.
- The Commission Directive (95/67/EEC) of 15 December 1995 amending the Council Directive 89/647/EEC of 18 December 1989 on a solvency ratio for credit institutions concerning the definition of the multilateral development banks.
- The Commission recommendation (88/590/EEC) of 17 November 1988 on the payment systems and especially the relation between the cardholders and card supplier institutions.

#### **c) Necessary Institutional Changes**

The harmonization process does not require any institutional changes. The Banking Regulation and Supervision Agency has already become operational. Furthermore, similar units regulating and supervising other financial institutions may be organized as separate authorities or boards. It would be beneficial to establish an “ombudsman” system for the banking sector under the Turkish Union of Banks.

#### **d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

No measures needed.

#### **e) Additional Staffing and Training Requirements for the Implementation of the Amendments and the Modifications**

It is required to increase the knowledge and experience of the current personnel on the issues referred in the following paragraphs:

- Obtaining information concerning organizational structures and the rules of operations of the regulatory authorities of the member states of the Community through on-site visits.
- Acquiring knowledge of the regulation techniques of the regulatory authorities of the member states through on-site visits.
- Determination of the special qualifications of regulatory authorities of the member states and of their employees (Quality certificate, internal audit and external audit certificates and other certificates, etc).
- Obtaining information on the national and international organizations to which the regulatory authorities of the member states and their employees are members
- Obtaining information on institutes, institutions and organizations (institutions of banking, professional organizations etc.) formed by the regulatory authorities and their employees
- Obtaining information on implementation and follow up of the regulations of the member states through on-site visits.

- Regulation and supervision techniques in the member states
- Risk management techniques in the member states
- Accounting systems of the member states
- Internal and external audit practices in the member states of the Community
- Obtaining information on offshore banking practices in the member states.
- Organizing country visits, in order to harmonise with the savings deposits insurance fund practices in the member states
- Making a comparison of the financial intermediary costs of the banks in the member states
- Obtaining information on ways to establish cooperation activities between the regulatory authorities and other institutions in the member states.
- Determination of nature and type of communication between the regulatory authorities and banks in the member states
- Looking into “Ombudsman” systems related to banking in the member states
- Obtaining information on the functions of the Union of Banks in the member states.
- Functioning of other legal institutions in the banking sector in the member states other than the Union of Banks (such as Employees Union or Depositors Union)
- Obtaining information on whether the employees of the banks belong to a professional group
- Obtaining information on whether there exists an institute or any kind of organization rendering services to the employees of banks in the member states
- Obtaining information on the ways that organizational structures and management systems required by the regulatory authorities are shaped in the banks of the member states
- Determination of inter-bank relations and a cooperative environment between the member states through on-site visits.

## Securities

### **I – Priority Description**

#### **a) Current Status**

The existing structure in the field of securities, stock exchanges and investment services is to a great extent in compliance with the principles of the EU Directives. However some amendments are required for full alignment.

Although the capital markets in Turkey are not equivalent to those in the developed countries with respect to their dimension, as regards legislation, institutions and products the Turkish capital market is quite close to the international markets and the EU acquis. The Capital Market Board regulates the market and follows the rules applicable within the EU.

With regard to the rules on admission of securities to the stock exchange listing, some differences exist in the calculation of the capital and minimum capital amount, minimum public offering ratios and in the mandatory use of intermediaries.

In Turkey, standards of information to be published in the prospectus are determined by the Capital Market Board, whereas in many of the EU member states this responsibility falls under the scope of operations of

the stock exchanges. In the EU, the publication of the prospectus is a prerequisite for listing on the stock exchange, while the prospectus is published in Turkey at the stage of public offering.

In Turkey, there are no exceptions to the requirement to publish information continuously on securities during issuance and listing. However, in the EU, under certain conditions there may be some exceptions to the obligation to publish the prospectus. Moreover, the interim financial tables to be published semi-annually in Europe are required to be published quarterly in Turkey. Parallel to the general structure of the markets, this practice is justifiable for the Turkish markets, as the financial markets are more volatile than in Europe.

Concerning collective investment institutions, only mutual funds, due to their open ended structure, qualify for inclusion within the scope of the UCITS Directive. However, the provision of the Communiqué of the Board related to the inclusion of gold and other precious metals into the fund portfolio is different from the definition laid down in the EU Directive (UCITS directive).

The regulations related to “insider dealing” resemble the regulations of the Community to a great extent. The definition of “inside information” is the same. However, definitions of “insiders”, the “shareholders” and “persons who know that the specific information that they have obtained can only be provided by insiders”, are not included in the Turkish legislation.

The main divergence from EU regulations in the field of financial intermediation is due to the position of the banks in Turkey. The banks in Turkey do not engage in equity trading at the stock exchange directly, but through their separately established brokerage firms. The Capital Market Law empowers the Board to make necessary regulations so that each intermediation function is carried out by different institutions. The Capital Market Board Communiqué, enacted within this framework, on Intermediation Activities and Intermediary Institutions, limits the intermediation activities of banks, leaving out equity transactions at the stock exchange. According to this Communiqué, banks can engage in off-exchange intermediation in securities that have been previously issued, and intermediation on the exchange, with the exception of equities. They can also engage in repo and reverse repo transactions, and intermediation in derivatives. Non-deposit banks can, additionally, engage in intermediation in public offerings, portfolio management, and investment consulting.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

The Capital Market Board.

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

- Capital Markets Law No. 2499
- Decree Law Regarding Stock Exchange No 91
- By-Law on the Establishment and Operations of Stock Exchanges
- By-Law on the Istanbul Stock Exchange
- Istanbul Stock Exchange Listing By-Law
- Istanbul Stock Exchange International Market By-Law



## Communiqués of the Capital Markets Board

- Communiqué Serial V No 34 on the Principles Regarding Capital and Capital Adequacy Requirements of the Intermediary Institutions
- Communiqué Serial XI No 3 on Rules and Principles Regarding Interim Financial Statements in the Capital Markets
- Communiqué Serial I No 26 on the Principles Regarding Registration with Board and the Sale of Shares
- Communiqué Serial II No 13 on the Principles Regarding Registration of Corporate Bonds with the Board
- Communiqué Serial IV No 9 on the Exemption Conditions of the Issuers and Termination of Their Registration with the Board
- Communiqué Serial VIII No 20 on Public Disclosure of Material Events
- Communiqué Serial IV No 8 on Principles Regarding Proxy Voting at Shareholders' Meetings of Publicly Held Joint Stock Corporations Exercising Proxy Solicitation and Tender Offer
- Communiqué Serial VII No 10 on Principles Regarding Mutual Funds
- Communiqué Serial V No 19 on Principles Regarding Intermediary Transactions and Intermediary Institutions

### **b) Necessary Amendments and Modifications in the Corresponding Turkish legislation**

The corresponding Turkish legislation does not create a significant impediment to the full adoption of the EU principles. However some amendments should be made in some fields before full membership. It is required to exclude gold and precious metals from the instruments that are allowed to be included in the portfolio of open-end mutual funds, allowing the Turkish mutual funds to be able to benefit from the single license. Furthermore, some amendments are required so that the banks can perform capital market transactions.

In addition, some amendments are required on issues such as the minimum free float rate required for listing on the stock exchange, and bringing exemptions in disclosure requirements. Although the corresponding legislation is basically in harmony with the arrangements of the EU in the field of the capital adequacy of the intermediary institutions, some modifications are required for full harmonization before full membership.

For full harmonization with the EU acquis in the field of securities, modifications in the corresponding Turkish legislation need to be made according to the following EU Directives: Directive 79/279/EEC and the amendments thereof, Directive 80/390/EEC and the amendments thereof, Directive 85/611/EEC and the amendments thereof, Directive 88/627/EEC and the amendments thereof and Directive 93/22/EEC and the amendments thereof.

For harmonization with EU Directive 79/279/EEC, the Istanbul Stock Exchange Listing By-Law will be modified.

For harmonization with EU Directive 80/390/EEC, the By-Law on the Establishment and Operations of Listing Regulation Stock Exchanges and the Istanbul Stock Exchange Listing By-Law will be modified.

For harmonization with EU Directive 85/611/EEC the following communiqués will be revised and modified: Communiqué on Principles Regarding Mutual Funds (serial: VII no:10), Communiqué on Principles Regarding the Portfolio Management Activities and the Portfolio Management Companies (serial:V no:29) and the Communiqué on the Rules and Principles Regarding Financial statements and Reports of the Mutual Funds (serial: XI, no:6).

For harmonization with EU Directive 88/627/EEC, Istanbul Stock Exchange Listing By-Law and the Communiqué on Public Disclosure of Material Events (serial: VIII, no:20) will be modified.

For harmonization with EU Directive 93/22/EEC, the following communiqués will be amended: Communiqué on Principles Regarding the Intermediary Activities and Intermediary Institutions (serial: V, no 46), Communiqué on Principles Regarding Investment Advisory and Activity, and Institutions Undertaking This Activity (Serial V no 47) and the Communiqué on the Principles Regarding the Portfolio Management Activities and the Portfolio Management Companies (serial IV no 29).

### **c) Necessary Institutional Changes**

There is no need to make any institutional changes.

## **III. Time Schedule**

Objectives will be realized in the medium term.

## **IV. Financing**

Financing is not necessary.

### Insurance

## **I. Priority Description**

### **a) Current Status**

In Turkey, the insurance sector is regulated and supervised by the Undersecretariat of Treasury. The regulation of the insurance sector and the implementation of the related policies are performed by the Directorate General of Insurance, while supervisory activities are conducted by the Insurance Supervisory Board. With the aim of ensuring harmonization of the regulating and supervisory activities at the highest level, both institutions are affiliated with the Undersecretariat of Treasury. In order to harmonise the economic policies implemented by various public institutions, the Undersecretariat of Treasury, as the other institutions of financial services reports to the Minister of State in charge of economic policies.

The main principles of the EU legislation on insurance have already been reflected in Turkish insurance legislation. In this context, important parts of the EU acquis with regard to insurance sector have been included in the Turkish legislation.

For instance, conditions for the establishment of insurance and reinsurance companies are exactly the same for domestic and foreign entrepreneurs, and there is no discriminatory treatment in this respect. The necessary conditions regarding establishment and operations of insurance and reinsurance companies have become similar to those of European countries.

Entrance into the insurance business is subject to authorization and licensing. The rules related to the management and shareholders are identical with the rules of the EU.

In 1990, the liberalization of the tariff system was applied to non-life insurance which excludes the compulsory non-life insurance branches and life insurance.

Turkish insurance legislation does not make a distinction between life and non-life insurance as in EU; i.e. the regulation for both of the main insurance branches is covered in the same regulation. Since the beginning of 1998, insurance companies have been required to carry on life or non-life business and composite companies had to separate their business, in order to continue issuing life policies.

Foreign insurance companies can open branch offices in Turkey or can act as a separate entity under the requirements of the Turkish Commercial Law and Insurance Supervision Law No 7397.

Comparing Turkish legislation with the related EU acquis, the main differences can be listed as follows:

In the EU motor vehicles liability insurance and life and non-life insurance fields are separated, and the regulatory and supervisory institutions differ from each other. In Turkey, life and non-life insurance groups have been placed under a single legal framework. As from the beginning of the year 1998, insurance companies have been obliged to act in the life and non-life insurance field thus enabling the establishment

of composite companies and differentiation of activities. This change is one of the significant milestones on the way to harmonization with the EU acquis.

From the point of view of insurance services, the real persons and legal entities domiciled in Turkey are required under article 29 of the Insurance Supervision Act No 7397 to buy their non-life insurances from insurance companies operating in Turkey (there are some exceptions).

The insurance companies operating in Turkey and local branches of foreign insurance companies are obliged to effect cessions to the System for the Increase of Domestic Retention and Reinsurance Capacity, operated by a domestic private reinsurance company called "Milli Reasürans T.A.Ş.", from every insurance contract they conclude (This compulsory cession will likely be abolished as of 31st of December 2001).

Real person insurance intermediaries (insurance brokers, producers, claim adjusters) are required to have Turkish nationality.

A new draft law on the regulation and supervision of the insurance sector has been prepared which provides for the progressive harmonization with the EU acquis. A new draft law on Individual Retirement Saving and Investment System has also been submitted to the Turkish Parliament.

A new By-Law on Insurance and Reinsurance Brokers, amending By-Law No 22153 of 26th December 1994, entered into force after it was published in the Official Gazette of 1st November 2000.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

Undersecretariat of Treasury

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the required amendments and modifications**

### **a) The Corresponding Turkish Legislation**

First of all, considering the fact that the Turkish insurance market is at the developing stage and that the premium volume constitutes only a small portion of the GNP, an asymmetric approach is required during the pre-accession process.

The current position of the Turkish insurance legislation system against related EU directives are as follows:

- Eight of the EU directives are in harmony: 64/225/EEC, 76/580/EEC, 77/92/EEC, 79/267/EEC, 87/344/EEC, 90/619/EEC, 91/674/EEC, 92/96/EEC,
- Five of the EU directives requires harmonization only by member countries: 91/323/EEC, 91/371/EEC, 91/675/EEC, 2155/91/EEC, 93/43/EEC,
- Eleven of the EU directives require harmonization: 72/166/EEC, 73/239/EEC, 73/240/EEC, 78/473/EEC, 84/5/EEC, 88/357/EEC, 90/232/EEC, 90/618/EEC, 92/49/EEC, 97/828/EC, 97/78/EC.

The corresponding provisions of the "EU Council Directive 64/225/EEC of 25 February 1964 on the abolition of restrictions on the freedom of establishment and freedom to provide services in respect of reinsurance and retrocession" are stated in Law No 7397 on Insurance Supervision and in Decree No. 539 amending this Law, in the By-Law Concerning the Establishment and Principles of Operation of the Insurance and Reinsurance Companies and Reinsurance Monopoly Law No 1160. Through the

modification that will be made to Law No 1160 Turkish legislation will become harmonized with the related EU Directive. Work is ongoing on the draft that will amend the Insurance Supervision Law.

The corresponding provisions of the “EU Council Directive 77/92/EEC of 29 June 1976” amending Directive 73/239/EEC on the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct insurance other than life insurance are stated in Insurance Supervision Law No 7397 and Decree No 534 amending this Law, and in the By-Law Concerning the Establishment and Principles of Operations of Insurance and Reinsurance Companies. The corresponding Turkish legislation is in harmony with the provisions of the related EU Directive.

The corresponding provisions of the “EU Council Directive 76/580/EEC of 13 December 1976” on measures to facilitate the effective exercise of freedom of establishment and freedom to provide services in respect of the activities of insurance agents and brokers and of the amendments thereof, are stated in the By-Law Concerning Insurance and Reinsurance Brokers, which are all in harmony with the provisions of the related EU Directive.

The corresponding provisions of “EU Directive No 79/267/EEC” are stated in Insurance Supervision Law No 7397, and in Decree No 539 amending this Law and in the By-Law Concerning Life Assurance. The corresponding legislation is in harmony with the provisions of the related EU Directive.

The corresponding provisions of “EU Directive No 87/344/EEC” are stated in the Decree on the Establishment of the Branch of the Legal Expenses Insurance, which is in harmony with the related EU Directive.

The corresponding provisions of “EU Directive No 90/619/EEC” are stated in Insurance Supervision Law No 7397, and in Decree No 539 amending this Law, and in the By-Law Concerning Life Assurance, which are in harmony with the provisions of the related EU Directive.

The corresponding provisions of “EU Directive No 91/674/EEC” are stated in Insurance Supervision Law No 7397 and in Decree No 539 amending this Law, and in the By-Law Concerning the Establishment and Principles of Operations of Insurance and Reinsurance Companies, which are all in harmony with the provisions of the related EU Directive.

The corresponding provisions of “EU Directive No 92/96/EEC” are stated in Insurance Supervision Law No 7397, and in Decree No 539 amending this Law, and in the By-Law Concerning Life Assurance, which are all in harmony with the provisions of the related EU Directive.

The corresponding provisions of “EU Directive No 95/26/EC of the European Parliament and Council” are stated in Insurance Supervision Law No 7397 and in Decree No 539 amending this Law, and which are in harmony with the provisions of the related EU Directive.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

- 1) Basically, in the fields of motor vehicles financial liability insurance and non-life insurance the alignment with the coordination directives on the taking up and pursuit of insurance activities will be completed.
- 2) Necessary efforts will be given for the approximation of the Turkish legislation to the EU acquis in respect of the following items:
  - Cross border insurance services, provided by foreign insurance providers directly, without opening a branch in Turkey,
  - In respect of non-life insurance, the compulsory buying of insurance services from insurance companies operating in Turkey,
  - Requirement of Turkish nationality working as real person for insurance intermediaries such as insurance brokers, producers, claim adjusters etc...,
  - Reinsurance monopoly which requires compulsory cession to the domestic reinsurance company called “Milli Reasürans T.A.Ş.”.
- 3) Seven of the EU directives with which Turkish legislation must harmonize are follows:

72/166/EEC, 73/239/EEC, 73/240/EEC, 78/473/EEC, 84/5/EEC, 88/357/EEC, 90/232/EEC, 90/618/EEC, 92/49/EEC, 97/828/EC, 97/78/EC.

### c) Necessary Institutional Changes

There is no need to make any institutional change.

### d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications

The organizational structure and the personnel of the relevant department of the Undersecretariat of Treasury will probably be sufficient for the implementation of the new arrangements to be enforced in the course of the harmonization of the legislation. Nevertheless, training of personnel during the harmonization process bears great significance.

## III. Time Schedule

The adoption of EU legislation on the insurance sector that do not have any corresponding in the Turkish legislation is proposed for the medium term. However, it is considered that the modifications can be completed in the short term.

## IV. Financing

Financing is not foreseen at this stage.

### 4.4.1.2 Services Other Than Financial Services

#### a) Current Status

Significance of the Services Sector in Turkish Economy

The services sector is the biggest sector in the Turkish economy. As shown in the table below, the share of the services within the economy has settled at the level of 57 – 59 % in the recent years.

Main Sectors and GNP

|      | <b>Agriculture</b> | <b>Industry</b> | <b>Services</b> | <b>GNP</b> |
|------|--------------------|-----------------|-----------------|------------|
| 1987 | 12,883             | 18,680          | 43,457          | 75,019     |
| 1988 | 13,991             | 19,074          | 43,123          | 76,108     |
| 1989 | 12,845             | 20,008          | 44,494          | 77,347     |
| 1990 | 13,746             | 21,873          | 48,973          | 84,592     |
| 1991 | 13,663             | 22,504          | 48,720          | 84,887     |
| 1992 | 14,249             | 23,911          | 52,163          | 90,323     |
| 1993 | 14,129             | 25,898          | 57,650          | 97,677     |
| 1994 | 14,045             | 25,433          | 53,255          | 91,733     |
| 1995 | 14,230             | 27,476          | 57,322          | 99,028     |
| 1996 | 14,879             | 29,335          | 61,866          | 106,080    |
| 1997 | 14,550             | 32,337          | 67,988          | 114,874    |
| 1998 | 15,621             | 32,923          | 70,665          | 119,209    |

Shares of Sectors (%)

|      | Agriculture | Industry | Services |
|------|-------------|----------|----------|
| 1987 | 17,2        | 24,9     | 57,9     |
| 1988 | 18,3        | 25,1     | 56,7     |
| 1989 | 16,6        | 25,9     | 57,5     |
| 1990 | 16,3        | 25,9     | 57,9     |
| 1991 | 16,1        | 26,5     | 57,4     |
| 1992 | 15,8        | 26,5     | 57,8     |
| 1993 | 14,5        | 26,5     | 59,0     |
| 1994 | 15,3        | 26,6     | 58,1     |
| 1995 | 14,4        | 27,7     | 57,9     |
| 1996 | 14,0        | 27,7     | 58,3     |
| 1997 | 12,7        | 28,1     | 59,2     |
| 1998 | 13,1        | 27,6     | 59,3     |

Growth Rates (%)

|      | Agriculture | Industry | Services | GNP  |
|------|-------------|----------|----------|------|
| 1987 | 0,4         | 9,2      | 13,2     | 9,8  |
| 1988 | 8,0         | 2,1      | -0,8     | 1,5  |
| 1989 | -7,7        | 4,9      | 3,2      | 1,6  |
| 1990 | 7,0         | 9,3      | 10,1     | 9,4  |
| 1991 | -0,6        | 2,9      | -0,5     | 0,3  |
| 1992 | 4,3         | 6,2      | 7,1      | 6,4  |
| 1993 | -0,8        | 8,3      | 10,5     | 8,1  |
| 1994 | -0,6        | -5,7     | -7,6     | -6,1 |
| 1995 | 1,3         | 12,5     | 7,6      | 8,0  |
| 1996 | 4,6         | 6,8      | 7,9      | 7,1  |
| 1997 | -2,2        | 10,2     | 9,9      | 8,3  |
| 1998 | 7,4         | 1,8      | 3,9      | 3,8  |

Source: State Statistical Institute

The services sector of Turkey grew by an average of 6.2 % annually between the years 1965 and 1980, 5.1 % between 1980 and 1990 and 5.4 % between 1990 and 1998. The largest decline of 7.6 % was observed during the crises of 1994. The decline was greater than the regression observed in the GNP (-6.1%) in the same year.

The structure of the services sector with regard to the sub sectors is given in the below table.

**Annual, according to 1987 producer prices, Billion TL**

| 1998                              | Value  | Sector<br>Shares (%) | Growth<br>Rate (%) |
|-----------------------------------|--------|----------------------|--------------------|
| C. Services Total *               | 67,224 | 56,4                 | 2,3                |
| A. Construction                   | 6,368  | 5,3                  | -0,5               |
| B. Trade                          | 24,538 | 20,6                 | 1,3                |
| 1. Wholesale and Retail Trade     | 20,726 | 17,4                 | 1,9                |
| 2. Hotel & Restaurant Services    | 3,812  | 3,2                  | -1,6               |
| C. Transportation & Communication | 15,319 | 12,9                 | 6,0                |
| D. Financial Institutions         | 2,527  | 2,1                  | 6,3                |
| E. Housing Ownership              | 5,561  | 4,7                  | 2,4                |
| F. Self Employed and Services     | 2,585  | 2,2                  | 2,7                |

Source: State Institute of Statistics

(\*) External factor revenues are excluded.

As indicated in the table, the trade sector with its broader definition, constitutes the most significant sub branch of the services sector with a share of 20.3 % in the GNP. The Transportation and communication sectors follow it with a total share of 12.7%. The following conclusions can be reached from the comparison of these figures with those of the UNCTAD-WB:

-The contribution of the transportation-communication sector to the total value added in developed economies between 1988 and 1990 is 7 %, which is less than the contribution of the said sector in Turkey. Similarly, the contribution of the trade sector (broad definition) is 15 %, which is less than the contribution of trade in Turkey.

-On the other hand, the contribution of finance, insurance and real estate in developed countries is nearly 17 % and much bigger than in Turkey (7.6%).

-These facts indicate that the service sub sectors in the developed economies that have the most dynamic structure and a strong interaction with the industry sector have not developed sufficiently in Turkey.

#### International Trade in Service and Turkey

According to the statistics of the World Trade Organization for the year 1998, Turkey exported services to the amount of 19.2 billion US Dollars in 1997 and imported services to the amount of 8.1 billion US Dollars. In terms of world export services by value, Turkey, while ranked at 36th in 1975, reached 23rd in 1990 and 17th in 1998. This development was to a considerable extent due to the growth in tourism sector during the 1980's and the beginning of 1990's, and paved the way for Turkey to be one of the main service exporters of the world.

The Turkey's share in world services exports and imports in 1997 were 1.5 % and 0.6 %, respectively. For a long time Turkey was not ranked among the first 40 countries in terms of imports of services. Imports of services did grow steadily however, and in 1997 Turkey was placed 33rd, according to the WTO figures.

### Trade In Services In the Current Accounts Balance of Turkey

| Million \$                                      | 1994    | 1997    | 1998    |
|-------------------------------------------------|---------|---------|---------|
| CURRENT ACCOUNTS BALANCE (I+II)                 | 2 631   | -2 638  | 1 871   |
| (I) FOREIGN TRADE BALANCE (A+B)                 | -4 216  | -15 358 | -14 332 |
| A- Export FOB                                   | 18 390  | 32 647  | 31 220  |
| - Export                                        | 18 106  | 26 261  | 26 973  |
| - Shuttle Trade                                 |         | 5 849   | 3 689   |
| - Transit Trade                                 | 284     | 537     | 558     |
| B- Import FOB                                   | -22 606 | -48 005 | -45 552 |
| - Import CIF                                    | -23 270 | -48 559 | -45 935 |
| - Gold Import                                   | -480    | -1 867  | -1 861  |
| - Transit Trade                                 | -251    | -492    | -514    |
| - Freight and Insurance                         | 1 395   | 2 913   | 2 758   |
| (II) INVISIBLE ACCOUNTS BALANCE (A+D)           | 6 847   | 12 720  | 16 203  |
| A- Other Income from Goods and Services         | 11 691  | 21 273  | 25 802  |
| - Tourism                                       | 4 321   | 7 002   | 7 177   |
| - Interest Income                               | 890     | 1 900   | 2 481   |
| - Other                                         | 6 480   | 12 371  | 16 144  |
| B- Other Expenses from Goods & Services         | -7 936  | -13 419 | -15 326 |
| - Tourism                                       | -866    | -1 716  | -1 754  |
| - Interest Expenses                             | -3 923  | -4 588  | -4 823  |
| - Other                                         | -3 147  | -7 115  | -8 749  |
| C- Unrequited Transfers (Private - Net)         | 2 709   | 4 552   | 5 568   |
| - Worker's Remittances                          | 2 627   | 4 197   | 5 356   |
| - Other                                         | 82      | 355     | 212     |
| D- Unrequited Transfers (Official-Net)          | 383     | 314     | 159     |
| - Worker's Remittances                          | 37      | 32      | 41      |
| - Other                                         | 346     | 282     | 118     |
| (III) TOTAL GOOD & SERVICE BALANCE (I+II/I, II) | -461    | -7 504  | -3 856  |

### Liberalization of the International Trade in Services and Turkey

The liberalization of the trade in services is a priority issue for Turkey, as the service sector had a share of 59.3 % in the GNP in 1998.

Although the Association Agreements between Turkey and the EU foresees the progressive elimination of restrictions on the freedom of establishment and the freedom to provide services through determination by the Association Council of priorities, time-tables and procedures, there were no any development on this issue until the mid 1990s.

According to the agreement reached within the Association Council in 1992 when the work to finalize the Customs Union intensified and upon the request by Turkey, the parties agreed to insert a section into the Association Council Decision with a view to determining the operating rules of the Customs Union



regarding the progressive liberalization of the freedom of establishment and the freedom to provide services between Turkey and the EU. In parallel to this decision, starting from November 1992, exploratory talks were launched with the EU on the level of integration reached within the Community, and on the corresponding Turkish legislation concerning the freedom of establishment and freedom to provide services with regard to the following main sectors:

1. Financial services
2. Professional services
3. Telecommunications
4. Distribution
5. Audio-visual services
6. Tourism
7. Transportation

As a result, the parties prepared draft texts defining the legal framework on the progressive elimination of restrictions on the freedom of establishment and the freedom to provide services. However, since the EU Council of Ministers rejected proposals to provide the real persons of Turkey the freedom of establishment and the freedom to provide services in the EU, negotiations were suspended at the end of 1994 and the issue was not included in the Association Council Decision No. 1/95 of 6 March 1995 regulating the operating rules of the Customs Union. Cooperation between the parties in the fields of telecommunications and transportation is provided for in the Draft Turkey-EU Association Council Decision attached to the Decision No 1/95.

Meanwhile, at the end of the Uruguay Round negotiations Turkey became Party to the "General Agreement for Trade in Services (GATS)" that was signed for the liberalization of services and was annexed to the Agreement establishing the World Trade Organization in 1995. Within this context, Turkey has made commitments in the fields listed below:

1. Professional services
2. Communication services
3. Contracting and related engineering-architecture services
4. Educational services
5. Environmental services
6. Financial services
7. Health and social services
8. Tourism and travel services
9. Transportation services

The commitments of Turkey correspond to 72 service activities out of a total of 155 service activities stated in the sectoral classification list of GATT. The examination of the services not included in the list indicates that no commitment exists for professional services open only to Turkish citizens, for example those provided by doctors, dentists, vets, and nurses. Additionally, no commitment was made in some other sectors such as Research and Development Services, Real Estate Renting Services, Distribution Services, etc. since there is no legislation regarding these sectors in general and there exists no legislation regulating the entrance of foreign citizens in the Turkish market in particular. Finally, since internal maritime transportation is prohibited to foreign citizens because of "cabotage", and since there is no practice in Turkey in some fields such as space technology, again no commitment was undertaken.

The issue of the elimination of restrictions on the freedom of establishment and the freedom to provide services between Turkey and the EU was brought to the agenda once more through the “European Strategy for Turkey” of 4 March 1998, and Turkey put forward her positive approach for the improvement of the relations between the parties within the strategy paper of 22 July 1998 prepared by Turkey.

To this end, during the Turkey – EU Association Council meeting held in Luxembourg on 11 April 2000 it was decided to launch simultaneous negotiations on the liberalization of services and the liberalization of public procurement. Article V of GATT, which allows the undersignatory parties to conclude agreements between each other for further integration in the field of the liberalization of the services, constitutes the legal basis of the negotiations launched between the Parties. The first round of the negotiations on services and public procurement took place on 17 October 2000.

With the objective of setting forth the comprehensive position of Turkey on issues of particular importance for the ongoing negotiations, seven sub committees were established and have been engaged in preparatory work under the coordination of the State Planning Organization and the Undersecretariat of Treasury.

### Tourism

There does not seem to exist a common policy in the Community for tourism. This sector is affected by policies and practices undertaken in many fields such as environment, transportation, small and medium size enterprises, consumer rights, taxation and social policies.

Turkey has embodied in legislation the standards and principles for sustainable tourism, tourist security, service quality, and a contribution to regional development and employment, adopted by such international organizations as the World Tourism Organization, OECD Tourism Committee, Bureau of International Social Tourism (BITS), Association of International Tourism (AIT), European Travel Commission (ETC) and International Congresses and Conferences Association (ICCA), of which Turkey is a member.

In the reorganization works carried out by the Ministry of Tourism the following criteria have been taken into consideration: harmonization with the EU, protection of consumer rights, increasing the overall quality of the travel agencies, improvement of tourism generating advertisements, strengthening professionalism and minimizing bureaucracy. The Draft Decree Law prepared in this regard will be submitted to the Council of Ministers.

In Law No 507 on Tradesmen and Craftsmen there exists no general restrictive provision related to tradesmen and craftsmen rendering wholesale and retail services listed under the scope of the EU acquis on the freedom to provide services. Vocational training certificates of some professions are issued by the Ministry of National Education, while the certificates for others are issued by the Chambers of Tradesmen and Craftsmen.

### **b) EU acquis**

The list of the related EU acquis is given in Volume II.

### **c) Implementing Institution**

- Ministry of Justice
- Ministry of Interior
- Ministry of Industry and Trade
- Ministry of Agriculture and Rural Affairs
- Ministry of Tourism
- Ministry of Health
- Ministry of Transportation
- Ministry of Forestry

- Ministry of Labour and Social Security
- Undersecretariat of Treasury

**d) Final Objective**

The EU acquis will be aligned within the framework of the Agreement on Trade in Services, which is under negotiation between Turkey and the EU.

**II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the required amendments and modifications**

**a) The Corresponding Turkish Legislation**

- Law No 2007 on Crafts and Services Reserved for Turkish Nationals in Turkey.
- Law No 442 on Villages
- Turkish Commercial Law No 6762
- Law No 507 on Tradesmen and Craftsmen
- Law No 6224 Concerning Encouragement of Foreign Capital
- Law No 3308 on Apprenticeship and Vocational Training
- Law No 3958 on Opticians
- Law of Mine No 3213
- Law No 6326 on Petroleum
- Law No 1262 on Pharmaceutical's and Medical Preparations
- Law No 5590 on Turkish Chambers and Stock Exchanges
- Law on Trade Unions
- Law No 6235 on Association of Turkish Engineers and Architects Chambers
- Law on Agricultural Combat and Agricultural Quarantine
- Decree No 32 on the Protection of the Value of the Turkish Currency

**b) Necessary Amendments and Modification in the Corresponding Turkish Legislation**

Studies on the harmonization of Turkish legislation with the EU acquis on the freedom to provide services are ongoing.

The harmonisation with the EU acquis on “the removal of the restrictions with respect to the free movement and residence for the freedom of establishment and the freedom to provide services to the citizens of the member states” will be ensured to a great extent through the enactment of the “Draft Law on the Work Permits of Foreign Citizens” prepared by the Ministry of Labour and Social Security.

In Turkey, there exist some restrictions for the taking up of business by the self-employed. According to the Turkish legislation, self-employed persons are not allowed to conduct any commercial activity and they can only make investments and conduct commercial activities through establishing limited or joint stock companies. Furthermore, to establish a company and/or branch offices the equivalent of a minimum of USD 50.000 is required. Foreign investment companies are required to take permission from the Directorate General for Foreign Capital, the Undersecretariat of Treasury, to conduct business activities in

Turkey. The “Draft Law on Foreign Capital” which has been prepared in line with the harmonisation process and which will repeal Law No 6224 on “Encouragement of Foreign Capital”, has been submitted to the Turkish Parliament. The Law will replace the permission procedure with a registration system.

The Ministry of Justice has prepared a draft law on the “protection of personal data” for the harmonisation with the EU acquis.

The Draft Law on Social Security prepared by the Ministry of Labour and Social Security on the “equal-treatment to men and women” principle (including the self-employed and the agricultural sector), and on the protection of the self-employed women during pregnancy and the postnatal period, should be enacted for harmonisation with the EU acquis.

Turkish legislation needs harmonisation with the EU acquis in the agriculture sector, wholesales, commercial intermediaries and small-scale craftsmen. Additionally, the following sectors also need harmonisation: mining, quarries, foodstuff production and beverage industry, petroleum and natural gas exploration, real estate, restaurant, café, taverns, resting places and hotels, retail sales, barbers, wholesale coal trade, production, trade and distribution of toxic materials, including the intermediary activities and their professional use thereof, street peddlers and self employed persons in commercial agencies.

There does not seem to be a need to make any amendment to Law No. 507 on Tradesmen and Craftsmen, and Law No. 3308 on Apprenticeship and Vocational Training as the issues stated in detail in the EU acquis can be arranged through By-Laws. Moreover, the By-Laws to be enforced in relation to Laws No. 507 and No. 3308 need to be evaluated together with the amendments to be made to the Law Concerning the Encouragement of Foreign Capital, Turkish Commercial Law and the Law on Crafts and Services Reserved for Turkish Nationals in Turkey.

#### **c) Necessary Institutional Changes**

No additional institutional structure is required at the moment.

#### **d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

There is no corresponding Turkish legislation in line with the EU acquis in the following fields: freedom of student residence, forestry and timber, transportation and travel agencies, trade and distribution of toxic materials, and the film industry. Legal arrangements are required in these fields.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

A widespread training program is required in the fields of services and the freedom to provide services.

### **III. Time Schedule**

#### *Medium Term*

“The Legislation Commission”, under the coordination of the Ministry of Industry and Trade, will carry out work on the amendments in the legislation concerning Tradesmen and Craftsmen. Through the effective operation of this Commission, work towards harmonisation with the EU acquis will proceed according to a specified timetable.

## 4.5. Free Movement of Capital

### I- Priority description

#### a) Current Status

Turkish legislation is in line with the EU *acquis* as regards the free movement of capital, with certain exceptions. With the establishment of the internal market in 1992 the European Union finally permitted the free movement of capital, after a process in which improvements took place gradually over a period of years. Turkey will realize full harmonization by making some amendments to the respective legislation. Meanwhile, the legislation on Money Laundering was introduced in 1996 and 1997. The current situation with regard to direct foreign capital investments and other capital movements is as follows:

For direct foreign capital investments:

- The equal treatment principle is observed.
- There are no limitations on the participation of foreign capital, with certain exceptions. The exceptional cases are: Law No 3984 on the Establishment of Radio and Television and their Broadcasts limits the share of foreign capital investment in this sector to 20 %. Foreign shares in air, maritime transportation and in the ports are limited to 49 %, as set forth by the Law on Civil Aviation No 2920, Law on Cabotage No 815, and the Turkish Code of Commerce No 6762.
- The transfer of profits, wages and royalties in a free and unlimited way in case of liquidation or sale is guaranteed.
- Sectors open to the Turkish private sector are also open to foreign investment, except for fisheries and the real estate commission agency. There are certain limitations for foreign capital shares in the civil aviation, maritime transportation, port enterprises, radio-television broadcasting and telecommunication (value-added telecommunication services) fields. Moreover, investments in the petroleum and mining sectors are subject to permission, as required by the relevant laws. The national treatment principle is implemented for the establishment of companies in the financial sector. There are no provisions in the legislation regarding the opening of a branch by non-residents in respect of consumer credit companies, precious metals intermediary institutions, factoring companies, and foreign exchange offices. For non-residents, pursuing commercial activities except through incorporated companies and branches and liaison offices opened in Turkey pursuant to Foreign Capital Legislation and the Petroleum Law, and establishing ordinary partnerships except the ones formed for international tenders, are subject to the permission of the Ministry to which Undersecretariat of the Treasury is attached, in accordance with the principles of Decree No. 32. For residents, license and representation agreements with non-resident credit card companies are also subject to the permission of Undersecretariat of the Treasury in accordance with the principles of the same Decree. Foreign insurance companies can open branch offices and work in Turkey according to the Law on Insurance Audit No 7397.
- Foreigners can be employed in administrative or technical positions.
- There are no limitations on obtaining credits from abroad, except that the maturity of credits obtained to finance exports may not exceed 18 months.
- There are no conditions for the acceptance of licensing, know-how, technical assistance, and management contracts. The only requirement is for official registration with the Undersecretariat of the Treasury.
- Foreign exchange (including banknotes) brought from abroad to pay subscribed capital, capital increase, and for purchasing shares can be blocked in the Foreign Exchange Deposit Accounts.

As for other capital movements, items within the scope of Decree No 32 Regarding the Protection of the Value of the Turkish Currency and amendments thereof are in full harmonization with EU norms, except in minor ways.

## **b) EU acquis**

The relevant list of the EU acquis is given in Volume II. However, the European Parliament and Council Directive No 97/9/EC on investor indemnification systems has also been evaluated.

## **c) Implementing Institution**

The Ministry of Finance, the Undersecretariat of the Treasury, the Undersecretariat of Foreign Trade (regarding commodity credits), the Capital Market Board, the Central Bank of the Republic of Turkey.

## **d) Final Objective**

The final objective is to achieve full harmonization with the above mentioned acquis communautaire of the EU.

## **II- Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

Council Directive No 88/361/EEC of the EU is the legislation which includes all capital items and liberalisation thereof. The Turkish legislation which includes provisions corresponding to the Directive are given below.

- The legislation as regards direct foreign capital investments
- Decree No 32 Regarding the Protection of the Value of the Turkish Currency and the related Communiqué No 91-32/5 decision,
- Law Concerning the Encouragement of Foreign Capital No 624 ,
- Foreign Capital Framework Decree (7 June 1995),
- Communiqué on Foreign Capital Framework Decree,
- Law on Villages (No 42),
- Law on Petroleum (No 6326),
- Law on Mining (No 3213),
- Law on the Establishment of Radio and Television Enterprises and Their Broadcasts (No 3984),
- Law on Turkish Civil Aviation No 2920,
- the Turkish Code of Commerce (No 6762),
- Law on Cabotage (No 815),
- Law on Financial Leasing No 3226 published in the Official Gazette No 18975 of 28 June 1985,
- Regulation Concerning the Principles of Issuance of Exchange Membership Certificate and the Conditions of the Establishment and Operation of Precious Metals Intermediary Institutions published in the Official Gazette No. 21730 of 16 October 1993,
- Regulation Concerning the Principles on Establishment and Operation of Factoring Companies published in the Official Gazette No 22148 of 21 December 1994,
- Regulation on the Principles of Establishment and Operation of Consumer Credit Companies published in the Official Gazette No 22002 of 26 July 1994.

The legislation as regards other capital movements

- Decree No. 32 Regarding the Protection of the Value of the Turkish Currency published in the Official Gazette No 20249 of 11 August 1989 and the related Communiqué No 91-32/5 published in the Official Gazette No 20907 of 20 June 1991,
- Regulation on Exports published in Official Gazette No 22515 of 6 January 1996,
- Capital Markets Law,
- Cabinet Decree No 95/6571 on the establishment of the International Securities Free Zone of the Istanbul Stock Exchange (İMKB),
- Communiqués of Capital Market Board: Serial III, No. 20 Communiqué on the Principles Regarding the Registration with the Board and the Sale of Foreign Capital Market Instruments, Serial VII, No. 10 Communiqué on the Principles Regarding Registration with the Board and Sales of Foreign Mutual Fund Shares,
- Regulation on Istanbul Stock Exchange International Securities Free Zone,
- Regulation on the İMKB International Market,
- Regulation on the İMKB Settlement and Custody Centers,
- Regulation on Principles Regarding the İMKB International Market Settlement and Custody Transaction,
- Circular of the Central Bank of Turkey No 1-M concerning the Decree No 32 the Protection of the Value of the Turkish Currency and the Communiqué No 91-32/5.

The legislation is presented in detail as regards the separate capital items

#### Outward Direct Investment

According to Decree No. 32, direct investments abroad by residents, up to US\$ 5 million and its equivalent in other foreign currencies, are unrestricted. The only requirement is to notify the Undersecretariat of the Treasury within one month following the capital outflow. Direct investments which require transfer of capital, in kind or in cash, amounting to more than US\$ 5 million or its equivalent are permitted by the Ministry to which Undersecretariat of Treasury is attached.

#### Investment in Real Estate

There is no restriction in Decree No.32 with regard to non residents' acquisition of real estate. Foreign Investment Legislation also permits non-resident investors to acquire real estate in Turkey, if the real estate to be acquired is related to the investor's commercial activity. However, enterprises controlled by foreigners, are prohibited from engaging in real estate trading. Restrictions on real estate stem mainly from the Village Law. The Tourism and Petroleum Laws, on the other hand, include exceptions to these restrictions.

#### Securities

Article 15 of Decree No. 32 covers all securities without making any distinction between the money and capital markets or the types of instruments. Within this framework, the physical movement of securities and other capital market instruments into and out of the country is unrestricted. Buying and selling of domestic securities and other instruments by non-residents, and foreign securities by residents are also unrestricted. The only condition is that all the transactions in securities must be carried out through banks and intermediary institutions authorized according to the Capital Market Legislation.

While residents may freely issue, offer and sell domestic securities abroad in accordance with Decree No. 32, non residents may perform these transactions in Turkey according to the provisions of the Capital Market Legislation.

Domestic sales of foreign capital market instruments is carried out in accordance with the Communiqué on the Principles Regarding the Registration with the Board and the Sale of Foreign Capital Market Instruments (Serial III, No. 20). Within the framework of Article 3 of this Communiqué, the following transactions are unrestricted provided that they are registered by the Board:

- Initial public offerings of foreign capital market instruments,
- Public offerings of foreign capital market instruments by their holders,
- Public offerings of depository receipts,
- Private placement of the foreign capital market instruments and depository receipts.

The preliminary conditions for the registration of the foreign capital market instruments by the Board are set forth in the Article 4 of the Communiqué. The issuance of securities abroad by persons residing in Turkey can be undertaken provided that they meet the requirements of the country concerned.

The “Investors Protection Fund” will be established through the December 1999 amendment to the Capital Markets Law. This fund was designed mainly within the framework of the principles of the EU, and the studies regarding the detailed regulations required for the functioning of the new system are still under way.

As for clearing and settlement systems, clearing of transactions in Turkey is carried out by a central settlement and custody agency, Takasbank, in accordance with the recommendations of the “Group of Thirty”. Within the framework of the protection of investors, gradual liquidation mechanisms have been developed for intermediary institutions following the latest amendments to the Capital Market Law, and the authority to perform gradual liquidation has been given to the Investors Protection Fund, to be managed by the Central Registry.

The Capital Market Board, operating within the framework of the Capital Market Law, regulates transactions in securities and the issuance of securities by institutional investors such as mutual funds and investment companies operating on portfolio management principles.

Sales of shares on the Turkish capital market, with or without public offerings, in foreign investment funds and companies located abroad are regulated by the Communiqué on the Principles Regarding Registration with the Board and Sales of Foreign Mutual Fund Shares.

In Turkey there is only one futures and options market in which contracts on precious metals are traded.

#### Operations in Current and Deposit Accounts

According to Decree No. 32, the Central Bank and other banks may open foreign exchange and gold deposit accounts for the benefit of residents and non residents, and the accounts may be used freely by the account holders. Residents may have foreign exchange accounts with credit institutions abroad.

In accordance with Circular of No. I-M of the Central Bank of Turkey, banks and precious metals intermediary institutions may deal with foreign exchange forward transactions.

It is compulsory for exporters to repatriate the proceeds of exports and surrender foreign currency, or to document it in cases where the proceeds are in Turkish Lira, to banks or special finance institutions within 180 days of the date of shipment, excluding delays due to the special circumstances foreseen in Decree No. 32 and the circumstances of force majeure approved by the Ministry (in which case at least 70% of the foreign currency proceeds of exports are to be sold to banks or special finance institutions within 90 days of the date of shipment, the residual 30% being left to the free disposal of the exporter).

#### Credits

According to Article 17 of Decree No 32, residents may freely obtain foreign credits, in kind or in cash, provided that they utilize such credits through banks or special finance institutions. The maturity of credits obtained by residents to finance exports may not exceed 18 months, except in case of shipbuilding and exporting (24 months).



Financial leasing contracts concluded between residents and non-resident leasing companies are subject to the approval of the Undersecretariat of the Treasury according to the Financial Leasing Legislation.

Residents obtaining foreign credits with a maturity of more than one year should register them in the Debt Log kept by the Undersecretariat of the Treasury. Monitoring of the credits, except public sector credits with the maturity of less than one year, is carried out by Central Bank.

Regarding credits extended abroad by residents, domestic banks may grant loans abroad up to the total amount of foreign exchange deposits and loans they have obtained. Banks may also extend credits in Turkish Lira within the framework of banking customs and practices. Residents may extend commodity credits abroad to finance commercial transactions. The maturity in export credits extended by residents to non-residents may not exceed two years for non-durable goods and five years for other goods.

#### Non-pecuniary credits, guarantees and sureties

According to Article 18 of Decree No 32, residents in Turkey may freely obtain non-pecuniary credits, sureties and guarantees from abroad. They may also freely grant guarantees and sureties to non-residents on behalf of residents and non-residents.

There are no restrictions on the establishment of ship mortgages in foreign currency pertaining to the credits obtained for the purchase of ships from abroad within the framework of Law No. 2581.

#### Payments on Insurance Contracts

According to Decree No. 32, the principles and procedures applicable to invisible operations are left to the regulation of the Central Bank of Turkey, which issued Circular No I-M of 3 July 1991 to cover these operations.

Payments relating to services purchased from non-residents by residents for their activities in Turkey, and other payments regarding invisible transactions which require the allocation of foreign currency or the transfer of Turkish Lira, are specified in Article 25 of the Circular.

Under the heading "D-Insurance" of Article 25, the following subjects are regulated; (D1) Social Security and Social Insurance, (D2) Insurance related to goods subject to international trade, (D3) Life Insurances, (D4) Other Insurances.

Life Insurance Premium and Indemnity Payments: The premium payments for life insurance contracts concluded between residents in Turkey, either individually or collectively, and non-resident insurance companies are not subject to limitation. The payments pertaining to life insurance contracts concluded between resident insurance companies and non-residents are also unrestricted.

Credit Insurance Premium and Indemnity Payments: In paragraph "2. Indemnity for Damages and Other Payments" under heading (D4), it is stated that all indemnities for damages and the relevant payments regarding all other insurance contracts between insurance companies resident in Turkey and non-resident real or legal persons are freely transferred. Credit insurance premiums and indemnity payments are also covered by the same paragraph. However, according to Article 29 of Law No 7397 on Insurance Supervision, residents in Turkey should conclude insurance contracts only with licenced insurance companies in Turkey, except for life insurance, transportation insurance for exported and imported goods, the hull insurance of aircrafts, helicopters and ships purchased by foreign loans (provided that the insurance period is limited to the term of the credit), marine liability insurance, and insurance contracts bought by residents during their travel abroad.

Other Transfers in the Scope of Insurance Contracts: Other transfers are regulated under headings (D5) Reassurance and Retrocession Transactions, (D6) The Other Payments of Foreign Insurance Companies and their Branches in Turkey. Reassurance and retrocession transactions should conform with the provisions of Law No 1160 and Decree No 91/2276. The Cabinet Decree, which requires compulsory ceding to Milli Reasürans T.A.Ş (Turkish National Reinsurance Inc.) at rates determined according to the type of reinsurance transaction, is valid until 31 December 2001 and will probably cease to be in force thereafter.

### Personal Capital Movements

Personal capital in cash is transferred without restriction in accordance with Decree No. 32 and the Central Bank's Circular No. I-M on invisible operations. The inward and outward movement of personal capital in kind is also permitted according to the Customs Regulation and Decree No. 32.

### Physical Import and Export of Financial Assets

There are no restrictions on the physical import and export of securities. The import of foreign exchange and Turkish lira is unrestricted. Travelers may take up to US\$ 5000 in cash or its equivalent in Turkish lira and other currencies out of Turkey. In order to take out greater amounts, non-residents must declare the amount of foreign currency upon arrival, whereas residents must present a document indicating that the foreign currency is for the payment of invisible transactions.

### Other Capital Movements

In paragraphs 3 and 5 under Item G4 of Article 25 of Circular No. I-M of the Central Bank it is set forth that in cases where a resident dies in a foreign country the repatriation of the body is a situation which requires transfer of foreign currency or Turkish Lira.

Paragraph B of XIII in the Nomenclature of Directive 88/361/EEC on capital movements, deals with damages. This issue is regulated under Article 25 of Circular No I-M, item "K3. Damage, Loss and Indemnities".

The issue of refunds, mentioned in Paragraph C of XIII in the above mentioned Directive, is regulated under item "K7. Amounts to be Refunded". According to this item, foreign currency is refunded in cases where it was transferred either by mistake because there was no debt, or repeatedly sent or sent in advance for a transaction which did not take place or for which the contract was cancelled.

Paragraph D of XIII "The Authors' Royalties" is regulated under item "A5 Copyrights, Intellectual and Industrial Property and Management Agreements". Within this framework payments are freely transferred for copyrights on scientific and artistic works, payments related to photographs, articles and similar items published in newspapers, journals and other publications, license payments related to software programs, payments related to the technical assistance agreements and management agreements on licensing, know-how and similar tangible rights registered by the General Directorate of Foreign Capital of the Undersecretariat of the Treasury, payments related to the license and representation agreements concluded, with the approval of Undersecretariat of the Treasury, between residents and non resident credit card companies.

In Paragraph B of XII it is stated that information on all other payments is required. As a result of systems such as the electronic fund transfer carried out under the supervision of the Central Bank, all payment means used by European Union countries can also be used currently in Turkey.

Paragraph E of XIII is related to the transfer of monies required for the provision of financial institutions' services not covered under the heading "operation in current and deposit accounts". There are several provisions on this issue in the aforementioned Circular. An example is B.1.c under the title of "B. Foreign Trade" which covers banking commission and charges.

### Corresponding Legislation concerning Money Laundering

- Law No 4208 on Prevention of Money Laundering (Official Gazette No: 22822 on 19.11.1996),
- Regulation Regarding the Implementation of Law No 4208 (Official Gazette No: 23037 on 2.7.1997),
- Regulation of Working Procedures of the Coordination Board for Combating Financial Crimes (Official Gazette No: 23037 on 2.7.1997),
- Regulation on Duties and Working Procedures of Financial Crimes Experts (Official Gazette No: 23439 on 20.8.1998),
- Regulation Regarding Implementation Procedures and Methods of Controlled Delivery (Official Gazette No: 23111 on 15.9.1997),

- Communiqué Regarding Customer Identification (No:1) (Official Gazette No: 23217 on 31.12.1997),
- Communiqué Regarding Suspicious Transaction (No:2) (Official Gazette No: 23217 on 31.12.1997).

Corresponding Turkish legislation concerning money laundering is harmonized with the EU acquis.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The points to be harmonized regarding direct foreign capital investments are as follows:

- There are certain restrictions on self-employed persons founding companies in Turkey. In accordance with the current legislation, foreign real and legal persons must establish limited liability companies or joint stock companies in order to make investments or perform commercial activities in Turkey. Capital in the minimum amount of Turkish currency equivalent of USD 50.000 must be provided to establish companies or to open branch offices in Turkey. Moreover, foreign capital companies must receive permission from the Directorate General for Foreign Capital, Undersecretariat of the Treasury to conduct activities in Turkey. Through the Draft Law on "Foreign Capital" which was sent to the Turkish Parliament, this permission procedure will be replaced by a registration system. New arrangements for the lifting of other restrictions will be added to the agenda during Turkey's integration process with the EU.
- The restrictions on foreign shares stipulated in the Law on Establishment of Radio and Television Enterprises and Their Broadcasts, the Law on Civil Aviation, the Law on Cabotage and the Turkish Code of Commerce, should be revised.
- Restrictions on foreigners owning property, and the permission required for foreign investment in the petroleum and mining fields will be revised.
- The legislation concerning factoring companies, foreign exchange offices, precious metals intermediary institutions and consumer credit companies, will be amended in the medium term to enable non-residents to operate through branches.

As for the other capital movements, the following points need to be harmonized:

- The technical reserves of insurance companies cannot be invested in foreign assets,
- The risks of Turkish residents should be insured by licensed insurance companies working in Turkey, except for those stated in Paragraph D4,
- The requirement to obtain the permission of the Ministry for capital exports greater than US\$ 5 million.

#### **c) Necessary Institutional Changes**

With the entry into force of the regulations made within the framework of the December 1999 amendments to the Capital Market Law, certain changes will take place in the structure of the existing capital market institutions and new institutions will be established thereupon.

New departments and sub-departments will be established within the Board for Financial Crimes Investigation.

#### **d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

New organizations will be established with the entry into force of the new Law on Insurance Inspection Law and Individual Retirement Law.

New arrangements will be necessary in the framework of the EU acquis relating to the money laundering legislation.

**e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

The Undersecretariat of the Treasury requires additional staff for the adoption of the acquis communautaire.

The employment and training of the new experts and assistants will be required for the Board for Financial Crimes Investigation.

**III- Time schedule**

Medium term

**IV- Financing**

In order to train existing and newly employed personnel on the Acquis Communautaire, EURO 151.000 is required for the period between 2001 and 2004. For the technical assistance from the Commission, EURO 22.000 is required for the same period.

## 4.6. Company Law

### 4.6.1. Company Law

#### I. Priority Description

##### a) Current Status

Since Turkey has adopted the legal system of Continental Europe no major differences exist between Turkish legislation and the *acquis communautaire* of the EU in the field of company law. However, the “Commission for Turkish Commercial Law” was set up under the coordination of the Ministry of Justice with the aim of aligning Turkish legislation with the *acquis*, and ensuring harmonisation by making the required amendments in Turkish Commercial Law. The harmonisation work on company law is conducted under this Commission.

In Turkish law, there exist various types of enterprises, including public and private companies. At first glance, there are two types of companies, one being “Ordinary Partnerships” and the other “Trading Companies”.

“Ordinary Partnerships”, according to the Law of Obligations, do not have a separate legal entity separate from the company partners. It is the simplest form of enterprise, and when compared to trading companies, less burdensome in terms of its association procedures. Furthermore, the liability of all of its partners is unlimited, notwithstanding the capital of the ordinary partnership. “Joint ventures” in particular, are subject to the provisions prevailing for ordinary partnerships.

As regards “Trading Companies”, the principle of “Numerous Clauses” prevails. Five types of trading companies are categorized and regulated in Turkish Commercial Law. These are “Unlimited Companies” (General Partnerships), Commandites (Limited Partnership), “Limited partnership by shares”, “Limited Liability Companies”, “Joint Stock Companies”. All trading companies have a legal entity separate from their founders and shareholders. Joint stock companies and limited liability companies represent the companies in which company capital is much more important than the identity of the company partners. In those companies, the liability of company partners is limited to the registered capital. Cooperatives, on the other hand, are subject to Law No 1163 on the Establishment of Cooperatives.

The most significant and distinguishing feature of unlimited companies is that all the partners have unlimited liability under a common trade name with respect to the debts of the company. As regards the commandites, there exist two categories of partners. The first, limited (silent) partner, is liable for the debts of the company to the amount of capital contributed. The other, active partner, has unlimited liability for the debts of the company.

Limited liability companies may be founded by a minimum of two and a maximum of fifty partners. The liability of each partner for the debts of the company is limited to the amount of capital that they contribute.

Cooperatives are founded by individuals who wish to meet their various needs jointly on the principle of mutual assistance and solidarity, in relation to professions, crafts and livelihoods.

Joint stock companies represent one of the most important company types. There should be at least five founder members to establish a joint stock company, subject to the permission of the Ministry of Trade and Industry. The head office of such companies should be registered with and announced by the trade registry (the court registry requirement has been cancelled by Decree Law No 559). Among the abovementioned trading companies, commandites (Limited partnership by shares) and joint stock companies may issue shares. Joint stock companies have limited liability equal to the amounts corresponding to the total capital. Joint stock companies having more than 250 shareholders (in accordance with the amendment made to the Law on the Capital Market Board in 1999), or offering their shares or stocks to the public, are subject to the Law on The Capital Market. In Turkey, all banks and insurance companies are required to be established as joint stock companies. The Capital Market Board was established as a special authority with the aim of providing the necessary protection to the creditors and shareholders of joint stock companies. The fundamental task of this board is to ensure transparency, openness and security for shareholders and creditors, in line with the corresponding directives of the EU.

The amount of minimum capital of the joint stock companies and the requirements thereof are subject to the provisions of the related Law.

The information of primary importance for all trading companies is included in the registry of the Chambers of Trade and Industry, open to public access. Joint stock companies and other trading companies are obliged to publish information on certain decisions affecting creditors and shareholders.

In Turkish legislation, to protect the interest of shareholders and creditors of the company there exist certain provisions regarding the registration, disclosure, validity of obligations and dissolution of companies. In accordance with Turkish Commercial Law, trade registry offices are established under the body of Chambers of Commerce/Chambers of Commerce and Industry (Decree Law No 559). Today, there exists 235 trade registry offices, 81 being in provinces and 154 in districts with a population of more than 50.000, according to the last census.

Every individual has access to information on companies registered on the trade registry, and has the right to obtain a written copy thereof. The cost of such a service is very reasonable, namely TL 800.000 (EURO 1.3) per page attested.

In accordance with Article 84 of the Regulation on Trade Registry, all information on companies may be stored electronically rather than on paper. In three major provinces, namely Istanbul, Ankara and Izmir, all information and documents on companies is stored on electronic environment.

According to January 2001 data, the total number of joint stock companies registered in Turkey is 87.534, while the number of limited liability companies is 465.616.

The maximum period to elapse between the registry application and the actual registration is 2 days. The information and documents of the company are announced through the Trade Registry Gazette in full, unless clearly specified otherwise.

Turkish Commercial Law, including provisions on matters specified by the First Council Directive No 68/151/EEC enacted with the aim of meeting the transparency principle in company affairs, as well as the Trade Registry Regulation, the Turkish Commercial Law, Industry and Marine Trade and Mercantile Exchanges, and the Law on the Establishment and Duties of the Ministry of Trade and Industry, is generally in harmony with the said directive. Especially where joint stock companies are concerned, almost full alignment has been achieved. Nevertheless, there is a need to make some adjustments for other types of companies covered by the First Council Directive. In Turkish Commercial Law, contrary to the First Directive, in order for the transactions and operations of the joint stock companies to be binding, they need to be included in the field of activity of the company. Whereas in EU Law, acts and transactions of the organs of the company shall be binding upon even if those acts are not within the stated objectives of the company.

In case of failure to fulfil the provisions on registration and disclosure, the related penal provisions and the civil law sanctions of Turkish legislation shall apply. In general terms, these sanctions cover imprisonment, fines, expulsion from membership of the chamber of commerce and industry, and indemnity payments.

The corresponding provisions of the Second Council Directive No 77/91/EEC, enacted for the purpose of protecting the interests of partners and third parties in respect of the formation of public limited liability companies and the maintenance and alteration of their capital, are legislated for by Turkish Commercial Law No 6762, Law No 2499 on The Capital Market, and Banking Act No 4389. When Turkish legislation is compared with the said Directive, it is possible to say that these matters have been adequately covered in Turkish Law as well. As in the *acquis communautaire* of the EU, under Turkish legislation shares offered to the public should also be paid in cash. However, on certain matters Turkish legislation does not contain provisions as detailed as the *acquis*. Necessary arrangements will be made in order to increase the amount required for the establishment of joint stock companies to the EU threshold of 25.000 Euro. Furthermore, in comparison to Turkish Commercial Law the second directive contains more detailed provisions on shares.

The matters stipulated in the Fourth Council Directive No 78/660/EEC, enacted for alignment of practices related to the annual accounts of joint stock companies (public limited liability companies by shares) in the member states, are covered in Turkish legislation by the Law on The Capital Market and the communiqués of the Capital Market Board. The said arrangements are largely in harmony with the provisions of the Fourth Council Directive.

The provisions of Turkish Commercial Law relating to joint stock company mergers are generally in harmony with the related provisions of the Third Council Directive No 78/855/EEC. However, the Directive contains some detailed provisions. Necessary work continues on the Draft Turkish Commercial Law in this respect.

Turkish law does not contain any arrangements on the provisions of the Sixth Council Directive No 82/891/EEC concerning the division of public limited liability companies by shares. The related provisions of the Draft Turkish Commercial Law are being prepared by taking the provisions concerning the division of companies of the Sixth Council Directive into consideration.

As regards the Seventh Council Directive No 83/349/EEC on the consolidated accounts of companies, there is a need for alignment of limited (liability) companies and joint stock companies not subject to the Law on the Capital Market. Turkish legislation is mostly in parallel with the Seventh Directive in terms of joint stock companies subject to the Law on the Capital Market. However, the Law on the Capital Market differs from the Seventh Directive in that it stipulates that it is optional rather than compulsory to prepare annual consolidated reports and accounts.

Arrangements parallel to the Eighth Council Directive No 84/253/EEC on the standardisation of the independent external auditing principles of the member states are provided by “Law No 3568 on Independent Accountancy, Independent Accountancy – Fiscal Councillorship and Certified Councillorship”. Many provisions of the said Law are in harmony with the Directive. Nevertheless, in contrary to the provisions of the Directive, all accounting and external auditing transactions of all commercial enterprises, and matters on how to make use of the said services, are optional.

However, a comparison between the Eleventh Council Directive No 89/666/EEC and the Turkish legislation, concerning registration and disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the laws of another State, reveals that the provisions applicable to the registration and announcement of national trading companies subject to Turkish legislation can also be applied to the offices of foreign companies in Turkey. Moreover, there does not exist any discriminative arrangement based on the country of origin of the company in terms of protecting the partners and creditors of the company. The related Turkish legislation basically comprises all provisions of the Directive. But still, alignment with the *acquis* needs to be made with respect to provisions on matters such as company registration, registry number, and balance sheet.

Turkish legislation contains no provisions on matters set forth in the Twelfth Council Directive No 89/667/EEC on single-member private limited-liability companies. Under the provisions of Turkish law, it is not possible to establish single-member private limited-liability companies. But the Draft Turkish Commercial Law contains provisions that will enable the establishment of single-member private limited-liability companies and limit the liability of individual entrepreneurs.

## **b) The EU Acquis**

The list of the related EU *acquis* is provided in Volume II.

## **c) Implementing Institution**

The list of the Turkish authorities as per the Community directives are provided below.

| <b>COMPANY ACCOUNTING</b> |                                                                                                                                                                                                     |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>EU Directive</b>       | <b>Related Turkish Authorities</b>                                                                                                                                                                  |
| <b>78/660/EEC</b>         | <ul style="list-style-type: none"> <li>- <b>Ministry of Finance</b></li> <li>- <b>Capital Market Board</b></li> <li>- <b>Union of Chambers of Certified Public Accountants of Turkey</b></li> </ul> |

|                    |                                                                                                                                                                                                                                                                                   |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 84/253/EEC         | <ul style="list-style-type: none"> <li>- Ministry of Finance</li> <li>- Capital Market Board</li> <li>- Central Bank</li> <li>- Undersecretariat of Treasury</li> <li>- Union of Chambers of Certified Public Accountants of Turkey</li> </ul>                                    |
| <b>83/349/EEC</b>  | <ul style="list-style-type: none"> <li>- <b>Ministry of Finance</b></li> <li>- <b>Capital Market Board</b></li> <li>- <b>Central Bank</b></li> <li>- <b>Undersecretariat of Treasury</b></li> <li>- <b>Union of Chambers of Certified Public Accountants of Turkey</b></li> </ul> |
| <b>COMPANY LAW</b> |                                                                                                                                                                                                                                                                                   |
| <b>68/151/EEC</b>  | <ul style="list-style-type: none"> <li>- <b>Ministry of Justice</b></li> <li>- <b>Ministry of Trade and Industry</b></li> </ul>                                                                                                                                                   |
| 77/91/EEC          | <ul style="list-style-type: none"> <li>- Ministry of Justice</li> <li>- Capital Market Board</li> </ul>                                                                                                                                                                           |
| <b>78/855/EEC</b>  | <ul style="list-style-type: none"> <li>- <b>Ministry of Justice</b></li> </ul>                                                                                                                                                                                                    |
| 82/891/EEC         | <ul style="list-style-type: none"> <li>- Ministry of Justice</li> </ul>                                                                                                                                                                                                           |
| <b>89/666/EEC</b>  | <ul style="list-style-type: none"> <li>- <b>Ministry of Justice</b></li> <li>- <b>Ministry of Trade and Industry</b></li> </ul>                                                                                                                                                   |
| 89/667/EEC         | <ul style="list-style-type: none"> <li>- Ministry of Justice</li> </ul>                                                                                                                                                                                                           |
| <b>90/434/EEC</b>  | <ul style="list-style-type: none"> <li>- <b>Ministry of Finance</b></li> </ul>                                                                                                                                                                                                    |
| 90/435/EEC         | <ul style="list-style-type: none"> <li>- Ministry of Finance</li> </ul>                                                                                                                                                                                                           |

**d) Final Objective**

Adoption and implementation of the related EU acquis.



## II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications

### a) Current Status of the Turkish legislation

The major Turkish legislation applicable to company law and company accounts is given in the table below, along with a comparison with the related EU Directives.

| COMPANY LAW AND COMPANY ACCOUNTS LEGISLATION OF THE EU AND THE CORRESPONDING TURKISH LAW |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EU DIRECTIVE                                                                             | CORRESPONDING TURKISH LEGISLATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Company Law</b>                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 68/151/EEC                                                                               | <ul style="list-style-type: none"> <li>- Turkish Commercial Law No 6762 (Official Gazette No 9353, Date: 09 July 1956)</li> <li>- Trade Registry Regulation (Official Gazette No. 9530, Date: 08 February 1957)</li> <li>- Regulation Amending the Trade Registry Regulation (Official Gazette No. 23447, Date: 28 August 1998)</li> </ul>                                                                                                                                                                                                                                               |
| 77/91/EEC                                                                                | <ul style="list-style-type: none"> <li>- Turkish Commercial Law No. 6762 (Official Gazette No. 9353, Date: 09 July 1956)</li> <li>- Decree Law Amending the Turkish Commercial Law No 559 (Official Gazette No. 22326, Date: 27 June 1995)</li> <li>- Capital Market Law No. 2499 (Official Gazette No. 17416, Date: 30 July 1981)</li> <li>- Banks Act No. 4389 (Official Gazette No 23734, Date: 23 June 1999)</li> </ul>                                                                                                                                                              |
| 78/855/EEC                                                                               | <ul style="list-style-type: none"> <li>- Turkish Commercial Law No. 6762 (Official Gazette No. 9353, Date: 09 July 1956)</li> <li>- Law of Obligations No. 818 (Official Gazette No. 359, Date: 29 April 1926)</li> <li>- Law on Insurance Audit No. 7397 (Official Gazette No. 10394, Date: 31 December 1959)</li> <li>- Law Amending and Adopting the Decree Law on the Establishment of Agricultural Sales Cooperatives and Unions No. 4572 (Official Gazette No. 18748, Date: 08 May 1985)</li> <li>- Banks Act No. 4389 (Official Gazette No. 23734, Date: 23 June 1999)</li> </ul> |

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 82/891/EEC        | - There is no corresponding Turkish legislation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>89/666/EEC</b> | <ul style="list-style-type: none"> <li>- <b>Turkish Commercial Law No. 6762 (Official Gazette No. 9353, Date: 09 July 1956)</b></li> <li>- <b>Trade Registry Regulation (Official Gazette No. 9530, Date: 08 February 1957)</b></li> <li>- <b>Regulation Amending the Trade Registry Regulation (Official Gazette No. 23447, Date: 28 August 1998)</b></li> <li>- <b>Banks Act No. 4389 (Official Gazette No. 23734, Date: 23 June 1999)</b></li> <li>- <b>Provisional Law on Foreign Joint Stock Companies, Foreign Companies whose Capital were Divided into Shares and Foreign Insurance Companies (Date: 1914)</b></li> </ul> |
| 89/667/EEC        | - There is no corresponding Turkish legislation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>90/434/EEC</b> | - <b>Law on Company Tax No. 5422 (Official Gazette No. 7229, Date: 10 June 1949)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| 90/435/EEC        | - Law on Company Tax No. 5422 (Official Gazette No. 7229, Date: 10 June 1949)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



| EU DIRECTIVE | CORRESPONDING TURKISH LEGISLATION |
|--------------|-----------------------------------|
|--------------|-----------------------------------|

|                         |  |
|-------------------------|--|
| <b>Company Accounts</b> |  |
|-------------------------|--|

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>78/660/EEC</b> | <ul style="list-style-type: none"> <li>- <b>Turkish Commercial Law No. 6762 (Official Gazette No. 9353, Date: 09 July 1956)</b></li> <li>- <b>Law on Tax Procedures No. 213 (Official Gazette No. 10703-10705, Date: 10 January 1961)</b></li> <li>- <b>Law on Capital Market No. 2499 (Official Gazette No. 17416, Date: 30 July 1981)</b></li> <li>- <b>Communiqués on Capital Market Board (Serial XI, No. 1, 11, 13, 14) &amp; (Serial XII, No. 1)</b></li> </ul> |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 84/253/EEC | <ul style="list-style-type: none"> <li>- Law on the Central Bank of the Republic of Turkey No. 1211 (Official Gazette No. 13409, Date: 26 January 1970)</li> <li>- Banks Act No. 4389 (Official Gazette No. 23734, Date: 23 June 1999)</li> <li>- Capital Market Law No. 2499 (Official Gazette No. 17416, Date: 30 July 1981)</li> <li>- Law on Independent Accountancy, Independent Accountancy – Fiscal Counsellorship and Certified Public Accountancy No 3568 (Official Gazette No. 20194, Date: 13 June 1989)</li> <li>- By Law on Independent External Auditing in The Capital Market (Official Gazette No. 19663, Date: 13 December 1987)</li> <li>- Communiqués on Capital Market Board (Serial X, No: 7, 12, 15, 16)</li> </ul> |
| 83/349/EEC | <ul style="list-style-type: none"> <li>- <b>Law on Capital Market No. 2499 (Official Gazette No. 17416, Date: 30 July 1981)</b></li> <li>- <b>Banks Act No. 4389 (Official Gazette No. 23734, Date: 23 June 1999)</b></li> <li>- <b>Communiqués on Capital Market Board (Serial XI, No: 10)</b></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                |

**b) Necessary Amendments and Modifications in Corresponding Turkish Legislation**

The harmonisation status of the Turkish legislation with the EU acquis is indicated below as per Directives.

| <b>Company Law</b>                                                                                                                     |                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EU Directive                                                                                                                           | Harmonisation Status With the Turkish Legislation                                                                                                                                                           |
| <p><b>Company Law</b></p> <ol style="list-style-type: none"> <li>1. 68/151/EEC</li> <li>2. 77/91/EEC</li> <li>3. 78/855/EEC</li> </ol> | <ul style="list-style-type: none"> <li>- Needs Harmonisation</li> <li>- Needs Harmonisation <sup>6</sup></li> <li>- Needs Harmonisation <sup>7</sup></li> <li>- Needs Harmonisation <sup>8</sup></li> </ul> |

<sup>6</sup> Nevertheless, the relevant Turkish legislation is mostly in harmony with the Second Directive.

<sup>7</sup> The issue of company mergers is legislated in general in Turkish Law but has not been covered comprehensively, whereas the Directive referred to above does contain comprehensive provisions on this matter.

|                         |                                                                                                   |
|-------------------------|---------------------------------------------------------------------------------------------------|
| 4. 82/891/EEC           | - Needs Harmonisation <sup>9</sup>                                                                |
| 5. 89/666/EEC           | - No corresponding Turkish Legislation (Needs Harmonisation)                                      |
| 6. 89/667/EEC           | - Only the Member States are responsible for the implementation of the EU Directive <sup>10</sup> |
| 7. 2137/85/EEC          |                                                                                                   |
| <b>Company Accounts</b> |                                                                                                   |
| 1. 78/660/EEC           | - Needs Harmonisation <sup>11</sup>                                                               |
| 2. 83/349/EEC           | - Needs Harmonisation <sup>12</sup>                                                               |
| 3. 84/253/EEC           | - Needs Harmonisation <sup>13</sup>                                                               |

As is stated above, Turkish legislation is mostly in harmony with the EU acquis in respect of company law and company accounts.

The basic reason for Turkish legislation on company law being fundamentally in harmony with the EU acquis is that Turkish legislation is modelled on the legal system of Continental Europe.

Nevertheless, there is a need to make partial amendments in the Turkish legislation in respect of certain issues.

To this end, a specially designated Commission working under the Ministry of Justice has been preparing a new Draft Turkish Commercial Law by taking into consideration all the EU Directives. For instance, the provisions of the Fourth, Seventh and Eighth Directives of the EU are covered by 150 articles in the Draft Turkish Commercial Law. Also, in accordance with the Sixth and Twelfth Directives it is permitted to establish single-member private limited-liability companies and divide companies. The said Commission has even considered the draft texts of the EU. The Commission has also been working on and taking into consideration the company laws of the member states of the EU.

### c) Necessary Institutional Changes

No institutional restructuring or change will be required during or after the required harmonisation work.

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<sup>8</sup> Considering that Turkish legislation does not include any arrangement and provision on the division of public limited liability companies, except for joint stock insurance companies, it is possible to say that "this issue has not been covered by the corresponding Turkish legislation". On the other hand, in accordance with this Directive, member states cannot be obliged to make any arrangements on the division of public limited liability companies.

<sup>9</sup> In general terms, the relevant Turkish legislation seems to be in harmony with the Directive, while the said Directive contains detailed and comprehensive provisions thereon.

<sup>10</sup> No harmonization is required prior to full membership

<sup>11</sup> Turkish legislation on joint stock companies subject to the Law on the Capital Market is mostly in harmony with the relevant EU Directive, whereas there is a need to align Turkish legislation on joint stock companies not subject to the Law on the Capital Market with the EU acquis concerning the responsibility of company shareholders in proportion to their shares.

<sup>12</sup> There is a need for harmonization, especially in terms of joint stock companies not subject to the Law on the Capital Market and the other types of company covered by this directive. Turkish legislation on joint stock companies subject to the Law on the Capital Market is largely harmonized with this Directive. However, unlike the provisions of the said Directive, it is only optional to keep consolidated annual reports and accounts as per the Law on the Capital Market.

<sup>13</sup> Turkish law differs from the EU acquis in that independent external auditing is not obligatory.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Turkish legislation does not include any provision on single-member limited-liability companies corresponding to the Twelfth Council Directive (89/667/EEC, 21 December 1989). In accordance with the existing legislation, it is not possible to establish single-member limited-liability companies in Turkey. However, the new Draft will make it possible to establish single-member limited-liability companies as stipulated in the Twelfth Directive.

### **III. Time Schedule**

The main target in respect of company law is to prepare a new "Draft Commercial Law " by 2001 at the latest, and to bring this draft before the Turkish Parliament in 2002.

### **IV. Financing**

In the light of current information no financial expenditure is foreseen during and after the harmonisation studies.

## **4.6.2. Industrial Property Rights**

### **I. Priority Description**

#### **a) Current Status**

In line with the EU acquis referred to in Annex 8 of Association Council Decision No 1/95 concerning intellectual, industrial and commercial property rights, Turkey took a very significant step with the legislation enacted prior to the Customs Union by taking into consideration the Treaty establishing the WTO and the TRIPS Agreement and has thus attained noteworthy harmonisation with the EU acquis in this respect. Within this framework Turkey ratified various international agreements. Finally, Law No 4504 and Decree No 2000/842 on the approval of accession to the European Patent Agreement were enacted, and membership was launched as of 1 November 2000. The works on the accession procedures of the Trademark Law Treaty (TLT) and the Geneva Text of The Hague Agreement on International Registration of Industrial Designs are ongoing. For Turkey to accede to the UPOV Convention on the Protection of Plant Varieties, legal arrangements need to be made in Turkish legislation concerning the protection of plant species.

Within this framework, under Decree Law No 544 of 24 June 1994, the Turkish Patent Institute, an autonomous body in terms of financial and administrative structure, has been established for the management of industrial property rights. Under the provisions of the legislation related to industrial property rights, the responsibilities of the Turkish Patent Institute include; to provide documentary and printing services for industrialists and researchers, to inform national and international individuals and enterprises about industrial property rights, to cooperate with enterprises on technological research and development issues both nationally and internationally, to establish documentation centres and to make available such information to the public, and to represent Turkey on international platforms on industrial property rights. The number of personnel currently employed by the Turkish Patent Institute, an affiliated body of the Ministry of Trade and Industry, is 153. As regards industrial property rights, Decree Law Pertaining to the Protection of Patents No 551, Decree Law Pertaining to the Protection of Industrial Designs No 554, Decree Law Pertaining to the Protection of Geographic Signs No 555 and the Decree Law Pertaining to the Protection of Trademarks No 556, were enforced after being published in the Official Gazette of 26 June 1995. Law No 4128 ordaining penal sanctions on the same issues entered into force on 07 November 1995.

The Decree Law Pertaining to the Protection of Trademarks was based on Council Directive No 89/104/EEC, and is in harmony with the said Directive. The Decree Law Pertaining to the Protection of Industrial Designs, was based on Council Directive No 98/71/EEC, which was then a Draft, and is in harmony with the said Directive. The Decree Law Pertaining to the Protection of Geographical Signs is more comprehensive than the related EU acquis and has a wider scope of implementation. The Decree Law Pertaining to the Protection of Patent Rights was prepared by considering the related provisions of the TRIPS Agreement. Since this time, through Decree Law No 566 Amending the Decree Law Pertaining to

the Protection of Patent Rights No 551, the protection through patent certificates provided to medicinal products for human use and veterinary medicinal products, and the manufacturing processes thereof, has been put into practice as from 1 January 1999, due to Turkey's commitments under Association Council Decision No 1/95.

In accordance with Association Council Decision No 1/95, Turkish legislation on the protection of know-how, one of the issues that requires alignment within three years following the Customs Union, was examined and found to be in harmony with the approach of the member states of the EU.

Again under Association Council Decision No 1/95, with regard to the protection of the topographies of integrated circuits, another of the issues that requires alignment within three years following the Customs Union, a Draft Law has been prepared by the Turkish Patent Institute based on Council Directive No 87/54/EEC, and will be brought before the Turkish Parliament in 2001.

Harmonisation has not yet been achieved with Council Regulation No 1768/92/EEC concerning the creation of a supplementary protection certificate for medicinal products, and with Council Regulation No 1610/96/EEC concerning the creation of a supplementary protection certificate for plant protection products.

With the aim of providing protection to product species, the Ministry of Agriculture and Rural Affairs has prepared a "Draft Law on the Protection of Breeders Rights Concerning New Plant Varieties".

The "Memorandum of Understanding" aiming at approximating the legal, administrative and technical activities of the Turkish Patent Institute with those of the Trademark and Design Office of the Community (the Office for the Harmonization in the Internal Market), was signed on 1 December 2000.

With the aim of taking the necessary measures at the frontiers against violations of intellectual and industrial property rights, legal arrangements regarding counterfeit and pirated goods have been effected with Law No 4458 on Customs, enacted on 5 February 2000, in line with the commitment stemming from Association Council Decision No 1/95. In doing so, Council Regulation No 3295/94/EEC and Council Regulation No 1367/95/EEC were taken as the basis.

As provided for in the related legislation, as an interim arrangement the General Civil Courts have been provisionally authorised to handle cases related to intellectual and industrial property rights until specialised courts are established. Under the scope of the Project prepared by the Ministry of Justice, entitled "Effective Enforcement of Intellectual Property Rights", supported by EU resources, 12 specialised courts, are to be established in order to ensure specialisation in disputes associated with intellectual and industrial property rights. As an initial step, Specialised Courts were established in the province of Istanbul by Decree No 59 of the Supreme Court for Judges and Public Prosecutors on 25 January 2001. Should the required finance be provided by the EU, it is expected that the system will be completed by the end of 2005.

Through the enactment of the Turkish Penal Code No 4421 of 1 August 1999 and "the Law Amending the Law on the Execution of Penalties", a new system has been developed with an increased ability to impose fines. These legislative changes have made it possible to put into practice a more dissuasive penal system in relation to the violation of intellectual and industrial property rights. To that end, fines are set according to rates calculated annually by the Ministry of Finance, taking into account annual price increases.

## **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

## **c) Implementing Institution**

The authority responsible for industrial property rights is the Turkish Patent Institute established by Decree Law No 544 of 24 June 1994.

The Undersecretariat of Customs is responsible for the implementation of Regulations No 3295/94/EC and 1367/95/EC, while the Ministry of Agriculture and Rural Affairs is responsible for the implementation of Regulation No 1610/96/EC.

The penal provisions are under the responsibility of the Ministry of Justice.

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

- Decree No 94/5903 on the Accession of Turkey to the Stockholm Text of the Paris Convention for the Protection of Industrial Property (Official Gazette: 23 September 1994 / 22060)
- Decree Law No 544 on the Establishment and Duties of the Turkish Patent Institute (Official Gazette: 24 June 1994 / 21970)
- Decree Law No 551 Pertaining to the Protection of Patent Rights, (Official Gazette: 27 June 1995 / 22326)
- Decree Law No 566 Amending the Decree Law No 551 Pertaining to the Protection of Patent Rights (Official Gazette: 22 September 1995 / 22412)
- Law Amending the Laws No 80 of 12 September 1960, No 6762 of 29 June 1956, No 1705 of 10 June 1930, the Decree Laws No 551, 552, 554, 555, 556 and the Decree Law No 560 of 28 June 1995 (Official Gazette: 07 November 1995 / 22456) (Penal provisions relating to the industrial property rights have been arranged)
- Decree Law No 554 Pertaining to the Protection of Industrial Designs, (Official Gazette: 27 June 1995 / 22326)
- Decree Law No 555 Pertaining to the Protection of Geographical Signs, (Official Gazette: 27 June 1995 / 22326)
- Decree Law No 556 Pertaining to the Protection of Trademarks Law, (Official Gazette: 27 June 1995 / 22326)
- Law No 4115 Concerning the Approval of Turkey's Accession to the Patent Cooperation Treaty (Official Gazette: 12 July 1995 / 22341)
- Decree No 95/7094 on Turkey's Accession to the Nice Agreement Concerning International Classification of Goods and Services for the Purposes of Establishing Registration of Marks (Official Gazette: 13 August 1995 / 22373)
- Decree No 95/7094 on Turkey's Accession to the Vienna Agreement on International Classification of the Figurative Elements of Trademarks (Official Gazette: 13 August 1995 / 22373)
- Decree No 95/7094 on Turkey's Accession to the Strasbourg Agreement Concerning the International Patent Classification (Official Gazette: 13 August 1995 / 22373)
- Decree No 97/9731 on Turkey's Accession to the Protocol Relating to the Madrid Agreement concerning International Registration of Marks (Official Gazette: 22 August 1997 / 23088)
- Decree No 97/9731 on Turkey's Accession to the Locarno Agreement Establishing International Classification for Industrial Designs (Official Gazette: 22 August 1997 / 23088)
- Decree No 97/9731 on Turkey's Accession to the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for The Purposes of Patent Procedure (Official Gazette: 22 August 1997 / 23088)
- Law No 4504 on the Approval of Turkey's Accession to the European Patent Convention and Annexes Thereof on Issuance of European Patents (Official Gazette: 29 January 2000 / 23948) (the Council of Ministers' Decree No 2000/842 has been published and membership began as of 1 November 2000)

- Commission Regulation No 1367 laying down provisions for the implementation of Council Regulation No 3295/94 has been embodied in Turkish legislation since 1995 through the provisions of the related Decree Law. Furthermore, following the enforcement of Law No 4458 on Customs as of 5 February 2000, the relevant arrangements have been reflected in the provisions of the Law.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

So as to complete the missing aspects of Turkish legislation on the protection of the topographies of integrated circuits, a Draft Law has been prepared in compliance with the EU acquis. The said Draft has been conveyed to the EU Commission for its considerations. Since the opinion of the EU Commission has not yet been received, the finalisation works of the “Draft Law” have not been started.

For the protection of plant species, the “Draft Law on the Protection of Breeders Rights Concerning New Plant Varieties” should be enacted in line with Turkey’s commitments arising from Association Council Decision No 1/95.

The “Draft Law on the Protection of Breeders Rights Concerning New Plant Varieties” lays down the procedures for breeders claiming rights to a new species, registration and the principles to make use thereof, the authority of and limitations to the rights of the holder, legal arrangements pertaining to the assignment of such rights to third persons, methods to be applied for the cancellation thereof, undertaking, sustaining and seizure of such rights, as well as the establishment and organisation of an institution to undertake the works stipulated in the Draft. This Draft shall be taken as the basis for the national and international proceedings related to plant species bred, existent, or developed in or outside the country as a production material or product.

The “Draft Law on the Protection of Breeders Rights Concerning New Plant Varieties” has been prepared on the basis of Directives No 2100/94/EC and 1768/95/EC of the European Union and the UPOV 1991 Convention.

Accession procedures to the Geneva Text of The Hague Agreement on International Registration of Industrial Designs and to Trademark Law Treaty (TLT) are still ongoing.

#### **c) Necessary Institutional Changes**

The process of establishing Specialised Courts for Intellectual and Industrial Property rights requires completion.

There is a need to set up a union and institutionalise the patent attorney system and trademark attorneys.

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Work is being conducted under the scope of an international project aimed at enhancing the infrastructure of the Turkish Patent Institute. Within this framework, the objective is to develop the physical and technical infrastructure, and the promotion and training activities of the Institute. In this respect, it is proposed to increase the number of personnel currently employed by the Turkish Patent Institute from 153 to 209. The Patent Institute is in need of technical personnel who are specialized in EU affairs. To meet this requirement, there is a need to employ 10 experts speaking at least 2 languages, and to train such staff for the implementation of the new legislation to be adopted.

Also, as regards the protection of plant varieties, there will be an additional staffing and training requirement within the framework of the restructuring activities of the Ministry of Agriculture and Rural Affairs.

#### **e) Necessary Investments**

Investments in the form of computers, installing information networks, etc. are required in order to complete and improve the physical infrastructure of the above referred institutions.



### **III. Time Schedule**

In the field of industrial property rights, the aim is to legalise the Draft Law on the Protection of Breeders Rights Concerning New Plant Varieties and the Draft Law on the Protection of Integrated Circuit Topographies.

#### **4.6.3. Intellectual Property Rights**

##### **I. Priority Description**

###### **a) Current Status**

Arrangements relating to the financial and conceptual rights of those creating artistic and intellectual works, and penal sanctions for the violation of such rights, are covered by Law No 5846 on Intellectual and Artistic Works, enacted in 1951.

The said Law has been amended twice so far. The first of the amendments was made in 1983 and the second in 1995, under the activities to harmonize Turkish legislation with the EU acquis for the Customs Union. Such amendments were based on the commitments stated in Annex 8 of the Association Council Decision No 1/95.

Through the amendments made to the Law in 1995, arrangements were introduced concerning the penalties to be applied for violation of the rights held by copyright owners. The law covers other arrangements pertaining to computer programs, databases, film copyrights, term of protection and vocational unions. The rights held by artists performing intellectual and artistic works, as well as those owned by sound carrier producers and radio-television enterprises covering such performances or performers, are also included under the scope of the Law for the first time, provided that such a situation is not detrimental to the financial and conceptual rights of copyright owners.

Furthermore, following the adoption in 1995 of Law No 4110 Amending the Law on Intellectual and Artistic Works, the Laws approving the accession of Turkey to the "Paris Text Amending the Bern Convention for the Protection of Literary and Artistic Works", and the "Rome Convention on the Protection of Performing Artists, Phonogram Producers and Broadcasting Enterprises", have entered into force.

Within the context of protection of intellectual rights, the obligation to use banderols on non-periodicals recorded on all carrier media was put into practice. The usage of banderols as a security hologram in all non-periodicals started as of 31 March 1999. This practice is valid and binding for all public institutions as well.

As is provided for in the related legislation, as an interim arrangement the General Civil Courts have been provisionally authorised to handle cases related to intellectual and industrial property rights until the specialised courts are established. Under the scope of the Project prepared by the Ministry of Justice, entitled "Effective Enforcement of Intellectual Property Rights", supported by EU resources, 12 specialised courts, are to be established in order to ensure specialisation in disputes associated with intellectual and industrial property rights. As an initial step, Specialised Courts were established in the province of Istanbul by Decree No 59 of the Supreme Court for Judges and Public Prosecutors on 25 January 2001. Should the required finance be provided by the EU, it is expected that the system will be completed by the end of 2005.

Through the enactment of the Turkish Penal Code No 4421 of 1 August 1999 and "the Law Amending the Law on the Execution of Penalties" a new system has been developed with an increased ability to impose fines. These legislative changes have made it possible to put into practice a more dissuasive penal system in respect of violation of intellectual and industrial property rights. To that end, fines are set according to rates calculated annually by the Ministry of Finance, taking into account annual price increases.

###### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

### **c) Implementing Institution**

Intellectual rights issues are under the responsibility of the Ministry of Culture.

### **d) Final Objective**

Adoption and implementation of the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Law No 4110 of 7 June 1995 Amending Certain Articles of Law No 5846 on Intellectual and Artistic Works (Official Gazette: 12 June 1995 / 22311)
- Law No 4116 Approving the Endorsement of Turkey's Accession to Rome Convention Concerning the Protection of Performing Artists, Phonogram Producers and Broadcasting Enterprises (Official Gazette: 12 July 1995 / 22341)
- Law No 4117 Approving the Endorsement of Turkey's Accession to the Paris Text Being Modified in 1979 and Amending the Bern Convention Concerning the Protection of Literary and Artistic Works (Official Gazette: 12 July 1995 / 22341)
- By-Law on Marking Intellectual and Artistic Works (Official Gazette: 16 November 1997 / 23172) and the By-Law Amending this By-Law (Official Gazette: 30 June 1998)
- By-Law on Neighbouring Rights to the Authors of the Works (Official Gazette: 16 November 1997 / 23172)
- Communiqué on Placing Security Holograms on Non-Periodicals (Official Gazette: 30 June 1998)
- Communiqué on the Fundamentals and Principles to Be Followed by Broadcasting Enterprises Prior to Broadcasting Activities (Official Gazette: 16 September 1997 / 23112)
- By Law on Vocational Unions and Federations of Intellectual and Artistic Copyright Owners and Owners of Neighbouring Rights (Official Gazette: 1 April 1999 / 23653)
- Commission Regulation No 1367, laying down provisions for the implementation of Council Regulation No 3295/94, has been embodied in Turkish legislation since 1995 through the provisions of the related Decree Law. Furthermore, following the enforcement of the Law on Customs No 4458 as of 5 February 2000, the related arrangements have been included in the provisions of the Law.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Law No 4430, prepared by the Ministry of Culture to make the necessary amendments to Law No 5846 and to ensure full alignment with the EU acquis, was adopted unanimously by the Turkish Parliament and published in the Official Gazette No 24335 of 3 March 2001. Through this Law, the required amendments were made in compliance with the provisions of the Council Directives, the Bern and Rome Conventions, the TRIPs Text, the WIPO Copyrights Agreement and the WIPO Performances and Phonograms Agreement. It is planned to become a party to the said agreements. This is among the objectives of the year 2001.

Through the new Law,

- The penalty of imprisonment and fines to be imposed on those infringing the financial and conceptual rights of copyright owners have been increased.
- Article 80 of the current Law has been renamed "Rights Related to the Rights of the Owner of the Work", by taking into consideration recent developments taking place in intellectual rights as per international conventions and Council Directives. In this way, the rights held by performing artists,

phonogram producers, radio-television enterprises and by film producers are legislated in detail. During the process of completing the work, the related provisions of the Council Directives on leasing and lending, satellite and cable systems, as well as the Rome Convention, the TRIPS Agreement and the WIPO Performances and Phonograms Agreement have been taken into consideration.

- With the aim of preventing unauthorised duplication of intellectual and artistic works and to ensure efficiency in the fight against piracy, the article of the law containing provisions against the violation of intellectual rights has been revised. In this article, the fundamentals and principles of the use of banderols, effective tools in discriminating between the original and the pirated copy, have been laid down, and the cases of infringement have been listed in separate paragraphs. The imprisonment penalties and fines to be imposed in cases of infringement have been increased. Moreover, through a commission comprised of representatives from the Ministry of the Interior, the Ministry of Finance, the Ministry of Culture and the vocational unions, ex-officio control of banderol applications by a civilian administration has been made possible.
- Through another amendment, retroactive protection has been ensured for film production prior to 1995. This arrangement was made in compliance with the provisions of the Bern Convention.

In addition to the amendments two new articles have been inserted into the Law.

- In Article 4, measures have been established for the protection of information belonging to the holders of rights to the works, phonograms and performances in terms of commercial circulation of works, including those through e-commerce. This protection shall be made as defined by the rights holders. This Article has been arranged in accordance with the provisions of WIPO Copyrights Agreement and WIPO Performances and Phonograms Agreement and the rights management information stipulated therein.
- In Article 5, the aim is for the Ministry of Culture to compile and collect duplicated copies of intellectual and artistic works having a significant place in Turkish culture, so that these works can be preserved for future generations.

### **c) Necessary Institutional Changes**

With the aim of ensuring the necessary surveillance and coordination in this field, the existing Directorate General for Copyrights and Cinema is to be organised under two separate institutional structures. To strengthen the Turkish intellectual property system the establishment of an institute or body is being contemplated under the Ministry of Culture, or as an affiliated body thereof. Additionally, as a result of this arrangement, the scope of duties and authority of the Department of Cinema and Music works, presently affiliated to the Directorate General for Copyrights and Cinema, will need to be expanded. In this case, it is deemed necessary to restructure this Department as the Directorate General for Cinema and Music Works attached to the Ministry of Culture. With this objective in mind, as of 1 September 1999, work is underway at the relevant Ministry.

Finalisation of the EU supported project is expected to establish 12 specialised courts to ensure specialisation in disputes arising from intellectual and industrial property rights. Should the required finance be provided by the EU, it is expected that the system will be instituted by the end of 2005.

### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Within the framework of the project for the restructuring or development of the related unit of the Ministry of Culture, there will be increasing requirements for additional staffing and training. Moreover, participation in international conferences, seminars and symposia organised in the field of intellectual rights is of significance.

### **e) Necessary Investments**

Investments in the form of purchasing computers, installing information networks, etc. are required to complete and enhance the physical infrastructure of the above referred institutions.

### **III. Time Schedule**

#### *Short Term*

Law No 4430 amending Law No. 5846 on Intellectual and Artistic Works was published in the Official Gazette No 24335 of 3 March 2001. In this context, Turkey has met one of her short term requirements.

It is envisaged that the WIPO Copyrights and WIPO Performances Phonograms Agreements be ratified within 2001.

### **IV. Financing**

Funds were allocated from the Public Budget during the fiscal years 1999 and 2000 for the "Strengthening of the Intellectual Property System". These allocation levels were not sufficient for the works being conducted on the operation and efficiency of the intellectual property system in Turkey. Increasing financial resources is of great importance in reaching the targeted objectives. Furthermore, providing financial resources is crucial in order to set up the "establishment budget" of the Institute, which is planned as an affiliated body.

## 4.7. Competition and State Aid

### 4.7.1. Competition Policy

#### I- Priority Description

##### a) Current Status

The Act on the Protection of Competition No 4054, designed to ensure the protection of competition through necessary regulation, supervision and prevention of abuse of dominant position by those undertakings which are dominant in the market, and of the agreements, decisions and concerted practices which prevent, restrict or distort competition within the markets for goods and services within the territory of the Republic of Turkey, was approved by the Turkish Parliament on 7 December 1994 and entered into force after being published in the Official Gazette of 13 December 1994. The Competition Board, which is the decision-making organ of the Competition Authority in charge of implementing the Act, was set up with the assignment of its members after a delay of 27 months. However, the Authority completed its establishment within a very short period of time (8 months), and was announced to the public through a Communiqué published on 5 November 1997, as per the Provisional Article 2 of the Act, and immediately started to take account of the applications made thereupon.

The Act essentially regulates three main issues concerning competition:

- The first is the agreements, decisions and concerted practices among the undertakings operating in or affecting the goods and services markets of the Republic of Turkey in a way to hinder, distort and restrict competition. Article 4 of the Act on the Protection of Competition prohibits agreements and concerted practices of undertakings aiming at or leading to the direct or indirect hindering, distortion or restriction of competition in a given goods or services market, as well as the decisions and acts of associations of undertakings thereof. In the article concerned, examples regarding violations are provided in 6 paragraphs: price fixing, market sharing, agreements on quantitative restraints, etc. Article 4 is in parallel with Article 81 of the Rome Treaty with some minor exceptions.
- The second aspect of the Act concerns the abuse of dominant position by undertakings holding a dominant position in the market. Article 6 of the Act aims at preventing those undertakings holding a dominant position in the relevant markets from abusing this position. Article 6 of the Act contains parallel arrangements with Article 82 of the Rome Treaty. In cases where there is an infringement of Articles 4 or 6 of the Act, the Board, either upon a complaint or on its own initiative, decides to initiate a direct investigation or make a preliminary research to clarify whether or not it is required to initiate an investigation on undertakings violating competition. If the Board verifies any infringement of Article 4 or 6 of the Act at the end of the investigation, it may decide to impose an administrative fine on the undertakings or associations of undertakings violating the rules of competition as per Article 16 of the Act.
- Thirdly, the Act covers all actions and practices relating to mergers and acquisitions, which significantly affect competition in the market. Article 7 of the Act relates to mergers and acquisitions. In accordance with this Article, the merger of two or more undertakings, or acquisition, except acquisition by inheritance, by an undertaking or by a person, of another undertaking, either by acquisition of all or a part of its assets or securities or other means by which that person or undertaking acquires a controlling power in that undertaking concerned, which would create or strengthen the dominant position of one or more undertakings as a result of which, competition would be significantly impeded in a market for goods and services in the whole territory of State or in a substantial part of it, is unlawful and prohibited. Article 7 of the Act includes parallel arrangements with EU Regulation on Mergers No 4064/89/EEC.

Article 5 of the Act authorizes the Board to exempt an agreement, decision or concerted practice from the provisions of Article 4, in the existence of certain conditions and upon the application of the parties concerned, and to issue group exemption communiqués for the agreements of a particular category. At the same time, within the framework of Article 8 of the Act and upon application by the undertaking or associations of undertakings concerned, the Board may grant negative clearance regarding the

agreement, decision, practice or the merger or acquisition of them, indicating that it is not contrary to the Articles 4, 6 and 7 of the Act.

From the above explanations it can be understood that, the Turkish Competition Act is in line with that of the EU and facilitates an effective implementation of the Customs Union within the framework of legal harmonization.

No fundamental amendment was made to the Act on the Protection of Competition No 4054 in 1998 and 1999. However, for the said years, the administrative fines stipulated in Articles 16 and 17 of the Act on the Protection of Competition were increased. The first communiqué of the year 2000 is also related to increasing the fines.

The Banks Act No 4389 adopted on 18 June 1999 was amended by Law No 4491 of 17 December 1999 and thus new arrangements were embodied in the Turkish banking system. The authority to transfer banks in crisis to the Savings Deposit Insurance Fund was given to the Banking Regulation and Supervision Agency, which was set up following the amendments made in the banking laws regulating the supervision of banks. As also stipulated in Paragraph 7 of Article 14 of the Law, titled "The Measures to Be Taken Upon Supervisions", the Fund is authorized to transfer those of banks facing crisis to other voluntary banks or to any bank to be established, or to merge them with a voluntary bank. With the following provision of the same Article: "... provided that the sectoral share of the total assets of the banks to be merged or acquired does not exceed 20%, Articles 7, 10 and 11 of the Act on the Protection of Competition No 4054 shall not apply", the control of the Competition Authority was lessened for mergers and acquisitions carried out by the Fund.

An important difference between the legislation of Turkey and that of the EU is that in accordance with the current Turkish legislation, the Competition Authority, unlike the European Union Commission, is not the authorized body to supervise state aid.

Within the framework of the commitments arising from Article 41 of Association Council Decision No 1/95, the Act on Competition stipulates that the rules of competition shall apply to undertakings from both the public and the private sectors. Nevertheless, the provisions pertaining to public undertakings to which special or exclusive rights have been granted should be revised to ensure full alignment with Article 41. The authority to amend the laws of undertakings vested with special rights has been given solely to such undertakings or to the ministries. The Competition Authority states its opinions on whether or not the amendments made are in compliance with the rules of competition.

To comply with the commitments stipulated in Article 42 of Association Council Decision No 1/95 regarding monopolies of a commercial character, the legal structures of some state monopolies are being examined and relevant modifications made therein. The Draft Law Amending the Law on the Monopoly of Spirits and Alcoholic Beverages No 4250 prepared by the Directorate General of TEKEL was adopted by the Turkish Parliament on 11 January 2001.

The harmonisation work on the Draft Law on Tobacco and Tobacco Products No 1177 still continues.

## **b) EU Acquis**

The list of relevant EU acquis is provided in Volume II.

## **c) Implementing Institution**

The Competition Authority

## **d) Final Objective**

Turkey's final objective is to ensure "workable competition" within the markets for goods and services, and to establish a culture of competition as well as a stable and properly functioning competition policy in Turkey.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

Act on the Protection of Competition No 4054

Communiqué No 1997/1 on Mergers and Acquisitions Calling for the Authorization of the Competition Board

The objective of this Communiqué is to set forth and announce mergers and acquisitions which are to be notified to the Competition Board and for which permission is sought in order to be legally valid pursuant to Article 7 of the Act. The cases which are or are not deemed as mergers or acquisitions under Article 7 of the Act, the mergers or acquisitions subject to the permission of the Competition Board in order to be legally valid, and the procedures and principles for their notification thereof to the Competition Board are listed under the scope of this Communiqué.

Communiqué No 1997/2 on Procedures and Principles for Notification of Agreements, Concerted Practices and Decisions of Association of Undertakings Pursuant to Article 10 of the Act

The objective of this Communiqué is to establish the procedures and the principles for notifications. This Communiqué shall apply to the agreements and concerted practices of the undertakings, and decisions and practices of the associations of undertakings, the object or effect or the possible impact of which is, directly or indirectly, to prevent, distort or restrict competition in a certain market for goods and services as regulated under Article 4 of the Act.

Communiqué No 1997/3 titled The Block Exemption Communiqué on the Exclusive Distribution Agreements

The objective of this Communiqué is to establish the conditions for the block exemption of certain exclusive distribution agreements from the provisions of Article 4 of the Act. Agreements concluded by only two parties, whereby one party agrees to supply the other with certain goods for resale in some specific parts of or throughout the country, are block exempted from the prohibitions stipulated under Article 4 of the Act.

Communiqué No 1997/4 titled The Block Exemption Communiqué on the Exclusive Purchasing Agreements

The objective of this Communiqué is to establish the conditions for block exemption from the provisions of Article 4 of the Act. Agreements concluded by only two undertakings, one being the reseller and the other the supplier, concerning the purchasing of the goods stipulated in the agreement only from the supplier or any other undertaking affiliated thereto or authorized so by the supplier for the aim of reselling, are block exempted from the prohibitions set forth under Article 4 of the Act.

Communiqué No 1998/3 On Group Exemption Regarding Distribution And Servicing Agreements In Relation To Motor Vehicles

The objective of this Communiqué is to lay down the conditions for block exemption from the provisions of Article 4 of the Act for distribution and servicing agreements in relation to motor vehicles. The agreements concluded by only two undertakings concerning the supply of new three or more wheel motor vehicles and their spare parts to only the other party or to a limited number of undertakings taking part in the distribution system together with that party in some specific parts of or throughout the country for the aim of reselling, are block exempted from the prohibitions set forth under Article 4 of the Act.

Communiqué No 1998/4 Regarding the Methods and Principles to be Pursued During the Course of Pre-Notifications and Applications for Authorization Made to the Competition Authority in order for the Acquisitions via Privatisation to Judicially be Valid

The objective of this Communiqué is to set forth the procedures and principles to be pursued during the course of pre-notifications and applications for authorization made to the Competition Authority in order for the acquisitions realized by the Presidency of Privatisation Administration or other public institutions or organizations to be judicially valid.

The acquisition of all or some of the partnership shares or other rights and instruments of an undertaking in a way to change the control status on that undertaking or to affect the decision-making organs thereof or any transfer of the units producing goods or services through privatisation is subject to the provisions of this Communiqué. The situations excluded from the scope of this communiqué are as follows: transfers to public organizations or institutions including local governments, transfer of immovable properties not intended for good or service production, sales in foreign capital markets, public offerings, block sales for delayed public offerings not exceeding three years preserving the provisions of the legislation on capital markets, transfers to employees, normal sales in the stock exchange market and/or sales with special orders not leading to a change in the control of the undertaking, sales to securities investment funds and/or securities investment associations.

#### Communiqué No 1998/7 on Block Exemption Regarding Franchise Agreements

The objective of this Communiqué is to lay down the conditions for the block exemption of franchising agreements from the provisions of Article 4 of the Act. Franchising agreements concluded between only two parties are block exempted from the prohibitions set forth in Article 4 of the Act. This exemption shall also apply to main franchising agreements concluded between two parties. The provisions of this Communiqué pertaining to the relation between the franchisee and the franchiser shall also apply, as much as possible, to the relation between the franchiser and the main franchisee and between the main franchisee and the franchisee.

#### **b) Necessary Amendments and Modifications in The Corresponding Turkish Legislation**

Approximations need to be made in parallel to the EU acquis given below.

- 240/96/EC: Commission Regulation 31 January 1996 on the application of Article 85 (3) of the Treaty to certain categories of technology transfer agreements
- 418/85/EEC: Commission Regulation 19 December 1984 on the application of Article 85 (3) of the Treaty to categories of research and development agreements
- 2790/1999/EC: Commission Regulation of 22 December 1999 on the application of paragraph 3 of Article 81 of the Treaty to vertical agreements and categories of concerted practices
- 17/62/EEC: Council Regulation No 17, the first Regulation applying Articles 85 and 86 of the Treaty
- 19/65/EEC: Council Regulation of 2 March on the application of Article 85 (3) of the Treaty to certain categories of agreements and concerted practices

#### **c) Necessary Institutional Changes**

There is no need for any change in the institutional structure.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The necessary legal requirements shall be fulfilled by the related public institutions and organisations regarding the fields not regulated under the Act No 4054 on the Protection of Competition.

#### **e) Additional Staffing and Training Requirements for the Implementation of Arrangements and Modifications**

Setting up a "Department of Coordination With the EU" under the body of the Competition Authority is on the agenda of the Authority. To reach the specified targets, it is required to employ 8-10 additional personnel and to train them on EU matters.

#### **f) Necessary Investments**

The amendments and modifications that shall be made to the legislation for the protection of competition do not require any expenditure for investment.



### **III- Time Schedule**

The short-term objective of the Competition Authority is to issue communiqués on “technology transfer” paving the way for block exemptions in “de minimis”, “research and development” and patent, know-how, licensing and trademark agreements.

The Competition Authority is closely following the recent developments having taken place in the rules of competition of the EU upon the “Council Regulation No 1215/1999/EC”, “Council Regulation No 1216/1999/EC”, “Commission Regulation No 2790/1999/EC” and the “Green Paper on the Vertical Restraints in The EU on the Competition Policy”. The Competition Board has commenced preparatory works regarding its block exemption communiqués for bringing along parallel arrangements to the new arrangements of the EU. The medium term objective of the Competition Authority is to finalise these works.

The other legislative regulations stated under the heading “Competition Act and State Aid”, which apply also to the competency of the other institutions and ministries besides the Competition Authority require a medium term work schedule.

### **IV- Financing**

In general, the expenditures shall be borne by the Competition Authority. Along with that, the Competition Authority may demand technical assistance from the European Union in matters relating to receiving financial assistance and consultancy schemes for the training of experts on the EU, as well as issues such as exchange of experts.

## **4.7.2. State Aid**

### **I- Priority Description**

#### **a) Current Status**

In Turkey, there are various public bodies / institutions and organizations carrying out state aid implementations independently. State aid aimed at investments (internal and foreign) are basically under the responsibility of the Undersecretariat of the Treasury and are awarded through procedures and principles set forth in several decrees and communiqués. The State aid system for investments is based on Decree No 98/10755 of 23 February 1998 on State Aid for Investments and the Investment Incentive Fund published in the Official Gazette No 23297 of 25 March 1998, which are still in force.

Among the regulations under the system for state aid in investment, the General Incentive System (Decree No 98/10755) and SME’s Incentive System are global systems applied countrywide. In those systems, regional differences affect only the intensity of the incentives. Other practices are included in the systems that cover only certain regions (such as the provinces of Eastern and South Eastern Anatolia, the provinces affected by the earthquake, etc.)

Aid granted as export incentives, on the other hand, covers awards that are categorized under the “horizontal state aid” of the EU and are regulated by the Undersecretariat of Foreign Trade. Exports credits and insurance practices are run by Eximbank. Furthermore, companies qualifying as SME’s are furnished with credit facilities by Halk Bank.

The EU acquis in this field allows state aid in cases when it does not lead to adverse effects on competition and trade, and when it is for the benefit of the Community. Therefore, aid awards are “prohibited” in principle but are subject to approval in exceptional cases. These exceptional cases are listed in the Treaty setting up the Community. These are, of course, the rules that also comply with the GATT Subsidies Agreement. On this matter, the EU acquis constitutes a series of regulations, directives and decisions, jurisprudence and an exceptionally comprehensive secondary legislation (Commission communications) besides the basic rules of the Treaty. With this legislation, the Commission controls and monitors the aid awards of the member states. Approved aid can be briefly summarized as follows: horizontal aid, such as that given for the environment, research-development, employment, education; aid for the prevention of regional development discrepancies; aid for specific economic fields of activity such as SME’s, and aid for ship building and transportation. Agricultural aid is excluded from the scope of the

aforementioned subsidy legislation of the EU. State aid is calculated on the same regional basis as the aid provided from the budget of the Community. The system in practice is based on the development criteria determined on a geographical basis, namely NUTs (nomenclature of statistical territorial units). The development levels of the geographical units are determined in accordance with these criteria and the aid levels are set accordingly. As required by the provisions of the Decision of the Association Council No 1/95, Turkey was considered to be at the lowest development level for 5 years (which may be prolonged). Therefore, Turkey will have the possibility of utilizing the above listed types of aid at their maximum levels. This situation remains the same as regards the objective criteria of the current legislation and allows Turkey to have the most favoured position. Nevertheless, for the provisions and criteria of the current legislation to be applicable to Turkey, the above referred regional legislative issues and techniques (NUTs) need to be urgently embodied in the Turkish legislation.

Although the current practices of Turkey in this respect are based on geographical grounds, a comprehensive harmonisation is required in terms of the statistical geographical units, criteria and computation techniques.

Turkey also has to put into practice the legislation covering restrictive and/or prohibitive provisions against the aid in the sensitive sectors of the EU.

Turkey's legislation pertaining to "horizontal" aid has already been aligned with the *acquis* of the EU to a great extent.

In complying with the rules of the EU in granting aid, Turkey should also meet the "monitoring and notification" requirements of the Commission.

#### **b) EU Acquis**

The list of the relevant EU *acquis* is given in Volume II.

All legal arrangements relating to Competition and State Aid (including the secondary legislation) and the existing implementing rules are binding for Turkey.

The aforementioned legislation basically comprises legal arrangements for the procedures for the notification of aid to the Commission, types of aid developed in the EU in a way that would not distort competition, regional thresholds for aid, sensitive sectors subject to special rules, intensity of aid, *de minimis*, as well as the provisions for the horizontal legislation of aid and for transparency of the resources transferred from the public sector to SEE's and the private sector.

#### **c) Implementing Institution**

The main competent authorities in the field of State Aid are the Undersecretariat of the Treasury, the Undersecretariat of Foreign Trade, and Eximbank. Moreover, the ministries, institutions, organisations and the banks (such as the Bank of Provinces) entrusted with certain duties in this respect as per their legislation may also be authorised thereof.

#### **d) Final Objective**

Embodying the decisions taken and/or criteria set forth for certain matters by the EU in Turkish legislation. In other words, undertaking them one by one in terms of complying with the EU in the field of state aid in investments, will not be sufficient to overcome the problem of harmonization. Thus, joint works at a technical level will be required to tackle possible technical and administrative problems to be encountered and also for shortening the process. In this respect, bilateral study opportunities should be created in order to embody and implement the state aid instruments of the EU (regional and sectoral preferential criteria, SME definition, aid ceilings and rationales) in the state aid system of Turkey, which has a very different structure than that of the EU in economic and social terms. However, technical studies have not been initiated due to the lack of sufficient contact with the EU as regards the projects prepared and works executed by Turkey.

On the other hand, regarding the organisation of the authorities carrying out state aid controls, there exist some administrative structure differences between Turkey and the member states of the EU. In the Community, state aid is granted through a) EU funds, b) central government c) local administrations, while such practices are carried out solely by the central government in Turkey. Furthermore, the Community *acquis* to be adopted does not only include criteria for the implementation of state aid practices. So, an

administrative restructuring may be necessary to control, monitor and evaluate the practices of public bodies responsible for state aid.

With the participation of all relevant bodies, a task group should be formed to review the current system in order to determine the policies for granting state aid, coordinating and controlling implementations focusing on compatibility with the EU policies, and new structures for the assessment of the grants awarded. Besides, bilateral studies should also be conducted with the EU relating to the results obtained from these works and the issues raised thereupon.

A sub working group has already been established under the coordination of the Secretariat General of EU Affairs and has begun work on several aspects of state aid, including establishing a monitoring body, making an inventory of the current Turkish state aid schemes etc.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Current Status**

#### Subsidies for Investment

The legislation in force under the title State Aid in Investments is divided into two main parts: countrywide investment and regional awards.

#### 1. General Practices

##### *General Legislation on Incentives*

The legislative provisions are subject to Decree No 98/10755 of 23 February 1998 on State Aid in Investments and Investment Incentive Fund published in the Official Gazette No 23297 of 25 March 1998, and Communiqué No 98/1 on The Implementation of the Decree Setting the Principles for State Aid for Investments and the Investment Incentive Fund published in the Official Gazette No 23334 of 6 May 1998.

The general legislation on incentives is a horizontal and global legislation, not covering any regional and sectoral discrimination. Accordingly, there exist only tax exemptions and exceptions in this framework. However, the issues included in the tax legislation of the other countries are reflected in the incentive legislation of Turkey. The incentives currently in effect are:

Investment allowance: Allows some reduction from income and corporate taxes.

Customs duty exemption: Applicable to the machinery and equipment included under the scope of investments (investment goods subject to amortisation). This exemption lost its significance after the Customs Union to a great extent.

VAT exemption: Machinery and equipment listed in Incentive Certificate are subject to VAT exemption.

Exemption from taxes, levies and duties: Provides exemption from stamp and duty tax accrued in credit facilities and capital increases. The aim of this practice is to prevent paper work and loss of time rather than providing financial benefits to the companies. The amounts of such exemptions remain negligible.

##### *Legislation on Incentives for SMEs*

Applicable under Decree No 99/12474 of 19 February 1999 published in the Official Gazette No 23630 of 5 March 1999.

Establishments operating in the manufacturing sector with less than 150 employees, and having machinery and equipment the value of which does not exceed TL 100 Billion, are included in the scope of SME's.

Besides the above listed tax incentives, short and medium term investment and operating credit opportunities up to TL 75 Billion are also available. The interest rate is 20% in the so-called priority-provinces for development, whereas it is 30% in all other regions.

## 2 Regional Practices

### *Incentives provided under the Decree for Regaining Investments into the Economy, Investments Not Been Able to Operate or Investments in Partial Operation Due to Lack of Operating Capital*

Executed as per Decree No 99/12474 published in the Official Gazette No 23630 of 5 March 1999. The aim of this practice is to support the development of facilities in the below listed provinces which have or have not been completed, due to the lack of operating capital, and thus to stimulate the economy of those regions.

With Decree No 99/12477 incomplete investments in the manufacturing industry (excluding cotton ginning and packaging investments), the agricultural industry, and health and education in the provinces of Adıyaman, Ağrı, Ardahan, Bayburt, Batman, Bingöl, Bitlis, Diyarbakır, Elazığ, Erzincan, Erzurum, Gümüşhane, Hakkari, Hatay, Iğdır, Kars, Mardin, Muş, Ordu, Siirt, Sivas, Şanlıurfa, Şırnak, Tunceli, Van and Yozgat are included to the above mentioned system.

An investment and/or operating credit up to TL 300 Billion is furnished to each establishment.

### *Energy Subsidies*

The related legislation is Decree No 99/12478 of 26 February 1999 on energy subsidies published in the Official Gazette No 23630 of 5 March 1999.

The aim is to supply energy to establishments having incentive certificates, with a 50% allowance in the first year following the completion of the investment, 40% in the second and 25% in the third year.

Companies operating in the following provinces are under the scope of the aforementioned Decree: Adıyaman, Ağrı, Ardahan, Batman, Bingöl, Bitlis, Diyarbakır, Elazığ, Erzincan, Erzurum, Gümüşhane, Hakkari, Hatay, Iğdır, Kars, Mardin, Muş, Ordu, Siirt, Sivas, Şanlıurfa, Şırnak, Tunceli, Van and Yozgat. These provinces are not only in regions experiencing severe energy and infrastructure problems, but also face many social difficulties. Thus, the said legislation is provisionally applied to ensure social and economic stabilisation, as well as fostering economic activities in the region (it is foreseen that the practices will expire by the end of 2002).

### *Decree for Regaining Investments into the Economy Which Have Suffered Losses Due to Natural Disasters*

With Decree No 99/13717 it is aimed to reactivate the facilities affected by the earthquake disaster and stimulate the economic environment of the region. Accordingly, it is anticipated to furnish a credit facility amounting to half of the worth of the facilities and machinery/equipment affected by the earthquake.

### *Export Subsidies*

Export subsidies that are currently in force in Turkey are as follows:

- Export Credits and Insurances financed by Eximbank: Turkey has rearranged its respective legislation to comply with the rules stipulated in the OECD Resolutions. At present, implementations within the framework of OECD principles and the EU rules are being conducted in accordance with the Communiqué No 96/12, an obligation stemming from the Customs Union.
- State Aid for Research Development Projects (Communiqué No 98/10, Official Gazette 4 November 1998)
- State Aid for Environmental Protection Activities (Communiqués No 97/5 and 98/13, Official Gazette: 31 July 1997 and 14 November 1998)
- State Aid for Patent Application Expenditures (Communiqué No 98/3, Official Gazette: 27 February 1998)
- State Aid for Organizing Domestic Fairs Having International Status (Communiqué No 95/7, Official Gazette: 1 June 1995)

- State Aid for Operating Stores Abroad (Communiqués No 97/9 and 98/14, Official Gazette: 31 July 1997 and 15 November 1998)
- State Aid for Participation in International Fairs and Exhibitions (Communiqués No 95/6 and 97/3, Official Gazette: 1 June 1995 and 31 July 1997)
- State Aid for Encouraging Employment in Sectoral Foreign Trade Companies (Communiqués No 97/8 and 2000/1, Official Gazette: 31 July 1997 and 29 January 2000)
- State Aid for Vocational Training (Communiqués No 97/7 and 2000/2, Official Gazette: 31 July 1997 and 29 January 2000)
- State Aid for Market Research Projects (Communiqués No 97/6 and 98/12, Official Gazette: 31 July 1997 and 14 November 1998)
- State Aid for Activities Aimed at the Promotion of Turkish Trademarks and the Improvement of the Image of Turkish Products Abroad (Communiqué No 2000/3, Official Gazette: 29 January 2000)
- Export Refunds for Agricultural Products (Communiqué No 2000/5, Official Gazette: 25 March 2000)

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The necessary alignments in the legislation of state aid should be considered in two separate parts. Due to the fact that state aid controls are under the responsibility of various public bodies, relevant implementation regulations are enacted separately. For this reason, laws on similar issues should be grouped and these policies on state aid should be in harmony and complementary.

Another point in this respect is that although the current incentive legislation is in general not in contradiction with the competition and state aid criteria stipulated in the *acquis communautaire* of the EU and in international agreements, the whole system and its implementation should be made compatible with the EU's regional system based on the NUTs criteria referred to above. It should also be noted that the implementation of this system is necessary not only for aid awards, but for future allocation of funds from the Community budget. Therefore, in addition to the regional structures, sectoral practices and the negligible state aid "de minimis rule", implementations regarding SME's and social practices also need to be reviewed with respect to the Community *acquis*.

On the basis of this approach Turkish legislation will be adapted to the below listed primary legislation as well as the secondary legislation (not given below).

- 80/723/EEC: Commission Directive of 25 June 1980 on the transparency of financial relations between Member States and public undertakings
- 90/684/EEC: Council Directive of 21 December 1990 on aid to shipbuilding
- 3094/95/EC: Council Regulation of 22 December 1995 on aid to shipbuilding
- 2496/96/ECSC: Commission Decision of 18 December 1996 establishing Community rules for State aid to the steel industry
- 994/98/EC: Council Regulation of 7 May 1998 on the Implementation of Articles 92 and 93 of the Treaty establishing the European Community to certain categories of horizontal State aid
- 1540/98/EC: Council Regulation of 29 June 1998 establishing new rules on aid to shipbuilding
- 659/1999/EC: Council Regulation of 22 March 1999 laying down detailed rules for the Implementation of Article 93 of the EC Treaty

#### **c) Necessary Institutional Changes**

There exist some administrative differences between the bodies responsible for state aid in Turkey and in the EU member states. Aid in the EU is provided through EU funds, central government or local

administrations of the member states. However, the Commission monitors all aid schemes in member states from the notification and approval stage until its termination. Therefore, there is a need for a body in member states, to act as a National State Aid Monitoring Authority to inform the Commission regularly. This authority will be entrusted with the task of evaluating the compatibility of state aid practices with the criteria set forth in the acquis of the EU.

Thus, the Commission will be able to carry out its monitoring and control activities by addressing this authority. These activities are only conducted by the central government in Turkey. In this respect, it has become clear that the legislation with which Turkey must align does not only cover the implementation provisions. So, administrative restructuring is essential in order to notify the EU concerning the control, pursuit and the assessment of aid awards of the responsible units.

The body or the authority to be set up will take an active role in notifying changes to legislation and its implementation, exchanging information, ensuring alignment with international agreements such as GATT/WTO and the criteria and methodology followed in the EU, contributing to the establishment of state aid policies in accordance with national interests, preparing legislative procedures, and assessing the results of the practices.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

To ensure alignment with the *acquis communautaire* in state aid, simply embodying or adopting EU legislation will not be sufficient. Joint studies should be conducted at the technical level to overcome possible administrative and technical inconveniences likely to occur during the solution of these harmonization problems and also to shorten the process. The work on the NUTs regional system make it necessary for all the above-referred authorities to work jointly to this end. At the same time, common works should be conducted with the EU at the technical level to ensure the integration and adoption of EU state aid instruments (such as the regional and sectoral preferential criteria, SME definition, aid ceilings and rationales, etc.) into the current state aid system of Turkey, which has a fairly different structure than the EU in economic and social terms. As regards the works executed and the projects prepared by Turkey, contacts with the EU remained at insufficient levels. Therefore, technical works have not yet been started.

Moreover, it is required to set a framework not only to eliminate the disorganised structure of the legislation and the administrative bodies, but to determine regional assessment criteria as well.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

In order to build the necessary legal framework there is a need for information and training on the following matters:

The main objectives and policies of economic aid (sectors subject to special rules, R&D and SME subsidies, economic stability practices such as company restructuring activities)

The main objectives and policies of social aid (NUTs system, regional policies, subsidies for environmental protection and unemployment, etc.)

A focus on how the above practices are distributed and the criteria for assignment to implementing bodies, the upper and lower limits of the economic activities to be subsidised and their thresholds, and more specifically the criteria for the determination of these ratios will be essential in training activities.

In short, rather than translating the legislation and adopting it exactly, the social rationale behind state aid, considered in principle as an intervention to the free market economy and having a distorting effect on competition, and its relation to competition policies should be underlined. In this manner, it will be possible to have legislation furnished with the necessary instruments, in harmony with both the competition and state aid policies of the EU and the economic and social structures of Turkey, and to establish an authority or a body that would maximise the efficiency of the legislation.

Accordingly, technical cooperation is very important for works on alignments of legislation. Should an authority be assigned with the job description defined above, it will be a requisite not only to train the existing personnel of this unit, but also to employ additional qualified staff.

#### **f) Necessary investments**

In order to create a functional system and to ensure legislative alignment, the required investments should be classified in two groups.

The physical investments that need to be realized include the physical location and technical equipment required for the authority to be set up for state aid.

Another investment item comprises the expenditures for training activities. Besides the general specialisation training of the personnel, there is also a need for training about WTO and other international agreements, Community acquis and its implementations.

The amount to be allocated for both investments will change depending on the duties assigned to the authority that will be established. Nevertheless, such a structure is essential to ensure harmonisation with the EU, to group various state aid implementations under a single policy, and to ensure efficiency of the practices thereof. This structure would, in the long term, be more advantageous in terms of public costs. Furthermore, opportunities for utilizing the EU funds for these purposes should also be investigated.

#### **III- Time Schedule**

In the short term, legal procedures for institutional restructuring and works required to serve as the basis for the amendments in the legislation should be determined. Accordingly, the objectives and targets as well as the policies constituting the core of the competition and state aid implementations of the EU should be reviewed. The framework for the state aid legislation of Turkey needs to be established in technical cooperation with the EU. Yet, some aspects requiring legal amendments may extend to medium term.





## **4.8. Common Agricultural Policy**

### **4.8.1. General**

#### **I. Priority description**

##### **a) Current Status**

Turkey-EU relations in the agricultural field, from the point of view of ensuring the free circulation of agricultural products, are characterized by three processes: harmonization of the Turkish agriculture with the Common Agricultural Policy (CAP); implementation of a preferential regime (agricultural concessions) between the parties on trade in agricultural products; and the system on processed agricultural products.

Harmonization of the Turkish agriculture with the CAP has priority in this regard. Once this objective is realized, free circulation of agricultural products between Turkey and the EU will be ensured. Thus, the regime on processed agricultural products (with regard to the agricultural component) and reciprocal agricultural concessions will enter into the scope of harmonization with CAP and finally, will be phased out.

In addition to its effect on the general economic and social structure, the harmonization process will have effect on a wide range of issues directly related to the agricultural sector such as the structure of enterprises, production, consumption, price and market policies, foreign trade, agriculture-dependent and related industries, use of technology, productivity, producers' income, self-sufficiency, financial policies, rural, regional and social policies, legislation and institutional structure.

With the possible exclusion of products such as fruits, vegetables, tobacco and cotton in which Turkey enjoys certain comparative advantages due to the varying characteristics of its soil, nature and climatic diversity, for most of the agricultural products, particularly for animal products, there exist problems such as disorganization in the structure of agricultural enterprises, insufficient use of technology and low productivity. As a consequence, land used by each agricultural enterprise is small in scale, distanced from other such land, and overly fragmented. The fragmentation of lands is increasing due to the provisions of the Civil Code on inheritance, the purchase and sale of land, canal and road construction etc. As a result, many agricultural enterprises are forced to work land that is progressively decreasing in size, thereby adversely affecting the efficiency of production activities. Therefore, Turkey should prevent the further fragmentation of land used by the agricultural enterprises, which is the most important component of the agricultural structure, and should reduce the land fragmentation rates to the levels of the EU countries.

In light of the above, Turkey's competitiveness vis-à-vis the Community may deteriorate even further. In addition, the expected increase in agricultural production and producers' income may not occur and current figures may even decline.

Therefore, Turkey should bring the cost and prices of agricultural products in line with those of the Community by improving the rural and agricultural infrastructure and the structure of the agricultural enterprises, and by carrying out efficient policies on the use of technology that will allow increases, especially in productivity and levels of competitiveness. In order to improve the agricultural infrastructure and the structure of the agricultural enterprises, the regime on proprietorship and disposition of land should be amended, and measures should be taken nationwide on issues such as the protection of land, and drainage and irrigation activities. All of these measures, in broad terms, are included in the studies called "Land Consolidation" or "Land Arrangement". However, Turkish agriculture may attain only a certain level of competitiveness through these improvements in the long run. In this regard, agricultural reform appears to be a highly important factor in the harmonization of Turkish agriculture with CAP. Financial and technical support granted by the EU will be a prominent requirement for the harmonization process and for the reform of the Turkish agriculture.

One of the major issues in the harmonization of the Turkish agriculture with CAP is related to financial matters. Since this harmonization coincides with a period in which support granted by the Community is declining, the financial aid that will be granted to Turkey shall not amount to a major burden on the EU budget. In fact, within the scope of Agenda 2000, during the new enlargement process, support provided through price mechanisms is expected to decrease, while support for rural, structural and environmental issues is expected to increase.

The number of agricultural enterprises increased from 2.2 million in 1950 to 3.9 million in 1990. However, the average size of enterprises decreased from 100 decares in 1950 to 59 decares in 1990. According to the results of the 1991 General Agriculture Census (a nationwide comprehensive census on agriculture is conducted once every ten year), 21.6 million pieces of agricultural land exist in Turkey, meaning that each enterprise owns five pieces of land on average. In other words, the farmers have an affiliation with five different pieces of land on average.

Despite the availability to farmers of inputs such as the use of machines, fertilization, pesticides, irrigation, high quality seeds, incentives etc., Turkey's agricultural production does not fare too well when compared with the EU countries. Turkey's efficiency in plant production is merely half of that of EU countries. The main reasons being; Turkish enterprises are, on average, one third of the size of the EU average, and the disintegrated and dispersed structure of these enterprises.

Some of the enterprises are not able to supply sufficient products to the market. In order to become competitive in the specialized production of goods and to increase agricultural production, the average size of the enterprises should be increased through measures determined within a plan, and the fragmentation of lands should be precluded through the consolidation of all agricultural lands both irrigated and dry. In addition, it will be appropriate to take measures within the scope of the Civil Code in order to prevent the further fragmentation of agricultural land.

Given that the support for agriculture within the framework of the CAP reform will decline in the forthcoming years, CAP may not be supportive and protective enough for the Turkish agriculture in the long run.

The major problems in forestry are the incomplete land cadastre works, lack of specialized technical personnel and workers, lack of comprehensive inhabitant inventories, uncertain management objectives, inadequate importance given to ergonomic activities, falling behind the schedules in the rejuvenation process, low amount of protected areas, and low levels of annual forestation due to insufficient financing.

At the international level, "Forestry Principles" and "Agenda 21" put forth in the 1992 summit and issues stated in international and regional platforms such as the "Intergovernmental Forestry Panel and Forum" and the "Minister's Conference on the Protection of Forestry in Europe" held following the 1992 summit, are taken into consideration in the field of forestry. In this respect, preparation work on the "National Forestry Program" covering the fulfilment and monitoring of international and regional commitments undertaken in the forestry sector still continues.

The agricultural sector is of great economic and social importance to Turkey. Even though the sector accounts for a mere 15 % of GDP as of 1999, agricultural employment has a 45.1 % share of total employment. While the share of agriculture in the national income is declining, a major portion of the population still depends on agriculture.

According to the 1991 General Agriculture Census results there are 4.1 million agricultural enterprises in Turkey. Approximately 3.6 % of the enterprises work exclusively on animal breeding, while 96.4 % are involved with plant production and animal breeding. About 35 % of these enterprises have a land size of 0-2 hectares, 32 % of the enterprises own 2-5 hectares of land, 28 % hold 5-20 hectares of land and 5 % own more than 20 hectares. However, the ratio of land cultivated by the enterprises with 0-2 hectares of land is 6 %, while the ratio for 2-5 hectares, 5-20 hectares and over 20 hectares is % 16, % 41 and % 37, respectively. The average enterprise size is approximately 5.9 hectares. According to the results of the said census, 71.9 % of the breeders of bovine species own less than 5 animals, and 31.6 % of the breeders of ovine species have less than 20 animals.

The income level of the population employed in the agricultural sector is lower than that in other sectors, and within the sector there exists huge disparities in the distribution of income among the various sub-sectors.

Price support policies were not successful and did not produce targeted results for producer incomes. Moreover, the support purchase prices, above the world average, caused an increase in the cultivation areas of certain crops, thereby resulting in excess production and forcing the state to purchase excess amounts, which in turn brought about high stock costs. With a view to alleviating these problems in the short term, a pilot project on the application of the "Direct Income Support for Farmers" was initiated in the year 2000 as a new means of agricultural support.

Turkey continues to fulfil its obligations stemming from the relevant provisions of the Agreement on Agriculture of GATT Uruguay Round. Taking into consideration the developments in the aftermath of the Uruguay Round, a new preferential trade regime has been established with the EU.

Law No 4342 on Rangelands was put into effect in the 7th Plan period. In addition, the “Board for Restructuring and Support in Agriculture” was established. Law No. 4487 has made it possible to engage in forward transactions as well as spot purchases in the Crop Stock Exchanges. Moreover, Decree Law No. 552 on the “Regulation of the Trade of Fresh Fruits and Vegetables and Wholesale Warehouses” has been enforced. A number of provisions of this law have been amended through Law No. 4367 and the relevant legislation has been modified accordingly. Law No. 4572 on “Agricultural Sales Cooperatives and Unions” has also been enforced. Through this law, the provisions on agricultural sales cooperatives and unions have been regulated, a legal framework has been established for the restructuring process, and the efficient and sustainable autonomy and financial independence of the institutions have been ensured.

However, during the 7th Plan Period, the Laws on Re-arrangement of Tobacco Agriculture, Product Insurance, Turkish Union of Agriculture Chambers, Reorganization of the Ministry of Agriculture and Rural Affairs, which were all stipulated within the framework of the Project on the Structural Change of the Agricultural Policies, have not yet been legislated. The draft law on Producer Unions has reached the final stage prior to enactment.

Modern biotechnology is in its initial phase in Turkey. Current studies have not reached the level necessary to achieve transgenic products. Basic studies should be carried out on this matter. However, as a first step the developed technology can be transferred and utilized. The infrastructure necessary for the transfer and the use of technology is largely available in Turkey. Turkey should immediately initiate work on products that can be transferred and used within the industrial sector.

Since Turkey is still at the initial stage it will be easier to plan and implement these activities in a more reliable environments with more reliable results. Moreover, the fact that these activities are non-profit activities in Turkey means that necessary safety measures can be taken without difficulty.

#### Objectives, Principles and Policies

Taking into consideration its own agricultural policy requirements, the developments in the agriculture sector and the requirement of the Turkish agriculture to harmonize with CAP, Turkey has adopted the following objectives, principles and policies in the 8th Plan:

Keeping in mind the principle of the effective utilization of resources, the main objective is to establish an organized, highly competitive and sustainable agricultural sector that takes into account economic, social, environmental and international developments. Within the context of the food security principle, ensuring balanced and sufficient nutrition for the increasing population is another objective.

The improvement and stabilisation of the income levels of the producers will be assured through policy instruments guaranteeing the orientation of the production in accordance with demand under market conditions, instead of state intervention which has negative impacts on the formation of market prices. Measures will be taken to reduce the cost of production and to accelerate technological development.

The fundamentals of Turkish agricultural policy will be determined according to commitments stemming from the World Trade Organization- Agreement on Agriculture, developments in the Community's CAP during the pre-accession period, and finally, developments in international trade.

Emphasis will be given to; the development of human resources having the priority, the more efficient use of production factors; the improvement of productivity; the reinforcement of the administrative capacity of agricultural institutions; the resolution of the problems experienced in the flow of institutional services; the efficient and rational distribution of resources between sectors; the reinforcement of producers' organizations; the improvement of the competitiveness of agricultural enterprises, and the development of marketing networks.

Farmers Register System, Title Deed- Cadastre System, Geographical Information System and Farm Accounting Data Network will be developed. Agricultural Information System using the agricultural database will also be set up.

Risk Management instruments will be developed in order to protect producers and production levels against risks. In this context, the development, widespread use and effective implementation of

instruments such as the insurance system for agricultural products, a stock exchange for forward transactions, contractual agriculture and stock management will be ensured.

Taking into consideration the importance of regional programs in agricultural development, special regional programs will be developed within the framework of the studies to determine problematic agricultural production areas having priority.

The planning and management of participatory projects on all issues, levels and stages related to the agricultural sector will be taken as benchmark.

Work on rural development projects providing direct financing to producers, based on the participation and responsibility of those producers, will be continued. In this context, the East Anatolia Watershed Rehabilitation Project, which aims to raise the income level in rural areas, has been put into operation in 11 provinces.

Non-agricultural sectors will be supported in rural areas and rural industry will be made widespread. Projects will be developed to create employment opportunities for people leaving the agricultural sector.

Agricultural research institutes will be improved to give them an effective structure. Coordination will be established between the research activities carried out by various institutions, organizations and universities.

Producer needs will be taken into consideration in the determination of agricultural research priorities. The participation and contribution of the producers will be sought in the development and implementation of research oriented projects.

Agriculture-industry integration will be developed and contractual production for agricultural industry will be applied extensively through the supply of appropriate and high quality raw materials enhancing the competitiveness of the processing industry.

While the Agricultural Sales Cooperatives and Unions will be granted an autonomous structure in line with the principles of cooperatives, in case these institutions are restructured, necessary measures and policies will be implemented to provide sustainability.

Some of the tasks and responsibilities currently performed by the public sector will be handed over to the producer organizations.

The planning and management of participatory projects on the basis of basins will be adopted in the use of natural resources. A system will be established in which the natural resources can be used in a sustainable manner and gene resources can be protected and stored.

Within the context of agricultural policies, with a view to achieving balanced environmentally-friendly agricultural development, participation will be encouraged at all stages of the process from people who benefit from agricultural infrastructure investments. The effective utilization of the current infrastructure and the rational use of resources for the realization of the new investments will be ensured.

A Land Use Plan will be prepared by carrying out detailed land studies and preparing maps, by enforcing a Law on the use and protection of the land, by completing land cadastre activities and preparing a land database.

The optimum enterprise sizes in terms of the smallest piece of parcels that cannot be further divided will be set forth on a regional basis. Incentive measures will be taken according to the size of economic enterprises.

Production of animal products will be improved. In addition, with the aim of ensuring a balanced and adequate level of nutrition in society, with regard to animal proteins, emphasis will be given to the breeding of animals, combating animal diseases and harmful organisms, increasing the production of concentrated animal feed and feed products, improving meadows, and extension services.

In order to increase the sustainable production in fisheries products; natural resources will be used rationally, breeding and open sea fishing will be developed, importance will be given to research and

development activities and necessary arrangements will be carried out to establish an effective administrative structure in the public sector.

Forests will be managed, operated and preserved within the context of economic, social, environmental and ergonomic criteria, in line with society's requirements for forestry products and services, and within the principles of sustainable forestry, biological diversity, protection of wild life and multi-lateral use.

In order to prevent disasters such as deforestation, desert-formation, land erosion, flood, landslide and avalanches in Turkey, activities such as forestation, erosion control, meadow improvement and social forestry will be developed and forestation efforts of real and legal entities will be supported.

#### Legal and Administrative Arrangements

The Agricultural Framework Law that encompasses agricultural matters as a whole, will be enforced. Arrangements will be carried out for the efficient functioning and development of Chambers of Agriculture.

A draft law on Producer Unions prepared and submitted to the Prime Ministry, aims to establish non-profit organizations independent of the public sector to assist producers from the production to the marketing stage. Organized farmers will be supported and incentive measures will be applied in this regard. Necessary arrangements will be carried out to make the control of these organizations autonomous.

The Ministry of Agriculture and Rural Affairs and the agricultural State Owned Economic Enterprises will be restructured.

Work on the preparation of the Law on Agricultural Product Insurance, and the related action plan, will be completed.

Since the Board of Restructuring and Support in Agriculture does not include sufficient number of private sector companies and representatives from farmer organizations, the board will be enlarged through the admission of new members.

Taking into consideration the aforementioned matters, regarding the harmonization of the Turkish agriculture with CAP which is the ultimate goal in the field of agriculture, the following issues have priority:

Within the framework of the activities conducted for the harmonization of Turkish legislation with the EU acquis, it is proposed to carry out this harmonization gradually, and in this regard, to introduce the necessary administrative, legal, financial and technical arrangements.

Rural and agricultural non-governmental organizations (cooperatives, unions, professional chambers, etc.) are being strengthened to fulfil their obligations with regard to CAP. In addition, in terms of administration and financing, these organizations are being granted an independent structure and the role of the state in these matters is being reduced.

Within the context of land arrangement and land consolidation, work is underway to increase agricultural productivity and competitiveness through the planning and improvement of the structure of agricultural enterprises as well as the rural and agricultural infrastructure.

In addition to agricultural production, work is being carried out on the development of agricultural industries, marketing channels, particularly the grain stock exchange system and wholesale food markets.

Natural resources, the environment and the rural landscape should be protected and improved across the country, in regions and basins. Agricultural industry and other non-agricultural economic activities should be supported in rural areas and the competitiveness of the rural areas should be enhanced.

As required by the harmonization with the EU system, the necessary legal, administrative and technical arrangements should be introduced in the fields of food safety, animal and plant health and quality control.

Special support and protection systems should be developed in cooperation with the EU for selected products such as tea, Angora goats, and fresh silk-cocoons.

Special care should be taken for the protection of the environment and rural heritage. In this respect, farmers should be encouraged to practice agricultural techniques that are environmentally friendly.

Taking into consideration the expected development of agricultural policies in Turkey and in the Union, the agricultural policies and legislation need to be harmonized continuously.

In order to create a country-wide bio-safety system, it is necessary to prepare the legal framework, to take the necessary measures to inform users, decision makers and the public about the available data and to establish a system for control and monitoring. Biotechnology products, either imported or domestically produced, should pass all tests on bio-safety.

The Ministry of Agriculture and Rural Affairs initiated the preparatory work for the relevant legislation in Turkey. As a result of the work carried out under the coordination of the Directorate General for Agricultural Researches, considerable progress has been achieved on the relevant legislation within a short period of time. Legislation work on transgenic plants is carried out in parallel with international legislation and the activities of other countries.

Within the framework of the main principals and guidelines set forth, the issue is studied under three categories: "Field Tests for Transgenic Crops", "Registry of Transgenic Crops" and "Production and Marketing of Genetically Modified Organisms (GMO)". In this respect, the "Instruction on the Field Tests for Transgenic Crops" on the basis of which these products are tested before entering into Turkey for production, was enforced in May 1998.

In line with the aforementioned activities, commissions established under the coordination of TÜBİTAK have drafted technical texts that form the basis of the legislation work on the "Production and Marketing of Genetically Modified Organisms (GMO)" and "Development and Use of Genetically Modified Microorganisms". The legislation process is ongoing.

#### **b) EU Acquis**

The relevant EU legislation list is provided under Volume II.

#### **c) Implementing Institution**

Public institutions have an extensive organization on agricultural sector activities. The Ministry of Agriculture and Rural Affairs is the primary institution responsible for the implementation of agricultural policies in Turkey. Other public institutions that have responsibilities for the execution of agricultural policies are the Ministry of Industry and Trade, the Ministry of Forestry, some Ministries of State, the State Planning Organization, the Undersecretariat for Treasury, the Undersecretariat for Foreign Trade, the Central Bank and Ziraat (Agriculture) Bank. In addition, the "Board for Restructuring and Support in Agriculture" has been established in order to coordinate the work carried out by the public institutions. There is a need for the Board to function more actively so as to ensure a much more effective coordination between these institutions during the adoption and implementation of the Community acquis.

Chambers of Agriculture, cooperatives and unions carry a major role in the organization of producers in Turkey. Producer organizations need to be restructured, particularly so as to fulfil purchasing responsibilities under CAP.

A new administrative structure is required for the implementation of the EU acquis.

#### **d) Final Objective**

Turkey shall adopt the EU acquis, especially the CAP, in a manner that allows the most efficient application and in compliance with the agricultural and economic interests of both Turkey and the Community. In this respect, it is proposed to carry out the adoption on plant and animal health, fresh and processed fruits and vegetables, fisheries products, olive oil, sugar and forestry in the first stage; arable crops including grains, rice, sunflower oil seeds, soybean and rapeseed, flax-hemp, starchy potatoes in the second stage, and on other agricultural products, especially animal husbandry in the final stage.

Other important issues that require harmonization in the agricultural sector are foodstuff controls and the quality and standards of agricultural products. Turkey is carrying out harmonization activities in parallel with recent developments, especially with rules of the World Trade Organization. The progress that Turkey will achieve in harmonizing with the WTO rules will also provide harmonization with those of the Community.

In addition to the adoption and implementation of the agriculture legislation of the Community, the developments in the *acquis* will be continuously monitored and necessary measures will be taken for harmonization. In this regard, Turkey's participation in the technical committees of the EU Commission appears to be of crucial importance for the adoption process.

## **II. Comparison of the EU *acquis* with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

The basic legislation on agriculture and agricultural sector activities in Turkey are as follows: Decree Law on the Establishment and Duties of the Ministry of Agriculture and Rural Affairs, Law on the Organization and Duties of the Directorate General for Rural Services, Law on the Establishment and Duties of the Directorate General for Agricultural Reform, Law No. 3285 on Animal Health and Surveillance, Law No. 904 on the Breeding of Animals, Law on Meadows. Other legislation directly related to the Ministry of Agriculture and Rural Affairs are as follows: Law on Breeding of Cotton Varieties, Law on Breeding of Olives and Grafting of Wild Olive Trees, Law on Agricultural Combat and Agricultural Quarantine, Law on the Modernization of Viniculture and Development of Turkish Vineyards, Law on Fishery Products, Law on Animal Feed, Law on Supports for Farmers Afflicted by Natural Disasters, Law on Production Planning of Hazelnuts and Designation of Cultivation Lands, Law on Agricultural Reform on the Landscaping in Irrigated Areas, Law on Tea, Decree Law on the Production, Consumption and Control of the Foodstuffs and Regulation on the Production of Plant and Animal Products through Ecological Methods.

Additionally, Law on the Establishment of Turkish Standards Institute, Law on Chambers of Agriculture and Union of Agriculture Chambers, Law on Cooperatives, Law on Agricultural Sales Cooperatives and Unions, Law on Forestry and Law on Environment are all closely related to the agricultural sector.

Moreover, agreements concluded with GATT and the Community, as well as the free trade agreements signed with various countries include provisions on a wide range of topics for agricultural products.

In addition to the Turkish legislation listed above, the below listed legislation is effective in the field of forestry: Law No. 3800 on the Establishment of the Ministry of Forestry, Law No. 6831 on Forestry, Law No. 2873 on National Parks, Law No. 2924 on Support for the Improvement of Forestry Farmers, Law No. 4122 on National Mobilization on Afforestation and Erosion Control, Law No. 3234 on the Establishment of Directorate General for Forestry, Law No. 3167 on Land Hunting and Communiqué No. 285 on the Implementation Principles on the Prevention of and Combat with Forest Fires.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Turkish legislation on plant and animal health, quality and standards are in compliance with the Community legislation to varying degrees. However, the legislation on price and market systems either fundamentally differs from the Community *acquis* or there is no corresponding Turkish legislation thereon. It is necessary that relevant amendments and additions be introduced by reviewing the Community *acquis* the Turkish legislation with a view to eliminating discrepancies.

Public institutions and NGOs need to be reorganized in order to create a structure efficient enough to apply the Community legislation in the agricultural sector. In this respect, through certain legal arrangements public institutions currently dealing with issues of an agricultural nature need to be restructured under a single Ministry, and the "Board for Restructuring and Support in Agriculture" needs to be reorganized to function more efficiently.

Regarding NGOs, procurement institutions and producer unions in particular should be provided with the necessary legal structure to allow the proper application of CAP.

### **c) Necessary Institutional Changes**

Land and water resources should be protected, improved and used economically in compliance with proper techniques, and land consolidation should be carried out in Turkey. Among 23.5 million hectares only 414 thousand hectares has been consolidated up to now. The work on land consolidation is carried out by various institutions. In order to eliminate this disorganized structure and to execute the work requirements throughout the country in a rapid and effective manner, as proposed by the 8th Five-year Development Plan, the Law on the Directorate General for Land Irrigation and Agriculture Reform, Law on Land Protection, and Framework Law on Agriculture should be enacted without delay.

Moreover, land consolidation studies should not be limited only to the integration of dispersed lands, renovation of villages and improvement of arable land services, but should also concentrate on the enlargement to optimum levels of land size of enterprises. In order to reach this objective, measures should be taken with respect to regulating the sales of agricultural enterprises and arable lands. These measures aim primarily at improving the agricultural structure, enlarging the land of small-scale agricultural enterprises, making land available for arable farming, preventing land from staying idle, and providing farmers with a piece of land large enough to generate sufficient income. As referred to in the 8th Five-year Development Plan, the “agricultural land supply office” should be established.

Turkey’s agricultural structure indicates that at the present time effective production planning can not be achieved for the following reasons; small-scale enterprises less than an optimum level of productivity, insufficient use of input and productive technology, and inadequate financing, which in turn lead to marketing of products by small-sized enterprises at less than competitive prices; the presence of several intermediaries on the marketing chain between the producers and consumers capturing the major portion of revenues; and an insufficient level of awareness of supply and demand conditions for the products both in domestic and foreign markets. As a result of the issues highlighted above, either excess demand or overproduction problems arise depending on the harvest situation. Therefore, it is necessary to ensure the functioning of a market order that will allow the product design to adjust to changes in line with domestic and foreign requirements.

The organization of producers is insufficient in rendering services on the orientation and marketing of the production and price formulation, through the supply of reasonably priced and high quality agricultural inputs in time and the use of appropriate technologies. Disorganization of the authority and lack of coordination in the public sector still continue. Agricultural Credits, Agricultural Sales and other agriculture related cooperatives have been established in order to supply credits and inputs for farmers, provide various services and to market their products at their real values. In addition, various other institutions have been founded under various laws such as the irrigation unions, agricultural combat unions, unions providing services to villages, and milk unions. However, some of these organizations formed and run under various ministries and institutions, cause disorganization in the rendering of services and result in the misuse of resources since continuous state allocations are required for their functioning. At the same time, these organizations have not been effective in resolving the problems concerning agricultural products.

With a view to eliminating the incoherent dispersal of authority in the agricultural sector and to incorporate services under a single authority, the “Draft Law on the Regulation of Agricultural Services” has been prepared and submitted to the Prime Ministry. The primary objective of the law is the execution of the following duties by a Higher Board established with the participation of institutions and bodies related to agriculture and agricultural support; determination of agricultural policy and targets; reorganization of the agricultural sector; identification of the basic principles of sustainable agriculture; preparation of long-term agricultural plans; determination of agricultural support models; rational utilization of the investments allocated for agriculture; support for the establishment of producer and breeder unions; execution of the activities on agricultural organization under a single authority; determination of the intervention institutions that will be in charge of orientation; perform product design studies and inter-product parity studies; encourage insurance of agricultural products against natural disaster risks; extension of agricultural insurance applications; regulation of the principles on state support in the form of premiums; protection and improvement of agricultural lands that are limited in nature; ensure the continuous and productive utilization of agricultural lands; prevention of the non-agricultural use of the land and the application of incorrect agricultural techniques; determination of the protection and utilization priorities and application principles of the land; prevention of the splitting up of agricultural production plots into pieces smaller than economically suitable enterprise size; protection of all types of gene resources that may be the subject of agricultural production; and support and improvement of ecological and contractual agricultural production.

Moreover, the enactment of the “Draft Law Amending the Decree Law No. 441 on the Establishment and Duties of the Ministry of Agriculture and Rural Affairs” bears importance on the restructuring process of the Ministry of Agriculture and Rural Affairs.

Despite the fact that Turkey has the legal and financial infrastructure that enables the farmers to organize under cooperatives, there exists no legislation on the agricultural producer unions compatible with the EU norms. The Draft Law on Agricultural Producer Unions prepared on this matter and submitted to the Prime Ministry has not been enacted yet. This law should enter into force as soon as possible. Through this law the current organizational structure of farmers in the EU will be established in Turkey. Aimed at the establishment of non-profit organizations serving the producers from production to marketing, independent of the public sector, the law will provide support for organized farmers and ensure the implementation of



incentive measures. In addition, necessary arrangements will be carried out to make the control on these organizations autonomous.

The law enacted on Agricultural Sales Cooperatives and Unions was published in the Official Gazette No. 24081 of 16 June 2000. Through this law, in order to carry out their activities in an efficient and sustainable manner, cooperatives and unions are provided with a structure that is both autonomous and financially independent. The Restructuring Board is carrying out studies and making recommendations for cooperatives and unions with a view to restructuring them and ensuring a sustainable structure that will allow these institutions to carry on their activities in line with the principles of economic efficiency and productivity. Operation credits required by cooperatives and unions are provided from the general budget and from the Support and Price Stabilization Fund upon the recommendation of the Restructuring Board. A transition period of four years is foreseen for the privatization of Agricultural Sales Unions.

The marketing of agricultural products in Turkey is realized via three forms of institutional structures namely the public sector, private sector and cooperatives. Within this system, the following public sector institutions play an active role in marketing; TMO– Turkish Grain Board in the price formation of cereals, TŞFAŞ– Turkish Sugar Factories Joint Stock Company in sugar beet, ÇAYKUR– Tea Enterprises Institution in tea and TEKEL in tobacco, salt and alcohol products. The agricultural reform laid down in the stand-by agreement between the Turkish Government and the IMF provides for the privatisation of some of these institutions.

The new Draft Law on Sugar prepared in accordance with EU legislation has been submitted to the Turkish Parliament. The Draft Law will repeal and replace the current Law No.60747 on Sugar. Following the entry into force of the Draft Law on Sugar, the factories currently owned by TŞFAŞ will be privatised and will carry out contractual production of sugar beet and the price will be determined within the free market conditions. Through the Decision of the Higher Council on Privatisation published in the Official Gazette No 24279 of 6 January 2001, TŞFAŞ has been included in the scope of the privatisation scheme.

It is foreseen that with the enactment of the Law on TEKEL (Monopoly), the factories owned by TEKEL will be privatised and starting from the year 2002 tobacco prices will be determined within the stock exchange.

The Turkish Grain Board (TMO) has been appointed as the authorized institution for the procurement of cereals nationwide and its status was announced in the Official Gazette No.18602 of 11 December 1984. However, according to the stand-by agreement the TMO:

- Will be downsized in 2001 into a structure that will allow only for extraordinary and strategic stocks (for intervention purposes),
- Will realize its procurements from the stock exchange at prices determined therein as of 2002.

Within the context of the adoption of the CAP, necessary steps will be taken to harmonize with the intervention agency and intervention price system of the Community as of 2002.

The Farmer Registration System will facilitate the payments of the Direct Income Support for Farmers, which was initiated in 2000 as a pilot project within the framework of the policies of "Restructuring and Support in Agriculture", and which is to be extended gradually to the whole country after 2001. The farmers will be included in this Farmer Registration System according to their title deeds, other records and field studies. Hence, through the development of information it will be possible to create a marketing information system covering the data that can be used in agricultural marketing.

With the aim of providing a sustainable development in the agriculture sector and rural areas, the Agricultural Information System covers institutional arrangements for effective coordination in the fields of science and research, agricultural extension services and agricultural training.

This system, formed to apply efficient policies on natural resources, environment and food security, is comprehensive in content. It requires sound organization and coordination. In addition to the Agricultural Information System, it is also important to provide appropriate cooperation between producers, consumers, NGOs and the foodstuff industry.

The 8th Five-Year Development Plan contains provisions for the establishment of the Agricultural Information System under the General Agricultural Policies section. The Plan also proposes the "enactment of the Framework Law on Agriculture, which embraces agricultural issues with cohesion".

Stating that the “Board of Restructuring and Support in Agriculture shall be enlarged through the admission of new members since it does not explicitly and sufficiently include private sector companies and representatives of the farmer organizations”, the plan foresees the establishment of a consultation platform with extensive participation from the related sectors.

The Framework Law and the above mentioned Board, both aiming at the formation of high level coordination through efficient organization of the institutions directly or indirectly related to the agricultural sector, as well as the Agricultural Information System, are all in harmony and are of great significance with regard to the objectives set.

Moreover, NGOs should be provided with a structure that will enable them to implement the CAP.

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Relevant public institutions, particularly the Ministry of Agriculture and Rural Affairs, and NGOs should be strengthened with adequate number and quality of personnel to enable them to implement the Community acquis. The personnel of these institutions should be trained on the adoption of the Community acquis. Additional training facilities are required particularly for the organization of the legislation and the transition to the Agricultural Information System.

At the moment, it is not possible to specify the quantity of staff required.

#### **e) Necessary Investments**

Necessary investments should be realized to continue the agricultural reform, to improve the rural and agricultural infrastructure and the structure of agricultural enterprises, for the efficient utilization of technology, to develop research, extension and training services, and for the transition to the Agricultural Information System at Community standards.

At year 2000 prices, for 1 hectare of land approximately 680 million TL. is required for leveling, drainage, construction of roads, engineering services for land consolidation, and construction of irrigation and drainage canals. Out of 27.6 million hectares of arable land in Turkey only 8.5 million hectares is economically suitable for irrigation. Suitable arrangements are required for 8 million hectares of irrigated land and for 15 million hectares of dry arable land.

### **III. Time schedule**

#### *Short Term*

Following issues are set forth as short term priorities; establishment of an appropriate alignment strategy for veterinary and plant health legislation of the Community with first priority the harmonisation of the legislation to combat animal and plant diseases; improvement of enforcement capacity, in particular of laboratory testing, inspection arrangements and establishments; development of a functioning land register, animal identification, plant passport systems; and the improvement of administrative structures in order to monitor the agricultural markets, and implement environmental, structural and rural development measures.

#### *Medium Term*

As for the medium term, it is proposed to complete preparations for the acquis in agricultural and rural development policies; to modernize food-processing establishments (meat, dairy processing plants) in accordance with the EU hygiene and public health standards; to establish testing and diagnostic facilities, and to ensure the transition to the Agricultural Information System at Community standards.

Activities on the improvement of rural and agricultural infrastructure, as well as the structure of agricultural enterprises and on the efficient utilization of technology close to Community levels, will be continued both in the short and medium term.

## **IV. Financing**

It is quite difficult to determine the exact financing requirement without carrying out a detailed analysis. However, with general assumptions, it is estimated that financial resources of 8 to 10 billion EURO is required in the short and medium term in order to continue with the agricultural reform, to improve the rural and agricultural infrastructure as well as the structure of agricultural enterprises, to ensure the adoption of the Agricultural Information System at Community standards, to adopt the Community acquis, and for other related expenses. It will be necessary to utilize the Community support programs to finance these activities.

Moreover, as regards the products that will be harmonized with the CAP within the framework of the accession negotiations, a need for additional financing for harmonization, especially in pricing and market policies, may arise. Similarly, the support of the Community will be needed in financing the above-mentioned requirements.

### **4.8.2. Agricultural products**

#### **I- Priority description**

##### **a) Current Status**

##### **Plant Products**

Crop production maintains its importance within the agricultural sector with its share of approximately 65% of total production. However, it is clear that Turkey has not adequately utilized its crop production potential that is highly dependent on climatic conditions. Moreover, productivity per unit of land remains at relatively low levels.

The area of leguminous seeds and animal feed under cultivation has risen from 114,321 hectares in 1995 to 237,589 hectares in 1999, within the framework of the implementation of the Project on Reduction of Fallow Areas.

The application area of the "Research and Extension Project on Second Products" has risen from 13,665 hectares in 1995 to 34,994 hectares in 1999, through the expansion in particular of maize, sesame, sunflower, rice and soybean cultivation.

Tobacco and tobacco products were subject to State monopoly in Turkey by Law No. 558 of

26 May 1925. Application of the monopoly continued through the enactment of consequent laws; Law No. 907 of 7 June 1926, Law No. 1701 of 5 June 1930 and Law No. 1177 of 10 June 1938. The monopoly on the production, distribution and marketing of tobacco products was abolished by Law No. 3291 of 28 May 1986. A number of arrangements made in 1991 have attracted some international producing companies to investment in cigarette production in Turkey. Currently, TEKEL and private sector cigarette producers operate in the domestic market under competitive conditions.

The program undertaken by the public sector on combatting plant diseases and harmful organisms has continued against drakes, *amelia rostrata* and olive flies in particular.

##### Purposes, Principles and Policies

The basic objective is to increase the production, productivity, quality and exports of crops. With a view to increasing productivity and quality in crop production the use of certified seeds by farmers will be made widespread. Arrangements concerning the seed sector will be based on international, and especially, EU principles, norms and applications. Moreover, arrangements will be made on transgenic plants.

In order to enhance its productivity and competitiveness in foreign markets, the functioning of the seed sector within market conditions will be ensured and private enterprises will be encouraged to play a more active role in research and development areas in parallel to their active involvement with production, processing and marketing.

Minimizing the negative impacts of agricultural production on the environment will be one of the policy priorities. In addition to the measures that will be taken in this respect, for incentives of fertilizers, pesticides and irrigation use of natural resources and environmentally friendly materials will be extended. Input subsidies for fertilizers and insecticides will be gradually decreased and finally eliminated. In compliance with EU legislation, production of organic (ecological) products that respect plant, animal and human health will be encouraged.

Priority will be given to alternative combat methods, particularly to the Integrated Pest Management (IPM) methods and biological control methods. In this framework, in agricultural combat the following factors shall be taken into consideration; international commitments of Turkey, a contemporary understanding of plant protection, food safety, ecological balance and the environmental dimension.

The Project on the Development of Product Stock Exchanges directed towards the marketing infrastructure will be completed. Work will be carried out to develop the Forward Transaction Stock Exchange and to ensure the effective functioning of Wholesale Food Markets. Initiatives to increase the farmer/private sector silo and storage capacity will be encouraged.

Agricultural extension services, farmer training and educational institutions related to agriculture will be reorganized according to recent developments. The current training and extension system will be reassessed, the role of the public sector in extension services will be reviewed and importance will be given to extension services to be rendered by the private sector. Certified training towards young farmers and optional training towards the grown-up farmers will be the basic approach.

Production of sunflower, soybean and cotton will be increased through the application of the premium system, especially by developing the necessary organizational and marketing infrastructure. Moreover, in order to increase maize production the establishment of drying facilities will be encouraged.

Within the framework of stock management, the application of setting a certain price range between the purchase price and sales price for grain products and simultaneously announcing this price during the same period will continue.

The Ministry of Agriculture and Rural Affairs will continue to carry out "Alternative Crop Projects" on products with excess production such as hazelnuts, tobacco, tea, raisin and sugar beet.

Application of quotas on sugar beet production will continue and the crop rotation period will be extended in order to keep a balance between the sugar production and sugar demand, and thereby reduce the burden on the general budget created by the purchase of sugar beet and the maintenance of sugar stocks in excess of demand. Within the scope of the "Alternative Product Project" carried out together with the World Bank, cultivated lands for sugar beet will be reduced.

Measures will be taken to reduce the land cultivated for hazelnut. Extension of land cultivated for tea will be prevented. Grafting will continue to supply high quality fresh tea.

Projects to create new job opportunities aimed at developing alternative products in cultivated lands where there is excess production of hazelnut, tea and tobacco will be carried out.

Tobacco production will be directed through market prices, and a tobacco auction system will be formed in this respect.

### **Animal husbandry**

The animal husbandry sector is significant in the sense that it meets the need for animal products, continuously creates employment, and supplies raw materials for agriculture-dependent industries such as meat, dairy, animal feed, wool textile and leather.

Despite the fact that Turkey has a higher number of animals than countries with highly developed animal husbandry sectors, production per unit animal remains considerably lower. The average carcass weight of cattle in developed countries is around 250 kg, whereas this figure is around 160- 170 kg. in Turkey. Milk production per cattle in such countries is 5,000- 6,000 kg/lactation, while 1,400- 1,500 kg in Turkey.

According to the statistics of 1998, animals of low-yield domestic species make up 41.7 % of the total cattle population, and 97 % of the total sheep population.

Artificial insemination activities are being carried out for the breeding of animals. In this context, 898,000 head of cattle in 1995, 962,000 in 1996, 1 million in 1997, 1.1 million in 1998 and 1.2 million in 1999 have been artificially inseminated. The figure is estimated to be around 1.3 million head of cattle in 2000.

Moreover, within the framework of improving the overall quality of breeding cattle in Turkey, during the 1987-1999 period a total of 342,608 head of breeding cattle were imported and distributed to breeders, of which 51,586 head were imported and distributed during 1996-1999.

According to the results of the Foodstuff Industry inventory studies carried out by the Ministry of Agriculture, there exist approximately 450 meat product processing plants and 4,033 milk and dairy product processing plants in Turkey. A number of these facilities are compatible with the EU standards and employ modern food techniques, whereas the majority do not possess the required standards of hygiene and technology.

The Regulation on the production, consumption and control of foodstuffs, enacted in 1998 pursuant to the Decree Law No.560, stipulates the principles that should be adhered to by these plants with regard to the technical and hygienic arrangements, and includes provisions on the establishment of the system of hazard analysis and critical control points (HACCP). This issue is in compliance with Community directives on the official control of foodstuffs and food hygiene. A transition period has been given for meat, dairy and water product processing plants to adopt the foodstuffs control system based on HACCP applications. The Ministry of Agriculture and Rural Affairs is inspecting and monitoring these plants in line with the food control program.

#### Purposes, Principles and Policies

During the 8th Plan period, the fundamental objective of the animal husbandry sector will be to increase production with the aim of providing society with a sufficient and balanced diet as regards animal proteins. In this respect, work on the breeding of animals will be carried out, production of high quality concentrated animal feed and animal feed products will be increased, the efficiency of the combat against animal diseases and harmful organisms will be improved, and extension services will be developed. In order to meet the requirements of domestic demand and increase production levels to make exports possible, special importance shall be given to animal husbandry. Additionally, modern meat and dairy processing facilities will be extended to the whole country.

With the aim of implementing animal breeding policies, the "Commission for the Breeding of Animals" will be established with the participation of representatives from the relevant institutions, organizations and NGOs, and the existing consultancy boards will be improved and made widespread.

The "General Animal Census" that has not been carried out since 1984, will be carried out in order to put together reliable statistics on animal husbandry. In plants where different types of animal breeding activities are performed, studies to determine the optimum enterprise size will be carried out.

Producers will be encouraged to establish cooperatives, companies and producer unions.

Breeding enterprises will be made widespread, a wide range of technical information and assistance including the issue of contractual breeding will be provided efficiently by public institutions during the breeding, distribution and marketing of animals by these enterprises, and the contribution and involvement of the private sector will be encouraged.

Priority will be given to meet the breeders' needs for animals for breeding and slaughter from the domestic market, and if needed, breeding bulls, semen, embryos or breeding heifers shall be imported.

In order to meet the high quality raw material requirements of the industry and at the same time to increase the production of red meat and milk, importance will be given to the breeding and production activities of sheep and goats supplying meat and milk, in addition to the breeding and production of cattle.

With the aim of improving apiculture, importance will be granted for the mapping of flora types, flora seasons and capacity, and Apiculture Research Institutes will be structured in a way to serve the whole country.

The training of artificial insemination technicians, milkers and shepherds will be taken seriously.

Poultry production will be increased and the consumption and exports of chicken, turkey and duck meat as well as eggs will be encouraged.

Gene resources for domestic animals will be protected and Animal Gene Bank will be established in this respect.

High quality coarse animal feed production areas that comprise 3 to 3.5 % of the cultivated land will be increased.

Studies to minimize the animal diseases and harmful organisms will be intensified, in addition, the quantity and quality of vaccination, medicine and serum production will be increased and imported products will be inspected seriously.

Moreover, while the medium term measures are being laid down for the development of the milk and dairy processing plants, prioritising the national level and taking measures to protect the Turkish animal husbandry sector and producers from facing future problems will eliminate the risk of Turkey becoming a net importer of raw milk and processed dairy and/or meat products.

Regarding the exports of milk and dairy products, there exist dairy plants that comply with the conditions set forth in the Council Directive No. 92/46/EEC. In order to support these facilities in reaching EU standards and to provide sustainable export opportunities to the EU, relevant studies are ongoing on the Milk Harmonization Action Plan, which has been prepared and submitted to the EU Commission. EU directives on hygiene, the conditions that the plants should fulfil, and food safety criteria have been incorporated into instructions and put into force. A number of these instructions will be published in the Official Gazette in 2001.

## **Forestry**

Forests make a significant contribution to the socio-economic development of the country. In this respect, land cadastre–limitation process of 76 % of the forests were completed by the end of 2000. However, as a result of being exposed to long-term excess consumption without any conscientious planning, forests have been damaged in terms of structure, assets and genetic aspects, and have been subject to erosions. Approximately half of the total forested area of 20.7 million hectares is productive. 17.5 % of this 20.7 million hectares is classified as “Protected Areas”, 1.8 % of which is biodiversity.

As of the end of 1999, in order to improve and efficiently utilize resources, 1,739,000 hectares of forestation- 120,000 hectares being green belt, 388,000 hectares of land protection, 536,000 hectares of energy forest cultivation, and 92,000 hectares of meadow improvement had been realized. Despite these developments, 451,000 hectares of forest has been destroyed by fires and 450,000 hectares have been taken out of the forest regime through certain legal applications.

### Purposes, Principles and Policies

Forests will be operated, preserved and developed within the eco-system approach, in line with the principles of continuity, multi-purpose use, participation, specialization, biodiversity, protection of water and wild life, and improvement of social stabilization, by taking into account the inhabitant conditions, interdependency between sectors, productivity and loading capacity, forest health and landscaping, eco-tourism, productivity, pollution and factors such as fire, insects, landslides, snow, avalanche, flood, frost and drought, as well as ergonomic factors.

Regarding areas covered by the forestry regime, with the aim of ensuring site safety, securing effective protection, considering public interest and for the efficiency of investments, land cadastre-limitation activities will be carried out extensively by taking into consideration the protection of the unity of the forest areas, with priority given to the potential rejuvenation and forestation areas.

Nature Protection Zones, National Parks and similar Protected Zones will be developed and made widespread, with a view to protecting bio-diversity, water and wild life, cultural and esthetical assets, to creating research opportunities concerning the benefits of the forests not yet discovered, to preventing land erosion, landslides and avalanches, and to developing eco-tourism. It is important that these activities protect the assets of the eco-systems and have a large enough scale.

Forest, meadow and water management plans will be reorganized in line with sustainable forestry principles, by taking into consideration the needs of the society, various functions of the eco-system,

inhabitant inventories including wood and non-wood products and services, management objectives, the areas under protection and wild life and plant species under the threat of extinction. Rejuvenation activities will be carried out without delay, in line with silviculture plans based on natural tree species.

Concerning the construction of buildings, plants, roads, mines, electrical overhead conveyors and similar activities carried out by various institutions, and wood production activities in forest areas, the protection of the land, flora and fauna and care for water quality will be the basic principles and the necessary arrangements will be introduced by improving standards.

Improvement of existing roads having the priority, importance will be given to road construction in compliance with technical standards, in order to protect the environment and to prevent a waste of cost/investment in forest areas. During the 8th Plan Period, 5,000 kilometres of new roads and 10 thousand kilometres of gravel roads will be constructed in order to reduce wood loss by facilitating production in winter, particularly in Western Black Sea beech tree forests.

During the same plan period, 300 thousand hectares of forestation, 175 thousand hectares of land protection and 30 thousand hectares of meadow improvement are proposed to be carried out in a way so as not to create an environment of biological deserts. This work will be undertaken with a view to preventing natural disasters such as deforestation, desert formation, land erosion, flood, landslide and avalanches, contributing to the improvement of the global carbon balance, meeting the need for wooden raw materials and improving the socio-economic status of peasants. Throughout the studies, special importance will be given to rapid growing species, and activities on forest care will not be hindered.

The creation of Urban Forests, in the form of green belts and parks and Memorial Forests, will be encouraged and made widespread with a view to decreasing the social pressure on natural forests, and for social, cultural and environmental reasons.

With the aim of improving the status of forest farmers, social and agricultural forestry activities that cover oak, acacia, pine trees and similar beneficial species, and the production of medical, aromatic and decorative plants will be stimulated and energy forests will be made widespread. The activities of real and legal entities towards the establishment of private forests will be supported.

Activities aimed at the implementation of silvicultural measures, establishment of fire safety roads and lanes, controlled ignition, employment of a fully-equipped fire brigade, increased use of watering trucks, helicopters and planes, improvement of early warning and transport systems, and education and public information will be boosted for the prevention of and combat with forest fires. Biological methods will be employed in the combat against harmful insects and diseases.

With the aim of carrying out forestry activities under healthy and safe environmental conditions, necessary ergonomic arrangements will be introduced on the human-work-environment system, including protective clothes, mechanisation, and the working environment. Additionally, standards will be improved, training activities will be carried out by collecting statistics, and on-site inspections will be intensified.

Forestry research units and studies will be designed with an awareness of the need to integrate with the world and in a manner of including issues such as land use, biodiversity, environmental functions, social forestry, pollution, greenhouse effect, acid rain, water and wild life under the threat of extinction, production capacity and carriage capacity of the area and of producing value added and other economic data. Based on the uniqueness of the subject, cooperation will be established between researchers, implementing staff, NGOs and forest farmers.

Activities of the NGOs, professional chambers and academic circles working for the creation of a social consciousness for a green, liveable environment, and for the prevention of forest fires, will be supported.

Current remote sensing methods that are reliable and efficient will be employed more intensively in all forestry activities, priority being given to the production of management plans, the combat against forest fires, harmful insects and diseases, and conducting land cadastre works. The Forest Fires Management System will be established, high-resolution satellite images will be used to protect, control and manage the forests. A Forest Information System using orthophoto map production and forestry database will be established. As a result, the effective use of Geographical Information Systems in forestry will be made widespread.

In parallel with the harmonization with the EU acquis, legislation, strategy, organization, activity programs and product standards shall be revised; measures shall be taken to prevent the extinction of plant resources, medicinal plants and natural mushrooms subject to domestic consumption and foreign trade; the method known as Green Certificate or Green Label, representing forestry production incorporating environmental and social responsibility, shall be implemented following the development of its principles and criteria in Turkey.

### **Legal and Institutional Arrangements**

Quality, standards and classification of products will be developed starting with animal products.

Law No. 1177 on Tobacco Monopoly and Law No. 196 on the Support of Producers' Tobacco Sales Markets will be updated.

Based on the principle of overseeing the balance between sugar production and consumption, a new Sugar Law is being prepared to more effectively involve the private sector in the sugar industry.

Studies for the preparation of a law on the production of agricultural products through ecological methods will be initiated and a regulation on transgenic plants will be prepared.

Law No. 6831 on Forestry will be revised by taking into consideration the following issues: the protection of the environment, prevention of the shrinkage of forests that are for the public benefit, integrity of the ecosystem, and preservation of wild life.

An ergonomic unit equipped with expert personnel, laboratories, and extension tools will be established under the Ministry of Forestry in order to improve job safety, labour health and professional life, to create standards and statistics on the subject, and to carry out training and inspection activities.

### **b) EU Acquis**

The relevant EU legislation is listed in Volume II.

### **c) Implementing Institution**

The Ministry of Agriculture and Rural Affairs is the primary institution responsible for the production, processing and trading of the majority of plant and animal products. Additionally, the Ministry of Industry and Trade is responsible for the production, processing and/or trading of such products as sugar beet, cotton, sunflowers, hazelnuts, dried figs, raisins, olive oil, etc., whereas the State Ministries are responsible for tobacco and tea. The institution in charge of forestry is the Ministry of Forestry.

### **d) Final Objective**

The objective is to realize harmonization with regard to the fresh and processed fruit, vegetables and forestry in the first stage; arable crops in the second stage, and other plant and animal products in the final stage.

Other important fields requiring harmonization are plant health, animal health, food control and quality and standards of agricultural products. This process is currently underway in a manner that also covers WTO rules and will continue in parallel with developments that may take place.

In addition to the adoption and implementation of Community legislation on agriculture, the developments that will take place in the Community acquis will be monitored continuously and necessary measures will be taken for harmonization.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

In addition to the legislation mentioned under the "General Agricultural Policies" section, Turkish legislation closely related to the product groups is listed as follows:



- Law No. 132 on the Establishment of Turkish Standards Institute (Official Gazette No. 10661 of 21 November 1960)
- Law No. 6964 on Agricultural Chambers and Union of Agricultural Chambers (Official Gazette No. 9614 of 23 May 1957)
- Law No. 1163 on Cooperatives (Official Gazette No. 13195 of 10 May 1969)
- Law No. 4572 on the Establishment of Agricultural Sales Cooperatives and Unions (Official Gazette No. 2408 of 16 June 2000)
- Law No 3186 on the Ratification through Amendment of the Decree Law on the Establishment of Agricultural Sales Cooperatives and Unions (Official Gazette No. 18748 of 8 May 1985)
- Decree Law Amending the Law on Agricultural Credit Cooperatives and Unions (Decree Law No. 553, 28 June 1995)
- Law No 6968 on Agricultural Combat and Agricultural Quarantine (Official Gazette No. 9615 of 24 May 1957)
- Law No. 1734 on Animal Feed (Official Gazette No. 14557 of 7 June 1973)
- Law No. 2090 on the Supports for Farmers Afflicted by Natural Disasters (Official Gazette No. 15987 of 5 July 1977)
- Law No. 3083 on Agricultural Reform on Landscaping in Irrigated Areas (Official Gazette No. 18592 of 1 December 1984)
- Law No. 3285 on Animal Health and Surveillance (Official Gazette No. 19109 of 16 May 1986)
- Decree Law No. 233 on State Owned Economic Enterprises
- Law No. 4207 on the Prevention of the Damages of Tobacco Products
- Law No. 6447 on Sugar
- Law on the Addition of Certain Provisions to and Amendments of Law No. 3418 on the Introduction of Taxes for Education, Youth, Sports and Health Services, Law No. 3074 on Fuel-oil Consumption Tax, Law No. 197 on Motor Vehicles Tax, Law No. 1318 on Financing, Law No. 193 on Income Tax, Law No. 213 on Tax Procedures, Law No. 6183 on the Collection Procedures of Public Receivables and Law No. 492 on Charges
- Law No. 3065 on Value Added Tax
- Law No. 1177 on Tobacco and Tobacco Monopoly
- Law No. 196 on the Support of Producers' Tobacco Sales Markets
- Legislation on the purchasing, processing and maintenance of the tobacco purchased through supports
- Import Regime Decision (Continuous)
- Export Regulation
- TS 100 Apple (Official Gazette No. 11911 of 6 May 1965)
- TS 1073 Melon (Official Gazette No. 18700 of 20 March 1985)
- TS 101 Grapes (Official Gazette No. 12001 of 18 May 1965)

- TS 1075 Cabbage (Official Gazette No. 18700 of 20 March 1985)
- TS 1130 Spinach (Official Gazette No. 21577 of 10 May 1993)
- TS 11305 Fresh Fruit – Avocado (Optional)
- TS 11306 Fresh Fruit – Kiwi (Optional)
- TS 1131 Garlic (Official Gazette No. 20342 of 14 November 1989)
- TS 1132 Watermelon (Official Gazette No. 18700 of 20 March 1985)
- TS 1193 Carrot (Official Gazette No. 21577 of 10 May 1993)
- TS 1206 Ribbed celery and celery root (Official Gazette No. 21577 of 10 May 1993)
- TS1253 Cucumber (Official Gazette No. 19472 of 27 May 1987)
- TS 1254 Asparagus (Optional)
- TS 1255 Eggplant (Official Gazette No. 18700 of 20 March 1985)
- TS 1337 Guide on the Cold Storage of Pears (Optional)
- TS 184 Pear (Official Gazette No. 12119 of 6 October 1965)
- TS 185 Strawberries (Official Gazette No. 12119 of 6 October 1965)
- TS 1898 Vegetable Marrow (Official Gazette No. 19472 of 27 May 1987)
- TS 34 Citrus Fruits (Official Gazette No. 11069 of 20 March 1962)
- Regulation No. 283 on the Production and Sales of Secondary Forestry Products
- Regulation on Authorizations to be Granted to Individuals Benefiting from Forestry Products (Official Gazette No. 22456 of 7 November 1995)
- TS 1015 Wood Standard Used in the Production of Cellulose and Mechanic Wood Pulp (Official Gazette No. 19776 of 5 April 1988)
- TS 56 Wooden Piles (intended for use in Telecommunications and Electricity Aerial Lines) (Council of Ministers' Decree No. 7/15704, 6 August 1978)
- TS 540 Metal Piles (Official Gazette No. 19537 of 3 August 1987)
- TS 446 Coniferous Buds for use in Timber production (Optional)
- TS 135 Wood (for use in manufacturing of fibre, chip and wood shavings) (Optional)
- TS 328 Standards for Beech Buds for use in Timber production (Optional)
- TS 276 Standards for Oak Buds for use in Timber production (Official Gazette No. 15029 of 7 January 1974)
- TS 1109 Standards for Pine Buds for use in Peel Veneering (Council of Ministers' Decree No. 8/2453, 21 February 1981) (Official Gazette No. 19372 of 14 February 1987)
- TS 4498 Standards for Pine Buds for use in Cut Veneering (Optional)

- TS 4426 Standards for Spruce and Fir Buds for use in Cut Veneering (Optional)
- TS 3196 Standards for Beech Buds for use in Cut Veneering (Optional)
- TS 3195 Standards for Oak Buds for use in Cut Veneering (Optional)
- TS 1002 Standards for Beech Buds for use in Peel Veneering (Official Gazette No. 17311 of 15 April 1981)
- TS 4983 Standards for Cedar Buds for use in Cut Veneering (Optional)
- TS 1048 Pine Resin (Optional)
- TS 51 Timber- Timbers of Spruce and Fir (for general purposes) (Official Gazette No. 19558 of 28 August 1987)
- TS 1017 Bay Leaf (Optional)
- TS 1072 Chestnut (Official Gazette No. 20425 of 6 February 1990)
- TS 1275 Walnut (Optional)
- TS 1771 Pine Nut (Optional)
- TS 3786 Thyme (Optional)

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Turkish legislation and standards on plant health, animal health and foodstuff control are compatible with Community legislation to varying degrees. Legislation on the price and marketing system either differs from the Community legislation or there is no corresponding legislation. In order to eliminate the discrepancies, necessary amendments and additions will be introduced to the Turkish legislation.

**c) Necessary Institutional Changes**

Public institutions and the NGOs should be provided with the instruments with which to implement Community legislation on agriculture and CAP. Moreover, NGOs will be reorganized with the administrative structure required for the implementation of CAP, particularly in carrying out their functions in the market with regard to issues in their areas of interest.

**d) Additional Requirements Stemming from Entry into Force of the New Legislation**

Legislation related to the agricultural sector has been examined with regard to fruit, vegetables, arable crops and beef. The necessary institutional, financial and technical infrastructure that will facilitate the implementation should be completed before the legal arrangements are enforced for these products.

**e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

With the priority given to the Ministry of Agriculture and Rural Affairs, all relevant public institutions and NGOs should be strengthened with sufficient qualified personnel and with training facilities that will enable them to implement the Community acquis. There is a need for additional staffing and training facilities particularly for the examination and arrangement of the legislation. At this moment, it is not possible to set forth the exact number of personnel required.

**f) Necessary Investments**

Investment requirements can be determined only after the full completion of the legislation arrangements on plant products. Although there may not be a need for any significant physical investment for the time being, certain expenses may arise with regard to the harmonization with the price and market system on plant products under the scope of CAP.

### **III. Time schedule**

#### *Short Term*

Community legislation on plant products and animal husbandry will be examined in the short term and in order to carry out harmonization, the necessary arrangements that should be introduced into the Turkish agricultural legislation shall be identified.

#### *Medium Term*

Arrangements that will ensure the full implementation of the Community legislation on plant products and animal husbandry will be conducted in the medium term.

Following the completion of the necessary arrangements, CAP will be applied on certain products in the medium term.

### **IV. Financing**

Although it is not possible to come up with a certain figure at this stage, financing will be required for the harmonization with the price and marketing system under CAP. Support will be requested from the Community in the financing of such expenses.

### **4.8.3. Plant health**

#### **I- Priority description**

##### **a) Current Status**

In lieu of the Plant Health Certificate system, EU Member states are applying a Plant Passport system, which is based on the principle of control at the production site. However, Plant Health Certificates are used in trade with third countries. The Plant Passport system does not exist in Turkey. At the moment, there is no application concerning the registration of producers (with the exception of producers of seeds and vegetative propagation materials), which is the prerequisite for the implementation of Plant Passports.

Within the EU, especially potato and citrus fruit producers, warehouses and dispatching centres are registered and checked continuously. Plants and plant products that enter the EU from third countries are checked at the first entry point and then sent to the buyer country. Thus, each member state is obliged to build quarantine laboratories in compliance with the relevant standards.

##### **b) EU Acquis**

The relevant EU legislation is laid down in Volume II.

##### **c) Implementing Institution**

In Turkey, the Directorate General for Protection and Control attached to the Ministry of Agriculture and Rural Affairs is the institution responsible for the issues related to plant health. Plant quarantine, plant health applications and control services are rendered by the Directorate General.

##### **d) Final Objective**

Plant health system of the Community will be adopted with priority being given to the harmonization with legislation on the combat against plant diseases. Moreover, the developments that take place within the EU acquis will be monitored continuously and necessary measures will be taken for harmonization.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

Turkish legislation on plant health is compatible with Community legislation to a great extent. EU legal arrangements on this matter are based on Council Directive No. 77/93/EEC. In Turkey, Law No. 6968 on Agricultural Combat and Agricultural Quarantine is taken as the basis. The Statute on Agricultural Quarantine and the Regulation on Agricultural Quarantine, enforced in 1991, on the entrance of plants and plant products to the country are both compatible with the EU legislation as regards basic principles. In particular, the Regulation on Agricultural Quarantine was prepared according to the EU regulation on quarantine, in terms of principles and format. The Plant Health Certificate used in the movement of plants and plant products around the world is identical with the certificates of the Community with regard to compatibility with standards.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

#### *Short Term*

It is proposed to introduce legal arrangements to take under control *Ralstonia solanacearum*, which is the causal agent of bacterial brown rot disease in potatoes. A regulation will be prepared that will cover provisions on the status, monitoring and control of *Ralstonia solanacearum*, which is a serious disease in potatoes and tomatoes. This issue is obligatory within the EU (Council Directive No. 98/57/EC).

It is proposed to conduct the relevant arrangements for controlling and monitoring *Clavibacter michiganensis subsp. Sepedonicus*, the causal agent of the potato ring rot disease (Council Directive No. 93/85), *Synchytrium endobioticum*, the causal agent of potato wart disease (Council Directive No. 69/464/EEC) and Potato Cyst Eelworm Nematodes of *Globodera rostochiensis*ve *G.Pallida* (Council Directive No.69/465/EEC).

Legal arrangements are required with regard to informing the exporter country in cases where imported plant or plant products are found, after the application of relevant controls, to not be in compliance with the conditions, or contaminated with harmful organisms. This matter is obligatory within the EU (Commission Directive No. 94/3/EC). The issue will be resolved through the insertion of an article in the current Regulation on Agricultural Quarantine.

#### *Medium Term*

Among the EU member states, plant passports are used in the movement of plants, plant products and other materials. Since this is an obligatory application, necessary infrastructure and legal arrangement will be introduced in Turkey in the medium term (Commission Directive No. 92/105/EEC).

As regards the registration and plant health control (Commission Directive No. 93/50/EEC) of potato and citrus fruit producers (with the exception of seed production), people or institutions storing and distributing these products, which are looked upon with importance by the EU, Provincial Directorates will keep the registries and carry out the necessary checks in accordance with EU standards. As a result, compliance of the products with the EU standards will be ensured. It is foreseen that the necessary legal arrangements will be completed by the end of 2003. Since Turkey does not have a functioning producer registration system for the time being, arrangements on the issue will be completed in the medium term.

Within the EU, prior approval is not required for imports, including those of vegetative propagation materials. Imports enter the country after being checked at the port of entry. However, in Turkey, the prior approval of the Ministry is required only for imports of vegetative propagation materials. Law No. 6968 and the Statute on Agricultural Quarantine should be amended to abolish this approval procedure.

### **c) Necessary Institutional Changes**

The Directorate General for Protection and Control is the institution responsible for plant health practices in Turkey. In addition to plant health services, the Directorate General has a number of units on animal health, control on fishery products, pesticide license services and foodstuff control services etc. The Directorate General for Agricultural Combat and Agricultural Quarantine should be established and should be linked directly to the provincial organizations in order to implement practices on plant health in a more concerted and well-organized manner, and to look after the issue at a higher level of bureaucracy.

#### **d) Necessary Investments**

It is important to bring the standards of the Agricultural Quarantine Directorates, carrying out quarantine services, to those of the EU. It is proposed to establish plant health laboratories under the Agricultural Quarantine Directorates based in Istanbul, Izmir and Içel, the most important entry ports in Turkey as concerns agricultural products. There exists the need to provide these laboratories with trained staff to conduct the necessary tests, with equipment, warehouse and covered quarantine areas. Additionally, it is important to develop a swift communication system, which will also cover the member states (Commission Directive No. 98/22/EC).

It is estimated that an investment of \$ 584,000 will be required for the laboratory buildings, quarantine warehouses, greenhouses, laboratory equipment, chemicals, and communication system essential for the establishment of laboratories in Istanbul, Izmir and Içel under three Agricultural Quarantine Directorates. Agricultural Combat Research Institutes will provide training on applications of standard test methods for 15 technical staff (mycology, bacteriology, virology, nematology and entomology) and for 9 assistant staff that will be employed in these laboratories.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

It will be beneficial if a phytosanitary expert from the EU Commission visits Turkey to observe the practices on site and give seminars on the adoption of Agricultural Quarantine principles to the EU rules and on the relevant applications.

### **III. Time schedule**

Information on the time schedule is laid down under the title "Necessary Amendments and Modifications in the Corresponding Turkish Legislation".

### **IV. Financing**

Financial support will be needed to take the necessary measures against the diffusion of serious quarantine organisms that have been identified recently in Turkey. Moreover, advance payment of the costs of eradication of the products will increase the success of the quarantine eradication practices. Therefore, a certain budget allocation needs to be earmarked each year.

## **4.8.4. Animal health**

### **I- Priority description**

#### **a) Current Status**

Veterinary services are rendered by the Directorate General for Protection and Control under the Ministry of Agriculture and Rural Affairs, through Provincial and District Directorates, 10 Veterinary Control and Research Institutes, 6 Quarantine Stations and Customs Veterinary Directorates and Provincial Control Laboratory Directorates. These services are based on Law No. 3285 on Animal Health and Surveillance and regulations, instructions and communiques issued in relation to this law.

According to Law No. 3285, notification of 25 animal diseases is obligatory. Among these diseases foot and mouth disease, brucella, sheep and goat smallpox, sheep and goat plague, rabies and tuberculosis have priority in the combat against animal diseases. Control methods applied against animal diseases include vaccination, quarantine, control of animal movements, cordon and monitoring of slaughter.

Veterinary Control and Research Institutes based in Ankara, Istanbul, Izmir, Konya, Elazığ, Erzurum, Adana and Samsun, the Foot and Mouth Disease Institute based in Ankara, and the Directorate of Chicken Diseases Research and Vaccine Production Institute in Manisa, all operating under the Ministry of Agriculture and Rural Affairs, render diagnostic services for animal diseases, the production and control of vaccines, serums and biological materials, and additionally carry out related research activities. These institutes also conduct various analyses and residue control analyses on foodstuffs of animal origin. In

addition to the diagnosis services carried out by these institutes, eight of the Provincial Control Laboratories render services on the diagnosis of animal diseases. The institutes are short of tools, equipment and staffing.

In order to prevent animal diseases and protect public health, a certificate of origin for the transportation of livestock and animal products must be issued, and this certificate must be converted into a health report after checks by veterinarians. Checks on livestock and animal products during imports, exports and transit are carried out by the Provincial and District Directorates, Quarantine Stations and Customs Veterinary Directorates of the Ministry, in accordance with the provisions of Law No. 3285 on Animal Health and Surveillance.

International export health certificates for livestock and animal products are issued by the authorized veterinarians of the Provincial Directorates of the Ministry.

Imports of livestock and animal products into the EU from third countries are checked at border inspection posts. Importation takes place after the safety of these products is confirmed. Therefore, each member state has to establish and operate quarantine facilities and laboratories in compliance with the existing standards.

The current Quarantine Station and Customs Veterinarian Directorates lag behind the EU Veterinary border inspection posts in terms of quarantine facilities. These directorates even lack the laboratory facilities required to perform a number of basic analyses. These facilities should be improved to EU standards and new facilities should be established at appropriate posts of the national borders.

In the event of animal diseases subject to obligatory notification laid down in Law No. 3285 emerging in foreign countries, in order to protect human and animal health, the importation into Turkey of such livestock and animal products that may be the vector of such diseases, is forbidden.

The health condition of imported livestock and animal products is determined within the context of the rules of the International Office of Epizootics (OIE) and EU legislation. For exports of livestock and animal products, new International Veterinary Health Certificates are being prepared in accordance with EU norms. Within this framework, health certificates for horses exported to the EU have been prepared and implemented.

While, there exist emergency action plans for a number of epidemic diseases, including foot and mouth disease, implementation of emergency action plans for other diseases is also envisaged.

A data collection system ensuring the monitoring of animal health exists in Turkey. This system operates via facsimile, correspondence and telephone communication between the institutions under the Ministry of Agriculture and Rural Affairs (Directorate General for Protection and Control, Provincial and District Directorates, Institutes, Laboratories, and Quarantine Stations and Customs Veterinary Directorates, etc.). The Directorate General for Protection and Control has a computer system through which overseas connections are established. In order to set up a much more reliable system, the existing system should be extended to cover all the units related to animal health.

Work on the registration of animals has been initiated with a view to ensuring the efficient and productive implementation of animal husbandry services in Turkey. Even though, certain animals have already been registered by the Ministry of Agriculture and Rural Affairs and producer unions, and the related regulation has been issued in compliance with the EU legislation, works on this issue are preliminary and insufficient. It is necessary to purchase computers, prepare database software and provide training for the users in order to set up a database that will ensure the identification and registration of bovine animals. With the same objective in mind, studies have been conducted on the regulation regarding the acceptable technical and hygiene conditions for the vehicles that transport animals, and the licensing of these vehicles. The regulation is expected to be published in the Official Gazette soon, and to enter into force subsequently. Animal parks and markets are being licensed in accordance with the communiqué published by the Ministry of Agriculture and Rural Affairs.

Directorate General for Protection and Control and the Provincial and District Directorates check private veterinarian clinics, hospitals, laboratories etc. delivering animal health services according to the regulations enacted in relation to Law No.3285, and slaughter houses, cold-storage depots and meat production facilities according to the regulations enacted within the context of Law No. 3285 and Decree Law No. 560 on the Production, Consumption and Control of Foodstuffs.

Health check programs are performed systematically at poultry breeding coops and hatcheries. In this context, certificates are given to those enterprises that meet stringent conditions and test negative for Salmonella and Mycoplasma.

Legislation on animal health services and the methods applied in institutes and laboratories in Turkey are compatible with the internationally accepted scientific criteria. Turkey is a member of the International Office of Epizootics. OIE rules and recommendations are monitored and are taken as the basis for relevant practices. However, it is not possible to state that Turkish legislation on animal health is compatible with EU legislation. Since the animal health legislation of both the EU and Turkey is quite comprehensive, a detailed and a well-thought out study needs to be undertaken on this issue.

#### **b) EU Acquis**

The relevant list of the EU legislation has been laid down in Volume II.

#### **c) Implementing Institution**

Ministry of Agriculture and Rural Affairs

#### **d) Final Objective**

It is planned to adopt the arrangements on the combat against zoonoses and epidemic animal diseases within the framework of developing a strategy on harmonization with the veterinary legislation of the Community. Moreover, the developments that take place within the EU acquis will be monitored continuously and necessary measures will be taken for harmonization.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

The basic legislation on animal health services is the Law on Animal Health and Surveillance enforced in 1986. There are a number of regulations, instructions and communiqués issued under this law such as:

- Regulation on Animal Health and Surveillance (1989),
- Regulation on the Amendment of Certain Articles of the Regulation on Animal Health and Surveillance (1995),
- Regulation on the Amendment of Certain Articles of the Regulation on Animal Health and Surveillance (1999),
- Regulation on Protection from and Combat Against Gumboro Disease of Poultry (1995),
- Regulation on Self-Employed Veterinarians (1995),
- Regulation on the Employment of Self-Employed Veterinarians in the Combat Against Epidemics (1995),
- Regulation on the Procedure and Principles on the Establishment, Commencement, Operation and Inspection of Red Meat and Meat-based Products Production Facilities (2000),
- Regulation on the Procedure and Principles on the Establishment, Commencement, Operation and Inspection of Poultry Meat and Meat Products Production Facilities (1996),
- Regulation on Expertise of Veterinarians (1995),
- Regulation on Private Veterinary Laboratories (1999),
- Regulation on the Health Control of Hatcheries and Breeding Establishments (1998),



- Regulation on Hatcheries and Breeding Establishments (2000)
- Regulation Amending One Article of the Regulation on Animal Health and Surveillance (1998),
- Regulation on the Procedure and Principles on the Establishment, Commencement, Operation and Inspection of Animal Hospitals,
- Communiqué on the Procedure and Principles on the Licensing and Inspection of Animal Markets (2000),
- Communiqué on the Principles to be followed during the Importation of Certain Veterinary Health Products (1998),
- Communiqué on the Diseases with Obligatory Notification laid down in Article 4 of the Law No. 3285 on Animal Health and Surveillance (1998),
- Communiqué on the Amendment of the Communiqué on the Principles to be followed during the Importation of Certain Veterinary Health Products (1998),
- Instruction on the Combat Against Cattle Tuberculosis (1978),
- Instruction on the Combat Against Brucellosis (1990),
- Instruction on the Combat Against Glanders (1977),
- Instruction on the Combat Against Newcastle Disease (1980),
- Instruction on the Organization, Duties and Operation Principles of Veterinary Control, Research and Production Institutions (1995),
- Communiqué on the Quarantine Conditions Required for the Importation of Livestock for Breeding, Slaughter and Fattening (1996),
- Communiqué on the Importation Cattle, Sheep and Goats for Slaughter and Fattening (96/4) (1996),
- Communiqué on the Importation of Cattle, Sheep and Goat Meat (96/5) (1996),
- Communiqué on the Conditions Required for Issuing Control Certificates for the Importation of Live Chicken for Slaughter, Poultry Meat, Chicken Offals and Eggs (2000/3) (2000),
- Communiqué on the Certificates Required for Issuing Control Certificates for the Importation of Animal Products and Livestock with the exception of Breeding Animals (2000/32) (2000),
- Communiqué on the Principles of Taking of Samples from Veterinary Health Products such as Vaccine, Serum, Dilution Fluid and Biological Material (2000/44),
- Regulation on the Procedure and Principles for the Establishment, Commencement, Operation and Inspection of the Sales Offices, Shelters and Training Sites for Pets. (2000),
- Regulation on the Identification, Registration and Monitoring of the Ruminating Bovine Animals (2000).

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Taking into consideration the development trends in the animal health policies of Turkey and the EU, policies and legislation regarding the issue shall be harmonized continuously.

Corresponding to the EU legislation on animal health, Turkey has Law No. 3285 and the related regulations, instructions and communiqués. However, Law No. 3285 is not completely in harmony with the

EU legislation. Therefore, the legislation on animal health shall be harmonized with the relevant EU legislation.

Legislation prepared in 1998 with the aim of establishing and standardizing the rules to be followed during the importation of certain veterinary health products, introduced new arrangements. The harmonization work on this issue is still ongoing.

In order to provide efficient checks at border inspection posts on the clearance of livestock and animal products from the customs, it is necessary to introduce arrangements aiming at the establishment of Quarantine Laboratories in compliance with Community standards.

### **c) Necessary Institutional Changes**

Taking the principle of providing healthy and reliable nutrition for consumers as the starting point, the EU's main objective in the field of veterinary is to protect human and animal health, and as a consequence establish the necessary structure to improve domestic and foreign trade. Community legislation prepared in this regard is principally based on the mutual recognition of the relevant authorities of the member states in order to eliminate veterinary controls in intra-Community trade.

For the effective implementation of the legislation between the central authority and the provinces, a Central Veterinary authority that can overcome the incoherence in authority distribution and coordination should be established within the administrative structure and it should be directly connected to the provinces.

### **d) Additional Requirements Stemming from Entry into Force of the New Legislation**

Currently, a system collecting information on animal health exists in Turkey. This system is run through communication via facsimile, correspondence and telephone between the Provincial Directorates and the Ministry of Agriculture and Rural Affairs. There is a computer system in the Ministry through which overseas connections are established. This system should be extended to cover all Provincial Directorates in the forthcoming period. An information network similar to the system in the Community will be set up as soon as possible to cover the whole country. A computer system will be established to connect all of the veterinary authorities in the country (central units, Institute, provincial control laboratories, provincial and district organizations, customs veterinaries etc.).

Under the scope of the National Residue Control Program, residue-monitoring program on poultry meat is being carried out presently with the participation of Etlik, Pendik and Bornova Veterinary Control and Research Institutes. However, in order to attain the targeted objectives, there is a need for staff training and the improvement of technical infrastructure with regard to tools and equipment.

As required by Community legislation, infrastructural works are in progress on the establishment of a computerised network system linking veterinary authorities throughout the country (ANIMO), a system of external movement control, and a system on identification of animal diseases (ADNS).

### **e) Objective, Strategy and Future Applications**

The main objective is rapid control and eradication of the diseases that create major problems within Turkey's animal sector. Attainment of the objectives in this regard requires a more efficient utilization of combat services. To this end priority is given to; the reorganization of the structure of veterinary services, the establishment of a computer system that will ensure fast access to reliable information for the services of combat against diseases, the creation and the completion of staff training for the Fund for Combat Against Epidemics, set up with the contributions of producers and the State.

In this respect, the following action plan shall be executed:

#### 1. Increasing efficiency in the diagnosis of diseases;

- Strengthening the institute and laboratories carrying out diagnostic services in terms of tools and equipment,
- Meeting the qualified staffing requirement,

- Personnel training on recent and fast diagnostic techniques and ensuring uniformity in methodology,
- Training of veterinarians on collecting and dispatching diagnostic materials.

#### 2. Development of emergency plans on combat against contagious diseases:

- Strengthening the existing emergency plans for combat against epidemics,
- Developing emergency plans against diseases without any emergency plan.

Emergency plans shall contain the following elements:

- i. Legal basis ensuring the appropriate authorisation required for the effective control and eradication of diseases,
- ii. Financing arrangement of the funds required upon the outbreak of diseases,
- iii. “National Disease Control Centre” providing telecommunications during the outbreak of diseases,
- iv. Regional Disease Control Centre- regional offices covering a well-defined geographical area ready to operate in cases of emergency,
- v. Expert teams trained on disease control,
- vi. Equipment,
- vii. Guidebooks containing instructions to be followed during cases of emergency,
- viii. Diagnostic laboratories,
- ix. Vaccination plans,
- x. Regular training against emergencies for staff at all levels,
- xi. Dissemination of information – Providing staff and related personnel such as veterinarians, farmers and merchants with information on diseases and requirements to be followed in cases of emergency.

#### 3. Supply of sufficient amount and quality of vaccines:

- Developing the technology and increasing the capacity of existing vaccine production units,
- Starting the production or executing a speedy importation of the vaccines not currently produced in Turkey and required for the combat against certain diseases,
- Strengthening the field teams in terms of training capacity and equipment, and increasing the number of people employed.

#### 4. Ensuring an effective coordination:

- Efficient restructuring that will provide communication on veterinary services between the centre and the field,
- Building a network for fast and efficient communication between all of the animal health units,
- Efficient functioning of the Veterinary Advisory Board.

#### 5. Monitoring and Assessment

- Harmonization of Turkish legislation with EU legislation,

- Registration of the animals,
- Control of borders, park and market institutions and animal movements,
- Monitoring,
- Financing.

Technical and financial support for the above mentioned issues are required to successfully implement the services on animal health.

#### **f) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Staff need to be trained on the adoption of the EU's current veterinary practices. In this respect, a training program is planned.

Veterinary Control and Research Institutes are in need of regular and continuous training, and financial resources in order to obtain the relevant equipment, and provide strong laboratory diagnostic activities. Only after meeting these requirements can important steps be taken to harmonize effectively with the EU on diagnostic and analysis issues. In this framework, the activities on equipment and expert support ongoing for many years shall be accelerated.

### **III. Financing**

Efforts are being made to provide reliable health services under the current conditions. However, even the existing legal obligations cannot be properly executed due to budgetary constraints. Accordingly, a strengthened budget and structuring is required.

Considering that the public budget is insufficient for the combat against animal diseases, it is imperative that the Fund for Combat Against Epidemics, set up by contributions from producers and the State, be founded. The establishment of this fund is among the priorities.

In sum, in order to improve the diagnosis and production services in the institutes and laboratories, financial assistance is required to obtain tools and equipment, and for the training of the staff employed in the institutes, laboratories and in the field. Detailed studies on financing are being conducted. The amount of financing will be identified following the determination of the projects.

#### **4.8.5. Animal Identification System**

##### **I- Priority description**

##### **a) Current Status**

The establishment of an animal identification system and the control of animal movements are crucial for the control of contagious diseases. In fact, the safe conduct of animal movements and trade depends on the establishment of a comprehensive animal identification and registration system. Without a properly functioning identification and registration system, it will be impossible to include dairy and meat farmers within the direct income support system. Through this identification and registration system, herd books for the animals will be prepared and data will be collected on their reproduction values.

To establish this system Turkish experts must be well informed on the legislation, particularly with respect to the following issues:

- Animal identification and registration system,
- Registration and transfer of the identification data,

- Animal health certificates,
- System on the control of animal movements,
- Organization of veterinary services.

In Turkey, domestic movement certificates are issued on a limited scale for some bovine animals, which have also been registered by the Provincial and District Directorates of the Ministry of Agriculture and Rural Affairs, Breeding Milk Producers Union and other unions (Union for Delivering Services to the Villages and Cooperatives). Moreover, in order to prevent animal smuggling, starting from 13 September 1999 in the provinces of Van and Hakkari bovine animals have been registered by ear tagging, and ovine animals through enumeration by the Ministry of Agriculture and Rural Affairs.

#### **b) EU Acquis**

Relevant EU legislation is listed in Volume II.

#### **c) Implementing Institution**

Ministry of Agriculture and Rural Affairs

#### **d) Final Objective**

The objectives are; to ensure the access of veterinary controls to farm and animal registrations, to establish an animal movement control system, and to set up and implement a computer system for the registration and transfer of the animal identification data.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) Corresponding Turkish Legislation**

The Regulation on the Identification, Registration and Monitoring of the Ruminant Bovine Animals was published in the Official Gazette No. 24069 of 4 June 2000. This regulation aims to provide a more effective control of animal diseases and animal movements; support the efficient functioning of eradication programs at both national and regional level; and at the same time keep, update and monitor regularly the necessary health and breeding registration records. There are provisions within the scope of the said regulation on the determination and registration of animal husbandry enterprises together with the identification and registration of ruminating animals therein, and their transfer between these enterprises. This regulation has been prepared in accordance with the EU legislation.

#### **b) Necessary Investments**

A database on the identification and registration of bovine animals shall be set up at the Directorate General for Protection and Control and in the Provincial Directorates. In this respect, it is necessary to establish a computer system, to bring about the relevant software program, to distribute the program to the Provincial Directorates, and to train the users. Financing is required for establishing the database and computer system at the central unit (Directorate General for Protection and Control), for developing the software program, and supporting the Provincial Directorates of the Ministry regarding staff training and extension services.

### **III. Time schedule**

Studies on the development of the Animal Identification System will be initiated in the short term and completed in the medium term.

### **IV. Financing**

Financial assistance of \$ 105,000 is required in the first stage to obtain computers, software, training, extension services and other items necessary for the establishment of the aforementioned system. Activities to set up the system have been initiated with the expected support of domestic or foreign resources.

| Requirement        | Amount           | Unit Price (\$/unit) | Total Price (\$) | Description                                                        |
|--------------------|------------------|----------------------|------------------|--------------------------------------------------------------------|
| Computer           | 2                | 2,500                | 5,000            | Central Unit                                                       |
| Database Software  | 1                | 3,000                | 3,000            | Central Unit                                                       |
| Software           | 1                | 5,000                | 5,000            | Central Unit and Provincial Directorates of the Ministry           |
| Computer           | 81               | 1,100                | 89,100           | Provincial Directorates of the Ministry                            |
| Training           | 90 personnel/day |                      | 1,500            | Towards staff employed at Ministry and the Provincial Directorates |
| Extension Services |                  |                      | 2,000            |                                                                    |
| <b>Total</b>       |                  |                      | <b>105,600</b>   |                                                                    |

#### 4.8.6. Land registration system

##### I. Priority description

###### a) Current Status

The development of a functioning land registry system, which constitutes one of the major steps in the harmonization with the CAP, bears great significance for the application of Direct Income Support for Farmers.

Council of Minister's Decree No. 2000/267 on the application of Direct Income Support for Farmers in 2000, was enforced on 1 March 2000 as a new means of agricultural support with the aim of decreasing the burden of the agricultural sector on the budgetary outlays. The Project of Providing Direct Income Support for Target Farmers in Pilot Zones and the Establishment of the Registration System conducted by the Ministry of Agriculture and Rural Affairs, covers the districts of Polatlı in Ankara, the Center and Kahta in the province of Adiyaman, Manavgat and Serik in the province of Antalya, Akçaabat and Sürmene in the province of Trabzon and villages thereunder. For registration and payments in the districts of Polatlı in Ankara, Manavgat and Serik in Antalya the system is based on the land owner, according to title deed and land cadastre registries, whereas in Adiyaman and Trabzon, the practice is based on the people directly engaged in agricultural activities and who can confirm this situation with Producer Certificates obtained from the relevant authorities. Payments were fixed at TL equivalent of \$ 5 for a decare, and are paid in two equal instalments up to 199 decares. In this respect, 9,654 farmers have been registered and a TL equivalent of a total of \$ 2,3 million has been paid. The results of this project have shown that:

- There may be more than one shareholder and inheritor on the same registered piece of land (title deed),
- The majority of the title deeds has not been transferred to the electronic environment,
- In some cases, the title deed procedures have not been processed generation after generations for the transfer of inheritance,
- There exist land registrations which are not clearly defined,
- Farmer registrations kept at the Turkish Union of Agricultural Chambers are by and large not reliable,
- Cadastral works on 83 % of the lands of the country have been completed, whereas the work on 17 % is still incomplete,

- In regions with no proper land cadastre, farmers in general do not provide correct declarations,
- The current availability of computers and equipment falls short of meeting institutions' requirements.

Thus, farmer registrations have been recorded accordingly with the excel programme.

Taking into consideration the results from the pilot projects, the system will be implemented gradually throughout the country starting from 2001. In this respect, negotiations for loans from the World Bank continue.

In this framework, it is planned to set up a Project Coordination Unit under the Undersecretariat of Treasury and Project Implementation Units under the implementing Ministries (the Ministry of Agriculture and Rural Affairs and the Ministry of Industry and Trade). Under the "Agricultural Reform and Investments Project", it is further proposed to register the farmers countrywide and to provide direct income support in the years 2001 and 2002. Negotiations still continue with the World Bank. Studies on the preparation of the decree concerning the implementation of the project have been completed. Following the enactment of the decree, an implementing communiqué will be published. In order to ensure the successful implementation and the establishment of the system;

- The farmers shall be registered and landowners, tenants (according to the certificates), i.e. those people involved in production activity shall be considered as the target farmers for payments,
- The amount of direct income support to be paid per decare shall be determined according to the criteria set forth,
- Registrations that constitute the basis of payments shall be subject to preliminary control,
- Appropriate software programs shall be developed to collect and keep the farmer registrations,
- Prior to the extension of the project to those provinces where implementation will continue, the staff working on the project will be trained.

The establishment of the farmer registration system will also secure the registration of lands in a sound manner.

In addition, a forecast study has been conducted by utilizing the satellite images to estimate the land cultivated for cereals in Turkey, within the framework of the "Land Cover Identification Project for the Determination of the Agricultural Areas through Remote Sensing". This project was carried out by the State Institute of Statistics within the context of the Investment Program of the year 2000. Again under this project, it is proposed to prepare the land cover/tenancy maps covering location related information on the land. Thus, the rapid collection of data will be possible on a wide range of lands with regard to their locations. In this framework, taking "CORINE Land Cover" carried out by the Community and "Classification for Land Use Statistics" carried out by the EUROSTAT Remote Sensing Programme as the basis, a methodology appropriate for Turkey has been developed and the studies for implementation have been initiated.

As of December 21st, 1999, basic cadastre activities for 99 % of the provincial and district areas and 83 % of villages were complete.

Title deed and land cadastre data cover 2 main elements:

1. Proprietorship data and other verbal data,
2. Graphical data specifying the location and other features of the parcels.

Studies aimed at automation have been carried out in the Directorates for Title Deed and Cadastre to transfer the data and documents on title deeds and land cadastre to the electronic environment. In this framework, the recent basic cadastre activities are based on numerical values, assessed and kept under electronic environment. However, since the data gathered in the previous years have been paper kept in note-pads, no numerical data exists for these studies.

Preliminary studies continue on two major projects that will ensure storage of the title deed and land cadastre data on an information system, and will provide service for users in electronic environment. These projects are as follows:

1. Marmara Earthquake Region Land Information System (MERLIS) Project that will be realized through World Bank loans in the provinces of Kocaeli, Sakarya and Yalova of the Marmara Earthquake Region (expected to be completed in 2 years),
2. Title Deed Registry and Land Cadastre Information System (TAKBIS) Project to be conducted throughout Turkey. TAKBIS can be described as a countrywide project that will transform all sorts of title deed and land cadastral data into concrete information by transferring them to electronic environment, and make this information available for public use. This project will constitute the basis of approximately 50 studies on land and ownership disciplines. It is estimated that the project will require an investment budget of approximately \$ 150 million and will be completed within 10 years.

Another project related to the land registration system is the "Project on Providing Direct Income Support for Farmers and Registration of Farmers" carried out by the Ministry of Agriculture and Rural Affairs. However, the full and proper implementation of this project will largely depend on the functioning of MERLIS and TAKBIS projects.

This project contains the following information on farmers;

- Immovable owned,
- Immovable used,
- Methods of use,
- Types of products,
- Irrigated/dry farming, soil types, etc.

Identification and monitoring of the land users are of crucial importance in providing direct income support to the farmers. The simplest and most accurate way to determine the immovable used by the farmers is; in the first stage, to transfer the data on the title deed registries to the farmer registration system for areas where basic cadastre works have been completed and in the second stage, to determine, through a survey and with the collection of other information, whether the land owners and the users are the same person.

As regards the forestry cadastre activities, out of approximately 20,703,122 hectares of forests under the forestry management plans, land cadastre of 15,700,294 hectares of forests has been completed. However, of the forests exposed to cadastre only 4,204,760 hectares were registered to title deeds by the end of 2000.

#### **b) EU Acquis**

The relevant EU legislation has been listed in Volume II.

#### **c) Implementing Institution**

The primary implementing institution is the Ministry of Agriculture and Rural Affairs. Other institutions associated with the coordination and cooperation of this issue are; the Directorate General for Land Titling and Cadastre Services, Ministry of Forestry, State Institute of Statistics, and the Ministry of Finance.

#### **d) Final Objective**

The final objective is to establish a functioning land registration system.

Final objective of the forestry cadastre is to establish the geometric forms (patterns) of forests in legally defined terms, to conduct the technical studies, and to register the forests to title deeds.



The exercise of rights and benefits on forest areas for which the cadastre works have been completed and registrations have been processed in the title deeds, facilitates the implementation and secures the property rights in clear-cut terms.

One of the priorities is the development of land cover/tenancy inventory for the whole country. This objective will be carried out covering the land information with minimum error through the utilization of satellite images and monitoring of changes in land cover/tenancy.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

In Turkey, arrangements on title deeds and land cadastre are carried out according to Law No. 3402 on Land Cadastre. Arrangements on the forestry cadastre are performed under Article 169 and Article 170 of the Constitution. In accordance with Article 170 of the Constitution, evaluation of the areas excluded from the forestry areas by forestry cadastre commissions is under the responsibility of the Directorate General for Forestry and Rural Affairs, one of the main units of the Ministry of Forestry. Forestry cadastre activities are carried out by land cadastre commissions set up under the provisions laid down in Articles 7-12 of Law No. 6831 on Forestry.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Rapid completion of cadastral works of lands without cadastre, which account for 17% of the total throughout the country, can only proceed if the project is supported by financial resources. As for areas with completed cadastre, in order to update the registration of the title deed owners, it is necessary to establish a current and accurate system by recording in the title deed all transactions in respect of type amendment as well as the transfer of ownership. Furthermore, there is a need for the proprietorship of the land, registered in the title deed but currently used by a person other than its owner, to be identified through the establishment of "Licensed Evaluation Offices with Public Responsibility". Additionally, a project should be developed for the renewal of cadastral plans that are technically infeasible and this project should be supported financially. In order to carry out the abovementioned arrangements, it is necessary to make the following amendments to the relevant legislation:

- A Provisional and Additional Article shall be inserted into Law No. 3402 on Land Cadastre.
- Law No. 3045 on the Organization of the Directorate General for Land Titling and Cadastre Services shall be amended so that the Directorate can efficiently perform its duties by utilizing private sector facilities. This amendment is also necessary for the restructuring of the organization. In order to ensure the coordination of services with the Ministry responsible for land and real property, public institutions and organizations in this field need to be incorporated under a single ministry.
- Land consolidation areas shall be extended through a study on "plot and land arrangement" that will be realized through the amendment of Law No. 3083.

In order to specify the units responsible for executing the farmer registration system, and act within the principle of tenancy; it is necessary that:

- The Directorate General for Land Titling and Cadastre Services and the Directorate General for Forestry under the Ministry of Forestry shall act in coordination,
- Coherent work plans and time schedules shall be prepared,
- Personnel and equipment requirements for the studies shall be reviewed and met accordingly,
- A number of laws shall be amended in order to revise the forestry cadastral works with technical problems, and those not be registered in the course of the forestry cadastral works carried out since 1937,
- Considering that only 105 of the existing 200 forestry cadastre commissions are active due to under staffing (technical and administrative), employment problems shall be eliminated.

### **c) Necessary Institutional Changes**

In order to establish a reliable land registration system throughout the country a comprehensive project shall be developed with the participation of all relevant institutions working in harmony.

### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

There is a need for additional qualified staff for office and field work. The staff employed in offices shall be trained on theoretical and practical issues. Those that are not proficient in foreign language and computer skills will be trained accordingly. In addition, this study will require international consultancy services.

### **e) Necessary Investments**

Investments are required with regard to human resources, tools and equipment, vehicles, computer systems (hardware and software programs), and satellite images.

## **III. Time schedule**

Legal and administrative arrangements related to the land registration system will be realized in the short term and completed in the medium term. Two studies, one in the short term and the other in medium term, will be carried out to transfer the Title Deed and Land Cadastre information to electronic environment that will form the basis of the land registration system:

### *Short Term*

The most important component of the farmer registration system is the identification of the immovables owned by the farmers, and the characteristics of these immovables. Information available in title deed registries has to be transferred to electronic environment. If the necessary financial resources are obtained, it will be possible to transfer all the verbal data to the electronic environment within 2 years. Likewise, the entire data on the title deed registries of areas for which the basic cadastre works have been completed will be transferred to the electronic environment. All data, the dissemination of which is not legally forbidden, will be regularly updated and transferred to the farmer registration system.

### *Medium Term*

Through the establishment of the Title Deed and Cadastral Information system, all verbal and graphical data will be transferred to electronic environment. Although no problem exists in transferring verbal data, some problems are being encountered with regard to the transfer of graphical data. The difficulties arise particularly with respect to the basic cadastre works completed during 1950–1970, covering lands with high unit value. This work, in light of the technological developments, has become obsolete and inadequate. There are difficulties in transferring the graphical data on this land to the computer system. Approximately 14% of the entire land cadastre activities are maps of this type. Therefore, establishment of the TAKBIS project requires large amounts of financial resources and a reasonable period of time. Upon the establishment of the information system, the database for title deed and land cadastre data will be presented numerically to other geographical information systems.

Additionally, in the short term the satellite images will cover the entire country and the land cover/tenancy classifications based on image interpretation techniques applied on the image outputs with a scale of 1/100,000, will be established according to CORINE standards. Meanwhile, these studies will be maintained within the geographical information system environment and a geographical database design will be prepared.

In the medium term, numerical and analogical data collected by other public institutions will be scrutinized and included in these studies.

## **IV- Financing**

Cost of transferring the verbal data on title deeds into the computer system has been calculated as follows:

· Cost of hardware: 25,911,100 \$

- Cost of data entry: 21,739,130 \$
- Total cost: 47,650,230 \$

Moreover, for expenses such as satellite images, machinery and equipment, travel expenses, supplies, etc. an approximate cost of 500,000 \$ is envisaged.

Cost of the project on the completion of the cadastral work of the lands without cadastre which account for 17% of the total throughout the country is estimated as 125,000,000 \$.

TAKBIS Project requires an investment of approximately 150,000,000 \$.

## **4.8.7. Rural development policies**

### **I. Priority description**

#### **a) Current status**

Southeastern Anatolia Project (GAP) carried out by the Southeastern Anatolia Project Regional Development Administration (GAP-BKI), and various projects carried out by the Ministry of Agriculture and Rural Affairs are the current studies in the field of rural development in Turkey.

#### **I. Southeastern Anatolia Project (GAP)**

In the field of rural development GAP is the most comprehensive project in Turkey and covers the Southeastern Anatolia region, approximately 10% of Turkey's total surface area and population. By the end of 1999, total expenses for GAP reached \$14 billion. The total cost of the project is estimated to be \$ 32 billion.

GAP is one of the greatest regional development projects in the world, and is based on a multi-sectoral, integrated and sustainable understanding of development. Its main objectives are the elimination of regional development disparities by raising the level of income and living standards of the people of Southeastern Anatolia region, and contribution to the achievement of national development targets such as social stability and economic growth by increasing rural productivity and employment opportunities.

Initially, it was envisaged that GAP, with 22 dams and 19 hydroelectric power plants, would be a combination of 13 large-scale land and water resource development projects designed for irrigation and hydroelectric energy generation from the Tigris and Euphrates rivers. However, today GAP, incorporating urban, rural and agricultural infrastructure and investments in transport, industry and other sectors as well as the power plants and irrigation facilities on the Euphrates and Tigris Rivers, is considered to be a multi-dimensional development project aiming at the overall socio-economic development of the region. It promises the transformation of not only the Southeastern Anatolia Region but also the entire country, in the fields of education, health, housing, tourism, etc.

As of 2000, a total of 215,080 hectares of land has been irrigated in the Tigris and Euphrates basins, and the construction of the irrigation network is currently ongoing on a further 146,317 hectares. Once the irrigation projects of GAP are completed, the area irrigated will be equal to the total existing land irrigated by the State. Thus, it is estimated that major changes will take place in the quantity and design of products as a result of the expansion in irrigated agricultural lands.

Before irrigation activities were initiated in the Şanlıurfa – Harran Plains, the total gross production value was \$ 31.5 million, while the added value generated was \$ 18 million and added value per capita was \$ 596. In 1995, with the irrigation of 30,000 hectares of land, the total gross production value rose to \$ 65.4 million, added value generated and added value per capita reached \$ 49,8 million and \$ 1,652, respectively. With the completion of the GAP, the objective is to irrigate 1.7 million hectares of land and to attain an added value per capita of \$ 4,350.

The rural development program of GAP can be examined under two sections: agricultural activities and social projects.

#### Current Agricultural Activities:

- Project on the Regulation and Operation of the Water in the Irrigation Canals of the GAP Region and on the Irrigation Methods and Technologies Ensuring Water Conservation
- Income Generating Activities in Non-irrigated Areas
- Operation, Maintenance and Management Project of the Irrigation Systems of the GAP Region
- 2nd Stage of the Agricultural Research and Development Project (contribution of World Bank loans)
- Agricultural Mechanization Requirements in the GAP Region
- Afforestation and Erosion Control
- Contractual Animal Husbandry Project
- Project on the Promotion of New Irrigation Methods and Techniques and the Setting up of Demonstrations

#### Current Social Projects:

- Research on Social Transformation Trends in the GAP Region
- Research on Demographic Movements in the GAP Region
- Research on the Women's Status and the Integration of Women in the Development Process in the GAP Region
- Research on the Employment and Relocation Problems in Areas Flood under the Dams in the GAP Region
- Socio-economic Studies on the Operation, Maintenance and Management Project of GAP Irrigation Systems
- Multi-purpose Social Centre (ÇATOM)

## **2. Rural Development Activities Carried Out by the Ministry of Agriculture and Rural Affairs**

#### Ongoing Rural and Regional Development Projects

- Yozgat Rural Development Project
- Ordu – Giresun Rural Development Project
- Eastern and Southeastern Watershed Rehabilitation Project

#### Other Rural Development Activities

- Education and Extension Activities
- Set Projects Under Review for Approval
- Sivas – Erzincan – Tunceli Rural Development Project
- Gümüşhane- Bayburt- Rize Rural Development Project

#### Women's Role in Rural Development and the Services Provided to Women in the Countryside

*Education and Extension Services Provided to Women in the Countryside:*

- Education on Home Economics and Extension Activities
- Education and Extension Activities on the Conservation of Foods through Various Methods
- Agricultural Extension Project and Education towards Female Farmers
- Applied Nutrition and Health Research Project

#### **b) EU acquis**

The list of the related EU legislation is laid down in Volume II.

#### **c) Implementing institution**

Ministry of Agriculture and Rural Affairs, GAP Regional Development Administration, Undersecretariat of State Planning Organisation, Undersecretariat of Treasury and Ministry of Finance

#### **d) Final objective**

In the same way as CAP has been transforming into the Common Agriculture and Rural Development Policy, rural development policies in Turkey have also gained importance in recent years.

However, there is no well-defined rural development policy. Therefore, a rural development policy that will function in parallel to the rural development policies of the EU needs to be defined by also taking into account the conditions of Turkey.

The concept of rural development should be considered within the context of the EU. Rural areas, as in the EU, should be treated as viable entities incorporating social, economic, cultural and natural resources, rather than simply areas related to agriculture where the agricultural population live. In fact, it is clear that a policy encompassing just agriculture and the agricultural infrastructure alone will not be sufficient for rural development and cannot solve the problems currently experienced in the rural areas. Therefore, the rural development policy of the EU today focuses on eliminating income disparities between developed and under developed regions so that social and political cohesion can be preserved.

The rural development policies of Turkey, aiming at the political integration with the EU, should be integrated with social and regional policies establishing social and economic balances and preserving cultural diversity. Such policies should be directed towards benefiting agriculture and the agricultural population in the rural areas and should contribute to the elimination of the basic problems of Turkish agriculture.

Per capita income in rural areas is low in comparison with other regions. Moreover, a general high rate of unemployment in rural areas impels immigration into urban areas, which in turn, creates a social problem and aggravates the unemployment situation in urban centres. In rural areas the education level is by and large low and social life is limited. Educated young people in particular, prefer not to live in rural areas. As a result, the number of people in rural areas working in sectors other than agriculture is decreasing. Moreover, problems associated with the progressively declining contribution of agriculture to the national income, despite its high share in the total employment, and small-scaled production units scattered throughout the country providing an inefficient but substantial portion of total agricultural production in Turkey, need to be dealt within formulating a comprehensive policy with regard to rural development.

To eliminate such problems, enterprises shall be modernised, vocational training shall be provided, living standards with regard to transportation, education and communication shall be improved, small and medium scale enterprises shall be established with a particular emphasis on the tourism sector, and new employment opportunities shall be created. Through the attainment of the policy objectives highlighted above, the agricultural population will be supported and the rural economy will be developed.

Within this framework, for the purpose of completing studies concerning harmonisation with the acquis on rural development policies in the medium term, the main features of the rural development policy of Turkey shall be established. Thus, it is of importance that the Ministry of Agriculture and Rural Affairs makes a determination of rural areas according to priorities based on their future prospects, and also defines priorities for agricultural activities in rural areas. As different rural regions have different socio-economic potentials, different policies should be formulated accordingly. The objectives, fundamentals and

implementation of rural development policies in Turkey will be in line with the rural development policy of the EU.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish legislation**

There is no specific legislation related to the rural development policy.

### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

EU legislation will be examined and the relevant legislation will be prepared accordingly.

### **c) Necessary institutional changes**

The institutional structure shall be reorganized in order to implement these policies.

### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Additional personnel and training programs are required for the development of the rural development policies and projects.

## **III. Time schedule**

In the short term, development policies shall be formulated within the context of integrating them with the social, economic and regional imperatives, and will be based on the rural development principles to be set forth through panels, seminars and meetings with the participation of related public institutions and NGOs, as well as through the examination of the Rural Development Policy of the EU.

In the medium term, projects developed in the short term should be put into practice with the expected support of the EU.

## **IV. Financing**

The support of the Community is required for the implementation of projects and policies in line with EU policies.

## 4.9. Common Fisheries Policy

### I. Priority description

#### a) Current Status

Turkey has a coastline of 8,333 km and a usable sea area of 25 million hectares. In addition, there are 1,118 inland water sources with a total area of 1,3 million hectares and rivers with a total length of 177,714 km. Despite its huge potential, in Turkey fishing is generally limited to coastline fishing, and open sea fishing has not been able to develop since the necessary infrastructure has not been completed. The productivity of sea fishing is declining due to pollution, ecological changes and excessive fishing. Since the fish stock of the seas has not been defined yet, it has not been possible to establish a linkage between the annual total allowable catches (TACs) and the fishing fleet. Therefore, quotas are not applied. However, through the practice of seasonal fishing restrictions and annual limitations, public policies have been designed and implemented to protect the fish stock. The licensing of new fishing vessels has been restricted since 1997, in order to keep the expansion of fishing fleets under control. As for fishing vessels bigger than 12 meters, there is a registry system, which keeps a record of catches. At the same time, aquaculture production has been steadily increasing.

In 1999, out of a total catch of 636 thousand tons of fishery products in Turkey, 80 % was caught from seas, 10 % from inland waters and 10% through aquaculture (60 % from inland waters and 40 % from the seas).

With a view to developing the sector, the items listed below are being financed from the general budget:

- Construction of fishing boat inlets (currently, out of 274 coast structures for fishermen 165 are fishing boat inlets),
- Research activities carried out in the sea and inland waters,
- Protection and control services towards fishery products,
- Moreover, fishing activities are supported through loans to producers granted by Ziraat Bank, grouped in three categories: fishing loans, aquaculture loans and industry loans. These loans also cover investment (fishing vessel, immovable properties), operation (fingerling, feed, rent, staffing etc) and marketing expenses.
- Currently, 4 unions of fisheries cooperatives and more than 300 cooperatives function as producer organisations. However, there exists no organization in the form of central unions or producer unions.

Under the current Quality Control System for Fishery Products, all controls and certifications, including monitoring programs and analyses on double-shelled molluscs, fresh, chilled and processed fisheries, and aquaculture products, carried out from the production stage to the exportation stage, have been regulated and clarified.

Wholesale and retail fish markets are insufficient from the technical and administrative point of view. There exists no system and source of intervention in the sense of market price support. In recent years, there have been significant improvements to produce healthy and high quality products. In particular, facilities (a total of 73) for the processing and utilisation of export oriented fishery products have been operating in compliance with criteria established by the EU.

The basic objective is to protect fisheries' resources and to increase production through the principle of sustainable use.

In this scope, through the establishment of an efficient protection and control system, the natural environment of the seas and inland waters will be protected, controlled and improved and measures will be taken related to the rational use of resources. Importance will be attached to the development and widespread use of aquacultural production taking into consideration its interaction with the environment, tourism, forestry, transportation and other related sectors. Furthermore, upon the completion of the

necessary infrastructure, open sea fishing will be initiated and attempts will be made for the conclusion of international agreements on the issue.

For the rational use of Turkey's inland water sources, their ecological and limnological features will be determined, and fish farming activities will be initiated to produce species with high economic value that are in harmony with the environment. The potential of the GAP region for fisheries will be exploited.

Methods on fisheries statistics will be revised and harmonized with international norms. Fishing techniques will be developed in a manner that will protect both the ecology and those species not targeted by fishing.

In order to prevent the decline in fisheries production and to increase production by protecting resources, research activities on the determination of the stock size and annual TAC will be carried out continuously and through practice. Resource management policies will be set and a correlation between stocks and fishing activities will be established. Moreover, deficiencies in the marketing infrastructure of the sector will be eliminated and market conditions will be introduced.

Registration systems applied to fishing vessels will be used in marketing channels as well.

With the aim of producing high quality and healthy products, technical and hygienic conditions employed in fisheries processing and utilisation facilities introduced in compliance with EU directives will be extended to the processing and utilisation facilities and fishing vessels in the entire country, and to the marketing and industry itself.

In sum, the structural measures in this sector will be realized upon the completion of legislative activities, the attainment of the necessary financial resources, the supply of technical training to producers, and the formation of a strong structure running the system in coordination.

In order to attain these goals, the financial and technical support of the Community is required.

#### Administrative Structuring

Currently under the Ministry of Agriculture and Rural Affairs, services on fishing, infrastructure, quality control, processing and marketing are carried out by the relevant departments of the Directorate General for Protection and Control, whereas the services related to fisheries products are carried out by the relevant departments of the Directorate General for Agricultural Production and Development. Research on fishery products is conducted by the Directorate General for Agricultural Research through 4 research institutes and 2 production stations. Since these Directorates do not have provincial organizations, the Provincial and District directorates of the Ministry carry out the services therein.

Since there is no specific administrative structure for protection and control services, these tasks are performed by the fisheries staff employed in the Provincial and District directorates and the units of the Coast Guard Commandery on the seas. Determination of TAC applied in the EU and allocation of certain quotas will require stock estimation studies and, allocation and management of these stocks. Even though the legal infrastructure necessary for these studies exists, additional administrative, financial and technical support is required. Control services require the establishment of an infrastructure (control vessels, satellite monitoring, etc.), the employment of staff specially trained for these activities, the enactment of legislation laying down the employment principles and procedures of the staff, and the development of a system to monitor fishing vessels. Such a system does not exist in Turkey. There have been attempts to amend certain articles of Law No. 1380 on Fishery Products to establish the system mentioned above, but the necessary changes could not be introduced as a consensus was not reached amongst public institutions. Currently, control services are carried out by approximately 15 control vessels of the Ministry and 60 control boats of the Coast Guard Commandery.

Out of 50,000 producers of fishery products, approximately 15,000 are organized under cooperatives for fishery products. 60 of these cooperatives are partners in existing 4 unions. There is no particular unit for the fisheries cooperatives under the Ministry. Nevertheless, Directorate General for Organization and Support provides services for the cooperatives within the framework of Law No. 1163 on Cooperatives. In addition, there exist a number of foundations and associations, which constitute the professional organizations of the producers of fishery products. Such producer organisations do not seem to be compatible with the EU. Moreover, there is no administrative structure and legislation to implement the structural programs of Financial Instrument of Fisheries Guidance (FIG) and Multi-Annual Guidance Program (MAGP) applied in the EU.



### Fleet Records

According to Article 3 of Law No. 1380 on Fishery Products and Article 4 and Article 5 of the Regulation on Fisheries, fishermen and fishing vessels engaged in fishing are obliged to obtain licence certificates. These certificates are issued and registered by the Provincial Directorates of the Ministry. The study carried out on creating a database by transferring these records to electronic environment is almost complete. Currently, approximately 17,000 fishing vessels have been registered. With the aim of adopting EU's vessel registration system on fishing (amount, place and variety of the catch etc.), a pilot study is being carried out by the Ministry of Agriculture on approximately 1,500 vessels of 12 meters or more in length. This study will be extended to cover all fishing vessels by the end of 2001. Moreover, the existing system of statistics for fisheries operated by the Ministry of Agriculture and Rural Affairs and the State Institute of Statistics should be revised in order to reach EU standards.

### Marketing Policies

In Turkey, fishery products are supplied to the public through fishing boat inlets, wholesale fish markets, retail markets, and sometimes directly from processing facilities. Currently, the sale of these products in Municipalities is organized or regulated within the framework of Law No. 1580 on Municipalities through a sales system at wholesale fish markets. Moreover, a number of fishery products are conveyed to the related markets according to the Regulation on Fishing Boat Inlets enacted on the basis of Law No. 1380 on Fishery Products. In addition, regarding the products directly conveyed to the factories from the vessels following the catch, there exist arrangements conducted by the Ministry of Agriculture and Rural Affairs.

In order to put an end to this disorganization and to regulate the issue, a study has been initiated in accordance with Article 26 of the Law on Fishery Products, and the Draft Regulation on Wholesale and Retail Markets of Fishery Products has been prepared. It is proposed to implement this Regulation in compliance with EU legislation by the end of 2001. Arrangements to be introduced through this regulation are related to the structure and functioning of marketing channels, and to the formation of technical and hygienic conditions of these channels. They do not cover price intervention.

Standards on the size of the products brought to markets should be in parallel with the arrangements on fishing bans. Catching and selling of fish varieties below a certain size is forbidden. Size limitations are generally in compliance with EU standards. In case a problem arises regarding the consumption of products introduced on the market or an intervention is required, fishery products are seized according to Article 34 of Law No. 1380 on Fishery Products, and products that are considered to be inappropriate for consumption according to reports are destroyed and legal action is taken against the persons involved.

Even though there is a system for collecting marketing data, this system is not compatible with the one in the EU. The EU system requires information on catches to be submitted to the authorities at the first landing point, before being presented to the market. In Turkey, marketing data is mainly collected at wholesale fish markets and retail centres. Through the Journal System, applied by the Ministry of Agriculture to vessels longer than 12 meters, it has been possible to a certain extent to keep records at the first landing point. Turkey neither has a central price reference regime, nor a system providing information to this regime.

### Quality Control

In Turkey, quality control practices for fishery products are carried out in harmony with EU legislation. Central and provincial units of the Ministry are well organized, and the technical situation of the facilities and the infrastructure are in good condition. Moreover, the infrastructural conditions of the laboratories are sufficient and records can be traced properly. Training is required for Ministry auditors and employees of the facilities. In the laboratories, internal instructions shall be developed in compliance with the EU's "Good Laboratory Practice" guidelines and staff shall be trained on the hygiene of the facilities. The Ministry is working hard to ensure that the activities on the issue are carried out meticulously and without delay, and that uniform standards are reached throughout the entire country.

### Aquaculture

It is widely accepted all over the world that production obtained through fishing has reached its limit, and that from now on the demands of the increasing population will have to be complemented through aquaculture. In Turkey this sector has developed rapidly in recent years. Fish production through aquaculture accounts for 10 % of the total production, with a total number of fish farms of 1,646. However,

some problems exist since the areas of aquaculture production are suitable for the tourism sector and the current law on fishery products does not meet the requirements.

Approximately 80 % of the fishery products obtained from aquaculture (sea bream and sea bass) are exported to EU countries. In fact, quality control activities to which EU countries attach great importance begin at the breeding stage. An efficient administrative structure is required for the effective control of numerous fish farms and for the training of facility owners and employees.

Fish farms market most of their products themselves since, in general, they are small in capacity and are located in rural areas. Generally speaking, the products are taken to the wholesale fish markets. Ministry of Agriculture and Rural Affairs does not intervene in the market chain or in prices. However, the Ministry has been working on the hygienic conditions of sales points.

#### **b) EU Acquis**

The list of the relevant EU legislation is provided in Volume II.

#### **c) Implementing Institution**

Ministry of Agriculture and Rural Affairs

#### **d) Final Objective**

Final objective is to adopt and implement the relevant EU legislation.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

According to Law No. 1380 of 1971 on Fisheries Products and Law No. 3288 of 1986 amending the former, activities in the fishery products sector are under the responsibility of the Ministry of Agriculture and Rural Affairs. However, duty, authority and responsibility in the sector have been distributed between a number of institutions. This fragmented structure hinders the development of the sector and prevents it to benefit from global developments.

Fisheries statistics are collected according to Law No. 53 on the Establishment of State Institute of Statistics, while standards are determined through Law No. 132 on the Turkish Standards Institute. As regards coastline security, the relevant legislation is Law No. 2692 on the Coast Guard Commandery. Fisheries cooperatives have been operating under Law No. 1163 on Cooperatives.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

First of all, Decree Law No. 441 on the Establishment and Duties of the Ministry of Agriculture and Rural Affairs should be amended and the Directorate General for Fishery Products should be established.

Law No. 1380 on Fishery Products is the basis of the structural arrangements for the sector in Turkey. To preserve natural resources circulars are regularly put into force each year so that excessive fishing will be kept under control. However, the current system is not compatible with the EU system, which includes implementation of quotas and determination of annual TACs. Harmonization in this respect will be effected through the introduction of necessary arrangements to Law No 1380 and in related Regulations and Circulars and through the completion of the research activities, which constitute the basis of the adoption process. In addition, through the arrangements mentioned above, Law No. 2692 on Coast Guard Commandery shall be revised.

Implementation of quality controls on fishery products and production in compliance with international standards are among the priorities of the sector. Within this framework, in order to facilitate the control activities carried out by the Ministry of Agriculture and Rural Affairs, relevant articles of Law No. 1380 on Fishery Products shall be amended, the Regulation on Fishery Products shall be revised, and arrangements shall be harmonized with EU legislation. In addition, an article on the establishment of the Fishery Products Fund needs to be inserted in Law No. 1380.

Moreover, Law No. 132 on the Establishment of Turkish Standards Institute need to be amended so that the specifications of the fishery products marketed can be harmonised with those of the EU. Similarly, within the framework of the common market arrangements, legislation and practices on producer organizations should be examined for harmonization purposes. In this context, Law No. 1163 on Cooperatives should be revised and amended. In addition, there exists no arrangement in the sector with regard to the pricing system.

It is necessary to establish competent units that are well equipped to perform protection and control activities and to amend Article 33 of Law No. 1380 in this respect.

After an examination by the Turkish authorities of a total of 284 pieces of EU legislation on fisheries, 16 are found to be harmonised with the EU legislation, and 1 is in process of being harmonised. Within the scope of these studies, 2 EU Directives were transposed into the national legislation through the Regulation on Fishery Products, whereas the other directives were adopted through circulars. There are 42 pieces of legislation that need to be harmonised, while for 38 pieces of legislation there is no corresponding Turkish legislation, and 187 pieces of legislation concern only the Member States. In order to ensure harmonization, necessary amendments and additions should be made to the Turkish legislation.

Regarding the administrative structure, the draft law on the organization of producers prepared by the Ministry of Agriculture and Rural Affairs should be enforced as soon as possible.

### **c) Necessary Institutional Changes**

Activities on the fishery products sector are under the responsibility of the Ministry of Agriculture and Rural Affairs. However, duty, authority and responsibility in the sector have been distributed between a number of institutions causing a lack of cooperation. Towards ensuring the efficiency and harmony in the operation of central and provincial units, the Ministry of Agriculture and Rural Affairs need to be restructured in order to carry out its activities in the sector effectively.

Central and provincial units of the Ministry should be improved to reach the capacity necessary to apply the Community legislation. In this regard, the central units related to fishery products should be strengthened and the coordination between units should be improved. In particular, relevant units should be set up in provinces where fishing activities are intense. Even though the Draft Law on Agricultural Restructuring submitted to the Turkish Parliament includes a provision on the establishment of the Directorate General for Fishery Products, such a structure will not be sufficient for carrying out fisheries services regarding organization in the provinces. The provincial organization for fishery products should be based on districts, seas or lake basins.

### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The Ministry of Agriculture and Rural Affairs having priority, public institutions and NGOs should be strengthened with the number of qualified staff necessary to carry out the adoption of the Community legislation. There is a need for 200 technical personnel (engineers, veterinarians, biologists) and 50 administrative personnel (typists, drivers, janitors etc.) to be employed in the Ministry, and 1,100 technical personnel and 200 administrative personnel for the provincial units. The personnel should be provided with additional training on the adoption and implementation of Community legislation.

### **e) Necessary investments**

Certain investments are required for the development of the fisheries infrastructure. In order to improve the research activities and protection and control services, 40 new control vessels shall be purchased, a remote sensing system and a computer network shall be established, and inspection equipment shall be provided.

## **III. Time schedule**

In the short term, the administrative structure monitoring the structural development of the fisheries market through inspection and control measures will be established, and fishing fleet records will be improved.

In the medium term, preparations for the implementation of the Common Fisheries Policy will be completed, and efforts on the improvement of quality standards and safety of fishery products will continue.

#### **IV. Financing**

A funding of approximately \$ 15 million is required for the realization of the abovementioned activities.

## **4.10. Common Transport Policy**

### **4.10.1. Navigation (General – Infrastructure)**

#### **I. Priority Description**

##### **a) Current Status**

The Decision of the Association Council No 1/95 on customs union anticipates the development of cooperation in the field of transport and the increase of sectoral cooperation, and emphasizes the significance of technical assistance provided to the authorised institutions and organisations acting in the field of railway and construction engineering in relation to the increase of productivity and quality of services. In respect of the development of cooperation, the ways in which Turkey will gain access to activities supporting combined transport and developing and improving transport networks in the sector is one of the main issues handled in the said Decision.

Turkey launched the studies necessary for the alignment of her legislation with that of the EU 10 years ago. Within this framework, legislative studies for the road transport sector are being conducted, especially in terms of procedures for access to the market, safety rules and social and professional conditions, and some tangible progress has been achieved. In the railway transport sector, studies concerning the restructuring of the railways are ongoing. In the air transport sector, the liberalisation process launched in 1980 sets the framework for developments. Although the legislation related to cruise safety, protection from marine pollution, transport of hazardous materials etc, has been harmonised to a great extent with the international legislation prepared and enforced by IMO, alignment studies concerning administrative effectiveness are ongoing.

Turkey participated actively in the activities related to the Pan-European Transport Corridors organised in the last decade. However Turkey could not have access to TINA, the basic planning platform of the Transport Corridors, in spite of the Decision of the Association Council No 1/95 and the objectives stated in the EU Commission's "European Strategy for Turkey". Furthermore, the application of Turkey to ISPA, (Instrument for Pre-Accession Aid), which is to be replaced with TINA in 2000, has been rejected. Another significant issue is the attempt towards integration with the TRACECA (European-Caucasian- Asian Transport Corridor), in which Turkey is supposed to participate. The European Union has recommended Turkey's membership in the TRACECA Program, and thus Turkey has established a National Committee and appointed a National Representative.

##### **b) EU acquis**

The related list of the EU acquis is given in Volume II.

##### **c) Implementing Institution**

- Ministry of Transport
- Ministry of Development and Public Works
- Under-Secretariat of Maritime Affairs

##### **d) Final Objective**

The adoption and implementation of the related EU acquis.

#### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

##### **a) Corresponding Turkish Legislation**

Law No 3348 on the Establishment and Duties of the Ministry of Transport

## **b) Necessary amendments and modifications in the corresponding Turkish legislation**

To gather the institutions related to infrastructure under a single umbrella.

### **4.10.2. Inland Transport**

#### **4.10.2.1 Road Transport**

##### **I. Priority Description**

###### **a) Current Status**

In Turkey, road transport has the greatest share of total transport with a ratio of 96 % in passenger transport and 89 % in goods.

Inland and international transportation is carried out by 8,8 million registered vehicles. The international transport fleet of Turkey, which is one of the greatest fleets in the region, consists of 27.000 vehicles. The number of vehicles possessing the EURO-1 and EURO-2 norms that are obligatory standards established by the EU is 16.000.

Inland and international road transportation is carried out 100% by the private sector, without any constraints for market access.

Transport fees are fixed freely according to market conditions, and regular transportation (inland, passenger) is subject to the approval of the Ministry of Transport. Law No 3348 on the Establishment and Duties of the Ministry of Transport allow the Ministry to fix base and ceiling limits for prices.

For the time being, inland passenger and international passenger and goods transport are arranged through Regulations. The existing situation of the regulated road transport market is as follows:

###### Inland Passenger Transport By Road

The regularity and safety of inland passenger transportation by road, the qualification and working conditions of the real and legal entities acting as agencies and performing transport activities, and the supervision principles thereof and the powers and responsibilities in this respect are covered by the "Regulation on Inter-city Passenger Transport By Road", put into effect on 8 September 1994.

Excluded from the scope of the Regulation are inter-city passenger transport up to 100 km and passenger transport within the same city. These matters are regulated by the relevant Governors.

The real and legal entities applying for the authorisation certificates should have at least 3 buses registered in their names. Transport cooperatives should have the right to use at least 5 buses registered in the name of their partners. The buses used in transport activities should be 10 years old at most: according to the technical sufficiency report approved by the Ministry of Trade and Industry these buses should be 20 years old at most and should have at least 25 seats.

###### Inland Goods Transport By Road

Inland road transportation, especially goods transportation, is carried out by small-scale enterprises having a small number of vehicles.

There is no legislation regulating goods transport by roads, agencies and commissioners in this field. The conditions are set by the rules of free market economy. However, complaints are handled by the Ministry of Transport and Regional Directorates affiliated thereof.

### International Passenger Transport By Road

The real and legal entities wishing to perform international passenger transport by road are obliged to obtain the "B" type carrier authorisation certificate from the Ministry of Transport.

The real and legal entities wishing to perform international passenger transport by roads should have at least 5 buses registered in their names. These buses should be eight years old at most: according to the technical sufficiency report approved by the Ministry of Trade and Industry these buses should be twelve years old at most and should have at least forty seats.

The real and legal entities wishing to work as agencies in the field of international passenger transport by road, and those who want to work as agencies and/or commissioners in the field of cargo transport, are obliged to take "F" (agencies) type authorisation certificates for passenger transports, "G" (agencies) type authorisation certificates for good transports and "H" (commissioner) type authorisation certificates from the Ministry of Transport.

### International Goods Transport By Roads

The real and legal entities wishing to perform international goods transport by road should obtain the "C" type Carrier Authorisation Certificate from the Ministry of Transport.

The real and legal entities applying for the international goods transport authorisation certificate should have at least ten vehicles registered in their names and a vehicle fleet capacity of 300 tonnes. These vehicles should be fifteen years old at most with at least ten tonnes of capacity.

### Transit Transports

"The Principles for International Goods and Passenger Transport By Road" prepared for the regulation and supervision of transit transport in Turkey, covering goods arriving in Turkey via railways, waterways and airways and continuing to third countries by road, was approved by Cabinet Decree No 8/984 which put into force on 5 June 1980.

### Training Activities

In accordance with the provisions of the Regulation on International Passenger and Goods Transport By Road, in order to carry out international passenger and goods transport, drivers who work in their own vehicles or people working as drivers are obliged to attend and pass the training courses opened by international carrier foundations and to obtain certificates issued by the Ministry of Transport.

The International Carriers Foundation, International Drivers Union, the German Chamber of Commerce, and DEKRA Academy give training to our drivers on the international transportation of hazardous materials.

As of 31 December 1999, 5,913 drivers have been trained.

The Turkish Drivers and Automobile Sports Federation is in charge of professional driver training in accordance with the Annex Article 1 of the Law on Road Traffic. Driving licences are given as a result of an examination following fifty hours of training.

## **4.10.2.2 Railway transport**

### **I. Priority description**

#### **a) Current status**

The Directorate General of the State Railway Administration performs railway transport services in Turkey as a public monopoly. A project for the restructuring of the Directorate General of the State Railway Administration was prepared in 1996. Designed to keep pace with EU policies, the project sets forth the provision of autonomy to the Administration, organisation of the Administration on the basis of units to render transport services more efficiently, elimination of the vertical structure, and access to the private sector.

The Directorate General of the State Railway Administration carries out transport services over a total of 10.508 km railway, 8.607 km of which are main lines and the other 1.901 km of which are auxiliary lines. 97 % of the main lines services are rendered as single line, 2.065 km of those are electrified and 2.453 km is signalled. Their proportion of the total distance are 20 % and 23 % respectively.

The technical features of the existing lines are as follows:

- 34,2 % have a non-standardised curb radius, (curb radius <2000m)
- 25,2 % have non-standardised slope, (slope > 0,10%)
- 3,7 % have non-standardised shaft pressure, (shaft pressure < 20 tonnes)
- 43,5 % have non-standardised rail age (rail age > 25)
- 43,4 % of those have non-standardised traverse (do not have concrete traverse)

The existing vehicle park consists of 586 diesel locomotives, 68 electrical locomotives, 93 electrical trains, 57 diesel trains, 16.989 wagons having a passenger capacity of 1.046 persons and a cargo capacity of 650.000 tonnes. The idle time of the vehicles is over international standards. The main reason thereof is the difficulties in the supply of spare parts (especially the wheel set) purchased from abroad. Investments in updating the technology between the driving trailer and driven vehicle could not be realized due to economic bottlenecks.

#### **b) EU acquis**

The related list of the EU acquis is given in Volume II.

#### **List of the EU acquis submitted by TAIEX but not examined by the authorised institutions:**

- Council Regulation (EEC) No 2830/77 of 12 December 1977 on the measures necessary to achieve comparability between the accounting systems and annual accounts of railway undertakings
- 83/418/EEC: Council Decision of 25 July 1983 on the commercial independence of the railways in the management of their international passenger and luggage traffic
- First Council Directive on the determination of the common rules for international transportation.
- Council Regulation (EEC) No 56/83 of 16 December 1982 concerning the implementation of the Agreement on the international carriage of passengers by road by means of occasional coach and bus services
- Council Regulation (EEC) No 2919/85 of 17 October 1985 laying down the conditions for access to the arrangements under the Revised Convention for the navigation of the Rhine relating to vessels belonging to the Rhine Navigation
- Council Directive 87/540/EEC of 9 November 1987 on access to the occupation of carriers of goods by waterway in national and international transport and on the mutual recognition of diplomas, certificates and other evidence of formal qualifications for this occupation
- Council Directive 91/672/EEC of 16 December 1991 on the reciprocal recognition of national boatmasters' certificates for the carriage of goods and passengers by inland waterway
- Council Regulation (EEC) No 3921/91 of 16 December 1991 laying down the conditions under which non-resident carriers may transport goods or passengers by inland waterway within a Member State
- Council Directive 95/18/EC of 19 June 1995 on the licensing of railway undertakings
- Council Directive 95/19/EC of 19 June 1995 on the allocation of railway infrastructure capacity and the charging of infrastructure fees



- Council Directive 96/35/EC of 3 June 1996 on the appointment and vocational qualification of safety advisers for the transport of dangerous goods by road, rail and inland waterway
- Council Regulation (EC) No 1356/96 of 8 July 1996 on common rules applicable to the transportation of goods or passengers by inland waterway between Member States with a view to establishing freedom to provide such transport services
- Council Regulation (EEC) No 2183/78 of 19 September 1978 laying down uniform costing principles for railway undertakings
- -82/529/EEC: Council Decision of 19 July 1982 on the fixing of rates for the international carriage of goods by rail
- Council Directive 91/440/EEC of 29 July 1991 on the development of the Community's railways
- Council Directive 92/6/EEC of 10 February 1992 on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community
- Council Regulation (EEC) No 3821/85 of 20 December 1985 on recording equipment in road transport
- Council Directive 89/459/EEC of 18 July 1989 on the approximation of the laws of the Member States relating to the tread depth of tyres of certain categories of motor vehicles.
- Council Directive 91/439/EEC of 29 July 1991 on driving licenses
- Council Directive 91/671/EEC of 16 December 1991 on the approximation of the laws of the Member States relating to compulsory use of safety belts in vehicles of less than 3,5 tonnes
- 93/704/EC: Council Decision of 30 November 1993 on the creation of a Community database on road accidents
- Council Directive 94/55/EC of 21 November 1994 on the approximation of the laws of the Member States with regard to the transport of dangerous goods by road
- Modifications in the Annex A and B of the Council Directive 94/55/EEC stated in the Council Directive No 86/96 of 13 December 1996 on the technical approximation of the Council Directive 94/55/EC on the approximation of the laws of the Member States with regard to the transport of dangerous goods by road
- Annex A and B of the Council Directive 94/55/EC of 21 November 1994 on the approximation of the laws of the Member States with regard to the transport of dangerous goods by road
- Council Directive 95/50/EC of 6 October 1995 on uniform procedures for checks on the transport of dangerous goods by road
- Council Directive 96/49/EC of 23 July 1996 on the approximation of the laws of the Member States with regard to the transport of dangerous goods by rail
- Council Directive 96/50/EC of 23 July 1996 on the harmonization of the conditions for obtaining national boat-masters' certificates for the carriage of goods and passengers by inland waterway in the Community
- Council Directive 96/53/EC of 25 July 1996 laying down for certain road vehicles circulating within the Community the maximum authorized dimensions in national and international traffic and the maximum authorized weights in international traffic
- Council Directive 96/96/EC of 20 December 1996 on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers
- Council Regulation (EEC) No 3820/85 of 20 December 1985 on the harmonization of certain social legislation relating to road transport

- Council Directive 88/599/EEC of 23 November 1988 on standard checking procedures for the implementation of Regulation (EEC) No 3820/85 on the harmonization of certain social legislation relating to road transport and Regulation (EEC) No 3821/85 on recording equipment in road transport
- 93/173/EEC: Commission Decision of 22 February 1993 drawing up the standard form provided for by Article 16 of Council Regulation (EEC) No 3820/85 on the harmonization of certain social legislation relating to road transport
- Commission Regulation (EC) No 3298/94 of 21 December 1994 laying down detailed measures concerning the system of Rights of Transit (Eco-points) for heavy goods vehicles transiting through Austria, established by Article 11 of Protocol no 9 to the Act of Accession of Norway, Austria, Finland and Sweden
- Council Directive 92/106/EEC of 7 December 1992 on the establishment of common rules for certain types of combined transport of goods between Member States
- Council Regulation (EC) No 2196/98 of 1 October 1998 concerning the granting of Community financial assistance for actions of an innovative nature to promote combined transport
- Commission Regulation (EC) No 2121/98 of 2 October 1998 laying down detailed rules for the application of Council Regulations (EEC) No 684/92 and (EC) No 12/98 as regards documents for the carriage of passengers by coach and bus
- Council Regulation (EC) No 2411/98 of 3 November 1998 on the recognition in intra-Community traffic of the distinguishing sign of the Member State in which motor vehicles and their trailers are registered
- Council Directive 96/48/EC of 23 July 1996 on the interoperability of the trans-European high-speed rail system
- Council Directive 76/135/EEC of 20 January 1976 on reciprocal recognition of navigability licenses for inland waterway vessels
- Agreement between the European Economic Community and the Swiss Confederation on the carriage of goods by road and rail - Declarations by the Delegations - Joint Declaration - Exchange of Letters
- Administrative Arrangement on the practice of the overflow system mentioned in the Agreement between the European Economic Community and the Swiss Confederation on the carriage of goods by road and rail
- Agreement between the European Economic Community and Slovenia Republic on transport, Declarations of Slovenia, Joint Declaration
- Agreement between the European Economic Community and Macedonia Republic
- Agreement between the European Economic Community and the Swiss Confederation on the carriage of goods by road and rail
- ACT concerning the conditions of accession of the Kingdom of Norway, the Republic of Austria, the Republic of Finland and the Kingdom of Sweden and the adjustments to the Treaties on which the European Union is founded, Protocol No. 9 - on road rail and combined transport in Austria
- Council Regulation (EEC) No 3912/92 of 17 December 1992 on controls carried out within the Community in the field of road and inland waterway transport in respect of means of transport registered or put into circulation in a third country
- 1999/569/EC: Commission Decision of 28 July 1999 on the basic parameters for the command-and-control and signalling subsystem relating to the trans-European high-speed rail system (notified under document number C (1999) 2475) - (Text with EEA relevance)

- Agreement in the form of an Exchange of Letters between the European Community and the Republic of Slovenia concerning the system of eco-points to be applied to Slovenian transit traffic through Austria as from 1 January 1997
- Directive 1999/62/EC of the European Parliament and of the Council of 17 June 1999 on the charging of heavy goods vehicles for the use of certain infrastructures
- Council Regulation (EC) No 718/1999 of 29 March 1999 on a Community hyphen fleet capacity policy to promote inland waterway transport 31999R0805 (OJ L 102 17 April 1999 p.64)
- Commission Regulation (EC) No 805/1999 of 16 April 1999 laying down certain measures for implementing Council Regulation (EC) No 718/1999 on a Community fleet capacity policy to promote inland waterway transport
- 1999/415/ECSC: Decision of the Representatives of the Governments of the Member States, meeting within the Council of 17 June 1999 authorising the Commission to terminate the Agreement of 28 July 1956 on the setting of through international railway tariffs for the carriage of coal and steel in transit through Swiss territory
- Council Directive 1999/36/EC of 29 April 1999 on transportable pressure equipment
- Council Directive 1999/37/EC of 29 April 1999 on the registration documents for vehicles
- Council Directive 1999/35/EC of 29 April 1999 on a system of mandatory surveys for the safe operation of regular ro-ro ferry and high-speed passenger craft services
- Council Regulation (EC) No 925/1999 of 29 April 1999 on the registration and operation within the Community of certain types of civil subsonic jet airplanes, which have been modified and re-certificated

### **c) Implementing institution**

Ministry of Transport

### **d) Final objective**

The adoption and implementation of the related EU acquis

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

- Regulation on International Passenger and Goods Transports by Road
- Regulation on Inter-city Passenger Transports by Road
- Principles for Goods and Passenger Transports by Road
- Law No 3348 on Establishment and Duties of the Ministry of Transport

#### Legislation on rail transport

- Law No 3348 on Establishment and Duties of the Ministry of Transport
- Statutory Decree No 233 on State Economic Enterprises
- -Incorporation Statute of Turkish State Railways Authority

## **b) Necessary amendments and modifications in the corresponding Turkish legislation**

The Draft Law on Transport defining the general framework for transport can be considered as harmonized with the EU acquis in a broad sense. So as to prepare the Regulations to be put into force following the enactment of the draft law, the EU acquis prepared after 1994 should be examined and the Regulations should be prepared accordingly.

Modifications should be made to the following Turkish legislation:

- Law No 3348 on Establishment and Duties of the Ministry of Transport
- Statutory Decree No 233 on State Economic Enterprises
- Incorporation Statute of Turkish State Railways Authority

## **c) Necessary institutional changes**

A new institutional structure is necessary for railways.

For the management of the railway infrastructure by a single authority, the units of the Directorate General of the State Railway Administration related to infrastructural activities and the Railway Department of the Directorate General for the Construction of Railways, Ports and Airports should be merged, and a new separate institution should be established.

## **d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

In the event that Turkey becomes a member of the EU, the legal arrangements that allow foreign carriers to act within the borders of Turkey should be enforced gradually throughout a transition period (3-5 years), so as to grant a specific period of time to strengthen the competitiveness of the Turkish transport sector, which consists mainly of small scale enterprises.

## **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The Directorate General for Road Transport, under the Ministry of Transport, is responsible for the regulation of road transport. It should be provided with expert personnel who can handle the regulation and monitoring of all passenger and goods transport as well as Turkey's international transport, evaluate issues related to the transport sector in developing international platforms, and complete preparations and arrangements in respect of the harmonisation with the EU acquis as soon as possible.

Personnel are required for the Railways Regulatory Authority to be established. The number and qualifications of the necessary personnel will be determined during the legal arrangement studies.

## **f) Necessary investments**

Investments for training, hardware and software will be made in line with paragraph (e).

New investment is not required for the regulatory authority except in respect of buildings and hardware supply. However the personnel who will work in the regulatory authority should be trained in economic regulation.

The management and the personnel of the Directorate General for the State Railway Administration will be trained so as to realize a transition from the concept of public services to commercial services.

The costs of training will be determined during the realization of the legal arrangement studies.

Furthermore, excessive employment should be minimised during the restructuring process of the Directorate General of the State Railway Administration.

### **III. Time schedule**

#### *Short Term*

Draft Law on Road Transport, which has been passed to the Turkish Parliament will be enacted.

Regulation on International Passenger and Goods Transport by Road will be amended.

Regulation on Inter-city Passenger Transport will be modified.

Regulation on Inland Goods Transport will be enforced.

#### *Medium Term*

The arrangements in the EU aquis that do not exist in the corresponding Turkish legislation will be included.

The provisions of the Turkish Code of Commerce will be harmonised with the CMR Convention (Convention on International Transport of Goods by Road).

The institutionalisation of road transport, passenger and goods transport under safe conditions and the development of an insurance system compliant to contemporary conditions will be introduced.

The legal arrangements will be enforced and structural arrangements will be realised.

### **IV. Financing**

Approximately 24 million Euro finance is required to increase the capacity of the Ministry of Transport in terms of hardware, software and additional qualified personnel.

For the elimination of excessive employment, 75-100 million US Dollars are required for compensation payments. In the event that restructuring is launched in 2000, for the first 3 years the below mentioned amounts are required annually,

- 160 million US Dollars in return for operating subvention,
- 30 million US Dollars in return for social insurance obligations,
- 200 million US Dollars credits or credit guarantees,
- 10 million US Dollars for exceptional restructuring,

The more the restructuring is delayed, the more subvention is required.

### **4.10.3. Waterway Navigation**

#### **I. Priority Description**

##### **a) Current status**

Turkey, which is a peninsula, pays great attention to waterway navigation services and waterway security. Commercial and industrial services such as passenger and goods transport, vessel construction, port services, auxiliary services and yacht tourism are the main pillars of the maritime sector.

Turkey approaches waterway navigation in harmony with the general principles of Europe, namely, the creation of a free and fair competitive environment, increasing waterway security, prevention of pollution and the practices parallel to those principles. In the context of the free market structure of Turkey, the

maritime sector is one of the most liberalised sectors, with limitations only from the perspective of national security.

Liner transport is a developing sector in Turkey. Turkey has signed the United Nations Liner Conference Code but not yet ratified it.

Privatisation policies have been directed towards the effective and productive operation of Turkish ports in line with market conditions. 7 ports owned by the Turkish Maritime Administration have been privatised through the transfer of operating rights model.

The legal basis for maritime activities in Turkey is the Turkish Code of Commerce of 1959. Moreover the general foreign trade policies of Turkey are taken into consideration by the government.

In accordance with the Turkish Code of Commerce every Turkish vessel has the right to fly the Turkish flag. Turkish vessels are those of which the owners are Turkish nationals. However the below stated vessels are also considered as Turkish vessels: i) Vessels belonging to legal entities such as enterprises, organisations, foundations established under Turkish Laws and of which the vast majority of the Board of Directors are Turkish nationals, ii) Vessels belonging to commercial companies registered in the Turkish Commercial Registry of which the vast majority of the managers and person possessing the right to represent the company are Turkish nationals.

The revision studies of the Turkish Code of Commerce have been launched under the coordination of the Ministry of Justice by considering the related laws of the Member States of the EU. As a result of these studies the provisions of the Turkish Code of Commerce related to maritime affairs will be harmonised with the arrangements of the EU in the broad sense.

Another legal arrangement related to the maritime sector in Turkey is Law No 815 on Cabotage. Auxiliary services rendered in Turkish ports and waters, except for transport, are subject to the Law on Cabotage.

The Law on Turkish International Vessel Registration was enacted in 1999 to increase the international competition capacity of the Turkish maritime sector and to prevent avoidance from flying the Turkish flag. It is anticipated that this Law will encourage new investments for the establishment of a young new fleet that will increase waterway security.

Issues such as marine security and marine environment in Turkey are handled in parallel to the activities of the International Maritime Organisation (IMO). Alignment with the maritime policies of international and regional organisations such as OECD, KEIB and EU is underlined.

Turkey has acceded to the below mentioned Conventions of the IMO with the aim of providing security of life, goods, passage and environment at sea, regulating sea traffic, rendering search and rescue services, and auditing the compliance of vessels and seamen with national legislation and international conventions such as the International Convention on Life and Goods Security at Sea (SOLAS 74), the International Convention on the Prevention of Pollution from Ships (MARPOL 73/78- annex I, II and IV), the International Convention on Goods Lines (LL 66), the International Rules for Prevention of Struggle in the Seas (COLREG 72), the International Convention on the Training, Certification and Working Principles of the Seamen (STCW 78/95), and the International Convention on Tonnages (TONNAGE 69).

In accordance with the Decision of IMO No A 739(18) on the Authorisation of the Organisations Acting on Behalf of the Administration, the below stated institutions and organisations are given authority to make surveys and issue certificates for the realisation of Turkey's international obligations as a flag country and the working of the vessels registered in the Turkish Maritime Fleet, according to the international standards of the members of the International Class Institutions Union (IACS such as the American Bureau of Shipping (ABS), Bureau of Veritas (BV), Det Norske Veritas (DNV), Germanischer Lloyds (GL), Lloyds Register of Shipping (LR), Nippon Kaiji Kyokai (NKK), Registro Italiano Navale (RINA), Korean Register of Shipping (RMRS) and Turkish Lloyds (YL) that are.

In accordance with the relevant international Conventions, Turkey as a Flag State has introduced the "extended survey" practice for all registrations, even where existing certification is valid.

Turkey has undersigned the "Mediterranean Sea Memorandum of Understanding" (MEDMOU) and the "Black Sea Memorandum of Understanding" (BSMOU) for the control of foreign flag vessels sailing to our ports in conformity with international standards, and a control ratio of 15 % has been established.

MEDMOU practices have been launched and BSMOU has been enforced after being published in the Official Gazette of 12 December 2000.

All the activities of the IMO towards the realisation of marine security are followed. And the International Security Management (ISM) Code included in SOLAS 74 as Part 9 and applied as from 1 July 1998 has been put into practice by a Class Institution through an authorisation granted thereto. Ro-ro and passenger vessels have met the requirements of the ISM code. Furthermore the application of the ISM Code to the other vessels and marine vehicles is to be realised through a schedule set by the IMO.

Moreover, although Turkey is not a party to the modified protocols and amendments of the SOLAS 74 and MARPOL 73/78 Conventions, some of the modified protocols and amendments such as GMDSS and the Harmonised Survey and Certification System (HSSC) are applied to the vessels that undertake international cruises and are covered under the scope of these Conventions.

In accordance with the Decision of the IMO No A.739 (18) on the Authorisation of the Organisations to Act on Behalf of the Administration, ABS, BV, DNV, GL, LR, NKK, RINA, KRR, RMS and Turkish Lloyds that are members of the IACS are granted the right to issue the below mentioned certificates: Document Compliance with the Special Requirements for Ships Carrying Dangerous Goods, Certificate for the Carriage of Dangerous Chemicals in Bulk According to the BCH Code, Certificate for Carriage of Liquefied Gases in Bulk According to the Code for Ships Carrying Liquefied Gases in Bulk, Certificate for Carriage of Liquefied Gases in Bulk According to the GC Code, Document for Compliance with the Code of Safe Practice for Solid Bulk Cargos, Document for Compliance with the Code of Safe Practice for Cargo Stowage and Securing, Document for Compliance with the Code of Safe Practice for Ship Carrying Timber Deck Cargos.

Besides such legal arrangements, projects and investments still continue for the realisation of cruise security. In this respect, the tender has been finalised for the Vessel Traffic Management and Information System (VTMIS) for the Turkish straits that are risky and narrow cruise areas. Moreover, construction works for the emergency intervention stations and guide stations are ongoing. New projects are being developed for the supply of technical hardware to be used in these stations, purchasing of new trailers and constructions thereof, improvement of cruise lighthouses and other auxiliary cruise supporters, and the supply and construction of new auxiliary cruise supporters.

Within the framework of the protection of seas, Turkey has undersigned the MARPOL 73/78 Convention (International Convention for the Prevention of Pollution from Ships) and Annex I, II and IV thereof. In accordance with the conditions set forth for "Special Areas" defined in the MARPOL Convention, Turkey has established waste receptor facilities. Preparatory studies for the draft text of the related national legislation concerning the collection of the solid and liquid wastes by floating marine vehicles are ongoing.

For the protection from pollution of the Mediterranean and Black Seas, declared "Special Areas" according to MARPOL 73/78, regional international conventions have been signed between those countries having shores on these Seas. The Emergency Response Protocol enclosed with the Barcelona Convention (1976) is for the protection of the Mediterranean Sea from pollution. Within the framework of this Protocol the activities of REMPEC (Regional Marine Pollution Emergency Response Centre) are followed. In accordance with the Bucharest Convention, which is for the protection of the Black Sea from pollution, studies for the creation of a regional emergency response plan for sea accidents in the Black Sea are ongoing.

Studies on accession to the 1992 Protocol of the International Civil Liability Convention for the damages Due to Petroleum Pollution (CLC 69), the 1992 Protocol of the International Convention for the Establishment of and International Compensation Fund for the Damages Due to the Petroleum Pollution (FUND 71), the International Convention for Being Ready for Petroleum Pollution, Intervention and Cooperation (OPRC 90) that outline an obligatory liability system and define the scope of liability of vessel owners in cases of petroleum pollution, have been completed and await publication in the Official Gazette.

Turkey is a party to the International Convention for the Training, Certification and Shifting Principles of Seamen (STCW) as of 20 April 1989. The Turkish legislation related to seamen has been regulated in accordance with STCW (01 February 1987) as of 20 April 1989 and is in harmony with the EU legislation in a great extent.

The "National Report" defining the Training and Certification of the Seamen was prepared according to the provisions of STCW Part IV; Article A, Section 1/7 and submitted to the Secretariat General of IMO.

## **b) EU acquis**

The related list of the EU acquis is given in Volume II.

### **List of the EU acquis submitted by TAIEX but not examined by the authorised institutions:**

- 98/295/EC: Commission Decision of 22 April 1998 on the recognition of the Hellenic Register of Shipping in accordance with Council Directive 94/57/EC
- Council Directive 98/41/EC of 18 June 1998 on the registration of persons sailing on board passenger ships operating to or from ports of the Member States of the Community

## **c) Implementing Institution**

- Under-Secretariat of Maritime Affairs, Prime Ministry
- Turkish Telecom Authority
- Ministry of Environment
- Interior Ministry
- Ministry of Health

## **d) Final Objective**

Within the scope of full membership to the EU, the Turkish legal infrastructure related to waterway navigation, including marine security, will be fully harmonised with the related EU acquis, with only a few exceptions.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

- Law No 815 of 29 April 1926 on Cabotage
- Law No 8/522 of 6 March 1980 on Ratification of SOLAS
- Law No 90/442 of 3 May 1990 on Ratification of MARPOL Annex I - II
- Law No 4922 of 10 June 1946 on Life and Good Security in the Sea
- Law No 618 of 14 April 1928 on Ports
- Regulation No 8250 of 31 December 1956 on Vessel Registration
- Turkish Code of Commerce No 6762 of 29 May 1959 (Part thereof related to Maritime Commerce)
- Law No 2872 of 1993 on Environment and Related Regulations
- Law No 2813 of 5 April 1993 on Radio Communication
- Regulation on Marine Traffic Order in the Turkish Straits published in the Official Gazette No 23515 of 6 November 1998
- Turkish Law of 21 December 1999 on International Vessel Registration
- Regulation No 3/14831 of 6 April 1952 on Carriage of Dangerous Goods by Commercial Vessels



- Regulation No 6125 of 1 March 1966 on Measurement of Tonnage of the Commercial Vessels
- Regulation No 6/6647 of 22 June 1966 on Maximum Loading Capacity of Commercial Vessels
- Regulation of 28 January 1998 on Organisations Rendering Pilotage and Trailer Services
- Regulation of 31 December 1997 on Qualifications of Pilots.
- Law No 4054 of 1994 on Protection of Competition
- Convention No 23483 of 4 October 1998 for Mediterranean Port State Control
- Regulation No 22893 of 30 January 1997 on Training and Certification of Seamen
- Regulation on Examinations, Shifting, Registration and Outfitting Principles
- Authorisation Transfer Protocol signed between the Under-Secretariat of Maritime Affairs and Class Institutions in 1998 and 1999.
- Law No 2548 of 6 November 1981 on Vessel Health Fees
- Implementing Regulation of the Law No 2548 of 3 March 1996
- Regulation of 9 May 1975 on Carrier Vehicles to Work in Inland Waterways

**b) Necessary amendments and modifications in the corresponding Turkish legislation**

In accordance with some provisions of the Mediterranean and Black Sea Port State Control MOUs the control rates are minimal and below the rates set in the related EU Directive. When Turkey becomes a full member to the EU the said control rates will be increased to the level of the rates stated in the EU Directives.

Inland Waterway Cabotage Trade should be opened to the EU according to a schedule established mutually by the parties, but not before full integration with the EU.

Derogation is required for the Turkish Lloyds which is a Turkish class institution, in regard to the minimum criteria (tonnage and number of vessels) defined in the EU arrangements concerning the well known organisations to be given authority for the rendering of the Survey and Certification services. In fact, some of the Member States have also benefited from similar exceptions in the practice of the related EU Directive.

**c) Necessary institutional changes**

- Port State Boards will be established, furnished with required personnel, in compliance with the criteria defined in the EU Directive.
- The capacity of the Vessel Survey Boards directly affiliated to the Regional Directorates of the Under-Secretariat of Maritime Affairs will be increased, so as to provide efficiency in the practices related to the Flag State Controls.

**d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

- Ballast measurements in petroleum tankers having separate ballast tanks
- Minimum requirements applied to the entry and exit of vessels carrying dangerous and pollutant materials in/out of ports.
- Security regime for fishing vessels of 24 m and more

- New legislative arrangements on security rules and standards for passenger and ro-ro/ passenger vessels
- Legislative studies defining competition rules for maritime transport
- Legal arrangements for full harmonisation with the obligations concerning maritime equipment set forth by the EU acquis in terms of standards, certification and conformity assessment

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The number of experts working in the Vessel Survey Board affiliated to the Regional Directorates of the Under-Secretariat of Maritime Affairs should be increased so as to enhance the efficiency of Flag State practices. Therefore, 80 Vessel Survey Board Experts possessing the necessary qualifications will be employed.

Additionally, 80 Port State Control Officers and Senior Staff will be employed at the Regional Directorates of the Under-Secretariat of Maritime Affairs and 10 Directorate Generals. Training for senior staff will be provided at home and abroad. The training requirements will be determined in an action plan to be prepared in a year.

A 10-week training program for vessel survey board experts who are to conduct port State Controls in 2001, and an 8-week training program for the port state control senior staff have been planned. Necessary steps will be taken to obtain financing from EU resources. Annual training programs will be organised by senior staff.

#### **f) Necessary investments**

The requirements in terms of buildings, equipment, devices, materials and vehicles for the more efficient realisation of the Flag, Port and Coast State practices will be defined in an action plan to be prepared in the coming year.

### **III. Time schedule**

#### *Short Term*

- Protocols of IMO Nos. 78 and 88 and LOADLINE 88 Protocol will be ratified.
- Training programs will be planned and applied to increase the efficiency of the Port State Control and Flag State practices.

#### *Medium Term*

- Other IMO Conventions related to marine security, for instance the Torremolinos International Convention for the Safety of Fishing Vessels 88 Protocol, MARPOL 73/78 Annex III will be ratified.
- The existing administrative, legal and technical infrastructure will be revised to increase efficiency in Flag State and Port State practices and a restructuring process will be initiated through the provision of training, materials, finances and technology transfer.
- Turkish legislation related to marine equipment will be fully harmonised with the EU acquis.
- Passenger vessels sailing under the scope of cabotage will be aligned to the safety rules and standards of the EU (following a transition period).

### **IV. Financing**

Financing requirements will be determined within the framework of the action plan to be prepared in accordance with requirements.

## **4.10.4. Air transport**

### **4.10.4.1. Access to the market and regulation of the market**

#### **I. Priority description**

##### **a) Current status**

The civil aviation services market in Turkey has been liberalised since the 1980s. The main legal arrangement in this field is Law No 2920 on Turkish Civil Aviation. Through this Law the private sector can have access to the market. However the largest company active in this sector belongs to the State.

The issue relating to the Computerised Reservation Systems (CRS) has not been regulated yet. However, Turkish Airlines uses one of the systems used in Europe.

There exists no regulation on the elimination of the difficulties that passengers encounter when denied boarding due to over-booking. However, Turkish carriers are obliged to fulfil the practices introduced by EU arrangements in flights to Europe.

Access to routes and permission for air transport is obtained as a result of applications to the Ministry of Transport. Passenger transport with foreign airlines is conducted through bilateral international agreements. These agreements enjoy the traditional capacity sharing principles and allow the activities of only one carrier. International scheduled flights by private sector companies are allowed following the approval of the Ministry of Transport and within the framework of the structures of the companies and bilateral air transport agreements.

The establishment of fares and rates for air services is subject to the approval of the Ministry of Transport. Fares for domestic lines are enforced within 15 days of the approval thereof. For international lines, fares are fixed mutually during the IATA (International Air Transport Association) Conference within the scope of bilateral agreements, and are submitted to the governments for approval, after which they are enforced.

The liberalisation process for access to the ground handling services market in Turkish airports was launched than in EU members. Ground handling services in Turkish airports have been privatised.

Due to increased traffic it has recently become necessary for Turkey to take some measures regarding allocation of slots at the airports. Since 1993 slot allocation has been realised in some airports. The manner and conditions for slot allocation are defined in the "slot book" and the annex thereof. The book has been disseminated internationally. Accordingly, the practice is conducted jointly by the Turkish Airlines Slot Coordination Office and the State Airports Administration Atatürk Airport Slot Coordination Centre. An officer from the General Directorate for Civil Aviation is generally responsible for the slot practice.

In case of an accident, Turkey acts in accordance with the system established by the international conventions on air carrier responsibilities. The amendments to be made to the system established through the Warsaw Convention will be followed.

##### **b) EU acquis**

The related list of the EU acquis is given in Volume II.

##### **List of the EU acquis submitted by TAIEX but not examined by the authorised institutions:**

- Council Directive 91/670/EEC of 16 December 1991 on mutual acceptance of personnel licences for the exercise of functions in civil aviation
- Council Regulation (EEC) No 2407/92 of 23 July 1992 on licensing of air carriers
- Council Regulation (EEC) No 3922/91 of 16 December 1991 on the harmonization of technical requirements and administrative procedures in the field of civil aviation

- Council Directive 93/65/EEC of 19 July 1993 on the definition and use of compatible technical specifications for the procurement of air-traffic- management equipment and systems
- Council Directive 94/56/EC of 21 November 1994 establishing the fundamental principles governing the investigation of civil aviation accidents and incidents
- Commission Regulation (EC) No 2176/96 of 13 November 1996 amending the scientific and technical progress Council Regulation (EEC) No 3922:91
- Commission Directive 97/15/EC of 25 March 1997 adopting Eurocontrol standards and amending Council Directive 93/65/EEC on the definition and use of compatible technical specifications for the procurement of air- traffic-management equipment and systems
- Council Directive 80/51/EEC of 20 December 1979 on the limitation of noise emissions from subsonic aircraft
- Council Directive 89/629/EEC of 4 December 1989 on the limitation of noise emission from civil subsonic jet aeroplanes

### **c) Implementing institution**

Ministry of Transport

### **d) Final objective**

The adoption and implementation of the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) Corresponding Turkish Legislation**

- Access to airway lines and establishing transport business is regulated through Law No 2920 on Turkish Civil Aviation, Regulation on Commercial Air Transport Enterprises and bilateral air navigation agreements.
- Fares and tariffs are regulated by Law No 2920 on Turkish Civil Aviation and Regulation No SHY 6-A on Commercial Air Transport Enterprises
- Ground handling services are performed in compliance with Regulation No SHY-22 Airports Ground Handling Services.
- Slot allocation is realised within the framework of the "Slot Book".
- The responsibilities of the air carrier in case of an accident are handled in accordance with Law No 2920 on Turkish Civil Aviation within the framework of the system defined in the Warsaw Convention.

### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

- A new legal arrangement is required for harmonisation with the EU acquis in the field of computerised reservation systems.
- A new legal arrangement is required for the elimination of the difficulties that passengers encounter due to over-booking.
- Traffic rights practices are regulated on a reciprocal basis. Therefore, before full integration with the EU the necessary harmonisation work is limited unless a new mutual regime is applied in the field of aviation between Turkey and the EU. However, the structure of bilateral agreements can be changed partially or a new framework can be established. Furthermore, the direction of the liberalisation of the domestic market should be determined, the status of Turkish Airlines should be clarified, and the sector should be strengthened so as to compete with EU companies.

- For harmonisation in the field of fare tariffs, Article 25 of Law No 2920 on Turkish Civil Aviation and the related articles of the Regulation No SHY 6-A on Commercial Air Transport Enterprises should be modified.
- For the full harmonisation of the ground handling services with the related EU acquis some amendments should be made to Regulation No SHY-22 on Airports Ground Services.
- The “Slot Book” should be developed in the light of EU arrangements and legalised for the maintenance of stability and trust in the practices of slot allocation. In accordance with EU arrangement the slot coordinator should be an impartial third party.
- Therefore the “Slot Book” should be developed in line with the principles of EU arrangements, and should be incorporated in law and thus take its place within the legal framework.
- A new legal arrangement is not necessary concerning the responsibilities of air carriers in case of an accident. Turkey acts in accordance with the international conventions signed by herself.

#### **c) Necessary institutional changes**

The necessary institutional arrangements to be realised in the air transport sector were stated in the 8th 5-Year Development Plan as follows: “General Directorate for Civil Aviation, should be granted an autonomous structure possessing sanction power, and the personnel should be developed in terms of quality and quantity.”

A new institutional structure may be required for the coordination of the slot allocation.

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The number of the personnel of the General Directorate for Civil Aviation should be increased so that the sector can be supervised efficiently.

### **III. Time schedule**

#### *Short Term*

New arrangement will be required for the elimination of the difficulties that passengers encounter due to over-booking.

#### *Medium Term*

- New arrangement will be made concerning the computerised reservation system.
- The related legislation will be amended to apply a more liberal process in the fixation of the fares tariffs.
- Regulation No SHY-22 on Airports Ground Handling Services will be modified.
- The “Slot Book” regulating slot allocation practices should be developed in line with the principles of the EU arrangements, and should be incorporated in law and thus take its place within the legal framework.
- Traffic rights issues will be deal with after full integration with the EU.

### **IV. Financing**

Approximately 23 million Euros are required to cover the requirements of the General Directorate for Civil Aviation in terms of personnel training, computer purchasing, repair of the buildings and others.

#### **4.10.4.2. Licenses**

##### **I. Priority description**

###### **a) Current status**

The “Instruction No SHDT-33 on Pilot License and Certificates, Civil Aviation Department, Ministry of Transport” is applied concerning the pilot license criteria and mutual recognition of the documents of the other countries. However the practice in this field should be amended in accordance with the JAR-FCL. In practice SHDT-33 and JAR-FCL are considered together. The granting of operation licences and validity thereof is regulated through the “Regulation No SHY-6A on Commercial Air Transport Enterprises”. Seeking for stability and trust is also valid for Turkey in air transport in line with EU arrangements. Our legislation related to the dynamic control and evaluation of the enterprises should be developed parallel to the EU acquis. Furthermore, concerning other financial and professional provisions, there exist great discrepancies between the EU acquis and Turkish legislation.

###### **b) EU acquis**

The related list of the EU acquis is given in Volume II

###### **e) Implementing institution**

Ministry of Transport

###### **d) Final objective**

The adoption and implementation of the related EU acquis.

##### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

###### **a) Corresponding Turkish Legislation**

- Pilot licenses are granted in accordance with the “Instruction No SHDT-33 on Pilot License and Certificates, Civil Aviation Department, Ministry of Transport”
- Operation licenses are regulated through the Regulation No SHY-6A on Commercial Air Transport Enterprises.

###### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

- The Instruction No SHDT-33 on Pilot License and Certificates, Civil Aviation Department, Ministry of Transport should be developed in line with the EU and JAA standards.
- Regulation No SHY-6A on Commercial Air Transport Enterprises should be developed parallel to the EU acquis.

###### **c) Necessary institutional changes**

The institutional capacity of the institution that will carry out supervision and evaluation activities (General Directorate for Civil Aviation) should be strengthened.

###### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The personnel of the Civil Aviation Department should be strengthened in terms of quality and quantity.

###### **e) Necessary investments**

Training and translation expenditures will be incurred during harmonisation studies.

### **III. Time schedule**

The legislative modifications related to the pilot licenses and operation licenses will be realised in the medium term.

### **IV. Financing**

3 million Euros will be required.

#### **4.10.4.3. Aircraft noise emissions**

##### **I. Priority description**

###### **a) Current status**

Turkish legislation on the limitations of noise emissions from aircraft and limitations of the operation of noisy aircraft is in harmony with the EU acquis. The Regulation on Commercial Air Transport Enterprises has been amended in accordance with the ECAC recommendations. For the exclusion of noisy aircraft from the fleet, the necessary arrangements have been made through Instruction No SHT36-1A. By this Instruction and the Regulation, aircraft in the category of ICAO Chapter II will be excluded from the fleet gradually until 2002, and accordingly new aircraft must be of the category of Chapter 3. The noise criteria are handled in the Regulation on Noise Control.

###### **b) EU acquis**

The related list of the EU acquis is given in Volume II.

###### **c) Implementing institution**

- Ministry of Transport
- Ministry of Environment

###### **d) Final objective**

The adoption of the related EU acquis.

##### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

###### **a) Corresponding Turkish Legislation**

- Regulation No SHY-6A on Commercial Air Transport Enterprises
- Instruction No SHT-36 1A
- Regulation on Noise Control

###### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

Although there is no need to make any amendment to the legislation, coordination between the Ministry of Transport and Ministry of Environment for the efficient practice of the related legislation is required.

###### **c) Necessary investments**

Investment is required for the monitoring and evaluation of the noise emissions of aircraft in airports.

### **III. Time schedule**

#### *Short term*

Administrative measures and other precautions will be taken for the efficient implementation of the legislation.

### **IV. Financing**

5 million Euros.

#### **4.10.40.4 Technical issues and security**

##### **I. Priority description**

###### **a) Current status**

Studies are ongoing for the adoption in Turkish civil aviation of the JARs, namely the European joint aviation requirements and standards in the field of technical rules and administrative procedures.

Practices are conducted in Turkey within the framework of the recommendations of Eurocontrol. Turkey is not a manufacturer country in the field of air traffic management equipment and systems, and the developments experienced in Europe are followed.

The investigation of aircraft accidents is conducted within the scope of Regulation No SHY-13 on Investigation of Civil Aircraft Accidents. However the said Regulation should be developed in line with the EU acquis in terms of determination of the investigation and examination rules and task procedures.

###### **b) EU acquis**

The related list of the EU acquis is given in the Volume II.

###### **c) Implementing institution**

Ministry of Transport

###### **d) Final objective**

The adoption and implementation of the related EU acquis.

##### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

###### **a) Corresponding Turkish Legislation**

- Regulations and instructions for technical issues
- Regulation on Investigation of Civil Aircraft Accidents (SHY-13)

###### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

Legal and administrative measures should be taken for the implementation of JARs in the Turkish Civil Aviation sector concerning the technical rules and administrative procedures.

Regulation No SHY-13 on Investigation of Civil Aircraft Accidents should be developed in terms of investigation and examination boards in line with the EU acquis.



**c) Necessary institutional changes**

There is no need to any institutional change.

**d) Necessary investments**

Investments for training, translation and personnel are required.

**III. Time schedule**

*Medium term*

Studies on the development of technical rules and administrative procedures and the amendment of the Regulation on Investigation of accidents will be conducted.

**IV. Financing**

5 million Euros.



## 4.11. Taxation

### I. Priority description

#### a) Current Status

Article 16 of the Ankara Agreement asserts that the principles laid down in the provisions on competition, taxation and approximation of laws in the Treaty establishing the Community must be applied between the contracting parties. Article 44 of the Additional Protocol and Article 50 of Decision No 1/95 of the EC-Turkey Association Council set forth provisions similar those contained in the Treaty establishing the Community. Discriminatory and protective taxation is strictly forbidden in these provisions.

#### Direct Taxation

Since the differences in the corporate tax burden affects the free movement of capital, there are two directives and an agreement relating to corporate tax from the EU internal market objectives point of view. The agreement is designed to eliminate the double taxation of profit in connection with the adjustment of profit transfers between associated undertakings. The EU acquis and the Turkish legislation concerning this issue are considered to be in harmony, and it not expected that the conditions relevant to them shall be implemented before full membership.

#### Indirect Taxation

The shares of value added tax and excise duty (additional value added tax, fuel tax and motor vehicle purchasing tax) in the total tax income were 28.12% and 17.53% respectively in 1999. These figures were 27.02% and 17.67% respectively in April 2000.

#### Value Added Tax (VAT)

In 1984, Turkey, taking the Sixth Council Directive of the European Union as a model, enacted the Law on Value Added Tax, after publishing it in Official Gazette No 18563 of 2 November 1984. This Law replaced 8 separate taxes.

The subject of the tax is the delivery and import of all kinds of goods and services. A basic 17% standard tax rate is applied to all kinds of goods and services. For basic foodstuffs 8% is applied, while for other products a reduced rate of 1% is imposed. Two higher rates, 25% and 40 % are valid for luxury goods. The same rates applies to both domestic goods and imports.

Turkish value added tax complies with the EU acquis on value added tax in relation to its provisions for the tax base, taxable events, place of taxation, exemptions, exclusions and right to deduct.

Due to conditions existing in Turkey there are certain differences in terms of exemptions, exclusions and discrepancies in the taxation rates, but they are not applied in a discriminatory manner.

The Turkish Value Added Tax system is mainly in harmony with the VAT system of the EU, and it is expected to become fully harmonized in the future.

#### Excise Duties

Domestic and imported products are subject to equal excise duties. With the establishment of the customs union, protective and discriminatory practices applied to imported products have been eliminated

In the EU excise duties are imposed on five groups of goods (mineral oils, alcohol, alcoholic drinks, tobacco, and manufactured tobacco) at specific rates according to the structure of each product category (for cigarettes at ad valorem and specific rates). Moreover, in the Union the free movement of these products is allowed and the taxation of these products is deferred until the ultimate consumption stage, within the framework of the tax warehouse provision.

In the case of Turkey, in addition to the aforementioned groups, excise duties are imposed on certain other goods and in general the tax rate applicable to these goods is ad valorem. Furthermore, there is no provision for the free movement of these goods by deferring their taxes until the ultimate consumption stage, within the framework of the tax warehouse provision. There are also certain structural differences in the taxation of these products.

#### Mutual Assistance

##### *Mutual Administrative Assistance*

The current relevant Turkish legislation corresponding to the EU acquis is Tax Procedure Law No: 213. There is no provision for administrative cooperation with the tax authorities of other countries (except for the provisions of the agreements on prevention of double taxation). There is no obligation to approximate legislation with the EU acquis before full membership of the EU.

#### Mutual Assistance in Collection

No provisions exist to regulate the collection of another country's public claims within Law No: 6183 on the Procedure Law of Collection of Public Claims.

#### **b) EU Acquis**

The relevant list of EU acquis is given in Volume II.

#### **c) Implementing Institution**

The Ministry of Finance

#### **d) Final Objective**

Apart from the framework of short term and medium term priorities in the taxation field it is expected that individual differences will be eliminated by demanding derogation in the association negotiations. However, in the event that there remain certain differences in addition to those already mentioned, the arrangements for their elimination will take place during the process leading to full membership.

### **II-Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

- Law on Financing No: 1318 (OG: 10 August 1970-13575)
- Law on Education, Youth, Sports and Health Services Tax No: 3418 (OG: 31 March 1988- 2, Repeated - 19771)
- Law on Tax Procedure No: 213 (OG: 1 January 1961-10703)
- Law on Collection Procedure of Public Claims No: 6183 (OG: 28 July 1953-8469)
- Law on Stamp Duty No: 488 (OG: 11 July 1964-11751)
- Law on Fuel Tax No: 3074 (OG: 20 November 1984-18581)
- Law on Value Added Tax No: 3065 (OG: 2 November 1984-18563)
- Law on Corporate Tax No: 5422 (OG: 10 June 1949-7229)
- Law on Value Added Tax No: 3065 Additional Article 60 (OG: 2 November 1984-18563)

## **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

### Direct Taxation

*Turkish laws concerning EU Directives No 90/434, 435, 436 / EEC on corporate tax*

The profits of companies, the legal head offices and permanent establishments of which are located in Turkey, arising from merger and acquisition operations, cannot be taxed. Such profit is taxed at a later time as appropriate. The same situation applies in the EU.

The profits of corporations (limited taxpayers as well) arising from capital contributions to the companies of which the legal head offices and permanent establishments are located in Turkey, are not taxed. The same situation applies in the EU for companies whose financial offices are located in the EU.

In cases where disguised earnings arise from commercial and financial relations between companies connected in terms of management, control and administrative functions, where additional assessment is necessary the registration of the relevant company is reassessed within the framework of the provisions of the Law on Tax Procedure. The same situation applies in the EU.

Since there are no differences between the EU *acquis* and Turkish legislation in this field, there is no need to make any amendments before full membership.

### Indirect Taxation:

#### *Value Added Tax*

In 1984 Turkey, taking the Sixth Council Directive of the European Union as a model, enacted the Law on Value Added Tax, after publishing it in Official Gazette No 18563 of 2 November 1984. This Law replaced 8 separate taxes.

Turkish value added tax complies with the EU *acquis* on value added tax in relation to its provisions for the tax base, taxable events, place of taxation, exemptions, exclusions and right to deduct.

Due to conditions existing in Turkey there are certain differences in terms of exemptions, exclusions and discrepancies in the taxation rates, but they are not applied in a discriminatory manner.

The Turkish Value Added Tax system is mainly in harmony with the VAT system of the EU, and it is expected to become fully harmonized in the future.

Value Added Tax Law authorizes the Cabinet to make amendments regarding taxation rates and categories. Therefore, the arrangements to be made regarding the harmonization of VAT legislation with the EU system shall be provided by Cabinet Decree.

Certain modifications to taxation, exemptions and exclusions, right to deduct, rates in the field of the Value Added Tax, will be made within the framework of the short term and medium term schedule. The other necessary changes will be made at the time of full membership as stated in the final objective.

#### *Excise Duties*

In the EU excise duties are imposed on five groups of goods (mineral oils, alcohol, alcoholic drinks, tobacco, and manufactured tobacco) at specific rates according to the structure of each product category (for cigarettes at *ad valorem* and specific rates). However, in Turkey excise duties are not collected under a separate excise duty title, but are collected under different titles (tax, fund, share etc) at *ad valorem* rates, except for the fuel tax. Moreover, exemptions in the EU are arranged in accordance with the quality of each product.

In Turkey, in addition to the aforementioned five groups, excise duties are imposed on certain other goods (Motor Vehicle Purchasing Tax, Additional Tax), and the tax rate applied to these goods is in general *ad valorem*.

Furthermore, due to circumstances in Turkey there are no regulations providing for the free movement of these goods by deferring their taxes until the ultimate consumption stage within the framework of the tax

warehouse application. However, the Draft Law on Excise Duties being prepared and already presented to the National Assembly is a first step in this respect.

In this context, excise duties regulated by different laws are to be subject to a single Law on Excise Duties within the process of harmonization with the excise duties of the EU. In the above mentioned Draft Law, certain issues such as the goods included with the scope of taxation, subject of tax, tax base, taxable events, tax rate and joint liability are covered. Within the harmonization process with the EU, the Draft Law on Excise Duties will be revised by taking into consideration the related EU acquis, and be implemented as soon as possible.

#### Other Indirect Taxes

*Turkish legislation concerning Council Directives No 73/101, 74/553, 85/303 / EEC amending Directive No 69/335/EEC as regards indirect taxes on the raising of capital*

The relevant directive covers joint decisions regarding indirect taxes to be imposed on the capital increases of companies located in the Union.

The relevant directive harmonizing the tax base applied to capital increases in the Member Countries is highly detailed and consists of 14 articles in the EU acquis. In Turkey stamp duties are imposed on capital increases, but the rates are different.

#### Mutual Assistance

##### *Mutual Administrative Assistance*

The current relevant Turkish legislation corresponding to the EU acquis is Tax Procedure Law No: 213. There is no provision for administrative cooperation with the tax authorities of other countries (except for the provisions of the agreements on prevention of double taxation). There is no obligation to approximate legislation with the EU acquis before full membership of the EU.

##### *Cooperation for Collection*

Law No: 6183 on the procedures for the collection of public claims does not deal with the collection of the public claims of another country. However, in order to harmonize before full membership a decision has to be taken by the Turkey-EU Association Council, and harmonization can be provided if this decision is adopted by the domestic legislation following the constitutional process.

#### **c) Necessary Institutional Changes**

The Turkish Tax Administration is the main administrative structure to apply the legislation of the Union, and it is not necessary to make an additional amendment to its administrative structure.

#### **d) Additional Requirements Stemming From Entry Into Force of the New Legislation**

New legal arrangements for harmonization with the EU acquis with regards to taxation can be made through Cabinet Decree, laws, regulations and communiqués according to the nature of the issue concerned.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

In order to embody the required amendments and modifications in the Turkish legislation in accordance with the EU acquis, technical assistance from EU experts is required in the fields where the EU acquis needs to be clarified. Furthermore, efforts are being taken to meet the likely personnel need arising from the fostering of relations with the Union.

#### **f) Necessary Investments**

Following the harmonization of legislation a network will have to be established between the Member States and the Turkish Tax Administration as part of the process leading to full membership.

### **III- Time schedule**

#### Short Term

Harmonization will be completed with Article 14 (1)(i) of the Sixth Council Directive No 77/388/EEC on the VAT exemption of services in connection with the import of goods in cases when the service costs are included in the tax base according to Article 11 (B)(3)(b).

#### Medium Term

To harmonize the relevant Turkish legislation with the following EU acquis:

- Council Directives 86/560/EEC related to Article 17/3 of the Sixth Council Directive no 77/388/EEC on the refund of value added tax to taxable persons not based in the territory of the EU.
- Article 13 (A) (1) (b) of the Sixth Council Directive of 77/388/EEC on the exemption from value added tax on services for purposes of diagnosis or treatment, operations and other related services provided by hospitals and similar organizations, the purpose of which is for the benefit the public.
- Article 13 (B) (e) of the Sixth Council Directive of 77/388/EEC on the exemption from value added tax on deliveries of postal stamps used for domestic postal services
- Article 13 (B) (f) of the Sixth Council Directive of 77/388/EEC on the exemption from value added tax of all par-mutual, chance and gambling games within the framework of the limitations and conditions to be set forth by the Member States

It is expected to harmonize the relevant Turkish legislation with the EU acquis on excise duty.

### **IV. Financing**

The financial dimension of the investments to be made in the taxation field cannot be set forth at this time.





## 4.12. Economic and Monetary Union

### General

#### I. Priority description

##### a) Current Status

The organizations that have responsibility for establishing economic policies are the Ministry of Finance, the State Planning Organization, the Undersecretariat of the Treasury, the Undersecretariat of Foreign Trade, the Central Bank of the Republic of Turkey, the Capital Market Board and the Banking Regulation and Supervision Agency.

In order to ensure efficiency, confidence and stability in the financial markets, the Banking Regulation and Supervision Agency is responsible for making arrangements within the framework of Banking Law and other related legislation, supervising and overseeing banking practice, guaranteeing savings, preventing practices and transactions which might damage the economy and endanger the safe function of the banks and the rights of investors, ensuring the efficient functioning of the credit system by taking into consideration the needs of economic development, and if required, giving advice on the application of money, credit and banking policies.

The Undersecretariat of the Treasury is responsible for treasury transactions, public finance, state owned economic enterprises and public participation, bilateral and multi lateral foreign economic relations, relation with the international and regional economic and finance organizations, giving and receiving debt and grant to/from foreign countries and organizations thereof, making regulations and transactions on capital movements within the finance policy of the country, capital market, international contractor services, insurance sector and activities on foreign exchange regime, and regulating, implementing, monitoring and developing the practices on investment and investment incentive activities.

Many steps have been taken to improve efficiency and transparency in public financial management, the preparation, execution and control of the budget, and fiscal discipline. To broaden the scope of the budget and to limit non-budget operations, all budgetary funds not included in budget expenditure, as well as all extra-budgetary funds which are no longer active are being phased-out. This procedure will be completed by June 2001. In collaboration with the Ministry of Finance, the Undersecretariat of the Treasury is setting out its expenditure priorities and preparing its expenditure program accordingly. A cash and debt management program is announced quarterly and the results are announced to the public monthly. Additionally, domestic and foreign debt stock, payment projections, and stock of contingent liabilities are announced regularly. In order to increase the efficiency in debt management a "Primary Dealership System" has been launched. Monthly meetings are held with the primary dealer banks to exchange views about the market conditions and expectations about future improvements; the minutes of these meetings are announced to the public on the same day. For harmonization of fiscal policy, monetary policy and debt management, meetings between the Undersecretariat of the Treasury and Central Bank officials are held regularly.

The Annual Program for 2001 was ratified by the Turkish Parliament and is being implemented. The programme incorporates the public fiscal policies and government guarantees defined by the organizations involved in the management of public finance, the Privatization Authority Council report prepared for the 8th Five-year Development Plan, and the recommendations presented in the report of the International Monetary Fund on the "Restructuring of the Public Fiscal Management and Transparency in the Public Accounting".

Another institution having a specific role in the Turkish economy is the Central Bank of the Republic of Turkey. According to the Law on the Central Bank of the Republic of Turkey the Central Bank carries out monetary and credit policies necessary to maintain price stability, taking into consideration the development plans and annual programs; takes necessary measures jointly with the Government to protect the domestic and international value of the national currency; regulates the volume and circulation of the national currency in accordance with this Law; extends credits to banks within the principles and limits stated by this Law; conducts open market operations in order to regulate money supply and liquidity in the economy; determines the terms and nature of deposits, as well as their maturity dates and validity periods within the framework of the principles to be set forth by the Government; determines the parity of the national currency against gold and foreign currencies, manages gold and foreign exchange reserves in

line with the economic interests of the country; and trades in foreign exchange and precious metals on the stock exchange.

The Central Bank of the Republic of Turkey acts as fiscal and economic advisor, fiscal agent and treasurer of the Government.

#### **b) EU Acquis**

The relevant list of EC acquis is given in the Volume II.

However from the acquis list only the following legal arrangements; Treaty Establishing the European Community Part One: Principles Articles 3A And Treaty Establishing The European Community Title VI: Economic and Monetary Policy Chapter 1: Economic Policy Article 102A, have been reviewed under this title, while a section of the acquis is considered under Economic Policy and another section under Monetary Policy.

The below stated legal arrangements have not been taken into consideration, in line with the views stated by the related implementing institutions: Treaty Establishing The European Community Articles 103, 103A, 104C, 109, 109K, EEC Council: Rules governing the Monetary Committee, EEC Council Decision: amendment of the rules governing the Monetary Committee, EEC Council Decision: amendment of the rules governing the Monetary Committee, 74/122/EEC, 90/141/EEC, 3603/93/EC, 3604/93/EC, 3605/93/EEC, 96/421/EC, 93/716/EC, 3320/94/EC, 96/736/EC, 1466/97/EC, 98/317/EC, 974/98/EC, 975/98/EC, 2531/98/EC, 2532/98/EC, 2533/98/EC, 98/743/EC and 2866/98/EC.

#### **c) Implementing Institution**

The Ministry of Finance, the State Planning Organization, the Undersecretariat of the Treasury, the Undersecretariat of Foreign Trade, the Central Bank of the Republic of Turkey, the Capital Market Board, the Banking Regulation and Supervision Agency.

#### **d) Final Objective**

The adoption and implementation of the relevant EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for making the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

The Law on the Central Bank of the Republic of Turkey, Law No 1567 on the Protection of the Value of Turkish Currency (Decree No 32), Decree on the Use of Resource Utilization Support Fund Related to the Decree No 88/12944 of 12 May 1988, Banks Act No 4389, Law on the Structure and Duties of the Undersecretariat of the Treasury and Undersecretariat of Foreign Trade, Law No 4494 on the Budget of 2000 Fiscal Year, Law No 4568 on the Liquidation of Certain Funds, the Constitution of the Republic of Turkey No 2709, Decree in Force of Law No 178 on the Structure and Duties of the Ministry of Finance.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Legal and technical infrastructure should be established in order to form a base for regular, continuous and close cooperation and exchange of information among the related organizations and institutions as in the EU countries.

Issues related to public finance and government debt management are still regulated with fiscal year budget laws. For efficient public financial and debt management this application has to be reviewed.

The annual report for 2001 will be complemented by a mid-year Economic and Fiscal Update, which will include results for that year and projections for the next year. Also, studies on pluri-annual budgeting will begin. Taking these into consideration, the fiscal and economic articles of the constitution have to be reviewed.

Although the Law on the Central Bank contains certain provisions concerning the achievement of price stability, it has to be emphasized that the primary objective of the Central Bank is to achieve price stability

and that the Bank shall determine monetary policy and monetary instruments necessary to fulfil this objective.

The Law on the Protection of the Value of Turkish Currency should be amended in order to allow for the implementation of the single monetary and exchange rate policy, and to allow the exchange rate between the Turkish lira and the Euro to be fixed pursuant to European Economic and Monetary Union (EMU). Since the priority for Turkey is to become a member of the EU, it is deemed that no change is to be made at this stage in the legislation on the single monetary policy concerning EMU.

#### **c) Necessary Institutional Changes**

It is envisaged that the Central Bank of the Republic of Turkey will establish a Monetary Policy Board in order to achieve price stability.

#### **d) Additional Requirements Stemming From Entry Into Force of New Regulations**

Studies on “the Law on public finance and debt management” are ongoing. This law will define rules on borrowing and limits for the public sector, widen the scope of the budget to incorporate quasi-fiscal operations of the Treasury including on-lending operations, and set rules, limits and accounting standards for the issuing of debt guarantees.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Training of the personnel may be required in parallel to the amendments made.

#### **f) Necessary Investments**

The sharing of information between implementing institutions will require investment in software and machinery.

### **III- Time schedule**

The establishment of the Monetary Policy Board, the introduction of public finance and debt management law are planned in the short-term.

### **IV- Financing**

Allocation of resources for the training of personnel may be required.

## **4.12.1. Monetary Policy**

### **I. Priority description**

#### **a) Current Status**

According to the Law on the Central Bank of the Republic of Turkey the fundamental duties of the Central Bank of the Republic of Turkey are: to carry out monetary and credit policies in accordance with the needs of the economy so as to maintain price stability by taking into consideration development plans and annual programs; to take necessary measures jointly with the Government to protect the domestic and international value of the national currency; to regulate the volume and circulation of the national currency in accordance with this Law; to extend credits to banks within the principles and limits stated by this Law; to conduct open market operations in order to regulate money supply and liquidity in the economy; to determine the terms and nature of deposits, their maturity dates and validity periods within the framework of the principles to be set forth by the Government, to determine the parity of the national currency against gold and foreign currencies, to manage gold and foreign exchange reserves in line with the economic interests of the country, and trade in foreign exchange and precious metals on the stock exchange.

The privilege of issuing banknotes in Turkey rests exclusively with the Central Bank of the Republic of Turkey. The Central Bank of the Republic of Turkey shall have the authority to take decisions on money and credit issues and to submit proposals to the Government within the powers granted by the Law on the Central Bank. The Central Bank of the Republic of Turkey shall determine the rediscount, discount and interest rates applicable to its own transactions while taking into consideration the economic policies pursued by the Government. The Central Bank of the Republic of Turkey shall have the power to review the banks' compliance with all the arrangements it makes under the powers and duties granted to it by legislation in force.

The current Law on the Central Bank stipulates that the circulation of banknotes already issued and to be issued by the Central Bank of the Republic of Turkey shall be compulsory and they shall have unlimited capacity of payment. The Central Bank of the Republic of Turkey may replace the banknotes in circulation with new issue, when deemed necessary. The old banknotes withdrawn from circulation shall fall under prescription ten years from the date the replacement process commences. The date on which the replacement process shall commence as well as the duration of the compulsory circulation of old banknotes within the prescription period of ten years shall be determined by the Board of the Central Bank of the Republic of Turkey and be published in the Official Gazette. Based on the principles to be determined by the Prime Ministry and the Bank and in accordance with the "gabarit " (quadrant scales method), as set forth by regulation, old and worn out banknotes shall be replaced with banknotes kept in reserve. Principles related to the cancellation and destruction of banknotes withdrawn from circulation, and banknotes replaced due to becoming old, worn out or mutilated shall be specified by the regulation.

The Central Bank of the Republic of Turkey shall be responsible for the independent exercise of the powers granted by Law No 1211.

The Central Bank of the Republic of Turkey may, by the decision of the Board of the Central Bank of the Republic of Turkey, become a member of international finance, economic and professional organizations in which central banks participate, and may participate in such organizations as a shareholder with the consent of the Government.

The Governor shall, in the capacity of the highest executive officer, administer and represent the Bank at home and abroad. The powers of the Governor are to ensure the enforcement of the provisions of this Law and the decisions taken by the Board; to take appropriate measures in order to carry out the duties with which the Bank is entrusted by this Law, and to make proposals to the Board on such measures whenever the Governor shall deem necessary; the Governor may, in the case of his/her dissent from the decisions of the Board, postpone the execution of any decision and may demand it be reconsidered at the next meeting. In urgent circumstances, the Board shall convene upon the call of the Governor and reconsider the issue in dispute. In the event of a disagreement between the Governor and the Board, the Prime Ministry shall act as an arbitrator. Four Vice-Governors shall be appointed to assist the Governor. Vice-Governors shall be appointed by a joint decree for a period of three years from among persons having received a higher education and having acquired knowledge and experience in the fields of finance, economics and banking. Vice-Governors may be re-appointed at the expiration of the said term or may be replaced in the same manner prior to the termination of this term.

According to the law on the Central Bank of the Republic of Turkey all banks operating in Turkey shall be obliged to submit to the Bank their annual balance sheets and income statements along with the reports of their boards of directors and auditors within one month following the date of their general assembly meetings.

The Central Bank of the Republic of Turkey may request any kind of information from the banks pertaining to their deposits, credits, foreign exchange and other operations. However, no information may be requested from the banks on the personal deposit accounts of their customers.

Concerning the implementation of the Euro, the Law on the Implications of the Euro on Legal Instruments of 27 February 2000 is fully compatible with the Council Regulation of the EU No 1103/97 of 17 June 1997.

## **b) EU Acquis**

The relevant list of EC acquis is given in the Volume II. On the other hand, the following arrangements: Treaty Establishing The European Community Article 105, 105A, 108, 108A, 109, Treaty on European Union Protocol on the Statute of the European System Of Central Banks and of the European Central Bank, 93/717/EC, and 1103/97/EC given under the heading "Miscellaneous" of the said list of the acquis are taken into consideration in this section.

The following legal arrangements have not been taken into consideration in line with the views stated by the related institutions: 3308/80/EEC, 907/73/EEC, 73/208/EEC, 64/300/EEC, 64/301/EEC, 68/406/EEC, 13181/78/EEC, 79/486/EEC, 1736/79/EEC, 82/169/EEC, 82/268/EEC and 93/67/EEC.

### **c) Implementing Institution**

The Undersecretariat of the Treasury , the Central Bank of the Republic of Turkey

### **d) Final Objective**

The adoption and implementation of the relevant EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

The Law on the Central Bank of the Republic of Turkey, the Law on the Implications of the Euro on Legal Instruments, the Law on Coins and the Law on Mints.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Article 105 of the EU Treaty sets forth the basic tasks of the European System of Central Banks (ESCB). In view of the fact that the primary objective of the ESCB is to maintain price stability, the duties and responsibilities of the Central Bank of the Republic of Turkey defined in the Law should be revised. Furthermore, a provision should be included in the Law on the Central Bank of the Republic of Turkey allowing the Central Bank to establish a payment systems and to be responsible for the uninterrupted operation of them.

Article 105A of the EU Treaty states that the European Central Bank (ECB) has the exclusive right to authorise the issue of banknotes within the Community. The ECB and the national central banks may issue such notes. Member States may issue coins, the volume of issue being subject to approval.

The authority to issue coins in Turkey rests with the Undersecretariat of the Treasury as per Articles 1 and 2 of Law No 1264 on the Issue of Coins and Commemorative Coins. Harmonization on Law No 1211 on the Central Bank of the Republic of Turkey and Law No 1264 on Coins and Law No 234 on Mints with Article 105A of the EU Treaty will be postponed until after membership of EMU, as EU Member States concluded such amendments after their accession to EMU had been approved.

Article 107 of the EU Treaty regulates institutional independence. It states, "when exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and this Statute of the ESCB, neither the ECB, nor a national central bank, nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks". The Law on the Central Bank of the Republic of Turkey arranges the institutional independence of the Central Bank, stipulating that "the Central Bank of the Republic of Turkey shall be responsible for the independent exercise of the powers granted by the Law of the Central Bank of the Republic of Turkey". However, it has to be emphasized that no public authority or organization influences the members of the decision-making bodies of the Central Bank.

In accordance with Article 108 of the EU Treaty, Article 14 of the Statute of the ESCB stipulates that each Member State shall ensure, until the date of the establishment of the ESCB, that its national legislation, including the statutes of its national central bank, is compatible with this Treaty and the Statute of the ESCB. Thus, amendments need to be made in the Law on the Central Bank of the Republic of Turkey concerning the duties of the Bank, the independence of the Bank, and the relations of the Bank with public institutions.

According to Article 5 of the Statute of the ESCB, in order to undertake the tasks of the ESCB, the ECB, assisted by the national central banks, shall collect the necessary statistical data either from the competent national authorities or directly from other real and legal entities. Amendments are required in the Law on the Central Bank of the Republic of Turkey within this framework.

In view of Article 6 of the Statute of the ESCB, a provision should be added to the Law on the Central Bank of the Republic of Turkey that the Bank may participate in international monetary institutions, subject to the approval of ECB, after Turkey's membership of the EU is approved.

According to Article 14 of the Statute of the ESCB, the term of office of a Governor of a national central bank shall be no less than five years. On the other hand, the Law No.1211 on the Central Bank of the Republic of Turkey holds that the term of office of the Central Bank of the Republic of Turkey is at least five years and the term of office of the Vice-Governors is three years. It would be beneficial to harmonize the terms of office of the Vice-Governors and the Governor.

Article 108A of the EU Treaty states that the ECB shall make regulations to the extent necessary to implement the tasks defined in the EU Treaty and to take decisions necessary for carrying out the tasks entrusted to the ESCB under the EU Treaty and the Statute of the ESCB; and to make recommendations and deliver opinions which have no binding force. There is no necessity to make any new arrangements or amendments in the Turkish legislation on this issue. However, it might be necessary to add a new article to the Law on the Central Bank of the Republic of Turkey before being member of ESCB.

Article 109 of the EU Treaty stipulates the methods of transition from the Exchange Rate Mechanism (ERM) to the single currency. Therefore, Turkey will have to peg the Turkish lira to the Euro prior to her membership to EMU.

In view of Council Decision no 93/717/EC on the consultation of the ECB by the authorities of the Member States on draft legislative provisions, the issue of making the corresponding amendment on "Principles Regarding the Preparation of Drafts Laws, Decrees in Force of Law, Statutes and Regulations" published in the Official Gazette No 21339 of 8 September 1992, will be brought to the agenda. Prior to EU accession, in case the Central Bank of the Republic of Turkey drafts legislation on matters which are the responsibility of the ECB, a provision requiring the Central Bank of the Republic of Turkey to consult with the ECB will have to be incorporated.

With the aim of regulating the terms and conditions of legal instruments covering national currencies of Member States participating in the Single Currency System pursuant to Council Regulation 1103/97, the Law on the Implications of the Euro was enforced in 20 February 2000. No other arrangement is required in this respect.

Although it is not necessary to make an amendment to the Turkish legislation concerning the Council Decision on fostering cooperation between the central banks of the member states, it will be necessary to re-evaluate the situation after EU membership.

#### **c) Necessary Institutional Changes**

Since accession to EMU is a long term perspective the results of the structural adjustments (issuing of banknotes and coins) will be seen in this light, taking into consideration the short term and medium term priority definitions in the Accession Partnership Document.

#### **d) Additional Requirements Stemming From Entry Into Force of New Regulations**

Not required.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Training of personnel may be required in parallel to the amendments made.

#### **f) Necessary Investments**

Not required.

### **III. Time schedule**

Prior to membership of the EU legislative amendments leading to harmonization with the provisions accepting the authority of the ESCB in certain areas and for enhancing cooperation with Member States'

central banks will be carried out. Printing banknotes and coins, and pegging the Turkish lira to the euro via an exchange rate band will be reviewed before entry to EMU.

The objectives that should be realized in the short term are the insertion of a provision in the Law on the Central Bank of the Republic of Turkey stipulating that the primary objective of the Central Bank of the Republic of Turkey is to achieve price stability; incorporation of a provision allowing the Central Bank of the Republic of Turkey to establish payment systems and to be responsible for the smooth functioning of them; inclusion of a provision in the Law on the Central Bank of the Republic of Turkey stating that no public authority or organization influences the members of the decision-making bodies of the Central Bank, and gives instructions regarding the institutional independence of the Bank; inclusion of a provision in the Law on the Central Bank of the Republic of Turkey stating that the Central Bank of the Republic of Turkey has the authority to collect statistical data from the real persons and legal entities when required; making an amendment on the Law harmonizing the terms of office of the Vice-Governors and the Governor.

#### **IV. Financing**

Allocation of resources for the training of the personnel may be required.

### **4.12.2. Economic Policy**

#### **I. Priority description**

##### **a) Current Status**

The Central Bank of the Republic of Turkey shall regulate the volume, type and nature of credits and the conditions for extending credits, with the aim of achieving economic goals and objectives and meeting liquidity requirements within the credit system. The Central Bank of the Republic of Turkey shall allocate credits only to those activities based on actual commercial transactions, which are beneficial to the needs and demands of the national economy. The Central Bank shall have the authority to supervise the relevant banks to ensure that these credits are utilized in compliance with the purposes herein.

According to the Law on the Central Bank of the Republic of Turkey, the Bank shall open each year a short-term advance account for the Treasury at a ratio to not exceed 3 percent of the increase on the current year's total general budget appropriations over that of the previous fiscal year. The interest rate to be applied to this advance account shall be determined by the Prime Ministry and the Central Bank each year by taking into consideration the economic situation. But in practice, in accordance with the provisions of the Protocol made between the Undersecretariat of the Treasury and the Central Bank of the Republic of Turkey, the above mentioned advance has not been used since 1997.

The Bank may discount and grant advances against bonds with a maximum maturity of 9 months issued by the State Economic Enterprises and Administrations with annexed budget with respect to their purchase of raw materials and crops for their seasonal needs, or against their Treasury guaranteed bills. However, the total amount of annual discount and advance to be granted to public institutions shall not exceed half of the advance limits to be determined. The Bank shall not extend credits to these enterprises and administrations to meet their investment requirements. The Bank shall have the power to exercise all kinds of control over such credits extended.

The Bank may not extend credits and grant advances without cover except for the operations clearly authorized by the Law on the Central Bank of the Republic of Turkey. The Central Bank may not, in any manner whatsoever, be a guarantor or provide security. The guarantee to be given for the National Lottery is excluded from this provision. The Central Bank of the Republic of Turkey may not renew the securities existing in its portfolio. The Bank shall neither accept for discount those bills and instruments connected solely with the purchase of real property, nor shall it grant advances based thereupon. Other than the matters specified in the Law on the Central Bank of the Republic of Turkey, the Bank shall neither engage in any business or trade on its behalf and for its own account, nor shall it participate in other companies and institutions, or buy shares of stock or accept them as advances. The Bank may only print stocks, bonds, stamps, securities and foreign banknotes in the Banknote Printing House against payment. The Bank may not acquire real property other than buildings for branches, archives and lodgings required for its own needs and training course buildings, infirmaries and recreation places and other real property connected with services helping to promote the cultural and professional standings, and meeting social

needs of the personnel of the Central Bank. Furthermore, the Bank shall be required to dispose of any real property it has been obliged to acquire as a result of legal proceedings initiated by the Bank for the recovery of a debt and which it cannot use for its own needs, within a period of three years at the most. In case of necessity this period may be extended by the Prime Ministry.

Three central government organizations; the Ministry of Finance (MoF), the Undersecretariat of the Treasury (UT) and the State Planning Organization (SPO) are involved in preparation, execution and control of the consolidated budget. The MoF is responsible for budget preparation, budget execution, accounting and reporting and revenue collection; the SPO is responsible for preparing the public investment program and the macroeconomic framework, and for reporting public sector statistics; the UT is responsible for cash and debt management, most extra-budgetary funds, and state economic enterprises. The consolidated budget covers 36 general budget agencies and 65 annex budget agencies. The Turkish public sector comprises central government (consolidated budget agencies), municipalities and provincial administrations, state economic enterprises, funds and social security institutions. The revenues and expenditures of the institutions in the consolidated budget as well as budget balance are determined by Annual Budget Laws.

The consolidated budget is a modified cash basis budget covering the revenues and expenditures of the general and annexed budget agencies. Also, for the majority of the public sector transactions are recorded on a modified cash basis. Based on the domestic accounting system a consolidation of accounts for the whole public sector is available, but as the accounting principles differ depending on the type of public agency, full consolidation cannot be done properly. In a fiscal year, the budget law determines the revenues, expenditures and budget balance of the consolidated budget institutions; but there is no specific limit on the budget balance of the public sector as a percentage of the Gross National Product.

The budget law also specifies that the deficit of the consolidated budget should be financed with net borrowing. The budget law gives the right of net domestic borrowing to the minister responsible for the treasury, up to an amount equal to the budget balance mentioned in the related article of the budget law. If needed, the net domestic borrowing limit can be increased up to 15 % of the total limit. Additionally, if the net foreign borrowing is a positive amount, that amount is deducted from the limit on domestic borrowing; if the opposite is the case, the limit is increased equal to that amount. The budget law only specifies the maximum level of central government borrowing for financing the consolidated budget. Even though the securities issued for covering the liabilities of the Treasury are included in the domestic debt stock, they are not included in the limit on domestic debt. The budget law specifies the quantity of and to whom these securities will be issued. Additionally, the debts resulting from contingent liabilities and quasi fiscal operations are not included in the debt definition which is stated within the consolidated budget of central government.

Even though a limit on debt and budget deficit is not set by legislation, in the context of the stabilization program launched at the beginning of the year 2000, many measures have been taken to decrease the budget deficit and to limit the public sector debt. The government's goal is to stabilize the ratio of public sector debt to GNP in the year 2000 and to decrease it gradually in successive years.

#### **b) EU Acquis:**

The relevant list of EU acquis is given in the Volume II. However, the following sections of the acquis Treaty Establishing the European Community Articles 104, 104A, Treaty on European Union Protocol on the Excessive Deficit Procedure, 3603/93/EC, 3604/93/EC, 3605/93/EC and 1467/97/EC under the title "Miscellaneous" from the said list of acquis have been taken into consideration under this chapter.

The legal arrangements, the articles of which are stated below, have not been taken into consideration by the implementing institutions on the grounds of certain rationales.

76/771/EEC, 77/232/EEC, 77/414/EEC, 78/870/EEC, 80/739/EEC, 80/1103/EEC, 85/543/EEC, 91/136/EEC, 66/740/EEC, 83/258/EEC, 98/415/EC, 98/382/EC, 98/683/EC, 98/744/EC, 1999/8/EC, 1999/95/EC, 1999/96/EC, 1999/96/EC, 1999/97/EC, 1999/98/EC, 98/345/EC, 1998/6/ECB, 1999/4/ECB, 1998/2/ECB, 1998/14/ECB, 1998/13/ECB.

#### **c) Implementing Institution**

The Central Bank of the Republic of Turkey, the Ministry of Finance, the State Planning Organization, the Undersecretariat of the Treasury.



#### **d) Final Objective**

The adoption and implementation of the relevant EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

The Constitution of the Republic of Turkey, Law on the Central Bank of the Republic of Turkey, Law on the Structure and Duties of the Undersecretariat of the Treasury and the Undersecretariat of Foreign Trade, Law No 4494 on the Fiscal Year 2000 Budget, Law No 1050 on General Accounting, Law No 2886 on State Procurements, Law No 6183 on the Procedures for Collecting Public Claims, Decree in Force Law No 178 on the Structure and Duties of the Ministry of Finance.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Article 104 of the EU Treaty states that the European Central Bank (ECB) and national central banks may not extend credits in favour of Community institutions or bodies, central governments, regional, local or other public authorities and that it is prohibited for the ECB or the national central banks to purchase debt instruments of such authorities directly from them.

The articles of the Law on Central Bank of the Republic of Turkey which are not harmonized with the provisions of Article 104 of the EU Treaty, should be omitted. This Article lays down the prohibitions for ensuring economic and political independence foreseen as the major condition for the fulfilment of the functions of the ECB and the central banks of the Member States in terms of achieving price stability and protecting the national and international value of the currency.

In this respect, it would be appropriate to insert a provision into the article entitled "Operations prohibited for the Bank" of the Law on the Central Bank of the Republic of Turkey stipulating that the Bank cannot extend credits to public institutions or extend advances to the Treasury, and cannot purchase the debt instruments issued by the Treasury or the other public institutions from the primary market.

Article 104A of the EU Treaty states that any measure, not based on prudential considerations, establishing privileged access by Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law, or public undertakings of Member States to financial institutions, shall be prohibited. The Law on the Central Bank of the Republic of Turkey has to be amended in such a way to include these prohibitions.

The issues of the budget and debt management are still regulated with the fiscal year budget law. These regulations have to be reviewed.

The related European Union legislation specifies which institutions will be covered in the definition of the government, and sets limits on the budget deficit and debt of the whole public sector, not only for the central government. Because of this, in addition to the central government budget, the public sector also has to be reviewed. For efficient consolidation of public accounts accounting standards have to be reviewed and redefined for the whole public sector.

#### **c) Necessary Institutional Amendments**

Not required.

#### **d) Additional Requirements Stemming From Entry Into Force of New Regulations**

Studies on the "Law on Public Finance and Debt Management" are ongoing. This Law will define clear borrowing rules and limits for the public sector, widen the coverage of the budget by incorporating quasi-fiscal operations of the Treasury including on-lending operations, and set rules, limits and accounting standards for the issuing of debt guarantees.

Additionally, the application of accrual basis accounting and reporting of central government accounts by the use of an integrated financial information system based upon Treasury single account and general ledger is planned.

**d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Training of personnel may be required in parallel to the amendments made.

**e) Necessary Investments**

Not required.

**III. Time schedule**

The amendments to be made on the Law on the Central Bank of the Republic of Turkey concerning the EU acquis will be concluded in the short term.

Public Finance and Debt Management Law as well as accrual basis accounting and reporting of central government accounts by the use of an integrated financial information system based upon Treasury single account and general ledger will be introduced in the short term.

**IV. Financing**

Allocation of resources for the training of the personnel may be required.

## **4.13. Statistics**

### **4.13.1. Statistics**

#### **I. Priority Description**

##### **a) Current Status**

In the Turkish system of statistics the State Institute of Statistics (SIS) is the central organization founded for the purpose of compiling, evaluating and publishing statistical data on the economic, social, cultural and demographical structure of the country. The State Institute of Statistics employs international norms, standards and classifications and produces 85% of the official statistics used in Turkey.

The establishment and duties of the State Institute of Statistics are covered by Article 2 of Statutory Decree No 219. Paragraphs (b), (c), (d), (f) of Article 2 of Statutory Decree No 219 have been revised by Statutory Decrees No 357 and 403.

In general terms, the duties of SIS can be summarized as compiling all kinds of statistical data related to the economic, social and cultural aspects of the country, as well as evaluating and publishing such statistics.

Other public institutions and organizations have a role in the Turkish statistical system (the Ministries of Agriculture, Forestry, Tourism, Work and Social Security, Health, Industry and Trade, the Undersecretaries of Treasury and Foreign Trade, the Central Bank, the General Directorate for Security Affairs, etc.). Therefore, they have sub-units for statistics, which gather data on their own specific areas and make such data available for the use of the State Institute of Statistics.

##### **b) EU acquis**

The list of the related EU acquis is provided in Volume II.

##### **c) Implementing Institution**

State Institute of Statistics and the related institutions

##### **d) Final Objective**

The State Institute of Statistics will produce statistics that comply with the requirements of the EU, and eliminate differences between Turkish legislation and the EU acquis in the field of statistics within a certain time.

#### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

##### **a) The corresponding Turkish legislation**

SIS has been assigned to conduct studies in compliance with the requirements of the European Union, United Nations and OECD by Law No 53 on its establishment and duties, as well as Decree Laws Nos. 219, 357, 367 and 403.

##### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Cooperation between SIS and other public institutions responsible for gathering statistical data needs to be strengthened by laws in line with those applicable in EU member states and the new legislative principles recommended to the statistical offices of candidate countries by the European Union Statistical Office. Furthermore, the nature of the relationship with the EU Statistical Office (EUROSTAT) should be clearly specified through new legal arrangements.

### **c) Necessary Institutional Changes**

Institutional arrangements could be necessary throughout the harmonization process.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Additional financial resources, employment of new personnel, and training of existing personnel in technical matters and foreign language skills are needed for the new statistical and technical infrastructure required by the harmonization with the statistical legislation of the EU. Within the framework of this work, 700 new personnel should be employed. Moreover, about 600 personnel should be trained to improve their technical capacity and foreign language skills.

### **e) Necessary Investments**

Studies will be conducted on the improvement of foreign language skills and the technical level of related personnel.

## **II. Time Schedule**

### *Short Term*

Law No 53 on the Establishment and Duties of the State Institute of Statistics will be revised in line with laws on statistics applied in EU member states and the new legislative principles recommended to the statistical offices of candidate countries by the European Union Statistical Office.

Studies have been initiated that will lay down new strategies in compliance with EU requirements concerning statistics on demographic, social, regional, and agricultural matters, as well as labour and foreign trade related issues.

### *Medium Term*

Research will be carried out on the EU acquis and the technical, methodological, administrative and legal procedures concerning the new practices to be adopted regarding the estimation of Gross Domestic Product (GDP) in conformity with the structure of the European System of Accounts (ESA), harmonized consumer price statistics, short term indicators, social statistics, balance of payments, and business registers. Macro economic statistics will be harmonized with the EU acquis, an adequate level of personnel training will be provided, and the administrative structure enhanced.

## **III. Financing**

Technical assistance from the EU is required (for instance through the "twinning" method) with regard to personnel training and the changes to take place in the short-term. In this respect, a financial resource of around 50 million EURO is required.

## **4.13.2. Classifications**

### **I. Priority Description**

#### **a) Current Status**

The activities and products referred to in the related articles of the EU legislation concerning classifications has been translated. National classification US'97 has been set up as a one-to-one transition to both the ISIC REV.3 classification used by the United Nations and NACE. However, data have been produced in this classification by using the structure of ISIC Rev. 3. The data on enterprises in the manufacturing industry with an average number of employees of 10 or more, the 3-month production data for the manufacturing sector, the data relating to mining and energy industries, and to hotels certified by the

Ministry of Tourism may be provided under the scope of NACE. Such data is gathered by using the full enumeration method. ISIC Rev.2 and ISIC Rev.3 are used for external trade statistics.

As defined at the preparatory level of the 2001=100 Base Year Wholesale Goods Price Index, there is no transition to NACE on a 4-level basis in Agriculture and Textile Sectors as per the US 97 classification currently in use. Within the framework of harmonization with the EU, Producer Price Indices can be prepared only on a 2-level basis in accordance with the General Industrial Classification of Economic Activities in the European Union NACE Rev.1.

Since all other industries (construction, trade, service sectors, 3-month manufacturing industry index) are followed through a sampling method based on the 1992 General Census of Industrial Establishments, data collection under NACE is not possible at the moment. However, data can be produced on the basis of certain assumptions by using ISIC Rev.3 and the NACE Rev.1 transition key. The definition of establishment is used as a unit in all studies. The other unit definitions suggested are considered according to the purposes mentioned in target studies. For instance, in the studies conducted on environmental pollution information has been received from the factories (Local Unit) of all establishments having an employee average of 25 or more.

The classification of FAO is used in the agricultural sector.

The Foreign Trade Statistics are those in which Turkey has achieved the highest level of compliance with the EU. As from 1996, legal arrangements in compliance with the Customs Union Decision have been enforced. To date, the Law and Regulation on Customs have been amended and put into practice, and the customs statements and Customs Tariff Lists forming the basis of foreign trade statistics since 1996, the first year of the customs union, have been harmonized with the requirements of the EU.

Within the scope of external trade statistics on the trading of commodities Turkey has been using the Harmonized System since 1988, and the Combined Nomenclature since 1996. However, the EU TARIC system is not applicable in our country.

In other respects, the Turkish statistical sector corresponds to the Turkish customs sector with regard to EU practices.

However, the information relating to foreign trade in EU member states is collected through a system called "intrastat" based on data obtained from companies. In Turkey, the only source of foreign trade statistics are the customs statements.

There is full harmonization with the EU with regard to the quantity measurements aspect of foreign trade statistics.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 1172/95/EC, 208/93/EEC, 2317/97/EEC, 2645/98/EC, 1264/98/EC, 2543/1999/EC have not been taken into consideration, in line with the views stated by the related implementing institutions.

#### **c) Implementing Institution**

Studies on the formation of the classification activities referred to in the acquis and their adaptation to national conditions are under the responsibility of SIS.

#### **d) Final Objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

Although the Law on the Establishment of the State Institute of Statistics does not include any specific provision relating to the structure of classifications, it is emphasized in this law that classification systems which pave the way for international comparisons should be applied.

The basis of foreign trade data is the customs statement. For this reason, customs legislation should first be aligned with the EU norms.

Important steps have been taken in this respect since 1996. Law No 4458 on Customs and the related Regulation on Customs are significant steps towards harmonization with the EU.

Since 1996 Turkey has used the Single Administrative Document (SAD) of the EU, and the codes and definitions used in foreign trade statistics have mostly become compatible with the EU requirements. With regard to statistics, the most significant difference between Turkey and the EU is that in EU foreign trade statistics it is laid down how to set up each information category. For instance, the provisions of the regulation lay down the aspects that the foreign trade statistics are to cover, how to identify the partner country, how to follow the confidentiality rules, statistical threshold, value and amount of goods. Turkey does not have any legislation to be applied to statistical practices. The data are set up through the initiative of SIS in compliance with international recommendations. SIS may make methodological modifications in the way the data are produced.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Other public institutions and organizations gathering data on economic life should be strictly obliged to follow the SIS classification system, and this obligation should be clearly stipulated and the common use of databases in line with certain principles should be defined in the legislation. Turkish legislation does not include a provision relating solely to the formation of statistics. If such procedures are initiated the methodologies currently in use should be embodied in the legislation. However, it does not seem applicable to start such a practice and incorporate the methodologies in legislation prior to full membership of the EU. With respect to foreign trade statistics it seems beneficial to concentrate on matters such as the Customs-SIS relations, data exchange, duties and authorities.

### **c) Necessary Institutional Changes**

There are no requirements for institutional change.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

No measures need to be taken regarding the data collection system of the State Institute of Statistics upon enforcement of the new legal arrangements. However, other public institutions and organizations should develop their own internal arrangements to produce data on the basis of the NACE classification.

### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

For training to be provided to other institutions a team of 5 people should be employed in the first instance. This team should also understand the classification system of the EU and should be trained to this end.

The EU acquis should be followed continuously by SIS and other related units. For this reason, the foreign language knowledge of existing personnel should be improved, foreign language skills should be used as a criterion in the employment of new personnel, and EU expertise should be developed.

## **III. Time Schedule**

The collection of data for the 2003 General Census of Industrial Establishments should be conducted according to the NACE system and CPA product classification. Only then it will be possible to produce data on this basis. The registry system for establishments has not yet been produced.

Since the registry system for establishments has not yet been introduced for the agricultural sector, data production will only be possible on the basis of NACE at the time of the 2001 General Census for Agriculture.

It is expected that NACE will be applied to foreign trade statistics, and the relevant studies are being conducted in this respect.

It will be possible to supply data for price index studies in compliance with NACE only if a structure is introduced to pave the way for comparisons on the basis of materials.

#### **IV. Financing**

200.000 EURO should be invested to eliminate the problems related to classification of economic databases and also to set up an infrastructure for national classification. However, future investments should be made mainly in human resources.

### **4.13.3. Statistical Coordination**

#### **I. Priority Description**

Businesses are combinations of legal organizational units producing goods and services. Businesses are also defined as economic entities which under certain conditions allow for the grouping of many legal units.

Classification systems are the most important component of the statistics on businesses. Units are defined according to the activity classification system reference, and classified according to their main activities. The main activity is identified according to the volume of added value per activity. The Central Product Classification (CPC) of the United Nations is a system in the field of services. ISIC Rev.3 may be related to the activity classification system. The CPA product classification system, on the other hand, is a method developed for the Community. Different economic variables allow for the definition of the service sectors and sub-sectors within a general framework.

The variables are classified in 3 groups:

- Structural characteristics of the units,
- Accounting data of the units,
- Employment data.

Statistical elements are the variables collected or gathered. On the basis of these variables, there exist other variables calculated indirectly. The variables obtained from accounting information and the ones belonging to the investments of establishments are very important. The data are identified by general censuses and special surveys.

#### **a) Current Status**

The State Institute of Statistics does not have a Structural Business Statistics System (SBS) as stipulated by the related EU acquis.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 1165/98/EC, 2699/98/EC, 2700/98/EC, 2701/98/EC, 2702/98/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

### **c) Implementing Institution**

The State Institute of Statistics and the related data collecting public institutions and organizations forming the infrastructure of the statistical system.

### **d) Final Objective**

The final objective is firstly to set up the sub-working groups for this statistical system by collaborating with related public institutions and organizations. On the basis of studies, the aim is to produce the statistical database required for the Structural Business Statistics, and, within this process, to ensure harmonization with the EU acquis by developing the existing statistics and by modifying the technical and legal structure.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

There exists no legislation directly related to this matter.

### **b) Necessary Institutional Changes**

For the Structural Business Statistics to be produced in compliance with EU norms the unit to be responsible for this matter should be identified or new units should be established.

### **c) Additional staffing and Training Requirements for the Implementation of Amendments and Modifications**

The personnel to be employed for the collection of the Structural Business Statistics should be trained accordingly.

## **III. Time Schedule**

An important step will be taken within one year for the business statistics to be produced in compliance with the EU norms.

## **4.13.4. Registers**

### **I. Priority Description**

#### **a) Current Status**

The State Institute of Statistics does not have a business registry system. There was an attempt to establish a business registry system based on the registers of the Turkish Confederation of Craftsmen and Artisans, the Ministry of Employment and Social Security, the Ministry of Finance, the Ministry of Industry and Trade and the Chambers of Industry and Commerce, however some problems were encountered since the vast majority of the registers were not on electronic media, the ones available were not updated, and the address information was neither full nor updated. In particular, the Ministry of Finance could not provide even basic registration information on businesses due to restrictions stipulated in its Laws. Surveys were made in order to set up the business address database, but analysis of the data revealed that the information on business addresses could not be accessed.

The registry information on businesses active in the fields of Mining and Quarrying, Manufacturing, Electricity, Gas and Water, Construction and Settlement Works, Wholesale and Retail Trading, Transportation, Banking, Insurance as well as Hotels, Restaurants, and Coffee Houses is collected by the State Institute of Statistics. The business registry system covers the following information; address, number of employees, economic activity code, salaries, and turnover. In the business registry system there is a problem updating the information on some of the businesses. Furthermore, there is neither a system



nor a organization responsible for keeping the business registry in a standardized way. There is no registry system covering farmers in the agricultural sector.

#### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

SIS, the Turkish Confederation of Craftsmen and Artisans, the Ministry of Employment and Social Security, the Ministry of Finance, the Ministry of Trade and Industry, and the Chambers of Industry and Commerce.

#### **e) Final Objective**

To adopt and implement the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

The administrative registers compiled by the public institutions and organizations working for the creation of the registry systems are not systematic. Furthermore, there exist some problems both at the legal level and in practice with regard the sharing of data collected by the related institutions, mainly by SIS.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Following the completion of the necessary work on definitions and data-sharing related to new arrangements on the compulsory administrative registers to be used during the creation of the registry system, a unit should be established within the State Institute of Statistics to follow and update the registers.

#### **c) Necessary Institutional Changes**

Cooperation between the institutions should be defined.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The State Institute of Statistics should establish a unit to monitor the registry systems. This unit should involve at least 10 personnel trained in matters such as the transformation of information on economic and administrative activities into the required registry unit information.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Additional staff will be needed for the training of personnel and computerized monitoring of information existing in the registry systems.

#### **f) Necessary Investments**

Additional machinery and equipment will be needed for computerized monitoring of the information in the registry system.

### **III. Time Schedule**

Studies on the approximation of the registry system to EU standards should begin in the short-term.

## **4.13.5. Data Security and Statistical Confidentiality**

### **I. Priority Description**

Official statistical institutions have many effective instruments with which to access confidential/private information. Therefore, it is important to keep such information securely and to use it only for statistical purposes. Ethical, professional and legal measures should be taken against disclosure of such information. Disclosure of confidential/private information may lead to social and economic losses to the individual/institution concerned. The declaration of the United Nations on the “Basic Rules for Official Statisticians” emphasizes the fact that it is one of the essential duties of official statisticians to protect the confidentiality of data.

#### **a) Current Status**

There exist some differences between the European Union Statistical Office’s understanding of confidentiality and the concept of confidentiality stipulated in the Law of the State Institute of Statistics.

#### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

The State Institute of Statistics

#### **d) Final Objective**

To adopt and implement the relevant EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

Article 27 of Law No 53 on the Duties, Authorities and Establishment of the State Institute of Statistics regulates matters relating to the confidentiality of data. Accordingly, “It is forbidden for the Institute to provide, disclose or announce any personal or private statistical data to any public or private entity. The officers collecting and arranging such data are obliged to behave in a strictly confidential way. The State Institute of Statistics may not provide any statistical data collected by the Institute, even where it is not of a private or personal nature, to any person or authority other than the President of the State Institute of Statistics. Such data can by no means be used for purposes other than statistical ones.”

Furthermore, Article 29 of the same Law stipulates the penal sanctions to be applied to those who violate the prohibitions laid down in Article 27.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Some new arrangements should be made in Law No 53. In particular, an article should be inserted to allow non-personal information on individuals to be made available to the European Union Statistical Office for statistical purposes.

#### **c) Additional Requirements Stemming from Entry into Force of the New Legislation**

A legal arrangement should be made to determine the confidentiality level of data.

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Four or five SIS experts should be trained on the practices of the European Union, especially in respect of the protection, security and confidentiality of data.

### **III. Time Schedule**

All these objectives will be accomplished by the time of Turkey's full membership of the EU.

#### **4.13.6. Population**

##### **I. Priority Description**

###### **a) Current Status**

Information on the population is collected through censuses, registration systems and population surveys. The first census was made in 1927. In the 14th census made in 2000 the Recommendations for Population and Household Censuses for 2000 prepared by the United Nations and EUROSTAT was taken into consideration and comparative data with the European Union countries was obtained as far as possible.

In Turkey, the population registration system is organized by the Directorate General for Population and Citizenship affiliated to the Ministry of Interior. This system makes it possible to collect data on demographic events such as birth, death, marriage, divorce, etc. The data is collected on a district-based system, and the studies concerning the transfer of such data to electronic media were completed recently. The objective is to transfer the updated provincial-based information to the center. The biggest problem encountered in the registration system is collecting personal information on permanent residence.

Population studies have been carried out at five-year intervals since 1963. These studies are conducted by Hacettepe University Population Studies Institute and the State Institute of Statistics.

Since it is not possible to monitor accurately demographic events in Turkey, information on births, deaths and immigration can only be collected through censuses and population studies. However, statistics on marriage, death and divorce in districts and provinces are collected annually and published by the State Institute of Statistics in cooperation with the other related institutions.

###### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

###### **c) Implementing Institution**

The State Institute of Statistics, Hacettepe University Population Studies Institute, and the Ministry of the Interior , Directorate General for Population and Citizenship.

###### **d) Final Objective**

It is among the short-term objectives to continue the censuses once every 10 years, to conduct periodic population studies in between censuses, and to gather updated residence-based information through the population registration system on a continuous basis.

##### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

###### **a) The corresponding Turkish legislation**

Legislation on the duties and establishment of the State Institute of Statistics, Hacettepe University Population Studies Institute, and the Ministry of the Interior .

###### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

For the full development of a registration system which could also serve statistical purposes it will be necessary for joint projects to be carried out between the Directorate General for Population and

Citizenship, State Institute of Statistics, the State Planning Organization and the other related public institutions. Also, a system allowing for the up-to-date monitoring of demographic events should be launched. Moreover, regulations should be introduced to allow the residence-based collection of data. There is a need to make some legislative amendments in this respect.

#### **c) Necessary Institutional Changes**

Not necessary.

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Existing personnel should be trained in the use of new equipment and software.

#### **e) Necessary Investments**

There may be a requirement for equipment to ensure the electronic transmission of data.

### **III. Time Schedule**

A strategy is to be developed with the aim of improving population statistics. On the basis of this strategy studies will be completed in short-term.

### **IV. Financing**

To develop population statistics the number of staff working at the related institutions should be increased and their technical capacity should be improved. Furthermore, to ensure full harmonization at the EU level the hardware infrastructure should also be developed. Finance is required for these developments to take place. However, this requirement cannot be fully identified at the moment.

## **4.13.7. Labour Market (Labour Statistics)**

### **I. Priority Description**

#### **a) Current Status**

The Ministry of Interior, General Directorate for Security Affairs is the authority responsible for collecting information on foreign nationals working in Turkey. Work permit applications from foreigners are sent to public authorities such as the Undersecretariat of the Treasury, the Ministry of Tourism, the Ministry of Public Works and Housing, the Union of Chambers of Turkish Engineers and Architects, the Ministry of Energy and Natural Resources, and the Higher Education Board. After approval by such public authorities the applications are sent to the Ministry of the Interior which issues the foreigner with a "residence permit" with which work can be permitted with the approval of such authorities.

On the other hand, "the Draft Law on the Work Permits of Foreigners", which has been brought before the Prime Ministry by the Ministry of Employment and Social Security states that the work permits of foreigners will be issued by the Ministry of Employment and Social Security. In accordance with the draft law, when issuing work permits the Ministry shall take into account the views of the related Ministries, public institutions and organizations, and professional organizations. The imprecise and multi-authoritative nature of the legislation was insufficient to regulate foreign labour, which in turn led to an increase in the unregistered employment of foreigners in Turkey. Through the said Draft it will be possible for the Ministry of Employment and Social Security to collect full information on work permits, thereby creating a data bank on foreigners working in Turkey. Harmonization with EU legislation will be the main consideration while preparing the legalization for the Regulation to be enacted by the Ministry.

## **b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangement 3711/91/EEC has not been taken into consideration in line with the views stated by the related implementing institutions.

## **c) Implementing Institution**

The Ministry of Interior (General Directorate of Security Affairs), the Ministry of Employment and Social Security, SIS, and the Undersecretariat of Treasury

## **d) Final Objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

- Law No 5683 on the Residence and Travel of Foreigners in Turkey
- Law No 815 on Maritime Transport on Turkish Coasts and Performance Arts and Trade Within the Land Waters of Ports
- Law No 624 concerning the Encouragement of Foreign Capital
- Law No 2634 on Incentives for Tourism
- Law No 6235 on the Union of Chambers of Turkish Engineers and Architects
- Law No 6326 on Petroleum
- Law No 2547 on Higher Education
- Law No 5680 on Press
- Law No 3146 on the Establishment and Duties of the Ministry of Employment and Social Security
- Law No 2821 on Trade Unions
- Regulation No 7/6825 on the Ways to Perform the Tasks of the Labour and Employment Agency
- Draft Law on Work Permits of Foreigners

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

To implement the "Draft Law on Work Permits of Foreigners", to collect information on this matter accordingly, and to enforce a Regulation to foresee notification of such information to the Ministry of Employment and Social Security.

### **c) Necessary Institutional Changes**

New legal arrangements are to be made. Consequently, the authority responsible for collecting information on this matter should also be changed.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The necessary infrastructure should be prepared and personnel trained for the implementation of new arrangements.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

There are no additional staffing or training requirements.

### **III. Time Schedule**

The related strategies should be identified in the short term and the related studies completed in the medium term.

### **IV. Financing**

There will be an additional financing requirement.

## **4.13.8. Statistics Related to the Labour Force, Wages, Labour Costs and Earnings**

### **I. Priority Description**

#### **a) Current Status**

##### Labour Statistics

In 2000 some modifications were made in the household labour force survey, especially with regard to the application frequency, sample size, estimation size, questionnaire, etc. These modifications were introduced in a way that would allow for comparison with the existing series.

The design of the sample household labour force survey for 2000 was modified by increasing the size of samples and frequency with the aim of improving the sensitivity of the estimations. The new sample design was first used in October 1999 for the Household Labour force Survey.

Through the 2000 sampling design members of a family can be followed for four periods. Therefore, it becomes possible to follow the behavior of the individual members of a family through time, and to measure the impact of economic developments taking place in Turkey. For this purpose, some questions were included in the questionnaire for the household labour force survey. Another modification made in the survey questionnaire is on informal sectoral employment. The share of those being employed in the informal sector is growing gradually in Turkey. On this subject, some questions were included in the questionnaire concerning those in domestic work, the legal status of the establishment, the type of taxes being paid, etc. Moreover, the survey questionnaire also included a question relating to the period for making use of employment channels as a criterion of unemployment.

Significant modifications were made in the estimation aspect of the Household Labour Force Survey in accordance with the needs of Turkey. The field applications of the survey are made on a monthly basis, and the estimations thereof will be provided on quarterly periods for urban and rural areas (in summary), and annually for urban and rural areas (in detail), for seven geographical regions and for nine selected provincial centers in Turkey.

The new practice aims to make more accurate estimations by using the moving reference week instead of monthly field applications and fixed reference week. As from 2000, the field application of the survey was started from the second week of every month, and the seven days prior to the date of application of the survey was taken as the reference period.

##### Statistics Related to the Structure of Wages, Labour Costs and Earnings

In Turkey there is no general study concerning the structure of wages, labour costs and earnings. Certain data are collected and published by institutions such as SIS, TISK (Turkish Confederation of Employers Unions), Kamu-İş (Employers' Trade Union of Public Enterprises), and TÜHİS (Turkish Union of Public Heavy Industry and Services Sector Employers).

The Survey on the Structure of Employment and Wages was undertaken in 1995 by taking 1994 as the reference period, and the results obtained were published in a book. It was decided to apply the second phase of this study, the Survey on the Structure of Employment and Earnings, twice a year in the first instance, and the first field application was begun in 1996. The most significant difference between the Survey on the Structure of Employment and Wages and this survey is that the information on the earnings of all salaried employees can be obtained according to the sub-components of earnings rather than the personal characteristics of employees.

The Survey on the Structure of Employment and Wages aims to collect information on the basis of weekly working hours, average gross salary per hour, average monthly and annual earnings of salaried employees on the basis of their economic field of activity, profession, rank, sex, age, education level, position, etc. In this way, it will be possible to observe the developments taking place in salaries and wages according to the personal qualifications of salaried employees.

SIS is still conducting the preparatory work on the labour cost survey, which is another study on wage statistics. It is planned to introduce the pilot study of the Labour Cost Survey in 2001, mainly in the manufacturing sector, taking the year 2000 as the reference.

The Surveys on the Structure of Employment, Wages and Earnings were originally planned to cover all sectors in Turkey except for agriculture. However, since there does not exist an updated address list for establishments active in sectors other than agriculture, the establishments to be covered in the mining, quarrying, electricity, gas, water and manufacturing sectors are those that employ 10 or more salaried employees, as they have updated address information and other data.

Furthermore, in accordance with Law No 2822 on Collective Labour Contracts, Strikes and Lock-Outs (Articles 12 and 20), statistics on the collective labour contract processes are collected by the Ministry of Employment and Social Security. The Ministry sends SIS a copy of the collective labour contracts as per the same Law. However, following the enforcement of the "Regulation on the Registration of Collective Labour Contracts" to be enacted by the Ministry of Employment and Social Security in accordance with Article 24 of the same Law, "Information Forms" will be received and evaluated. Upon evaluation of such forms it will be possible to collect statistical information on the wages of workers, labour costs, structure of earnings, rank and position of employees, training matters, etc.

Council Decisions 116/91/EEC, 255/97/EC and 32/97/EC relate to the establishment of a European Advisory Committee to deal with the statistical information on the economic and social fields. It is deemed beneficial that a representative of our country (either from SIS or the Ministry of Employment and Social Security) attends the meetings of this committee as an "observer", even if it is not possible for such a person to become a member of the committee as our country has not yet become a full member of the EU.

## **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

However, with regard to this section, the following Regulations were also evaluated.

- 1897/2000/EC: Commission Regulation of 7 September 2000 concerning the definition of unemployment in the Community labour force sample surveys
- 1578/2000/EC: Commission Regulation of 19 July 2000 implementing Council Regulation No 577/98/EC on the organisation of a labour force sample survey in the Community, with particular regard to the 2001 programme of ad hoc modules to the labour force survey
- 1575/2000/EC: Commission Regulation of 19 July 2000 implementing Council Regulation No 577/98/EC on the organisation of a labour force sample survey in the Community, with particular regard to the codification to be used for data transfer in 2001 and beyond
- 1626/2000/EC: Commission Regulation of 24 July 2000 implementing the Council Regulation No 577/98/EC on the organisation of a labour force sample survey in the Community, with particular regard to the 2001-2004 labour force research program

### **c) Implementing Institution**

The State Institute of Statistics, the Ministry of Employment and Social Security, the Turkish Employment Agency (İŞKUR)

### **d) Final Objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

The State Institute of Statistics is an official authority established by law and entrusted with producing data on a national level. Moreover, a national labour market database should be created and developed together with the Ministry of Employment and Social Security.

- Law No 3146 on the Establishment and Duties of the Ministry of Employment and Social Security
- Law No 1475 on Labour
- Law No 2821 on Trade Unions
- Law No 2822 on Collective Labour Contracts, Strikes and Lock-Outs
- Law No 506 on the Social Security Institution
- Law No 4837 on the Establishment and Duties of the State Employment Agency
- Regulation on the Way the Tasks of the Employment Agency are Accomplished
- Decree Law No 617 on the Establishment of the Turkish Employment Agency
- ILO Convention No 88 concerning the Establishment of the Employment Agency (07 December 1949)
- ILO Convention No 2 on Unemployment (18 February 1950)
- Draft Law on the Work Permits of Foreigners

### **b) Necessary Institutional Changes**

The related units (SIS, İŞKUR, the Ministry of Employment and Social Security) should be strengthened in terms of personnel and technical infrastructure so that labour, employment and unemployment estimates can be produced on a monthly basis.

### **c) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The Ministry of Employment and Social Security needs 4 new staff, whereas İŞKUR requires 120. The new personnel will require training.

### **d) Necessary Investments**

The State Institute of Statistics will need financial and technical assistance in order to revise its household labour force survey and to complete the new studies projected by EU member states for 2002 and 2003.

There exists a need for personnel, financial and technical support for the studies projected by SIS, the Ministry of Employment and Social Security and İŞKUR on the structure of wages, labour costs and earnings.



Moreover, the sample frame of surveys on establishments is very important. For this reason, the related authorities are in need of financial, equipment and technical support for a special unit to prepare the infrastructure, create the database for an address frame, and update the database regularly.

### **III. Time Schedule**

It is planned to complete ongoing work within the medium term.

#### Labour Force Statistics

No significant problems exist in terms of the harmonization of the labour force statistics with those of the European Union with regard to the examination of the comparative list of variables expected from the member states on labour force statistics with the Household Labour Force Surveys collected by State Institute of Statistics.

If Turkey becomes a full member of the EU the variables not included in the household labour force survey due to definitional differences can be included in the short term. However, studies conducted by the member states on this specific matter should be examined, and the questionnaire and estimation method of the Household Labour Force Survey should be revised by receiving technical assistance from EUROSTAT.

It does not seem possible to conduct in the short term the EU Member States surveys projected for 2002 and 2003 on "the disabled" and "life-long education" in addition to the Household Labour Force Survey. So as to be able to conduct such surveys, the questionnaire and scope of which are not yet defined, collaboration with other countries is a prerequisite. For this reason, the studies conducted by EUROSTAT should be followed closely and the necessary infrastructure should be established.

#### Statistics Related to the Structure of Wages, Labour Costs and Earnings

It is planned to obtain the updated "frame" by using the results of the General Census of Industrial Establishments to be made in 2003. Therefore, the second implementation of the Survey on the Structure of Employment and Wages, covering some additional economic activities, will only be made in 2004 by taking 2003 as the reference year.

The data to be collected in the Labour Cost Survey and the Survey on the Structure of Employment and Wages are in compliance with the information stated on the new survey forms. The only exception is the classification of establishment size. The classification of establishment size used in the first application of the Survey on the Structure of Employment and Wages and in the Survey on Employment and Earnings carried out twice a year since 1996, is as follows: 1-9, 10-49, 50-99, 100-499 and 500 and more paid employees. Changing the classification of establishment size leads to the revision of the sample design of the survey. Furthermore, The Labour Cost Survey that has not been introduced yet can be conducted in the medium term in accordance with the variable list stated in Annex 1 of arrangement No 1726/1999 and with the definition given in Annex 2 thereof, provided that both financial and technical support are given.

The General Census of Industrial Establishments to be carried out by the State Institute of Statistics in 2003 is an opportunity to eliminate the establishment address framework problem in Turkey. Therefore the preparation studies for the related infrastructure should be launched and a database for address framework should be established, and the preparatory studies for regularly updating the said database should be launched as soon as possible.

### **IV. Financing**

Approximately USD 250.000 is required by the State Institute of Statistics for the periodic production of the labour cost index, and for monthly production of the labour, employment and unemployment estimates. USD 90.000 is required for the purchase of computers and training for the Ministry of Employment and Social Security personnel.

## **4.13.9. Health, safety and protection of consumers**

### **I. Priority description**

#### **a) Current status**

In accordance with Article 9 of Council Directive No 391/89/EEC the employer is obliged to keep a record of work-place accidents that result in the absence of the employee for more than 3 days. Law No 1475 on Labour regulates workers' health and safety in detail. However, in Article 5 of the said Law some sectors (agricultural workers, maritime workers) are excluded. Statistics on the work-place accidents in the said sectors are collected by the Head of the Social Security Institution and published in the Statistics Year Book of the Social Security Institution, in accordance with Law No 506. The definition of a work-place accident stated in Article 11 of the Law is considered more detailed in our legislation, and there is no provision concerning duration. However, in Article 27 it is stated that the work-place accident must be notified by letter to the Social Security Institute within 2 days at most. As a result, our legislation in terms of workers responsible to the Social Security Institute is in harmony with the Directive.

In accordance with Law No 2925 work-place accidents in the agricultural sector are insured and are notified to the Social Security Institute. However, according to Law No 2926 and Law No 1479 work-place accidents involving the self employed are not insured. Law No 657 contains the definition of "accidents due to task", but in Laws Nos. 2926, 507, 1479 and 657 there are no notification mechanisms for work-place accidents.

Decision No 1400/97 aims to establish a health monitoring system for the Community in the field of public health. The health indicators to be used by member states are detailed in Annex 2 of the said Decision. In Turkey we use 52 different types of forms in the collection and notification of data concerning health indicators. Of these forms, 33 are related to the basic health services. The data is transferred to the Ministry of Health by the Provincial Health Directorates via the "Basic Health Statistics Module". The main groups of basic health indicators according to which the above mentioned data are collected are as follows: basic demographical indicators, environmental health, life style, physical infrastructure of health services, health conditions, delivery of health services, labor force health, medical and monitoring indicators. However, not all of the health indicators mentioned in the list are collected in Turkey. Furthermore, some of the data are not reliable due to problems associated with the determination of cause of death and the morbidity data related to all diseases. At present, patients are classified according to team 150 but it is planned to introduce ICD-10 as soon as possible. Moreover, the Decision states that the program is open to member states, Central and Eastern European candidate countries, Malta and Southern Cyprus, but does not mention Turkey. If the 1997-2001 program is to be continued in the year 2002 it is recommended that Turkey is included in the same way as the other candidate countries.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 3092/94/EEC and 95/184/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

#### **c) Implementing institution**

The Ministry of Employment and Social Security, the Ministry of Health, the Undersecretariat of Treasury, and State Institute of Statistics.

#### **d) Final objective**

The adoption and implementation of the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

- Law No 3146 on the Establishment and Duties of the Ministry of Employment and Social Security

- Law No 1475 on Labour
- Law No 506 on the Social Security Institution
- Law No 2925 on Social Security for Agricultural Workers (there exists insurance for occupational accidents, occupational diseases, and physical disability allocations – occupational accidents are notified to the Social Security Institution)
- Law No 2926 on Social Security for the Self-employed in the Agricultural Sector
- Law No 507 on Tradesmen and Craftsmen
- Law No 1479 on Social Insurance for the Self-Employed
- Law No 657 on Civil Servants

**b) Necessary amendments and modifications in the corresponding Turkish legislation**

Legal arrangements should be made by the related Ministries for the realization of such statistics.

**c) Additional staffing and training requirements for the implementations of amendments and modifications**

Additional personnel and training are required.

**III. Time schedule**

Medium term.

**IV. Financing**

Additional financing is required.

**4.13.10. Annual economic accounts**

**I. Priority description**

**a) Current status**

The National Accounts System, the main object of which is to record economic flows and stocks in a systematic way, reflects the relation between production, income and expenditure in an economy and provides an evaluation of flows between the main economic sectors. In Turkey, the annual GNP calculations made according to production, income and expenditure are undertaken by the State Institute of Statistics. The calculations that are made and published periodically are stated below:

Quarterly GNP according to production, income and expenditure, GDP by province, annual final accounts for the production and value added figures of agriculture, industry, trade and service sectors, Inter-industry Operations Table, foreign aids given by Turkey, underground economy, satellite calculations for environment, tourism and R & D.

These accounts are made according to the 1968 System of National Accounting (SNA-1968) prepared by the UN. Furthermore, some studies are carried out according to the 1993 System of National Accounting (SNA-1993) prepared by the UN. The 93 System is harmonized with the 1995 European System of Accounting (ESA-1995) prepared by the European Union. Also, studies related to this system have been also launched.

**b) EU acquis**

The list of the related EU acquis is given in Volume II.

**c) Implementing institution**

State Institute of Statistics

**d) Final objective**

The adoption and implementation of the related EU acquis.

Studies concerning National Accounts based on the EU's European System of Accounts (ESA-95), having a specific schedule prepared by the Member States of the Union, are expected to be completed in the medium term. The studies related to the basic tables of the annual economic accounts will be completed in 2002 and the detailed tables will be completed in 2003.

**II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The corresponding Turkish legislation**

The duties of the State Institute of Statistics related to the system of national accounts are summarized below: National income estimations, national accounts, preparation of input-output tables and the realization of the related analysis. Furthermore, preparing and developing the data relevant to national accounts and allowing for international comparisons by liaison with international organization such as United Nations, European Union and Organisation for Economic Cooperation and Development are also among the duties of the State Institute of Statistics.

**b) Necessary amendments and modifications in the corresponding Turkish legislation**

While conducting studies related to the national accounts, data from many institutions other than the State Institute of Statistics is required, notably the Ministry of Finance, the Central Bank, the State Planning Organization and the Undersecretariat of Treasury. The data produced by these institutions should be in harmony with the standards of the European Union. Furthermore arrangements are needed to ensure easy access to the said data.

**c) Necessary institutional changes**

The structural arrangements required for the application of the National Accounts System recommended by various international organisations will be completed.

**d) Additional requirements stemming from entry into force of the new legislation**

A system should be established for the completion of the required studies in cooperation with the other public institutions stated above, and the State Institute of Statistics should provide orientation.

**e) Additional staffing and training requirements for the implementation of amendments and modifications**

The number of personnel in charge of national accounts is not sufficient. During the integration process with the EU the assistance of personnel with knowledge of foreign languages (especially English), educated in the fields of economics, statistics or econometrics, and trained in the field of national accounting is required. Furthermore theoretical and practical training is required concerning the European System of Accounts, a field which requires technical knowledge and experience.

**f) Necessary investments**

As the implementation of the European System of Accounts requires working with large quantity of files, it is important to install a network system with high capacity computers.

### **III. Time schedule**

It is planned to complete the studies related to the basic tables of the annual economic accounts in 2002, and the studies related to the detailed tables in 2003.

### **IV. Financing**

Financing is required for training and for machinery and equipment.

## **4.13.11. Quarterly accounts and environment accounts**

### **I. Priority description**

#### **a) Current status**

The satellite accounts include the calculation of the size of the specific fields within the scope of the macro economic accounts, and an analysis of the improved integration of the monetary or the physical data.

One aspect of the environmental accounts is the accounting of natural resources, and these accounts are focused on the physical terms. Expressing physical terms in monetary terms in the national accounts is called monetary satellite accounts. Within the environment accounts, the actual expenses related to protection are defined and the environment costs caused by production activities are calculated.

The State Institute of Statistics conducts an "Environmental Employment and Expenses Inventory" study for the environmental accounts. This study is carried out for the public and private sectors, and it is planned for non-profit organizations.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing institution**

The State Institute of Statistics

#### **d) Final objective**

Studies concerning National Accounts based on the EU's European System of Accounts (ESA-95), having a specific schedule prepared by the Member States of the Union, are expected to be completed in the medium term. Completion of the studies concerning the quarterly accounts and environment accounts is planned for 2004.

## **II Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

The evaluations stated in the section titled Annual Economic Accounts are also valid for this section.

### **III. Time schedule**

The studies are to be completed in 2004.

### **IV. Financing**

Financing is required for training and for machinery and equipment.

## **4.13.12. Financial Accounts**

### **I. Priority description**

#### **a) Current status**

Within the scope of GDP calculations through the expenses method, the final consumption expenses of the state and permanent investment expenses of state and public institutions are calculated. For the Inter-industry Operations Table, 1996 FISIM has been calculated in accordance with the SNA recommendations, and the distribution thereof has been realized according to the institutional units. However there exist some problems in relation to calculation by fixed prices.

The Ministry of Finance and the Undersecretariat of Treasury have regularly announced the financial deficit of the central government in terms of the consolidated budget deficit covering general budget and annexed budget institutions. The consolidated budget calculations are based on a modified cash basis. The financial calculations covering the public sector and reflecting the general balances of the public sector are carried out by the Undersecretariat of State Planning Organisation and notified to the public on a regular basis.

Concerning public borrowing, the Undersecretariat of Treasury announces data on central government internal and external borrowing, and data on other central government external borrowing and arbitrary liabilities. Data systems for internal and external borrowing exist in the Undersecretariat of Treasury; however the cash based and accrual based accounting systems are still being tested.

However, public sector institutions are using different accounting and statistical standards. Due to such differences the consolidation of public sector data of cannot be realized in the required manner. It has not been possible to publish data collected on an accrual basis based on the definition of the public sector stated in the ESA 95.

#### **b) EU acquis**

The list of the related EU acquis is given in the Volume II.

#### **c) Implementing institution**

The State Institute of Statistics, the Ministry of Finance, the Central Bank of the Republic of Turkey, the Undersecretariat of Treasury.

#### **d) Final objective**

To adopt and implement the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

Law No 1050 on General Accounts, Regulation on State Accounts, Law on the Establishment and Duties of the Undersecretariat of the Treasury, Laws on Budget, Law No 53 on the Establishment of the State Institute of Statistics, Decree Law No 219 and the Statutory Decree No 357 Amending Therein.

#### **b) Necessary amendments and Modifications in the corresponding Turkish legislation**

Tables on the public deficit and borrowings prepared within the scope of the "Excessive Deficit Procedure" (EDP) and according to the ESA 95 principles should be published regularly within the framework of the definitions and concepts of the national accounts. All accounting records should be realized on the basis of accrual, and according to the principles and standards of ESA 95, and data systems should produce data in accordance with these principles.

All legislation concerning procedures and principles on data recording and publishing, especially the Regulation on State Accounts should be revised to allow for data production on the basis of accrual related to the public deficits and borrowings, and for the production of tables prepared within the scope of EDP. A Law on accounting should be enacted that will allow for the consolidation of the public accounts in general, and that will define the standards and principles to be followed by all institutions obliged to produce and explain financial statistics.

#### **Legislation to be enacted in areas not currently covered by the corresponding Turkish legislation**

The Law on Statistics should be prepared to define the principles, methodology and standards to be followed by all institutions responsible for producing and explaining financial statistics.

#### **c) Necessary institutional changes**

Structural arrangements for the implementation of the system of national accounting recommended by various international institutions will be realized.

#### **d) Additional requirements stemming from entry into force of the new legislation**

It is necessary to establish a system for the completion of the required studies in cooperation with the other public institutions stated above, and the State Institute of Statistics should render orientation services.

#### **e) Additional staffing and training requirements for the implementation of amendments and modifications**

The number of the personnel in charge of the national accounts is not sufficient. During the integration process with the EU the assistance of personnel who have a knowledge of foreign languages (especially English), educated in the fields of economics, statistics or econometrics, and trained in the field of national accounts is required. Furthermore, theoretical and practical training is required concerning the European System of Accounting, a field requiring technical knowledge and experience.

#### **f) Necessary investments**

As the implementation of the European System of Accounts requires working with a large quantity of files, it is important to install a network system with high capacity computers.

### **III. Time schedule**

In the medium term, the completion of the detailed accounts stated in the EU's European Systems of Accounting (ESA 95) and in the related acquis is planned. The completion of studies related to the financial accounts is planned for 2004.

### **IV. Financing**

Financing is required for training and for machinery and equipment.

## **4.13.13. Monitoring and resources**

### **I. Priority description**

#### **a) Current status**

It is anticipated that there will be no problems in this field following the adoption of the acquis related to the calculation of the contribution of GNP to the budget of the Community, and following the full adoption of ESA 95 in Turkey.

## **b) EU acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 97/178/EC, 97/619/EC, 98/527/EC, 98/501/EC and 1999/622/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

## **c) Implementing institution**

The State Institute of Statistics and related institutions.

## **d) Final objective**

To adopt and implement the related EU acquis.

It is planned to adopt the EU's European Systems of Accounts (ESA 95) and the related acquis in the medium term, and to complete studies related to monitoring and resources in 2004.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

The evaluations stated in the Annual Economic Accounts are valid.

## **III. Time schedule**

Medium term

## **IV. Financing**

Financing is required for training and for machinery, equipment and supplies.

### **4.13.14. Prices**

#### **I. Priority description**

##### **a) Current status**

Prices are recorded in wholesale and retail price statistics. Using these records the Wholesale Goods Price Index and the Consumer Price Index can be calculated. Studies have been initiated to revise both of the Indices in such a way as to take 2001 as the base year.

The Consumer Price Index is calculated for Turkey as a whole, 7 geographical regions and 19 provinces, by the fixed basket method Laspeyres formula using base years, and in accordance with the COICOP classification of 10 main groups. The basic source for the Index is the Survey on Household Income and Consumption Expenditure, carried out in 1994 for a period of one year. The Survey enabled the determination of the goods and services to be included in the Index and the system of basic annual prices and weighting. The basket includes 410 items which can be monitored and which have a significant share in overall expenses. In the weighted system some foodstuffs (meat, fresh fruits and vegetables) and clothing are represented by different weights in each month, whereas other goods and services are represented by fixed weights. The main component for some items is given by the type of material, whereas for others it is the product itself. Prices are collected twice a month, in the weeks that include the 10th and 20th days of the month, and rents once. The prices for fresh fruit and vegetables (for which only market prices apply) are collected every week. Prices are collected from 6390 units (establishments and houses). The index figures calculated are announced to the public on the 3rd day of the subsequent month at 16,30 pm. It is not possible to make any correction to the prices thereafter.

The Wholesale Goods Price Index is calculated by the fixed basket method Laspeyres formula using base years, and in accordance with the ISIC Rev 3 classification under three groups, namely total, state and



private sector. The Wholesale Goods Price Index is based on the following economic activities included in the GNP:

- Agriculture, hunting, forestry and fisheries
- Mining and quarries
- Manufacture
- Electricity, Gas and Water

The Wholesale Goods Price Index covers domestic manufacture and sales activities. Exports and imports are excluded. Therefore, the Index also serves as the Domestic Manufacturer Price Index, when the data related to some agricultural products collected from wholesalers, market-places, and stock exchanges are excluded. When establishing the item basket for the Wholesale Goods Price Index the production of goods throughout the country in 1994 was taken into consideration. These products have been listed according to their total sales values and items sold on the domestic market are included. Accordingly, 678 items from 4 main sectors are included in the index basket. Items under the heading of fruit, vegetables and fishery products which display seasonal variations have been evaluated monthly with variable weightings. The weighted average of the related items has been determined by examining 1278 companies and business according to the weighted average of domestic total sales. The price indices of those 1278 companies are monitored and are included in the index. Except in the case of vegetables, fruit and fish from market-places, prices are collected on the 5th, 15th and 25th days of every month and evaluated by calculating their arithmetical means. For vegetables, fruit and fish, up to the 27th day of the month prices are collected by a weighted method according to the amount of sales. The 5176 prices collected are evaluated as VAT inclusive.

The index figures calculated are announced to the public on the 3rd day of the subsequent month at 16,30 pm. It is not possible to make any correction to the prices thereafter

The groups excluded from the existing structure and the indices for which are not calculated (although they are included in the scope of the Harmonised Consumer Price Index calculated by EUROSTAT) are as follows:

- Waste garbage
- Sewerage services
- Other services related to houses that are not classified under any group
- Heat energy
- Furniture, carpets and upholstery repairs
- Combined passenger transport (road, air, sea)
- Other transport services purchased
- Telephone and fax equipment
- Data processing equipment
- Basic entertainments (open air)
- Maintenance and repair of other durable entertainment and cultural facilities
- Gardens, plants and flowers
- Pets and other related products
- Printed materials

- Package tours
- Canteens
- Social protection
- Insurance

Furthermore, the inclusion of new goods and services possessing weight in the amount of 0.1 % of the total expenses in specific intervals is recommended. As our existing index structure is based on the fixed basket method, and since revision studies will be launched in 2001, it is not possible to determine the ratio of new goods and services to total expenses and to evaluate new goods and services within the framework of the existing structure. Studies on harmonization with the Consumer Price Index using 2001 as the base year are expected to begin.

It is recommended that the price averages be calculated by the geometrical average method in the Harmonised Consumer Price Index. This issue will be evaluated while establishing the Consumer Price Index that uses 2001 as the base year. Harmonization with the methods of the Harmonised Consumer Price Index will also be completed.

The Commission states that we are obliged to send the weightings required as a result of our revision studies and those requested by COICOP. Turkey is obliged to carry out studies to monitor whether the weightings reflect the current conditions. However, in order to carry out this study the State Institute of Statistics should conduct an annual Survey on Household Income and Consumption Expenditure, using the correct sample. The financial burden of this necessity should be taken into consideration. Furthermore, this revision is required to be completed in December of every year.

It is recommended that the expenses and consumption of the institutionalized population (hospitals, clinics, nursing homes), in addition to the expenses and consumption of the household, are used in the calculations of the weights in the Survey on Household Income and Consumption Expenditures. However, for the determination of the weights used in the calculation of our national index, only the household and citizen population of the Turkish Republic have been included. The institutionalized population are excluded from the scope of this exercise due to the fact that the State covers most of their expenses and consumption.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 2646/98/EC, 1617/1999/EC and 2166/1999/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

#### **c) Implementing institution**

The State Institute of Statistics

#### **d) Final objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

In accordance with Decree Law No 219 the State Institute of Statistics is responsible for the calculation of the index. However, there is no detailed legislation on methods and techniques related to the said indices. The State Institute of Statistics uses international methods, and takes the recommendations of international institutions into account during the calculation and publication of statistics.

#### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

In general, it will be sufficient to insert the following statement to the related legislation of the State Institute of Statistics: "The State Institute of Statistics is obliged to harmonize with the norms and rules of EUROSTAT and the EU Council in the production of statistics, except in relation to weights."

#### **c) Necessary institutional changes**

There is no need to make institutional change.

### **III. Time schedule**

The publication of a Consumer Price Index harmonized with the HICP is planned for February 2003.

### **IV. Financing**

The State Institute of Statistics has taken all the necessary measures.

## **4.13.15. Industry**

### **I. Priority description**

#### **a) Current status**

Detailed information necessary for determining the socio-economic structure of the industrial sector, monitoring its development, and allowing for international comparisons and various researches, is collected and published by the State Institute of Statistics on a quarterly, monthly, and annual basis. Moreover, the General Census of Industrial Establishments is conducted to determine the general structure and prepare the framework to be used in the researches related to the industrial sectors in between censuses.

Industrial surveys gather information on establishments, employment, wages, and detailed information related to materials produced and sold (separate surveys are prepared for every field of activity).

The State Institute of Statistics has adopted the ISIC (International Standard Industrial Classification) classification prepared by the United Nations and used throughout the world, completed the transition to the classification used by the European Union, and prepared the US'97 National Product and Activity Classification.

The first four levels of US'97 are parallel to the final revision of the ISIC Classification, namely; ISIC Rev.3, NACE which is the activity classification of the European Union; CPA which is a product group classification; and PRODCOM which is the industrial product classification adopted at more detailed levels. Surveys conducted through the full enumeration classification method have been harmonized. There is no transition to the NACE Rev.1 classification system in the studies conducted by sampling method.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing institution**

The State Institute of Statistics

#### **d) Final objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

Decree Law No 219 on the Establishment and Duties of the State Institute of Statistics.

### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

The necessary amendments should be made so that the Turkish legislation includes the details stated in the EU acquis.

### **c) Necessary institutional changes**

Additional units should be established within the State Institute of Statistics for the completion of the detailed studies mentioned in the EU acquis.

### **d) Additional requirements stemming from entry into force of the new legislation**

Measures should be introduced for the collection of data on the required basis from the related units.

### **e) Additional staffing and training requirements for the implementation of amendments and modifications**

10 sector experts, and training in methodology, foreign languages, and computer and international consultancy services are required.

### **f) Necessary investments**

Computers are required (including software programs).

## **III. Time schedule**

### *Short term*

NACE Rev.1 activity classification covers a set of additional activities that are significant for all the member states. It is planned to prepare monthly and quarterly indices at the level of NACE Rev.1 (as a quadruple activity) and other indicators.

### *Medium term*

It is planned to prepare the monthly and quarterly indices and other indicators at the product level.

## **IV. Financing**

USD 50.000 is required.

### **4.13.16. Construction statistics**

#### **I. Priority description**

##### **a) Current status**

##### Statistics on Building Construction

Construction Licenses, Building Use Licenses, and charts related to burnt and destroyed buildings issued by municipalities and the Provincial Directorates for Public Works and Housing are collected and evaluated

monthly. The number of licenses issued for houses and other buildings (including number of flats and dwelling area) is collected monthly.

Furthermore, the value of orders for construction (based on construction licenses) and the value of ongoing construction works are calculated on a monthly basis.

#### Annual Survey on Construction and Installation Establishments

The "1st Level of the 1992 General Census of Industrial Establishments" determined those establishments rendering construction and installation services. The "2nd Level Survey for the 1992 General Census for Industrial Establishments" was concerned with establishments selected through a sampling method. The said survey has been applied annually and collects information on the numbers of employees and gross wages and salaries.

#### **b) Implementing institution**

The State Institute of Statistics

#### **c) Final objective**

To adopt and implement the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

Decree Law No 219 on the Establishment and Duties of the State Institute of Statistics.

#### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

Companies established, liquidated and having changed their address should inform the State Institute of Statistics.

#### **c) Necessary institutional changes**

A statistical infrastructure is needed which can coordinate the institutions responsible for the creation of indicators related to the construction sector, except for building construction.

#### **d) Additional requirements stemming from entry into force of the new legislation**

The Ministry of Public Works and Housing and the Ministry of Interior are required to take the necessary measures for the regular acquisition of information concerning licenses from the municipalities.

#### **e) Additional staffing and training requirements for the implementation of amendments and modifications**

Qualified personnel are required for research and the introduction of new projects. These personnel have to attend in-service training programs, or other training programs according to their specialization. Approximately 15 personnel may be required.

#### **f) Necessary investments**

Facilities and hardware may be required.

### **III. Time schedule**

Collection of data on building and other construction, and the working hours of employees through the Annual Survey on Construction and Installation Establishments is planned in the short term.

## IV. Financing

USD 100.000 is required.

### 4.13.17. Energy and raw materials

#### I. Priority description

##### a) Current status

The detailed information necessary for determining the socio-economic structure of the energy sector, the annual monitoring of the sector, and for international comparisons and various studies is collected and published by the State Institute of Statistics on a quarterly, monthly, and annual basis.

##### Electricity and Gas Statistics

###### *Electricity generation surveys*

- Survey on Annual Electricity Generation (Full enumeration)
- Survey on Periodical Electricity Generation (Full enumeration)

###### *Electricity distribution surveys*

- Survey on Annual Electricity Distribution (Full enumeration)
- Survey on Periodical Electricity Distribution (Full enumeration)

###### *Gas distribution survey*

- Survey on Annual Gas Distribution (Full enumeration)
- Survey on Periodical Gas Distribution (Full enumeration)
- Sectoral studies
- Energy consumption in the manufacturing industry
- All establishments consuming energy equivalent to 500 tonnes of oil and more

*Survey on the Energy Consumption Characteristics in Houses* has been applied by sampling method in 24.420 houses.

*Survey on Mining and Quarrying Coal Mining* (full enumeration, monthly, annually)

*Survey on Crude Oil and Natural Gas* (full enumeration, annually)

Through the above mentioned surveys information is collected on identity, employment, payments, and detailed information on materials produced and sold (separate questionnaires are prepared for each field of activity).

The first 4 levels of the US'97 used in the classification of energy statistics are parallel to the final revision of the ISIC classification, namely ISIC Rev.3. For the more detailed levels the following have been used: NACE which is the classification used in the EU, Rev 1, CPA which is a product group classification, and PRODCOM which is a classification for industrial products. Harmonisation of classifications has been achieved in the surveys carried out using the full enumeration method.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing institution**

The State Institute of Statistics, the Ministry of Energy and Natural Resources

#### **d) Final objective**

To adopt and implement the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

Decree Law No 219 on the Establishment and Duties of the State Institute of Statistics.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The necessary amendments covering the details stated in the EU acquis should be made to the Turkish legislation.

The necessary legal arrangements should be made to enable safe information transfer from establishments.

#### **c) Additional requirements stemming from entry into force of the new legislation**

5 personnel are required for office work. Training in methodology, foreign languages, and computer and international consultancy services will be required.

#### **d) Necessary investments**

Computers (including software programs) will be required.

### **III. Time schedule**

Energy and coal statistics are collected in association with public and private enterprises and in accordance with international classifications, and such statistics will continue to be collected according to the requirements of the statistical system of the EU.

Studies related to surveys based on the energy statistics methodology recommended by EUROSTAT, and for the drawing of sectoral graphics will be launched in coordination with the Ministry of Energy and Natural Resources.

### **IV. Financing**

150.000 Euro is required.

## 4.13.18. Transport

### I. Priority description

#### a) Current status

##### Railway transport

Detailed statistics on railway transport are compiled by the General Directorate of State Railways (TCDD). A selection of indicators (passenger-km, tonne-km, etc) are published in the "Summary of Transport Statistics", published annually by SIS. The definitions of the variables collected by the General Directorate of State Railways and stated in the database have been harmonised with the definitions in the Transport Statistics Dictionary prepared by the EUROSTAT/ECMT and UN-ECE Study Group for Transport Statistics.

##### Maritime Transport

Detailed statistics on maritime transport are compiled by the Undersecretariat of Maritime Affairs and SIS (for establishments engaged in maritime transport activities and individually operated maritime vehicles). Studies concerning the harmonisation of definitions, classifications and codes used in the data collected by the Undersecretariat with the definitions, classifications and codes used by the member states of the European Union are still underway.

##### Air Transport

Detailed statistics on air transport are compiled by the General Directorate for State Airports Administration and SIS (for establishments engaged in air transport activities). The codes of the International Civil Aviation Organisation (ICAO) are used to collect this information, and the said codes are harmonized with the codes used by the Community.

##### Road Transport

Detailed statistics on road transport are compiled by the General Directorate of Security Affairs (EGM), the Directorate General for Highways (KGM), the Ministry of Transport and SIS (for establishments engaged in road transport activities and individually operated road vehicles). Concerning freight transport by road (domestic and international), data such as type of freight, weight thereof, destination point etc do not exist. No legal arrangements exist concerning studies to determine the basic statistical indicators for this transport mode, especially in the field of inter-city and intra-city freight transport by road.

##### Pipe Line Transport

Detailed statistics on pipe line transport are compiled by the Pipe Line Transport of Petroleum Inc (BOTAS). Some selected indicators (amount of oil transported, length of the pipe line, etc) are available in the "Summary of Transport Statistics", published annually by SIS.

##### Combined Transport

In Turkey we do not have any legislation related to the combined transport system.

#### b) EU acquis

The list of the related EU acquis is given in Volume II. However, the legal arrangements 1384/79/EEC, 3021/81/EEC, 89/462/EEC, 3572/90/EEC, 881/92/EEC, 91/440/EEC, 281/71/EEC, 1172/98/EC and 98/385/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

However, Council Regulation (EC) No 854/93 of 5 April 1993 on transit statistics and storage statistics relating to the trading of goods between Member States has been considered.



### **c) Implementing institution**

The State Institute of Statistics (SIS), the Undersecretariat of Maritime Affairs, the Ministry of Transport (General Directorate of the State Airports Administration, General Directorate of Road Transport, General Directorate of State Railways), the Ministry of Interior (General Directorate of Security Affairs), the Ministry of Public Works and Housing (General Directorate of Highways), and Pipe Line Transport of Petroleum Inc (BOTAS).

### **d) Final objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- General rules for transit transport and storage (warehouse) activities are covered by the Regulation on Customs. The State Institute of Statistics does not collect data concerning transit transport and storage statistics.
- In Turkey there is no legislation related to the combined transport system.
- In Turkey there is no legislation on the collection of road accident statistics. An Accident Statement Form is completed for every accident, in accordance with Law No 2918 on Road Traffic enacted in 1985. The relevant statistics are based on these forms. Information on traffic accidents is collected by the General Directorate of Security Affairs and sent to SIS in electronic form. The said information is evaluated by both institutions and published thereafter.
- All statistics related to the railways are collected by the General Directorate of State Railways. The vast majority of statistics related to the railways are collected in accordance with the Directives of the European Union.
- Regulation No 22027 of 20 August 1994 on International Passenger and Goods Transport by Road has been enforced to provide safety and order to international road transport services, to determine the qualifications, working conditions and principles of control of the real and legal entities to be engaged in transport services or working as agents and commissioners in the field of international transport, and to define the authorities and responsibilities thereof. According to the said Regulation all the establishments operating in the field of international road transport should request permission from the Ministry of Transport. These records are kept only for administrative purposes, but also used for statistical purposes.
- The Regulation No 22045 of 8 September 1994 on Inter-city Passenger Transport has been enforced for the inter-city passenger transport services.
- The Draft Law on Road Transport that will form the basis for institutionalisation in the field of inter-city freight transport, the development of an insurance system compliant to the current conditions, and increased competitiveness has been prepared but not yet enacted.
- Inland waterway transport is carried out on Lake Van by the GD of State Railways.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

- Institutions collecting data related to the transport sector should, in cooperation with the State Institute of Statistics, revise their legislation for statistical harmonisation with the EU acquis.
- The Draft Law on Road Transport that will form the basis for institutionalisation in the field of inter-city freight transport, the development of an insurance system compliant to the current conditions, and increased competitiveness should be enacted as soon as possible.

- The statistics on accidents prepared on the basis of the Accident Statement Form in accordance with Law No 2918 of 1985 on Road Traffic, do not cover dead events 30 (thirty) days after the related accident. The said Law should be amended and legal arrangements harmonised with the EU acquis.
- The vehicle definitions stated in Law No 2918 of 1985 on Road Traffic should be harmonised with the EU acquis.

### **c) Necessary institutional changes**

Units within SIS should be restructured in order to achieve the final objectives concerning transport statistics. Within this context, study groups for the below mentioned statistics should be established and begin operation:

- Statistics on Road Transport
- Statistics on Road Transport Establishments
- Statistics on Air Transport
- Statistics on Air Transport Establishments
- Statistics on Maritime Transport
- Statistics on Maritime Transport Establishments
- Statistics on Supportive and Auxiliary Transport
- Statistics on Postal Services and Communications

### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Training programs should be organized at the national and international level, and relevant personnel should participate.

## **III. Time schedule**

Medium term

## **IV. Financing**

The amount of financing will be determined following studies on the priorities required for the realisation of the final objectives related to the transport statistics.

## **4.13.19. Tourism**

### **I. Priority description**

#### **a) Current status**

Statistics on tourism are collected and published by the State Institute of Statistics and the Ministry of Tourism.

Within this framework, SIS prepares monthly Tourism Information Bulletins on the basis of the passport information of Turkish citizens and foreigners who enter and exit. The Bulletin states information such as number of visitors, nationalities thereof, name of the border post, and mode of transport.

In December 1999 a survey on “inbound tourism” was carried out at 6 frontier-posts, a pilot study for the survey to be conducted in 12 Mediterranean countries within the framework of the MED-TOUR Programme.

Until 1963 the Ministry of Tourism collected border (entry-exit) statistics on the basis of the data provided by the General Directorate for Security Affairs, and published the data in the “Tourism Statistics Bulletin”. The Ministry provides information to international organisations such as OECD and WTO.

In addition to the passport and border statistics provided by the General Directorate for Security Affairs, the Ministry of Tourism conducts various surveys through the public and private institutions to provide data upon which policies and measures for the tourism sector are determined. In this context, the “Foreign Visitors Survey” has been carried out and published since 1984 in order to determine the nationality of visitors, the places and establishments which they prefer, their duration of stay, and their expenditure.

Furthermore, detailed studies on accommodation facilities in Turkey are ongoing. Information concerning the economic background of local and foreign tourists, their numbers, aims, accommodation facilities and expenditure (accommodation, health, transport, culture, entertainment, organised tours and other services) is collected and published.

Besides the above mentioned information, the Ministry of Tourism has collected and published Yacht Statistics since 1986 and Charter Flight Statistics since 1977.

Furthermore, the Central Bank has carried out a survey to determine tourism revenue for the Balance of Payments since 1991.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing institution**

The State Institute of Statistics, the Ministry of Tourism

#### **d) Final objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

Through the Law on the Establishment of the State Institute of Statistics, SIS is authorised to collect, evaluate and publish statistics related to the economic, social and cultural activities of the country. Other duties and responsibilities of SIS include; the collection and arrangement of statistics, determining the principles related to the practices of the public institutions and organisations, and cooperating with relevant institutes.

Decree Law No 355 on the Establishment and Duties of the Ministry of Tourism authorises the Ministry of Tourism to create tourism policies, conduct research studies related to the orientation of investments, collect and evaluate statistical data and to use them for the benefit of society.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

To harmonize with the EU acquis new arrangements concerning tourism statistics should be made in the related parts of Law No 53 on the State Institute of Statistics

### **c) Necessary institutional changes**

Cooperation between the institutions (the Ministry of Tourism, the State Institute of Statistics, General Directorate of Security Affairs, the Central Bank) should be improved in order to harmonize with the EU

acquis. For example, the collection of statistics on the basis of nationality rather than country of residence, and the definition of "visitor", which has a broader scope than the definition stated in the EU acquis.

**d) Additional requirements stemming from entry into force of the new legislation**

Institutional arrangements will be required for the evaluation of the data provided to the State Institute of Statistics as a result of the new arrangements.

**e) Additional staffing and training requirements for the implementation of amendments and modifications**

For studies conducted within the scope of harmonization with the EU acquis, personnel are required to be trained in the EU acquis. Improving the foreign language skills of the existing personnel is also required.

**f) Necessary investments**

For the acquisition of statistical data in a rapid and safe way computer programs and equipment should be updated and personnel should be trained.

Survey studies in the field of tourism should be continued.

**III. Time schedule**

*Short term*

Cooperation between the institutions will be realized.

*Medium term*

It is planned to harmonise the sources of tourism statistics with EU norms, and, in this context, the use of harmonised statistical methodologies is planned.

**4.13.20. Trade of goods**

**I. Priority description**

**a) Current status**

Since 1996 legal arrangements related to the customs union have been initiated in Turkey, and up to now the Law and Regulation on Customs have been revised and enforced. At the beginning of 1996, the initial year of the Customs Union, the customs declarations, and Customs Tariff Lists taken as the basis for the foreign trade statistics, were harmonized. In this context, the foreign trade statistics and the related customs applications are mostly harmonized with the EU acquis.

**b) EU acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 2256/92/EEC, 3590/92/EEC, 96/715/EC, 2385/96/EC, 1125/94/EC and 2820/94/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

**c) Implementing institution**

The State Institute of Statistics and the Undersecretariat of Customs

**d) Final Objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

The data source for foreign trade is the customs statements. Therefore, harmonization of customs legislation with that of the EU has priority. Law No. 4458 on Customs and the Regulation on Customs announced in the Official Gazette on 4 November 1999 and 20 January 2000 respectively, are the most significant steps taken towards harmonization with the EU.

Since 1996 Turkey has used the EU's Single Administrative Document (SAD), and the codes and nomenclature used in foreign trade statistics have been harmonized with the EU. The creation and implementation of foreign trade statistics within the EU is determined by regulations. There is no corresponding Turkish legislation and this represents the major difference between the EU and Turkey in the field of statistics. For example, in EU foreign trade statistics, definition of partner country, confidentiality, statistical threshold, value and quantity of the good are all defined. There is no legislation in Turkey concerning the statistical applications. SIS produces the data in accordance with international recommendations, and has the right to make methodological changes in the production of the data.

One of the sub-projects of the MEDSTAT Project, still financed by the EU for the Mediterranean countries, is related to foreign trade statistics. Within the scope of this project studies are being conducted on coordination and sharing of data.

The current status of legislation concerning statistics on foreign trade is given below and compared to the related EU acquis.

#### Council Regulation No. 1172/95/EC

Articles 4 and 6 of the Regulation define the general scope of foreign trade statistics and their scope in terms of customs procedures. The nomenclature stated in this Regulation has been embodied in our customs legislation following the Customs Union, and thus statistical harmonization has been achieved in this regard.

Article 7 of the Regulation states that the source of information on foreign trade activities with non-EU countries is the customs statements. The same procedure is also used in Turkey.

Article 9 of the Regulation lays down the procedures for the country nomenclature used in foreign trade statistics. Alphabetical and numerical codes are used in EU member states. In Turkey however, only numerical codes are used and the alphabetical codes are not used.

Article 12 of the Regulation is about the threshold value used in foreign trade statistics. In Turkey this threshold value is not used.

#### Commission Regulation No. 840/96/EC

Article 3 of the Regulation is on the statistical threshold values and it is further stated that these values are 800 ECU and 1000 net Kilogram. These threshold values are not used in the foreign trade statistics of Turkey.

Article 4, Part II of the Regulation states that the reference period for foreign trade statistics is the calendar month. The same application is also valid in Turkey.

Article 7 of the Regulation defines the partner country in foreign trade. In the foreign trade statistics of the EU, the partner country is defined as the country of origin for imports, and the country of destination for exports, as in Turkey.

Article 8 of the Regulation is on the quantities used in foreign trade statistics. In the statistics, the net weight of each product is given in kilograms, and for certain products a second unit of measurement is used. This application is also valid in Turkey.

Article 9 of the Regulation sets forth the formation and content of value in exports and imports. The related statistics are produced according to the same definitions in Turkey.

Article 21 of the Regulation underlines that certain special goods are to be included in the foreign trade statistics. These goods are also included in the statistics of Turkey.

Articles 23 and 25 of the Regulation list the goods to be excluded from the foreign trade statistics, as for the trading of goods with non-EU countries. The major difference in this regard is that in the applications of the EU, only money based gold is excluded from the statistics whereas in Turkey, processed and semi-processed gold are also excluded from the scope of foreign trade statistics.

#### Council Regulation No. 2913/92/EEC

The field of statistics corresponds to the field of customs in Turkey, as with the procedures of the EU.

Article 23 of the Regulation lays down the provisions on the determination of origin. This definition is also included under article 18 of the Law on Customs No. 4458.

#### Council Regulation No. 3330/91/EC

The data on foreign trade between member states is compiled by means of the "INTRASTAT" system, based on information taken from companies. The sole source of foreign trade statistics in Turkey is the customs statements.

Article 11 of the Regulation is on the quantity measures used in foreign trade statistics. There is full harmony regarding this matter.

#### Council Regulation No. 3046/92/EEC

Article 20 lists the goods not to be included under foreign trade. The goods stated in this list are also not included in the foreign trade statistics of Turkey.

#### Council Regulation No. 26/85/EEC

According to the Regulation the EU is using the Harmonized System. Articles 1 and 3 of the Regulation set forth the use of Combined Nomenclature. Turkey has been using the Harmonized System since 1998 and the Combined Nomenclature since 1996. However, the EU's TARIC system is not applicable in Turkey.

#### Council Regulation 476/97/EEC

The Regulation defines the statistical territory of the EU. The customs zone of Turkey corresponds to the statistical territory of Turkey. The Customs Zone of Turkey is defined under Article 2 of Law No. 4458 on Customs.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

There are no provisions in Turkish legislation covering the production of statistics (except for the Law on the Establishment of SIS, and this law contains no methodological provisions). Inclusion of methodological provisions in the law will require for legal arrangements concerning the methodologies currently being used. However, it is thought that conclusion of such arrangements before being a full member of the EU would cause certain practical difficulties. At this stage, where foreign trade statistics are concerned, it is deemed sufficient to supplement provisions in the customs legislation concerning the relation between the Undersecretariat of Customs and SIS, the scope of their powers and responsibilities, and exchange of data.

### **c) Necessary Institutional Changes**

No institutional changes are needed within the framework of the harmonization process for foreign trade statistics.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Since the adoption of the *acquis* is complete to a great extent, training of relevant personnel is a priority measure in the forthcoming period. It is very important to monitor procedures in the EU and adopt them as

soon as possible. In this context, a frequent exchange of information between the personnel of SIS, the EU, and the EU countries should be ensured.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

The EU acquis needs to be monitored continuously by SIS and related units. Therefore, it is very important for the personnel to have foreign language skills. It is necessary to develop the foreign language skills of existing personnel, to look for foreign language skills in potential personnel, and to develop EU experts in Turkey.

#### **f) Necessary Investments**

SIS is still in a very favourable position in terms of its machinery infrastructure. It is necessary to maintain and develop this structure. However, it would be appropriate to allocate potential future investment for personnel training.

### **III. Time Schedule**

Completion of the studies started within the framework of the customs union is planned in the short term.

## **4.13.21. Land use and landscape**

### **I. Priority description**

#### **a) Current Status**

The current agricultural statistics, and statistics on arable land (cultivated area for crops, cleared land, vegetable land, fruit land and vineyard land) are compiled three times a year (1st prediction in August, 2nd prediction in November and the third prediction [final] in March of the following year) by the Regional Agriculture Directorates of the Ministry of Agriculture and Rural Affairs. The data is compiled on the basis of districts and announced on the basis of provinces. In the General Agriculture Censuses completed once every ten years, data obtained through the land use statistics are compiled with the Current Agricultural Statistics, along with data on arable land not in use, permanent meadow and pasture lands, wooded land and forests, and non-arable land. Studies on the development of a methodology appropriate for Turkey are being conducted on the basis of the "CORINE Land Cover" programme implemented by the European Community, and the "Classification for Land Use Statistics" study continued under the EUROSTAT Remote Sensing Programme.

Initiatives are underway at the Geographical Information Systems and Remote Sensing Unit of the Ministry of Agriculture and Rural Affairs to develop a database on land use and production estimates for certain plant products. Moreover, the said unit has also started activities for the mapping and classification of pastures within the provincial borders of Ankara and Erzurum on a village basis, and for developing the database thereof. However, these studies will be completed in the long term. Land classification works are being carried out by the Directorate General for Rural Affairs.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

The State Institute of Statistics, the Ministry of Agriculture and Rural Affairs, Directorate General for Rural Affairs

#### **d) Final Objective**

To adopt and implement the said EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

Decree Law No. 219 on the Establishment and Duties of the State Institute of Statistics.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Necessary amendments are to be made to Turkish legislation to cover the details stated in the EU acquis.

### **c) Necessary Institutional Changes**

Additional units (directorates, departments, coordination offices) are required to be established within the implementing institutions to carry out the detailed studies mentioned in the EU acquis.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Necessary legal arrangements, mainly organizational changes, are to be made by the Ministry of Agriculture and Rural Affairs so as to obtain reliable information from agricultural enterprises.

### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

There is a need for 300 surveyors during the survey field studies and 15 office personnel. The training requirements of the implementing institution are in methodology, foreign languages, computers, and international consultancy services. These requirements prevail for all the activities related to the production of agricultural statistics.

### **f) Necessary Investments**

Computer facilities (including software programmes) and satellite images will be required by the implementing institution.

## **III. Time Schedule**

### *Short term*

SIS will compile the information related to agricultural production through the General Agricultural Census to be conducted in 2001, within the framework of the harmonization process with the European Union.

### *Medium Term*

Studies on the development of a farmer registry system, which conforms to research carried out on farm structure in the member states of the European Union, will be carried out within the scope of the Direct Income Support Project of the Ministry of Agriculture and Rural Affairs. Another study concerns the records of agricultural enterprises at the Provincial and Regional Agricultural Directorates, and the establishment of an on-line link with the directorate general.

## **IV. Financing**

The proposed arrangements will cost 1,000,000 EUR for the State Institute of Statistics and 25,000,000 EUR for the Ministry of Agriculture and Rural Affairs. This cost covers the production of agricultural statistics.



## **4.13.22. Agricultural structures**

### **I. Priority description**

#### **a) Current Status**

There are around 4 million agricultural enterprises in Turkey according to the 1991 General Census for Agriculture. In this census, conducted once every ten years, information on the structure of agricultural enterprises, selected by sampling, is compiled and the results are announced for each province.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 89/651/EEC, 154/75/EEC, 2366/98/EC, 79/491/EEC, 991/79/EEC, 80/763/EEC, 80/764/EEC, 80/765/EEC, 2802/85/EEC, 85/620/EEC, 85/621/EEC, 1596/96/EC, 96/20/EC, 76/625/EEC, 76/806/EEC, 77/144/EEC, 86/652/EEC, 87/206/EEC, 96/684/EC, 94/677/EC, 96/170/EC, 2467/96/EC, 94/3761/EC, 1999/714/EC and 1999/799/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

#### **c) Implementing Institution**

The State Institute of Statistics, the Ministry of Agriculture and Rural Affairs

#### **d) Final Objective**

In the short term, it will not be possible to complete a study similar to the Farm Structure Research covering all enterprises.

Long term studies: A study on the development of a farm registry system, covering all the aspects of the Farm Structure Research, will be conducted within the Ministry of Agriculture and Rural Affairs.

It is planned to keep records on agricultural enterprises at around 800 regional offices of the said Ministry, and to establish an on-line link with the directorate general.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

The considerations given under the title "Annual Economic Accounts" are valid.

### **III. Time Schedule**

The considerations given under the title "Annual Economic Accounts" are valid.

### **IV. Financing**

The considerations given under the title "Annual Economic Accounts" are valid.

## **4.13.23. Crop Production**

### **I. Priority Description**

#### **a) Current Status**

The information on arable production and vegetable and fruit production is compiled three times a year (1st prediction in August, 2nd prediction in November and the third prediction [final] in March of the following year). The information is available on the basis of districts.

**b) EU Acquis**

The list of the related EU acquis is given in Volume II.

**c) Implementing Institution**

The State Institute of Statistics, the Ministry of Agriculture and Rural Affairs

**d) Final Objective**

To extending the information compiled on a district basis to the village and enterprise level.

**II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

The considerations given under the title "Annual Economic Accounts" are valid.

**III. Time Schedule**

The considerations given under the title "Annual Economic Accounts" are valid.

**IV. Financing**

The considerations given under the title "Annual Economic Accounts" are valid.

**4.13.24. Animal Production**

**I. Priority Description**

**a) Current Status**

The State Institute of Statistics compiles the necessary information each year through the Provincial and Regional Directorates of the Ministry of Agriculture and Rural Affairs, by means of questionnaires. The Agricultural Statistics Review provides information on a Turkey-wide basis. Information on provinces is available in the publication entitled Agricultural Structure.

Information compiled through correspondence with the Provincial Directorates is as follows: number of existing animals (on the basis of age groups), number of animals slaughtered, number of poultry and egg production, number of beehives and honey and wax production, silkworm production.

The data thus calculated by SIS is as follows: number of animals on the basis of age groups, number of animals milked, number of animals shorn, dairy production, hair, wool and mohair production, meat production and leather production.

**b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 2782/75/EEC and 1999/309/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

**c) Implementing Institution**

The State Institute of Statistics, the Ministry of Agriculture and Rural Affairs

#### **d) Final Objective**

In the short term, to translate the details in the Official Journal of the European Union by the beginning of 2001.

Within the scope of medium term studies, it is planned to carry out field studies by preparing new forms in coordination with the Ministry of Agriculture and Rural Affairs.

#### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

The considerations given under the title "Annual Economic Accounts" are valid.

#### **III. Time Schedule**

The considerations given under the title "Annual Economic Accounts" are valid.

#### **IV. Financing**

The considerations given under the title "Annual Economic Accounts" are valid.

### **4.13.25. Other agricultural statistics**

#### **I. Priority Description**

##### **a) Current Status**

Studies were started in 1998 on conducting surveys for the purpose of defining the economic structure of agricultural enterprises, compilation of data on the expenses and expenditures of enterprises, repeating these surveys at certain periods, and compiling the results in a database similar to FADN.

In these studies, a certain economic size was adopted as the lower limit for the targeted agricultural enterprises, to provide a definition of an enterprise having adequate income.

While calculating the economic size of agricultural enterprises the method used in the member states of the European Union is taken in consideration. The economic sizes for the year 1997 are calculated by taking the averages of the standard gross margins of the years 1996, 1997 and 1998 on a product basis.

At the same time, quality information on the economic structure of agricultural enterprises is obtained by preparing a sampling plan that allows for estimates in various categories of agricultural activities carried out by these enterprises. To define the category to which the enterprise belongs the typology system applied in the member states of the European Union is used (using SBK values).

The agricultural activity categories for which estimations will be made are as follows:

- Arable producers
- Vegetable producers
- Fruit producers
- Animal producers
- Combined farmers

A pilot study was carried out for one geographical region in 1999. Furthermore, a countrywide survey which will allow estimates to be made for seven geographical regions and the national level, is planned for the year 2001.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 96/411/EC, 98/186/EC, 98/3/EC, 72/279/EEC, 1999/41/EC and 98/718/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

#### **c) Implementing Institution**

The State Institute of Statistics, the Ministry of Agriculture and Rural Affairs

#### **d) Final Objective**

As a first stage, surveys on the economic size and type of agricultural enterprises, at the national and regional levels, will be carried out once every three years beginning in the year 2001. In the short term, it is planned to prepare the questionnaires to be used for the purpose of the said survey.

Medium term aims include the establishment of a database similar to FADN, and harmonization of the techniques used for defining the lower limit applicable to the types of agricultural enterprises and the enterprises to be selected as the survey unit, with the methods applied in the member states of the EU.

Among the medium term priorities, it is necessary to update the standard gross margin applied in defining the types of enterprises and the economic sizes thereof, and to conclude the infrastructure studies required for the performance of the said surveys on an annual basis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

The considerations given under the title "Annual Economic Accounts" are valid.

#### **III. Time Schedule**

The considerations given under the title "Annual Economic Accounts" are valid.

#### **IV. Financing**

The considerations given under the title "Annual Economic Accounts" are valid.

### **4.13.26. Forestry statistics**

#### **I. Priority Description**

##### **a) Current Status**

Each of the units acting under the Ministry of Forestry and its affiliated organization, the Directorate General for Forestry, compiles information falling within its own field of activity. There is no centralized system for the compilation of information. The compilation process is carried out by each unit on various bases and in formats that are changed when necessary.

##### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

### **c) Implementing Institution**

The Ministry of Forestry

### **d) Final Objective**

Ensuring the flow of statistical information, compiled centrally and in conformity with EU standards, to national and international statistical networks.

Turkey aims to be a full member of the EU and thus to participate actively in the related committees and systems established for the member states in the field of forestry statistics.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

There is no corresponding legislation directly related to the compilation of statistical information on forestry. Each of the units compiles the information stated within its own job description.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

In relation to the production of statistics, the definition of information complying to EU standards, the format and basis thereof, the units by which the statistics are to be compiled, the evaluations to be made, and the method of announcing the compiled information need to be regulated under a single piece of legislation. Under this legislation, the functions and responsibilities of regional units with respect to compilation of statistical information should be clearly specified.

### **c) Necessary Institutional Changes**

An adequate number of divisions in charge of statistics and inventories are to be established under each Directorate General for the regular compilation of statistics.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Studies on the legal arrangements regarding this matter need to be conducted after Turkey becomes a full member.

### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Additional requirements for the new units, expert personnel to be employed, equipment and training, will be defined after the enforcement of the legislation.

## **III. Financing**

The investments will be met from the General Budget and the related funds of the European Union.

### **4.13.27. Fisheries statistics**

#### **I. Priority description**

##### **a) Current Status**

SIS, in cooperation with the Ministry of Agriculture and Rural Affairs, obtains information on fishery products each year in January and February by means of a survey of fishermen. Information on fresh water products and culture fisheries come directly from the Ministry. The survey covers all professional fishermen fishing in our seas. In practice, the information for the previous calendar year is compiled by

means of interviews. In this survey, large scale fishery activities are fully enumerated, and small scale fishery activities are included within the scope of the survey through a sampling method.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 2090/98/EC, 2018/93/EEC and 2597/95/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

#### **c) Implementing Institution**

The State Institute of Statistics, the Ministry of Agriculture and Rural Affairs

#### **d) Final Objective**

To adopt and implement the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

The considerations given under the title "Annual Economic Accounts" are valid.

### **III. Time Schedule**

Short term studies: To have the details of the related acquis of the European Union translated by the beginning of the year 2001.

Medium term studies: To prepare and apply questionnaires complying to the acquis of the European Union.

### **IV. Financing**

The considerations given under the title "Annual Economic Accounts" are valid.

## **4.13.28. Regional and geographical information**

### **I. Priority description**

#### **a) Current Status**

The "Estimation Study on the Cultivated Cereal Lands of Turkey by Using Satellite Images" has been conducted by using remote sensing and geographical information systems. Moreover, it is planned to develop the land cover/land use maps to include location based land use information by means of the "Compilation Project for the Land Cover of Turkey by Using Satellite Images", currently being carried out. This will ensure the rapid compilation of information on broad areas in correlation with location. For this purpose, a methodology appropriate for Turkey has been developed by taking into consideration the "CORINE Land Cover" study realized by the European Union and the study on "Classification for Land Use Statistics" carried out under the EUROSTAT Remote Sensing Programme, and studies towards its implementation have begun.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

The State Institute of Statistics

#### **d) Final Objective**

To develop an accurate land cover/land use inventory of Turkey, include land information based on location by using satellite images within the regional and geographical information system, to monitor changes to land cover/land usage over time, and to complete the necessary legal and institutional arrangements required for the statistics to be compiled under the scope of the EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

There is no corresponding Turkish legislation related to geographical information systems.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

All the institutions in charge of compilation of data related to geographical information systems are required to modify their legislation in the light of the acquis of the European Union and in cooperation with the State Institute of Statistics.

#### **c) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

At least 10 office personnel and 100 personnel for field studies related to geographical information systems. Theoretical and practical training on the subject matter is required for the office personnel, and moreover there is a need to train personnel with respect to computer and foreign language skills. International consultancy services will also be required during the said study.

#### **d) Necessary Investments**

Human resources, computer (both as software and hardware) and satellite images.

### **III. Time Schedule**

In the case of short term studies related to regional and geographical information systems, the land use/cover classification covering the satellite images of Turkey based on image interpretation techniques to be made on images with the scale of 1/100,000 will be determined in conformity with the CORINE standards. This study will be recorded on the CBS medium and a geographical database will be designed.

In the medium term, the digital or analogue data kept at other institutions and organizations will be examined and included within the scope of this study.

### **IV. Financing**

500,000 EUR is proposed for the completion of all new and additional studies (satellite images, machinery, equipment, boarding and lodging, supplies, etc.).

## **4.13.29. Committees in the field of statistics**

### **I. Priority Description**

#### **a) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the legal arrangements 87/373/EEC, 91/115/EEC, 96/174/EC, 97/255/EC and 1999/468/EC have not been taken into consideration in line with the views stated by the related implementing institutions.

#### **b) Implementing Institution**

The State Institute of Statistics

#### **c) Final Objective**

To adopt and implement the said EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

SIS does not have corresponding legislation since the said committees are established under rationales and arrangements specific to the structure of the EU. Two committees were established in the European Union in 1989 and 1991 to schedule the key priorities in the field of statistical information. The EU committees aim to ensure efficient and effective coordination between the member states in the field of statistical information. Being a member of the Union means being a natural party to the policies developed by such committees. This does not apply to Turkey as she is not yet a full member.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

At the full membership stage, necessary arrangements related to the said Committees will be made to Law No. 53 of 13 June 1962 on the Duties, Authorities and Establishment of State Institute of Statistics.

#### **c) Necessary Institutional Changes**

At the full membership stage, the Advisory Committee for Statistics in the Economic and Social Spheres and the Committee for Statistical Programming will undergo a restructuring process in the light of the working methods of the statistical institutions of the member states.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

At the full membership stage, related studies are required to be conducted towards the related legal arrangements.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

SIS will require a team of 5 legally trained employees capable of carrying out the legal studies.

#### **f) Necessary Investments**

Investments will be made for the training of qualified personnel.

### **4.13.30. Balance of payments**

#### **I. Priority Description**

##### **a) Current Status**

The balance of payments systemically records, for a specific time period, the economic transactions between residents in Turkey (central government, banks, real persons, legal entities and institutions) and residents in other countries, as well as the financial claims on and liabilities to the rest of the world.

The balance of payments data are compiled by the Central Bank of the Republic of Turkey according to the "Balance of Payments V. Manual", recommended by the International Monetary Fund to member countries as an international standard for the conceptual framework underlying balance of payments



statistics. The balance of payments statistics are based mostly on the foreign exchange transaction records of the banks operating in Turkey. With regard to economic developments and changing legislation, survey results and data furnished by non-banks are also utilized in conformity with international concept and recording principles. Data on all export and import transactions for which Customs declarations are assigned are collected by the State Institute of Statistics.

In addition, there exist some other types of records due to those transactions peculiar to Turkey. These are the "Foreign Exchange Deposit Accounts with Credit Letter" opened with the Central Bank by non-resident Turkish citizens, and the amounts paid to the Turkish government also by the non-resident Turkish citizens for imports with waiver, and for a reduced period of military service.

Balance of payments statistics are published monthly on the website of the Central Bank [www.tcmb.gov.tr](http://www.tcmb.gov.tr) and are published in hard-copy at the end of each year.

#### **b) EU Acquis**

In the EU acquis there is no section dedicated to "Balance of Payments" under the Statistics heading, and no part of the EU acquis exclusively referring to this matter. However, the EU is compiling data on the balance of payments statistics under different headings. The balance of payments statistics compiled through the Central Bank in our country has been examined under another section in addition to the chapter titled Statistics, so as to ensure collective examination of the data. Under this section, Regulations of the EU No ECB/1998/17 and 1999/294/EC, the Guidelines of the European Central Bank on the statistical reporting requirements of the European Central Bank in the field of balance of payments, and international investment position statistics No 1998/17 of 4 May 1999 are relevant.

#### **c) Implementing Institution**

The Central Bank of the Republic of Turkey

#### **d) Final Objective**

Necessary studies are required to be completed as soon as possible in order to ensure that existing statistics cover all the details specified by EUROSTAT for the balance of payments statistics.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

In Decree No. 32 regarding the Protection of The Value of The Turkish Currency as Amended - Procedure and Joint Provisions - Part Six - Article 21 regarding Control, it is stated that the banks, authorized institutions, special finance institutions, precious metals intermediary companies and all other related institutions are obliged by the Central Bank to provide all statistical information on foreign exchange transactions within a given period of time.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Studies are proceeded to enable the necessary amendment to the Central Bank Law to gather information associated with balance of payments statistics in every detail from real persons and legal entities via banks.

Besides, compilation of some items in accordance with the general principles depends on the new arrangements concerning the classification of data compiled by the other institutions mainly the State Institute of Statistics.

#### **c) Necessary Institutional Changes**

There is no need for an institutional change.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The regulation concerned with gathering balance of payments statistics from real persons and legal entities via banks involves adopting a new reporting system within the banks, informing real persons and legal entities, and reflecting these modifications on the computer system.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Necessary staff and their training will be available within the bank.

#### **f) Necessary Investments**

No investments in addition to the existing technical equipment are required.

### **III. Time Schedule**

Short Term

## **4.13.31. Money and banking statistics**

### **I. Priority Description**

#### **a) Current Status**

The legal framework related to monetary policy and the final objective of the monetary policies are set under the Law on Central Bank of the Republic of Turkey No 1211 of 14 January 1970. In Article 4 of the Law, the fundamental duties and powers of Central Bank are defined as follows, "... the bank will follow a monetary and credit policy for the purpose of supporting economic growth and in a manner to ensure price stability according to the needs of the economy by further taking into consideration the development plans and the annual programmes". Taking necessary measures to protect domestic and international value of the national currency is also among the duties of Central Bank.

Current money and banking statistics are compiled from the banking system through monthly balance sheet forms and statistical information forms covering sectoral breakdown on the basis of Uniform Chart of Accounts, and also from the detailed balance sheet data of Central Bank, in line with the definitions, classifications and coverage explained in the "Manual on Money and Banking Statistics" of the International Monetary Fund. Monthly balance sheet and statistical forms compiled within banking supervision package are obtained through Electronic Data Transfer System (EDTS). On the basis of this data, detailed statistics (sectoral, maturity and instrument breakdown) are prepared on the main balance sheet aggregates of the banking system (including the Central Bank), such as credits, deposits and securities investment, and also banking survey, monetary survey, monetary aggregates and their counterpart items. The data required from banks before the end of month following the reference period is consolidated and published in the "Quarterly Bulletin" of the Central Bank. Also, this data is publicly disseminated under the title of "Periodical Publications" on the web site [www.tcmb.gov.tr](http://www.tcmb.gov.tr). Time series on this data can be accessed through "Electronic Data Dissemination System-EDDS" on the same web site. All this data is reported to the IMF monthly.

The definitions of sector, maturity and instrument used in money and banking statistics are adapted from classifications and standards mentioned in "Manual on Money and Banking Statistics-2000" of the IMF and System of National Accounts (SNA '93). Studies on the development of statistics in the framework of new Manual are also carried out.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II. However, the Regulation of the European Investment Bank No. 2819/98/EC on the consolidated budgets of the financial institutions has also been considered.

### **c) Implementing Institution**

The Central Bank of the Republic of Turkey

### **d) Final Objective**

The Statistical framework used in the European Union (EU) is in harmony with generally accepted accounting rules as defined in the European System of Accounts (ESA '95) and also in SNA '93, and complies with international standards. A common framework is established in ESA '95 for definitions, classifications and accounting standards. Institutional sector definitions in ESA '95 are in line with the definitions and classifications of sectors and sub-sectors introduced in the above mentioned Manual of the IMF. Balance sheet data (stock) on the central bank and on other monetary financial institutions which are the sub-sectors of the "financial corporations" sector are compiled to produce money and banking statistics. However, data on "insurance companies", "other financial intermediaries", "financial auxiliaries" and sub-sectors on monetary and credit aggregates are currently not covered. Detailed data on leasing and factoring companies which are supposed to be classified in "other financial intermediaries" and also "insurance companies" will be compiled by the Undersecretariat of the Treasury. In addition, data on brokers and agents which can be classified under "financial auxiliaries", and data on mutual funds which can be classified in "other financial intermediaries", will be compiled by the Capital Market Board. In addition, by integrating the data on special finance houses which are classified in "other depository corporations", the whole financial system will be covered.

Similarly, definitions and classifications of financial transactions in ESA '95 are also in compliance with the IMF standards. Transactions classified as "financial assets creating counterpart obligations", "financial assets not creating counterpart obligations" and "notional financial assets" in the IMF Manual are also covered in ESA '95. Balance sheet data compiled on the basis of the Uniform Chart of Accounts in line with the internationally accepted accounting standards cover most of the financial transactions defined both in ESA '95 and the IMF Manual. However, coverage of transactions will be studied in detail and the statistical issues which need to be harmonized with EU standards will be determined.

In order to standardize the coverage of financial transactions, the inclusion of data on insurance companies, other financial intermediaries, and the financial auxiliaries subsectors makes it necessary to evaluate the financial statistics compiled by different institutions and to identify which institution prepares which type of statistics.

Studies will be needed on the following: the inclusion in the financial system of data on the sub sectors, namely the other financial intermediaries and financial assistants, in a manner which deals with financial transactions in conformity with established standards; on the primary examination of the financial statistics compiled by various institutions for different purposes; on defining the types of the statistics produced by different institutions and the standards by which the statistics are produced.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

All the banks operating in Turkey are obliged to submit their annual balance sheets and the profit-loss statements to the Central Bank of the Republic of Turkey as per article 43 of the Law No 1211 on the Central Bank of the Republic of Turkey. Moreover, the Central Bank may request all kinds of information from the banks pertaining to their deposits, credits, foreign currencies and other transactions. However, no information may be requested from the banks on the personal deposit accounts of their customer.

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

It may be necessary to make certain amendments to the Law on the Central Bank of the Republic of Turkey in order to request information from institutions other than banks (insurance companies, financial institutions, etc.) included in the financial system.

### **c) Necessary Institutional Changes**

The institutional arrangements will be discussed in the light of needs identified during the adaptation process.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

With the legislation concerning the request for information from financial sector institutions other than banks, new reporting forms will be prepared, institutions will be informed, and reciprocal meetings will be held. The forms will be compatible with use in electronic media.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

On the subject of the adaptation of money and banking statistics to EU standards, the numbers of staff having fluent language skills will be increased, and a new team will be formed in the Central Bank. Staff will be engaged in the training programs organized by the related institutions of the EU (EUROSTAT, ECB) on the compilation of money and banking statistics in the framework of ESA'95. Regarding issues requiring statistical adaptation, other than those covered by technical assistance and training within EU institutions, an exchange program should be initiated with countries recently integrated into the EU.

#### **f) Necessary Investments**

The need for qualified staff and technical equipment will increase during the adoption of EU standards.

### **III. Time Schedule**

#### *Short Term*

- Being a candidate country for EUROSTAT, and in the context of reporting obligations, studies are underway to form the data and time series required by the relevant institutions. Within this framework, studies will be executed for compiling and standardizing data with the cooperation of other departments in the CBRT. This process will include exchange of information with EUROSTAT.
- After the compilation of standard tables monthly reports will be prepared.
- Manuals on money and banking statistics, guide books (ESA'95, 'Money and Banking Statistics Sector Manual-Guidance for Statistical Classification of Customers', 'Statistical Information Collected and Compiled by ESCB'), and legal arrangements (regulations and decisions published in the Official Journal) will be examined in detail, and aspects of existing statistics requiring adaptation to EU standards will be determined.
- During this study, the issues requiring cooperation between institutions will be determined and necessary studies will be executed.

#### *Medium Term*

The definitions of sectors and financial transactions will be harmonized with EU statistics. Consolidation will occur by compiling new data and integrating it to the existing system.

## 4.14. Social Policy and Employment

### 4.14.1. Labour law

#### I – Priority description

##### a) Current Status

###### Basic Arrangements in Working Life

- Labour legislation consists of numerous laws and their relevant sub-laws, varying according to the status of employees and the relevant sector of business (public/private). Labour Act No: 1475 and Law No.657 on Civil Servants are the basic laws establishing the principles of individual labour legislation. There are separate labour laws concerning media (press) and maritime employees. There are also labour laws, besides Law No: 657, concerning public officers including active military officers, judges and public prosecutors, and academicians.
- The variety of labour laws does not have a negative impact on employment within the private sector. However, it may cause certain problems in terms of equal opportunity and treatment since public officers, engaged in the same type of business, may be employed according to different laws. In order to solve such problems and to ensure equal treatment, amendments to laws covering the private sector should be introduced to supplement the general arrangements regarding public sector employment.
- Studies on amending our labour legislation, in particular Labour Act No:1475, have been launched.
- Studies on the evaluation of fields such as agriculture, forestry and aviation in individual labour laws are continuing.
- There is no legislation on flexible work. And the concept of working abroad has not been defined and regulated under the laws.

###### The Right to Organize and Bargain Collectively

- Since the 1960's there has existed an established and functioning system regarding employee union rights, particularly on organization and collective labour agreements.
- The scope of the freedom to organize has been enlarged through certain amendments in 1986 and 1988 to Law No: 2821 on Trade Unions, and Law No: 2822 on Collective Labour Agreements, Strikes and Lockouts. Through an amendment to the Constitution of the Turkish Republic in 1995, Article 52 which introduced restrictions on trade union activities and set out provisions on the state's administrative and financial control over trade unions, was repealed and relevant changes to the legislation were introduced.
- Legal studies continue on subjects such as the elimination of the 10% threshold required for making collective agreements, elimination of restrictions on the right to strike in the free zones, and the narrowing of the scope of strike prohibitions.
- As regards civil servants, with the amendments made to the Constitution in 1995, the framework for the organization of public employees was aligned with ILO Convention No:151 ratified by Turkey in 1992. However, the relevant law remains to be adopted. Currently, the unions of public officers are legal entities within the framework of the Law on Associations. Through a Prime Ministry circular issued in 1997 these associations were granted the right to open offices, hold meetings and register members in their workplaces.

###### Protection of Children and Young People

- The protection of children and young people is guaranteed under the Constitution.

- ILO Convention No:138 Regarding the Minimum Age for Admission to Employment has been ratified by Turkey. Very recently, ILO Convention No:182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour has also been ratified by the Turkish Parliament.
- Labour Act No 1475 prohibits the employment of children under 18 under ground and sea level, and at night time (Articles 68 and 69). The Law (Article 67) prohibits the employment of children under 15, however it provides for the employment of children above 13 on light labour. It is compulsory for working children between the ages of 13 and 18 to obtain a health report on a 6-month basis (Article 80).
- Labour Act No: 1475 (Article 49) stipulates that the annual paid leave of employees under 18 may not be less than 18 days. Law No: 3308 on Apprenticeship and Vocational Training, regulating the leave and social security rights of apprentices working under contract, provides that the apprentices are entitled to a minimum of a month's leave during the holiday season.
- Since the period of compulsory education was increased to eight years by the Basic Education Law approved in 1997, Law No: 3308 was amended to raise the minimum age for admission into centers for apprenticeship training to 14.
- There are provisions in Law No 1580 on Municipalities regarding providing shelter for and fulfilling the social needs of young persons.
- People aged under 18 are not employed or accepted as civil servants or public officers.
- Safeguarding of employee rights in the event of transfers of business or parts of businesses
- Labour Act No: 1475 determines that the term of service, to be used in the calculation of severance pay in the case of the hand-over or transfer of a business, will be calculated over the sum of the contracts of service in the work place/s. Moreover, Law No: 2822 on Collective Labour Agreements, Strikes and Lockouts contains the provision that "The change of employer does not necessarily bring any change in the collective labour agreement" (Article 8).
- Pursuant to the Court of Appeal's jurisprudence, the provisions of the Code of Obligations apply on matters that have not been covered under the Labour Act.

#### Employee's Representation

- The "trade union representative in the work place", covered by Law No 2821 on Trade Unions, does not fully correspond with "employee's representation" in the Union's Acquis in that it does not provide for the representation of employees that are not members of trade unions, nor does it permit a trade union other than the one having representative status to conclude collective labour agreements or to appoint a representative in that particular workplace. Efforts have been initiated to improve the status of "employee representation" in order to secure full conformity with the Acquis.
- Both institutions mentioned below create a sound foundation for the infrastructure in our national legislation:
  - a) The existence of employee's representative in the councils giving the decision on the discontinuation of the work or closing the business in the case that any perilous status has been revealed in the working methods and forms, machinery and equipment of any enterprise, as suggested in the Law no: 1475 on Labour, Article 75(a),
  - b) "An employee, to be elected among the trade union's representatives in any work place or, in the lack of a union representative in such work place, an employee to be elected by open cast voting in a meeting attended by more than half of the employees in such work place" is regarded to be a member of the Council described in the third article of the "Regulation of the Boards on Health and Safety at Work" based on the Article 76 of the same Law.

### Safeguarding of employee' rights in the event of the insolvency of the employer

The Guarantee Fund, required by Council Directive no: 80/987, has not been included in Turkish legislation. There are certain provisions regarding employee compensation in the event of the bankruptcy of the business and/or the employer in Law No: 2004 on Execution and Bankruptcy.

### *Setting the Working Time*

- Pursuant to the Turkish legislation on annual paid leave (Labour Act No:1475, Article 4), the minimum period of employment necessary to qualify for annual paid leave is 1 year, and employees are entitled to between 12 and 24 days of annual paid leave depending on their respective seniority. The duration of annual paid leave, an irrevocable right, may be increased through contracts of service and collective labour agreements.
- The annual paid leave of civil servants varies between 20 – 30 days depending on years of service.
- The legislation on working time is covered by Labour Act No:1475, the Regulation on Working Time, the Regulation on Overtime, the Regulation on Working Time That Can not be Divided into Weekly Work Days, and the Regulation on the Works Requiring a Daily Maximum of 7.5 or Less Hours for Health Concerns. Accordingly, the maximum length of the working week is 45 hours, with no more than 7.5 daily working hours in businesses where the working week comprises 6 days. Breaks vary between 15 minutes and 1 hour according to the daily working time. The night shift can be between 20:00 hrs. and 06:00 hrs. and may not exceed 7.5 hours.
- The length of the working week for seafarers is 48 hours, whereas that of civil servants is 40 hours.

### Privatization

- Law no: 4046 (Article 21) on Privatization establishes that in cases where employees are dismissed due to pre-privatization arrangements, privatization, liquidation and/or closing down, in a way which grants them the right to indemnities, they will be paid indemnities for the loss of their job in addition to the legal indemnities resulting from collective redundancy. In addition, such employees will have priority access to the services of the Employment Agency for finding new jobs, professional development and training.
- Within the framework of the same Law, handicapped employees will not be dismissed, and those that are dismissed nevertheless, will be paid double indemnities for losing their jobs.
- Under the same Law, if the capital share of the public sector (government) falls below 50% as a result of privatization, civil servants and contractual personnel working in the institutions will be transferred to other public institutions and organizations within 45 days, upon their request. The Head of State Personnel which is the institution responsible for the implementation of the provision, has been provided with 20.000 positions for the above purpose.

### Collective Redundancies

- In the event of the dismissal of 10 or more employees, Labour Act No: 1475 (Article 24) introduces the obligation on the employer to notify the Turkish Employment Institution of the respective employee names and qualifications not later than a month prior to the actual dismissal date. Moreover, in the event of the cancellation of the contract of work, the employer may not employ someone else to substitute the dismissed employee within 6 months following such a dismissal.
- Pursuant to the related regulation, the Employment Agency has been given the duty of following up collective redundancies and keeping in contact with such businesses to register names, professions, job preferences and addresses of the employees.

### Notification of Employees

- Law no: 1475 on Labour provides for contracts of service of 1 year or longer to be issued in writing (Article 9), and covers all types of matters regarding the form, place and duration of the contract and the payment and working conditions (Article 11). However, in respect of the contracts of service for

undefined periods of time, which constitute the majority of individual labour contracts, there is no obligation to issue them in writing.

- The same Law (Article 73) has introduced the obligation for employers to notify their employees of the likely hazards of the machinery used and the measures to be taken in advance against such hazards.
- The Regulation of Boards on Health and Safety at Work (Article 3) makes it an obligation for employers to train employees on health and safety measures relevant for the performance of their respective jobs, and to provide information on new jobs in the event of employees changing their positions.
- The Regulation of Boards on Health and Safety at Work provides for the provision of relevant information to work place employees(Article 4).
- Pursuant to the Regulation on Overseas Employment, employees posted overseas, regardless of the underlying reason, sign their contracts of service along with their employers, in the presence of a representative of the Turkish Employment Institution.

#### Temporary Overseas Employment

- Turkish legislation covers social security matters related to employees sent on overseas posts (Law No 506 on Social Security Institution, Article 7). Moreover, the legislation applied to employees is further covered in bilateral social security agreements. The term of temporary employment depends on the decision of the parties.

#### **b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.

The list of EU acquis provided by TAIEX but not studied by the related implementing institutions

- 75/129/EEC: Council Directive of 17 February 1975 on the approximation of the laws of the Member States relating to collective redundancies
- Council Directive 98/50/EC of 29 June 1998 amending Directive 77/187/EEC on the approximation of the laws of the Member States relating to the safeguarding of employee rights in the event of transfers of undertakings, businesses or parts of businesses
- Council Directive 98/23/EC of 7 April 1998 on the extension of Directive 97/81/EC on the framework agreement on part-time work concluded by UNICE, CEEP and the ETUC to the United Kingdom of Great Britain and Northern Ireland

#### **c) Implementing Institution**

Ministry of Labour and Social Security

Ministry of Agriculture and Rural Affairs, Ministry of Transport, State Planning Organization, Department for State Personnel etc.

#### **d) Final Objective**

To adopt and implement the related EU Acquis.

## **II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Turkish Constitution
- European Social Charter



- ILO Convention No 14 Concerning the Application of Weekly Rest in Industrial Undertakings
- ILO Convention No 58 Fixing the Minimum Age for the Admission of Children to Employment at Sea
- ILO Convention No 77 on Medical Examination for Fitness for Employment in Industry of Children and Young People
- ILO Convention No 87 Concerning Freedom of Association and Protection of the Right to Organize
- ILO Convention No 95 Concerning the Protection of Wages
- ILO Convention No 98 Concerning the Application of the Principles of the Right to Organize and to Bargain Collectively
- ILO Convention No 135 Concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertakings
- ILO Convention No 138 Concerning Minimum Age for Admission to Employment
- ILO Convention No 151 Concerning Protection of the Right to Organize and Procedures for Determining Conditions of Employment in Public Service
- ILO Convention No 158 Concerning Termination of Employment at the Initiative of the Employer
- ILO Convention No 182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (just ratified).
- United Nations Convention on Children's Rights
- United Nations Convention on Economic, Social and Cultural Rights (Approval procedure started.)
- United Nations Convention on Personal and Political Rights (Approval procedure started.)
- Labour Act No 1475
- Law No 2821 on Trade Unions
- Law No 2822 on Collective Labour Agreements, Strikes and Lockouts
- Code of Obligations No 818
- Code of Commerce No 6762
- Law No 5953 on the Regulation of Relations between Employers and Employees in the Press
- Law No 854 on Maritime Labour
- Law No 2004 on Execution and Bankruptcy
- Law No 506 on Social Security Institution
- Law No 4046 on Privatization
- Law No 3308 on Apprenticeship and Vocational Training
- Law No 1593 on Public Health
- Law No 2559 on Duties and Jurisdiction of the Police

- Law No 3984 on the Establishment and Broadcasts of Radio and Television
- Statutory Decree No 617 on the Establishment of Turkish Employment Institution
- Regulation on Performance of the Duties of Turkish Employment Institution
- Regulation on Work Periods
- Regulation on Overtime
- Regulation on Heavy and Dangerous Duties
- Regulation on Certain Special Procedures and Rules regarding the Employees in Works Performed with Shift Workers
- Regulation on the Works Requiring a Daily Maximum of 7.5 or Less Hours for Health Concerns
- Regulation on Health and Safety at Work
- Regulation of the Boards on Health and Safety at Work
- Regulation on Working Time That Cannot Be Divided into Weekly Work Days
- Regulation on Employment of the Disabled
- Regulation on the Employment of Ex-Convicts
- Regulation on Annual Paid Leave
- Regulation on Overseas Employment Service

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The 8th Five-Year Development Plan has introduced the framework for the necessary amendments to the national legislation and the newly required legislation:

Studies on Trade Unions and Collective Labour Agreements

- “Draft Bill on Trade Unions for Public Employees”, accepted by the Commission on Family, Health, Labour and Social Affairs of the Turkish Parliament, is currently under discussion in the Planning and Budgetary Commission.
- Draft laws proposing modifications to Laws No 2821 and 2822 have been prepared by the Ministry of Labour and Social Security and are awaiting opinions from other parties.
- Draft Law Proposing Modifications Regarding Job Security has been submitted to the Prime Ministry

Prevention of Child Labour

- The Draft Law Proposing Amendment to the Labour Act No.1475 stipulates that the employment of children under 15 should be strictly forbidden.
- Works related to increasing leave and rest periods and decreasing working periods of children under 18 covered by Labour Act No.1475 are being carried out to reflect arrangements covered by Directive 94/33.
- The Child Labour Unit of the Ministry of Labour and Social Security is carrying out preparations regarding the determination of light work/sectors where children between 15 and 18 may be employed.

#### Flexible Work

- During the preparation of legal regulations for flexible and atypical work, Directive No: 97/81 will be taken into consideration.

#### Sectors Beyond the Scope of the Law on Labour

- A draft law has been prepared and submitted to the Prime Ministry regarding agricultural and forestry workers falling within the scope of Law No 1475 on Labour.
- Preparation of the Law on Civil Aviation Employees is in progress.

#### Notification of the Employees by the Employers

- Preparatory work has begun to reflect the content of Council Directive No 91/533 into national legislation. This aims to modify the provisions of Labour Act No: 1475 regarding the contract of service, health and safety at work rules, and the notification and consultancy rules.

#### Organization of the Working Time

- The minimum annual paid leave period, suggested in Directive No 93/104, should be reflected within the national legislation.
- Studies on the Draft Bill Amending Law No 854 on Maritime Labour are continuing. The draft law suggests that the seafarers' working week of 48 hours will drop to 45 hours.

#### Safeguarding of employee rights in the event of transfers of businesses or parts of businesses

- The provisions of Directive No 77/187 are being taken into consideration during the preparation of the Draft Law Amending the Labour Act No.1475.

#### Safeguarding of employees in the event of the insolvency of the employer

- The Guarantee Fund, required by Council Directive No 80/987, should be incorporated into our legislation.

#### **c) Additional Requirements Stemming from Entry into Force of the New Legislation**

Making the actuarial calculations related to the Guarantee Fund, setting the principles regarding the fund resources and their respective management, and taking the relevant measures.

#### **d) Necessary Institutional Changes**

Enhancing employee representation to keep pace with the Union Directives,

Establishment of the Guarantee Fund,

Restructuring of the Ministry of Labour and Security required by the entry into force of the new legislation, primarily the Law on Trade Unions for Public Officers,

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

There is a need for additional technical assistance, staff and training for the use and implementation of the Guarantee Fund.

It is also known that other modifications, primarily caused by the restructuring of the Ministry of Labour and Social Security, will require additional staffing and training, however there are no estimates at the present time.

#### **f) Necessary Investments**

Investment will be required for the infrastructure and staffing necessary to implement the policy modifications described in (c), (d) and (e) above, as well as for the granting of the financial instruments (Guarantee fund financing requirements, etc.) required in the implementation of these policies.

### **III. Time schedule**

#### *Short Term*

Enactment of the Law on Trade Unions for Public Officers,

Research and analysis on the current status of Guarantee Funds in the Member States of the Community, with a view to setting up the Guarantee Fund,

Enactment of the Draft Bill on Job Security,

Within the framework of encouraging the activities on the prevention of child labour;

a) Completion of studies on the determination of light works/sectors where children between 15 and 18 may be employed,

b) Continuation of the ILO/IPEC project started in 2000, and drafting new projects

- Estimations on work/working time schedules and requirements (including financing) related to the items to be completed in the short term.

#### *Medium Term*

- Implementation of the modifications required to Law No 2821 on Trade Unions, and Law No 2822 on Collective Labour Agreements, Strikes and Lockouts.
- Completing the legal regulation related to flexible and/or atypical working.
- Enhancing employee representation in the work place.
- Completing the legal arrangements related to working children under 18.
- Completion of the projects aiming to prevent the employment of children under 15 in the industrial fields.
- Preparations to enforce labour laws in fields requiring new and/or separate labour laws.
- Realization of the required restructuring of the Ministry and other institutions.

### **IV. Financing**

It is estimated that resources amounting to 450 million Euros will be required for the actuarial balances of the Guarantee Fund and other investments (described in (f) above).

Estimations of other requirements will be provided in 2001.

## **4.14.2. Social Dialogue**

### **I. Priority description**

#### **a) Current Status**

Turkey has a variety of institutions and mechanisms contributing to social dialogue from work place level to the national level.

The major social dialogue organization/institution at the work place/enterprise scale is the collective labour agreement, as is the case in EU countries. Moreover, there are also social dialogue mechanisms/institutions such as councils of unions' representation in the work place, boards of annual leave, discipline and health and safety at work. Social dialogue institutions/mechanisms generally exist within medium to large scale work places/enterprises. As regards small and minor scale businesses, such mechanisms and institutions are rarely developed and maintained.

We can group the social dialogue institutions/mechanisms at the national level in two major classes:

- a) Institutions directly related to the fields of industry and social policy : Labour Council, Economic and Social Council (EKOSOK), Turkey-EU Joint Advisory Committee, Minimum Wage Determination Commissions, Supreme Arbitration Board, Council for Using the Administrative Monetary Penalties, Provincial Labour Councils, Labour Force Market Information Board, Supreme Council for the Disabled, etc.
- b) Other social dialogue mechanisms where the social parties are represented, although not in the field of industrial relations: General Assemblies and Board of Directors of obligatory insurance institutions like the Social Insurance Institution (SSK) and the Social Insurance Institution for Craftsmen, Artisans and Other Self-Employed (Bağ-Kur), General Assembly and Board of Directors of the National Center for Productivity, General Assembly and Board of Directors of Turkish Employment Institution, Specialization Commissions of the State Planning Organization, various consumer-related institutions, Advertisement Council, administrative and consultancy councils of various projects, predominantly of the structural adjustment projects.

Some of the above institutions and mechanisms are actively functioning. For instance; Board of Directors and General Assemblies of National Center for Productivity, Social Security Institution (SSK), Social Insurance Institution for Craftsmen, Artisans and Other Self-Employed (Bağ-Kur), Minimum Wage Determination Commissions, Supreme Arbitration Board, Turkey-EU Joint Advisory Committee, Specialization Commissions of State Planning Organization, some of which have recently been reorganized.

In the last 10 to 15 years Turkey has given top priority to the development of social dialogue. In this period, the new institutions and restructured institutions, have employed social dialogue and management mechanisms with the participation of social partners. During the preparatory stage of the 8th 5-Year Development Plan, a Specialized Sub-Commission was formed and operated with the participation of representatives of employees, employers and government, as well as academicians, in order to develop social dialogue and participation mechanisms. In this context the 8th Plan mainly envisages the following:

- The legislation on social dialogue will be scrutinized and renewed in the period 2001 – 2005,
- The Economic and Social Council will be regulated by law.

The 8th Plan also outlines the necessary new social dialogue mechanisms and participation mechanisms in the various Commissions related to industrial relations. Some of the said mechanisms, such as the Board on Health and Safety at Work, have been reflected in the Plan.

#### **c) EU Acquis**

The relevant list of EU Acquis is included in Volume II.

**The list of the EU acquis provided by TAIEX but not studied by the implementing institutions;**

- 70/532/EEC: Council Decision of 14 December 1970 setting up the Standing Committee on Employment in the European Communities
- 75/62/EEC: Council Decision of 20 January 1975 amending Decision No 70/532/EEC setting up the Standing Committee on Employment in the European Communities
- 74/441/EEC: Commission Decision of 25 July 1974 relating to the setting-up of a Joint Committee on Social Problems in Sea Fishing
- 87/446/EEC: Commission Decision of 31 July 1987 amending Decision 74/441/EEC relating to the setting up of a Joint Committee on Social Problems in Sea Fishing
- 74/442/EEC: Commission Decision of 25 July 1974 relating to the setting-up of a Joint Committee on Social Problems of Agricultural Workers
- 83/54/EEC: Commission Decision of 24 January 1983 amending Decision 74/442/EEC relating to the setting up of a Joint Committee on Social Problems of Agricultural Workers
- 87/445/EEC: Commission Decision of 31 July 1987 amending Decision 74/442/EEC relating to the setting up of a Joint Committee on Social Problems of Agricultural Workers
- 80/991/EEC: Commission Decision of 9 October 1980 setting up a Joint Committee on Inland Navigation
- 91/407/EEC: Commission Decision of 12 July 1991 amending Decision 85/13/EEC setting up a Joint Committee on Railways
- 85/516/EEC: Commission Decision of 18 November 1985 setting up a Joint Committee on Road Transport
- 87/447/EEC: Commission Decision of 31 July 1987 amending Commission Decision 85/516/EEC relating to the setting up of a Joint Committee on Road Transport
- 87/467/EEC: Commission Decision of 31 July 1987 setting up a Joint Committee on Maritime Transport
- 90/450/EEC: Commission Decision of 30 July 1990 setting up a Joint Committee on Telecommunications Services
- 94/595/EC: Commission Decision of 27 July 1994 setting up a Joint Committee on Postal Services

**c) Implementing Institution**

- Ministry of Labour and Social Security,
- State Planning Organization,
- Other related public organization and institutions (For instance, National Center for Productivity, State Statistics Institute, etc.)

**d) Final Objective**

To adopt and implement the EU Acquis on social dialogue.

Providing full participation of our country's relevant institutions in the above mentioned EU "Joint Committees" that will be formed in the event of full EU membership.

## **II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- ILO Convention No 144 Concerning Tripartite Consultations to Promote the Implementation of International Labour Standards
- Statutory Decree No 617 on Establishment of Turkish Employment Institution
- Labour Act No.1475 and related regulations
- Law No 4447 on Unemployment Insurance
- Law No 506 on Social Security Institution
- Law No 1479 on the Establishment of Social Insurance Institution for Craftsmen, Artisans and Other Self-Employed (Bağ-Kur)
- Law No 580 on Establishment and Duties of National Center for Productivity
- Law No 2821 on Trade Unions
- Law No 2822 on Collective Labour Agreements, Strikes and Lockouts
- Statutory Decrees Nos. 571 and 572
- Statutory Decree No 618 on Establishment of Social Security Institution
- Law No 3146 on Establishment and Duties of the Ministry of Labour and Social Security
- Examination Regulation on the Disabled to be Employed as Workers in the Public Institutions
- Prime Ministry Circular No 1995/5

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Full adoption of the EU Acquis on social dialogue. Incorporation into the national legislation of the institutions required by the Union's legislation regarding social dialogue mechanisms and institutions such as employee representation in the work place.

Enactment of the Law on the Establishment and Duties of the "Economic and Social Council".

Arrangements, allowing for the staff of relevant institutions to be appointed to the said EU Joint Committees, to be provided in the relevant laws, in the event of full EU membership for Turkey.

### **c) Additional Requirements Stemming From Entry into Force of the New Legislation**

Additional staffing and equipment will be required following the enactment of the Draft Bill on the Establishment and Duties of the Economic and Social Council.

### **d) Necessary Institutional Changes**

- The establishment of a permanent board to evaluate statistics related to the labour market and working life, with the participation of social partners under the Ministry of Labour and Social Security.
- A Labour Health and Safety Council should be established, with the participation of the relevant institutions and social partners, under the Ministry of Labour and Social Security.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

There will be a need for equipment and more than 30 additional staff provided that the Law on the Economic and Social Council is enforced, and other institutional modifications are realized.

Necessary Investments

No additional investments, other than for equipment and staffing, are foreseen.

### **III. Time schedule**

*Short Term*

- Draft Bill on the Establishment and Duties of the Economic and Social Council will be introduced.
- Studies concerning the establishment of the Labour Market Advisory Board of the Ministry of Labour and Social Security will be launched.
- Legal studies concerning the establishment of the Labour Health and Safety Board of the Ministry of Labour and Social Security will be launched.

*Medium Term*

- Completion of other arrangements and institutionalization processes (the arrangements related to EU Joint Committees will be adopted following full membership.)

### **IV. Financing**

It is estimated that resources amounting to 18 million Euros will be required for the investments.

## **4.14.3. Equal Treatment of Men and Women**

### **I. Priority description**

#### **a) Current Status**

- Labour Act No.1475 and Law No 657 on Civil Servants are harmonized with the EU Acquis as regards gender discrimination in terms of wages, admission to employment, working conditions, vocational training.
- There are no provisions within Law No 2821 on Trade Unions and Law No 2822 on Collective Labour Agreements, Strikes and Lockouts contrary to the equal treatment of men and women.
- There are certain provisions within our social security legislation that are deemed to be contrary to the equal treatment of men and women.
- Pursuant to Article 70 of Labour Act No.1475, it is prohibited to employ women under ground and sea level and at night time (in jobs other than those indicated), and for a total of 12 weeks, 6 before and 6 after giving birth (Articles 68 and 69). The paid maternity leave for civil servants is 9 weeks, 3 before and 6 after giving birth.
- The paid leave before and after giving birth is regulated by the social security laws. There are also legal regulations regarding unpaid maternity leave to be assessed among the terms subject to social security.



- The duties of the Labour Placement Agency, restructured as the Turkish Employment Institution by Statutory Decree No 617, have been enlarged to implement active and passive labour force policies. Thus, the Institution will be able to carry out its objectives under the 8th Five-Year Development Plan by taking the results of the Luxembourg and Lisbon Employment Summits into consideration. In this context, the Employment Agency will function as an institution with the capacity to take the necessary measures for encouraging the participation of women within the employment market.

#### **b) EU Acquis**

The relevant list of EU Acquis is given in Volume II.

#### **c) Implementing Institution**

- Directorate General for Women's Status and Problems, the Ministry of State
- Ministry of Labour and Social Security
- Ministry of Justice
- Ministry of Agriculture and Rural Affairs
- Ministry of Transport
- State Planning Organization

#### **d) Final Objective**

To adopt and implement the relevant EU Acquis.

## **II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Turkish Constitution
- ILO Convention No 45 Concerning the Employment of Women on Underground Work in Mines of All Kind
- ILO Convention No 100 Concerning Equal Remuneration for Men and Women Workers for Work of Equal Value
- ILO Convention No 111 Concerning Discrimination in Respect of Employment and Occupation
- ILO Convention No 135 Concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertakings
- Labour Act No.1475
- Law No 2821 on Trade Unions
- Law No 2822 on Collective Labour Agreements, Strikes and Lockouts
- Law No 506 on Social Insurance Institution (SSK)
- Law No 1479 on Social Insurance Institution for Craftsmen, Artisans and Other Self-Employed (Bağ-Kur)
- Law No 5434 on Retirement Fund of the Republic of Turkey for Civil Servants

- Law No 2925 on the Social Security of Agricultural Workers
- Law No 2926 on Social Insurance of the Self-Employed in Agriculture
- Law No 854 on Maritime Labour
- Law No 5953 on the Regulation of Relations between Employers and Employees in the Media Sector
- Law No 4447 on Unemployment Insurance
- Regulation on the Employment of Female Employees at Night Shifts in Industrial Work Places
- Regulation on the Employment Conditions of Pregnant and Breastfeeding Women and Nursing Rooms and Child Care Rooms (kindergarten)
- UN Convention on Prevention of All Types of Discrimination Against Women
- UN Convention on Economic, Social and Cultural Rights
- UN Convention on Personal and Political Rights

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The institutionalization of parental leave and standardization of paid maternity leaves that vary according to employment status. In this respect, the relevant Ministry of State has prepared the “Draft Bill on the Re-organization of Maternity Leave”, and it has been submitted to the Prime Ministry. The Draft proposes that the father should also benefit from the maximum 6-months unpaid child care leave currently given to the mother following the birth, i.e. converting this leave into parental leave.

It is necessary to incorporate into legislation the provision that responsibility for the burden of proof lies with the employer in cases of sex discrimination.

There are certain provisions in Laws Nos. 506, 2925, 2926 and 1479 on Social Security that are deemed to be contrary to the equal treatment of men and women. The “Draft Bill on Social Security for Harmonization with EU Legislation”, that is currently under preparation by the Ministry of Labour and Social Security, suggests new arrangements for such provisions. In this context,

- Maternity Insurance will be incorporated into Law No 2926, Law No 2925 on the Social Security of Agricultural Workers, and Law No.1479 on the Social Insurance Institution for Craftsmen, Artisans and Other Self-Employed,
- The condition relating to the “head of the family” should be abolished, as introduced by Law No.2926 on Social Insurance of the Self-Employed in Agriculture, in order for women to be insured.

Abolition of the notion of “head of the family” in the Civil Code. The notion of “head of the family” will be terminated through the Draft Law amending the Civil Code currently under discussion in the relevant Commission of the Turkish Parliament. This will solve the social benefits problems stemming from unequal treatment in relation to family allowances, child benefits, accommodation aid, etc. and it will be possible for spouses to receive such social benefits according to their preferences.

Legalization of unregistered female employment due to the limited scope of the current labour laws.

#### **c) Additional Requirements Stemming From the Entry into Force of the New Legislation**

Renovation and strengthening of the institutional infrastructure, staff training, organizing and generating information, awareness raising campaigns among employees. The gender awareness training program, developed under the scope of the Project on the Development of Women’s Employment by the Directorate General for Women’s Status and Problems, should widely be applied.

#### **d) Necessary Institutional Changes**

- Establishing the concept of parental leave
- Abolition of the concept of “head of the family”

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

There will be a need for qualified staff, training and equipment.

#### **f) Necessary Investments**

Investment is required for equipment, training and staff recruitment.

### **III. Time schedule**

#### *Short Term*

- Enactment of the Draft Bill on Rearrangement of Maternity Leave,
- Completion of the legal arrangements regarding the abolishment of the concept of “head of the family”.
- Implementing the development projects and carrying out the necessary training programs.

#### *Medium Term*

- Making arrangements to end sex discrimination in terms of social security,
- Completing the legal arrangements to ensure that the responsibility for burden of proof lies with the employer in cases of sex discrimination.

### **IV. Financing**

It is estimated that 27 million Euros will be required for the enlargement of the scope of maternity insurance, the strengthening of the institutional infrastructure, and staff training.

Financing requirements for the information and awareness raising campaigns for women, NGOs, trade unions, and employers will be clear when the projection is completed.

Financing requirements and institutional support arising from the burden of proof to be placed on the employer will be determined in the medium term.

## **4.14.4. Fight Against Racism**

### **I. Priority description**

#### **a) Current Status**

- All types of discriminatory treatment, including racism and xenophobia, are prohibited in the Turkish Constitution.
- Turkey has signed the UN Convention on Economic, Social and Cultural Rights, and the UN Convention on Personal and Civil Rights, both of which are currently at the approval stage.

- As the legal arrangements covering the work permits of foreigners were fragmented, the “Draft Bill on the Work Permits of Foreigners” has been prepared and submitted to the Prime Ministry for approval.

**b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.

**c) Implementing Institution**

- Ministry of Foreign Affairs
- Ministry of Interior
- Ministry of Labour and Social Security
- Institutions such as the State Planning Organization, Under-Secretariat of Treasury, Ministry of Tourism, Ministry of Culture, Ministry of National Education, etc. that are related to the work permits of foreigners.

**d) Final Objective**

To adopt and implement the EU Acquis.

**II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

- The Constitution of the Turkish Republic
- ILO Convention No 111 Concerning Discrimination in Respect of Employment and Occupation

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation,**

Harmonization with Regulation (1035/97) will be necessary in the event of Turkey’s full EU membership (full harmonization with the Community’s Acquis on work permits and social security matters of foreigners will begin only after the determination of the framework for the free movement of workers).

**c) Additional Requirements Stemming From the Entry into Force of the New Legislation**

Following the realization of the new legal framework regarding the work permits of foreigners, there will be a need for the fulfillment of requirements that will arise in terms of staffing, training, hardware, software and translation services for foreign employees, etc.

**d) Necessary Institutional Changes**

Changes are required to be made at the Ministry of Labour and Social Security.

Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications

As listed above in (c).

**e) Necessary Investments**

Not projected yet.

### **III. Time schedule**

#### *Short Term*

Enactment of the Draft Bill on the Work Permits of Foreigners.

#### *Medium Term*

Turkey will be a member of the Monitoring Center, established in conjunction with Council Regulation No 1035/97, only after full EU Membership. However, it would be beneficial for Turkey to attend the institution as an observer during the candidacy period.

### **IV. Financing**

Following participation in the Monitoring Center following membership, it will be necessary to pay contribution fees.

Since the sum of the necessary financing can only be designated after the determination of annual costs arising from the participation in the activities of the Center as an observer in the process of membership, the resource requirements and the way(s) to meet them will be determined after such calculations.

Financial requirements for the implementation of work permits of foreigners will be ascertained following the revision of the related legal arrangements .

## **4.14.5. Employment**

### **I. Priority description**

#### **a) Current Status**

##### Labour Force Market Data

According to Household Labour Force Survey results for the Year 2000, 2nd period (April, May, June 2000), the rate of participation in the labour force is 50.9% in Turkey. However, in general the rate of participation in the labour force in Turkey is 74.7% for men and 27.4% for women.

The total population of working age (15 and over) has been estimated to be around 44.6 million people, whereas the total labour force is estimated to be 22.7 million. Total employment has been calculated as 21.3 million people.

Studies show that the share of the agricultural and construction sectors within overall employment is increasing in comparison with the previous period, whereas the share of the industry and services sectors is decreasing.

7.6 million people are employed in the agricultural sector, 51.8% of which are unpaid family workers. Women make up 68.7% of unpaid family workers in agriculture.

The total number of unemployed people is estimated at 1.4 million and the unemployment rate at 6.2%. In urban areas, the overall unemployment rate is 8.9%. The overall unemployment rate of educated young people is estimated at 22% and 16.6% in urban and rural areas respectively.

The underemployment rate within the labour force is 7.4%, 8.9% in urban areas and 5.5% in rural areas.

The population not included in the labour force amounts to 49.1% of the population of working age and consists of housewives (53%), students (13.2%), pensioners (10.2%), and those incapable of working (9.7%).

### Restructuring of Employment Services

A number of institutions and organizations within Turkey are accorded duties involving analysis, research and cooperation related to the labour market and employment, stipulated in Council Decision No 98/171. However, almost all of these duties have been allotted to the official employment agency through the "Regulation on the Ways of Performing the Duties of Turkish Employment Institution".

The activities leading to the restructuring of employment services have been completed by converting the Labour and Employment Agency into the more compatible Turkish Employment Institution.

In this context, the Directorate General for the Turkish Employment Institution was established on 4 October 2000 by Statutory Decree No 617. The draft law which will replace the Statutory Decree is currently under discussion by the relevant Commission in the Turkish Parliament.

The new arrangement enlarges the duties of the Agency in addition to employment services as follows:

- Besides traditional labour and employment services, authorization is given to implement active labour force programs,
- A structure with which to undertake the unemployment insurance services in force since 1 June 2000, has been developed
- The state monopoly on labour and employment services has been terminated and private employment offices have been incorporated into the legislation,
- Provincial Employment Boards have been restructured as institutions that will improve local initiatives in regional development and establish regional employment policies,
- Tripartite (state-employee-employer) participation has been provided in the administration of the Institution and the Provincial Employment Board ,
- Services and indemnities for loss of work created in 1995 due to privatization have been revised to make them more effective.

The General Assembly of the Turkish Employment Institution consists of 50 members, 22 representatives from the public sector and 28 from the social partners. The Board of Directors is formed by 6 members, 3 of them elected by the employer, employee and the artisan and craftsmen confederations that have the highest membership. Provincial Employment Agencies have also been established with a multi-structure. Likewise, 2 out of 4 members of the Board of Directors of the Unemployment Insurance Fund are elected by the employee and employer associations that have the highest membership.

### Unemployment Insurance

The implementation of an unemployment insurance program throughout the country was launched with the enactment of Law No 4447 on 1 June 2000. By February 2002, payments from the Unemployment Insurance Fund, formed with a 2% contribution from the employees and the state and a 3% contribution from the employers, will cover the following:

- Unemployment allowances for periods ranging from 180 to 300 days.
- Payment of sickness and maternity insurance premiums during the dole period specified by law,
- Finding a new job,
- Assistance with vocational training, development and education programs.

### Private Employment Offices

The Turkish Employment Institution will be responsible for the decisions and processes related to operational permits for private employment offices, and to renew and cancel such permits etc. The

Institution will also audit the activities of such offices. These duties will be introduced by 1 September 2002.

#### Professional Standards, Examination and Certification System

The Professional Standards Commission has been set up within the scope of the restructuring project of Employment Agency and is currently under operation. The Commission is working on forming professional standards and examination and certification systems in addition to the restructuring of current services in this field with a view to institutional upgrading.

#### **b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.

#### **The List of the EU Acquis provided by TAIEX but not studied by the implementing institutions;**

- Commission Decision No 1006/92/ECSC of 9 April 1992 on the extension of re-adaptation aid to workers retired on bridging pensions who free jobs not covered by the ECSC Treaty and are replaced by workers hitherto employed by the same undertaking in sectors of activity not covered by the Treaty
- 97/16/EC: Council Decision of 20 December 1996 setting up an Employment and Labour Market Committee

#### **c) Implementing Institution**

- Ministry of Labour and Social Security (Turkish Employment Institution)
- Ministry of National Education
- State Planning Organization
- State Statistics Institute

#### **d) Final Objective**

To adopt and implement the EU Acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

- Statutory Decree No 617 on the Establishment of the Turkish Employment Institution
- Law No 506 on the Social Security Institution (SSK)
- ILO Convention No 88 Concerning the Organization of the Employment Service
- ILO Convention No 96 Concerning Fee-Charging Employment Agencies (amended in 1949)
- ILO Convention No 122 Concerning Employment Policy
- ILO Convention No 159 Concerning Vocational Rehabilitation and Employment for the Disabled
- Regulation on the Performance of the Duties of Turkish Employment Institution
- Regulation on the Notification of Turkish Employment Institution About the Employee Demands by the Employer
- Regulation on Intermediation on Finding Employment and Workers in Agriculture

- Regulation on the Local Advisory Commissions of Turkish Employment Institution
- Regulation on the Employment of the Disabled
- Regulation on the Employment of Ex-Convicts

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Enforcing the Draft Bill on the Establishment and Duties of the Turkish Employment Institution and closing the gaps in the relevant sub-legislation.

Forming the Professional Standards, Examination and Certification Agency and supporting it with a legal framework.

**c) Additional Requirements Stemming From the Entry into Force of the New Legislation**

Providing the sub-legislation arrangements (predominantly in the fields of unemployment insurance, private employment offices, etc.)

**d) Necessary Institutional Changes**

- Completion of the restructuring of the Employment Institution
- Establishment of the Professional Standards Agency

**e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

- In-service training programs for the staff of the Employment Institution are in progress. It is also necessary that in-service training activities continue within the framework of restructuring.
- The Employment Institution requires additional staff and training.

**f) Necessary Investments**

Additional investments are needed to cover software, hardware, personnel and training services required to strengthen the Employment Agency.

**III. Time schedule**

*Short Term*

Enactment of the Statutory Decree on the Establishment of the Turkish Employment Institution.

*Medium Term*

Completion of the legal arrangements regarding Professional Standards, Examination and Certification Agency.

**IV. Financing**

Resources amounting to 70 million Euros will be needed for the investments described in (f) above. (The exact amount will be designated following the completion of the project.).



## **4.14.6. European Social Fund**

### **I. Priority description**

#### **a) Current Status**

Among the duties of the Ministry of Labour and Social Security are to provide vocational training to employees, increase employment, professionally rehabilitate the handicapped, and take measures to provide the human resources necessitated by the economy (Law No 3146 on the Establishment and Duties of the Ministry of Labour and Social Security).

Among the activities and duties of the Employment Institution are to analyze the labour market, carry out research and assessment, and continuously monitor the effects of technological developments and changes on employment and working conditions (Regulation on the Ways to Perform the Duties of the Turkish Employment Institution, Articles 28, 29, 30). Such activities and duties are financed through budget allocations.

Resources in the range of 5% of the cost of vocational training and employment projects for the disabled can be allocated from the Ministry budget (Law No 3294 on the Promotion of Social Aid and Solidarity, Article 4).

Vocational training of groups such as the disabled, apprentices, and young people who need special care in the labour market is covered by the relevant laws and sub-legislation.

Law No 4325 on the Creation of Employment and Encouraging Investments in the provinces under a State of Emergency and the Regions of Priority in Development, and Law No 193 Amending Income Tax Law stipulate incentives in underdeveloped regions, given by the Under-Secretariat of Treasury for work places/enterprises that employs 10 or more employees, in the form of discounts on income tax and the payment of social insurance premiums in full or in part, for a certain period of time. The field of application covers those provinces (Adiyaman, Ağrı, Ardahan, Bayburt, Erzurum, Gümüşhane, Iğdır, Kars, Ordu, Şanlıurfa and Yozgat) where the GDP per capita is \$1.500 or lower and the social-economic development coefficient, as cited by the Under-secretariat of the State Planning Organization, is 0.5% or lower.

Law No 2090 on Support To be Given to Farmers Afflicted by Natural Disasters stipulates that farmers afflicted by a ratio of 40% as a result of natural disasters, those that cannot get loans even if they are afflicted by a ratio of less than 40%, or those that do not have any other means of survival and are incapable of providing for their living, according to the assessment of the damage determination committee, will be granted aids with no return conditions and these aids will amount to a maximum of 70% of the damage in their respective facilities.

Law No 3380 on Incentives of Agriculture and Support for the Farmers, Law No 193 on Income Tax, and Law No 5422 on the Amendment of the Law on Corporate Tax, stipulate that budget allocations will be provided for supporting farmers and agriculture, provided that such support will not exceed 60% of the overall income tax collected from farmers.

#### **b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.

#### **c) Implementing Institution**

- Ministry of Labour and Social Security
- Ministry of National Education
- Ministry of Finance
- Ministry of Agriculture and Rural Affairs
- State Planning Organization

- State Statistics Institute

**d) Final Objective**

To adopt and implement the EU Acquis.

**II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

- Labour Act No.1475
- Statutory Decree No 617 on the Establishment of Turkish Employment Institution
- Law No 3308 on Apprenticeship and Vocational Training
- Law No 3146 on Establishment and Duties of the Ministry of Labour and Social Security
- Law No 4325 on Creation of Employment and Encouraging Investments in the Provinces in a State of Emergency and Regions of Priority in Development and Law No 193 Amending the Law on Income Tax
- Law No 2090 on the Supports To be Given to the Farmers that are Afflicted by Natural Disasters
- Regulation on the Performance of the Duties of the Turkish Employment Institution
- Regulation on Employment of the Disabled
- Regulation on Training and Developing the Labour Force
- Regulation on the Conditions for the Disabled becoming a Civil Servant and the Jobs in which the Disabled Can be Employed
- Regulation on the Supports To be Given to the Farmers that are Afflicted by Natural Disasters
- Cabinet Decree No 98/10551 of January 1998

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Contributions to the Fund will only become an issue after membership.

**c) Additional Requirements Stemming From the Entry into Force of the New Legislation**

Preparation of institutional infrastructure is needed for the commencement of national applications prior to taking part in the Fund.

**d) Necessary Institutional Changes**

Formation of a private unit of the Ministry of Labour and Social Security for activities in the fields of social policy, employment, unemployment and vocational training related to the Fund.

**e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Training of the staff of the unit to be set up on EU applications and the related legal context.

**f) Necessary Investments**

Necessary investments for the equipment, supply and training of the staff of the unit to be formed,

Fund Shares to be paid in the event of participation in the fund.

### **III. Time schedule**

#### *Short Term*

To follow the activities of the fund as an observer .

#### *Medium Term*

Developing and implementing joint projects with Member States (direct access to the Fund will only be possible after full membership.)

### **IV. Financing**

It is estimated that resources amounting to 15 million Euros will be needed in order to form the unit, supply and train the staff as described in (f) above.

## **4.14.7. Social Assistance and Services, Elderly People and Exclusion**

### **I- Priority description**

#### **a) Current Status**

Turkey is a country with imbalances concerning distribution of per capita income. As of 1994 the Gini coefficient was 0.49. The absolute poverty ratio was 7% in the same year and the ratio of the group of people faced with impoverishment is over 1/3 of the overall population. However, a lack of coordination between social aid and service institutions is hindering the successful fight against poverty.

Although Turkey has a notably young population, there is also a serious rise in the elderly population as a result of economic and social developments and technological improvements effecting individuals' living conditions. As of 2000, the population at the age of 65 and over was estimated to be 3.9 million.

The Turkish Constitution has provisions to protect the elderly in terms of social security. The elderly are protected with social insurance and social aid programs, and almost half of the elderly are entitled to social protection. In addition, the existence of a traditional family structure has a strong impact on the protection of the elderly.

Pursuant to Law No 2022 on Paying Pension Wages to the Needy and Destitute Turkish Citizens over 65, approximately 700 000 elderly people over 65 who are in need are paid monthly pension wages. Moreover, pursuant to Law No 3816, the treatment costs of people who do not have the capacity to pay for themselves, are borne by the state through the application of a "Green Card" system.

#### **b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.

#### **The List of the EU Acquis provided by TAIEX but not studied by the implementing institutions;**

- 93/417/EEC: Commission Decision of 21 June 1993 amending the Decision on the Liaison Group on the Elderly

#### **c) Implementing Institution**

- Ministry of State, to which the Directorate General for Social Services and Child Protection Institution is affiliated
- Ministry of Finance

- Ministry of Interior
- Ministry of Health

**d) Final Objective**

To adopt and implement the EU Acquis.

**II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

- Constitution of the Turkish Republic
- Law No 2022 on Paying Pension Wages to the Needy and Destitute Turkish Citizens over 65
- Law No 3294 on Promotion of Social Aid and Solidarity
- Law No 2828 on Social Services and Child Protection Institution
- Law No 1580 on Municipalities
- Law No 3816 on the Payment by State of Treatment Costs of Citizens who do not have the Means to Pay for Themselves Through Issuance of Green Card
- Law No 5434 on the Retirement Fund of the Republic of Turkey for Civil Servants
- Law No 506 on the Social Security Institution (SSK)
- Law No 1479 on the Social Security Institution for Craftsmen, Artisans and Other Self-Employed (Bağ-Kur)
- Law No 2925 on the Social Security of Agricultural Workers
- Law No 2926 for the Social Insurance of the Self-Employed in Agriculture

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

In the event of Turkey's full membership of the EU, harmonization with the Decisions will be provided through participation in the Liaison Group.

**c) Additional Requirements Stemming From Entry Into Force of the New Legislation**

Building a new institutional structure responsible for organizing, managing and coordinating public social aid and service programs to upgrade the social assistance and services for elderly people and other risk groups.

The restructuring of social assistance programs for elderly people within the social security system is needed.

**d) Necessary Institutional Changes**

As specified above in (c).

**e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Not known at this stage, since restructuring projects have not been planned yet.

**f) Necessary Investments**

Necessary investments will be ascertained after the restructuring projects have been planned.

**III. Time schedule**

*Short Term*

Commencing the preparations for the institutional restructuring projects and related legal arrangements.

*Medium Term*

Realization of required institutional restructuring projects and related legal arrangements.

Realization of measures to participate in EU Liaison Group (harmonization to be assessed following full membership of Turkey).

**4.14.8. Dublin Foundation (European Foundation for the Improvement of Living and Working Conditions)**

**I. Priority description**

**a) Current Status**

There is no corresponding Turkish legislation.

**b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.

**c) Implementing Institution**

Ministry of Labour and Social Security

**d) Final Objective**

To adopt and implement the EU Acquis.

**II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

There is no corresponding Turkish legislation.

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

In the event of Turkey's full membership to the EU, participation to the Foundation in question, will be accomplished. However, in the short term, there will be analysis and research about the Foundation and preparations will be undertaken to determine the required changes prior to participation therein.

**c) Additional Requirements Stemming From the Entry into Force of the New Legislation**

Additional requirements will be set out in the framework of the explanations above in (b).

#### **d) Necessary Institutional Changes**

Additional requirements will be set out in the framework of the explanations above in (b).

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Additional requirements will be set out in the framework of the explanations above in (b).

#### **f) Necessary Investments**

Additional requirements will be set out in the framework of the explanations above in (b).

### **III. Time schedule**

#### *Short Term*

Harmonization will be possible with the full EU membership of Turkey. Therefore, in the short term Turkey will participate in the working environment of the Foundation as an “observer” and undertake the necessary preparation.

#### *Medium Term*

Participation in the Foundation with full membership of the EU.

### **IV. Financing**

- Resource requirements that will arise due to participation in the Foundation’s activities as an “observer”.
- Meeting the financing required for participation in the Foundation.

## **4.14.9. Public Health**

### **I- Priority description**

#### **a) Current Status**

Efforts to promote the physical, mental, social and spiritual well-being of individuals as part of social development, and achieving a healthy society through an increase in the quality and length of life have been accelerated in Turkey. In this respect, the infant mortality rate has dropped to 35.3 per thousand in 2000, down from 43.1 per thousand in 1995. In the same period, life expectancy at birth has risen to 69.1 years from 68 years. The population covered by health insurance is 86.4%.

In the context of the harmonization process with EU norms, the duties and organizational structure of the Ministry of Health are undergoing revision, together with the following legislative measures;

- to make preventive health services more effective,
- to integrate the family physician with initial health services,
- to convert hospitals into more competitive and autonomous undertakings in terms of the satisfaction of patients,
- to encourage health care staff employed in the public sector to work full time,
- to develop the Refik Saydam Public Health Center as a national reference institution,

- to ameliorate the working conditions and specifications of the assistant health care staff and
- to increase quality and control in foodstuff safety and security.

The duties of the Ministry of Health include; labeling tobacco products, formulating and implementing policies regarding the prevention of tobacco related health damage, conducting public training services on the harmful effects of tobacco, preventing passive smokers from being afflicted, and carrying out activities for smokers who wish to quit

Law No 4207 on the Prevention of the Harm by Tobacco Products entered into force on 7 November 1996. The purpose of this law is to prevent individuals from being harmed by tobacco and tobacco products, and to protect them from all types of commercials, promotions and incentives which encourage smoking.

Through this law all types of commercials, promotions and incentive campaigns and sales of cigarettes to people under 18 have been banned, and penalties introduced for smoking in places where smoking is prohibited.

There are no provisions in our legislation regarding the maximum level of tar permitted in cigarettes. A commission has been formed in this respect and harmonization activities are taking place.

The Ministry of Health carries out various activities to Prevent Drug Addiction. These activities include; carrying out studies on the prevention of alcoholism, organizing public training on its harm to health, carrying out treatment and monitoring studies in primary health institutions, carrying out activities on protection from volatile substances, and carrying out public training related to their harm to health, starting with the target population.

Data on the monitoring of health services is collected from the affiliate units by means of data collection forms forwarded to the Ministry of Health by the Provincial Health Directorates through the "Basic Health Statistics Module". Altogether, there are 52 forms used to collect and submit data, 33 of which are related to basic health services.

Demographic data, personal health data, information on monitoring people at risk (pregnant women, women in childbirth, babies and children), the activities of the health care staff, vaccination activities, obligatorily informed sicknesses, sicknesses to be informed, birth-death records, activities on teeth care, and public health and in-service training information are collected through these forms.

The Basic Health Indicators, below, will be attained through such notifications:

- Basic Demographic Indicators
- Environmental Health Indicators
- Life Style Indicators
- Health Care Services' Physical Infrastructure Indicators
- Health Status Indicators
- Indicators on the Delivery of Health Care Services
- Health and Man Force Indicators
- Medicine and Control Indicators

In addition to the foregoing, Research on Population and Health in Turkey is conducted every 5 years with the cooperation of the Ministry of Health and the Hacettepe University, Population Studies Institute.

In relation to the struggle against cancer, services are rendered within the frame of the six-stage Cancer Control Program suggested by the WHO (World Health Organization) for all countries.

Local studies on information, attitudes and behavior patterns in relation to the prevention of AIDS and other contagious diseases are carried out for the public and special target groups by universities and volunteer organizations. Public education is carried out from time to time through TV films, brochures and posters.

In 1985 it became obligatory to provide confidential information on AIDS, and the coding system began to be implemented as of 1994. Since 1987 all types of blood and blood products have been screened by the new diagnostic methods.

Sex education was added to the school curriculum in the late 1990's.

There are training activities for young people (theatres, consultancy, etc.) in volunteer organizations.

To decrease blood-transmitted diseases, disposable, single-use injectors have been used since the 1990's.

Quality Control Studies on imported condoms are being carried out by the Ministry of Health. The distribution of free condoms is conducted by regional health care centers and Mother and Child Care Centers, predominantly for family planning purposes.

Educational activities for special target groups (homosexuals, transvestites, homeless children, brothel employees) are carried out by volunteer organizations. The registered brothel employees are educated and checked through the Provincial Health Directorates.

AIDS patients who do not have social security, benefit from health care services free of charge under the Green Card system.

Epidemiological data are continuously exchanged with national and international institutions. Personal data from the Provinces are assessed and further transmitted to international institutions. The Ministry's policies and applications are disseminated to health care staff through circular notes and memoranda. In the circulars, personal rights are protected by calling for actions against discrimination and by using the coded notification system.

Provincial data on sexually transmitted diseases and AIDS are submitted on D86 HIV/AIDS Patient Personal Notification Forms, Monthly HIV (+) Rural Results Tables and Syphilis Notification Forms. In addition, the provinces where there are brothels submit Brothel Health Control Results.

In order to direct the AIDS-related studies and to provide scientific support thereon, the "National AIDS Advisory Committee" consisting of academicians was founded in 1987. The "National AIDS Commission" was also founded in 1996 with a view to building cooperation between the official institutions and unofficial parties (including country policy).

The Ministry of Health is working on protecting and improving the health of employees, preventing the deterioration of the health of employees due to negative conditions in the working environment, reaching optimal efficiency by ensuring minimum fatigue, pointing out the current status on the health problems of employees, preparing curative and protective projects for the health problems of employees, checking the environment of employees, checking the employees, providing health units within the work place, giving health training for employees, cooperating with national and international institutions regarding the health and safety of employees, studying, developing and regulating the legislation on this matter, ensuring cooperation between sectors.

Within formal education, activities aimed at encouraging healthy behavior have been carried out with the cooperation of the Ministry of National Education. In addition to the examination and vaccination of school children by regional health care centers affiliated to the Ministry of Health, educational activities are carried out every year via conferences and seminars.

## **b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.



**The List of the EU acquis provided by the TAIEX but not considered by the implementing institution;**

- 91/317/EEC Decision of the Council and the Ministers for health of the Member States, meeting within the Council of 4 June 1991 adopting a plan of action in the framework of the 1991 to 1993 ' Europe Against Aids' Program (91/317/EEC)
- European Parliament and Council Decision No 1729/95/EC of 19 June 1995 on the extensions of the ' Europe Against AIDS' Program
- 96/269/ECSC: Decision No 646/96/EC of the European Parliament and of the Council of 29 March 1996 adopting an action plan to combat cancer within the framework for action in the field of public health (1996 to 2000)
- 78/618/EEC: Commission Decision of 28 June 1978 setting up a Scientific Advisory Committee to examine the toxicity and eco-toxicity of chemical compounds
- 80/1084/EEC: Commission Decision of 7 November 1980 adapting Decision 78/618/EEC setting up a Scientific Advisory Committee to examine the toxicity and eco-toxicity of chemical compounds
- Commission Decision 88/241/EEC of 14 March 1988 amending Decision 78/618/EEC setting up a Scientific Advisory Committee to examine the toxicity and ecotoxicity of Chemical Compounds

**c) Implementing Institution**

Ministry of Health

Ministry of Labour and Social Security (SSK)

**d) Final Objective**

To adopt and implement the EU Acquis.

**II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

- Law No 4207 on the Prevention of Harm from Tobacco Products
- Law No 1593 Public Health
- Law No 1219 on the Exercises of Medical Professions
- Law No 3359 on Primary Health Care Services
- Law No 6569 on the Amendment of Article 46 of the Turkish Penal Code as Amended by Law No 6123
- Law No 224 on the Socialization of Health Care Services
- Statutory Decree No 181 on the Ministry of Health
- Statutory Decree No 210 on the Amendment of Certain Provisions of the Statutory Decree No 181 on the Duties and Establishment of the Ministry of Health and Social Aid
- Decisions of National AIDS Commission
- Law on National Education

- Law No 4077 on the Protection of Consumers
- Regulation on Population Planning
- Regulation on Public Health Services
- Regulation on Family Planning
- Regulation on Solid Wastes
- Regulation on Air Quality
- Regulation on Water Pollution
- Regulation on the Control of Dangerous Wastes

#### **4.14.10. Health and Safety at Work**

##### **I – Priority description**

###### **a) Current Status**

In the field of health and safety at work, Turkey has legislative, practical and institutional knowledge accumulated over the past 80 years. However, it is difficult to make use of this accumulated knowledge due to insufficient statistical data. A major reason for the insufficiency of statistical data is the absence of unity among the norms, standards and institutions of social security. Moreover, there are also problems such as the dispersed and old-fashioned nature of the current legislation. The Ministry of Labour and Social Security has conducted a number of studies on revising the relevant legislation, as well as preparing a legislative framework regarding environmental and occupational health and safety.

There are special boards on health and safety at work stipulated by the legislation for large-scale businesses in fields such as manufacturing and mining. However, since some of the rules stipulated by the law leave out some businesses with less than 50 employees, the employees in small and medium-scale businesses cannot benefit from workplace doctors and nurses and they cannot form work councils.

All over the country, the biggest handicap facing employers in fulfilling their legal obligation to carry out environmental and biological test in the work places is the absence of structures to render these services. Nonetheless, there are limited numbers of Occupational Diseases Hospitals under the management of the Social Insurance Institution. In addition, there are 4 regional laboratories related to Centers for Health and Safety at Work. Health and safety at work training is given by the Near and Middle East Work Institute (YODÇEM) but its capacity is insufficient to meet the total need. Inspections carried out by the Ministry of Labour and Social Security regarding the implementation of the legislation on health and safety at work remain limited, and insufficient numbers of inspectors and assistant staff mean that access to laboratory studies is limited. The number of staff employed on inspection activities is 275 and the number of related laboratories is 4. Within the collective bargaining system, the interests of social partners in this regard has remained low; the involvement and experience of the trade unions and confederations in the field of health and safety at work is limited. Likewise, activity related to health and safety at work has not reached satisfactory levels among chambers of engineers, where it is compulsory by law to employ engineers responsible for health and safety in sectors such as chemicals, mining, construction and foodstuffs.

Rural and agricultural sectors do not have sufficient interest and experience in health and safety at work.

The 8th 5-Year Development Plan calls for the development of measures on health and safety at work, identification of vocational diseases, restructuring and development of services such as doctors at work places, consultancy, training, hospitals specialized on occupational diseases, inspections etc. The legislation on health and safety at work will be revised by taking the EU and ILO norms into consideration and a national Council on Health and Safety at Work will be established with the participation of the social partners.

Statutory Decrees No 616 and 618, enforced in October 2000, introduced a number of amendments within the organizational structure of the Ministry of Labour and Social Security regarding health and safety at work. In this context, the “Department of Workers’ Health” has been reorganized as the “Directorate General for Health and Safety at Work” and there has also been a reorganization of the “Center for Health and Safety at Work” functioning under this Directorate General. There is an amendment to the organizational structure of the Directorate General for the Social Insurance Institution (SSK) and in the new structure of the Hospitals Specialized on Occupational Diseases, affiliated to the Directorate General for Health Affairs.

#### **b) EU Acquis**

The relevant list of EU Acquis is provided in Volume II.

#### **The List of the EU acquis provided by TAIEX but not considered by the implementing institution;**

- Council Regulation (EC) No 2062/94 of 18 July 1994 establishing a European Agency for Safety and Health at Work
- Council Directive 1999/38/EC of 29 April 1999 amending for the second time Directive 90/394/EEC on the protection of workers from the risks related to exposure to carcinogens at work and extending it to mutagens

#### **c) Implementing Institution**

- Ministry of Labour and Social Security
- The Head of State Personnel
- State Planning Organization
- State Statistics Institute

#### **d) Final Objective**

To adopt and implement the EU Acquis.

### **II. Comparison of the EU Acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

- Labour Act No.1475
- Regulation of the Boards on Health and Safety at Work
- Regulation on Health and Safety at Work
- Regulation on Work Permit and Identity of Workers
- Regulation on Heavy and Dangerous Works
- Regulation on the Measures to be Taken in the Work Places and Works Where Work Continues with Inflammable, Explosive, Dangerous and Hazardous Materials
- Regulation on the Discontinuation of the Work in the Work Places or Closing of the Work Places
- Regulation on the Works Requiring a Daily Maximum of 7.5 or Less Hours for Health Concern
- Regulation on the Measures to be Taken in Mining Companies and Quarries and Building of Tunnels

- Regulation on Working Times
- Regulation on Work Inspection
- Regulation on Work Branches
- Regulation on Working Time that can not be Divided into Weekly Work Days
- Regulation on Overtime Working
- Regulation on the Employment of Female Employees at Night Shifts in Industrial Work Places
- Regulation on the Employment Conditions of Pregnant and Lactating Women and Nursing Rooms and Child Care Rooms (kindergarten)
- Regulation on Preparation, Completion and Cleaning Works
- Regulation on Health and Safety at Construction Works
- Regulation on Health Procedures
- Regulation on the Procedures and Principles Regarding Production, Importation, Transport, Storage, Preservation, Sales, Usage, Destruction and Inspection of Explosives and Hunting Equipment that are not covered under the Monopoly
- Regulation on the Supply of Sanitary Requirements of the Employees in Ereğli Coal Basin Mines
- Regulation on Radiology, Radium and Electricity Treatment Institutions
- Regulation on Radiation Health
- Regulation on Radiation Safety
- Regulation on Certain Special Procedures and Rules regarding the Employees in Works Performed with Shift Workers
- Regulation on the Inspection and Control of the Military Businesses and Other Businesses Where Materials Necessary for National Security are Produced
- Regulation on Protection of Machinery
- Regulation on Installation of High Voltage
- Regulation on Electrical Energy Facilities
- Regulation on High Voltage Electricity Distribution and Maintenance
- Regulation on Internal Installation for Electricity
- Regulation on Radiology, Radium and Electricity Treatment Institutions
- Regulation on the Recognition of Nuclear Power Plants for Safety Application Rules
- Regulation on the Physical Protection Measures of Special Nuclear Substances
- Regulation on Nuclear Definitions
- Regulation on Noise Control

- Regulation on Unhygienic Institutions
- Regulation on the Protection of Air Quality
- Regulation on the Working Conditions, Duties and Authorities of Doctors at the Work Places
- Regulation on the Control of Hazardous Chemical Substances and Products
- Regulation on Elimination of Dust Formation in Mines, Quarries and Construction of Tunnels
- Regulation on the Measures to be Taken in Mines with Mine Gas and Open for Fire
- Regulation on the Use of Electrical Energy in Mines with Mine Gas
- Regulation on Working in Mines under Seas, Lakes and Rivers

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

For the harmonization of Turkish legislation with EU Acquis, a Draft Bill has been prepared for amendments to the provisions of Labour Act No.1475 related to health and safety at work. In accordance with the Draft Bill, the Ministry of Labour and Social Security is working on the preparation of a “Framework Regulation” which is being prepared in a manner to include 2 Regulations and 18 Directives covered by EU Acquis, although these 18 Directives may not be covered by Framework Directive No 89/391 of the EU. In this context, the preparatory work for 25 regulations is underway.

Within the framework of Association Council Decision No 1/95, the “Law on the Preparation and Implementation of the Technical Legislation for Products”, as prepared by the Under-Secretariat of Foreign Trade has been submitted to the Turkish Parliament with a view to removing technical barriers to trade. In parallel to this draft, a draft regulation on personal protection equipment has been prepared by the Ministry of Labour and Social Security.

Laws on developments to the institutional structure, introduced by Statutory Decrees No 616 and 618, are currently under discussion by the Turkish Parliament. It is also necessary to realize such changes.

#### **c) Necessary Institutional Changes**

These can only be ascertained in the forthcoming stages of the studies.

The 8th Plan suggests the formation of a Board of Health and Safety at Work as a nation-wide advisory (social dialogue) institute.

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Although not yet ascertained due to the institutional restructuring, there will be a need for additional staff, equipment and training

For the implementation of the amendments and modifications to the national legislation, there is a need for technical support and training.

#### **e) Necessary Investments**

Not yet clear since requirements have not been projected.

### **III. Time schedule**

#### *Short Term*

- Continuation of preparations on legislative harmonization,
- Participation in the related EU Agency with the status of observer.

*Medium Term*

- Completion and enforcement of the legislative harmonization preparations.

#### **IV. Financing**

There is a need for 45 million Euros for the full adoption and implementation of the acquis.

It is also necessary to participate in the related EU agency as an “observer” and to finance contribution payments upon full membership.

## 4.15. Energy

### I. Priority Description

#### a) Current Status

##### General Principles and Policies

The main objective of Turkish energy policy to meet the ever-increasing energy demand in a reliable, sufficient, prompt, economic, and environmentally sound manner so as to realize economic and social development targets.

##### *General Principles*

- Upgrading security of energy supply;
- Diversification of resources and imports; avoiding dependence on a single source or country
- Energy conservation and promoting energy efficiency;
- Protection of the environment;
- Motivating private sector investment and expanding privatization activities in the power sector;
- Harnessing new and renewable energy sources within the energy cycle;
- Encouraging R&D activities on energy technologies with particular reference to energy efficiency and renewable energy sources.

##### *Main objectives*

Meeting national energy policy objectives through the maximum utilization of available public, private and foreign financial sources.

In this respect, utmost priority has been assigned to restructuring the national energy sector (liberalization and privatization), and, for the purpose of overcoming financial constraints, new schemes such as BOT (Built-Operate-Transfer); BOO (Built-Operate-Own) and TOOR (Transfer of Operating Rights) have been implemented in the energy sector.

Taking into account the strategic and geographic location of Turkey as regards oil/gas transmission between the Caucasus and Europe, the primary goal of the Government is to become the "Eurasian Energy Corridor" of the 21st century.

In this regard, to enable the transmission of oil and gas resources to Europe via Turkey great importance is attached to the realization of mega projects such as the Baku-Tbilisi-Ceyhan Crude Oil Main Export Pipeline, and the Trans-Caspian Turkmenistan-Turkey-Europe Natural Gas Pipeline.

##### *Rational Utilization and Conservation of Energy*

Activities on energy conservation and efficiency are generally pursued and coordinated by MENR and implemented by a unit called the Energy Conservation Coordination Board (ECCB).

Energy conservation and efficiency studies, which indirectly contribute to environmental protection due to the efficient use of energy resources, are carried out by the National Energy Conservation Center (NECC), established under the administration of the General Directorate of Electricity Power Resources Survey Administration (EİE).

Under the Energy Bus Programme the EİE/NECC has been carrying out energy conservation audits in industrial sectors since 1990. According to the results of general audit studies, approximately 40% of the

existing energy conservation potential could be realized in Turkish industry through basic operating and low investment measures.

In order to increase energy efficiency in industrial sectors, an Energy Conservation Regulation was issued in 1995. Accordingly, factories consuming energy over 2000 toe are obliged to appoint an Energy Manager in their plants. Nearly 400 technical persons have since been trained as Energy Managers. The energy managers are certified by EIE/NECC. This regulation covers 600 industrial plants. The Energy Conservation Center (NECC) and its three affiliated entities in İstanbul, Eskişehir and İzmir conduct energy managers' course programmes on a sectoral basis. Revision of this regulation to cover factories consuming energy over 500 toe is underway and will thereby include 1250 plants which consume approximately 70% of the energy used in Turkish Industry.

The establishment of a new energy saving center and studies on the construction of a model factory are still continuing in UETM-JICA. Following the completion of the project it is assumed that the new training center will be operational in mid-2001.

Consequently, it is planned to train the vast majority of energy managers falling within the scope of the regulation in a 4 year period. The implementation the program is expected to cause a 10 % increase in the energy efficiency of Turkish industry before 2010. The studies of National Energy Saving Center reveal that the industrial energy conservation potential is 23 %.

The new insulation standard was enforced as of June 2000 after being published in Official Journal in April 1999. Together with the Regulation published by the Ministry of Public Works and Settlement in May 2000, the standard will decrease the heating energy requirement by 150-50 kWh/m<sup>2</sup> in the 4 degree-days regions. After 1990, approximately 75 million m<sup>2</sup> of indoor area was added annually to the existing stock. This fact shows that the existing building stock increased annually by 5%. A 50 % increase in annual energy efficiency is expected in 2.5 % of existing building stock. Comparing the Regulation and the existing energy scenarios, a 2.5% annual decrease in CO<sub>2</sub> emissions is expected.

Demonstration projects related to the residential sector and street lighting are planned. Studies on the preparation of standards and regulations related to outdoor (street) lighting have been carried out by a commission established at TUBITAK.

Within the framework of a program concerning the labeling of domestic appliances, supported voluntarily by the manufacturers, two draft regulations on refrigerators and washing machines have been prepared. It is expected that the Ministry of Trade and Industry will publish the regulations in the year 2001.

#### *Coal Sector*

Hard coal production in Turkey is conducted by the General Directorate for the Turkish Hard Coal Authority (TTK), which is a SEE and dependent on the Ministry of State. A large part of the lignite production and whole asphaltite production is realized by the General Directorate for Turkish Coal Enterprises Authority, which is also a SEE dependent on the Ministry of Energy and Natural Resources.

Within the framework of the transfer of the operational right (TOOR) model, the Çayırhan Lignite pit has been transferred to the private sector as of July 2000 and the government is planning to transfer 14 thermal power plants (8 plants with the coal sites) to the private sector in the near future.

#### *Electricity Sector*

##### Sectoral Structure

The generation, transmission and distribution of electricity in Turkey is conducted predominantly by large scale public enterprises. Within the scope of Cabinet Decree No 93/4789, the Turkish Electricity Authority has been divided into two: the General Directorate for Turkish Electricity Generation and Transmission Inc (TEAS), and the General Directorate for Turkish Electricity Distribution Inc. (TEDAS)

Decree No: 2001/2026 of the Council of Ministers which came into force on March 2 2001 provided for the Turkish Electricity Generation Transmission Company to be separated into three SEEs: the Turkish Transmission Company, the Electricity Generation Company and the Turkish Electricity Trade Company.



The private sector also participates in electricity generation activities, and as of 1999 the total electricity generation (74.402 million kWh) in Turkey is as follows: 64% by TEAS; 15.4% by associated power plants of TEAS; 7.9% by production companies; 1.9% by preferential companies; and 10.8% by auto-producers.

Another public authority acting in the sector is the General Directorate of State Hydraulic Works, which is responsible for the planning, design and construction of hydroelectric power plants. Electricity power plants constructed by the State Hydraulic Works are transferred to TEAS following their construction.

The General Directorate of Electrical Power Resources Survey and Development Administration is responsible not only for activities such as energy saving and development of alternative and renewable energy resources, but also for activities such as the preparation of survey projects for national water resources, determination of the water resources suitable for electricity generation, and preparation of the technical and feasibility reports and related projects for dams and hydroelectric power plants.

#### Restructuring (Privatization) Activities in the Electricity Sector

Privatization was launched in 1984 to increase productivity and profitability and to overcome financial constraints in the electricity sector. Domestic and/or foreign capital investments in the energy sector through Build-Operate-Transfer (BOT), Build-Operate (BO) and Transfer of the Operating Right models were encouraged. Within the scope of BOT model, 12 hydroelectricity power plants, 4 natural gas power plants, and 2 wind power plants were commissioned. The total installed capacity of these 18 power plants is 1644 MW and the annual electricity generation capacity is approximately 11.5 billion kWh. The construction of 8 hydro power plants with a production capacity of 3.6 billion kWh and installed capacity of 981 MW is underway.

For the maintenance of the security of energy supply, within the scope of the BOT model the use of alternative and renewable energy sources and diversification of fuels are given priority. In this context, three wind power plants (1.5 MW Çeşme-Alaçatı by auto-producers, 7.2 MW Çeşme-Alaçatı and 10.2 MW Bozcaada by BOT model) have been commissioned, and 16 wind power plants having a total installed capacity of 485 MW are expected to be completed by 2002. It is a main target of the government to supply approximately 2% of the total installed capacity from wind power.

Contracts have been signed, including Energy Sales and Treasury Guarantee Agreements, for 5 thermal power plants with a total installed capacity of 5830 MW to be constructed through the BO model. The power plants are expected to operate from 2003. Four of these power plants are natural gas power plants while one is going to be fuelled by imported coal. Three of them, namely Gebze, Adapazarı and İskenderun power plants, having a total installed capacity of 3520 MW, are under construction. The foundations for the thermal power plant project in Ankara were laid in 2000.

The installed capacity of 83 auto-producer plants reached 2289 MW, and their annual energy generation is at the level of 15.6 billion kWh.

#### *Oil and Natural Gas Sector*

##### Sectoral Structure

The Turkish Petroleum Corporation (TPAO) is responsible for oil exploration and production activities, while the Turkish Petroleum Refinery Corporation (TÜPRAŞ) is in charge of refinery works in Turkey.

In 2000, 35% of TÜPRAŞ was privatized by sales of shares through the stock market. The Petroleum Distribution Company (POAS) was privatized by a 51% block sale of shares in 2000, and 6% of the remaining shares have already been privatized by sales through the İstanbul Stock Exchange. The remaining 43% is still held by the Privatization Administration.

The Directorate General for BOTAŞ (Petroleum Pipeline Corporation) is also a SEE, and has the status of a monopoly for the import, pricing and transport of natural gas. However, there is no legal barrier to foreign and/or private sector agencies being active in natural gas distribution.

##### Pricing

The daily prices of crude oil and oil products on the world markets are adopted by the authorities in Turkey. With the Automatic Pricing System, which became effective with the enactment of the Decree on "The Bases for Purchasing, Sales, Pricing of Crude oil and Oil Products and The Functioning of Fuel

Pricing Stabilization Fund”, it became possible for refineries to set their sales prices in parallel with the international prices of oil products. In practice, Turkish refineries are allowed to set their prices freely within a price corridor of plus or minus 3% of the average of the CIF Med product prices published in the Mediterranean Italian markets over the last five days.

Fuel oil and LPG distributors determine local retail sales prices under free market conditions by taking into account the prices calculated by adding the applicable taxes, funds and the maximum distributor shares and transport costs defined by the Decree to the ceiling prices determined and announced by the refineries.

BOTAŞ is the only authority with the right to set the price of natural gas. BOTAŞ sells natural gas directly to power stations, fertilizer producers, distribution companies and industrial premises. BOTAŞ applies differentiated prices to different sectors depending on the type of utilization, annual gas consumption, permanence of gas consumption (interrupted – uninterrupted), and according to alternative fuel prices. However, the natural gas sale price set by the distribution companies is limited by the Ministry of Energy and Natural Resources, in accordance with the Law on the Establishment and Duties of the Ministry. A ceiling price application has been initiated which dictates that the sale prices of the distribution companies should not exceed 45% of the sale price of BOTAŞ.

#### Oil Stocks

Turkey is a member of the International Energy Agency and regularly informs the Secretariat of the agency about oil stocks. All emergency preparatory measures are undertaken by the General Directorate of Petroleum Works which is responsible for the monitoring and control of petroleum

#### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

#### **The EU acquis provided by TAIEX, but not taken into consideration by the related implementing institution;**

- Final Act of the European Energy Charter Conference – Annex 3: Energy Charter Protocol on Energy Efficiency and Related Environmental Aspects.

#### Evaluation of the Ministry of Energy

The list of the applicable energy acquis of the European Union received from TAIEX in November 2000 comprises 180 legislative items. 40 items of this list have been ignored by the Ministry of Energy on the grounds that these items lost effect in the EU, and the remaining 140 items were grouped according to their content as follows: General (12.10) (14 items), coal (12.20) (47 items), preservation and rational use of energy (12.10.20) (13 items), other energy resources (12.60) (1 item), other measures relating to oil and natural gas issues (12.50.30) (4 items), fuel supply (12.40.10) (3 items), supplies and stocks (12.50.10), (12.50.20) (5 items), electricity (12.30) (4 items), agreements (1.1.1999) (21 items), agreements (1.1.2000) (15 items), power stations and joint ventures (12.40.20), (12.40.30), (12.40.50) (13 items). According to the evaluation of the Ministry of Energy, the EU acquis imposing liabilities are classified as follows:

- 294A1231(52) Final Act of the European Energy Charter Conference – Annex 1: Energy Charter Agreement – Annex 2: Decisions taken on Energy Charter
- 294A.1231(53) Final Act of the European Energy Charter Conference – Annex 3: Energy Charter – Energy Efficiency Protocol and the Related Environmental Aspects
- 298A0912(01) The Final Act of the International Conference and the decisions taken at the Energy Charter Conference on amending the provisions of the Energy Charter Agreement relating to trade
- 299A0116(01) Energy Charter Conference – settlement of Transit Disputes
- 930L0377 Community procedure on increasing transparency in the gas and electricity prices applied to industrial end users
- 397L0044 Summer-time arrangements

- 3910L0547 Electricity transmission by means of transmission networks
- 396L0092 Common rules for creation of a domestic market in the electricity sector
- 368L0414 Liabilities of the EEC member states to keep available minimum stocks for crude oil and/or oil products
- 373L0238 Measures to be taken to minimize the impacts of the problems likely to occur in the supply of crude oil and oil products
- 377D0706 Creating a Community objective for decreasing the primary energy consumption with respect to the problems likely to occur in the supply of crude oil and oil products
- Rules for the implementation of the Council Decision No 77/706/EEC
- 391L0296 Transmission of natural gas via networks
- 394L0022 Conditions for authorization and use of such authorization for prospecting, exploration and production activities of hydro carbonates
- 395R264 Import of crude oil in the Community and registration of deliveries
- 399D0280 Setting up a procedure for consultancy and information issues of crude oil supply costs and consumer prices of oil products
- 399D0566 Setting up a procedure for acknowledgement and consultancy issues of crude oil supply costs and consumer prices of oil products
- 398D0030 Common rules for the creation of a domestic natural gas market
- 353D0004 Decision on the announcement of the price lists applied by coal and iron ore industries and the sales conditions thereof
- 353D0030 Decision on the practices prohibited in the coal and steel common markets as per the Article 60(1) of ESCS Agreement
- 364D0014 Decision on the business books and accounting documents audited by the Supreme Board executing price control or approval tasks

The acquis covered under the heading "Power Plants and Joint Ventures", is under the functional responsibility of the Turkish Atomic Energy Agency, which is not a related institution of the Ministry of Energy and Natural Resources.

10 out of 13 items of the acquis under the heading "Preservation and Rational Use of Energy", which relate to labeling of heat generators, boilers, domestic appliances and instruments, refrigerators, coolers, washing machines, dish washers and bulbs, are under the functional responsibility of the Ministry of Trade and Industry.

42 out of 47 items of the acquis under the heading "Coal" covers the aspects of the acquis that relate only to member states, while 2 (372 D 0443 and 375 D 0782) out of 5 items of the legislation is under the functional responsibility of the Turkish Hard Coal Authority, which is not an affiliated or subordinated institution of the Ministry of Energy and Natural Resources, and the Ministry of Labor and Social Security.

Directive No "368 D 0416", included under the heading "Supplies and Stocks", relates only to member states.

8 out of the 36 applicable legislative items given under the heading "Additional Legislation of 1999/2000" are under the responsibility of the Turkish Atomic Energy Agency, whereas 2 (the legislation under ESCS) is included under the functional responsibility of the Under-Secretariat of Foreign Trade. 16 items of the acquis relate only to member states, and the 3 items thereof are not considered under the scope of harmonization works due to the non-accession of Turkey to these programmes.

Energy Charter Agreement has been adopted by the Turkish Parliament as of February 2000 and 3 items of the acquis are considered to be relevant to the Agreement.

**c) Implementing Institution**

Ministry of Energy and Natural Resources

**d) Final Objective**

Harmonization of Turkey's national energy legislation with the related legislation of the European Union.

**II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

**Current Status of the Legislation on the National Electricity Sector**

Upon the enactment of Law No 3096 on "Entrusting of the Institutions Other than the Turkish Electricity Authority (TEK) with Generation, Transmission, Distribution and Trading of Electricity", it became possible to entrust capital companies other than TEK with the generation, transmission, distribution and trading of electricity, subject to special judicial provisions.

With the aim of determining the principles pertaining to the implementation of Law No 3096, the "Regulation on Generation Companies" and the "Regulation on Determination of Responsibility Areas" were enacted in 1985, and the "Regulation on Entrusted Companies" in 1987. The Regulation issued in 1985 relates to the guarantees to be furnished by the Ministry of Energy and Natural Resources to companies, thereby establishing the legal basis for the projects to be realized under the BOT model.

Some amendments were made to Law No 3096 through The Law No 3613 of 7 March 1990 and the newly added articles. The Electricity Energy Fund (EEF) was established to provide financial support for private sector projects and ensure stability in electricity prices. The regulation on the functioning of EEF was enforced in 1991.

In general terms, Build-Operate-Transfer is not only a privatization model, but also a financial instrument since the ownership of the power plants will be transferred to the State at the end of the suggested period in the contract.

Following the construction of the legal basis in 1985, the BOT procedures were defined and the related project documentation was prepared.

In general terms, the basic principles of the BOT model were: the design and construction of premises with the necessary finance; the operation of these facilities for at least a period sufficient to pay back the debts and equities of the company; the sale of energy with an acceptable tariff in order to meet all the expenses and provide a reasonable profit; the free transfer by the domestic or foreign capital company of all the facilities, either to the State or to an institution determined by the State, at the end of the authorization period.

In relation to the BOT model, Law No 3996 was enforced in June 1994 to simplify project documentation, to conclude negotiations in a shorter period of time, to minimize the obligations of the State, and to implement infrastructural projects that require high investment cost and technologies. Under the scope of this Law, tax exemptions and Treasury guarantees not covered under the scope of the concession are included for BOT energy projects and service purchases .

In the light of experience, Law No 4283 on the Build-Operate Model was introduced and enforced after being published in the Official Gazette of 19 July 1997. The Regulation covering the implementing principles of the Law was published in the Official Gazette on 29 August 1997. Private companies can establish and operate thermal power plants by owning the property rights through the BOT model.

The "International Arbitration" issue that was previously regarded as the fundamental constraint for the encouragement of private/foreign investments was resolved by the Turkish Parliament amending the Constitution in 2000.

Through the amendment made in the Constitution by Law No 4446 of 13 August 1999, the concept of "Privatization" is inserted into Article 47 of the Constitution, titled "Nationalization". Contracts subject to private law and international arbitration are covered by Article 125. Article 155 was amended to allow the Council of State to express its opinion on public service related concession specifications and agreements within two months.

Through the amendment, the concepts of national and international arbitration and privatization are included in Constitution. The harmonization laws that had to be enacted in parallel to the Constitutional amendment can be listed as follows:

- On 18 December 1999, Law No 2575 on the Council of State and Law No 2577 on Administrative Judicial Procedures were amended by Law No 4492, and the expression "the authority of the Council of State to make examinations on public service concession agreements" was replaced with the phrase "the Council of State to express its opinion on public service concession agreements". The Council of State is still referred to as the authorized institution for disputes arising from public service concession agreements that are not subject to arbitration.
- On 20 December 1999, Law No 3996 on the build-operate-transfer method was amended by "Law No 4493 Amending Some Articles of the Law on Realization of Certain Investments and Services Within the Framework of Build-Operate-Transfer Model". Through this amendment, the expression "generation, transmission, distribution and trading of electricity" was inserted in Article 2 of the Law. Through the amendment made in Article 5, it is stipulated that the contracts concluded between the administration and private capital or a foreign company as per this Law are subject to the provisions of private law.

"Law No 4501 on The Principles to be Followed In Case of Application to Arbitration in Disputes Arising Due to Concession Specifications and Agreements on Public Services" was enforced on 21 January 2000. This Law establishes the bases and principles that should be followed by the parties for the settlement of disputes arising from concession agreements on public services. The Law further stipulates that the parties willing to transform the existing concession agreements into private law status or willing to continue with the concession status but to submit to arbitration for the settlement of disputes should make relevant applications, and the authority to evaluate such applications is vested with the Cabinet. The claim setting forth that some articles of Law No 4501 are against the Constitution was rejected by the Resolution of the Constitutional Court No 2000/17 of 20 July 2000.

### **Current Status of the Legislation on National Oil Sector**

#### **Law on Oil (No. 6326)**

The Law on Oil, enforced in 1954, covers all oil exploration and production activities. Under this law oil exploration rights are vested in private (foreign/domestic) companies. In 1983, new supporting measures were put in practice by the government with the aim of encouraging foreign investors. Under these measures, 35% of the oil and natural gas produced on land and 45% thereof being produced off-shore can be exported. With the last amendment made to the Law in 1994, domestic and/or foreign capital companies (legal entities subject to private law) are given the right to receive licenses for the purpose of conducting refinery, transport and storage activities.

Turkey is divided into 18 oil regions, and most of the exploration works conducted so far have been focused on the South Eastern Anatolian Region. The Ministry of Energy and Natural Resources coordinates oil activities through the Directorate General for Oil Affairs (PIGM). PIGM is responsible for issuing permits, exploration licenses, production licenses and certificates.

#### **Oil rights:**

- Permit: is a non-exclusive right vested for a certain period of time for the aim of making geological explorations on the whole land specified in the application form or a given part thereof.
- Exploration License: is issued to the holder to make geological explorations, exclusive on-site explorations, realize development drilling works and produce oil. An exploration site covers an area of 50.000 hectares and the term of the license is four years.

- Operating License: gives the operator the right to make on-site explorations, conduct development and production activities, transport and sell the oil thus produced as long as the related rights prevail. An operating site covers a maximum area of 25.000 hectares and the term of the license is 20 years.

The holders of exploration and operating licenses are obliged to make royalty payments to the State at the rate of one eighth of the value of the oil produced and stored on the exploration and operating site.

- Certificate: gives the right to conduct activities exclusively specified therein except for the rights vested under “permits” and “exploration and operating licenses”.
- Incentive: Geological exploration and drilling expenditures are deducted from the total royalty to be paid to the State for the year concerned. The royalty to be paid to the State may be reduced by up to 50% depending on the water depth and working conditions in offshore explorations.

The Law on Oil limits the tax imposed on earnings to 55%.

Oil right holders are entitled to import materials, fuel oil, land, sea and air transport vehicles free of customs levies and other taxes and duties until 2020.

Oil right holders benefit from currency guarantees in transfers of imported capital.

Oil explorations are exempt from Value Added Tax in accordance with the provisions of the Law on Value Added Tax.

### **Current Status of the Legislation on the National Natural Gas Sector**

In accordance with the Executive Committee (Board of Directors of BOTAŞ) Decision of BOTAŞ No 54 enforced on 17 March 1988, authority to regulate the natural gas tariffs was vested to the Executive Committee of BOTAŞ.

As per Decree No 397 published in the Official Gazette in February 1990, BOTAŞ is the only institution responsible for the pricing, import, transport and domestic sales of natural gas, whereas local distribution companies (LDC's) set up with Cabinet approval, can be active in intra-city distribution of natural gas. LDC's can set their own sales prices according to their own marketing and pricing strategies.

Due to the provisions of Statutory Decree No 505 amending certain provisions of Law No 3154 on the Establishment of the Ministry of Energy and Natural Resources, the Directorate General for Energy Affairs has been vested with the authority to define the principles for energy pricing, to set and monitor ceiling and base prices for all energy sales by taking into consideration the public interests and market requirements.

Within this framework, the Ministry of Energy and Natural Resources has limited the sale prices set by distribution companies for natural gas, and it is laid down by the Law that the upper limit of the natural gas sales price of the distribution companies can not exceed 45% of the purchasing price of natural gas provided by the same companies from BOTAŞ. Natural gas is currently being used by households and business centers in Ankara, İstanbul, İzmit, Bursa and Eskişehir. Natural gas distribution is realized by BOTAŞ in Bursa and Eskişehir, and by local distribution companies in Ankara, İstanbul and İzmit.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Through “The Draft Law on Electricity Market” prepared by the Ministry of Energy and Natural Resources for the restructuring of the electricity sector, it will be possible to create the legal framework for the liberalization of the sector.

It is anticipated that the national oil and natural gas markets will be reorganized through the amendments to be made to the Law on Oil enforced in 1954.

#### **c) Necessary Institutional Changes**

- Establishment of the “Electricity Market Regulatory Authority”,
- Restructuring of the Directorate General for Oil Affairs as the “Oil Market Regulatory Authority”.

#### **d) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

There shall arise a need for qualified staff and training, and for institutional changes.

#### **e) Necessary Investments**

Infrastructure, hardware and software requirement will arise.

### **III. Time Schedule**

#### *Short Term*

##### Draft Law on the Electricity Market

The legal framework for the liberalization of the sector will be established through the “Draft Law on the Electricity Market”, prepared by the Ministry of Energy and Natural Resources for the restructuring of the electricity sector, on the basis of the “Electricity Directive” issued by the European Union to set up a domestic market for electricity.

The Draft Law covers

- Establishment of an independent “Electricity Market Regulatory Authority” to conduct regulatory and supervisory activities in the sector,
- Launching of the “licensing” requirement to be executed by the Authority for market activities,
- The functioning of the electricity market through bilateral agreements subject to the provisions of private law concluded between the parties involved in the market,
- Setting up new codes and rules for the transmission system, distribution system, financial balancing and reconciliation,
- Privatization of production and distribution assets,
- Selection of the suppliers by the consumers, who are to have the right of selection.

Law No: 4628 on the Electricity Market was enacted by the Turkish Parliament on February 20 2001, and put into force after being issued in the Official Gazette on March 3 2001.

#### *Medium Term*

##### Draft Law Amending Law No 6326 on Oil

It is proposed to reorganize the national oil and natural gas markets through amendments to be made to the Law on Oil enacted in 1954.

The basic objectives focus on the following:

- Restructuring of the oil market in a more competition oriented way,
- Restructuring of the Directorate General for Oil Affairs as the “Oil Market Regulatory Authority”,
- Liberalization of the natural gas market and enforcement of the required arrangements,
- Allowing for supply, transport and distribution activities in the national oil market to occur independently of each other.

Preparing and regularly publishing arrangements within the scope of the rights and liabilities supported through licenses, norm agreements and standards applicable to market users is foreseen.

It is expected that the Turkish Parliament will adopt the Draft Law on Oil in the first months of 2001, and that the new market model will be made functional within 8 months.

#### **IV. Financing**

Additional measures due to the enforcement of new arrangements, additional staff requirements stemming from the implementation of the new arrangements, and the required amount of financing are not yet clear. It is expected that there will be a financing requirement of around 50 million EURO for institutional changes and the requirements due to such changes.



## 4.16. Industrial Policy

### I. Priority description

#### a) Current Status

In 1999 the manufacturing industry accounted for 19.2% of GDP and 15.8% of civil employment.

In the manufacturing sector the aim is to focus on the privatisation process, exclude the public sector from the manufacturing industry except for certain strategic areas, and achieve progress towards product quality, standardization and modern technology. In recent years, approximately 95% of fixed capital investments in the manufacturing industry have been realized by the private sector, and in the light of the privatisation policy the public sector has focused mainly on investments in maintenance, renovation and modernization.

Although there are large scale companies integrated with EU markets and subject to foreign competition, Turkish industry is mainly comprised of SMEs with low technological production capacity, lacking the tradition of conducting R&D activities, and relatively undeveloped in terms of the number of patents and the use of "know-how" transfer and MSTQ (metrology, standardization, test quality) systems.

In 1999 the imports realized by manufacturing industry was valued at 35.4 billion Dollars. In 1999 the sector's share in imports of investment goods, an important component of the total manufacturing imports, was 52.7%.

Our exports of industrial goods have been adversely affected by the Asian crisis of 1997, the Russian crisis which started in 1998, and the Marmara earthquake of 1999. The value of manufacturing industry exports amounted to 23.5 billion Dollars in the year 1999.

Manufacturing industry exports are composed mainly of foodstuffs, textiles, clothing and iron and steel products. The share of these sectors within the exports of the manufacturing industry was 55.5% in the year 1999. Moreover, the manufacturing sectors for road vehicles, electronics and machinery have had an increasing share of the total in the recent years. Nevertheless, there is still a need to improve the structure and technological level of the industry.

Foreign capital investments authorized during the period between 1996-99 amounted to 8, 850 million Dollars, and the actual inflow was 599 million Dollars. The share of the investment authorizations granted to the manufacturing industry was 16.7% in 1996, 52.0% in 1997, 61.8% in 1998 and 66.1% in 1999. The sectors of the manufacturing industry having the biggest share of total foreign capital inflow are road vehicles, foodstuffs, cement, chemicals and tobacco.

The manufacturing industry has significantly opened up to foreign competition following the Customs Union established with the EU.

Within the five year period since the introduction of the Customs Union in 1996, preferential regimes applied by the EU to third countries have been adopted and Free Trade Agreements covering industrial products have been concluded with several countries.

Since the introduction of the Customs Union harmonization with the EU has been achieved to a significant degree in terms of foreign trade policies, and the share of imports of EU origin within the total import figures has risen from 47% in the period 1993-95 to 52% during the period 1996-99.

Following the introduction of the Customs Union no significant increase has been noted with respect to the proportion of our exports to the EU. The share of exports of industrial products to the EU was 49% during the period 1993-95 and this increased to 50.1% during the period 1996-99.

Under Customs Union conditions Turkish industry could not achieve the same level of success in exports as was experienced with imports. Initially, the Customs Union has favoured the EU, and while Turkey's annual foreign trade deficit was around 2-2.5 billion Dollars until 1992, it has increased geometrically due to tariff reductions in 1993 and the nullification of tariffs in 1996, and reached its peak in 1997 with a volume of 12.6 billion Dollars. Although during the 1993-1999 period Turkish industry reached its peak

from the point of exports to the EU and jumped from the level of 7.6 billion Dollars to 14 billion Dollars, the fact that the 43% share of exports in common trade attained initially went down to 33%, except for the years of contraction in the economy, clearly shows that the process of adaptation to new conditions is not yet complete and an adequate level of development could not be sustained.

It is very important to improve the situation of SMEs, the sector most affected by the implementation of the Customs Union, bearing in mind their ability to adapt to changes in demand, and their contribution to the establishment a competitive market, creating employment and developing entrepreneurship.

In this respect, it is planned to harmonize legislation with Turkey's international obligations by concluding the necessary arrangements with respect to the State Aids system.

Encouraging and supporting industry in terms of making use of the MSTQ systems at the highest level plays an important role in increasing competitiveness. In this respect, the necessary studies are ongoing to enable industry to benefit from industrial calibration services. Moreover, TSE is carrying out the harmonization of Turkish standards to those of the Community within the context of the harmonization process with the EU. Efforts have also been concentrated on extending quality awareness and ensuring the implementation of TS-EN-ISO 9000 quality assurance systems in enterprises, in order to improve efficiency and productivity of investments.

Although significant steps have been taken in the last decade to strengthen the national quality infrastructure by means of developing the MSTQ system, it is planned to support and encourage the realization of new investments in the sector, and develop industrial calibration and testing services, in order to allow this sector to deliver services to industrialists with similar costs and quality as those attained in the EU.

Law No. 4457 on the establishment of the Turkish Accreditation Authority (TÜRKAK) was enforced in 1999. The aim of TÜRKAK is to accredit national and international institutions delivering laboratory, certification and inspection services, to ensure the services delivered by such institutions are in conformity with designated national and international standards, and thus to provide for the recognition of certificates issued for product/service, systems, personnel and laboratories in the national and international arena. The organizational structure of the Authority is being developed.

During the Customs Union process the EU announced that Turkey is in need of a significant amount of financial resources, particularly long term credits and technical assistance, to ensure the adaptation of the Turkish industrial sector to the new competitive environment. One item listed under the financial aids in the same declaration but not yet provided by the EU, are the loans to be provided by the European Investment Bank, particularly those aimed at developing competitiveness within the context of the customs union.

The Industrial Strategy, developed under the scope of the 1998 European Strategy for Turkey and which reflects the harmonization requirements of Turkish industry and demonstrates the responsibilities of the EU in this respect, has not yet been initiated.

#### Medium Term Priorities

The industrial policies of Turkey proposed by the 8th Five Year Development Plan are as follows:

It is planned to improve the competitiveness of manufacturing industry through adopting an export oriented structure. KOSGEB will be re-structured through amendments to Law No. 3624 in order to better respond to the problems of small and medium-sized enterprises

Turkish industry will be furnished with a structure which activates local resources, produces in conformity with environmental norms, considers consumer health concerns and choices, uses a high quality workforce, applies modern management techniques, focuses on R&D activities, produces technology, and which allows it to become established in the international market by creating unique designs and trademarks.

It is planned to develop defence and aviation, machinery production, and the chemical and electronics industries through information technology, and by extending the use of advanced technology in industry and increasing the competitiveness of conventional industries.

The State will strengthen its role in supporting industry, regulate and supervise the markets within a framework of international rules, and continue to withdraw from industry, except for certain strategic areas.

Encouragement of investments for the development of information and communication technologies, R&D activities, new products and technology, protection of the environment, improving small and medium-sized enterprises, creating employment, and eliminating regional disparities in development, will continue for the manufacturing sector.

The focus will be on improving the management and financial structures of enterprises, extending the use of new technologies, information technologies, flexible production and supply planning systems, and achieving cooperation between companies at both the national and international level.

The Turkish Accreditation Authority will soon be functioning and the national quality infrastructure will be completed so as to increase the competitiveness of industry and ensure the free movement of our products in the EU market.

Policies will prioritise increased expenditure for R&D, encourage entrepreneurship and SMEs, and the development of a competitive environment.

Alongside consideration of EU practices, the guiding principles will be to use more efficient tools to encourage investments, and to achieve compatibility with changing domestic and foreign market conditions.

Necessary measures will be taken to ensure the adaptation of SMEs to the intense competitive conditions in international markets. Opportunities for cooperation with the EU will be developed in the fields of capital, technology and trade, cooperation between industry and universities will be encouraged, and increased support will be provided for R&D activities.

#### Iron and Steel Industry

The export oriented policies followed after 1980 play an important role in the investment decisions related to the iron and steel industry. As a result, the sector is a net exporter of long steel products and a net importer of flat and high- quality steel products. The investments realized in the iron and steel industry have focused on arc furnace facilities, and these facilities corresponds 70% of the production capacity.

The total raw steel production capacity reached 20 million tons in 1999 after a steady increase to meet high domestic and foreign demand. Total production was 14,3 million tons. Of this 5,1 million tons was produced in integrated iron and steel facilities, and 9,2 million tons in arc furnace facilities. In terms of end products, long steel production accounted for 11,5 million tons, flat steel 2,6 million tons, and high-quality steel 0,2 million tons. The production is realized in 3 integrated facilities and 15 arc furnace facilities. There are also private sector rolling mills processing domestic and imported semi products.

Per capita steel production for raw steel, which was 72 kg. in 1980, rose to 194 kg. in 1998. However, per capita raw steel production subsequently decreased to 161 kg. as a result of the decrease in steel demand due to the general economic recession.

The total production volume for long products was 10,9 million tons in 1999, the exports thereof 5,6 million tons, and imports 0,3 million tons. In the same year, a total of 3,5 million tons of flat products were produced, imports were 2,5 million tons and exports 0,6 million tons. The production of high-quality and special steel was 0,2 million tons and imports 0,3 million tons.

Due to the South Eastern Asia crisis a decrease was recorded in the exports of iron and steel products to this region, and following the globalization of the crisis exports and prices of iron and steel products decreased significantly. Although the volume of exports increased due to the decrease in domestic demand, total export revenues dropped as a result of the lower prices following the deepening of the effects of the global crisis and the 1999 earthquake.

The most significant development that has occurred in recent years in terms of the iron and steel industry was the signing of a free trade agreement with the European Coal and Steel Community (ECSC) in 1996, in parallel to the introduction of Customs Union with the EU. With the signing of the ECSC agreement a major step was taken in the opening up of the iron and steel industry to foreign competition. Within the agreement, the provision of state aids is limited to environmental issues, R&D activities, incentives given against capacity decrease, and the social aids furnished to the employees who are dismissed due to capacity decrease. However, it has been agreed that state aids for the sector will continue for a period of five years for restructuring purposes and investments towards product transformation. As from 1999 taxes imposed on the importation of iron and steel products of EU origin were lifted completely by means of

nullifying the nominal protection ratios. Previously, customs taxes were gradually decreased for a transition period of three years for iron and steel products. Since the agreement, significant progress has been noted in the EU-Turkey iron and steel trade.

The integrated facilities are owned mainly by the public sector whereas the arc furnace facilities are owned mainly by the private sector. Investments in the iron and steel industry in recent years have been mostly realized by the private sector.

Kardemir, the smallest integrated facility in the sector in terms of its size, was privatised successfully in 1995, and the modernization of the facilities have been completed. After Kardemir privatisation efforts for the sector could not be conducted at the desired pace. In 1998, İsdemir, which is the second largest integrated facility and produces long products, was placed on the privatisation agenda in order to create investment for the modernization of the facilities for flat product production. The privatisation process for this facility is ongoing. Asil Çelik which is producing high-quality and special steel, was privatised in 2000. The privatisation process of Erdemir, the largest integrated facility in Turkey and engaged in the production of flat products, also continues.

Sales of iron and steel products on the domestic market take place in a full competitive environment and the prices are determined according to domestic and foreign demand.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

The implementing institutions in charge of the adoption of the related EU acquis and the measures to be taken in the field of industrial policies are as follows: Ministry of Trade and Industry, the Under-Secretariat of the State Planning Organization, the Under-Secretariat of the Treasury, the Under-Secretariat of Foreign Trade, the Small and Medium Industry Development Organization (KOSGEB), the Competition Authority, the Ministry of Energy and Natural Resources, Directorate General for Turkish Iron and Steel Enterprises. In addition, the related institutions, associations and foundations acting in the field of industry will cooperate when necessary. Moreover, the Cabinet is responsible for the fulfilment of certain applications related to the corresponding industrial legislation of Turkey with respect to the EU acquis.

#### **d) Final Objective**

To fully implement the related EU acquis while ensuring the development of Turkish industry in such a way as to achieve an adequate level of competitiveness, and provide for the required employment and added value.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

- Law No. 4054 on the Protection of Competition (Official Gazette No. 22140 of 13 December 1994)
- Communiqué No. 98/10 on the Aids for R&D Activities (Official Gazette No. 23513 of 4 November 1998)
- Law No. 3624 on the Establishment of Small and Medium Industry Development Organization (Article 12) (Official Gazette No. 20498 of 20 April 1990)
- Turkish Code of Commerce No. 6762
- Statutory Decree No. 233 on the State Owned Economic Enterprises (Official Gazette No. 18435 of 18 June 1984) (amended by the repeated version of the Official Gazette No. 18448 of 4 July 1984)
- Law No. 3003 on Setting the Cost and Sales Prices of the Industrial Goods (under the responsibility of the Ministry of Trade and Industry)

- Legislation on the Control and Assessment of the Cost and Wholesale Sales Price of the Industrial Goods (Official Gazette No. 4580 of 9 April 1940)
- Communiqué No. FKS-78/2-18 of the Ministry of Trade and Industry (Official Gazette No. 16242 of 28 March 1978)
- Communiqué No. FKS-80/1-1 of the Ministry of Trade and Industry laying down the procedures related to price declarations on industrial products (Official Gazette No. 16887 of 1 February 1980)
- Law No. 3143 on the Establishment and Duties of the Ministry of Trade and Industry (Official Gazette No. 18639 of 18 January 1985)
- Statutory Decree No. 384 amending Law No. 3143 on the Establishment and Duties of the Ministry of Trade and Industry (Official Gazette No. 20331 of 3 November 1989)
- Laws Nos. 4059 and 3274 on the Establishment and Duties of the Under-Secretariats of the Treasury and Foreign Trade (Official Gazette No. 19088 of 16 April 1986)
- Cabinet Decree No. 95/7623 on the Export Regime (Official Gazette No. 22515 of 6 January 1996)
- Regulation on Exports (Official Gazette No. 22515 of 6 January 1996)
- Decision No. 96/8373 on the Ratification of the Agreement between the European Coal and Steel Community and Republic of Turkey for the Trading of the Products included under the Jurisdiction of the Agreement Establishing the said Community (Official Gazette No. 22714 of 1 August 1996)

In terms of reciprocity with the EU acquis the Turkish legislation listed above can be included under the more simple and functional list given below:

- 8th Five Year Development Plan
- Major Objectives and Strategy for the Long Term Development (2001-2023) and the 8th Five Year Development Plan
- Decision on State Aids in Investments
- Decision on State Aids in SME Investments
- State Aids for Exports
- Law No. 4054 on Competition
- Law No. 3624 on KOSGEB
- Legislation on Prevention of Unfair Competition in Imports
- Inward Processing Regime
- Outward Processing Regime
- Law No. 4457 on TÜRKAÇ
- Law on Customs

In the above legislation there are certain policies and regulations conformant to the main policy objectives of the EU acquis.

## **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The complicated legislation on “State Aids” will be simplified and made comprehensive and conformant. Accordingly, necessary amendments will be made to the applicable legislation as soon as possible in order to simplify the investment incentive system and ensure a more efficient enforcement of the legislation.

After the revision of this legislation by the relevant institutions it will be possible to harmonize with EU Industrial Policy legislation.

The harmonization study in relation to Council Decision No. 96/413/EC, which has a priority in EU Industrial Policy legislation and which aims at redefining of the role of the public sector in industry, increasing competitiveness, improving industrial cooperation and non-physical competition factors, will be carried out with the participation of all relevant bodies and institutions. The existing practices in Turkey will be revised in terms of price lists and conditions of sale applied by undertakings in the steel industry, adjustment of prices in iron and steel exports according to the prices which exist abroad, and price reductions.

## **c) Necessary Institutional Changes**

The key institutions listed by the EU: the privatisation agency, the competition authority, the development agency (development of exports included), the SME agency, the chambers of commerce and associations representing the business sector (horizontal and sectoral), already exist in Turkey.

The GAP Regional Development Administration, three business development centres established during the implementation of MEDA-1, and the “Euro Info Centre” can be listed as institutions corresponding to EU regional development agencies and business development centres (including “Euro Info Centres”) at the local level. The State Planning Organization is also planning to establish regional branches.

Although Turkey seems to have no institutional shortcomings in terms of legal structure, there may be a need to establish additional institutions and provide for special opportunities in order to ensure the full harmonization of the sector. Turkish industry, mainly comprised of SMEs, does not have an integrated R&D capacity or developed commercial links with the R&D services sector, and will need catalyst institutions to facilitate know-how transfer and develop commercial interaction with R&D service providers. Turkish industry has some structural shortcomings when compared with EU industries, especially following the implementation of EU regulations on the protection of intellectual and industrial property rights.

## **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The measures required to be taken for the harmonization of Turkish industry with EU arrangements will be clarified in the course of time. However, in terms of the adoption of the norms, standards and all the technical acquis, it is necessary to create services to inform industrial circles of EU regulations and to develop a plan for a quality infrastructure to ensure the implementation of the acquis.

As for the structural problems of industry, the following matters must be attended to: (i) adaptation of enterprises to the competitive environment, (ii) adoption of the technical acquis of the EU and policies designed facilitate the access of enterprises to the internal market, (iii) support for facilitating the adoption of the environmental acquis of the EU.

Under the scope of developing an infrastructure for supporting enterprises, the following matters must be attended to: (i) development of the technological infrastructure, support for the industrial sector in terms of metrology and technology, and the establishment of technology transfer agencies, etc., (ii) strengthen the technical infrastructure by means of certification institutions and business development centres, etc., (iii) support for industrial development agencies, (iv) establish industrial zones and (v) other necessary measures.

There is a need to develop special financial instruments covering the development of credit facilities, venture capital, project based banking, guarantee funds, technical assistance, and state subsidies for SMEs.

Necessary measures will be taken for diversifying and strengthening the industrial structure of Turkey and for preparing the human resources required for the fulfilment of this process.

The “Industrial Strategy” developed under the scope of the EU’s “European Strategy for Turkey”, which covers all the above matters, should be launched and implemented.

**e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

Concrete issues will be identified in the course of the harmonization process. However, it is necessary to conduct awareness activities on the adoption of the industrial acquis of the EU and the voluntary standards supporting the acquis in Turkey.

**f) Necessary Investments**

Necessary studies and investments will be carried out on the provision of information related to the adoption of the acquis and EU industrial policies.

For the purpose of extending technology on a sectoral basis, it is necessary to develop specialized service institutions and “contracted research” organizations to facilitate know-how transfer, to facilitate market-making arrangements between the R&D service providers and industry, and to offer various specializations depending on the demand to emerge from the market.

Feasibility studies will be conducted on the quality infrastructure. Rather than all investments coming from the public sector it is deemed appropriate to provide incentives for the private sector to contribute a certain portion of the required investments, provided that these are available to the sector as a whole.

**III. Time Schedule**

In general terms, the harmonization process of the sector will be completed in the medium term. Adoption of the technical acquis and the feasibility studies establishing a quality infrastructure inventory and a development plan should be started in the short term.

**IV. Financing**

The Union is required to provide financing, including financing for the participation of Turkey in EU agencies and programmes, on the grounds that the resources to be provided by Turkey will be insufficient for developing the capacities of public institutions, training and information.

The resources of the Community are also required for providing structural support to the sector, conducting studies in the field of quality infrastructure, contributing to investments, and improving credits to SMEs.

There is a need for large amounts of credit for the restructuring, modernization and environmental investment requirements of the industrial sector, and for strengthening the public sector infrastructure.





## 4.17. SMEs

### I. Priority description

#### a) Current Status

In Turkey 99.3% of all enterprises are SMEs. They represent 76.7% of the total employment, 26.5% of investments, 38% of added value, and 10% of exports. SMEs are supported in the fields of financing, training, consultancy, marketing, exports and use of high technology to assist them with the difficulties experienced during the Customs Union process, and to enable them to increase the number of people employed and their contribution to the economy. The EU "framework principle decisions" form the basis for the necessary arrangements.

Moreover, the Small and Medium Sized Industry Development Organization (KOSGEB), an organization affiliated to the Ministry of Trade and Industry, has been established through Law No. 3624 for the purpose of increasing the contribution of SMEs to the economy and improving their capacity for competitiveness. Information on the EU acquis and job opportunities have been provided to the SMEs through the KOSGEB- Europe Information Centre, opportunities for cooperation have been created through the KOBİ-Net Small and Medium Industry Enterprises Information Network, and the Internet and electronic commerce have been introduced to firms.

KOBİ Investment Inc. has been established to provide financial support to SMEs whose lack of finance creates a barrier to achieving a breakthrough despite having high development potential. It performs this task by becoming a shareholder in the SMEs. Studies are being conducted to enable the SMEs to work in functioning capital and financial markets supported by modern financing instruments and institutions, and to expand the provision of financial facilities such as credit guarantee funds, venture capital, financing investment trusts, and real estate investment trusts. The Credit Guarantee Fund Co. has been established for the purpose of providing guarantees for the loans granted to the SMEs by the Turkish Halk Bank Inc.

The Ministry of Trade and Industry encourages the establishment of small industrial estates to enable artisans and medium sized industrialists to conduct their business in modern workplaces, to facilitate their transition to medium sized industries, and to provide for vocational training. The construction cooperatives for small industrial estates are furnished with low interest long term credits. In the year 2000, 74.377 workplaces in 318 small industrial estates started to conduct business, and provided 459.644 employment opportunities. Apprenticeship schools exist at 105, and training centres at 136, of these industrial estates.

Compared to those in the EU, Turkish SMEs have lower administrative and technological levels. They are also subject to severe financing problems and obliged to work under less favourable working conditions in terms of access to information, quality infrastructure, economic stability, and legal and institutional factors.

Certain factors arising from the introduction of the Customs Union in 1996 created an unfair competitive environment for Turkish SMEs conducting business in the same markets as EU enterprises. Specifically, the economic and social funds used within the EU for the purpose of minimizing regional differences, improving the infrastructure, solving environmental problems, creating employment opportunities, and solving certain sectoral problems. These funds effectively decrease the R&D, environmental, fixed capital and employment costs of goods of EU origin. Goods of Turkish origin seeking the same markets under the same conditions are unable to benefit from these funds. In addition, goods of Turkish origin to be sold in the EU markets are required to conform to the industrial acquis of the EU and to have the necessary certification.

The "SME Action Plan Framework" was developed as a measure to support SMEs undergoing the structural harmonization needed to eliminate the effects of the Customs Union. However, no significant steps have been taken due to the lack of required aid from the EU and the absence of national financial resources. For instance, even the use of CE marking by Turkish SMEs, which eases the free movement of goods under the Customs Union, is insufficiently developed.

The "Industrial Strategy", developed in 1998 within the framework of the "European Strategy for Turkey" and which represents a positive approach to the harmonization requirements of Turkish SMEs, has not yet been implemented.

The rural population of Turkey involved in the agricultural sector is at a very high level compared to that of EU countries. If trends in industrial countries are followed the rural population is likely to decrease and the urban population to increase. Therefore, supporting the SME sector becomes a necessary development policy for Turkey on the grounds of predicted employment requirements.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **List of the EU acquis provided by TAIEX but not considered by the implementing institutions;**

- 81/428/EEC: Commission Decision of 20 May 1981 on establishing a Committee on Commerce and Distribution
- 98/215/EC: Commission Decision of 13 March 1998 setting up a consultative committee for cooperatives, mutual societies, associations and foundations (CMAF) (In harmony with the European Economic Agreement)

#### **c) Implementing Institution**

The arrangements related to Law No. 3624 on the Establishment of the Small and Medium Industry Development Organization will be realized by KOSGEB.

The corresponding Turkish legislation related to Council Decisions Nos. 84/383/EEC, 87/182/EEC and 94/217/EC will be prepared by the institution or institutions acting as the intermediary for the provision of such loans and aids.

Legislation on the duties and activities of the Under-Secretariat of the Treasury, the Under-Secretariat of Foreign Trade, KOSGEB, Turkish Halk Bank Inc., the Development Bank of Turkey, EXIMBANK and TÜBİTAK will be revised with respect to the decisions on the realization of the objectives of the Union for SMEs, as stated by Council Decision No. 97/15/EC.

The responsible institutions in this sector are the Ministry of Trade and Industry, the Small and Medium Industry Development Organization (KOSGEB), the Ministry of Tourism, the Under-Secretariat of the Treasury, the Under-Secretariat of the State Planning Organization and the Under-Secretariat of Foreign Trade. In addition, certain other institutions, associations and foundations are also interested in the structural aspects of the sector, due to their field of specialization.

#### **d) Final Objective**

To adopt the related EU acquis and to ensure the development of the Turkish SME sector, taking into account national conditions and the need to conform with internal market conditions. In addition, Turkey's full participation in the "4th Multiannual Programme for Enterprises and Entrepreneurship (2001-2005)" should be ensured.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

- Cabinet Decree No. 99/12474 on State Aids for the Investments of Small and Medium-Sized Enterprises (Latest version is No. 2001/1)
- Statutory Decree No. 355 on the Organization and Duties of the Ministry of Tourism (Part V: related to the Tourism Council)
- Regulation on the Tourism Council (Official Gazette No. 23492 of 13 October 1998)
- Regulation on the Qualities of Tourism Investments and Enterprises (Official Gazette No. 21728 of 14 October 1993)

- Law No. 2634 on Tourism Incentives
- Statutory Decree No. 355 on the Establishment and Duties of the Ministry of Tourism (Article 9b)
- Law No. 2634 on Tourism Incentives (Official Gazette No. 17835 of 16 March 1982)
- Law No. 3624 on the Establishment of Small and Medium Industry Development Organization (Official Gazette No. 20498 of 20 April 1990)
- Approval KOSGEB Presidency (10 April 1991 – 23 April 1991)
- Decision of the Executive Committee of KOSGEB on the Participation of SMEs in the Manufacturing Industry Sector to Business Meetings Abroad
- Decision of the Executive Committee of KOSGEB on the Participation of SMEs in the Manufacturing Industry Sector to Fairs Abroad
- Annual Programmes of KOSGEB on the Participation of SMEs in the Manufacturing Industry Sector to the Europartneriat and Medpartneriat Meetings

#### **b) Necessary amendments and modifications in the Corresponding Turkish Legislation**

The adoption of the related arrangements due to EU legislation will be made by the relevant bodies and institutions.

Turkey's participation in the "4th Multiannual Programme for Enterprises and Entrepreneurship (2001-2005)" will allow for Turkish SMEs to increase their competitiveness within the EU market by means of ensuring their participation in the activities of the EU. Upon completion of the harmonization studies on the acquis, which is mostly in line with Turkish SME policies, it will be possible to realize the objectives to be attained at the Union level within a short period of time.

The arrangements on the instruments to be used for supporting SMEs stated in the respective Union acquis will be prepared by the responsible institutions provided that Turkey can participate in the said programmes. Although there is no corresponding Turkish legislation related to Council Decisions Nos. 84/383/EEC and 87/182/EEC prepared for encouraging investments, and No. 94/217/EC prepared for providing interest subsidies to SMEs, the gaps in the legislation will be filled by the responsible institutions provided that Turkey is allowed to participate in the said programmes and relevant EU support is given.

Related legislative arrangements designed to create mutual benefits and build confidence between the main industry and the suppliers, ensuring long term cooperation between them, and making them more competitive as a whole, will be concluded.

#### **c) Necessary institutional changes**

There are no shortcomings in Turkey in terms of the required minimum institutions listed by the EU. However, it may be necessary to create additional institutional capacity for the implementation of the EU acquis and the compliance of Turkish SMEs with internal market conditions.

New institutions might be required to increase the capacity of the financial institutions serving SMEs, relieve their financial problems, and implement new financing methods. Special institutions will be developed to orient the restructuring process, provide share financing to investments designed to expand embryo companies, and provide management and capital support. The SME Financing Arrangement developed for the candidate CEECs under PHARE is also required for Turkey.

A project has been designed to establish a market bridge institution between the service delivery capabilities of the Turkish SMEs and the corresponding beneficiaries for such services, in order to increase the technological level of the SMEs. The realization of this project will be the first initiative towards the development of a service sector providing support for SMEs.

The capacity of enterprises situated in small-scale industrial estates to conduct joint business operations should be developed. In this respect, the practices in Italy should be introduced to Turkey.

#### **d) Additional requirements stemming from entry into force of the new legislation**

The loans required by SMEs in Turkey are generally met by Turkish Halk Bank Inc., Eximbank, and the Development Bank of Turkey. It has been stated in the Development Plans and the Annual Programmes that few loan resources are available for SMEs. The SMEs share of total bank credits furnished is only 5 percent. Studies should be started in order to improve credit facilities. Nevertheless, the necessary arrangements needed to allow for the development of a venture capital system have been included in the 8th Five Year Development Plan. KOBİ Investment Inc. and Associated Companies for SME Investments are the institutional organizations designated to become venture capital institutions in the future.

The provision of credits with upgraded terms and conditions such as low interest, grace periods, and a broad repayment schedule will be introduced in order to avoid delays in the repayments of SME credits, and to prevent the build up of credit debts. This will increase the share of SME credits in the total volume of credits within the banking system. Moreover, the related legislation will be arranged so as to allow for SMEs to issue securities on the capital markets. Financial applications such as financial investment trusts and real estate investment trusts will be extended. A credit guarantee fund has been established by Turkish Halk Bank Inc. for the purpose of solving the credit guarantee problem experienced in applications for credits. The Fund has provided for credit guarantee support for SMEs amounting to a total of 10.3 trillion TL. In the forthcoming period, the Fund's system is required to be reinforced and extended. In line with Council Decisions, the activities for establishing units in charge of the provision of information to ensure that SMEs are kept well informed and benefit from cooperation opportunities, preparing action plans for SMEs, developing cooperative opportunities, and ensuring cooperation between enterprises have continued within the framework of the 7th Five Year Development Plan. These services are provided to the small and medium-sized enterprises through KOBİ-Net and the Euro Info Correspondence Centre, established by KOSGEB. The legislation related to KOSGEB will be revised to allow for the fulfilment of the functions to be assigned following integration with the EU, and to facilitate the introduction of these services to the target groups. It must be ensured that institutions serving SMEs work in coordination, and action plans for SMEs prepared with the full participation of these institutions are implemented. Management of the coordination of SME policies will be centralized under the responsibility of a single body.

Due attention will be paid to the creation of support services aimed at ensuring that SMEs have access to R&D, innovation, training and consultancy services, thereby increasing their competitiveness and improving the capacities of the institutions delivering such services.

Programmes supporting young entrepreneurs, women entrepreneurs, tradesmen and artisans will be intensified and initiatives will be taken for the purpose of increasing the share and limits allocated to these groups within the total credit volume.

Turkey's participation in the following activities and arrangements of the European Union must be ensured:

- 4th Multiannual Programme for Enterprises and Entrepreneurship (2001-2005)
- Integrated Programme for SMEs
- Sector and field researches similar to the "European Observatory for SMEs"
- Credit guarantee mechanisms of the European Investment Fund
- Joint Venture tools of the EU-CEEC, such as JOPP and JEV
- EU-CEEC Joint Investment Agencies
- Business Support Programme
- Access to Finance Programme (under the scope of 4th SME Multi-annual Programme)
- PRAQ and ECAA programmes for the development of quality assurance systems
- E-commerce and e-Europa Initiative programmes
- Twinning mechanisms open to CEECs

- Activities of the CEDEFOP (European Centre for Developing Vocational Training) Agency, based in Salonika
- Activities of Torino Training Association
- 6th Framework Programme (2002-2005) of the EU being prepared for the purpose of encouraging the R&D activities of the SMEs

**e) Additional staff and training requirements for the implementation of amendments and modifications**

They will be defined according to the needs of the newly established institutions.

**f) Necessary Investments**

As the first priority;

The following matters should be resolved:

- Increasing capacity in the field of SME financing, including the establishment of new types of institutions
- Establishing the market maker institution which will create a network of national technology transfer service centres, and support SMEs in the fields of technology transfer and industrial problem solving (GEBZE-Technological Support Project for the SMEs)
- Supporting SMEs in terms of harmonization with technical legislation and developing activities for the adoption of the New Approach Directives and the use of CE marking.

The “Industrial Strategy”, prepared under the scope of the “European Strategy for Turkey”, which covers various requirements of SMEs, needs to be implemented.

**III. Time schedule**

In the short term, the investment matters are the first priority, and in the medium term the “Industrial Strategy” and the other above mentioned requirements should be considered.

**IV. Financing**

It has been deemed appropriate to determine the costs of realizing the said arrangements following evaluation of the harmonization programmes to be developed by the relevant institutions. Euro 127 million has been allocated for the period covering 1997-2000 under the 3rd Multiannual Programme for SMEs, covered by Council Decision No. 97/15/EC, which aims to create a favourable working environment for the SMEs. Provision of information to the Turkish side on the resources allocated for this purpose during the preparation of the 4th Multiannual Programme, covering the harmonization process of Turkey, would be helpful in determining the breakdown of the annual costs of the related study.

It is not possible to provide the required support to SMEs due to the fact that Turkey currently experiences financial problems, and essential “pre-accession financial aid” is not provided by the EU. However, within this framework the priority requirements of Turkey are as follows:

- 50 million Euro for capacity increase in the field of SME financing,
- 50 million Euro for providing technology support to SMEs,
- 15 million Euro for harmonization of SMEs with the New Approach Directives and the use of CE marking,
- 15 million Euro for adoption of the other technical legislation by SMEs.

Regarding the implementation of the components of the “Industrial Strategy” related to the SMEs, it is necessary to generate at least 300 million Euro initially in the form of grants and 3 billion Euro in the form of credits and to further extend these financing facilities in the forthcoming years.

## 4.18. Science and Research

### I. Priority Description

#### a) Current Status

In Turkey, scientific and research activities are conducted mainly by Universities and public research institutions. Private sector activity in this field is very limited. Although activities leading to the enhancement of cooperation in scientific and technological research between universities, research institutions and industry have been initiated, this cooperation has not yet reached the desired level. Technology acquisition is still mostly achieved by means of technology transfer.

The highest body in the field of science and technology is the Supreme Council for Science and Technology. The Supreme Council for Science and Technology, chaired by the Prime Minister, is composed of the related Ministers, the President and one Vice-President of the Scientific and Technical Research Council of Turkey (TÜBİTAK), the President of the Board of Higher Education (YÖK), Under-secretaries of the State Planning Organization, Foreign Trade and the Treasury, the President of the Turkish Atomic Energy Council (TAEK), the Director General of the Turkish Radio, Television Corporation (TRT), and the Chairman of the Union of Chambers and Commodity Exchange of Turkey (TOBB).

One of the major institutions in relation to the implementation and organization of science and technology policies is the Scientific and Technical Research Council of Turkey (TÜBİTAK). The Technology Development Foundation of Turkey (TTGV) has been carrying out industrial technology projects since 1999.

The Small and Medium Sized Industry Development Organization (KOSGEB), an organization affiliated to the Ministry of Trade and Industry, encourages small and medium-sized enterprises (SMEs) to increase their technological capacity for the purpose of improving their efficiency within the economy, and improving their competitiveness. Seven technology development centers have been established to provide for project support in cooperation with the universities, management consultancy in technology, and R&D support.

The major objective of the 8th Five-Year Development Plan is to match the EU average in terms of R&D activities as a percentage of GDP, and the percentage of researchers in the economically active labor force. R&D cooperation with the EU plays a significant role in fulfilling Turkey's specified objectives. TÜBİTAK's responsibility within this context is to fulfill the function of informing and orienting related institutions and organizations with respect to the Framework Programmes to be implemented by the EU. It is KOSGEB's responsibility to ensure the coordination and participation of the SMEs within such programmes.

The 8th Five-Year Development Plan (2001-2005) aims to generate an information society by increasing the amount devoted to R&D activities as a percentage of GDP to 1,5 and the total number of researchers per 10.000 of the labor force to 20, by the year 2005.

The Master Plan for the National Information Infrastructure has been prepared by the TÜBİTAK-BİLTEN TUENA project group under the responsibility and coordination of the Ministry of Transport and presented to the Supreme Council for Science and Technology on 20 December 1999.

The Biotechnology Committee established under TÜBİTAK is conducting preliminary studies on the development of national policies in the fields of Molecular Biology, Genetic Engineering and Biotechnology. A working group with broader participation will be established shortly. A "National Earthquake Council" was established following the earthquake that hit the Marmara region in 1999. The Technology Development Project initiated by the Technology Development Foundation of Turkey (TTGV) in 1991, was followed in 1999 by the Industrial Technology Project.

Within the framework of the adoption of the EU acquis, Law no. 4457 on the establishment and duties of the National Accreditation Council was enacted on 27 October 1999. The aims of this law are to accredit local and foreign institutions to deliver laboratory, certification and inspection services, to ensure the functioning of such institutions according to specified national and international standards, and thus to ensure the recognition of the certificates related to product/service, systems, personnel and laboratories on a national and international basis.

Furthermore, through Statutory Decree No. 544 the Turkish Patent Institute has been taken under protection. Similarly, Patent Rights through Statutory Decree No. 551, Industrial Designs through Statutory Decree No. 554, Geographical Signs through Statutory Decree No. 555, and Trademarks through Statutory Decree No. 556. A communiqué on supporting the costs of registration for Patents, Useful Model Certificates and Industrial Designs has been enacted.

Turkish Government supports the eEurope+ program initiated and implemented by EU, and would like to contribute to this program. The Government aims to initiate e-Turkey program for establishing an Information Society in Turkey, to guide and to establish the necessary institutional structure in coordination with studies carried out in the European Union, in co-ordination with relevant private sector, universities, NGOs and other bodies and organizations.

#### **a) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

- Supreme Council for Science and Technology (BTYK)
- Scientific and Technical Research Council of Turkey (TÜBİTAK)
- Turkish Academy of Sciences (TÜBA)
- Board of Higher Education (YÖK)
- Ministry of Trade and Industry and KOSGEB, and its affiliated organization
- Ministry of Energy and Natural Resources
- Ministry of Health
- Ministry of Agriculture and Rural Affairs
- Ministry of Transport
- Ministry of Environment
- Turkish Atomic Energy Council (TAEK)
- Under-secretariat of Maritime Affairs
- Technology Development Foundation of Turkey (TTGV)

#### **d) Final Objective**

The implementation and adoption of the EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish Legislation**

The corresponding Turkish legislation covers the related provisions of the Constitution, International Agreements, Decisions of the Supreme Council for Science and Technology, legislation of the related institutions, and principles on Science, Research and Technology specified in the Development Plans and Programmes. Enforcement is carried out through circulars on the decisions of the Supreme Council for Science and Technology (BTYK), the annual programmes, communiqués enacted by the related institutions, decisions of the board of directors and/or the science board.



Statutory Decree No. 77 which provides for the establishment of the Supreme Council for Science and Technology (BTYK), the secretarial functions of which are fulfilled by TÜBİTAK, and the regulations, working procedures and principles of the said Council, form the applicable legislation for the Turkish Science and Technology System and related policies. The Council has taken decisions (Article: 97/18) on the provision of funding for the participation of Turkey in joint international research projects, the development of leading supplementary mechanisms, and the assignment of TÜBİTAK as the focal organization for the EU Framework Programmes. Furthermore, in 1999 it was decided to allocate a certain amount of the TÜBİTAK annual budget for participation in the projects under the scope of the EU Framework Programmes, beginning in fiscal year 2001. This decision has been taken with the aim of providing a solution to the financing aspect of the issue.

The sentence that reads, "cooperation opportunities with the EU will be maximized", stated in paragraph 1216 of the 8th Five-Year Development Plan is a binding provision. Actually, through the Implementation Programme for the year 2000 contained in the 7th Five-Year Development Plan, TÜBİTAK was designated as the institution responsible for accelerating the procedures towards the more efficient participation of Turkey in the EU Framework Programmes on Science and Technology.

#### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

The agreement to be concluded on the Framework Programmes is required to be legalized as per Article 90 of the Constitution. Therefore, preliminary negotiations with the EU on such an agreement will be initiated to achieve the required infrastructure, the process will be accelerated, and the agreement will be presented to the Turkish Parliament so as to be enacted.

#### **c) Necessary Institutional Changes**

TÜBİTAK will prepare the required institutional infrastructure and will provide for the accelerated and flexible implementation of the Programmes in cooperation with other related institutions. If Turkey becomes a party to the agreement on EURATOM, which is a separate part of the Framework Programme agreement with the EU, TAEK may be required to undergo structural changes.

#### **d) Additional staff and training requirements for the implementation of amendments and modifications**

Training and introductory seminars on specific programmes under the Framework Programmes are needed for Turkish research institutions, higher education institutions, and private sector institutions.

The appointment of an attaché in charge of scientific issues within the Permanent Delegation of Turkey to the EU is necessary in order to follow scientific and technological developments, and to ensure coordination related to harmonization in scientific and technological policies.

The unit to be set up under the body of TÜBİTAK for the implementation of the Framework Programmes will have employment requirements.

#### **e) Necessary Investments**

It has been calculated that 327 million Euros are required for Turkey's full participation in the Framework Programmes of the EU, based on the 1998 budget and the budget of the 5th Framework Programme. According to the estimates of Turkey and the EU for the year 2002, the contribution to the 6th Framework Programme will vary between 489-587 million Euros, depending on the increase in the Programme budget of (15-18 billion Euro).

### **III. Time schedule**

#### *Short term*

Initiatives will be taken for participation in the maximum possible number of projects within the 5th Framework Programme (1998-2002) up to the end of the year 2001, and negotiations will be intensified with the EU.

Under the scope of the 5th Research and Technological Development Programme of the EU, participation in the Information Society Technology (IST) Programme will be conducted on a "project-by-project basis",

within the framework of the arrangement signed between the Directorate General for the Information Society of the European Commission and TÜBİTAK.

*Medium term*

Turkey plans full participation in the 6th Framework Programme (2002-2006), following the conclusion of the Association Agreement on the Framework Programmes. As Turkey has had no opportunity to make project applications, during the period prior to the start of the 6th Framework Programme attempts will be made to participate fully in the 5th Framework Programme for trial purposes, without making any financial contribution.

#### **IV. Financing**

Euro 17 million are required to finance the adoption of the EU acquis and the related applications.

For participation in the Framework Programmes, 237 million Euros are needed for the 5th Framework Programme and 489-587 million Euros for the 6th Framework Programme, according to the estimates by Turkey and the EU for the year 2002, on basis of 1998 data and the budget of the 5th Framework Programme of the EU.

## 4.19. Education, Training and Youth

### I. Priority description

#### a) Current Status

The number of students attending pre-school institutions during academic year 1999-2000 was 252 thousand and the number of teachers employed in these institutions was 15,678. For primary and secondary schools these figures were 12.5 million students and 484 thousand teachers. Additionally, 251 thousand apprentices were trained in 330 apprenticeship training centres during the 1999-2000 academic year, and around 3 million individuals from all age groups and with different academic backgrounds were offered apprenticeship training at 6,531 education institutions employing 48,506 teachers.

Although the school attendance rates reaches 100% in EU countries at the level of primary and secondary school education, this rate was 97.6% in primary schools and 59.4% in secondary schools in Turkey during the academic year 1999-2000. The average attendance rate in higher education is 43% in EU countries and 29% in Turkey. Law No. 4306 enacted in 1997 increased the period of compulsory primary education from five to eight years with the aim of increasing the general educational level of society, and a significant increase has been noted in the attendance rate at the level of primary school education. The 8th Five Year Development Plan aims to raise the attendance rate at primary school level to 100% by the end of the period concerned.

The ratio of total education expenditure to GNP is an average of 5% in EU countries and an average of 6% in the OECD countries. In Turkey, the ratio of public expenditure on education to GNP was 3.9% in 1999.

Necessary studies have begun within the framework of the restructuring of vocational and technical training at the secondary level. During the 1999-2000 academic year a total of 295,785 students had the opportunity to be trained in vocational and technical schools and apprenticeship and public training centres through the "Full Day Full Year Education" programme launched for the purpose of making maximum use of the existing capacity of vocational and technical education institutions.

The total number of faculty members in higher education was 64,901 for the 1999-2000 academic year. The number of students per faculty member in formal education programmes in Turkey at undergraduate level is 32, compared to 15 in EU countries.

In our universities there are 13 research units related to EU programmes, and to date 13,005 students have studied topics on the EU.

The European Credit Transfer System (ECTS) has been developed by the EU for the purpose of awarding credits for higher education courses taken by students, and implementing a common grading system. The Higher Education Board has prepared guidelines on ECTS. In January 2001 a meeting on this topic was organized with the participation of higher education institutions in Turkey.

The Higher Education Board has tested an academic evaluation model for our higher education institutions through a pilot study conducted in 1997. At the end of the pilot study it was concluded that an evaluation conducted by an external institution is not beneficial in the absence of an internal inspection mechanism for universities. In this respect, a guideline to be used in evaluating the courses taken by students has been prepared and sent to higher education institutions. Related studies are still underway for the implementation of the evaluation results obtained in the year 2001.

İŞKUR, of the Ministry of Labour and Social Security, conducts activities such as organizing labour training courses, entrepreneurship courses and consultancy services for the entrepreneurs, quick start programmes, work programmes for the benefit of the public, labour and vocational consultancy services.

The "Employment and Training Project" coordinated by İŞKUR was launched in 1993, and is due to be completed by the end of 2000 with World Bank loans. It has established standards for 250 professions, and, within the scope of establishing a testing and certification system, has established test question banks for 176 professions. Labour Councils in the provinces and the National Labour Council have been established in accordance with the Project. However, the Local Labour Councils established in the provinces have been replaced by the Provincial Employment Boards through Statutory Decree No. 617.

Between 1993 and 2000 (November) İŞKUR organized 4574 labour training courses with the participation of 84,571 individuals, with the aim of enabling unemployed individuals, and those willing to change or improve their profession, to set up their own business or to be trained in a profession. A documentation centre has been established to improve the employment of women.

Following the amendment of Law No. 507 on Tradesmen and Artisans by Law No. 3741, the Turkish Confederation of Tradesmen and Artisans (TESK) is vested with certain powers and responsibilities related to the planning, execution, controlling and financing of the practical side of vocational training. Units for Vocational Training Consultancy have been established in order to conduct vocational training activities under the supervision of the Chambers of Tradesmen and Artisans, and Unions, Federations and Confederations. Countrywide training centres have been established independently through the Fund for Developing and Extending Vocational Training for Tradesmen and Artisans coordinated by TESK.

Within the framework of Law No. 3308 on Apprenticeship and Vocational Education and Training there are education programmes for 109 vocational fields, as defined by the Ministry of National Education. The certificates given at the end of the training programmes are issued by the Ministry of National Education. Other related training programmes and certificates for tradesmen and artisans are offered by the Chambers of Tradesmen-Artisans. Studies continue on the quality and standards of vocational training for the professions not covered under this scope. Education and training programmes are offered by the Chambers for Commercial Vehicle Driving Licenses.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

- Ministry of National Education
- Higher Education Board
- Ministry of Industry and Trade
- Ministry of Labour and Social Security
- Turkish Confederation of Tradesmen and Artisans

#### **d) Final Objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

- Constitution of the Republic of Turkey
- Law No. 1739 on Basic Law of National Education
- Law No. 3308 on Apprenticeship and Vocational Education and Training (Official Gazette No. 19139 of 19 June 1986)
- Law No. 5098 amending certain articles of Law No. 2510 on Settlement and supplementing certain articles and paragraphs of the law
- Law No. 2510 on Settlement
- Law amending provisional article 2 of Law No. 5227
- Law No. 2923 on Foreign Language Education (Official Gazette No. 18196 of 19 October 1983)

- Regulation on Foreign Language Education published in the Official Gazette No. 18868 of 14 September 1985
- Regulation on Special Training to be Given in the Schools under the Ministry of National Education
- Regulation on the Training, Functions and Responsibilities of the Personnel Employed in Family Planning Services
- Law No. 5227 amending paragraph 1, provisional article 2 of Law No. 5098 amending and annulling certain articles of Law. No. 2510 on Settlement, and supplementing certain articles and paragraphs to the law and supplementing certain provisions to this article
- Law No. 507 on Tradesmen and Artisans
- Law No. 3624 on the Establishment of the Administration for Developing and Supporting Small and Medium-Sized Industry
- Law No. 3146 on the Establishment and Duties of the Ministry of Labour and Social Security (9 January 1985/18639)
- Statutory Decree No. 617 on the Establishment of the Turkish Employment Agency (4 October 1985/24190)
- Regulation on the Duties of the Turkish Employment Agency (11 August 1973/14622)
- Law No. 1475 on Labour (25 August 1971/13943)
- Law No. 2821 on Trade Unions (5 May 1983/18040)
- Law No. 4046 on Privatisation (27 November 1994/22124)
- Law No. 2908 on Associations
- Statutory Decree No. 573 laying down the Procedures on Special Training to be Given to Disabled People
- Regulation on the Working Procedures and Principles of the National Coordination Board for the Protection of Disabled People (11 December 1985)
- Regulation on the Employment of Disabled People (16 March 1987/19402)
- Regulation on the Employment of the Former Convicts
- Regulation on Training and Developing the Labour Force (24 August 1996/22737)
- Regulation on the Conditions for the Recruitment of the Disabled People as Civil Servants and the Positions to which they will be Appointed (12 May 1983-83/6526)
- Regulation on the Education of Turkish Students Abroad (29 January 1993-93/4074)
- Regulation on Technical Training Centres for Adults
- Regulation on the Development and Orientation Courses for the Personnel of the Enterprises
- Regulation on the Social Security Procedures of the Apprentices, Candidates and Students Taking Skill Training in the Enterprises
- Law No.625 on Private Education Institutions

- Regulation on the Special Education and Training Institutions acting under the body of the Ministry of National Education
- Law No. 1580 on Municipalities
- ILO Convention No. 142 on the Role of Vocational Training and Orientation in Benefiting From Human Resources
- Law No. 1416 on the Students to be Sent to Foreign Countries
- Article 130 and 131 of the Turkish Constitution
- Law No. 2547 on Higher Education
- Law No. 2809 on the Organization of Higher Education Institutions
- Law No. 2922 on Foreign Students Studying in Turkey
- Statutory Decree No. 124 on the Administrative Organization of the Supreme Bodies of Higher Education and Higher Education Institutions
- Decision on the Procedures for the Employment of Foreign Faculty Members in Higher Education Institutions
- Decision on the Employment of Retired Faculty Members in Contractual Personnel Positions in Higher Education Institutions
- Regulation on Specialization on Medicine
- Regulation on the Academic Organization of Universities
- Regulation on Postgraduate Education
- Regulation on the Procedures for Horizontal Transfer between the Higher Education Institutions at the Associated level of Universities and the Undergraduate Level
- Regulation on the Organization and Functioning of Postgraduate Education and Training Institutes
- Regulation on the Rules of Discipline for the Students of Higher Education Institutions
- Regulation on the Higher Education Institutions affiliated to Foundations
- Regulation on the Development Training to be Given to the Faculty Members and Foreign Faculty Members of Higher Education Institutions
- Regulation on the Recognition of the Compatibility of the Diplomas of the Higher Education Institutions Abroad

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Law No. 3797 on the Establishment of the Ministry of National Education requires revision for the purpose of delegating authority and responsibility to the regional directorates of the Ministry of National Education.

After establishing the necessary infrastructure and increasing the duration of compulsory primary education to 9-12 years, certain amendments will be needed to the provisions of the Basic Law of National Education No.1739, provisions of Law No.4306 regarding the extension of the duration of financial measures and scope for spending financial resources, and the provisions of Law No.3308 on Apprenticeship and Vocational Education and Training, with a view to increasing the relations between vocational and technical education and industry.

The Draft Law on "National Professional Standards", regulating professional standards and proposing the establishment of a Professional Standards Authority, has been prepared by the Ministry of Labour and Social Security and the Turkish Employment Agency, and submitted to the Prime Ministry.

Concerning higher education, the necessary arrangements and structural changes planned by the Higher Education Board will be carried out in the light of the objectives of the Bologna Declaration.

### **c) Necessary Institutional Changes**

A Professional Standards Authority comprised of employees, employers and state institutions will be established in order to ensure the mutual recognition of professional education and training certificates and the standardization of vocational education and training. Vocational training certificates will be issued according to an "Examination and Certification System" to be coordinated by this authority in cooperation with other related institutions. The Chambers of Tradesmen will issue such certificates for the professions not included under the scope of Law No. 3308 and the Central Apprenticeship Authority.

### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

There is no additional requirement at this stage.

### **e) Necessary Investments**

No investment is proposed at this stage.

## **III. Time Schedule**

### *Short Term*

Work related to the Law on the Establishment and Duties of the National Agency, which will coordinate EU Programmes in the fields of Youth and Education, has been completed and is with the Prime Ministry before being sent to Parliament.

Turkey aims to reach EU standards in the field of education by means of the Project for the Modernization of Vocational and Technical Education and Training supported by the EU, the Basic Education Project supported by the World Bank, the project for Strengthening Vocational and Technical Education and Training deemed appropriate by the EU, and the Socrates, Leonardo and Youth for Europe programmes.

Turkey is planning to participate actively in the SOCRATES programme, one of the EU's education and training programmes, as of November 2001. In this respect, from June 2001 our higher education institutions will give a Diploma Supplement, which the EU proposes be given to students at the graduation stage.

The necessary studies for establishing Vocational and Technical Education Regions, and for solving the problems of existing vocational high schools by providing qualified trainers and the required physical infrastructure and equipment, will continue in the forthcoming years.

Necessary arrangements will be made with respect to the training of adults and in-service training.

### *Medium Term*

Necessary studies will be conducted to increase the period of compulsory primary education to 9-12 years, which is the average in EU countries.

The related acquis of, and practices within, the EU will be studied and the necessary legal and institutional arrangements will be introduced to guarantee the right to in-service training for teachers, and to enable contract teachers to be employed in the required fields.

The Project for Strengthening Vocational and Technical Education and Training deemed appropriate by the EU will achieve the coordination demanded by the private sector between vocational education and training and the qualified labour force, and will help to approximate practices in the field of vocational education and training to EU standards.

Studies will be initiated with a view to implementing the ten fundamental principles providing for the adaptation of the labour force of member states to the changes in the general economic situation and production technologies, a high employment capacity, and the movement for workers, as stated in Council Decision No. 363D0266 initiated in 1963 for implementing a common vocational training policy.

Studies on the amendment of legislation are carried out by the "Legislation Commission", set up within the framework of the activities of the "Council Monitoring Committee" under the coordination of the Ministry of National Education following the 3rd Council of Tradesmen and Artisans held in 1998. It is planned to complete the adoption of the related EU acquis.

The Ministry will make the necessary amendments to Law No. 3797 on the Establishment of the Ministry of National Education for the purpose of delegating authority and responsibility to its regional directorates.

#### **IV. Financing**

The provisions of Law No. 4306 on Eight-Year Compulsory Primary Education regarding the duration of the financial measures and the scope for spending the financial resources will be revised.



## 4.20. Telecommunications

### I. Priority description

#### a) Current Status

The main goals of telecommunications policy are to develop the service capacity of Turkey to universal standards and to contribute to economic and social welfare. Turkey has undergone rapid development in the field of telecommunications, which plays an important role in the development process. In 1995 the telephone switchboard capacity was 14,550 thousand lines, the number of telephone subscribers 13,227 thousand, and the telephone subscriber concentration was 21.8 %. These figures reached 19,679 thousand, 18,054 thousand and 28 % respectively in 1999. By the end of the year 2000, the telephone switchboard capacity is expected to reach 21,129 thousand lines, the number of telephone subscribers 19,510 thousand, and the telephone subscriber concentration 29.9 %.

While the number of mobile telephone subscribers was 7.6 million and mobile telephone subscriber concentration was 11.8 % in Turkey in 1999, these figures reached 12 million and 17% respectively by the end of the year 2000. In 1999 the number of Internet users in Turkey was around 900 thousand and this number was 1.65 million in 2000. The rate of digitalisation was expected to reach 85% by the end of the year 2000.

The length of the fibre optic cable used in 1995 was 28,300 km. and this number reached 58,770 km. in 1999, and 76,656 km. by the end of 2000. In the same period, the principal network operated 22,392 thousand dual lines in 1995, this number increased to 30,050 thousand in 1999, and reached 32,173 thousand by the end of 2000.

An independent regulatory authority has been established through Law No. 4502 on Telecommunications and has started its activities so as to ensure competition. According to the new structure, the Ministry of Transport will define the general policies and grant licenses, and the Telecommunications Authority will fulfil a regulatory function regarding the technical, administrative and financial aspects related to the licenses granted and all telecommunication services delivered. Turk Telecom is vested with an autonomous status through this Law, for the purpose of acting in competitive conditions and ensuring the representation of the public sector within the institution as a shareholder. In addition to this, the commitment given to the World Trade Organization on the opening up of the market to competition with respect to its basic telecommunication services, which had been targeted for the end of the year of 2005, has been brought forward by two years, and it has been resolved that the monopoly right of Turk Telecom be terminated on 31 December 2003. The private sector will be allowed to operate in the market through concession agreements, permits, or general licensing to be determined according to the Regulation on the Licensing of Value Added Services and Law No. 4502, and in this way the monopoly power exercised by Turk Telecom will be completely lifted. The State will only regulate the market and ensure a competitive environment in the sector.

The Ministry of Transport granted GSM-Mobile Telephone network licenses to two private companies in April 1998, and the mobile telecommunication market has grown beyond all expectations. A tender was announced in 2000 to find new operators to operate the GSM 1800 system together with the two private companies operating the GSM 900 system, and it has been decided to grant the license to a special consortium. The tender to operate the GSM 1800 system has been concluded and a new operator called "aria" has become active recently. In addition, Turk Telecom will also be an operator in the GSM 1800 system. It is planned to increase competition and thus improve the service quality of the mobile telephone network market by granting two new licenses within the year 2001.

Mobile networks will be used mainly in telecommunication services, particularly internet access, and electronic commerce applications in the coming period. In the future, third generation mobile systems allowing for high-speed data transfer will strengthen the mobile-focused structure of telecommunications.

However, significant progress has been noted in the data communication infrastructure. The problems related to internet access, such as high cost and low speed, still continue despite the commissioning of new infrastructures and the studies conducted for improvement.

Preliminary studies related to the restructuring of PTT (Turkish Postal Services) have been completed. However, the restructuring process has not yet been concluded. There are no developments with respect

to removing the state monopoly in postal services and the liberalization of the market. The objective of extending automation to ensure efficiency, reliability and speed in postal services will be attained within the existing structure.

The Supreme Board of Radio and Television still retains its significance in terms of completing the licensing procedures. The privatisation of certain channels of TRT (Turkish Radio and Television Broadcasting Authority) has not yet been completed. Moreover, the Supreme Board of Radio and Television is still carrying out studies related to the transition from analogue to digital broadcasting.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

- Ministry of Justice
- Ministry of Transport
- Telecommunications Authority
- Supreme Board of Radio and Television

#### **d) Final Objective**

To adopt and implement the related acquis of the EU.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

- Law No. 406 on Postal and Telegram Services
- Law No. 4502 amending Law No. 3348 on the Establishment and Duties of the Ministry of Transport
- Law No. 1053 on the Supply of Drinking, Utility and Industrial Water in Ankara and İstanbul and the Cities with a Population Above Hundred Thousand
- Law No. 2886 on Public Tenders
- Law No. 2813 on Radio Communication
- Law No. 3348 on the Establishment and Duties of the Ministry of Transport
- Law No. 831 on Water
- Law No. 6326 on Oil

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Certain articles of Law No. 406 on Postal and Telegram Services was amended through Law No. 4502 in general terms, and those of Law No. 3348 on the Establishment and Duties of the Ministry of Transport through Law No. 2813 on Radio Communication. Certain non-conformant matters regarding the EU acquis in terms of applications and technical conformity will be addressed as soon as possible by means of regulations and/or technical specifications to be enacted by the Telecommunications Authority.

### **c) Necessary Institutional Changes**

Article 28 of Directive No. 42 on the protection of individuals with regard to the processing of personal data and on the free movement of such data lays down the requirement for the functioning of an independent (autonomous) supervisory authority in the member states to be responsible for the administrative and regulatory dimension of the issue of the protection of individuals and the processing of personal data.

Necessary arrangements will be made by the Telecommunications Authority for the matters under the scope of the functions and powers of the Authority.

### **d) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

Additional staff and training needs required by the new arrangements will be determined and met by the Telecommunications Authority.

## **III. Time Schedule**

### *Short Term*

It is possible to achieve harmonization with the EU acquis in the field of data security and processing and free movement of personal data.

### *Medium Term*

The amendments and modifications required to be made in Turkish legislation will be completed in general terms.

The necessary legal infrastructure will be prepared for data security and the use of data by taking into consideration technological developments and the development of electronic commerce, and for allowing public access via the internet to information produced by the public and private sector, bearing in mind the need to protect personal data and national data security. Also, the necessary legal infrastructure will be prepared to establish an appropriate institutional structure to function in coordination with the existing institutions.

The basic legal arrangements related to electronic commerce will be completed and the necessary studies will be initiated for following the related developments.

Necessary legal and institutional arrangements will be concluded for the transition to digital broadcasting.

Necessary legal arrangements will be realized in the postal services by considering the liberalization efforts within EU countries. Quality in the postal services will be improved by completing the restructuring of PTT.

The role of the public sector in the development of electronic commerce, the share of which is increasing within the global economy, will involve the establishment of the required technical and legal infrastructure. Studies on the preparation of the required technical and legal infrastructure for developing electronic commerce are ongoing. Necessary studies will be completed for ensuring data security within the framework of international rules and standards, and in particular measures will be taken for facilitating electronic commerce.



## 4.21. Culture and Audio-Visual Policy

### 4.21.1. Culture

#### I. Priority description

##### a) Current Status

The transformation of the social structure of Turkey has accelerated due to the processes of industrialization, urbanization and globalization, and it has become necessary to consider economic, social and cultural policies as a whole.

Necessary initiatives have been taken for the training of a qualified labor force in the field of culture, to strengthen the cultural infrastructure, to extend cultural activities, and to develop the interaction between Turkey and other countries in the world, especially European countries and the Turkic Republics.

Turkey is a party to the following conventions in the field of culture:

- European Council/European Cultural Convention, Strasbourg, 1954 (Turkey acceded in 1957),
- Convention on the Protection of Cultural Heritage in Cases of War, La Hague, 1954 (Turkey acceded on 10 April 1965),
- Convention on the Responsibility for Cultural Assets, Prevention and Prohibition of Illicit Export and Import, Paris, 1970 (Turkey acceded on 21 April 1981),
- Convention on the Protection of the World's Cultural and Natural Heritage, Paris, 1972 (Turkey acceded on 14 February 1983),
- Convention on the Protection of the Archeological Heritage of Europe, Granada, 1985 (Turkey acceded on 22 July 1989),
- European Convention on the Protection of Archeological Heritage, Malta, 1992 (Turkey acceded in May 2000).

In the context of the harmonization of Turkish legislation with the EU acquis, the Ministry of Culture is carrying out studies on "Law No. 2863 on the Protection of Cultural and Natural Assets". Some amendments to the Law are required.

Studies are being carried out for the purpose of eliminating deficiencies in Turkish legislation regarding harmonizing with international norms.

The arrangements related to cultural assets are made by the Directorate General for Monuments and Museums of Ministry of Culture.

Preliminary studies on the structural changes required for harmonization in the field of culture are being conducted for the purpose of complying with rapidly developing technology, international regulations, and the legal framework of the EU.

##### b) EU Acquis

The list of the related EU acquis is given in Volume II.

##### c) Implementing Institution

Ministry of Culture

#### **d) Final Objective**

To adopt and implement the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

- Statutory Decree No. 354 on the Establishment and Duties of the Ministry of Culture
- Law No. 2863 on the Protection of Cultural and Natural Assets amended by the Law No. 3386
- Law No. 6940 on the Establishment of Presidential Symphony Orchestra
- Law No. 5441 on the Establishment of State Theatre
- Law No. 1309 on the Establishment of Directorate General for Opera and Ballet
- Law No. 3257 on Cinema, Video and Music Works
- Law No. 5846 on the Intellectual and Artistic Works amended by Law No. 4110
- Law No. 2252 on the Revolving Capital Fund of the Ministry of Culture
- Law No. 5632 on the Establishment of the National Library
- Law No. 2527 on Compilation of Manuscripts and Paintings

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Studies on the related EU acquis in this field are ongoing.

#### **c) Necessary Institutional Changes**

No institutional change is proposed at this stage.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Necessary measures and requirements related to the studies will be defined later.

#### **e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

These matters will be defined at a later stage.

#### **f) Necessary Investments**

The details of required investments will be defined later.

### **III. Time Schedule**

#### *Medium Term*

It is aimed to complete the adoption of the acquis.

### **IV. Financing**

Matters regarding financing will be defined later.

## **4.21.2. Audio-visual**

### **I. Priority Description**

#### **a) Current Status**

During the year 2000, the Ministry of Culture, on behalf of Turkey, occupied the position of head of the Audio Visual EUREKA programme and European Audio-Visual Observatory, and has also been invited to occupy this position during the year 2001.

In recent years, significant changes have occurred in Turkey, as in the rest of the world, in terms of technological developments in the audiovisual sector. Private radio broadcasting, which began illegally in the 1990's, has been legalized through Law No. 3984 on Radio and Television Broadcasting.

Cable and satellite technology have redefined broadcasting. A competitive environment in the sector has been achieved by increasing the number of radio and television channels. Turkey will rank among the five largest European broadcasting markets by 2010, with 16 national, 15 regional and 229 local television channels, and 36 national, 108 regional and 1036 local radio channels.

There is a consistent development in Turkey with respect to cable broadcasting services. Turk Telecom, which is within the scope of the privatisation scheme, delivers cable-broadcasting services to approximately 853 000 subscribers in 9+11 provinces and 15 districts. Turk Telecom will start digital cable broadcasting in the year 2001 with the aim of increasing the number of cable broadcasters, which is currently 45. The technological infrastructure for digital broadcasting is being developed and the studies for the adoption of the related legal arrangements are ongoing.

The main piece of international legislation in the audiovisual field is the "European Convention on Cross Boarder Television", and the "Protocol" which amends/adds to certain articles of the Convention.

The Turkish legislation in the audio visual field consists of Law No. 3984 on the Establishment and Broadcasting of Radio and Television Channels, Law No. 3257 on Cinema, Video and Music Works, and Law No. 5846 on Intellectual and Artistic Works, regulating the rights of the intellectual and artistic property owners and the associated owners related to this field.

#### **b) EU Acquis**

The list of related EU acquis is given in Volume II.

#### **c) Implementing Institution**

-The implementing institution in this field is the Supreme Board of Radio and Television designated under Law No. 3984.

- The Ministry of Culture is responsible for the enforcement of Laws No. 3257 and 5846.

#### **d) Final Objective**

To adopt and implement the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

- Law No. 3984 on the Establishment of Radio and Television Enterprises and Broadcasting Institutions
- Law No. 3257 on Cinema, Video and Music Works
- Law No. 5846 on Intellectual and Artistic Works

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Certain articles of Law No. 3984 on the Establishment of Radio and Television Enterprises and Broadcasting Institutions are in harmony with EU Directives Nos. 89/552 and 97/36, and there is a need to adopt the related EU acquis with respect to the matters that are not conformant.

#### **c) Necessary Institutional Changes**

At this stage there is no need for institutional change within the Supreme Board of Radio and Television.

The related unit of the Ministry of Culture will be restructured.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The necessary requirements and measures will be defined in time.

#### **e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

These matters will be defined at a later stage.

#### **f) Necessary Investments**

The related matters will be defined at a later stage.

### **III. Time Schedule**

The necessary amendments will be made to the Turkish legislation in the short term. Turkish legislation will be aligned with the related EU acquis in the medium term.

### **IV. Financing**

Matters regarding financing will be defined later.



## 4.22. Regional Policy

### I. Priority Description

#### a) Current Status

Today, within the context of global economic relations, the idea of the region based on conventional inward oriented development models is being replaced by a region comprised of provinces and provincial networks and seeking a place in global markets through its own local dynamics. Within this new structure, cities are highlighted as centers of production and administration, therefore becoming centers of attraction for capital. The restructuring experienced in the global economy is also forcing in-situ restructuring.

Since the 1960s Turkey has attempted to achieve social, economic and cultural development through Five Year Development Plans. The implementation of first five Year Development Plan was started in 1963 and the latest plan, the 8th Five Year Development Plan, covers the period 2001-2005.

The main objectives of the regional policies aimed at achieving economic, social and cultural development and strengthening the unity of the country, are the minimization of inter-regional differences in terms of development, avoidance of disorder in the process of urbanization, and the development of metropolitan areas countrywide. In this respect, the implementation of regional development policies are based on the principles of sustainability, minimizing inter-regional differences in terms of development, maintaining economic and social balances, improving the quality of life, equal opportunities, cultural development, and participation.

#### Regional Discrepancies

Turkey is divided into seven different geographical regions in terms of topography and climatic conditions. These are the Marmara, Aegean, Mediterranean, Central Anatolia, Black Sea, Eastern Anatolia and Southeastern Anatolia Regions.

There are significant economic and social differences between these regions in terms of socio-economic indicators such as GDP per capita, unemployment rate, and literacy rate. Inter-regional differences in terms of development arise from the inadequate distribution and inefficient use of resources, unfavorable topographic structure, severe climatic conditions, neutralization from domestic and foreign markets, dispersed settlement and insufficient investments. Immigration causes many problems such as unemployment, inadequate infrastructure and superstructure, shanty suburbs and environmental problems in the developed regions, in particular the metropolitan areas.

Adequate physical and social infrastructural services cannot be delivered to the regions. Rapid urbanization creates severe environmental problems. Shanty settlements in particular aggravate infrastructural problems, especially in the rural areas of Eastern and Southeastern Anatolia with their dispersed settlement structure.

According to the 1997 census, 25.8% of the total population of Turkey is concentrated in the Marmara Region. In terms of the other regions the figures are as follows; 16.9 % in Central Anatolia, 13.4 % in the Aegean Region, 12.8% in the Mediterranean Region, 12.5 % in the Black Sea Region, 9.8 % in the Southeast Anatolia Region, 8.9 % in the Eastern Anatolia Region.

Turkey's population increased by 1.5% during the 1990-1997 period. Significant regional differences exist in the rate of population increase. The average annual rate of population increase for the regions is as follows: 2.8% in the Marmara Region, 2.4% in Southeastern Anatolia, 1.9% in the Mediterranean Region, 1.5% in the Aegean Region, 0.9% in Central Anatolia, 0.7 % in the Eastern Anatolia Region. The Black Sea Region is the only region having a negative (-0.5%) rate of population increase. This situation can be explained in terms of high rates of emigration to other regions.

The infant mortality rate between the ages 0-5 in Turkey was 50.6 per thousand for the period 1990-1995. This is better than average for middle level income group countries where the rate is 56. The infant mortality rate observed in the underdeveloped rural eastern provinces of Turkey is twice that of the provinces in the west of Turkey. This rate varies between 72-74 per thousand for the Priority Regions for Development.

The number of doctors per head of population is below the national average in Southeastern Anatolia, Eastern Anatolia, Black Sea and Mediterranean Regions. As of 1999, the number of patient beds in the Marmara Region is 39.9% of the total bed capacity of Turkey. This figure is 8.9% for the Eastern Anatolia Region.

According to data from the State Institute of Statistics, the average annual GDP growth rate was 4.1% during the 1987-1998 period, at 1987 prices. The Marmara region recorded the highest growth rate with a rate of 4.7%. The regions having a growth rate above or close to the country average were as follows; Southeastern Anatolia (4.2%), Mediterranean Region (4.1%) and the Aegean Region (4.2%). Regions recording a growth rate below the average were Central Anatolia (3.4%), Black Sea Region (3.3%) and the Eastern Anatolia Region (2.0%).

Concerning regional share of GDP for the year 1998, the Marmara Region had the largest share with 37.8%. While the GDP share of the Southeastern Anatolia Region for the period 1983-1998 increased from 3.9% to 5.2%, the share of the Eastern Anatolia Region decreased from 4.5% to 3.3%.

### **Administrative Structure**

The administrative structure of Turkey is based upon the principle of a harmonious working environment between central and local administrations. There are 81 provinces forming the basic units of the administrative structure. The central administration is comprised of the ministries and the directorate generals with "main service units", "support service units" and "advisory and control units". The duties of the central administration can be described as follows:

- Planning and policy setting for regional development,
- Allocation of state resources to achieve regional development.

The Directorate General for Regional Development and Structural Adjustment of the State Planning Organization is directly involved in the "Regional Policy" issue within the central administration. The responsibilities of the Directorate General are to conduct research and planning activities on the basis of provinces and districts, to ensure the consistency of studies carried out by other public institutions and organizations with Development Plans and Annual Programmes, to develop projects to overcome the problems that may arise during the implementation of structural adjustment policies and thus to coordinate the related activities, to develop policies for the elimination of the problems of small and medium-sized enterprises, tradesmen and artisans which in turn promotes activities for the development of local employment and entrepreneurship, to submit opinions on institutional and legal arrangements, to direct the related implementations, to define the Priority Regions for Development and the needs thereof, to conduct the necessary studies for the purpose of providing a more rapid pace of development by considering the characteristics of such regions, to coordinate the studies on regional development projects, to submit opinions on the matters within its field of interest, to have contacts and to carry out negotiations with international institutions.

The Regional Development Institute of KOSGEB was established in 1998 to encourage small and medium-sized enterprises and investors in order to ensure regional development. The Regional Development Institute is vested with the following functions: to minimize the inter-regional differences prevailing in Turkey; to increase the national and international activities of enterprises on a regional/sectoral basis; to develop programmes towards a more balanced regional development; and to conduct its projects and activities strategically in order to activate local resources in the regional development process.

The Regional Development Institute conducts the above mentioned activities and projects in cooperation with the Central Directorates for Developing Small Sized Enterprises located in the provinces of Erzurum, Şanlıurfa, Van, Diyarbakır, Malatya and Trabzon, designated as focal points in the primary target regions of Eastern and Southeastern Anatolia Regions and the Eastern Black Sea Region, and in the provinces of Çorum, Nevşehir, Zonguldak designated as the focal points in the secondary target regions of Central Anatolia and Western Black Sea Region.

The other institutions involved in regional policy issues are the Ministry of Industry and Trade, the Ministry of Public Works and Settlement, and Ministry of Agriculture and Rural Affairs. The Ministry of Public Works and Settlement is responsible for territorial planning at the 1/25,000 scale, that is the sub-scale of the regional plans in Turkey. The duties and responsibilities of the Ministry as stated under the related law on its establishment are carried out by its directorate generals. The Directorate General for Highways and the

Bank of Provinces (İller Bank), the responsible institutions for establishing fundamental transport and environmental infrastructure investments in Turkey, also take their place within the organizational structure as affiliated or related institutions of the Ministry.

In the Turkish Constitution, local administrations in charge of local services are defined as those legal public bodies with designated decision-making units. In this respect, special provincial administrations, municipalities and village headman's offices are considered to be local administration.

The special provincial administrations exercise the powers and responsibilities of the central government, and the Governor represents the state as the Head of the administration. The special provincial administrations are comprised of the general provincial council and the standing provincial committee as the decision-making bodies, overseen by the governor.

Municipalities are established in settlement areas having a population over 2000, and at the centers of provinces and districts. The number of municipalities in Turkey is 3216 and the decision-making bodies of the municipalities are the municipal council and the municipal committee, overseen by the mayor. The members of the municipal council and the mayor are elected for a 5-year period.

The village headman and the executive village committee are responsible for administration in the villages and they also take office through election. The administrative bodies of the villages have limited powers and a budgetary capacity, and they are dependant upon the provincial administration and central government.

The functions of the local administrations are as follows:

- Planning and implementation of the activities concerning regional development,
- Leading entrepreneurship activities on a regional basis,
- Provision of the required information on development activities.

Local governments can be vested with additional responsibilities and functions by certain ministries through their regional units. The Bank of Provinces (İller Bank) also plays an active role in the development process of the villages and cities.

### **Regional Development Tools**

There are three major tools directed at the economic development process aimed at eliminating regional discrepancies: (i) policies and incentives towards the public sector, (ii) incentives to enhance the private sector (iii) regional and rural development projects.

Three different groups of regions are defined to ensure a more efficient implementation of these incentives: (i) developed regions, (ii) priority regions for development and (iii) normal regions.

#### **Developed Regions**

The area within the provincial borders of İstanbul and Kocaeli, and the area within the metropolitan municipal borders of Ankara, İzmir, Bursa, Adana and Antalya are considered to be developed regions.

#### **Priority Regions for Development**

49 provinces and 2 districts are granted the status of "Priority Regions for Development" by the Cabinet. These provinces are Adıyaman, Ağrı, Aksaray, Amasya, Ardahan, Artvin, Bartın, Batman, Bayburt, Bingöl, Bitlis, Çanakkale (districts of Bozcaada and Gökçeada), Çankırı, Çorum, Diyarbakır, Elazığ, Erzincan, Erzurum, Giresun, Gümüşhane, Hakkari, Iğdır, Kahramanmaraş, Karabük, Karaman, Kars, Kastamonu, Kırıkkale, Kırşehir, Kilis, Malatya, Mardin, Muş, Nevşehir, Niğde, Ordu, Osmaniye, Rize, Samsun, Siirt, Sinop, Sivas, Şanlıurfa, Şırnak, Tokat, Trabzon, Tunceli, Van, Yozgat and Zonguldak. The concept of Priority Regions for Development has been used since 1971. The "Priority Regions for Development" are defined according to their socio-economic development indicators. Some of the economic and social indicators used for determining the level of development are as follows:

- Population,

- Education,
- Health,
- Industrialization and mining,
- Commercial and financial developments,
- Agricultural development and modernization,
- Communication and transport,
- Social and cultural development, etc.

Normal Regions: These are the regions not included under the categories of developed region or “Priority Regions for Development”.

### **Regional Development Projects and Rural Development Projects**

#### **Regional Development Projects:**

Although the first regional planning initiatives in Turkey were started in 1950’s, significant progress has been made during the course of the planned period after the 1960’s. The development plans and the urban infrastructure projects of local governments are conducted by the Bank of Provinces (İller Bank). However, none of regional development projects prior to the Southeastern Anatolia Project (GAP), the foremost and largest project in Turkey in this respect, can be thought of as comprehensive. Brief information on the projects currently implemented and which are still ongoing is given below.

#### *1. Southeastern Anatolia Project (GAP)*

Southeastern Anatolia Project covers 9 provinces in the Southeastern Anatolia region with a total population of 6.2 million. The income per capita in the region is 1,619 Dollars, almost half of the national average.

The project follows a multi-dimensional, inter-sectoral and decentralist planning method in contrast to the traditional, sectoral and centralist method. The major objective of this comprehensive project is to mobilize regional resources, create new employment opportunities, increase income levels, develop urban centers, and thus ensure economic development and social stability in the region.

The Southeastern Anatolia Project is a multi-dimensional project which covers investments in urban and rural infrastructure, agricultural infrastructure, transport, industry, education, health, housing, tourism and other sectors. The dams, hydroelectric power plants and irrigation structures to be constructed on the Euphrates and Tigris rivers will affect not only the Southeastern Anatolia Region but bring changes to the whole country as well.

Expenditure to the amount of 14 billion dollars has been spent on GAP to date, out of an estimated total investment of 32 billion dollars. The realization ratio of its investments is 44 % and the majority of the expenditure is provided from national resources.

Under the scope of GAP it is planned to complete 13 large scale projects for power generation and irrigation, and to construct a total of 22 dams and 19 Hydroelectric power plants (14 dams and 11 Hydroelectric Power Plants on the river Euphrates and its branches, 8 dams and 8 hydroelectric power plants on the river Tigris and its branches). Moreover, GAP also includes individual projects comprised of 4 dams for irrigation purposes, 1 hydroelectric power plant and 12 non-storage irrigation projects, and projects for drinking water and utility water supply to improve the service sector.

#### *2. Zonguldak-Bartın-Karabük Regional Development Project*

In the light of the 5-year Development Plan, it has become necessary to analyze the economic and social impact on the region of the capacity decrease of the Turkish Hard Coal Authority (TTK), and the privatization of the Karabük and Ereğli Iron and Steel Enterprises. To this end, a multi-sectoral Zonguldak-

Bartın-Karabük Regional Development Project has been initiated in cooperation with the public and private sectors. The major objectives of the project are as follows:

- a. To analyze the economic and social impact on the region of the capacity decrease of the Turkish Charcoal Authority (TTK) and the privatization of the Karabük Iron and Steel Enterprises,
- b. To determine new investment opportunities for the purpose of promoting private sector involvement,
- c. To design a feasible medium and long term regional development plan,
- d. To define potential investments in the region.

### 3. Eastern Anatolia Project (DAP)

The economic and social indicators of the Eastern Anatolia Region are well below the national averages. The GDP per capita was 1,347 Dollars for the region although the national average was 3,027 Dollars in 1997. The State Planning Organization (SPO) initiated the study of the "Eastern Anatolia Regional Development Project" (DAP) in 1998 due to the underdeveloped status of the region. Master Plan studies are being conducted by a consortium comprised of the representatives of the five universities of the region covered by the project, under the supervision of the SPO. DAP covers 16 provinces of the Eastern Anatolia Region. The major objectives of the project to be implemented in the year 2001 can be listed as follows:

- To define the policies and practices which will accelerate the socio-economic development of the region, currently very low in comparison to that of other regions.
- To conduct sectoral analyses and define priorities so as to accelerate sectoral developments,
- To realize regional development in cooperation with the public sector, local government, private institutions and other non-governmental organizations,
- To present concrete proposals to the entrepreneurs of the region and/or to those outside of the region (including foreign capital investment) on matters such as defining the areas for investment, preparing and implementing investment projects, enterprise management, technology, financing, developing marketing opportunities and providing qualified personnel, and to propose institutional arrangements to achieve coordination on the above given issues,
- To prepare feasibility studies on selected investments for the purpose of assessing the existing potential and to guide investors,
- To propose sectoral policies and measures, and to prepare proposals towards the realization of major projects, within the principle of participation,
- To conduct sector and area analysis for labor supply and demand, important in terms of developing regional employment, and to propose new sectoral projects on developing human resources in the region.

### 4. Eastern Black Sea Regional Development Plan (DOKAP)

The Eastern Black Sea Regional Development Plan has been prepared for the Eastern Black Sea Region, one of the underdeveloped regions of Turkey and one from which large number of people emigrate according to the 1997 census. DOKAP covers seven provinces of the region.

The objectives of DOKAP are as follows:

- To develop an integrated regional development plan, providing for the short and long term development of the Eastern Black Sea Region so as to eliminate regional discrepancies between the DOKAP region and the other regions of Turkey,
- To define priority sectors and investment projects, and to cooperate with the relevant personnel during the course of this study for the purpose of developing their planning capabilities.

Under the scope of the preliminary studies, researches have been conducted on the natural structure, social structure, urban impact areas, industry, and geographical information systems.

Within the framework of the first site study under DOKAP, the existing socio-economic and topographic conditions of the region have been analyzed and the development strategy has been established. Furthermore, a draft integrated regional development plan has been prepared.

Under the scope of the second site study, project profiles for the selected priority projects/programmes have been prepared and related studies have been initiated for the formulation of an action plan. The Final Report prepared within the framework of DOKAP studies consists of a Master Plan, Sectoral Reports, Institutional Development, Project Reports and an Executive Summary. The DOKAP Master Plan includes 10 programmes and 53 projects. The studies on the project have been completed and will be implemented in 2001.

### **Rural Development Projects**

Implementation of Rural Development Projects started by the end of 1970's in one or two provinces and cover the following fields:

- Irrigation,
- Treatment of irrigated land,
- Construction of village roads,
- Construction of forest roads,
- Water supply for animal breeding,
- Supply of drinking water,
- Increasing agricultural production and animal production,
- Forestation.

The objective of rural development projects is to improve the income level of people by increasing the capacity of agricultural activities in underdeveloped regions. Management of the project activities plays an important role in the success of the projects. The duration of the project and its focus are the other factors to be considered in terms of the success of the project.

#### **1. Çorum-Çankırı Rural Development Project (1972-1976)**

The Çorum-Çankırı Rural Development Project has been implemented to achieve economic and social development in the provinces of Çorum and Çankırı. Under the scope of the project, medium and long-term low interest credit facilities were provided for farmers in order to increase the capacity of agricultural production. Moreover, the existing infrastructure has been renewed and improved. The total cost of the project was 207.2 million Dollars.

#### **2. Erzurum Rural Development Project (1982-1989)**

The aims of Erzurum Rural Development Project, which was the second rural development project in Turkey and implemented between 1982-1989, were to increase the capacity of agricultural production, to improve the income level of farmers, and to create job opportunities. 45 million Dollars were spent on this project.

#### **3. Bingöl-Muş Rural Development Project (1990-1999)**

The objective of Bingöl-Muş Rural Development Project is to improve the existing infrastructure, to increase agricultural production, to supply drinking water and to improve road networks connecting villages, to establish irrigation facilities and energy forests. The total cost of the project is 52.5 million dollars.

#### 4. Yozgat Rural Development Project (1991-2001)

The project, which a total cost of 40.5 million dollars, covers initiatives such as the supply of drinking water to 70 villages, the construction of 125 km. village roads, the construction of 70 irrigation units, the rehabilitation of 6 irrigation units, the development of the Kadılı Research Center, the improvement of services leading to increasing agricultural and animal production.

#### 5. Ordu-Giresun Rural Development Project (1995-2003)

The total cost of the Ordu-Giresun Rural Development Project is predicted to be 59,7 million dollars. The objectives of the project are to increase the living conditions and income levels of poor families having entrepreneurship potential, to increase agricultural and animal production, to plan activities towards the better management of land, water, animal and forest resources.

Between the years 1991-2000, KOSGEB completed projects designed to develop local production in rural areas, to adapt and extend modern technology, to increase employment and to hinder emigration.

#### **Local Administrations**

The local administration system in Turkey has three levels: special provincial administrations, municipalities and villages. However there is no judicially hierarchical or cooperative relationship between these three levels. Communication is maintained by the head officials in districts and the governors in provinces.

In budgetary terms, local administrations account for the following proportion of the total in Turkey: villages 1 %, special provincial administrations 14 % and municipalities 85 %. Village administrative units are served by the special provincial administrations and central government rather than existing as direct spending bodies. The municipalities, parallel to their share of the local administration system, are at the foreground compared to the other local administration types.

Between 1983-1998, the special provincial administrations were unable to spend an average of 15% of their annual income, which was rolled over to the following year. The opposite is the case with municipalities. Over the same period their spending exceeded 6% of their average incomes, and were thus working with deficits.

Municipalities, increasing in number during recent years, have several problems resulting from the lack of efficiency and productivity in their structure. The main problems in municipalities are providing resources for investments, preparing relevant projects, and tendering and monitoring investments.

Certain arrangements in the "Regional Policy" chapter are directly related to local administration and require legal and administrative amendments as part of Turkey's obligations for accession to the European Union. The necessary legal and administrative arrangements which are included in the 8th Five Year Development Plan are as follows;

- The improvement of coordination between central and local administration, the redefinition of duties and powers and rearrangement of the financial and personnel structure of local administration;
- The provision of regular income resources;
- The rearrangement of municipality models and the legal definition of criteria for the establishment of provincial and district municipalities;
- The access of local administrations to foreign financial resources will be reorganized by means of a legal framework, and the duties of İller Bank will be revised;
- Local administration unions and firms will be re-organized, and legal arrangements will be made for taxation on the value increase of land due to urban planning;
- Public participation in administration will be increased.

Various legal arrangements stated in Development Plan in respect of the EU acquis are being considered. The draft law which is on the agenda of Turkish Grand National Assembly and directly related to local administration is as follow;

- Draft Law on distribution of duties, arrangement of service relationship principles between local administrations, and the amendments to various laws related to local administrations.

With the enforcement of the Draft Law, the public services offered by local administrations will be more efficient and use resources in a more rational way. Furthermore, the arrangements will enable local administrations to provide public services according to local needs, and their responsibilities will encourage them to deliver services more rapidly, more economically and more productively.

#### **b) EU Acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

The main institution responsible for regional development in Turkey is the State Planning Organization. The following authorities are also responsible for the allocation, implementation, management and follow up activities of regional projects:

- Ministry of Industry and Trade
- Ministry of Agriculture and Rural Affairs
- Ministry of Forestry
- Ministry of Labour and Social Security
- Ministry of Public Works and Settlement
- Ministry of Energy and Natural Resources
- Ministry of Environment
- Ministry of Tourism
- Under-Secretariat of the Treasury
- State Institute of Statistics
- Bank of Provinces (İller Bank)
- Directorate General for State Hydraulic Works
- Directorate General for Highways
- Directorate General for Rural Services
- GAP Administration
- Development Bank of Turkey
- Halkbank
- KOSGEB



#### **d) Final Objective**

To adopt and implement the related EU acquis.

## **II. Comparison of the EU Acquis with the Corresponding Turkish Legislation and the Measures to be Taken for Implementing the Necessary Amendments and Modifications**

### **a) The Corresponding Turkish Legislation**

- Statutory Decree No. 540 on the Establishment and Duties of State Planning Organization (Official Gazette No. 21970 of 24 June 1984)
- Law No. 3152 on the Establishment and Duties of the Ministry of Interior (Official Gazette No. 18675 of 23 February 1985)
- Law No. 1580 on Municipalities (Official Gazette No. 1471 of 14 April 1930)
- Statutory Decree No. 388 on the Establishment and Duties of the Southeastern Anatolia Project Regional Development Administration (Official Gazette No. 20334 of 6 October 1989)
- Law No. 3621 on Coastlines (Official Gazette No. 20495 of 4 April 1990)
- Law No. 775 on Shanties (Official Gazette No. 12362 of 30 July 1966)
- Law No. 442 on Villages (Official Gazette No. 336 of 18 March 1340)
- Law No. 3624 on the Establishment of Small and Medium Industry Development Organization (Official Gazette No. 3624 of 20 April 1990)
- Law No. 2510 on Settlement (Official Gazette No. 2733 of 21 June 1934)
- Law No. 6831 on Forestry (Official Gazette No. 9402 of 8 September 1956)
- Law No. 3194 on Public Works (Official Gazette No. 18749 of 9 May 1985)
- Law No. 3360 on Special Provincial Administrations (Official Gazette No. 19471 of 26 May 1987)
- Law No. 3030 Amending the Law on the Administration of Metropolitan Municipalities (Official Gazette No. 18453 of 9 July 1984)
- Law No. 4325 on Creating Employment and Incentives for Investments in Villages (Official Gazette No. 23271 of 27 February 1998)
- Law No. 4369 Amending the Legislation on State Aids in Investments (Official Gazette No. 23417 of 29 July 1998)
- Law No. 4759 on the Establishment of the Bank of Provinces (İller Bank) (Official Gazette of 2 June 1945)
- Statutory Decree No. 180 on the Ministry of Public Works and Settlement (Official Gazette of 13 December 1983)
- Law No. 3465 on Highways and the Maintenance and Repair Works for Highways
- Law No. 2873 on National Parks (Official Gazette of 9 August 1983)

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

There is no need for modifications to the corresponding Turkish legislation during the pre-accession period. However, target regions will be defined and NUTS definitions will be used according to EU criteria.

### **c) Necessary Institutional Changes**

As stated in the Five Year Development Plan administrative regional units of the State Planning Organization will be established in the provinces by the year 2005.

### **d) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

Staff will be needed at each regional unit of the State Planning Organization. The priority will be given to the establishment of the units in two regions that will require qualified personnel, buildings and sufficient equipment. The personnel employed in the State Planning Organization and in the other public institutions and organizations in the field of regional policy are required to be trained on the Regional Policy of the EU.

## **III. Time Schedule**

### *Short Term*

NUTS will be defined statistically according to EU criteria.

### *Medium Term*

Regional units of the State Planning Organization will be established. Regional state aid applications for the regions will be harmonized with the relevant EU criteria.

Regional and local potential will be determined by the efficient participation of local actors, and necessary projects will be designed to exploit this potential for development.

## **IV. Financing**

Approximately 20 million Euros financing is required for the organizational and personnel requirements for the implementation of regional policies.

## 4.23. Environment

### 4.23.1. Horizontal

Turkey has been experiencing a rapid growth in energy, industry, transport and tourism sectors, nevertheless to a huge immigration from rural areas to urban and coastal areas. All these developments intensified the pressure on the environment and in parallel, revealed the significance of environmental protection and combating against environmental pollution. Consequently, legal and institutional structuring efforts have been accelerated in this respect. Constitution of 1982 recognizes the right of citizens to live in a healthy and well-balanced environment, and stipulates that it is the common duty of the state and the citizens to protect environment and to prevent pollution. The Environment Law enacted in 1983 sets forth the framework of environmental management and the related legislation, and thus defines the fundamental principles such as polluter pays principle (PPP).

Environment Law was enforced after the enactment of the below listed regulations.

- Regulation of the Fund for Prevention of Pollution (1985),
- Regulation on the Protection of Air Quality (1986),
- Regulation on Noise Control (1986),
- Regulation on the Fines Be Imposed on Ships and Other Sea Vessels (1987),
- Regulation on the Control of Water Pollution (1988),
- Regulation on the Solid Wastes Control (1991),
- Regulation on Environmental Impact Assessment (1993),
- Revision of the Regulation on Environmental Impact Assessment (1997),
- Regulation on the Medical Wastes Control (1993),
- Regulation on the Hazardous Wastes Control Management (1995),
- Regulation on the Control of Harmful Chemical Substances and Products

The Ministry of Environment was established in 1991 for the aim of developing and protecting the environment as well as preventing pollution. The activities of the Ministry of Environment cover issues such as appropriate land use, protection of natural resources, plant and animal species, prevention of pollution and raising public awareness. Setting environmental policies and strategies, coordinating environmental activities on local, national and international levels, issuing environmental licenses, collecting information and organizing training activities are among the other duties of the Ministry. All these activities are conducted in close cooperation with other ministries, related institutions, local governments and non-governmental organizations. A total of 800 and 500 people are currently being employed by the Ministry of Environment at the center and provincial offices respectively.

The State Planning Organization prepares the development plans which is accepted as the basic instruments of government policies in economic and social issues for efficient use of resources. The Organization has been including environmental issues in its development plans since the Third Five Year Development Plan (1973 – 1977).

The concept of “sustainable development” was approved in the Sixth Five Year Development Plan, whereas the National Environmental Action Plan (NEAP) was set forth in the Seventh Five Year Development Plan for an efficient environmental management. NEAP was prepared by the technical support of the Ministry of Environment under the coordination of the State Planning Organization and with significant level of involvement of the related institutions and individuals. Within this framework, (i) the

significance of conducting certain activities for the development of an efficient environmental management system, (ii) importance of the need for environmental data and public awareness, (iii) new investment proposals in different thematic areas, (iv) compliance to the environmental standards of the EU and adoption of the related regulations thereof were emphasized.

Environmental management issues are considered not only by the Ministry of Environment, but also by some other Ministries, institutions and organizations. The activities of those institutions may be related, either directly or indirectly, to the protection of environment and prevention of pollution.

Directorate General for State Hydraulic Works (DSI) is responsible for the management and development of water resources, the Ministry of Health for environmental health services, the Ministry of Forestry for National Parks and other areas under protection (except for the 13 special environmental protection areas managed by the Authority for the Management of Special Environmental Protection), The Ministry of Culture for some natural protected areas, the Ministry of Agriculture and Rural Affairs for water pollution and control as well as the protection of natural resources including fishery, the Ministry of Energy and Natural Resources for the sustainable generation and consumption of energy and natural resources, and the Ministry of Industry and Trade for the identification of industrial policies of the country.

General Directorate for Rural Affairs conducts studies on issues such as water supply in rural areas, irrigation and water treatment. Municipalities conduct studies on environmental infrastructure, drinking water and sewerage services, waste collection and disposal, and land use.

General Directorate for the Bank of Provinces, on the other hand, provides assistance to Municipalities on issues such as preparation of projects and implementation of urban infrastructure projects, and conducts activities such as mapping, development plans, drinking water and tap water, sewerage, solid waste, geological and geotechnical studies, construction works of municipal service buildings and other various facilities.

#### **4.23.1.1. Environmental Impact Assessment (EIA)**

##### **I. Priority Description**

###### **a) Current Status**

The Regulation on EIA prepared in line with the EIA Directive (85/337/EEC and 97/11/EC) and is generally in alignment with the said Directive. In the annexes (Annex I and Annex II, EIA List of Activities), there exist minor differences with regard to different sectors. It is planned to complete the ongoing studies on the Revision of the Regulation on EIA by the end of 2001.

###### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

###### **c) Implementing Institution**

Ministry of Environment

###### **d) Final Objective**

It is aimed at increasing efficiency of the EIA process, adopting the Acquis Communautaire of the Community and establishing the required technical infrastructure.

As regards the strategical EIA practices, it is known that the EU Directive is being prepared as a draft and it is planned to conduct the required studies and the regulations in line with the Directive to be enacted.

II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications

### **a) The Corresponding Turkish Legislation**

Apart from the Regulation on EIA, the other related regulations enacted with reference to the Environment Law and implemented in the EIA process are as follows:

- “Regulation on the Protection of Air Quality”,
- “Regulation on Noise Control”,
- “Regulation on the Control of Water Pollution”,
- “Regulation on the Solid Wastes Control”,
- “Regulation on the Medical Wastes Control”,
- “Regulation on the Hazardous Wastes Control Management”
- “Regulation on the Control of Harmful Chemical Substances and Products”

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The Regulation on EIA and the list of activities stated in Annexes I and II should be revised to eliminate the differences with the EU acquis.

### **c) Necessary Institutional Changes**

Although no new institutional structuring is required for EIA practices, the existing structure should be modified to redefine the job descriptions and fulfill additional responsibilities within the framework of the existing institutional structure.

### **d) Additional Requirements Stemming From the Entry into Force of the New Legislation**

The government, municipalities and the private sector should reinforce their environmental activities, and mobilize and use more effectively their new financial resources in Turkey.

It is required to eliminate shortcomings in the central and provincial offices in terms of technical and personnel aspects for ensuring more efficient implementation of the regulation on EIA.

### **e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

It is required to have the personnel trained both at the national and international level on EIA practices of the other member states (on EIA practices; sectorial guidelines, screening procedures, assessment and monitoring), and to make investigations in the countries on their best practices.

### **f) Necessary Investments**

It is required to install the necessary computer systems (network, etc) for effective EIA Practices.

## **II. Time Schedule**

### *Short Term*

- To conclude revision studies of the Regulation on EIA,
- To ensure international training on EIA practices (EIA Practices, EIA evaluation and monitoring).
- To prepare sectorial evaluation and follow-up guidelines detailing the examination-evaluation process followed for sectorial eliminating-scanning guidelines and the EIA Report or Pre-EIA Report for the aim of understanding whether or not the activity in concern is under the scope of the Regulation on EIA.

#### *Medium Term*

- To prepare and enforce Sectorial EIA Guidelines,
- To eliminate national infrastructural gaps to become a party to the Transboundary EIA Convention
- To conduct training activities on sectorial guidelines, eliminating-scanning activities, strategical EIA and standard EIA practices.

#### **IV. Financing**

There is a current financial requirement of about 7 million Euro for the works and developments referred to in sections (b), (c), (d), (e) and (f) above.

#### **4.23.1.2 Access to Information on Environment / European Environment Agency**

##### **I. Priority Description**

###### **a) Current Status**

Certain projects are being executed to set up a national environmental database and the technical infrastructure thereof. Through the Data Base System, it shall be possible for the institutions to have access to data to be collected throughout Turkey any time they might require. This system shall be integrated with the "Public-Net" (Kamu-Net) Project of the Prime-Ministry.

"The National Environmental Awareness, Training and Communication" Project is being executed for the aim of setting a national strategy and implementation model on environmental awareness, training and communication. This Project aims at raising public awareness in protecting natural and cultural heritage through environmental management and at developing technical and financial recommendations in this respect.

"The Agreement on the Accession of the Republic of Turkey to the European Environment Agency and the European Environment Information and Observatory Network Between the Republic of Turkey and the European Community" has been signed and is expected to be enforced early in 2001.

###### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

###### **c) Implementing Institution**

The Ministry of Environment, The Ministry of Health

###### **d) Final Objective**

To ensure access to information on environment, a national plan shall be prepared in 2001 for the aim of establishing the required legal, technical and administrative infrastructure in Turkey. This national plan will at the same time define the accession strategy of Turkey to Aarhus Convention and will accelerate integration process with the European Environment Agency and EIONET.

#### **III. Financing**

50 million Euro is required to set up the national environmental database system, and to meet hardware, software and other requirements.

## **4.23.2. Air Quality**

### **I. Priority Description**

#### **a) Current Status**

The fundamental legal instrument arranging issues relating to air pollution and air quality management in Turkey is the Regulation on Protection of Air Quality enacted in 1986. The Regulation is dealing with many issues such as air quality threshold values for 17 pollutant parameters, target values for 2 pollutants, warning levels and the measures to be taken when the warning levels are reached as well as other matters relating to measurements and analyses. The Regulation also sets forth an emission permit system for industrial facilities and processes.

Air quality measurements are being done on nationwide basis, and comprehensive data is available only on 2 pollutants.

Air quality monitoring is being done by the provincial offices of the Ministry of Health and the results thereof are published by the State Institute of Statistics. The monitoring results are also assessed by the Ministry of Environment annually. In this way, the provinces are classified for the aim of developing policies on the prevention of air pollution and improvement of air quality.

In metropolitan cities, air pollution gets more important especially in winter period, due to heating requirements. The houses are essentially heated by their owners. Turkish lignite coal representing an important amount of energy resources is of low quality. Although central heating systems are not very commonly used, they are getting more popular in metropolitan cities recently.

Despite of the improvement attained in fuel quality, especially in the lead percentage of liquid fuels, ratio of sulphur and benzene represent one of the most important problems due to the fact that the EU fuel quality standards are directly related to refinery investments.

Turkey has ratified international conventions on Long-Range Transboundary Air Pollution and Depletion of Ozone Layer, but has not signed the Convention on Climate Change.

Turkey attaches great importance on concluding voluntary agreements with various sectors and participation of these sectors in combating against pollution. In this respect, agreements have been signed on further regression of emissions with the cement industry and on equipping of the new automobiles with catalytic converters and simultaneous application of the same condition to imported motor vehicles with the Turkish Automotive Sector within the framework of a harmonization programme. Regular inspection of old vehicles since 1992 has also contributed to reduction of pollution due to motor vehicles.

#### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

- The Ministry of Environment
- The Ministry of Health
- The Ministry of Energy and Natural Resources
- The Ministry of Industry and Trade
- State Planning Organization
- Provincial Governors' Offices
- Municipalities

- Turkish Standards Institute
- State Institute of Statistics
- Private Sector

**d) Final Objective**

Is to embody the above named Directives in the Turkish legislation. It shall be possible to become a party to Climate Change Framework Convention and the annexed Protocols of the Long-Range Transboundary Air Pollution Convention of 1979 within the framework of common but differentiated liabilities.

**II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

**a) The Corresponding Turkish Legislation**

- Environment Law No 2872
- Law No 22918 on Highway Traffic
- Statutory Decree No 443 on the Establishment and Duties of the Ministry of Environment
- Regulation on the Protection of Air Quality
- Regulation on the Control of Hazardous Wastes
- Principles for the Planning of Vehicle Modifications TS-4980
- Security Rules for Storage of Crude Oil and Oil Products TS-4943
- General Regulations for Fuel Sales and Service Stations TS-6058
- Liquid and Diesel Fuel Storage Tanks TS-8991
- Circulars on Fuel Quality
- Regulation on the Manufacturing, Modification and Assembly of Vehicles
- Law No 1593 on Public Health
- Regulation on Unhygienic Settlements

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Certain amendments and modifications should be made in the provisions and standards of the Regulation on the Protection of Air Quality.

Regulation on Unhygienic Settlements and Law on the Establishment of Refik Saydam Centre for Public Work also need to be revised.

**c) Necessary Institutional Changes**

There is no current requirement for any amendment to be made in the existing institutional structure in the legislative harmonisation process. However, for an effective implementation of the legislation, the responsibilities of the Ministry of Environment and other related institutions should be clearly defined and the institutional structure of the Centre for Public Work should be modified.



#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The share of solid fuel consumption in heating of houses and the quality of liquid fuels on the market have a limiting effect on full harmonisation and implementation at the early stage. Thus, the investments should be completed in this field with high priority.

The location, number and qualifications of the stations to be established for countrywide monitoring and measurement of air quality should be defined. Furthermore, emission inventories are of significance in terms of reaching success in the management of air quality.

#### **e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

There is a current requirement for the employment of additional specially trained staff for the adoption of the acquis, implementation of the directives on air quality, issue of permits or approvals, supervisory activities, follow-up and monitoring of the facilities and activities, collection of data and analysis and reporting requirements.

#### **f) Necessary Investments**

There shall be a significant requirement for investments upon

The installation of air quality monitoring network and related quality assurance equipment,

Establishment of the required observation systems within the framework of the legislation based on international agreements (such as greenhouse gases, transboundary movement of pollutants, etc.), development of laboratory infrastructure,

Preparation of the inventory for greenhouse gas emissions and determination of their sources,

Modernization of the fuel production facilities for the production of fuel meeting the quality requirements of the legislation (such as the investments in refineries), realization of investments for pollution degradation in major fixed pollutant sources and for fuel replacement (such as the construction of desulphurisation facilities), and

Setting up of Emission Inventories and modelling studies.

## **II. Time Schedule**

### *Short Term*

- Adoption of certain sections of the proposal (98PC0415) made for the amendment of Directives No 89/369/EEC, 89/429/EC, 94/67/EEC and 88/609/EC;
- Determination of the provisions of 96/12 that relate to definition of regions and settlement areas as well as the warning levels, adoption of the provisions on public announcement mechanisms and designation of the authorized institutions, and training of the personnel of such authorized institutions;
- Starting the preparation of inventories for air pollutants and greenhouse gas emissions;
- Development of programmes for an effective implementation of the Directives and Decisions to be adopted;
- Determination of equipment requirements for the most effective practices possible (evaluation of the existing observation stations, designation of the number of stations to be improved and to be newly established, information network, equipment to be used in inspections, etc.);
- Making decisions on staff and training requirements for an effective implementation and execution of Directives and Decisions;

- Preparation of inventories on measurement stations, their locations and the measurement techniques used;
- Determination of the stations to be included in the observation network after completion of the necessary improvements and the locations where the new observation stations are to be installed;
- Development of criteria for the determination of settlement areas to be observed under the scope of the Framework Directive on Air Quality and preliminary evaluation of air quality (ozone issue will be attached importance in this respect);
- Development of a quality assurance programme and the definitions of the model techniques to be used;
- Start up of preparations of an emission inventory for air pollutants and development of programmes for air quality management.

#### *Medium Term*

- Exchange of opinion on the Directive No 88/609/EEC and the amendment Proposal thereof and the Directives No 99/13/EC, 94/63/EC, 97/68/EC, 98/70/EC, 99/13/EC and 99/32/EC;
- Adoption of the Directive No 96/62/EC and the annexed Directives thereof and the Council Directive proposal (98PC0415) amending 98/70/EC, 99/32/EC and 88/609/EEC;
- Adoption of the Decisions No 96/511/EC and 97/101/EC;
- Setting up of the emission inventories for all pollutant sources;
- Laying down of programmes for reducing of greenhouse gas emissions;
- Creating a monitoring and reporting system for air quality;
- Creation of a quality assurance programme and determination of the models that may be used;
- Preparation of emission inventories.

#### **IV. Financing**

Although it is estimated that the required investments would probably total around EURO 70 million, the final figures will be attained by the end of the studies. It is estimated that such studies would also require an additional expenditure of EURO 3 million.

### **4.23.3. Waste Management**

#### **I. Priority Description**

##### **a) Current Status**

##### Domestic Solid Waste Management

Regulation on the Control of Solid Wastes was enforced on 14 March 1991 for the aim of controlling the adverse effects of domestic solid wastes stored irregularly. The Regulation sets forth the technical and administrative rules concerning the collection, transport, recycling and disposal of domestic wastes within a certain system throughout the country, as well as defines the legal sanctions to be applied for the collection and recycling of packaging wastes. Decreasing waste production, recycling of wastes and their disposal without harming the environment are the basic principles of waste management.

The total amount of solid wastes collected throughout Turkey reached 21 million tonnes in 1995. The studies conducted in Turkey on solid waste management are principally based on the assumption that the average per capita waste amount is 1 kg/day. Taking into consideration the population data of 1997 (approx. 63 million), one might assume that the daily domestic solid waste amount is around 63000 tonnes. According to the average results obtained from the studies related to composition of domestic solid wastes conducted by the State Institute of Statistics in 1993, the estimated Institute solid waste composition of Turkey is as follows: organic wastes (kitchen, park, garden, etc.) 65.45%, ash, slag, soil, stone 22.40%, recyclable wastes 12.07%.

In Turkey, the municipalities are authorized and responsible for the collection, transport, recycling and disposal of domestic solid wastes in accordance with the laws on municipalities No 1580 and 3030.

Within the framework of the regulation, there is a "quota system" based on the recollection of a certain amount of the plastic, metal, glass and laminated cardboard packages of liquid foodstuff and cleaning products put on the market. The responsibility to collect and make reuse of such packages is given to private sector.

#### Medical Wastes

The studies related to the management of medical wastes are considered apart from the domestic solid wastes. The studies on the collection, transport and disposal of such wastes are conducted under the Regulation on the Control of Medical Wastes issued on 20 May 1993.

According to the data of 1997 provided by the Ministry of Health, the total number of hospitals in Turkey is 1120 and the total number of beds 160.884. According to the data provided by the State Institute of Statistics, the medical waste amount per bed is 2 kg/days, and the medical waste amount due to 65% occupancy rate is annually 76.000 tonnes. In accordance with the Regulation, the basic method applied in the disposal of medical wastes is incineration. The number of incineration plants is limited (6 plants) due to their high operational cost, thus the most preferable disposal method is the second option, which is land filling.

#### Hazardous Waste Management

So as eliminate illegal waste traffic from developed countries into Turkey, "Basle Convention" was signed in 1989 and was ratified in 1994. For the aim of setting up a hazardous waste management system, "Regulation on the Control of Hazardous Wastes" was prepared and was enacted in 1995. The waste categories and waste list given in the Regulation were adapted from the Basle Convention. Furthermore, these lists were detailed according to the conditions of our country. Importing of all kinds of waste materials into Turkey was prohibited through the Regulation on Hazardous Wastes Control Management. However, importing of scraps containing metal in the amount of 85% and more is subject to control. These controls are made by the Ministry of Environment since 1993. Moreover, dredging sludge, waste oils, chips, power plant ashes and medical wastes are included in the "Special Wastes" list in this Regulation. Recycling plants for hazardous wastes and final disposal plants are liable for receiving operating licences from the Ministry of Environment.

The Regulation on Hazardous Wastes Control Management consists of special rules for hazardous wastes, which includes stricter rules than those given in the EU Directives. The Regulation covers the characteristics of hazardous wastes, disposal ways, disposal criteria and processing. The waste list concerning the activities, which may lead to hazardous wastes and the general waste types to be controlled, was prepared with code numbers.

In recent years, through the amendment made in the Regulation on the Control of Hazardous Wastes, the said legislation was totally harmonized with the EU Directives (94/67/EC, 897/283/EC) on the incineration of hazardous wastes.

A project has been started on the Management of Hazardous and Special Wastes to cover Marmara, Aegean and Mediterranean Regions.

#### Transboundary Movements of Hazardous Wastes

Turkey ratified the "Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal" on 20 September 1994. The national legislation (regulation) on the control of hazardous wastes was prepared on the basis of the Basle Convention and was enforced on 27 August 1995.

The said Regulation provides a detailed explanation of the notification systems for transboundary movement of hazardous wastes, international movement forms, illegal traffic, rules on notification, controls with regard to the import and export of hazardous wastes, and rules on transit procedures. These issues are exactly in line with the Basle Convention.

The Regulation on the Control of Hazardous Wastes prohibits importing of all kinds of hazardous wastes into Turkey except for certain metal scraps.

Although the said Regulation is almost in line with the EU Directives, some arrangements are required in this respect.

#### Batteries and Accumulators

There does not exist a separate legislation for used batteries and accumulators. These matters are considered under the Regulation on the Control of Hazardous Wastes. However, a draft regulation has been prepared for used batteries and accumulators.

There is only one institution producing batteries in Turkey. Certain technological modifications should be made in the facility to enable the production of non cadmium batteries.

#### Landfill of Wastes

In Turkey there are three regulations on the landfill of wastes. These are the "Regulation on the Control of Solid Wastes" of 14 March 1991, "Regulation on the Control of Medical Wastes" of 20 May 1993 and "Regulation on the Control of Hazardous Wastes" of 27 August 1995. All the three Regulations are in line with the EU acquis in many aspects. However, there are some minor differences between the Turkish legislation and the EU acquis with regard to the application of natural and synthetic barriers.

Landfilling of wastes is a new practice for Turkey and the required level has not been reached yet in this respect. It is of great significance to close and properly rehabilitate the old irregular landfills. To this end, local authorities should be supported in planning, building and operating their regular landfills for wastes.

#### Waste Oils, Polychlorinated Biphenyls and Terphenyls

Turkey does not have separate regulations for waste oils, polychlorinated biphenyls and terphenyls. Such hazardous wastes are controlled by the "Regulation on the Hazardous Wastes Control Management". Waste oils are classified as "special wastes" in this Regulation and the responsibility to prepare the new regulation on waste oil management has been given to the Ministry of Environment. In this respect, the draft regulation is being prepared in parallel to the related EU Directives.

In this context, the monitoring system for the creation, collection and transport of wastes, market registry system, waste oil minimization and recycling technologies and the training of the experts working in this field are among the priorities. Furthermore, some difficulties are encountered in analysing polychlorinated biphenyls and polychlorinated terphenyls.

#### Packaging and Package wastes

The studies on the collection, reuse and recycling of packaging wastes are currently conducted under the scope of the "Regulation on the Control of Solid Wastes" and in line with the principles laid down in the Directive No 85/339/EEC in Turkey. There exists a collection, reuse and recycling obligation to a certain extent especially for the plastic, metal, glass and laminated glass packages of liquid food and cleaning products as well as boxes.

Nevertheless, the existing regulation does not cover all products and packages while the package production and packed product consumption increases at a very high pace. Operating of landfills by many municipalities, separate collection of such wastes before being transferred to the landfills and recycling of the collected wastes are very important for national economy. The collection and recycling responsibility of the related industrial sectors brought by the existing regulation will be enlarged in line with the scope and objectives of the directive leading a sound and reliable inventory and a common coding system, thus raising awareness and responsibility sharing in the public. To this end, the "Regulation on Package Wastes" is being prepared on the grounds of the Directive No 94/62/EEC and the Decisions No 97/129/EC and 97/138/EC annexed to this Directive.

There is a requirement for technical assistance of the countries having adequate level of experience in this field, and especially technology transfer and financing will be required for compliance with standards on the heavy metal content of packages, installation of new recycling plants and modernization of the existing ones.

#### **b) EU acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

Legislative harmonization studies on waste management issues under the responsibility of the Ministry of Environment are conducted in coordination with the Ministry of Industry and Trade, Ministry of Agriculture and Rural Affairs, Ministry of Interior, Ministry of Health, Ministry of Public Works and Settlement, Turkish Standards Institute, Municipalities, Under-Secretariat for Foreign Trade, Turkish Trade Chambers and Stock Exchanges and the Union of Chambers of Commerce, Industry and Maritime Commerce and Commodity Exchanges of Turkey.

#### **d) Final Objective**

Is to define the plans and programmes for harmonization of the Turkish legislation on waste management with the EU acquis, and to identify and implement the duties of the regarded institutions and organizations.

Is to have the Turkish legislation on the management of hazardous wastes aligned with the related EU acquis. Environmental standards will be set and implemented as the result of studies for environmental protection. In this respect, it shall be among the priorities to make the regional waste management plans, management of oils, batteries and accumulators and environment-friendly disposal of wastes such as power plant ashes, package wastes, etc.

Turkey supports the Decisions II/12 and III/1 of the Basle Convention "prohibiting the transport of hazardous wastes from the countries listed in Annex VII of the Convention to the countries not covered in this list not only for final disposal, but also for purposes such as recycling and reuse, etc.". The process for the adoption of Decision III/1 have been completed and the ratification process will start soon.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

In accordance with Article 8 of the Environment Law No 2872 published in 1983 "it is prohibited to discharge to the receiving environment, store, transport, remove all kinds of wastes and residues directly or indirectly in a way that would harm the environment and that would be against the standards and regulations", and the legislation in force can be listed as follows:

- Regulation on the Control of Solid Wastes (14 March 1991),
- Regulation on the Control of Medical Wastes (20 May 1993),
- Regulation on the Control of Hazardous Wastes (27 August 1995)

Furthermore, the legislation, which may be relevant in this respect can be named as follows:

- Law No 3030 on the Administration of Greater Municipalities
- Law 11580 on Municipalities
- Law No 1593 on Public Health
- Law No 3572 on Starting Business and Issuance of Work Permits
- Regulation on Unhygienic Settlements

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Necessary amendments will be made in the Regulation on the Control of Solid Wastes (14 March 1991), Regulation on the Control of Medical Wastes (20 May 1993) and the Regulation on the Control of Hazardous Wastes (27 August 1995) for harmonisation with the EU *acquis*.

The regulations, which are still in the form of a draft but projected to be finalized, are the Regulation on the Control of Waste Oils, Regulation on the Control of the Collection, Transport and Disposal of Waste Batteries and Accumulators, Regulation on the Control of the Disposal of Power Plant Wastes and Ashes, Regulation on the Control of Package Wastes, Regulation on the Control of Waste Tyres, Regulation on the Control of Treatment Sludge, and Regulation on the Use of Wastes in Cement Mills as an Alternative Fuel.

Specialized customs offices will be set up and the related personnel will be trained on the control of the entry and exit of wastes at the Customs by making amendments in the Regulation on the Control of Hazardous Wastes. Thus, it will be possible to ensure swift and direct exchange of information between the related institutions and authorities. Also, environmental auditory units will be established to make inspections in internal transport.

#### **c) Necessary Institutional Changes**

It is of great significance to strengthen the administration both at the central and local level of government for the implementation of waste management systems. It is necessary to employ sufficient number of qualified personnel and to apply the required training programmes, also to determine the amount and content of the hazardous waste inventories on a regional base.

It is required to prepare management plans and required investment programmes for the purpose of ensuring harmonization with the Directive No 91/689/EEC on hazardous wastes.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

With regard to the management of hazardous wastes, it is necessary to prepare training programmes, set up a hazardous waste information system in line with the list of hazardous wastes and the data available thereon, and also to put into service the planning systems for the hazardous waste management.

#### **e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

Harmonization of the waste management practices with those of the Community and the implementation thereof will raise an additional staff requirement both at the central organization and the provincial offices. This requirement will be mainly for specially trained personnel.

### **III. Time Schedule**

#### *Short Term*

Inventory preparations and legal arrangements

#### *Medium Term*

Implementation of waste management projects

### **IV. Financing**

Financing requirement is estimated around EURO 20 million for legislative harmonization and related practices, and more detailed and specific studies should be conducted to figure out the amount required for infrastructure works.

## **4.23.4. Water Quality**

### **I. Priority Description**

#### **a) Current Status**

“Regulation on the Control of Water Pollution” being in concordance with the provisions of the Environment Law No 2872 was enforced after being published in the Official Gazette No 19919 of 4 September 1988.

In general terms, Turkey has many water resources distributed unevenly throughout the country. Turkey is geographically divided into 26 water basins with regard to surface waters. However, more than half of the surface flows is obtained from the 6 main basins, which are the Tigris, Euphrates, Eastern and Western Black Sea, Antalya and Western Mediterranean. Euphrates basin (which covers 15% of the total area in Turkey with a water volume of 32 billion m<sup>3</sup>) is the biggest of these basins. 200 natural lakes (50 of which have a surface area of more than 50 km<sup>2</sup>) cover an area of about 1 million hectares, which represent 1% of the country's total surface area. Van Lake in Eastern Anatolia (374.000 hectares) and Salt Lake in Middle Anatolia (128.000 hectares) are the largest ones.

The total annual ground water yield is 41 billion m<sup>3</sup>, 12 million m<sup>3</sup> of which is estimated to be technically and economically exploitable. 8 billion m<sup>3</sup> is currently being exploited (55% for irrigation, 45% for drinking water and industrial purposes). One fourth of the existing ground water reserves are kept at the Euphrates and Sakarya water storage basins.

The rapid social and economic developments taking place in our country lead to a severe increase in water requirement. These developments increase the water demand, on one side, but also threaten the existence of water resources of proper quality for various purpose of uses and restrict multipurpose consumption of water resources.

The quality of inland waters (rivers, natural and artificial lakes) was evaluated on the basis of 20 parameters (pH, oxygen, suspended and dissolved solid substance, nitrate, phosphor, ammonium, fecal coliform and some heavy metals). On the grounds of this evaluation, four classifications were made in the Regulation on the Control of Water Pollution.

The Regulation on the Control of Water Pollution puts forward the criteria to classify the ground waters in 3 categories and surface waters in 4 categories making it possible to make water quality planning.

The Regulation sets forth the principles for the discharge of wastes into ground and surface waters as well as the regions under protection and land use strategies in terms of the reservoirs and lakes used for drinking water purposes.

DSI (State Hydraulic Works) continuously monitors the water quality in two natural and two artificial lakes, and in four rivers. Furthermore, the water quality of 126 lakes is also periodically monitored in parallel to the measurements in ground water quality. The monitoring works, which were started with 65 sampling points in 1979, reached a number of 1080 points in 1996. DSI laboratories have been equipped in a way to measure 40 parameters. State Institute of Statistics started collecting this data together with the other information on water in 1998. However, no data bank has been established yet in Turkey to monitor water quality.

Ministry of Health has been conducting these works in line with the standards on drinking and tap water quality published by the Turkish Standards Institute in 1984 and within the framework of the “Regulation on the Production, Packaging and Sales of Natural Spring Waters, Mineral Waters, Drinking and Medical Waters”.

Within the context of the European Blue Flag Campaign, the microbiological quality of coastal waters is analysed in fifteen-day intervals in some beaches and marinas throughout the tourism season.

River pollution, which is mostly due to industrial and domestic wastewaters, is intensely encountered in areas with high urban and industrial concentration.

Rivers carry away the pollution due to agricultural activities (BOI, KOI, phosphor, nitrogen) to the coastal waters of the Mediterranean. Industrial wastewaters, which represent less than 1% of the total

wastewaters discharged, contain highly toxic substances such as mercury, lead, chrome and zinc. Wastewater discharges into the Aegean Sea is increasing in parallel to the developments in tourism. The pollution observed all the way through the Black Sea coasts is due to natural reasons and the wastewaters carried by major rivers. The BOI and KOI loads entering the Marmara Sea come from the industries in Istanbul and İzmit.

Water consumption intensity increased from 7% of the existing resources to 15% thereof in the period between 1980 and 1997 (which is close to the OECD Europe average). It is estimated that this ratio would reach a higher level upon completion of the ongoing and projected water works. The share of irrigation is fairly high in total water consumption. The maintenance and renovation works in water supply networks are mostly delayed or cannot be planned.

Moreover, Turkey has ratified the below specified international conventions and protocols in water management issues, and has been conducting her works in this respect.

Convention for the Protection of the Mediterranean Against Pollution (BARCELONA CONVENTION) (Official Gazette No 17368 of 12 June 1981)

- Protocol for the Protection of the Mediterranean Against Pollution Caused By Discharges from Vessels and Planes, Barcelona 1976 (Official Gazette No 17368 of 12 June 1981)
- Protocol for Cooperation and Combat Against Pollution of the Mediterranean with Oil and Other Dangerous Substances under Extraordinary Conditions, Barcelona 1976 (Official Gazette No 17368 of 12 June 1981)
- Protocol for the Protection of the Mediterranean Against Land Based Sources of Pollution, Athens 1980 (Official Gazette No 19404 of 18 March 1987)
- Protocol for Specially Protected Areas in the Mediterranean, Geneva 1982, (Turkey 6 November 1986), (Official Gazette No 19968 of 23 October 1988)

International Convention on the Prevention of Pollution in Seas Caused By Vessels, (MAR-POL-73 CONVENTION) (Cabinet Decree No 89/14547 of 13 September 1989) (Official Gazette No 20558 of 24 June 1990)

Convention on the Protection of Black Sea Against Pollution (BUCHAREST CONVENTION) (Signed 21 April 1992) (Official Gazette No 21869 of 6 March 1994)

- Protocol for the Protection of the Marine Environment of Black Sea Against Land Based Sources of Pollution
- Protocol for Cooperation in Emergency Situations Against the Pollution of Black Sea Marine Environment by Petroleum and Other Dangerous Substances
- Protocol for the Prevention of Pollution in Black Sea Marine Environment Due to Dumping

Drinking Water

About 78% of the urban population and 62% of the rural population have access to healthy and sufficient drinking water whereas no adequate amount of drinking water is supplied to 20% of the urban population and 17% of the rural population. Besides, no drinking water is supplied to 2% of the urban population and 21% of the rural population at all. The annual per capita drinking water consumption is 74 m<sup>3</sup>, which is well below the values in Europe reaching an average of 100 m<sup>3</sup>.

According to the recent data, 58% of the 3216 municipal areas, in which the Bank of Provinces and Ministry of Tourism are active, have drinking water supply network while 4% thereof have drinking water treatment facilities.

According to the data of 1995, one fourth of the 35.000 villages receiving services of the Directorate General for Rural Affairs have sufficient amount of drinking water whereas 15% of them have drinking water supply of insufficient quality. 7% of those villages do not receive any drinking water at all.



In 1997, the bacteriological and chemical quality of drinking water was found to be unacceptable in 12% of the samples taken nationwide. The number of the beaches being rewarded with Blue Flags due to their bathing water quality, increased from 12 in 1994 to 64 in 1999.

The Drinking Water Standard TS 266 covers the recommended values and maximum limit values. However, this standard does not express any limitation on chloral-organic components.

### Infrastructure

It is the central government that provides the largest share in the financing of urban water, sewerage and treatment facilities. This financing is made through the Municipalities Fund under the authority of the Bank of Provinces. Besides the financing provided by the Bank of Provinces, the municipalities may borrow money from external resources (under the guarantee of the central government) to finance their major projects. Private sector's participation is very limited in sharing the costs for infrastructure investments.

In late 1960's, design and construction works for urban drinking and utility water supply were started under the leadership of the Bank of Provinces. In 1970's, 11 sewerage systems were constructed by the Bank of Provinces. In 1980's, on the other hand, 75 sewerage systems were installed in greater municipalities by the newly established Water and Sewerage Administrations. One fourth of these 86 systems represent only network facilities while the rest of it are the treatment facilities. 250 municipalities having submitted their proposals for sewerage projects are still waiting for the inclusion of those projects in the investment program of the Bank of Provinces.

The construction works of the wastewater treatment facilities and deep sea discharges were started early in 1980's. The Bank of Provinces has completed the construction of thirtysix wastewater treatment facilities, twenty-nine deep sea discharge systems and 163 sewerage systems. The construction of additional twenty-seven wastewater treatment plants and eighteen deep sea discharge systems still continue. The central wastewater treatment facility of Ankara was completed in 1997. Seventeen deep sea discharge projects have been concluded whereas the construction of another fourteen is still underway.

Minor progress has been achieved in terms of domestic wastewater treatment. Recently, about 62% of the population was connected to the sewerage system in the municipalities having a population of more than 3000 whereas only 12% was provided with access to wastewater treatment system. 70% of the treatment is primary while the rest of it is secondary. 11% of the 2800 municipalities having access to the services of the Bank of Provinces and the Ministry of Tourism has sewerage networks and 2% (meaning 65 municipalities) has wastewater treatment facilities. Only 0.3% of the villages of the 35.000 villages under the responsibility of the Directorate General for Rural Affairs is connected to the sewerage system.

Turkish legal arrangements on urban wastewaters are in approximation with the EU Directive on Urban Wastewater Treatment of 1991, however there is not any clear obligation for the municipalities having a population of more than 2000 to collect their wastewaters. The highest permissible BOI concentration is two times higher in the Turkish legislation, and there is no limit value for the total nitrogen and phosphorous concentrations in the discharge of urban wastewaters.

The fundamental problem for domestic wastewaters is that both in terms of the provisions of the regulation and the discharge limits and also the process selection for the treatment system, totally neglect the characteristics of the receiving environment.

### Industrial Wastewater

One fourth of the 1870 companies with an employment capacity of more than 25 people was equipped with wastewater treatment facilities in early 1990's (according to the data provided by the last existing study). About half of the companies being equipped in this way are located in Marmara basin. More than 80% of the treatment is primary treatment, whereas 15% represent secondary (biological) and less than 5% advanced treatment. In closed or semi-closed bays and recesses such as Izmir Bay, wastewater is discharged to the sea following biological treatment. Three fourth of the wastewater coming from state enterprises is discharged without any treatment. This ratio is represented by 46% in the private sector. Also, as regards the measurements with respect to total load (public and private sectors), it becomes evident that 75% of the industrial waters is discharged (mainly into the sea and less frequently into rivers) without any treatment, 20% following treatment and the remaining 5% following preliminary treatment (mainly to rivers and less frequently to urban sewerage). Since half of the 190.000 companies (with number of employees less than 25) are active in highly-polluting sub-sectors such as textile/clothing/tanning and metal/machinery/hardware and one third thereof in sectors such as

food/beverage/tobacco and forest products/furniture, they cause a severe wastewater pollution problem. Only one third of those companies are located in small industrial zones while 1.4% thereof is active in organized industrial zones.

Although industrial enterprises are allowed to discharge their wastewaters into sewerage systems and deep sections of the sea, the companies may also be asked to apply preliminary treatment before discharging. It is prohibited to discharge dangerous substances into receiving water bodies. The permission procedure has been applied since 1989. Wastewater standards have been set besides the basic principles to be followed for different industries and dischargeable substances. Very strict rules have been put into practice especially for the areas used for fish farms. Discharge permits is subject to renewal in three-year intervals. Permit request may be rejected or the permit previously issued may be withdrawn to prevent adverse environmental impacts (such as direct discharge into excessively polluted areas).

All pollutant sources are subject to permit under the Regulation on the Control of Water Pollution, and the industries are divided into 16 categories in terms of their discharges into receiving environment. Some voluntary agreements have been signed between the Ministry of Environment and the industries to construct wastewater treatment facilities.

#### **b) EU acquis**

The list of the related acquis is provided in Volume II.

#### **c) Implementing Institution**

- The Ministry of Environment
- The Ministry of Energy and Natural Resources
- The Ministry of Agriculture
- The Ministry of Tourism
- The Ministry of Health
- Navy
- The Prime Ministry, Under-Secretariat of Maritime Affairs
- Turkish Standards Institute
- Directorate General for State Hydraulic Works
- Bank of Provinces

Coast Guard, Coastal Safety and Vessel Rescue Administration as well as State Railway Authority of the Republic of Turkey, State Maritime Enterprise, Pipeline Transportation Authority and refineries

Besides, coordination is provided with the related associations, institutions and organizations.

#### **d) Final Objective**

Is to harmonize the existing laws, regulations, communiqués and Turkish standards on water pollution management with the EU acquis and to implement them accordingly.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Environment Law No 2872

- Regulation No 19919 on the Control of Water Pollution
- Law No 1380 on Water Products (The Ministry of Agriculture and Rural Affairs)
- Law No 6200 on the Establishment and Duties of the Directorate General for State Hydraulic Works
- Law No 3621 on Coasts
- Law No 167 on Ground Waters
- Statutory Decree No 443 on the Establishment and Duties of the Ministry of Environment
- Regulation 7/6719 on Fishery Products
- Regulation on the Procedures to be Applied and Receipts to be Used for the Fines Imposed on Vessels and Sea Vehicles for Identification of the Violation (No 19623 of 3 November 1987)
- Related Turkish Standards
- Communiqués under the Regulation on the Control of Water Pollution
  - Communiqué on Dangerous and Hazardous Substances in Water enforced after being published in the Official Gazette No 20106 of 12 March 1989
  - Communiqué on Administrative Procedures enforced after being published in the Official Gazette No 20106 of 12 March 1989
  - Communiqué on Sampling and Analysis Methods enforced after being published in the Official Gazette No 20748 of 7 January 1991
- Communiqué on Technical Procedures enforced after being published in the Official Gazette No 20748 of 7 January 1991
- Law No 2560 on the Establishment and Duties of İstanbul Water and Sewerage Administration
- Statutory Decree No 181 on the Establishment and Duties of the Ministry of Health
- Regulation on Discharge of Wastewaters into the Sewerage Network
- Regulation on Unhygienic Settlements
- Regulation of 1973 on the Pits to be Excavated in Places Where It Is Not Possible to Construct Sewer Systems
- Law No 1580 on Municipalities
- Law No 3030 on the Administration of Greater Municipalities
- Law on Harbours (20 April 1941, Official Gazette No 95)
- Law No 1593 on Public Health
- Regulation on Environmental Impact Assessment (29 June 1997, Official Gazette No 23028)

**b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

- Amendment and adaptation in the legislation concerning the Regulation on the Control of Water Pollution and the related communiqués

- Related Turkish standards TS 266, TS 3417, TS 2553, TS 1424, TS 5089, TS 5090, TS 5206, TS 5106, TS 6291)
- Amendment and adaptation in the Regulation on Fishery Products (Law No 1380 on Fishery Products) and the circulars

#### **c) Necessary Institutional Changes**

The central and provincial offices of the Ministry of Environment should be strengthened. There is a requirement for especially trained and qualified personnel and administrators. Since more coordination is required, inland waters and coastal waters should be managed in concordance with each other. Furthermore, for the high-quality ground waters to be accessible only by high-quality purpose of uses, coordination of ground and surface waters should be ensured leading to co-management of ground and surface waters.

In environmental infrastructure investments, privatisation should be accelerated and the private sector participation should be emphasized.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Adoption of the EU acquis makes it an obligation to amend the legislations of the related institutions and organizations and/or to set up a new legislation. Completion of the harmonization works thereunder will compel revision of the existing systems and realization of new investments.

#### **e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

Adoption of the EU acquis on water pollution will necessitate a notable increase in the number of the personnel currently employed for the control of water pollution.

#### **f) Necessary Investments**

The investments and investment costs that would arise for the implementation of the modifications cannot be estimated presently.

### **III. Time Schedule**

#### *Short Term*

- Preliminary works for legislative requirements
- Legislative works

#### *Medium Term*

- Harmonization of legislation
- Design of programmes for improvement and remediation of water quality
- Design of local programmes for the prevention of water pollution
- Building and construction of wastewater treatment facilities and sewerage systems, laying down of the related time schedule
- Modernization of the monitoring systems for ground and surface waters
- Construction of sewerage systems and treatment facilities (including in industries)
- Construction and establishment of rural infrastructure

## **IV. Financing**

The investments to be made and their costs will be determined later.

### **4.23.5. Nature Protection**

#### **I. Priority Description**

##### **a) Current Status**

The fact that Turkey is situated on the transition point between the continents, Europe, Asia and Africa, that she is surrounded with three seas with different ecological characteristics from three sides and also that there are elevation differences being as high as 5000 meters from the sea level and the climate diversity arising in consequence, enriched the biological diversity. The ecosystem mosaic with differentiating ecological characteristics provided shelter to thousands of animal and plant species as well as their races and populations. Another factor to amplify this richness is that two out of the four migration ways of the birds in western Palaearctic Region pass through Turkey.

In Turkey, more than 9000 plant species have been identified. Out of this 9000, about 3000 can be classified as endemic species. The variety of the animal species is estimated around 80000. Turkey is, at the same time, one of the most important gene centers of the world.

28% of the land existence is represented by pastures, 20% by forests and 2% by wetlands.

In Turkey, more than one authority, namely the Ministry of Environment, Ministry of Forestry, Ministry of Agriculture and Rural Affairs, Ministry of Culture, is responsible for the protection of wildlife and natural habitats. Every institution declares protection zones within the framework of the authority vested to them by the laws, makes plans for those zones or sets forth the principles for conservation-utilization.

In Turkey there exist thirtytwo Natural Parks, thirtyfive Nature Protection Zones, fifteen Nature Parks, fiftyfour Nature Monuments declared as per the Law on Natural Parks; 699 protected sites declared as per the Law on the Protection of Cultural and Natural Heritage; thirteen Specially Protected Environment Areas declared as per the Statutory Decree on Establishment of Authority for Specially Protected Environment Areas; 118 Wildlife Protection Areas declared as per the Law on Land Hunting. Furthermore, nine of the internationally important wetlands are included in the Ramsar Convention List. In Turkey, the proportion of the areas protected to the surface area is around 2%. It is expected that 1% of the protected areas would be included in NATURA 2000 information network. Besides the areas under protection, it is planned to include some of the potential areas in the network.

It can be listed among the advantages of Turkey in harmonization process to the EU that Turkey succeeded in preserving a significant amount of her natural areas despite of the intensive pressure on her natural resources; that the country possesses a tradition for the protection of nature in both legal and institutional senses for more than 40 years; that nature protection awareness is well developed in the public; that especially voluntary NGOs take part in protection projects and activities and get more effective in decision-making processes gradually; and that international conventions were ratified by Turkey and international relations are strengthened in this respect.

Turkey has become a party to BERN, RAMSAR, CITES and Biodiversity Conventions. The studies on the preparation of regulations for the Implementation of Regulations of those conventions still continue by also considering the related provisions of the EU Directives.

The Ministry of Environment has prepared the "Draft Law on the Protection of Animals" to prevent unjust treatment to all animals, mainly pets, due to human fault or natural reasons, to provide care, to protect them against ill-treated behaviours and to facilitate their reproduction and protection of their health. Article 11 of this Law sets forth provisions on test animals.

In spite of the stress on the natural resources, the succession in the protection of wild life and natural habitat is achieved by the rooted legal and institutional past of Turkey. Law No 3167 on Land Hunting dated 1937 and Law No 3116 on Forestry (where the protected forests are defined), are the laws that

should be handled primarily in the scope of protected area studies. Then Law No 6831 on Forestry dated 1956 (defining the Natural Park concept in its 25th item) is follows. Until 1983, when the Law No 2873 on National Parks put into force, seventeen natural parks, six biogenetic reserves and two biosphere reserve areas are declared by this law (Law No 6831). Afterwards, Law No 2873 on National Parks as the basic law on natural protection is put into force in 1983. Draft law on the Amendment of Law No 3167 on Land Hunting is in the agenda of the Turkish Parliament.

#### **b) EU acquis**

The list of the related EU acquis is given in Volume II.

#### **c) Implementing Institution**

- The Ministry of Environment
- The Ministry of Forestry
- The Ministry of Agriculture and Rural Affairs
- The The Ministry of Culture
- Under-Secretariat of Foreign Trade
- Under-Secretariat of Customs
- The Ministry of Public Works and Settlement
- Directorate General for Rural Affairs
- Directorate General for State Hydraulic Works
- TÜBİTAK (Turkish Scientific and Technical Research Institution)
- Universities
- Non-governmental organizations

#### **d) Final Objective**

Is to include, at the first stage, 1% of the protected areas of the country into NATURA 2000 Network, to ensure full alignment with the EU regulations and to implement NATURA 2000 network practices.

CITES Convention is a written instrument, which is fairly difficult to implement unless sufficient level of customs measures are taken. In parallel to the provisions of the Convention, National Implementing Regulation for CITES Convention is being prepared by considering the EU practices. Upon the enforcement of the Regulation, controlled transits at customs gates will be possible for the aim of preventing the plant and animal species under the threat of extinction from getting adversely affected by international trade.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Environment Law No 2872
- Statutory Decree No 443 on the Establishment and Duties of the Ministry of Environment
- Statutory Decree No 388 on the Establishment of the Authority for Special Environment Protection

- Law No 6831 on Forestry
- Law No 3800 on the Establishment and Duties of Ministry of Forestry
- Law No 2873 on National Parks
- Law No 3167 on Land Hunting and the Decisions of the Central Hunting Commission published annually
- Law No 2863 on the Protection of Cultural and Natural Heritage
- Law No 1380 on Fishery Products and the circulars published annually
- Law No 4041 on the Ratification of CITES Convention
- Law No 3285 on Animal Health

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

It is foreseen to complete the administrative and technical arrangements started for the preparation of the national legislation on habitat protection under the international conventions we have ratified in a way to comprise the matter stipulated in the Directive (92/43/EEC) on the conservation of natural habitats and of wild fauna and flora. The Framework Law on the Protection of Nature will be prepared, and the articles contradicting with the EU Directive will be omitted and aligned.

The “Draft Regulation on the Protection of Wetlands” will be revised and harmonized within the framework of the provisions of the EU Directive (79/409/EEC) and by considering all the aspects of the legislation, mainly the Law on Land Hunting.

The arrangements to ensure a more effective nature protection are to be realized through the projects to be put into practice from GEF resources.

Upon the enactment of the CITES National Implementing Regulation, communiqués will be issued for implementations in line with the provisions of the regulation.

Concerning the natural habitat, protection of flora and fauna related directive, the basic Law No 2873 on National Parks will be harmonized with the criteria and statutes of World Nature Protection Union.

#### **c) Necessary Institutional Changes**

The capacities of service producing institutions on nature protection (especially The Ministry of Forestry, The Ministry of Agriculture and Rural Affairs, The Ministry of Culture) should be strengthened and in this context, the results on institutional strengthening area of the project “Biological Diversity and Natural Resources Management” should be implemented.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Reevaluation of the existing statutes and protected areas according to the new arrangements.

Initiation of the nature protection related harmonization studies in order to construct a national strategy and work plan via establishment of a technical comity.

#### **e) Additional Staff and Training Requirements for the Implementation of Amendments and Modifications**

As regards the adoption and implementation of the acquis, there is a current requirement to put into practice a foreign language training scheme and a national-international training programme (internship courses, etc.) for the personnel employed or to be employed in getting acknowledged, interpreting and implementing the acquis. Also, the personnel should be trained on the use of Internet extensively.

#### **f) Necessary Investments**

There is a current requirement to install the information network and computer system required for access to the legislation and information, and to establish GIS centres for monitoring and evaluation purposes in protected areas.

For the animals seized at the customs offices or at various sales points due to illegal trading for the aim of providing a healthy environment until the completion of the related customs proceedings, "Care Centres" should either be created or established at the national zoos, and it is also required to establish "Rescue Centres" either within local zoos or individually.

### **III. Time Schedule**

#### *Short Term*

Under the scope of the GEF Project, the laws on the protection of nature will be revised and the requirements for amendments, modifications and revisions will be defined by making comparisons with the EU acquis.

In line with the provisions of the CITES Convention enforced on 22 December 1996 in Turkey, it is required to prepare the CITES National Implementing Regulation until October 2001.

The Law on the Protection of Animals is expected to be legalised.

#### *Medium Term*

The necessary amendments will be made, new arrangements will be drafted and brought before the Parliament.

All the areas under the scope of NATURA 2000 will be included under the observation system.

### **IV. Financing**

The financing requirement to arise due to legal amendments, newly established institutions, launching of a monitoring evaluation system, setting up an inventory, preparing plans for the areas protected under NATURA 2000 network, translation works, ecological training, organizing seminars and workshops and putting into practice the requirements of the CITES Convention, will be determined in parallel to related studies.

## **4.23.6. Chemicals and genetically modified organisms**

### **4.23.6.1 Chemicals**

#### **I. Priority Description**

##### **a) Current Status**

In accordance with Article 13 of the Environment Law No 2872, protection of the environment is essential in the production, import, transport, storage and use of the persistent chemicals distorting the ecological balance in air, water or soil.

"The Regulation on the Control of Dangerous Chemical Substances and Products" covering the management of industrial chemicals having adverse effects on the environment and human health was prepared under the Environment Law by considering the related Directives of the European Union, and was enforced in 1993.



This Regulation,

- Arranges the import, labelling, packaging, sales and storage of dangerous substances and preparations,
- Defines the responsibilities of those working with dangerous substances and preparations,
- Brings along prohibitions and restrictions on the use and marketing of Asbestos and Polyhalogenous Organic Compounds and mixtures thereof,
- Identifies the maximum mercury amounts to exist in the batteries and accumulators.

The labelling information, risk symbols and combinations, security expressions and combinations, danger signs and expressions of 500 chemical substances are enlisted in the Annex of this Regulation.

Import of the chemical substances prohibited and restricted by this Regulation and some other major chemicals are controlled as per the Legislation on Foreign Trade and the Decisions on Foreign Trade Regime.

Under this Regulation the Chemical Security Commission has been set up under the coordination of the Ministry of Environment from among the representatives from the related authorities such as the Ministry of Health, Ministry of Agriculture and Rural Affairs, Ministry of Labour and Social Security, Ministry of Industry and Trade, Under-Secretariat of Foreign Trade and Under-Secretariat of Customs and the universities and representatives from the industry for the aim of making decisions on the efficient management of chemicals and conducting the necessary works.

The Regulation should be revised for full harmonization with the EU acquis. The related studies have been started together with the Chemical Security Commission.

Turkey has signed the “Rotterdam Convention” on prenotified acceptance system to be applied in the international trading of certain chemical substances and pesticides. The studies are still ongoing for Turkey to be a party to the Convention.

Turkey is a party to the “Montreal Protocol”.

#### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

- The Ministry of Environment
- The Ministry of Agriculture and Rural Affairs
- The Ministry of Industry and Trade
- The Ministry of Health
- The Ministry of Labour and Social Security
- Under-Secretariat of Foreign Trade
- Under-Secretariat of Customs
- Turkish Standards Institute

#### **d) Final Objective**

Is to adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Environment Law No 2872
- Regulation No 21637 on the Control of Noxious Chemical Substances and Products (1993)
- Regulation No 23865 Amending the Regulation on the Control of Noxious Chemical Substances and Products (1999)
- DTS on the Substances and Wastes Kept Under Control for the Protection of Environment
- Communiqué No 2000/7
- Communiqué No 98/13 on the Import of Certain Substances Affecting the Laborers' Health

### **b) Necessary amendments and Modifications in the Corresponding Turkish Legislation**

- Revision of the Regulation on the Control of Noxious Chemical Substances and Products
- Preparation of the Communiqué on the List of Dangerous Substances
- Preparation of the Communiqué on testing methods
- Preparation of the communiqué on the classification of dangerous substances and preparations and the determination of the labelling information
- Preparation of the communiqué on assessment of risks of the existing substances
- Rearrangement of the matters pertaining to the use and marketing of asbestos and polyhalogenous organic compounds
- Arrangement of the restrictive provisions on the marketing and use of other substances and preparations as per the community directive
- Preparation of the communiqué on the content and format of Security Information Forms

### **c) Necessary Institutional Changes**

No change is required in the existing institutional structure in the harmonization process.

### **d) Additional Requirements Stemming From the entry Into Force of the New Legislation**

- Preparation of the inventory for chemical substances
- Setting up of the label control system
- Establishing the risk assessment group or commission
- Preparation of the list of existing and new substances

### **e) Additional staff and Training Requirements for the Implementation of Amendments and Modifications**

There is a current requirement to employ 10 experts for an effective enforcement of the legislation on the management of chemicals.

Within the framework of the abovementioned works, technical assistance and training should be provided on the below specified matters:

- Harmonization of the chemicals legislation and implementation methods,
- Risk assessment, labelling and classification of chemicals,
- Preparation of the chemicals inventory, launching of a registry system and preparation of the list of priority chemicals

#### **f) Necessary Investments**

Necessary equipment for capacity increase and communication network

### **III. Time Schedule**

#### *Short Term*

- Enforcement of the revised version of the Regulation on the Control of Dangerous Chemical Substances and Products
- Enforcement of the communiqué on the list of dangerous substances
- Enforcement of the Regulation on the classification of dangerous substances and preparations and determination of their labelling information
- Enforcement of the new asbestos provisions
- Enforcement of the communiqué on the content and format of Security Information Forms

#### *Medium Term*

- Preparation of the communiqué on the risk assessment of existing substances
- Preparation of the communiqué on test methods
- Preparation of the chemicals inventory
- Preparation of the list of existing substances
- Laying down the provisions on the marketing and restriction of other substances and preparations as per the community directive
- Preparation of the Drafts on mixtures containing PCB, PBB and PCT substances

### **IV. Financing**

The amount and financing requirements of the necessary expenditures are to be determined later.

#### **4.23.6.2 Genetically Modified Organisms**

##### **I. Priority Description**

###### **a) Current Status**

In Turkey, there does not exist any legal arrangement on the genetically modified organisms, precautionous release of such organisms to the environment and the way they are put out in the market.

## **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

## **c) Implementing Institution**

- The Ministry of Environment
- The Ministry of Agriculture and Rural Affairs
- The Ministry of Health
- Under-Secretariat of Foreign Trade
- Under-Secretariat of Customs
- Turkish Standards Institute

## **d) Final Objective**

Is to adopt and implement the related EU acquis.

### **4.23.6.2 Principles of good laboratory practice (GLP), the verification of their applications for tests on chemical substances and inspection and approval of GLP**

#### **I. Priority Description**

##### **a) Current Status**

A finance agreement has been made under the scope of the “Environmental Pollution Measurement and Monitoring” project launched after being published in the Official Gazette No 20637 of 16 September 1990 concluded between the EU and Turkey. As per the Agreement, ECU 2.5 million of this financing has been provided by the EU, and ECU 585 by the Ministry of Environment. In this respect, three mobile water pollution measurement vehicles, three mobile air pollution measurement vehicles, one settled air pollution vehicle and equipment for the central laboratory has been donated to the Ministry of Environment.

Water, air, soil and waste samples are analysed for quality assessment in the Environmental Reference Laboratory and other laboratories of the Ministry. Unfortunately, there does not exist any laboratory in Turkey with a capacity to realize, in compliance with the GLP principles, the tests stipulated in Directive No 67/548/EEC for the identification of the potential risks of the chemical substances.

There does not exist any Turkish legislation on GLP.

The Turkish legislation relating to the implementation of the GLP principles shall be harmonized with the EU acquis. There is a need for assistance in the below specified fields to realize all of the tests stipulated in the Council Directive No 67/548/EEC.

- Investigation of the infrastructure conditions of the existing laboratories in Turkey,
- Complicated analysis devices for the physicochemical and ecotoxicological tests,
- Advanced practical and theoretical training on GLP principles, toxicology, ecotoxicology and risk assessment.

Draft regulation should be prepared on GLP principles, verification of use for testing of chemical substances and GLP inspection. Through this Draft the below mentioned objectives are targeted:

- Avoiding different practices in execution likely to lead to barriers in international trading of chemicals,

- Developing qualified test data for mutual recognition among countries,
- Protecting human health and the environment.

#### **b) EU acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

The Ministry of Environment – Directorate General for the Prevention and Control of Environmental Pollution – Department of Measurement and Monitoring is responsible for the coordination of institutions. Programs will be conducted in coordination especially with the Ministry of Health, the Ministry of Agriculture, Turkish Accreditation Board, other ministries and the private sector. Assistance of the Under-Secretariat of Foreign Trade is essential to embody the existing EU acquis on GLP in the Turkish legislation. Under-Secretariat of Foreign Trade should play active role in ensuring cooperation with the above listed authorities.

#### **d) Final Objective**

The regulation on GLP principles and verification of the use of chemicals for testing will have been completed by 31 December 2000. It is planned to complete the regulation on GLP inspection and approval by 31 December 2000, but enforcement of execution depends mostly on the assistance to be provided for the completion of the infrastructure.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

There does not exist any Turkish legislation on GLP.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The regulations to be enforced are on:

- GLP principles and verification of the use of chemical substances for testing,
- GLP inspection and approval.

#### **c) Necessary Institutional Changes**

It is necessary to establish new toxicology laboratories or to equip the existing ones with complicated analysis devices for physicochemical and toxicological testing of chemical substances with respect to the execution of GLP. Besides, specialized and qualified personnel should be employed in these laboratories.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

The laboratories should be strengthened with the personnel to realize the testing of chemical substances. About 70 personnel should be employed for the proper testing of chemical substances as listed under the Directive No 67/548/EEC.

#### **e) Necessary Investments**

### **III. Time Schedule**

#### *Short Term*

Focus points:

GLP principles and verification of the use of chemical substances for testing

- Enforcement of the Regulation 2000
- Execution of the Regulation 2001

GLP inspection and approval

- Enforcement of the Regulation 2000
- Execution of the Regulation 2001

#### **IV. Financing**

A total of EURO 6.5 million is required for the financing.

### **4.23.7. Noise from vehicles and machinery**

#### **I. Priority Description**

##### **a) Current Status**

The disturbance due to noise is one of the fundamental issues considered under the Environment Law No 2827. The basic legal arrangement on this matter is the Regulation on Noise Control of 1986 setting forth the noise limits for settlement areas, the maximum values permissible for train ways, airports, industrial zones and construction sites as well as the noise emission values of outdoors machinery such as the motor vehicles, also laying down the urban planning principles for noise reduction.

##### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

##### **c) Implementing Institution**

- The Ministry of Environment
- The Ministry of Interior
- The Ministry of Transport
- The Ministry of Health
- The Ministry of Industry and Trade
- The Ministry of Public Works and Settlement
- State Planning Organization
- Under-Secretariat of Customs
- Provincial Governors' Offices
- Municipalities
- Turkish Standards Institute

#### **d) Final Objective**

Is to adopt and implement the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The Corresponding Turkish Legislation**

- Environment Law No 2872
- Law No 2918 on Highway Traffic
- Statutory Decree No 443 on the Establishment and Duties of the Ministry of Environment
- Regulation on Noise Control
- Regulation on the Operating Bases for Light Vehicles (SHY-6C)
- The related directives and circulars of the Directorate General for Civil Aviation

### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The Regulation on Noise Control is at the revision stage. The said revision is expected to define especially the authorized bodies and to cover all the components of the EU directives relating to monitoring, accreditation and certification proceedings.

Implementation of the Community requirements will be achieved following the amendments to be made in the legislation on matters such as noise measurements, analysis and reporting.

### **c) Necessary Institutional Changes**

A testing and certification body is to be established. The responsibilities will be clearly defined before making any additional institutional change.

### **d) Additional staff and Training Requirements for the Implementation of Amendments and Modifications**

An effective implementation can be possible only with the efficient monitoring and inspection activities of qualified personnel. For this reason, more personnel should be employed to make regular and/or spontaneous control of the industrial products in use and to conduct regular controls for the verification of production.

The personnel to be employed in this regard should be trained on the monitoring, measurement, analysis, reporting and inspection issues.

### **e) Necessary Investments**

The essential investment and expense items to arise due to the new legislation are to comprise the following:

Establishing type-approval and type examination laboratories

Establishing a monitoring network

Training the personnel

### **III. Time Schedule**

#### *Short Term*

- Developing programmes for noise reduction
- Defining the authorized bodies
- Approximating the EU acquis

#### *Medium Term*

- Employing and training the necessary personnel
- Setting up accreditation and certification units
- Implementation of the legislation

### **IV. Financing**

The extent and financing of the necessary expenditures are to be defined later.

## **4.23.8. Nuclear safety and protection from radiation**

### **I. Priority Description**

#### **a) Current Status**

The legislation applicable to the Turkish Atomic Energy Agency was based on the “Basic Safety Standards” of IAEA and the revisions are made on a regular basis by closely following the recent developments up-to-date.

#### **b) EU acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

Turkish Atomic Energy Agency: Approval, permission, licensing, auditing and preparation of necessary technical legislation for nuclear power, research reactors, and fuel recycling plants is under the responsibility of TAEK. Furthermore, TAEK is also responsible for the licensing of private and public institutions, enterprises and people having, importing, exporting, transporting, stocking, trading radioactive substances and radiating instruments, auditing them from the radiation safety point of view and prepare the necessary technical legislation on the context.

#### **d) Final Objective**

The harmonization of the existing legislation of Turkish Atomic Energy Agency with the related EU legislation.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The Corresponding Turkish Legislation**

The differences and gaps between the legislation of the Turkish Atomic Energy Agency and that of the EU will be identified and assessed.



#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

The differences and gaps between the legislation of the Turkish Atomic Energy Agency and that of the EU will be identified and assessed.

#### **c) Necessary Institutional Changes**

As stated by the Law on Turkish Atomic Energy Agency (No: 2690), The Turkish Atomic Energy Agency is carrying on the research, development and training activities while performing its duty on licensing and auditing devoted to the use of nuclear energy. As suggested in the Nuclear Safety Convention of UAEA, depending on the establishment of nuclear power plants and increasing use of nuclear technology, it would be possible to reach a legal arrangement to achieve a new institutional structure that will separate the licensing and auditing activities from the research and development activities via revising the Law on Turkish Atomic Energy Agency.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Preparation of new legislation necessary for the harmonization of the EU acquis is under study.

#### **e) Additional staff and Training Requirements for the Implementation of Amendments and Modifications**

In the suggestion related to the legislation of TAEK, necessary additional staff will be trained on nuclear and radiation safety according to the UAEA stated qualification by in service training and by the use of the support supplied by International Atomic Energy Agency.

#### **f) Necessary Investments**

The studies are still ongoing to determine the investments likely to be required when it becomes necessary to amend or modify the legislation of the Turkish Atomic Energy Agency.

### **4.23.9. Climate Change**

#### **I. Priority Description**

##### **a) Current Status**

Within the framework of protecting the global climate system and with regard to the responsibilities of Turkey, studies are still continued to get involved in the process of Climate Change Framework Convention (CCFC) by considering the requirements of the growing population and in line with the principle of common but differentiated responsibilities. In recent years, a certain amount of decline has been recognized in the pace of increase of the emissions leading to global warming.

##### **b) EU acquis**

The list of the related EU acquis is provided in Volume II.

##### **c) Implementing Institution**

- The Ministry of Energy and Natural Resources
- The Ministry of Environment
- The Ministry of Industry and Trade
- The Ministry of Transport

- Directorate General for State Meteorology Works

**d) Final Objective**

Is to adopt and implement the related EU acquis.

**III. Time Schedule**

*Medium Term*

To prepare the emission inventory by identifying the emission factors required for air quality management.

To make the arrangements aiming to increase the energy efficiency and to amplify energy savings for the aim of controlling and decreasing greenhouse gas emissions caused by transportation, energy, industry and households.

## 4.24. Consumer Protection and Health

### I. Priority Description

#### a) Current Status

Although Association Council Decision No 1/95 did not set Turkey any obligations regarding consumer protection, the Law on the Protection of Consumers No 4077 of 23 February 1995 was enacted prior to the Customs Union and was enforced on 8 September 1995 within the perspective of full membership.

With the enactment of the aforementioned Law, Turkey took an important step forward both from the standpoint of her approach to consumer protection and the way she has embodied this issue in her legal system. The issues regulated in the Law are as follows: defective goods and services, sales on credit, sales campaigns, door step selling, consumer credit, labelling, warranty certificates, introductory guidelines and user's manuals, repair and maintenance services after sales, commercial advertisements and announcements, harmful and hazardous goods and services, controls on standards, consumer awareness, pre-court settlement (arbitration) bodies. Subsequently, arrangements were also introduced via Communiqués enacted under the responsibility of the Ministry of Trade and Industry such as: Communiqué on The Services Performed After the Sale of Industrial Products, Communiqué on The Industrial Goods That Must Be Sold With Introductory Guidelines and User's Manual, The Communiqué on the Industrial Goods That Must Be Sold With Warranty Certificate and The Maximum Periods Required For The Repair Thereof. Although the said Law does not cover the corresponding EU arrangements with regard to immovables purchased on a time share basis, unfair terms in contracts, distant sales and package tours, the gap was made up either by the general provisions of the Law or by the secondary legislation. However, there is a need to bring along some arrangements to the Law as regards general product safety, unfair terms in consumer contracts, and distant sales.

With a view to ensuring full alignment with the EU acquis, a Draft Law prepared by the Ministry of Trade and Industry has been submitted to various public institutions and organisations for their assessment, with the aim of making appropriate amendments and new arrangements in Law No 4077.

Alignment with Council Directives No 84/450/EEC and 97/55/EEC was attained with the provisions of Law No 4077 concerning commercial advertisements and announcements, as well as the Communiqué on The Principles of Commercial Advertising and Announcements and Application Principles (TRKGM-95/142-143) based on the said law.

The provisions on consumer credit were arranged on the basis of Council Directive No 87/102/EEC.

Alignment with Council Directive No 85/577/EEC was ensured with the provisions relating to door step selling and the Communiqué on the Application Methods and Principles of Door Step Selling (TRKGM-95/136-137), and the amendments made therein.

The By-law on Labels, Tariffs and Price Lists enacted on 29 August 1995 is in harmony with Council Directive No 98/6/EC.

Although the subject of liability for defective products is taken up in Law No 4077, a sufficient degree of alignment with Council Directive No 85/374/EEC has not yet been attained. Thus, this issue is being reconsidered in the Draft Law amending Law No 4077.

Furthermore, efforts were exerted in this respect to eliminate the gap by invoking the general provisions of the Law No 4077, the Communiqué on the Industrial Products That Must Be Sold With Warranty Certificates and The Maximum Periods For The Repair of These Products (TRKGM-95/105-106), Communiqué on The Industrial Products That Must Be Sold with an Introductory User's Guide (TRKGM-95/113-114), The Communiqué Concerning the Application Principles of Warranty, Instruction and User Manual (TRKGM-95/116-117), and the Communiqué on the Services Performed After the Sale of Industrial Products (TRKGM-95/137-138).

In Law No 4077 there is no provision concerning distant sales. This matter was considered under the scope of the Communiqué on door step selling and thus a provisional solution to the issue has been provided. Moreover, this issue is covered in the Draft Law amending Law No 4077. Alignment with the

Council Directive No 97/7/EC will be advanced after the adoption by Parliament of the Draft Law, and the issuance of the Communiqué to be based on the Law.

As regards package tours, a Draft Communiqué on the Methods and Principles for Package Tours has been prepared to ensure harmonization with Council Directive No 90/314/EEC. The Turkish legislation does not cover arrangements on unfair terms in consumer contracts. Thus, with the aim of ensuring alignment with Council Directive No 93/13/EEC, this issue has also been taken up under the scope of the Draft Law amending Law No 4077. Subsequently, a relevant Communiqué is expected to be enacted.

Turkish legislation currently has no arrangements to meet the requirements of Council Directive No 87/357/EEC on materials endangering the health and safety of consumers by appearing to be other than they are.

With regard to time-share holiday contracts (contracts pertaining to the purchase of the right to use immovable properties on a time-share basis), legal arrangements are required to comply with Council Directive No 94/47/EC.

The By-laws for the establishment of the Consumer Council, Arbitration Committee for Consumer Problems and Board of Advertisement that were provided for under Law No 4077 have been enacted after they were published in the Official Gazette of 15 August 1995. The Directorate General for the Protection of Consumers and Competition functioning under the Ministry of Trade and Industry is deemed sufficiently competent in implementing and co-ordinating the requirements of Law No 4077. Following the establishment of the Consumer Council convening once a year, the Board of Advertisement convening once a month and the Arbitration Committee for Consumer Problems convening once every 15 days, significant developments took place in terms of implementing consumer protection policies, as well as in putting into practice the provisions stipulated by the Law. The Arbitration Committee for Consumer Problems is fully established in a total of 931 centres, 81 being provinces and 850 districts, and has started settling the disputes arising between the consumers and the sellers. The Board of Advertisement has been established and is functioning under the chairmanship and co-ordination of the Ministry of Trade and Industry to set the principles for commercial advertisements and announcements, to examine and monitor advertisements within the framework of these principles, to penalize those acting against the Law and to cease the publication or broadcasting of such advertisements and announcements thereupon. The Consumer Council, comprised of representatives from public institutions, universities, professional chambers and consumer organisations, has also started to undertake its activities.

The establishment of consumer courts is provided for in Law No 4077. Consequently, consumer courts have been established and are operating in the major provinces of Istanbul, Ankara, and Izmir, via Decision No. 60 of the Higher Council of Judges and Prosecutors of 25 January 2001. However, as for the other regions, the Commercial Courts and General Civil Courts have been provisionally authorised to act until the establishment of the aforementioned courts.

Following the enforcement of Law No 4077 there has been a noteworthy increase in the number and activities of non-governmental organisations in the field of consumer rights. On the basis of these developments, the said NGO's have representation on the Consumer Council, the Board of Advertisement, and the Arbitration Committee for Consumer Problems.

In addition to Law No 4077 on the Protection of Consumers, Decree Law No 560 "Concerning The Production, Consumption and Inspection of Foodstuffs" and related By-laws and Communiqués covering food safety issues aim to enhance consumer protection.

The Objectives section of Decree Law No 560 states " ... with a view to ensuring the public have access to good nutrition and the protection of public health as well as the interests of producers and consumers, the objective is to determine the properties of all kinds of raw and supplementary materials used in the production of foodstuffs, finished and semi-finished foodstuffs, to state the acceptable level of hygiene and technical conditions for business facilities producing foodstuffs, to carry out inspection activities and to set the principles and procedures pertaining to the foodstuff related services". Similarly, the Objectives section of the By-law on The Turkish Food Codex includes the statement "... to protect the interests of producers as well as public health ...".

Labelling information and advertising principles for consumer protection are laid down within the scope of Decree Law No 560 and its related By-law as well as the By-law on the Turkish Food Codex. Penal sanctions to be applied against those not complying with the principles of consumer health, food safety, labelling and advertising are stated in Law No 4128.

The main objective of the food inspections made under Decree Law No 560 is to protect consumer health. The main concern is to supply reliable foodstuffs to the consumers by ensuring effective food safety. A series of food safety measures have been set by the Food Safety Action Plan prepared by the Ministry of Agriculture and Rural Affairs with the aim of providing the consumers with reliable foodstuffs. Measures are taken through a continuous monitoring of the additives, residues and contaminants.

Currently, there does not exist any horizontal legislation on general product safety in Turkey. In other words, although there exist some provisions pertaining to product safety in some parts of the legislation, such provisions are not mentioned in other parts of the legislation. Safety issues have not been regulated for products having no specific legislation attributed to them. To align with Council Directive No 92/59/EEC on General Product Safety, the Draft Law on the Preparation and Implementation of the Technical Legislation on Products (the Framework Law) prepared by the Undersecretariat of Foreign Trade has been submitted to the Turkish Parliament. According to the provisions of the said Draft, safety shall be sought in every product to be placed on the market.

#### **b) EU Acquis**

The related list of the EU acquis is given in Volume II.

#### **c) Implementing Institution**

The Directorate General for the Protection of Consumers and Competition established under the Ministry of Trade and Industry is the primary responsible authority. However, depending on the attributes of the subject, the Ministry of Health, the Ministry of Environment, the Ministry of Agriculture and Rural Affairs, the Ministry of National Education, the Turkish Standards Institute, and the municipalities can be the responsible authority or the relevant body.

The Undersecretariat of Foreign Trade will make the necessary notifications to the EU Commission in line with Directive No 92/59/EEC.

The Consumer Council, Board of Advertisement and the Arbitration Committee for Consumer Problems also continue their activities in this regard.

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

II- Comparison Of The EU Acquis With The Corresponding Turkish Legislation And The Measures To Be Taken For Implementing The Necessary Amendments And Modifications

#### **a) The Corresponding Turkish Legislation**

- Law No 4077 on the Protection of the Consumer (Official Gazette.8.3.1995-22221)
- Decree Law No 560 On the Production, Consumption and Inspection of Foodstuffs, related By-laws and Product Communiqués
- Law No 1705 on the Prohibition of Adulteration in Trade and the Supervision and Protection of Exports
- Law No 3003 on the Control and Determination of the Costs and Sales Prices of Industrial Products
- Law No 3143 on the Organization and the Duties of the Ministry of Trade and Industry
- Law No 4226 Amending Some Articles of the Law on the Protection of Consumer (Official Gazette: 28.1.1997-22891)
- By-law on the Consumer Council(Official Gazette: 15.8.1995-22375)
- By-law on the Arbitration Committee for Consumer Problems (Official Gazette: 15.8.1995-22375)

- By-law on the Board of Advertisement (Official Gazette: 16.8.1995-22376)
- By-law on Labelling, Tariffs and Price Lists (Official Gazette: 29.08.1995-22389)
- Regulation Amending Some Articles of the Regulation on Labelling, Tariffs and Price Lists (Official Gazette: 11.06.1996-22663)
- Communiqué No: TRKGM-94/2-3 on the Application Principles for Instalment, Campaigned and Door step selling, (Official Gazette: 25.05.1994-21940)
- Communiqué No: TRKGM-95/105-106 on the Industrial Products That Must Be Sold With Warranty Certificates and The Maximum Periods For The Repair of These Products, (Official Gazette: 02.09.1995-22392)
- Communiqué No: TRKGM-95/113-114 on The Industrial Products That Must Be Sold With an Introductory User's Guide, (Official Gazette: 02.09.1995 – 22392)
- Communiqué No: TRKGM-95/116-117 Concerning the Application Principles of Warranty, Instruction and User Manual, (Official Gazette: 09.09.1995-22399)
- Communiqué No: TRKGM-95/135-136 on Raising the Monetary Limits Stipulated in Articles 8 and 22 of the Law No 4077, (Official Gazette: 21.12.1995-22500)
- Communiqué No: TRKGM-95/136-137 on the Application Methods and Principles of Door step selling, (Official Gazette: 21.12.1995-22500)
- Communiqué No: TRKGM-95/142-143 on The Principles of Commercial Advertising and Announcements and Application Principles, (Official Gazette: 21.12.1995-22500)
- Communiqué No: TRKGM-95/137-138 on Services Performed After the Sale of Industrial Products, (Official Gazette: 24.12.1995-22500)
- Communiqué No: TRKGM-95/143-144 on the Amendments to the Communiqué on Services Performed After the Sale of Industrial Products, (Official Gazette: 30.12.1995-22509)
- Communiqué No: TRKGM-95/124-125 on the Promotion Campaigns Organised by Press Corporations, (Official Gazette: 09.01.1996-22518)
- Communiqué No: TRKGM-96/8-9 on the Methods and Principles of Quality Inspections, (Official Gazette: 19.01.1996-22528)
- Communiqué No: TRKGM-96/32-33 on the Amendments to the List Annexed to the Communiqué on Certificates of Warranty, (Official Gazette: 17.04.1996-22614)
- Communiqué No: TRKGM-96/91-92 on the Promotion Campaigns of Press Corporations, (Official Gazette: 10.07.1996-22692 Bis)
- Communiqué No: TRKGM-97/10-11 on the Amendments to the Communiqués No TRKGM-95/137-138 and TRKGM-95/143-144 on the After Sales Services of the Industrial Goods, (Official Gazette: 19.02.1997-22910)
- Communiqué No: TRKGM-97/15-16 on the Amendments to the Communiqué on The Industrial Products That Must Be Sold With an Introductory User's Guide (Official Gazette: 20.02.1997-22911)
- Communiqué No: TRKGM-97/13-14 on the Amendments to the Communiqué on the Industrial Products That Must Be Sold With Warranty Certificates and The Maximum Periods For The Repair of These Products, (Official Gazette: 21.02.1997-22912)
- Communiqué No: TRKGM-97/57-58 on the Amendments to the Communiqué on The Application Principles of Warranty Certificates and Introductory User's Guide, (Official Gazette: 11.11.1997-23167)

- Communiqué No: TRKGM-97/112-11 on the Methods and Principles That Must Be Complied by Liquid Petroleum Gas (LPG) Delivery Companies, Authorised Dealers and Consumers,
- Communiqué No: TRKGM-98/19-20 on the Amendments to the Communiqué on the Application Methods and Principles of Door Step Selling, (Official Gazette: 01.05.1998-23329)
- Communiqué No: TRKGM-98/20-21 on the Amendments to the Communiqué on The Application Principles of Warranty Certificates and Introductory User's Guide, (Official Gazette: 01.05.1998-23329)
- Communiqué No: TRKGM-98/94-95 on the Usage of the Research Results With Respect to Public Polls, Surveys Taken by Broadcasting Companies and Press in Commercial Advertisements and Notices, (Official Gazette: 02.10.1998-23481)
- Communiqué No: TRKGM-99/1 on the Amendments to the Communiqué on Services Performed After the Sale of Industrial Products, (Official Gazette: 27.02.1999-23624)
- Communiqué on the Protection of Consumers Against the Y2K Problem, No: TRKGM-99/2
- Communiqué No: TRKGM-2000/1 Amending the Communiqué on The Principles of Commercial Advertising and Announcements and Application Principles, (Official Gazette: 22.01.2000-23941)
- Communiqué No: TRKGM-2000/2 on Inclusion in the Introductory User's Guide of the Materials Used in Shoe Manufacturing,
- Regulation No 8326 of 1952 Detailing the Specific Properties of Foodstuffs and the Goods and Supplies Influencing Public Health (Regulation on Foodstuffs)

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Taking into consideration the analytical examination of the EU acquis and the results obtained from implementation of Law No 4077 over a five year period, the Ministry of Trade and Industry has started work to make the necessary amendments to Law No 4077. It is expected that the draft in question will be legalised within the year 2001.

The proposed amendments by the draft are as follows:

- By re-phrasing the definition of goods, residences and immovable properties for holidays as well as intangible goods prepared in an electronic environment, include them within the scope of the Law.
- In cases of death, injury or loss amounting to more than TL 250 million resulting from the use of defective or other goods in use, consumers are given the right to ask for compensation; thereby increasing the existing rights from four (refund of money, replacement of goods, free repair, reduction from the total value of the good at the value of the defect) to five.
- To extend the scope of unfair conditions in consumer contracts, thus making it possible to nullify the provisions of the contract under reasonable circumstances.
- To extend the rights of the consumer by default in credit sales
- To make some campaign sales subject to the permission of the Ministry of Trade and Industry.
- To make Door step selling subject to the permission of the Ministry of Trade and Industry.
- Considering the important developments taking place in e-commerce, a new article has been included in the Law under the heading "Distant Sales".
- In addition to the article on consumer credits, a new article has been inserted under the heading "Credit Cards".
- The Minimum guarantee period has been increased from one year to two years.

- The addition of prohibitions on secret advertisements and stipulations concerning proof of the claims made by advertisers.
- An arrangement has been made to ensure separate or joint application of administrative sanctions (cessation, correction, fine collection) against misleading advertisements.
- An arrangement has been made to create positions for employment in the Arbitration Committee for Consumer Problems for the districts affiliated with provinces and metropolitan cities.
- The decisions taken by the Arbitration Committee for Consumer Problems will be accepted as binding for disputes amounting to less than three hundred million TL.
- It has been decided that experts will be entrusted by the Ministry of Trade and Industry in cases filed by the consumer organisations.

With a view to ensuring full alignment with the EU acquis it is required that the Draft Law Amending the Law on Consumer Protection be enacted, and detailed arrangements be prepared by the Ministry of Trade and Industry on a variety of matters be effected subsequently.

Within the framework of Decree Law No 560, the Directives of the EU on Consumer Health, together with the corresponding Turkish legislation and the harmonisation activities are given below.

| 1 | 84/450/EEC                 | Concerning misleading advertisements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <b>Turkish Legislation</b> | Decree Law on the production, consumption and inspection of foodstuffs" No 560 published in the Official Gazette of 28 June 1995 and No 22327 Regulation on the production, consumption and inspection of foodstuffs published in the Official Gazette of 9 June 1998 and No 23367                                                                                                                                                                                                                                                                                             |
|   | <b>Explanation</b>         | In accordance with Article 14 of Decree Law No 560, it is prohibited to use deceptive expressions and statements on labels, to trade foodstuffs using misleading packages, to advertise foodstuffs with misleading descriptions, and other similar statements either generally or individually; and to use any publications, articles or written statements in the advertisements in a way to encourage their consumption for the treatment of any disease. Furthermore, the principles for broadcasting advertisements are defined under the By-law published on 9 June 1998. |
| 2 | 292/59/EEC                 | Concerning food safety                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|   | <b>Turkish Legislation</b> | Decree Law on the production, consumption and inspection of foodstuffs" No 560 published in the Official Gazette of 28 June 1995 and No 22327.<br><br>By-law on the production, consumption and inspection of foodstuffs and the related communiqués published in the Official Gazette of 9 June 1998 and No 23367<br><br>Turkish Food Codex (TGK) published in the Official Gazette of 16 November 1997 and No 23172.                                                                                                                                                         |
|   | <b>Explanation</b>         | Work on food safety is being conducted within the scope of Decree Law No 560, the By-law on the production, consumption and inspection of foodstuffs, the related communiqués and the Turkish Food Codex.                                                                                                                                                                                                                                                                                                                                                                      |
| 3 | 97/579/EEC                 | Concerning the establishment of a scientific committee for the health and food safety of the consumers                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|   | <b>Turkish Legislation</b> | ...                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|   | <b>Explanation</b>         | The Committee was set up by the Council of Ministers' Decree of 2 March 2001 and will be activated as soon as possible                                                                                                                                                                                                                                                                                                                                                                                                                                                         |



Moreover, as regards consumer protection, adoption is required for the following EU legislation.

|          |                            |                                                                                                                                                                           |
|----------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1</b> | <b>88/590/EEC</b>          | <b>Commission Recommendation of 17 November 1988 on the payment systems and especially the relation between the card holders and card supplier institutions</b>           |
|          | <b>Turkish Legislation</b> | Professional Classification Recommendation No 924 of 3 August 1990 on Credit Card Practices of the Turkish Union of Banks                                                 |
|          | <b>Explanation</b>         | Harmonisation required. Legal gap exists. The draft law has been prepared and awaits enforcement                                                                          |
| <b>2</b> | <b>87/102/EEC</b>          | <b>Council Directive of 22 December 1986 for the approximation of the laws, regulations and administrative provisions of the Member States concerning consumer credit</b> |
|          | <b>Turkish Legislation</b> | Banks Act and arrangements made in accordance with this Act and Law No 4077 on the Protection of Consumers                                                                |
|          | <b>Explanation</b>         | Harmonisation required                                                                                                                                                    |

Directive No 92/59/EEC will be embodied in Turkish legislation with the Draft Law on the Preparation and Implementation of the Technical Legislation on Products (the Framework Law) prepared by the Undersecretariat of Foreign Trade.

### **c) Necessary Institutional Changes**

Consumer courts have been established and are in partial operation.

Following the enforcement of the Draft Law on the Preparation and Implementation of the Technical Legislation on Products, appropriate public institutions and organisations will be selected to assume the task of preparing and implementing the technical legislation on products. The accredited institutions and conformity assessment bodies to be determined by these authorised public institutions will start functioning.

### **d) Additional Requirements Stemming From Entry into Force of The New Legislation**

Following the enforcement of the amendments to be made to Law No 4077 and the enactment of the Draft Law on the Preparation and Implementation of the Technical Legislation on Products, referred to as “the Framework Law”, which is very important in terms of the harmonisation of technical legislation, all the institutions responsible for the implementation of these laws should carry out market surveillance and inspection activities, mainly testing, inspection and certification works, in line with the practices of the EU member states. Within this framework, the Ministry of Trade and Industry will be responsible for the market surveillance of the industrial products falling within its responsibilities and activities.

In recent years the Prompt Alarm System has been used to protect consumer health in the EU. The Ministry of Agriculture and Rural Affairs has made it a priority to start using “Prompt Alarm Systems” to ensure a quick and accurate flow of information between the rural inspection bodies, laboratories, head offices and the authorities responsible for food safety, and to provide data input and output regarding food safety for products imported from foreign countries. This system will deal with any problem associated with food safety; foodstuffs produced in food facilities, placed on the market and provided to the ultimate consumer; and contagious diseases threatening animals and human beings. Likewise, the Food Safety Action Plan includes provisions regarding this issue.

#### **e) Additional Staffing and Training Requirements for The Implementation of Amendments and Modifications**

It is anticipated that at least a three fold increase in staff will be required for the surveillance and inspection of products placed on domestic and foreign markets. To this end, there is a current requirement to employ new inspection staff mainly at the Ministry of Trade and Industry, the Ministry of Agriculture and Rural Affairs and the Ministry of Health.

The personnel currently employed for market surveillance and inspection activities need to be reinforced, and trained on implementation methods at the related Directorates General of the Commission or in the Member States.

Consumer Awareness Programmes and providing accurate information to consumers are among the priorities regarding food safety.

To ensure a more active contribution from consumers in the food control process, the participation of consumer organisations in meetings on food legislation and its implementation has been encouraged.

Staff at the Undersecretariat of Foreign Trade responsible for notification within the scope of the Directive No 92/59/EEC need to be trained.

#### **f) Necessary Investments**

Under the scope of harmonisation activities, financial support is required for the translation of the acquis, raising awareness amongst consumers, establishing testing and inspection centres by public institutions and organisations, as well as for market surveillance and inspection activities.

### **III- Time Schedule**

#### *Short Term*

It is envisaged that the Draft Law Amending the Law on the Protection of Consumers No 4077 and the Draft Law on the Preparation and Implementation of the Technical Legislation on Products (the Framework Law) will be enacted by the end of 2001.

## **4.25. Justice and Home Affairs**

### **4.25.1. General**

#### **I. Priority description**

The following are the main objectives on which work is being initiated in 2001 to be completed by the medium term:

- Work on administrative reform in the field of justice and home affairs will be accelerated.
- Coordination between competent Ministries and other public institutions will be enhanced.
- Existing accommodation facilities and social support mechanisms for refugees will be further developed.
- Border management will be reinforced and preparations will be made to fully implement the Schengen Convention.
- Work will be undertaken for the alignment of Turkish visa legislation and practices with the EU acquis.
- In order to prevent illegal immigration, the EU acquis and practices on migration (admission, readmission, expulsion) will be adopted.
- The EU acquis in the areas of fraud and corruption, the illicit use, production of and trafficking in drugs, organized crime, money-laundering and judicial cooperation in civil and criminal matters will be adopted and international cooperation in these areas will be intensified.
- It is intended to work jointly with EU Member States and organizations affiliated with the EU to increase the effectiveness of the protective and preventive measures undertaken by the Drug Addiction Prevention, Monitoring and Control Board and its Subcommittee and to reinforce the legal, administrative and structural capacities of these bodies.
- Means of cooperation with the Lisbon-based European Monitoring Centre for Drugs and Drug Addiction will be explored to undertake a more effective fight against drug trafficking.
- The capacity to fight against organized crime, the illicit use, production of and trafficking in drugs, fraud and corruption, money laundering, and police and judicial cooperation will be enhanced.
- Work on the collection, storage, processing, analysis and exchange of relevant information on suspicious financial transactions will be accelerated.
- For full membership in Europol, harmonisation with the relevant acquis will be achieved and preparations will be completed.
- In order to fully participate in the Schengen Information System (SIS) and in Europol, the EU acquis on the protection of individuals in the processing of personal data will be adopted.
- Programmes will be prepared to inform and acquaint the public with the EU acquis and practices in EU Member States in the field of justice and home affairs. It is intended to draw upon TAIEX facilities for this purpose.
- It is envisaged to benefit to the greatest extent possible from existing cooperation schemes within the framework of MEDA, and with the assistance of EU Member States, from specific programmes such as Falcone, Odysseus, Grotius, Daphne, Oisin and Stop, the Action Plan Against Organized Crime, the Action Plan on the Fight Against Drugs, and the European Refugee Fund, in the field of justice and home affairs.

- It is envisaged to establish links and seek cooperation with the European Information Network on Racism and Xenophobia (RAXEN) of the Vienna-based European Monitoring Centre on Racism and Xenophobia (EUMC).

#### **a) EU acquis**

Ad hoc cooperation between EU Member States in the field of justice and home affairs, which was not defined in the EC Treaty, started in the 1970s. The Treaty of Amsterdam changed the nature of cooperation in the field of justice and home affairs by defining the area of freedom, security, and justice in more precise terms, by improving its effectiveness, and by establishing a better balance between the roles of the various institutions.

A new Title has been inserted in the EC Treaty entitled "Visas, asylum, immigration and other policies related to the free movement of persons." It covers measures concerning external border controls, asylum, immigration and judicial cooperation in civil matters, bringing these under the first pillar where they can be the subject of Community directives, regulations, decisions, recommendations and opinions. Police and judicial cooperation in criminal matters continues to fall under the reshaped third pillar, to which the Treaty of Amsterdam has added the prevention and combating of racism and xenophobia. Measures taken under the Schengen agreements have been added to the established body of EU law either in Title IV of the EC Treaty, or Title VI of the Union Treaty in accordance with the decisions taken by the Council of Ministers. Joint actions have been replaced by framework decisions and other decisions, which are legal instruments similar in spirit to directives and the corresponding implementation measures. The Commission's right of initiative has been extended to cover all areas under the third pillar.

One aim of the Amsterdam Treaty is to establish the free movement of EU citizens and non-EU nationals, while guaranteeing public security by combating all forms of organized crime and terrorism, gradually creating an "area of freedom, security and justice". To achieve these objectives, common standards are being developed with regard to controls at the Union's external borders, visas, asylum policy and immigration. In the Action Plan of the Council and Commission of 3 December 1998, the area of "freedom" is defined broadly as ensuring the free movement of persons, but also protecting fundamental rights and combating all forms of discrimination, with emphasis on respect for privacy and in particular the protection of personal data; the area of "security" includes combating crime, in particular terrorism, trade in human beings, crimes against children, drug trafficking, corruption and fraud, and the central role of Europol is emphasized; in the area of "justice", the Union's objective is to guarantee European citizens equal access to justice and promote cooperation between judicial authorities.

The following are the subject headings of the acquis on justice and home affairs:

- Asylum
- External borders
- Migration
- Organized crime, fraud and corruption
- Drugs
- Terrorism
- Police cooperation
- Customs cooperation
- Judicial cooperation in civil matters
- Judicial cooperation in criminal matters
- Funding of activities under REU Title VI of the Treaty on the European Union
- Human rights related issues

- Schengen

The following legal instruments are indicated under these headings:

A-Conventions to which Candidate States must accede:

(a) Conventions drawn up by the Council on the basis of Article K.3 (2) (c) of the Treaty on European Union;

(b) Other conventions to be regarded as inseparable from the achievement of the objectives of the Union;

B-Joint actions and joint positions adopted by the Council on the basis of the provisions of the articles K. 3 (2) (a) and (b) of the Treaty on European Union;

C-Other instruments adopted by the Council or by the representatives of the Member States (recommendations, resolutions, declarations);

D-Other conventions concluded in the context of European Political Cooperation, or that are relevant for cooperation between the 15 Member States.

Not all Member States have signed and/or adopted these legal instruments. While Member States are not obliged to adopt these instruments, Member States' governments have undertaken the political commitment to take initiatives for the adoption of some of these legal instruments. Candidate States, however, are expected to adopt the *acquis*.

#### **b) Implementing institutions**

In their respective areas of responsibility, competent Ministries will undertake measures for the harmonization of Turkish legislation with the EU *acquis* in the accession period. The Ministry of Justice, the Ministry of the Interior, the Ministry of Foreign Affairs, the Ministry of Finance and the Under-Secretariat of Customs are the main competent institutions in the area of justice and home affairs.

The Ministry of Justice is responsible for judicial cooperation in civil and criminal matters. The Ministry of Justice may ensure the initiation of proceedings against criminal activity through public prosecutors, while the judicial power rests solely with public prosecutors and independent courts. The investigation and prosecution of criminal acts, and the enforcement of judgements are undertaken by public prosecutors and courts. The Ministry of Justice is the administrative body responsible for the enforcement of decisions taken by courts. The Ministry of Justice is also responsible for training law enforcement personnel, for undertaking the necessary legal arrangements for, and addressing the infra-structural requirements of, the Judiciary.

In addition to the Ministry of Justice, the Ministry of the Interior and the Ministry of Finance are competent institutions in the fight against bribery, money laundering, organized crime and terrorism, and the search, seizure and confiscation of the proceeds from crime. The Ministry of the Interior is the main institution responsible for combating illicit trafficking in drugs; the Ministry of Finance is the main institution responsible for the fight against money laundering.

The Ministry of Foreign Affairs, in coordination with competent Ministries and other public institutions, facilitates and monitors international cooperation, particularly in the area of judicial cooperation in civil and criminal matters.

The Under-Secretariat of Customs is responsible for the fight against smuggling and illicit trafficking in drugs.

#### **c) Final objective**

To adopt and implement the EU *acquis* that needs to be undertaken for accession.

## **4.25.2. Asylum**

### **I. Priority description**

Lifting the geographical reservation on the 1951 United Nations Convention Relating to the Status of Refugees will be considered in a manner that would not encourage large-scale refugee inflows from the East, when the necessary legislative and infra-structural measures are introduced, and in the light of the attitudes of the EU Member States on the issue of burden-sharing.

Accommodation facilities and social support for refugees will be further developed with the assistance of the UNHCR, the International Organization for Migration (IOM), and NGOs, giving priority to single women, women as heads of household, orphans and separated or unaccompanied children, as well as other especially vulnerable individuals, such as the infirm or the victims of domestic violence.

#### **a) EU acquis**

The list of the relevant EU acquis is in Volume II.

#### **b) Implementing institutions**

Ministry of National Defence, Ministry of the Interior, Ministry of Foreign Affairs

#### **c) Final objective**

To adopt and implement the EU acquis that needs to be undertaken for accession.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

The main relevant legislation is as follows:

- The 1951 United Nations Geneva Convention Relating to the Status of Refugees: Turkey ratified the 1951 United Nations Convention Relating to the Status of Refugees in 1962. Availing herself of the right granted in Article 1 B of the Convention, Turkey made a declaration on this matter in the Ratification Act No. 359 (Official Gazette (OG) 5 September 1961). In this declaration Turkey stated that she understands the words "events occurring before 1 January 1951" in Article 1 B of the Convention as "events occurring in Europe before 1 January 1951", and thereby applies this meaning for the purpose of her obligations under the Convention. Therefore, Turkey did not assume an international obligation to grant refugee status to persons seeking asylum as a result of events occurring outside of Europe before 1 January 1951. Turkey ratified the 1967 Protocol to the 1951 Convention Relating to the Status of Refugees with the Council of Ministers Decree No. 6/10266 (OG 5 August 1968). Article 1 (2) of this Protocol repealed the words "As a result of events occurring before 1 January 1951..." and the words "...as a result of such events" in Article 1 A (2) of the 1951 Convention, while allowing Member States to retain reservations on Article 1. Turkey went along with the amendment related to the time-frame introduced by the 1967 Protocol to the 1951 Convention, but retained the geographical limitation. This geographical limitation on the definition of the term "refugee", which Turkey declared at the time of her accession to the 1951 Convention and retained in the following years, is based mainly on security considerations and the proximity of Turkey to a number of countries marked by instability. However, Turkey strictly observes the principle of non-refoulement outlined in Article 33 (1) of the 1951 Convention both for foreigners who are admitted as refugees in accordance with the geographical reservation and for foreigners coming from regions outside of Europe, who are granted temporary asylum on humanitarian grounds.
- Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 4360 Amending the Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 403 on Turkish Citizenship

- Act No. 2481 on the Admittance and Settlement of Refugees in Turkey
- Act No. 4104 on Members of Foreign Armed Forces of Warring Parties, Who Seek Asylum in Turkey
- Bylaw No. 18032 on Refugee Guesthouses
- Bylaw No. 94/6169 on the Procedures and Principles Applicable to Possible Population Movements and to Foreigners Reaching Turkish Borders with the Purpose of Seeking Asylum from Turkey or Requesting Residence Permits with a View to Seeking Asylum from a Third Country, either as Individuals or in Groups

**b) Necessary amendments and modifications in the corresponding Turkish legislation**

The main legislation to be reviewed is as follows:

- Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 4360 Amending the Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Bylaw No. 94/6169 on the Procedures and Principles Applicable to Possible Population Movements and to Foreigners Reaching Turkish Borders with the Purpose of Seeking Asylum from Turkey or Requesting Residence Permits with a View to Seeking Asylum from a Third Country, either as Individuals or in Groups

Lifting the geographical reservation on the 1951 United Nations Convention Relating to the Status of Refugees will be considered in a manner that would not encourage large scale refugee inflows to Turkey from the East, when the necessary legislative and infra-structural measures are undertaken, and in the light of the attitudes of the EU Member States on the issue of burden-sharing.

Turkey intends to undertake new and more comprehensive arrangements governing the duties and activities of the authorities responsible for determining the status of individual applicants, and to review the possibility of formally determining the roles that may be undertaken in practice by the UNHCR and Turkish NGOs in this context.

**c) Additional staffing and training requirements for the implementation of amendments and modifications**

In the context of cooperation in training on asylum and refugee issues with the UNHCR, a training programme running from 1 January 2001 to 31 December 2003 has been undertaken by the Directorate General for Public Security (The Turkish National Police-Ministry of the Interior). Projects planned as part of the programme are the training of personnel working at the central and provincial units of the Ministry, technical cooperation, translation assistance and visits to observe *in situ* the practices in EU Member States.

Seminars on refugee law for the Gendarmerie staff at border regions organized jointly in 2000 by the Gendarmerie General Command and the UNHCR will continue to be held in 2001.

**d) Necessary investments**

Work has been initiated to further develop the reception facilities at the Yozgat and Kirklareli Refugee Guesthouses.

**III. Time schedule**

All work will be initiated within the year 2001 and a major part of this work will be completed in the medium term.

**IV. Financing**

Governorships of provinces in which the majority of refugees and asylum-seekers are accommodated will continue to provide comprehensive support to refugees and asylum seekers with assistance such as food,

lodging and health services through the Social Support and Solidarity Fund. Municipalities will continue to finance such services from their own budgets to the extent possible.

### **4.25.3. External Borders**

#### **I. Priority description**

- Cooperation and coordination between the competent Ministries and other public institutions will be strengthened.
- Border management will be reinforced and preparations will be made to fully implement the Schengen Convention.
- Work will be undertaken for the alignment of Turkish visa legislation and practices with the EU acquis.
- Measures already underway will be enhanced to further decrease the number of people attempting to reach Western European countries illegally, and additional initiatives will be taken to strengthen these measures.

#### **a) EU acquis**

The list of the relevant EU acquis is in Volume II.

#### **b) Implementing institutions**

Turkish General Staff (Land Forces Command), Ministry of National Defence, Ministry of the Interior (Directorate General for Public Security, Gendarmerie General Command and Coast Guard Command), Ministry of Foreign Affairs, Ministry of Health, Under-Secretariat of Customs

#### **c) Final objective**

To adopt and implement the EU acquis that needs to be undertaken for accession.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

The major relevant legislation is as follows:

- The Land Forces Command is the authorized body for the security of the land borders of Turkey under the provisions of Act No. 3497 on the Protection and Security of Land Borders. However, pending the transfer of responsibility for border control to the Land Forces Command, 390 km. of the Turkish-Iranian border, the border between Turkey and Iraq (387 km.), and 83 km. of the Turkish-Syrian border, a total of 851 km. altogether, are currently under the control of the Gendarmerie General Command. The Coast Guard Command is the authorized body for the security of the maritime borders. At land borders, seaports and airports, checks on the entry and exit of persons are carried out by the Directorate General for Public Security (The Turkish National Police-Ministry of the Interior); checks on the entry and exit of vehicles, passenger goods and commercial goods are carried out by the Under-Secretariat of Customs.
- The 1944 Convention on International Civil Aviation and its Annexes (Act No. 4749, 5 June 1945)
- Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 4360 Amending the Act No. 5683 on the Residence and Travel of Foreigners in Turkey



- Act No. 5682 on Passports
- Act No. 1593 on Public Health
- The International Health Regulation adopted in accordance with Act No. 6368, published in the Official Gazette No. 14517, dated 25 April 1973
- Regulation on the Health Safety of Passengers on Board Ships, published in the Official Gazette No. 5316, dated 28 January 1943
- Directive No. 12586 of 29 April 1967 on the Health Board and Temporary Lodgings for Seamen

**b) Necessary amendments and modifications in the corresponding Turkish legislation**

The main legislation to be reviewed is as follows:

- Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 4360 Amending the Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 5682 on Passports
- Act No. 3497 on the Protection and Security of Land Borders

In addition, the Ministry of National Defence has initiated work on the Draft Act Amending Relevant Articles of Act No. 2692 on the Coast Guard Command, Act No. 211 on Turkish Armed Forces Internal Service and Act No. 926 on the Turkish Armed Forces Personnel, to employ expert staff and to introduce legislative changes to make the Coast Guard Command an independent body.

**c) Necessary institutional changes**

- In compliance with the provisions of Act No. 3497 on the Protection and Security of Land Borders, work is underway to transfer border controls currently under the responsibility of the Gendarmerie General Command to the Land Forces Command.
- Border units of the Gendarmerie General Command are equipped with thermal cameras, long distance binoculars, night vision equipment, and land-monitoring radars at critical points, enabling surveillance both during the daytime and at night. These border units currently have a 71% mobile capacity in terms of the number of vehicles in use, and full mobility is planned for all units.

**d) Additional requirements stemming from entry into force of the new legislation**

With the acceleration of work to ensure the reliability of visa labels, watermarked visa labels similar to the ones used in the Schengen system will be introduced as soon as practicable.

**e) Additional staffing and training requirements for the implementation of amendments and modifications**

The training of the government personnel concerned is planned as part of the process of alignment with the Schengen acquis.

Current projects underway include intensive training programmes for the personnel of the Ministry of the Interior on foreign travel documents, the distribution of training material to border staff, and various training programmes at the regional level. Seminars on the identification of fraudulent travel documents will be held in 2001 with the participation of experts from Germany.

**f) Necessary investments**

Additional funds of 4 million Euro are needed to complete the project for issuing passports and installing optical readers at entry and exit points.

Analog wireless communication systems are presently in use at border units, down to the level of gendarmerie stations. The border brigades/divisions of the Gendarmerie are equipped with computer networks. The integration of wired and wireless communication systems, including between units at the border provinces, within the framework of the Gendarmerie Integrated Communication and Information System Project (JEMUS), will enable the speedy transmission of messages and information even to the smallest Gendarmerie units.

### **III. Time schedule**

- Preparatory work will be undertaken in the short term for alignment with the EU Visa Negative List. As of 2001, the Negative List will gradually be put into effect. Full alignment with the Negative List will be completed in the medium term.
- As of 2001, border controls will be reinforced, and cooperation and coordination between the competent Ministries and other public institutions will be enhanced.
- The watermarked visa label, which will be introduced gradually, will be put into practice in the medium term.

## **4.25.4. Migration**

### **I. Priority description**

Cooperation and coordination between competent Ministries and other public institutions will be enhanced.

In the medium term, the EU acquis and practices on migration (admission, readmission and expulsion), including prospective common asylum and migration procedures, will be adopted and implemented in order to control and prevent illegal immigration.

#### **a) EU acquis**

The list of the relevant EU acquis is in Volume II.

#### **b) Implementing institution**

Ministry of National Defence, Ministry of the Interior, Ministry of Foreign Affairs, Ministry of Health, Ministry of Labour and Social Security, Ministry of Tourism, Under-Secretariat of Customs

#### **c) Final objective**

To adopt and implement the EU acquis that needs to be undertaken for accession.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

Turkey participates in regional and international fora against illegal immigration (Stability Pact- Working Table III, the Budapest Process, the Centre for Information, Discussion and Exchange on the Crossing of Frontiers and Immigration (CIREFI), the South East European Cooperation Initiative (SECI)-Task Force on Trafficking in Human Beings, International Border Police Conference) and goes along with measures agreed at these fora.

Under the provisions of Article 23 of the Constitution and Article 3 of Act No. 5682 on Passports, Turkish citizens may not be deprived of their right of entry into Turkey.

If foreigners with legal Turkish residence permits leave Turkey while these permits are still valid and are expelled for reasons of illegality from a third country before these permits expire, there are no restrictions

on their readmission to Turkey. Third country nationals departing from Turkey by air to another country are readmitted to Turkey if they are deported immediately upon their arrival at that country.

According to Act No. 2510 on Settlement, foreigners who fulfil the necessary criteria may be admitted to Turkey as immigrants with or without land appropriation. Provided that they satisfy the legal conditions, these persons may be exempted from customs duties, taxes and other charges, and from compulsory military service. Immigrants admitted to Turkey under the provisions of this law may acquire Turkish citizenship upon completion of the application process.

The main relevant legislation is as follows:

- Article 23 of the Constitution
- Act No. 5682 on Passports
- Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 4360 Amending the Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Labour Act, No. 1475
- Act No. 403 on Turkish Citizenship
- Act No. 2527 on Permitting Foreign Nationals of Turkish Origin to Freely Practice Their Professions and Trades, or to be Employed in Public or Private Organizations or Enterprises in Turkey
- Act No. 2007 on Trades and Services Allocated to Turkish Citizens in Turkey
- Act No. 2634 on the Promotion of Tourism
- Act No. 2510 on Settlement
- Act No. 815 on Maritime Transportation (Cabotage), Business and Trade in Turkish Territorial Waters
- Act No. 506 on Social Security
- Act No. 1479 on the Social Security Institution for Craftsmen, Tradesmen and Other Self-Employed Persons
- Bylaw No. 94/6169 on the Procedures and Principles Applicable to Possible Population Movements and to Foreigners Reaching Turkish Borders with the Purpose of Seeking Asylum from Turkey or Requesting Residence Permits with a View to Seeking Asylum from a Third Country, either as Individuals or in Groups

#### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

The following are the main conventions that Turkey plans to ratify:

- The 2000 UN Convention Against Transnational Organized Crime
- The 2000 Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the UN Convention Against Transnational Organized Crime
- The 2000 Protocol Against the Smuggling of Migrants by Land, Sea and Air, Supplementing the UN Convention Against Transnational Organized Crime

The main relevant legislation to be reviewed is as follows:

- Act No. 5682 on Passports

- Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 4360 Amending the Act No. 5683 on the Residence and Travel of Foreigners in Turkey
- Act No. 2527 Permitting Foreign Nationals of Turkish Origin to Freely Practice Their Professions and Trades, or to be Employed in Public or Private Organizations or Enterprises in Turkey
- Act No. 2634 on the Promotion of Tourism
- Bylaw No. 94/6169 on the Procedures and Principles Applicable to Possible Population Movements and to Foreigners Reaching Turkish Borders with the Purpose of Seeking Asylum from Turkey or Requesting Residence Permits with a View to Seeking Asylum from a Third Country, either as Individuals or in Groups

The Draft Act on Work Permits for Foreigners has been submitted to the Council of Ministers.

**c) Additional staff and training requirements for the implementation of amendments and modifications**

Training programmes need to be prepared for staff of the competent Ministries and other public institutions.

**d) Necessary investments**

Financial resources are needed for training programmes.

**III. Time schedule**

- In order to enhance border controls, work on legislation for alignment with practices under the Schengen Information System will be initiated in the short term, and the major part of the pre-accession work on harmonization will be completed in the medium term.
- Work on the alignment of Turkish visa legislation and practices with the EU acquis will be initiated in the short term, and the pre-accession work on harmonization will be completed in the medium term.
- In the context of illegal migration Turkey will implement, in the medium term, the EU acquis related to the practices on admission, readmission and expulsion that need to be adopted in the pre-accession period. The Turkish government intends to initiate negotiations, in the short term, on readmission agreements with countries of destination and origin involving Turkish citizens, persons transiting Turkey illegally, and foreign nationals apprehended in Turkey, and envisages completing these negotiations in the medium term. In this context, Turkey aims to conclude readmission agreements first with bordering countries to the East, to be followed by readmission agreements with countries located beyond these countries and finally with bordering countries to the West. Negotiations with Greece for a protocol on readmission are already underway. Draft protocols have been proposed to Iran, Syria, Pakistan, Bangladesh, India and Sri Lanka. Due to present political circumstances, readmission agreements with Afghanistan and Iraq are not foreseen for the time being.
- Training programmes on the EU acquis and practices in EU Member States in the area of justice and home affairs will be initiated in the short term and extended in the medium term.

**4.25.5. Organized Crime, Fraud and Corruption**

**I. Priority description**

- Cooperation and coordination between the competent Ministries and other public institutions will be enhanced.

- The relevant legislation will be reviewed to extend the scope of the definition of “money laundering offences” in the short term.
- EU acquis on the illicit use, production of and trafficking in drugs, organized crime, fraud and corruption, money laundering and judicial cooperation in civil and criminal matters will begin to be adopted in 2001, and international cooperation in these areas will be intensified.
- The capacity for cooperation between the judicial, financial, police and gendarmerie units in the fight against organized crime, fraud and corruption, the illicit use, production of and trafficking in drugs, and money laundering will be strengthened.
- It is intended to develop joint projects with EU Member States and organizations affiliated with the EU to strengthen the legal, administrative and technical capacities of the Drug Addiction Prevention, Monitoring and Control Board, and its Subcommittee, and to increase the effectiveness of the protective and preventive measures undertaken in this area.
- Means of cooperation with the Lisbon-based European Monitoring Centre for Drugs and Drug Addiction will be explored to undertake a more effective fight against drug trafficking.
- Work on the collection, storage, processing, analysis and exchange of relevant information on suspicious financial transactions will be accelerated.

#### **a) EU acquis**

The list of the relevant EU acquis is in Volume II.

#### **b) Implementing institutions**

Turkish General Staff, Ministry of Justice, Ministry of Defence, Ministry of the Interior (Directorate General for Public Security, Gendarmerie General Command, Coast Guard Command), Ministry of Foreign Affairs, Ministry of Finance, Ministry of National Education, Ministry of Health, Ministry of Transportation, Ministry of Labour and Social Security, Under-Secretariat of Treasury, Under-Secretariat of Foreign Trade, Under-Secretariat of Customs, Central Bank, Banking Regulatory and Supervisory Authority, Capital Market Board, Family Research Institution (Prime Ministry), Directorate General for Title Deeds and Cadastre (Prime Ministry)

#### **c) Final objective**

To adopt and implement the relevant EU acquis in this field.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

#### Organized Crime – General

- European Convention of 27 January 1977 on the Suppression of Terrorism (Act No. 2327, 27 October 1980)
- Anti-terrorism Act, No. 3713
- Act No. 4422 on Combating Organizations Pursuing Illicit Gain
- Bylaw on the Implementation of Act No. 4422 on Combating Organizations Pursuing Illicit Gain
- Act No. 1918 on the Interdiction and Pursuit of Smuggling
- Turkish Penal Code No. 765 (Articles 202 to 219 under the title of “Crimes Against the Authority of the State”; Article 264 under the title of “Violence and Resistance Against the Government and Opposing the Law”; Articles 313 and 314 under the title of “Persons Forming Organizations for Crime”; Article

364 on the disclosure of confidential information; Articles 403 to 409 under the title of “Crimes Related to Public Health, Food and Beverages”; Article 504/4 related to committing fraud with the purpose of finding employment, getting a visa, residence or work permit abroad)

- Act No. 6136 on Firearms, Knives and Other Such Instruments

The Department of Smuggling, Intelligence Operations and Information Gathering (KİHBİ-Ministry of the Interior) ensures coordination between the competent Ministries and other public institutions, and maintains records on all types of criminal activity in electronic media. The Smuggling Intelligence Coordination Board meets twice a month to coordinate the fight against organized crime and drug trafficking.

To fight against organised crime, the Department of Anti-smuggling and Organized Crime is currently in operation at the Directorate General for Public Security (The Turkish National Police-Ministry of the Interior), and the Divisions of Anti-smuggling and Organized Crime at the Provincial Directorates for Public Security.

To increase effectiveness in the fight against organised crime and drug trafficking, the Department of Anti-smuggling and Organized Crime has been created at the Gendarmerie General Command and Divisions of Anti-smuggling and Organized Crime at the Gendarmerie Provincial Commands.

#### The Fight Against Bribery, Corruption and Money Laundering

- The 17 December 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (Act No. 4518 approved by the Council of Ministers Decree No. 2000/385 of 9 March 2000). (Turkey joined the OECD Financial Action Task Force on Money Laundering (FATF) - created to address financial problems related to drug trafficking, to standardize legislation against money laundering and to facilitate a continuous flow of information between the OECD Member States - on 25 September 1991.)
- Act No. 4208 on the Prevention of Money Laundering
- Four bylaws were issued to explicate and implement Act No. 4208 which was enacted to meet the requirements of the Forty Recommendations adopted by the FATF in 1990 and those of the 1988 UN Vienna Convention Against Illicit Trafficking in Narcotic Drugs and Psychotropic Substances adopted by Turkey on 22 November 1995. These bylaws are as follows:
  - o Bylaw on the Implementation of Act No. 4208 on the Prevention of Money Laundering (OG 2 July 1997): Amendments to this bylaw, which entered into force on 1 February 2000, made it obligatory to introduce an internal audit system, to appoint a “compliance officer” to carry out work for harmonization, and to undertake staff training programmes.
  - o Bylaw on the Working Principles and Procedures of the Coordination Board for Combating Financial Crimes (OG 2 July 1997)
  - o Bylaw on the Duties and Working Procedures of Financial Crimes Investigation Experts (OG 20 August 1998)
  - o Bylaw on the Implementation Procedures and Methods of Controlled Delivery (OG 15 September 1997)
- The Financial Crimes Investigation Board, established at the Ministry of Finance by Act No. 4208 and in operation since 12 February 1997, has also issued two communiqués in compliance with the Forty Recommendations. These are the following:
  - o The Financial Crimes Investigation Board General Communiqué on Customer Identification (No. 1) (OG 31 December 1997)
  - o The Financial Crimes Investigation Board General Communiqué on Suspicious Transactions (No. 2) (OG 31 December 1997)
- Act No. 3628 on the Declaration of Property, and the Fight Against Bribery and Corruption

- Turkish Penal Code, No. 765 (Articles 202 to 219)
- Act No. 4389 on Banks
- Act No. 2238 on the Removal, Preservation and Transplantation of (Human) Organs and Tissues
- Act No. 2863 on the Protection of Cultural and Natural Heritage
- The new Customs Code No. 4458, Harmonized with the EU Customs Code
- Act No. 1920 on the Procedure for Customs Officials Who Abuse Their Positions or Who Are Inefficient in the Conduct of Their Duties or Profession
- Act No. 3944 on Organizational Rules for Customs Enforcement Officials

#### The Illicit Use, Production and Trafficking in Narcotic Drugs

- The 1961 Single Convention on Narcotic Drugs (Act No. 812, 27 December 1966)
- The 1971 Convention on Psychotropic Substances (Act No. 2326, 27 October 1980)
- The 1988 UN Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Act No. 4136, 21 November 1995)
- Turkish Penal Code, No. 765 (Articles 403 to 409)
- Act No. 2313 on the Control of Narcotic Drugs
- Act No. 3298 on Narcotic Substances
- Act No. 1262 on Pharmaceuticals and Medicinal Preparations
- Act No. 6197 on Pharmacists and Pharmacies
- Act No. 2559 on the Duties and Competences of the Police, and the Regulation on the Implementation of Act No. 2559
- Act No. 2803 on the Organization, Duties and Competences of the Gendarmerie, and the Bylaw on the Implementation of Act No. 2803
- Act No. 2692 on the Coast Guard Command, and the Regulation on the Implementation of Act No. 2692

The Drug Addiction Prevention, Monitoring and Control Board and its Subcommittee, set up at the Family Research Institution, ensures coordination between all competent institutions in the fight against the illicit use of drugs, identifies the national policy and oversees the division of labour in this area. The National Policy and Strategy Paper prepared by the Subcommittee has already been distributed to the relevant institutions. The Subcommittee meets once a month to plan and identify activities for monitoring and directing the fight against the misuse of drugs at the national level.

#### Trafficking in Human Beings

- Act No. 5682 on Passports (Articles 33, 34 and 36)
- Labour Act, No. 1475 (Articles 83, 85 and 105)
- Statutory Decree No. 617 on the Establishment of the Turkish Employment Agency

## **b) Necessary amendments and modifications in the corresponding Turkish legislation**

The following are the main conventions to which Turkey plans to accede:

- The 1990 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime
- The 1998 Council of Europe Criminal Law Convention on Corruption
- The 1997 Council of Europe Civil Law Convention on Corruption
- The 2000 UN Convention Against Transnational Organized Crime
- The 2000 Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the UN Convention Against Transnational Organized Crime
- The 2000 Protocol Against the Smuggling of Migrants by Land, Sea and Air, Supplementing the UN Convention Against Transnational Organized Crime
- The 1972 Protocol Amending the 1961 Single Convention on Narcotic Drugs (Signed on 25 March 1972)
- The 1995 Agreement on Illicit Traffic by Sea, Implementing Article 17 of the 1995 UN Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances

The main legislation to be reviewed is as follows:

- Turkish Penal Code, No. 765
- Anti-terrorism Act, No. 3713
- Code of Penal Procedure, No. 1412
- Act No. 2886 on Public Procurement
- Act No. 4208 on the Prevention of Money Laundering
- Act No. 1567 on the Protection of the Value of the Turkish Currency
- Foreign exchange legislation

Work is underway on the Draft Act Amending Relevant Acts to Prevent the Bribery of Foreign Public Officials.

The Draft Act on the Organization and Duties of the Directorate General for Family and Social Research, which will establish the legal basis for the activities of the Drug Addiction Prevention, Monitoring and Control Board and its Subcommittee, has been submitted to the Turkish Grand National Assembly.

## **c) Necessary institutional changes**

- Police records on smuggling are maintained at the Department of Anti-smuggling and Organized Crime (Directorate General for Public Security) within the framework of the Project on Network Communication and Search System for Smuggling. The Gendarmerie records are maintained at the Department of Anti-smuggling and Organized Crime (Gendarmerie General Command) within the framework of the Smuggling Cases Project. To integrate records maintained at the Directorate General for Public Security, the Gendarmerie General Command and the Coast Guard Command, the scope of these projects needs to be extended to meet additional requirements in the technical infrastructure.
- Changes are planned in the organizational structure of the Financial Crimes Investigation Board to increase the effectiveness of this body.



- Setting up databases at and improving the supervisory capacities of the Ministry of the Interior and the Ministry of Finance are planned to combat bribery, fraud, corruption and money laundering more effectively.
- Financial and technical assistance will be sought from the EU for the Title Deeds and Cadastre Information System Project (TAKBİS), a project for the automation of legal and technical data on immovable properties in 78 provinces.
- Work to establish an Office for the European Monitoring Centre for Drugs and Drug Addiction in Turkey, and work for participation in REITOX will be initiated under the coordination of the Family Research Institution and with the assistance of the Turkish International Academy against Drugs and Organised Crime (TADOC), in accordance with their respective areas of responsibility.

**d) Additional staff and training requirements for the implementation of amendments and modifications**

- As part of its in-service training programme, the Ministry of Justice aims to provide training on drugs for its prison staff within the framework of its 2001 Annual Training Plan.
- The Ministry of the Interior, the Directorate General for Public Security and the Gendarmerie General Command need experts skilled in EU languages to continue the work on the screening of the EU acquis. Furthermore, government staff in the relevant departments needs further training on the EU acquis through participation in EU programmes, and through bilateral cooperation undertaken with EU Member States.
- The Directorate General for Public Security has a specialized unit on fraud, and staff at other units responsible for law enforcement is currently receiving training in this area.
- The Turkish International Academy against Drugs and Organised Crime started its activities on 26 June 2000 in Ankara in cooperation with the United Nations International Drug Control Programme. The Academy provides training for Turkish law enforcement personnel on the illicit production and use of and trafficking in drugs, and on the fight against organised crime. Law enforcement officials from the Balkan States, the Member States of the Black Sea Economic Cooperation (BSEC) and the Economic Cooperation Organization (ECO), and from States with which Turkey has concluded bilateral agreements will also be able to participate in these training programmes. The Turkish International Academy against Drugs and Organised Crime intends to establish the Research Centre for the Prevention of Crime, the Research Centre to Control and Reduce the Demand for Drugs, the Research Centre on Money Laundering and the Research Centre on IT/Computer Crimes, at which research projects in areas such as organised crime, money laundering, reduction of drug supply and demand, and computer crime can be undertaken, as soon as the necessary financial resources are available.
- Work is underway for the establishment of a Sniffer Dog Training Centre at the Gendarmerie to assist, *inter alia*, the fight against drug trafficking. The training of the staff to be appointed at the Centre is underway.
- The Financial Crimes Investigation Board needs additional experts and assistant experts to carry out its work more effectively. It is envisaged to provide this staff with the opportunity to benefit as much as possible from EU training programmes.

**e) Necessary investments**

- Setting up databases at and improving the supervisory capacities of the Ministry of the Interior, the Ministry of Finance and the Directorate General for Title Deeds and Cadastre are planned to combat bribery, fraud, corruption and money laundering more effectively.
- To initiate activities at the centres established at the Turkish International Academy against Drugs and Organised Crime, an estimated amount of 700,000 Euro is needed for the Tactical Training Centre Project; and a total of approximately 300,000 Euro for the Research Centre for the Prevention of Crime, the Research Centre to Control and Reduce the Demand for Drugs, the Research Centre on Money Laundering and the Research Centre for IT/Computer Crimes.

- 16 million 250 thousand Euro is needed for the Procurement of Police Observation Vehicles Project, initially planned for 25 provinces, for the fight against drug trafficking and other forms of organised crime.
- 300,000 Euro is needed to finance the establishment of a bureau in Turkey for the European Centre for the Monitoring of Drugs and Drug Addiction.
- The Directorate General for Public Security is planning a project for the study of EU activities against organized crime.
- 5 million Euro is needed to harmonize criminal records maintained by the Gendarmerie General Command with the identification numbers issued in the context of the MERNIS (Central Registry Management System) and with the database at the Directorate General for Population and Citizenship (Ministry of the Interior).
- 13 million Euro is needed to purchase 21 observation vehicles to combat organized crime more effectively in the Gendarmerie districts of 21 provinces.
- 1.5 million Euro is needed to complete work on the Sniffer Dog Training Centre of the Gendarmerie.
- The Financial Crimes Investigation Board needs 20 million Euro to acquire a building, to set up its own database, and to establish links with other national databases (e.g. at the Department for Smuggling, Intelligence, Operations and Information Gathering, the Directorate General for Judicial Records and Statistics, the Customs Administration, the Land Registry Administration, the Population Registry Administration, banks and other financial institutions, as well as trade registry records) and international databases (e.g. the Egmont Secure Web and other international systems), in the context of the fight against money laundering.
- The Banking Regulatory and Supervisory Authority envisages training programmes in the context of the fight against corruption and money laundering.
- The estimated cost of the Title Deeds and Cadastre Information System Project is 160 million Euro. Technical and financial assistance will be sought from the EU for this project.
- The estimated cost of the five-year Title Deeds Archives Automation Project is 21 million Euro.

### **III. Time Schedule**

- Alignment with the EU acquis on the fight against fraud and corruption, illicit use, production of and trafficking in drugs, organized crime, money laundering and judicial cooperation in civil and criminal matters will begin as of 2001, and international cooperation in these areas will be enhanced.
- As of 2001, administrative and judicial capacities will be enhanced to increase the effectiveness of the fight against organized crime, the illicit use, production of and trafficking in drugs, and corruption, fraud and money laundering.

## **4.25.6. Police Cooperation**

### **I. Priority description**

- Operational cooperation with police, gendarmerie, customs and other specialized law enforcement agencies of Member States will be sought in relation to the prevention, detection and investigation of criminal offences.
- For full membership in Europol, the necessary harmonisation with the relevant acquis will be realized and preparations will be completed.

- In order to fully participate in the Schengen Information System (SIS) and in Europol, the work on the adoption of the EU acquis on the protection of individuals in the processing of personal data will be initiated as of 2001.
- International cooperation and joint initiatives will be sought on the exchange, training, and secondment of expert staff, the use of equipment, and forensic research.
- Common evaluation of particular investigative techniques in relation to the detection of serious forms of organized crime will be sought at the international level.
- Cooperation will be simplified and improved in the area of gathering of evidence.
- Cooperation and coordination between competent Ministries and other public institutions will be enhanced.
- The authority of law enforcement agencies will be reviewed so as to extend their competences with respect to the gathering of evidence.
- Crime scene investigation units will be increased in number throughout the country and these units will be equipped with adequate technical facilities and trained staff to the extent possible.
- The modernization of the Police and Gendarmerie Criminal Laboratories will continue, the number of laboratories will gradually be increased particularly in provinces outside of Ankara, and work on crime scene investigation units will be accelerated.

#### **a) EU acquis**

The list of the relevant EU acquis is in Volume II.

#### **b) Implementing institution**

Ministry of Justice, Ministry of the Interior (Directorate General for Public Security, Gendarmerie General Command and Coast Guard Command), Ministry of Foreign Affairs, Ministry of Finance, Ministry of Culture, Under-Secretariat of Customs, State Personnel Department, Banking Regulatory and Supervisory Authority, Inter-bank Centre for Bank Cards

The Directorate General for Public Security (The Turkish National Police), the Gendarmerie General Command and the Coast Guard Command are the responsible agencies for public security matters in Turkey.

#### **c) Final objective**

To adopt and implement the EU acquis that needs to be undertaken for accession.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

There are no legal arrangements concerning Europol.

#### **b) Necessary amendments and modifications in the corresponding Turkish legislation**

Turkey intends to ratify the 1981 European Convention for the Protection of Individuals with Regard to the Automatic Processing of Data (signed on 28 January 1981).

It is intended to conclude a cooperation agreement with Europol (with the involvement of the Directorate General for Public Security, the Gendarmerie General Command, the Coast Guard Command and other relevant institutions).

Main legislation to be reviewed is the following:

- Act No. 2559 on the Duties and Competences of the Police, and the Regulation for the Implementation of Act No. 2559
- Act No. 2803 on the Organization, Duties and Competences of the Gendarmerie and the Bylaw for the Implementation of Act No. 2803
- Act No. 2692 on the Coast Guard Command, and the Regulation for the Implementation of Act No. 2692

Work is currently underway on the Draft Act on the Protection of Personal Data.

**c) Necessary institutional changes**

- Reinforcing the administrative capacity of the Ministry of the Interior and appointing additional staff for EU-related matters are being planned. In this context, a draft act for the establishment of a "Directorate General for Foreign Relations and the EU" as a unit of main service in the Ministry has been prepared and submitted to the Prime Ministry.
- Along with possible amendments to the legislation in this area, administrative reform will be undertaken for further alignment with the EU acquis on the confidentiality of personal data such as fingerprints and personal records.
- Units responsible for taking statements and interrogation, the fight against auto theft, computer crimes, and for detention and interrogation need to be standardized.
- Units responsible for international police cooperation at the Directorate General for Public Security are to be reorganized to better address needs in this area.
- Work on the Police Criminal Laboratories Information System has been ongoing since 1998. In this system, the Laboratory Work Flow System (LIAS) will constitute the basis of the workflow in the police criminal laboratories. LIAS will provide services for systems cooperation, independent operation, data scanning, high level control, statistics information retrieval, standardized data collection, communication (e-mail), and discussion lists. This system, which is already partly operational at eight police criminal laboratories, will be operational throughout Turkey at all police criminal laboratories with the completion of the work on software and infrastructure as of 2001.
- Trial applications and work on loading data into the Integrated Ballistics Identification System (IBIS) at the Department of Police Criminal Laboratories (Directorate General for Public Security) and the Diyarbakır Police Criminal Laboratory are scheduled to be completed in the short term; and setting up a third system at the Istanbul Police Criminal Laboratory as of 2001 is being planned.
- Extending the use of FM wireless communications systems (Directorate General for Public Security) is envisaged to enable instant data transmission and identity confirmation.
- It is planned to increase the number of Divisions for Identification and Crime Scene Investigation at Provincial Directorates for Public Security throughout Turkey.
- The gradual transition to a system of automated on-line tracking in patrol cars, enabling instant transmission of data to central units, is envisaged with the extensive application of the Automated Data Transfer and Management Project (already in operation at the Bursa Police Department) throughout Turkey.
- A Data Analysis Bureau for the investigation of information technologies and computer crimes will be set up at the Division for Voice and Image Data Analysis (Department of Police Criminal Laboratories).
- The feasibility studies on a communication network to be used by the Gendarmerie for the integrated transmission of voice, data and images have been completed. In this project, known as the Gendarmerie Integrated Communication and Information System (JEMUS), wired communication systems will be set up between provinces, and wireless communication systems within provinces. The

integration of wired and wireless communication systems will enable the speedy transmission of messages and information even to the smallest units.

- The Computerized Ballistics Analysis System (BALİSTİKA) operated by the Criminal Investigations Department at the Gendarmerie General Command in cooperation with the Scientific and Technical Research Council of Turkey (TÜBİTAK), and the Speech Analysis and Processing Software (KASIS) are ongoing projects, while training programmes related to these projects are already underway.
- Work is underway to establish the Gendarmerie Regional Criminal Laboratories in Antalya and in Rize.
- Of the crime scene investigation units to be set up at the Gendarmerie District Commands throughout the country between 1999-2010, 120 units are currently operational, and in the medium term, the number of these units will be increased to 274.
- The number of provinces with operational Explosives Detonation Units at the Provincial Gendarmerie Commands will be increased from 23 to 43.
- Regional work stations will be set up at the Gendarmerie Regional Criminal Laboratories Divisions and fingerprinting stations will be created at the Gendarmerie Provincial Commands, integrating the Automated Fingerprint Identification System at the Gendarmerie Criminal Investigations Department with remote work stations. Two work stations will initially be set up at the Bursa and Van Regional Criminal Laboratories Divisions, and a fingerprinting station will be created at the Gendarmerie Provincial Command in Ankara, the province selected for the pilot application of the project. The creation of fingerprinting stations at the remaining 80 Gendarmerie Provincial Commands will be undertaken in a planned manner.

#### **d) Additional requirements stemming from entry into force of the new legislation**

The standardization, in alignment with the EU acquis in this area, of statistical data on criminal offences maintained at the Ministry of the Interior is currently being planned. Work has been undertaken to revise the statistical tables on criminal offences against public security, in accordance with the provisions of the Turkish Penal Code, and in cooperation with the Directorate General for Public Security and the Gendarmerie General Command. The completion of the ongoing Pol-Net 2000 Project will enable the compilation of more detailed statistics on criminal offences.

#### **e) Additional staffing and training requirements for the implementation of amendments and modifications**

- In the process of alignment with EU standards, ensuring the speedy, accurate and reliable collection and transmission of physical evidence to judicial authorities in accordance with the legislation in this area, extending the competences of the law enforcement agencies in this regard, increasing the number of staff and enhancing the technical facilities for crime scene investigation and fingerprinting are envisaged as the main goals to be achieved. In this context, the main objectives are as follows:
  - appointment of additional staff,
  - revision of working hours,
  - training abroad of instructors in new techniques and technologies, who upon their return will train staff in Turkey,
  - in-service staff training twice a year.
- Experienced administrators and experts on EU-related matters are needed at the Directorate General for Foreign Relations and the EU, a new unit to be established at the Ministry of the Interior.
- Specialized training will be offered to approximately 10 thousand personnel who are currently responsible for judicial investigations at Divisions for Public Security (Provincial Directorates of Public Security) on judicial services and judicial investigations over a period of 4-5 years; and as of 2001, 75-90 instructors will be trained for this purpose.

- It is intended to increase gradually the number of staff at the Divisions for Identification and Crime Scene Investigation (Provincial Directorates of Public Security) from 1500 to 5000 and to undertake the training of this staff. It will be necessary to train approximately 100 instructors initially for this purpose and to organize basic and specialized courses on crime scene investigation and fingerprinting technologies and techniques for the 3500 newly appointed personnel.
- Means of providing higher education in international law and EU languages will be explored for the staff at the Directorate General for Public Security and at the Gendarmerie General Command, including through participation in EU programmes.
- Basic sciences education for the staff of the Department of Police Criminal Laboratories (Directorate General for Public Security) has been initiated at the Middle East Technical University in Ankara. This education will continue to be provided in the coming years as well.
- International cooperation is necessary for training programmes and information exchanges on matters of public security in general.
- Assistance will be sought from Europol for training and cooperation programmes.
- The employment of staff with experience in the field of international relations is envisaged in the context of efforts towards establishing Europol and Schengen-SIRENE bureaus in Turkey.
- Experts may be sent abroad for study visits and training purposes to nine national training centres endorsed by Interpol to offer basic training on fingerprinting so that upon their return they may share this expertise with their colleagues at the Police and the Gendarmerie departments in Turkey.
- Training and assistance will be sought from EU Member States on crime scene investigation services and the reorganization of the Turkish Police and the Gendarmerie to achieve further alignment with the EU acquis.
- Assistance will be sought from EU Member States for regular participation of the Turkish law enforcement agencies in the annual meetings and seminars of the working groups of the European Network of Forensic Science Institutes (ENFSI) on narcotic drugs, DNA analysis, document analysis, handwriting analysis, fibre analysis, fire and explosion analysis, firearms, information technologies, voice analysis, image analysis, marks analysis, paint analysis, quality assessment, traffic accidents analysis, crime scene investigations and fingerprint analysis.
- ENFSI assistance, similar to the ENFSI support offered to the laboratories in EU Member States, will be sought for criminal laboratories in Turkey in forensic training for standardization in the area of criminal investigation.
- Joint programmes are planned to be undertaken with the European Gendarmeries' Union (FIEP). (The Turkish Gendarmerie General Command has been a full member of FIEP since 1998. Turkey is the chairing country of FIEP until October 2001)

#### **f) Necessary investments**

- Communications and transportation facilities and technical equipment are required; the existing equipment and materiel need to be updated.
- Planning is currently underway on an integrated computer-based investigations system accessible by the Police and the Gendarmerie units.
- An additional amount of 25 million 400 thousand Euro is needed to conclude the Pol-Net Project for data-processing.
- Approximately 30 million Euro is needed to complete the Automated Data Transfer and Management Project (Directorate General for Public Security).
- Allocation of additional financial resources is required for the standardization of law enforcement units responsible for taking statements and interrogation, the fight against auto theft, computer crimes, and for detention and interrogation, and to upgrade the technical facilities at these units.

- Feasibility studies are underway on the standardization of 200 interrogation rooms and nearly 1000 detention rooms at the units of the Directorate General for Public Security.
- As of 2002, 700,000 Euro will be needed in the first stage of a programme for training judicial services staff and judicial investigation experts at the Directorate General for Public Security.
- Approximately 3 million Euro is needed to update the International Communication Centre at the Directorate General for Public Security.
- The estimated cost of making the FM wireless communications systems fully operational in Ankara, as part of a greater project of the Directorate General for Public Security to be applied throughout Turkey to enable instant data transmission and identity confirmation, is 30 million Euro.
- 6 million Euro is needed to finance the equipment, infrastructure and technical material requirements of the Divisions for Identification and Crime Scene Investigation (Provincial Directorates for Public Security).
- 4 million Euro is needed annually to train staff at the Divisions for Identification and Crime Scene Investigation (Provincial Directorates for Public Security).
- 400,000 Euro is needed to make the Antalya Police Criminal Laboratory operational.
- 3 million Euro is needed to finance the construction of a new building for the Central Police Criminal Laboratories in Ankara.
- A DNA data bank will be created at the Police Criminal Laboratories Biological Analysis Division.
- In cooperation with the Faculty of Dentistry (Ankara University), work is underway on the Forensic Odontology Project, which will enable DNA analysis from tooth samples.
- 800,000 Euro is needed to finance a research centre, to be established in cooperation with the Middle East Technical University, designed to improve services at police criminal laboratories.
- Approximately 150,000 Euro is needed annually to provide education on basic sciences at the Middle East Technical University for the staff of the Police Criminal Laboratories Department (Directorate General for Public Security).
- 300 million Euro is needed for the application of the Gendarmerie Integrated Communication and Information System (JEMUS) project throughout Turkey.
- 8 million Euro is needed to finance the project to improve facilities at detention houses in Gendarmerie districts.
- 6 million 500 thousand Euro is needed to finance the Gendarmerie Regional Criminal Laboratories to be established in Antalya and Rize.
- 120 of the crime scene investigation units to be established between 1999-2010 at the Gendarmerie District Commands are currently operational throughout Turkey, and in the medium term, the number of these units will be increased to 274. 500,000 Euro is needed for this project.
- 500,000 Euro is needed to establish Explosives Detonation Units at 20 Gendarmerie Provincial Commands.
- 4 million 500 thousand Euro is needed to finance fingerprinting stations in 80 Gendarmerie Provincial Commands.

### **III. Time schedule**

The JEMUS Project, underway since 1998, will be in the procurement stage as of 2001. This project will be completed over a period of 6-8 years starting from 2001, depending on the allocation of the necessary funds.

## **4.25.7. Customs Cooperation**

### **I. Priority description**

- Customs legislation, enabling common customs control procedures, will be put into force in due time.
- A legal basis, along with the necessary infrastructure, will be created to employ information technologies for customs purposes.
- The capacity of the Customs Administration to fight against smuggling and drug trafficking will be enhanced.

#### **a) EU acquis**

The list of the relevant EU acquis is in Volume II.

#### **b) Implementing institution**

Under-Secretariat of Customs

#### **c) Final objective**

To adopt and implement the EU acquis that needs to be undertaken for accession.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) The corresponding Turkish legislation**

Further alignment with the EU acquis on customs cooperation will be undertaken following Turkey's membership to the EU.

A total of 28 customs cooperation agreements have been concluded with the customs administrations of other countries. The Under-Secretariat of Customs has signed administrative assistance agreements with Bulgaria (1998), the Czech Republic (2000), Estonia (1998), Lithuania (2000), Poland (2000), Romania (1999) and Slovakia (2000). Turkey intends to conclude similar agreements also with Belgium, France, the Netherlands, Spain, Italy, Latvia, Hungary, Portugal and Slovenia.

#### **b) Necessary institutional changes**

- The World Bank-financed "Customs Modernization Project" for the automation of customs procedures in Turkey is in its final stage. When this project is operational, the administrative and technical infrastructure needed for implementing fully the EU acquis in the area of customs cooperation will be in place.
- Summary declarations, customs and transit declarations are currently completed in an electronic environment with the BİLGE software based on SOFIX (Système d'Ordinateurs Pour le Fret International Sous UNIX), the core software purchased from France and further developed in the context of the Customs Modernization Project. The BİLGE system has become more efficient after the Turkish CUSTOMS/EDI software, which allows export and import businesses to send their declarations to customs offices directly from their own bureaus, became operational. The pilot application for the BİLGE software was undertaken in 1998 at the İstanbul Atatürk Airport Entrance and Exit Customs Offices. The pilot application for the CUSTOMS/EDI software was undertaken in 1999. Following these pilot applications, work has been carried out to make these systems operational at other customs offices in Turkey. In 2000, 75% of all customs control procedures in Turkey were undertaken in an electronic environment. This ratio is expected to rise to 95% in 2001.
- Once the "DATA-WAREHOUSE" software becomes operational, the customs administration will be able to respond rapidly to queries.



- In the context of the Regional Intelligence Liaison Offices system, operated jointly by the WCO and the UN International Narcotics Control Board, the Under-Secretariat of Customs joined the Central and Eastern Europe RILO system on July 4, 1994. As soon as the WCO Customs Enforcement Network had become operational, data compiled on seizures of narcotic, chemical and psychotropic substances were placed on the Customs Enforcement Network (CEN) website. In addition to these, data on other smuggling incidents will be loaded into the system, starting from 2001.
- The Under-Secretariat of Customs also participates in the Balkan Routes Data Collection and Distribution System operated by the German Customs Administration (ZKA). Furthermore, in the framework of the Agreement on Cooperation to Prevent and Combat Transborder Crime (Southeast European Cooperation Initiative ((SECI)) 1999), the Under-Secretariat plans to exchange information with the SECI Centre in Bucharest.

#### **c) Necessary investments**

- Work is underway to install nuclear material detectors at customs checkpoints, particularly at borders in the east and the southeast of Turkey, to prevent the smuggling of nuclear materials.
- Work is underway to obtain x-ray machines for screening carry-on luggage.
- Work is underway to install technical devices such as fiberscopes, cameras, communications equipment, binoculars and laptop computers in five of the 18 vehicles employed by mobile units created for the fight against smuggling, and additional funds are needed to complete the project.
- Additional funds are needed to purchase technically equipped motorboats with high manoeuvring and speed capabilities.

### **4.25.8. Judicial Cooperation in Legal and Criminal Matters**

#### **I. Priority description**

- Cooperation and coordination between competent Ministries and other public institutions will be enhanced.
- Cooperation will be simplified and improved in the taking of evidence in extra-judicial cases and determining the authority of the law enforcement agencies in this area, in the evaluation of evidence at courts, and in the recognition and enforcement of court judgements.
- The compatibility of rules on the conflict of laws and jurisdiction with those practiced in EU Member States will be promoted.
- Assistance will be sought from EU Member States for the alignment of Turkish legislation and practices with rules applicable to civil proceedings in Member States, and any obstacles there may be to the proper functioning of civil proceedings will be eliminated.
- Initiatives will be undertaken to facilitate and speed up cooperation with the competent Ministries and other judicial or equivalent authorities of the Member States in relation to proceedings and the enforcement of court judgements.
- Work on facilitating extradition with Member States will be accelerated.
- Further measures will be undertaken to prevent conflicts of jurisdiction with Member States.
- Ways and means will be sought, as may be necessary, to ensure compatibility in rules with those applicable in Member States to improve cooperation.

- Further work will be undertaken to adopt measures for alignment with the minimum rules relating to the constituent elements of criminal acts and penalties in the fields of organized crime, terrorism and drug trafficking.
- Procedures for the service abroad of judicial and extra-judicial documents in civil or commercial matters will be simplified and accelerated.
- Effective cooperation will be sought for the mutual enforcement of decisions on search, seizure and confiscation, and on the cancellation of driving licenses.
- Ways and means of cooperation in witness protection will be sought to reinforce the fight against crime, in particular organized crime.

#### **a) EU acquis**

The list of the relevant EU acquis is in Volume II.

#### **b) Implementing institution**

Ministry of Justice, Ministry of National Defence, Ministry of the Interior, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Health

#### **c) Final objective**

To adopt and implement the EU acquis that needs to be undertaken for accession.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

### **a) The corresponding Turkish legislation**

The main relevant legislation is as follows:

#### Main International Conventions Acceded

- The UN Vienna Convention of 21 September 1988 Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Act No. 4136, 25 November 1995)
- Convention of 1 March 1954 on Civil Procedure (Act No. 1574, 14 March 1972)
- Convention of 15 November 1965 on the Service Abroad of Judicial and Extra-judicial Documents in Civil or Commercial Matters (Act No. 1483, 9 September 1971)
- European Convention of 7 June 1968 on Information on Foreign Law (Act No. 1899, 20 May 1975)
- European Convention of 20 May 1980 on the Recognition and Enforcement of Decisions Concerning the Custody of Children and on Restoration of Custody of Children (OG No. 23845, 13 October 1999)
- Convention of 25 October 1980 on the Legal Aspects of International Child Abduction (Act No. 4461, 3 November 1999)
- European Agreement of 27 January 1977 on the Transmission of Applications for Legal Aid (Act No. 2649, 26 March 1982)
- European Convention of 13 December 1957 on Extradition (Act No. 7376, 18 November 1959)
- European Convention of 20 April 1959 on Mutual Assistance in Criminal Matters (Council of Ministers Decree No. 6/10597, 14 August 1968)

- European Convention of 28 May 1970 on the International Validity of Criminal Judgements (Act No. 2081, 1 March 1977)
- European Convention of 15 May 1972 on the Transfer of Proceedings in Criminal Matters (Act No. 2080, 1 March 1977)
- Second Additional Protocol of 17 March 1978 to the European Convention on Extradition (Act No. 3732, 8 May 1991)
- Additional Protocol of 17 March 1978 to the European Convention on Mutual Legal Assistance in Criminal Matters (Act No. 3363, 26 May 1987)
- Convention of 21 March 1983 on the Transfer of the Sentenced Persons (Act No. 3339, 26 March 1987)

**b) Necessary amendments and modifications in the corresponding Turkish legislation**

Conventions at the Signature/Ratification Stage

- Agreement of 31 January 1995 on Illicit Traffic by Sea, Implementing Article 17 of the UN Vienna Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
- Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters
- Convention of 25 October 1980 on International Access to Justice
- Additional Protocol of 15 October 1975 to the European Convention on Extradition
- Additional Protocol of 15 March 1978 to the European Convention on Information on Foreign Law (Signed on 1 September 1980)
- Convention of 28 January 1981 on the Protection of Individuals with Regard to the Automatic Processing of Personal Data (Signed on 28 January 1981)

Draft Acts Submitted to the Turkish Parliament

- Draft Act Amending the Act on the Enforcement of Criminal Judgements Given by Foreign Courts on Turkish Nationals and by Turkish Courts on Foreign Nationals
- Draft Turkish Civil Code
- Draft Act Amending Relevant Articles of the Act on the Regulation of Payments by Cheque and Protection of Cheque Holders
- Draft Act Amending Relevant Articles of the Advocacy Act, No. 1136; and the Draft Act Supplementing Certain Articles of the Advocacy Act
- Draft Act on the Turkish Justice Academy
- Draft Act Amending Relevant Articles of the Act Regarding the Adoption of the Amended Statutory Decree on the Establishment and Duties of the Ministry of Justice (The unit operating at the Ministry of Justice as the Department for the Coordination of EC Affairs will be reorganized as a Directorate General.)
- Draft Act on Training Centres for the Personnel of Prisons and Detention Houses

Draft Act Currently at the Prime Ministry

- Draft Act on the Institution of the Judge of Execution (Enforcement)

#### Draft Acts Under Consideration

- Draft Turkish Penal Code
- Draft Code of Penal Procedure
- Draft Code Amending the Code on Civil Procedure
- Draft Code of Obligations
- Draft Code Amending the Code on Execution (Enforcement of Civil Judgements) and Bankruptcy
- Draft Turkish Code of Commerce
- Draft Act on International Arbitration
- Draft Act on the Protection of Personal Data
- Draft Act on the Establishment, Duties and Competences of Conciliation Boards
- Draft Act on the Establishment, Duties and Competences of the General Courts of First Instance and Regional General Courts
- Draft Act on the Turkish Union of Chambers of Arbitrators and Expert Witnesses
- Draft Act on the Enforcement of Criminal Judgements
- Draft Act on the Establishment and Duties of the Directorate General for Prisons and Detention Houses
- Draft Act on the Commuting of Fines under Certain Acts to Administrative Fines

#### Legislation To Be Reviewed

- Act No. 4353 Making Some Changes in the Duties of the Chief Legal Advisor and the Duties of the Directorate General of Proceedings at the Ministry of Finance, the Procedures to be Followed in State Cases, and in Staff Appointments at Governorships
- Bylaw on the use of medical services in judicial proceedings

#### **c) Necessary institutional changes**

The Department for the Coordination of EC Affairs at the Ministry of Justice will carry out its duties more effectively as a Directorate General when the relevant draft act is enacted; the number of experts may be increased from 5 to 20.

As part of the process of judicial reform, the Independent Data Protection Supervisory Authority, Courts of Appeal, Specialized Courts for Intellectual and Industrial Property Rights, Specialized Consumer Courts, the Turkish Justice Academy, the Turkish Union of Chambers of Arbitrators and Expert Witnesses, Conciliation Boards, and the institution of the Judge of Execution (Enforcement) will be created. In this context, Civil and Criminal Courts on Intellectual and Industrial Property Rights were set up in Istanbul to deal with conflicts on intellectual and industrial rights, and Specialized Consumer Courts were established in Ankara, İstanbul and İzmir to deal with conflicts in the context of Act No. 4077 on Consumer Protection, by Decision Nos. 59 and 60 respectively, taken by the High Council of Judges and Public Prosecutors on 25 January 2001.

Centres to Monitor and Safeguard Juveniles, and open and closed juvenile reformatories will be established under the Juvenile and Youth Services Department as part of the process of reorganizing the Directorate General for Prisons and Detention Houses.

#### **d) Additional requirements stemming from entry into force of the new legislation**

Legislation will be enacted to implement the international conventions acceded to by Turkey.

The Ministry of Justice has prepared a draft act to reorganise the unit currently operating as the Department for the Coordination of EC Affairs as a Directorate General. Following the enactment of this draft act, an additional staff of 8 EU experts and 7 judges (15 expert staff altogether), and 2 translators will be needed.

In-service training courses for a duration of two months will be offered to judges and public prosecutors of civil proceedings at the Court of Cassation, and to judges of administrative proceedings at the Council of State; and for judges and public prosecutors in general, seminars, symposiums, panels and conferences on legal aspects of harmonization with the EU acquis, human rights, international law and international judicial assistance, as well as training in EU languages, are planned as part of the 2001 Annual Training Plan of the Ministry of Justice.

The Ministry of Justice is also planning, as part of its 2001 Annual Training Plan, to provide training on constitutional, administrative, civil, and commercial law, and the execution (enforcement of civil judgements) and bankruptcy law for its staff other than judges and prosecutors, and on penal and penal procedures law, criminology, general psychology and psychology of justice, civil enforcement law and human rights for prison staff and staff at detention houses –through courses, seminars, conferences, applied training, meetings, and various publications.

Training programmes which are being financed by the World Bank on intellectual and industrial rights will be held in Turkey in May 2001 by the Ministry of Justice for judges and prosecutors, who are not included in the Project on the Effective Enforcement of Intellectual and Industrial Property Rights financed by the EU.

The Ministry of Justice plans to offer computer-training programmes under the National Judicial Network Project, and to provide training on the implementation of this project for staff at the Ministry.

EU training programmes are intended for State lawyers employed by the Ministry of Finance to render more effective the functioning of the Chief Legal Advisor and the Directorate General of Proceedings at the Ministry.

#### **f) Necessary investments**

##### The National Judicial Network Project

In the initial phase of the National Judicial Network Project, work carried out at the Ministry of Justice is to be accelerated and made more efficient through such technological means as automation and the employment of specialized software. This phase is to be completed by the end of the year 2001. In the second phase of the project, courts and public prosecutors' offices will be automated and integrated with the databases of other institutions such as public notaries, and directorates for population registry and land registry, by 2004.

The estimated total cost of the 4-year National Judicial Network Project is 170 million Euro.

##### The Specialized Courts Project

In the context of the Project for the Effective Enforcement of Intellectual and Industrial Property Rights, 12 specialized courts will be established to settle disputes arising from intellectual, industrial and commercial property rights. In this framework:

- 12 judges and public prosecutors will undergo a 10-month training programme at a EU institution.
- A documentation centre will be set up at the Institute for Research on Intellectual Property Rights of the Ankara University.
- A computer network will be installed between the courts, the Ministry of Justice, the Turkish Patent Institute and the Customs Administration.

### The Ankara Project for a Juvenile Reformatory

A project is currently being developed to build a pilot centre (under the Directorate General for Prisons and Detention Houses) in Ankara for monitoring juvenile delinquents with contributions from private, public and voluntary organizations.

### The Project for Increasing the Number of Room Type Prisons

The F-Type High Security Prison Project is being introduced in compliance with UN Standard Minimum Rules for the Treatment of Prisoners and the European Prison Rules of the Council of Europe. The F-Type High Security Prison Project is based on a system in which rooms are planned for either one inmate or for three inmates, and which provides for areas for sports, recreation and training, as well as for workshops. 6 out of the 11 F-type high security prisons tendered have been completed whereas the remaining 5 are still under construction.

Work is underway to fully replace the 44 E-type and special type prisons with room-type prisons. As of 2001, it is planned to increase the number of room type prisons to 73.

Juvenile dormitories, visitor meeting points, discipline cells, hospital wards for prisoners and judicial detention houses are being reorganized in addition to increasing in number room-type prisons.

Furthermore, it is planned to replace old prison buildings in relatively small provinces and districts with regional prisons that will be established in designated centres.

## **III. Financing**

76% of the 2 million 289 thousand Euro needed for the Project on the Effective Enforcement of Industrial and Intellectual Property Rights is being financed by EU sources (MEDA). The Ministry of Justice meets 24% of the cost of the project from its own budget.

The Ministry of Justice finances the other projects from its own budget.

## **4.25.9. Matters Related to Human Rights**

Matters also related to human rights are covered in the section entitled "Political Criteria".

### Main United Nations and Council of Europe Conventions Signed or Ratified

- The 1948 United Nations Convention on the Prevention and Punishment of the Crime of Genocide (Act No. 5630, 25 March 1950)
- The 1951 United Nations Convention relating to the Status of Refugees (Act No. 359, 29 August 1961)
- The 1967 Protocol relating to the Status of Refugees (Council of Ministers Decree No. 6/10266, 1 July 1968)
- The 1952 United Nations Convention on the Political Rights of Women (Act No. 7288, 25 May 1959)
- The 1966 United Nations International Convention on the Elimination of All Forms of Racial Discrimination (Signed on 13 October 1972)
- The 1966 United Nations International Covenant on Civil and Political Rights (Signed on 15 August 2000)
- The 1966 United Nations International Covenant on Economic, Social and Cultural Rights (Signed on 15 August 2000)

- The 1979 United Nations Convention on the Elimination of All Forms of Discrimination Against Women (Act No. 3232, 11 June 1985)
- The 1999 Optional Protocol to the United Nations Convention on the Elimination of All Forms of Discrimination Against Women (Signed on 8 September 2000)
- The 1984 United Nations Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (Act No. 3441, 21 April 1988)
- The 1989 United Nations Convention on the Rights of the Child (Act No. 4058, 9 December 1994)
- The 2000 Optional Protocol to the United Nations Convention on the Rights of the Child on the Involvement of Children in Armed Conflicts (Signed on 8 September 2000)
- The 2000 Optional Protocol to the United Nations Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography (Signed on 8 September 2000)
- The 1990 United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (Signed on 13 January 1999)
- The 1950 European Convention for the Protection of Human Rights and Fundamental Freedoms, as amended by Protocol No. 11 (Act No. 6366, 10 March 1954)
- The 1952 Protocol to the European Convention for the Protection of Human Rights and Fundamental Freedoms, as amended by Protocol No. 11 (Act No. 6366, 10 March 1954)
- The 1963 Protocol No. 4 to the European Convention for the Protection of Human Rights and Fundamental Freedoms, securing certain rights and freedoms other than those already included in the convention and in the first protocol thereto (Signed on 19 October 1992)
- The 1984 Protocol No. 7 to the European Convention on the Protection of Human Rights and Fundamental Freedoms, as amended by Protocol No. 11 (Signed on 14 March 1985)
- The 1994 Protocol No.11 to the European Convention on the Protection of Human Rights and Fundamental Freedoms, restructuring the control machinery established thereby (Act No. 4255, 14 May 1997)
- The 1957 European Agreement on Regulations Governing the Movement of Persons Between the Member States of the Council of Europe (Instrument of ratification deposited on 25 May 1961)
- The 1961 European Agreement on Travel by Young People on Collective Passports Between the Member States of the Council of Europe (Instrument of ratification deposited on 14 September 1962)
- The 1961 European Social Charter (Act No. 3581, 4 July 1989)
- The 1988 Additional Protocol to the European Social Charter (Signed on 5 May 1988)
- The 1964 European Code of Social Security (Act No. 2170, 21 September 1978)
- The 1972 European Convention on Social Security and the Supplementary Agreement (Act No. 2023, 13 July 1976)
- The 1987 European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (Act No. 3411, 25 February 1988)
- Protocol No. 1 of 1993 to the European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (Act No. 4327, 4 April 1997)
- Protocol No. 2 of 1993 to the European Convention for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (Act No. 4327, 4 April 1997)





## 4.26. Customs Union

### I. Priority Description

#### a) Current Status

With the successful operation since 1 January 1996 of the Turkey-EU Customs Union, the legal approximation process was started much earlier in the field of customs.

Taking into account the provisions of Article 28 of Association Council Decision No 1/95, the basic principles of the EU Customs Code (having become effective on 1 January 1996) were embodied in Turkish Customs Legislation following the enforcement of Decree Law No 564 of 30 June 1995.

As envisaged by Article 13 of Association Council Decision No 1/95, Turkey adopted the Common Customs Tariff of the EU on 31 December 1995. The annual changes made to the Common Customs Tariff are reflected in the Turkish Imports Regime by a Council of Ministers' Decree adopted every year. By the adoption of Decree No 95/7591, the coding, tariff description, chapter, heading and sub-heading notes (excluding those relating to taxation) of the Turkish tariff nomenclature were aligned with the combined nomenclature of the EU.

The provisions relating to the implementation of Decision No 1/95 were laid down by the Decision of the Customs Cooperation Council No 1/96 of 20 May 1996. The provisions concerning the customs regimes put forth by Decision No. 1/96 were transferred into the national legislation by Decree No 96/8569 enforced on 1 July 1996. The provisions relating to A.TR movement certificates were embodied in national legislation through the By-Law on A.TR Movement Certificates published in the Official Gazette of 24 August 1996.

Turkey filed an application on 5 October 1995 to become a party to the Common Transit and Single Administrative Document (SAD) Conventions. The most comprehensive section of the current legal approximation efforts under the Customs Union Chapter concerns Common Transit and SAD Conventions. The studies continue within the framework of the protocol signed with EUROCUSTOMS that will provide technical assistance to Turkey regarding the implementation of the common transit regime and the utilisation of the Single Administrative Document. The second phase of the assistance program corresponding to the period of December 1999 – June 2001 is ongoing. Turkey will become a party to the said Conventions at the end of this process. At the same time, Turkey started issuing Single Administrative Documents unilaterally as of 1 January 1996.

As regards the suspension regimes, the goods included in the suspension regime of the EU are listed in the Annex of Decision No 7924/96, and the said list is revised semi-annually by the Undersecretariat of Foreign Trade by taking into consideration the practices of the EU. The goods listed in the said Annex are revised regularly and published as an enclosure to the Imports Regime.

In accordance with Article 16 of Decision No 1/95, free trade agreements have been signed with EFTA countries, Israel, Hungary, Romania, Lithuania, Estonia, the Czech Republic, Republic of Slovakia, Bulgaria, Poland, Latvia, Slovenia and Macedonia. Moreover, an agreement was signed with Bosnia-Herzegovina providing unilateral preferences, parallel to the autonomous regimes of the EU. There are ongoing negotiations with Egypt, Croatia, Morocco, Palestine and Tunisia. Since Turkey has already concluded free trade agreements with all CEEC and EFTA countries, she was entitled to participate in the System of Pan-European Origin Cumulation for industrial goods as of 1 January 1999. There exist ongoing efforts for Turkey's involvement in the System of Pan-Mediterranean Origin Cumulation as well. The agreement signed between Turkey and the ECSC countries on 25 July 1996 with regard to the products specified under the ECSC Agreement, was enforced on 1 August 1996. The said products were included in the System of Pan-European Origin Cumulation as of 1 January 1999.

Decision No 1/98 of the EU-Turkey Association Council on agricultural products was adopted on 25 February 1998 and was enforced on 1 January 1998. The trade of agricultural products between the EU and Turkey is not included in the scope of the Pan European Origin Cumulation System.

The new Turkish Customs Law was ratified by the Turkish Parliament on 27 October 1999 and became effective as of 5 February 2000. The new Customs Law No 4458 together with its implementing provisions and the three Council of Ministers' Decrees is in harmony with the EU Customs Code.

Upon the enforcement of the new customs law, duty relief arrangements in conformity with Council Regulation No 918/83/EEC were put into practice. "The Decree on the Exemptions and Relief from Customs Duties" announced by the Official Gazette of 5 February 2000 constitutes the basis for duty relief arrangements.

#### Cultural Goods

The Law on the Preservation of Cultural and Natural Heritage (Official Gazette No 18113 of 23 July 1983) aims to make the necessary definitions for the protection of movable and immovable objects of cultural and natural heritage, make arrangements for the procedures to be applied and actions to be taken, set forth principles for the establishment and entrustment of the institution to take decisions thereon, and cover matters pertaining to the said heritage as well as the responsibilities and duties of the related real and legal entities.

The amendments made in the said law were enforced through Law No 3386 of 17 June 1987. The Law essentially contains the basis for the on-site preservation of universal cultural and natural assets that should be inherited by future generations in a well-preserved condition.

#### Goods for Medical Purposes

There is no legal framework concerning the exchange of tissue-typing reagents, therapeutic substances of human origin and reagents for determining blood groups, as well as for the temporary importation of medical, surgical and laboratory equipment for use on free loan in hospitals and other medical institutions for purposes of diagnosis and treatment.

#### **b) EU Acquis**

The list of the related EU acquis is provided in Volume II.

#### **c) Implementing Institution**

- Undersecretariat of Customs
- Undersecretariat of Foreign Trade
- Ministry of Culture (cultural goods)
- Ministry of Health (goods for medical purposes)

#### **c) Final Objective**

Adoption and implementation of the related EU acquis.

## **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) Current Status of Turkish Legislation**

- Decree and By-Law for Imports Regime No 95/7606 entered into force on 31 December 1995, and are revised according to changes in the Common Customs Tariff of the Community.
- Decree No 95/7615 on Inward Processing Procedure and the related Communiqué (Export 96/1) was enforced on 1 January 1996.
- Decree No 95/7617 on Outward Processing Procedure was enforced on 3 January 1996 and the related Communiqué (Exports 96/13) on 24 January 1996.
- Decree No 96/8703 and the Implementing By-Law on the Economic Outward Processing Procedure Applicable to Certain Textile Products and Clothing Re-imported into Turkey After Being Processed in Certain Third Countries entered into force on 3 January 1997.

- The suspension list, which was in force in the EU on the date of the Customs Union, was enforced by Turkey with list No VIII attached to the Imports Regime as of 8 April 1996 upon Decree No 96/7924. The said list, which is revised semi-annually by the Undersecretariat of Foreign Trade in light of practices in the EU, was last revised with the Council of Ministers' Decree No 2000/1009. Turkey's own suspension requirements are defined in accordance with the criteria set by the EU under the framework of Communiqué No 98/19 enforced on 11 January 1998.
- Decree No 2000/53 on Exemptions and Relief from Customs Duties entered into force on 5 February 2000. The said Decree was prepared on the basis of Council Decision No 918/83 of 28 March 1983 setting up a Community System of relief from customs duties.
- Customs Law No 4458, in harmony with Council Regulation No 2913/92/EEC setting up the Community Customs Code, was enforced on 5 February 2000.
- Customs By-Law on the Implementation of Customs Law No 4458, in harmony with Commission Regulation No 2454/93 of 2 July 1993 involving provisions concerning the implementation of Council Regulation No 2913/92/EEC of 12 October 1992 setting up the Community Customs Code, was enforced on 5 February 2000.
- Council Regulation No 3295/94/EC laying down measures to prohibit the release for free circulation, export, re-export or entry for a suspensive procedure of counterfeit and pirated goods was embodied in the national legislation by Decree Law No 564 of 30 June 1995. The aforementioned Decree Law lost its validity as it was replaced on 5 February 2000 by Customs Law No 4458 containing the same provisions.
- Commission Regulation No 1367/95/EC laying down provisions for the implementation of Council Regulation No 3295/94/EC was embodied in national legislation with the By-Law of 29 December 1995 concerning the inclusion of Appendices 64, 65 and 66 and amending some articles of the Customs By-Law. This By-Law ceased to exist upon the enforcement of the Customs By-Law containing Implementing Provisions of Customs Law No 4458.
- As regards Council Decision No 3351/83/EEC of 14 November 1983 on the procedure to facilitate the issue of movement certificates EUR.1 and the making out of forms EUR.2 under the provisions governing preferential trade between the European Economic Community and certain countries, "the By-Law on the proof of preferential origin of goods in free circulation in Turkey and the EU" was enforced on 1 January 1999 after being published in the Official Gazette of 18 September 1999.
- Council Regulation No 616/78/EEC was embodied in national legislation with Circular No 78/46 of 5 December 1978. The said circular lost its validity upon the enforcement of the Implementing Provisions of Customs Law No 4458 incorporating provisions harmonised with the criteria of origin applicable in the Community.
- Decree No 84/8457 concerning the Customs Convention on the International Transportation of Goods under cover of TIR Carnets was adopted on 27 August 1984 and was enforced on 12 May 1985.
- Agreement on the Implementation of Article VII of the General Agreement on Tariffs and Trade, was adopted by Law No 3968 Amending Article 65 of Customs Law No 1615, which was replaced later by Customs Law No 4458.
- Customs Convention on The Temporary Importation of Private Road Vehicles was adopted with Law No 1771 of 3 July 1973, and was put into practice upon Decree No 7/14975 published in the Official Gazette No 16299 of 28 May 1978.
- The UN Resolution of 2 July 1993 on the application of "carnets de passages en douane" and "CPD carnets" to private road vehicles was put into practice by Circular No 14 of 12 April 1994.
- The provisions of Decision No 1/96 of 20 May 1996 of the EC-Turkey Customs Cooperation Committee laying down detailed rules for the implementation of Decision No 1/95 of the EC-Turkey Association Council, were transferred into national legislation with Decree No 96/8569 on the Implementation of Certain Customs Regimes Relating to the Turkey-EC Customs Union published in the Official Gazette of 9 November 1996 and also with the By-Law on A.TR Movement Certificates enforced on 1 July 1996 published in the Official Gazette of 24 August 1996.

Since the Harmonised System Convention replacing “Convention on nomenclature for the classification of goods in customs tariffs” was adopted by the “Law on the Approval of Our Accession to the International Convention to Take Account of Changes to the Harmonized Description of Goods and Coding System” No 3501 of 10 November 1998, it was not necessary to comply with the Council Decision of 18 December 1978 approving the recommendation of the Customs Co-operation Council of 13 June 1978 Amending Articles XIV (a) and XVI (d) of the Convention on nomenclature for the classification of goods in customs tariffs.

- Council Decision of 14 June 1982 accepting on behalf of the Community a recommendation of the Customs Cooperation Council concerning technical cooperation in customs matters was adopted with the Notification dated 6 November 1981. The Notification of Turkey was published in the WCO Document No 28.058f/E of 19 November 1981.
- Council Decision of 20 January 1986 accepting on behalf of the Community the Customs Cooperation Council recommendation of 16 June 1982 concerning the production of goods declarations by means of computer or other automatic printers was put into practice by Decree Law No 564 as of 1 January 1996.
- Council Decision of 10 March 1994 accepting Resolution No 47 on the introduction of an additional TIR carnet with higher guarantee adopted on 2 July 1993 by the Working Party of the Economic Commission for Europe (UN/EC) on customs questions affecting transport was adopted by Decree No 99/12863 published in the Official Gazette of 6 June 1999 and entered into force on 17 February 1999.
- Council Decision of 24 July 1995 accepting Resolution No 49 on short-term measures to ensure the security and the efficient functioning of the TIR transit regime and its effective implementation was put into practice by Circular No 8999 of 19 December 1995. The said Circular entered into force on 31 December 1995.
- The Law on the Preservation of Cultural and Natural Heritage No 2863 amended by Law No 3386.
- The Convention on the Measures To Be Taken on the Prevention and Prohibition of the Illegal Importation, Exportation and Transfer of Ownership of Cultural Goods, UNESCO – Paris, 1970 (which Turkey ratified on 21 April 1981).

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

- Council Regulation No 2658/87/EEC of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff was adopted with the Council of Ministers’ Decree amending the Customs Tariff Nomenclature No 95/7591 entered into force on 1 January 1996<sup>14</sup>.
- Accession efforts are ongoing for the Protocol Amending the International Convention on The Simplification and Harmonisation of Customs Procedures (Kyoto Convention), and Turkey aims at adopting the protocol simultaneously with the EU2.<sup>15</sup>
- Studies on accession to the Common Transit Convention and Single Administrative Document Convention still continue. Upon completion of the second phase of the assistance programme, Turkey’s accession to the said conventions will be assessed by the Commission and the Draft By-Law on Common Transit will be enforced.
- Translation into Turkish of the International Convention on the harmonisation of the frontier controls of goods was completed and conveyed to the Ministry of Foreign Affairs in December 1999 for the completion of the adoption process.

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<sup>14</sup> *In harmony only with Annex 1.*

<sup>15</sup> *Turkey has already ratified the Kyoto Convention and several of its Annexes. Efforts are being made for the adoption of the Revised Kyoto Convention, which is expected to be completed simultaneously with the EU.*

- Studies continue for the adoption of the Convention on Temporary Admission (Istanbul Convention). Since the said convention is to replace all other temporary admission conventions either partially or wholly, Turkey should adopt the Istanbul Convention by taking into consideration the reservations of the EU.
- Studies continue for the adoption of the Customs Convention on the Temporary Importation of Commercial Road Vehicles.
- Studies are still ongoing for alignment with the UN resolution on the application of “carnés de passages en douane” and “CPD carnets” to commercial road vehicles.
- Studies are ongoing since 1997 for harmonisation with the Council Decision accepting on behalf of the Community the resolution of the Economic Commission for Europe Inland Transport Committee concerning the technical assistance measures for the implementation of the International Convention on Harmonisation of the Frontier Control of Goods. The Decision is ready to be adopted.
- Concerning free zones, studies on examination of the EU acquis and Turkish legislation and their differences still continue.
- Studies continue for rearranging the Inward Processing Legislation by taking into account the amendments to Commission Regulation No 2454/93/EEC and for installing a database in this respect.
- Cultural goods are categorised according to their age, economic value and type in the annex of Council Regulation No 3911/92/EEC and Council Directive No 93/7/EEC. An amendment to Article 2 of the Law on the Preservation of Cultural and Natural Heritage is provided for. Furthermore, within the framework of Article 9 of the same Council Regulation, it is required to increase the penal provisions to make them more persuasive. In this respect, it is planned to stiffen the penalties by amending the penal provisions (Articles 64-75) of the Law on the Preservation of Cultural and Natural Heritage. Following the harmonisation of the Law, it will be required to prepare a By-Law or to make amendments in some By-Laws (for instance, exhibitions).
- In order to make the legislative arrangements regarding goods for medical purposes, it is essential to become party to the relevant Europe Agreements, their Protocols and Additional Protocols.

### **c) Necessary Institutional Changes**

Although efforts to establish a modern administrative structure started prior to the Customs Union, the enforcement of the Customs Union as of 1 January 1996 accelerated the studies being conducted therefor. One of these works is the project on the “Modernisation and Automation of the Customs Administration” carried out since 1993. The objectives of the project include: the improvement of legislation and procedures, reorganisation of the customs administration and a more effective tax collection, development and implementation of a computer system for a selective but more effective customs control.

The studies conducted for computer-oriented execution of customs formalities within the framework of “The Project for the Modernisation of the Customs Administration” (GIMOP), the foreign financing of which was provided through World Bank loans, are at their final stage. With the completion of the Project, the administrative and technical structures will have been developed for the implementation of the *acquis communautaire* in areas concerning customs cooperation. Thanks to the BILGE software installed on the SOFIX core software purchased from France and developed within the framework of GIMOP, it has become possible to make the summary declarations, customs declarations and transit declarations in electronic environment. The BILGE system has gained a more effective structure with the CUSTOMS/EDI software developed in Turkey and it is possible for foreign traders to submit declarations to the customs administrations from their own offices. Likewise, upon the launching of the “DATA-WAREHOUSE” software, it will be possible to obtain accurate results from the customs interrogations in a very short period. Thus, Turkish Customs Authority will be the first public institution to develop and use the state-of-the-art EDI (Electronic Data Interchange) and DATA-WAREHOUSE software.

The BILGE System was first used in 1998 at the Customs Office of Istanbul Atatürk Airport as a pilot study. The pilot study of CUSTOM/EDI software was initiated in 1999. Later on, works were started to make both systems more widespread. Consequently, 75% of all customs formalities were conducted electronically by the end of 2000. This ratio will reach 95% as of October 2001.

The efforts for the modernisation of the Customs Administration also include modification of the administrative structure through the Law establishing the Customs Administration. In this context, the organisational structure of the Customs Authority will be rearranged.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

- To ensure full alignment with Commission Regulation No 2288/83/EEC, Commission Regulation No 2289/83/EEC, Commission Regulation No 2290/83/EEC and Commission Regulation No 3915/88/EEC modifications need to be made to Decree No 2000/53 on the Exemptions and Relief from Customs Duties
- The required legislation needs to be adopted for alignment with the Council Decision of 22 April 1985 accepting on behalf of the Community the recommendation of the Customs Cooperation Council concerning the establishment of links between customs transit systems and of the resolution of the Inland Transport Committee of the Economic Commission for Europe
- Arrangements need to be made regarding the Council Decision of 7 March 1985 accepting the recommendation of the Customs Cooperation Council of 15 June 1983 concerning action against customs fraud relating to containers.
- Arrangements pertaining to acceptance of the Convention on Customs Treatment of Pool Containers used in international transportation need to be put into practice.
- Arrangements need to be made for the adoption of the Council Decision of 14 June 1982 accepting on behalf of the Community a recommendation of the Customs Cooperation Council concerning customs requirements for commercial invoices.
- Arrangements need to be made for the adoption of the Council Decision of 30 November 1987 accepting, on behalf of the Community, the Recommendation of the Customs Cooperation Council of 22 May 1984 concerning the use of codes for the representation of data elements and four of its Annexes.
- Arrangements need to be made for the adoption of the Council Decision of 3 May 1989 accepting on behalf of the Community the recommendation of 5 June 1962 of the Customs Cooperation Council concerning the customs treatment of registered baggage carried by rail as amended on 21 June 1988

#### **e) Additional Staffing and Training Requirements for The Implementation of Amendments and Modifications**

The approximation of legislation has been completed to a significant extent and the training of personnel is still continuing. With a view to eliminating the concerns resulting from the implementation of the new legislation in certain areas and ensuing on-site examinations, there seems to be a requirement for such personnel to be trained in the EU member states. At the same time, experts in EU affairs as well as customs matters are currently being employed. However, due to the nature of ambitious programmes and targets under the scope of full membership, a quantitative insufficiency is being experienced. There is a need to employ and train additional experts. Also, there exist a Customs Training Centre in Ankara.

#### **f) Necessary Investments**

- Establishment / modernisation of new customs offices at required points, especially on the borders
- Modernisation of the Customs Training Centre in Ankara (modelled after the customs training centres in the EU member states)
- Supply of the technical equipment necessary for more effective customs controls:
  - Cargo control systems, truck/vehicle search stations, x-ray systems (fixed or mobile)
  - Technical equipment such as testing equipment, fiberscope, etc. used for anti-fraud activities
- Renovation of the technical equipment of customs enforcement boats

- Modernisation of the customs laboratories
- Improvement of the customs communication systems

### **III- Time Schedule**

#### *Short Term*

- Convention on Single Administrative Document and Common Transit Procedure
- International Convention on the Harmonization of Frontier Controls of Goods
- Council Decision of 15 March 1993 concerning the conclusion of the Convention on Temporary Admission and accepting its annexes (Istanbul Convention)
- Council Decisions of 6 June 1978, 3 June 1977, 7 March 1985, 24 March 1986 and 7 June 1988 accepting on behalf of the Community several Annexes to the International Convention (Kyoto Convention)<sup>16</sup> on the Simplification and Harmonization of Customs Procedures.

#### *Medium Term*

- Customs Convention on the Temporary Importation of Commercial Road Vehicles
- United Nations' Resolution on the applicability of 'carnets de passage en 'douane' and 'CPD carnets' to commercial road vehicles
- Commission Regulations No 2288/83/EEC, 2289/83/EEC, 2290/83/EEC and 3915/88/EEC laying down provisions on the implementation of the Council Regulation No 918/83/EEC setting up a Community system of relief from customs duty
- Council Decision of 22 April 1985 accepting on behalf of the Community the Recommendation of the Customs Cooperation Council concerning the establishment of links between customs transit systems and of the Resolution of the Inland Transport Committee of the Economic Commission for Europe concerning the same subject
- Council Decision of 7 March 1985 accepting, on behalf of the Community, the recommendation of the Customs Cooperation Council of 15 June 1983 concerning action against customs fraud relating to containers
- Convention on Customs Treatment of Pool Containers used in International Transport
- Council Decision of 14 June 1982 accepting on behalf of the Community a recommendation of the Customs Cooperation Council concerning customs requirements regarding commercial invoices.
- Council Decision of 3 May 1989 accepting on behalf of the Community the recommendation of 5 June 1962 of the Customs Cooperation Council concerning the customs treatment of registered baggage carried by rail as amended on 21 June 1988

### **IV- Financing**

Although the ongoing works and future investments are to be financed from the national budget, there are further requirements to make use of the Community resources.

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<sup>16</sup> Turkey has already ratified the Kyoto Convention and the Annexes thereof (A.1, A.2, A.3, B.1, E.3 and F.5). The studies necessary for the adoption of the Kyoto Convention simultaneously with the EU are being conducted.





## **4.27. External Relations**

### **I- Priority Description**

#### **a) Current Status**

Foreign economic relations have an important impact on the Turkish economy. Access to Turkish markets has been facilitated through international agreements and Turkey has become a reliable and transparent commercial partner in international trade.

A Customs Union was established between Turkey and the EU on 31 December 1995, through Turkey - EU Association Council Decision No 1/95. At the moment the Turkey-EU Customs Union covers only industrial goods and processed agricultural products. Basic agricultural products will be incorporated into the Customs Union once Turkey fulfils the requirements of the EU's Common Agricultural Policy.

The provisions concerning the implementation of Turkey - EU Association Council Decision No 1/95 have been set forth by EC- Turkey Customs Cooperation Committee Decision No.1/96 of 20 May 1996. The provisions on the customs regimes, laid down by Decision No 1/96, have been embodied in national legislation by the Decree of the Council of Ministers No 96/8569 of 1 July 1996. The provisions concerning the A.TR Movement Certificates have been reflected in national legislation through the By-Law on the A.TR Movement Certificates published in the Official Gazette of 24 August 1996.

Customs Union Decision No 1/95 envisages the adoption by Turkey of legislation in every aspect of trade, participation in several conventions on intellectual, industrial and commercial property rights, and the adoption of the technical legislation of the Union. In general, Turkey's harmonisation with the commercial policy of the Union has been smooth.

Within this framework, with the aim of ensuring the free movement of goods between Turkey and the EU, progressive harmonization with Community policies has been realized.

As of 1996, all customs duties and quantitative restrictions applied to industrial products of EU origin have been abolished.

Turkey has started to apply the EU's Common Customs Tariff (CCT) on imports from third countries. The only exception is in relation to a group of sensitive products annexed to Association Council Decision No 2/95, which are subject to customs duties over the CCT rates throughout a transition period of five years. From the beginning of 1997 customs duties on these sensitive products were reduced annually by 10 %, 10 %, 15 % and 15 % on 31 December 1996, 1997, 1998 and 1999 respectively. Customs duties on sensitive products finally reached the CCT rates, through the 50 % reduction completed on 31 December 2000.

In addition to the Customs Code of the EU, the import and export regimes of the Community have been transposed into the Turkish system.

In order to ensure the free movement of goods between Turkey and the EU, in respect of textiles and clothing products Turkey has started to apply quantitative restrictions and surveillance measures against 43 countries in parallel to the policies applied by the EU.

Within the framework of the Free Trade Agreement signed between Turkey and the European Coal and Steel Community in 1996, customs duties on ECSC products have been abolished. The only exception to this practice is in relation to 142 sensitive Turkish products. The 3-year reduction timetable for these products was completed as of 1 January 1999, through annual reductions of 50 %, 25 % and 25 % within the scope of the Import Regime. Since the agreement is a free trade agreement, Turkey is not obliged to apply the common customs tariff of the EU on these products. As of 1 January 1999, ECSC products have been included in the Pan-European cumulation system.

Article 16 of Association Council Decision No 1/95 stipulates that Turkey, with a view to harmonizing its commercial policy with that of the Community, will adopt the preferential regimes of the EU by 1 January 2001. These regimes include some of the EU's autonomous regimes and preferential agreements concluded with third countries. The preferential regimes of the EU to be undertaken by Turkey by 1 January 2001 within the context of Article 16 are listed below:

### Autonomous Regimes

- Generalised System of Preferences
- Regime applied to goods originating in the occupied territories
- Regime applied to goods originating in Ceuta and Melilla
- Regime applied to goods originating in Bosnia-Herzegovina, Croatia, Slovenia and Macedonia.

### Preferential Agreements

- Europe Agreements with Bulgaria, Slovenia, Hungary, Poland, Romania, Slovak and the Czech Republics.
- Free Trade Agreement with Faeroe Islands
- Association Agreements with Cyprus and Malta
- Free Trade Agreements with Estonia, Latvia and Lithuania
- Agreement with Israel
- Agreements with Morocco, Tunisia and Algeria
- Agreements with Egypt, Jordan, Lebanon and Syria.
- Convention with the ACP Countries (Africa, Caribbean, Pacific)
- Free Trade Agreements with Switzerland and Liechtenstein
- The agreement on European Economic Area

In the statement made by Turkey concerning Article 16 of Association Council Decision No 1/95 it was indicated that in complying with this commitment priority would be given to the following countries: Bulgaria, Hungary, Poland, Slovakia, Czech Republic, Romania, Israel, Estonia, Latvia, Slovenia, Lithuania, Morocco, Tunisia and Egypt. Within this framework, Cyprus was not included in the list of countries to which priority is given for the conclusion of preferential trade agreements.

Since the entering into force of the Customs Union Decision, the negotiations carried out within the framework of the above mentioned commitments have led to the signing of free trade agreements with Israel, Romania, Hungary, Bulgaria, the Czech and Slovak Republics, Poland, Slovenia, Estonia, Latvia, Lithuania and Macedonia. Negotiations are ongoing with Egypt, Palestine, Croatia, Jordan, Morocco and Tunisia.

Since free trade agreements with all of the Central and Eastern European and EFTA countries have been signed, as of 1 January 1999 Turkey became eligible to participate in the Pan-European Origin Cumulation System for rules of origin regarding industrial products. Work leading to participation in the Pan-Mediterranean Cumulation System is ongoing.

In addition, commercial relations between Turkey and EFTA continue to take place within the framework of the Free Trade Agreement signed in 1992.

The "Convention on the Prohibition of the Development, Production, Storage and Utilisation of Chemical Weapons and their Destruction – Chemical Weapons Convention" signed by Turkey on 13 January 1993, was put into force on 11 June 1997 after being published in the Official Gazette No 22978 of 3 May 1997. The procedures and principles concerning the import and export of chemical products stated in the annex of the said Convention are regulated by communiqués, prepared each year by the Undersecretariat of Foreign Trade.

Turkey – one of the founding members – became a member of the WTO on 26 March 1995 after the completion of the internal approval procedure. Turkey's commitments have been binding since 1 January 1995. Turkey enjoys the status of "Developing Country" in the WTO. Therefore the commitments of Turkey with regard to the WTO are under the scope of "special and differential treatment status" provided to developing countries. Furthermore, as a result of the fulfilment of the obligations within the scope of the Customs Union and of the legal arrangements carried out within the framework of harmonisation with the EU acquis, Turkey has gone beyond its WTO obligations in many areas. Moreover, Turkey has become party to the Agreement on Information Technology Products signed at the Singapore Ministerial Conference. Currently, Turkey is not a signatory to the plurilateral Agreements on Public Procurement and Civil Aircraft Trade, annexed to the Final Act.

Turkey is a member of the "Export Credits and Credit Guarantees Group" affiliated to the OECD Trade Committee.

Furthermore, Turkey is a member of the following organisations: OECD, Black Sea Economic Cooperation Organisation, Economic Cooperation Organisation, Islamic Conference Organisation, Standing Committee for Economic and Commercial Cooperation, South East Europe Economic Cooperation Initiative and Commercial Cooperation Committee and D-8.

Moreover, Turkey regularly participates in the G-20 meetings and states its views concerning the issues to be discussed on that platform. Turkey has been a member of G-20 since 1999.

A founder member of the South East European Stability Pact since 1 June 1999, Turkey is co-chairman of the Reorganization, Development and Cooperation Desk, as of 1 July 2000.

#### Mutual administrative assistance agreements in the field of customs

The association and cooperation agreements stated in Heading 26 (including the European Agreements) include Protocols on Mutual Assistance Between the Administrative Authorities on Customs. However, these Protocols, except for the EFTA agreement have not been included in the free trade agreements concluded by Turkey.

However, mutual assistance is provided through bilateral agreements with EU members or with third countries. These agreements are concluded within the framework of the Recommendation Decision of the Customs Cooperation Council on administrative assistance on customs issues (1953), Nairobi Convention, and Annex 7 of the EC-Turkey Association Council Decision No 1/95. The mutual administrative assistance agreements in force are as follows: Georgia (1994), Azerbaijan (1997), USA (1996), Cuba (1996), Ukraine (1997), Israel (1997), Macedonia (1997), United Kingdom (1997), Russian Federation (1997), Kyrgyzstan (1999), Uzbekistan (1998), Romania (1999), Bulgaria (1998), Turkmenistan (1998), Albania (1998), Estonia (1998), Tajikistan (1999), Croatia (2000), Egypt (2000), Mongolia (2000), Poland (2000) and SECI (2000).

Additionally, mutual administrative assistance agreements were signed with Greece, the Czech and Slovak Republics, Lithuania, and Iran in the year 2000, and it was decided at the Turkey-EFTA Joint Committee meeting held in November 2000 to annex a protocol on mutual administrative assistance to the Free Trade Agreement between Turkey and the EFTA countries.

Moreover, negotiations aimed at the conclusion of mutual administrative assistance agreements with the following countries are ongoing: Algeria, France, Hungary, Kazakhstan, Belarus, Japan, Slovenia, Italy, India, Belgium, Bosnia Herzegovina, Morocco, Spain, the Netherlands, the United Arab Emirates, Oman, Portugal, Bahrain, Syria, Republic of South Africa, Canada, Saudi Arabia, Latvia and Australia.

#### **b) EU Acquis**

The list of relevant EU acquis is given in Volume II.

#### **c) Implementing Institution**

The following institutions are responsible for the implementation of the legislation in this field: the Ministry of Foreign Affairs, the Undersecretariat of Foreign Trade, the Undersecretariat of Customs, the Ministry of Agriculture and Rural Affairs, Eximbank, the Turkish Cooperation and Development Agency, and the Undersecretariat of the State Planning Organisation.

#### **d) Final Objective**

Adoption and implementation of the related EU acquis.

### **II. Comparison of the EU acquis with the corresponding Turkish legislation and the measures to be taken for implementing the necessary amendments and modifications**

#### **a) Corresponding Turkish Legislation**

The Treaty establishing the World Trade Organisation (WTO) dated 15 April 1994 was enforced after being published in the Official Gazette No 22213 of 25 February 1995. Accordingly, agreements concerning the Trade in Goods and Services and the legal texts on Intellectual Property Rights, Settlement of Disputes and Trade Policy Review were put into force.

The provisions related to the customs application of the Agreement on the Commercial Aspects of the Intellectual, Industrial Property Rights, laid down in the Annex1-Annex1C of the Uruguay Round Multilateral Trade Negotiations (1986-94), are embodied in Customs Law No 4458.

The WTO Ministerial Declaration on Trade of the Information Technology Products of 13 December 1996, was enforced following its publication in the Official Gazette No 23253 of 9 February 1998.

Within the framework of the Customs Union established between Turkey and the EU in 1996, Turkey has carried out a significant amount of work on the approximation of legislation, especially in the field of foreign trade. In this regard, alignment with the basic EU legislation is largely complete.

EC- Turkey Customs Cooperation Committee Decision No 1/1996 of 20 May 1996, laying down the detailed rules concerning the implementation of EC- Turkey Association Council Decision No 1/95, was transposed into Turkish legislation in 1996. The provisions applying to the free movement of goods between Turkey and EC were embodied in national legislation through the Regulation on A.TR Movement Certificates published in the Official Gazette of 24 August 1996. This Regulation was enforced on 1 July 1996. As for the provisions of Decision No 1/96, Decree No 96/8569 on Implementation of the Customs Regime was enacted and published in the Official Gazette of 9 November 1996.

The Communiqué (Exports 96/12) on Officially Supported Export Credits, prepared within the framework of OECD Resolutions and in harmony with the legislation of the Union, was put into effect on 23 January 1996.

Within the scope of the adoption of the import and export regimes of the EU, Decree No 95/7432 Amending the Council of Ministers' Decree No 95/6814 Regarding Safeguard Measures and Surveillance for Imports and the Administration of Quotas and Tariff Quotas, was enforced on 1 November 1995, and amendments were made to the By-Laws for Implementation Procedures.

Moreover, Decree No 95/7623 on Export Regimes and the By-Law concerning Exports was enforced on 6 January 1996.

Within the context of the harmonization process, Decree No 95/7348 on Surveillance and Safeguard Measures for Imports of Goods Originating in Certain Third Countries was enforced on 19 October 1995, and the By-Laws on Implementation Procedures entered into force on 1 November 1995. Decree No 95/7433 Amending the Council of Ministers' Decree No 95/7348 on Surveillance and Safeguard Measures for Imports of Goods Originating in Certain Third Countries was enforced on 1 November 1995.

In conformity with EU practices on quantitative restrictions, the Decree of the Council of Ministers No 95/6814 Regarding Safeguard Measures and Surveillance for Imports and the Administration of Quotas and Tariff Quotas and the By-Law on Implementation Procedures were enforced on 1 November 1995.

Furthermore, the Decree of the Council of Ministers No 95/7616 on the Quota Administration and Tariff Quotas on Exports was enforced on 31 December 1995 and the By Law for Implementation Procedures thereof was enforced on 18 October 1996.

Law No 3577 on the Prevention of Unfair Competition in Imports, constituting the basis of the legislation on Safeguards Against Dumped and Subsidised Imports, has been revised in the light of the relevant agreements on dumping and subsidies annexed to the Treaty establishing WTO and with recent EU

Council Regulations. Law No 4412 amending the current Law in accordance with these principles was enforced on 21 July 1999.

Within the scope of the adoption of new trade policies, the Decree of the Council of Ministers No 95/7608 on the Protection of Commercial Rights of Turkey and the By Law thereof were enforced as of 31 December 1995.

Within the context of the work carried out for the adoption of the EU's arrangements on the importation of textile products, the Decree of the Council Ministers No 95/6815 on the Surveillance and Safeguard Measures for the Importation of Certain Products and the By Law thereof determining the Common Rules of the importation of textile products, were enforced on 1 June 1995. The By Law for Implementation Procedures was subsequently revised and enforced on 1 January 1998.

Moreover, the Decree of the Council of Ministers No 95/6816 on the Surveillance and Safeguard Measures for Importation of Textile Products from Certain Third Countries, Excluding the Arrangements under Bilateral Agreements and Protocols or Other Arrangements, as regards the Definition of Autonomous Arrangements for Textile Products was enforced on 1 June 1995.

The Free Trade Agreement between Turkey and the European Coal and Steel Community was signed in Brussels on 25 July 1996 and enforced on 1 August 1996.

Turkey-ECSC Joint Committee Decision No 2/99 of 8 July amending the rules of Origin Protocol No 1 annexed to the Agreement between the Republic of Turkey and the ECSC on the trade of products covered by the Treaty establishing ECSC was transposed into the national legislation through the "By-Law Amending the By-Law on the Preferential Origin Rules of Goods" published in the Official Gazette of 21 October 1999.

Within the context of the adoption of preferential regimes by Turkey, the following free trade agreements were signed and put into force.

| <b>Agreement</b>         | <b>Date of Publishing in the Official Gazette</b> | <b>Enforcement Date</b> |
|--------------------------|---------------------------------------------------|-------------------------|
| Turkey – EFTA FTA        | 10 December 1991                                  | 1 April 1992            |
| Turkey – Israel FTA      | 18 July 1997                                      | 1 May 1997              |
| Turkey – Romania FTA     | 17 January 1998                                   | 1 February 1998         |
| Turkey – Lithuania FTA   | 1 March 1998                                      | 1 March 1998            |
| Turkey – Hungary FTA     | 24 February 1998                                  | 1 April 1998            |
| Turkey – Estonia FTA     | 6 March 1998                                      | 1 July 1998             |
| Turkey – Czech Rep. FTA  | 6 March 1998                                      | 1 September 1998        |
| Turkey – Slovak Rep. FTA | 6 March 1998                                      | 1 September 1998        |

|                        |                   |                  |
|------------------------|-------------------|------------------|
| Turkey – Bulgaria FTA  | 26 September 1998 | 1 January 1999   |
| Turkey – Poland FTA    | 29 March 1998     | 1 May 2000       |
| Turkey – Slovenia FTA  | 17 April 2000     | 1 June 2000      |
| Turkey – Leetonia FTA  | 10 May 2000       | 1 July 2000      |
| Turkey – Macedonia FTA | 25 July 2000      | 1 September 2000 |

In addition, Turkey signed an Agreement with Bosnia-Herzegovina, which is in parallel with the autonomous regime between the EU and Bosnia Herzegovina, published in the Official Gazette of 30 June 1999 and enforced.

#### **b) Necessary Amendments and Modifications in the Corresponding Turkish Legislation**

Before accession to the EU, Turkey aims to participate in the Public Procurement and Civil Aircraft Trade Agreements that form the plurilateral agreements listed in Annex IV of the Treaty establishing WTO.

Within the context of the adoption of the preferential regimes of the EU, negotiations for the conclusion of free trade agreements with Egypt, Palestine, Croatia, Jordan and Tunisia are ongoing. The work is underway to launch negotiations with Malta, Algeria, Mexico and South Africa.

Moreover, within the framework of Association Council Decision No 1/95, work is ongoing for the adoption of the autonomous regimes of the Community.

#### **c) Measures to be Taken For Enforcement of New Legal Arrangements**

Necessary provisions need to be included in the Customs legislation for the implementation of the Agreement on Pre-shipment Inspection (WTO – GATT 1994), as provided for within Annex 1- Annex 1A of the Uruguay Round Multilateral Trade Negotiations (1986 – 1994).

#### **d) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

Currently, the Undersecretariat of Foreign Trade is not in need of additional staff. However, in order to evaluate the alignment of Turkey with the *acquis communautaire*, and particularly with the EU's common commercial policy, and to accelerate the harmonisation process, training programs need to be organized for Foreign Trade Experts.

### **III. Time Schedule**

#### *Short Term*

Within the context of its commitment, stemming from Association Council Decision No 1/95, to adopt the preferential trade regimes of the EU, Turkey intends to conclude free trade agreements with Tunisia, Morocco, Croatia, Jordan, Egypt, Faeroe Islands, and to initiate preparatory work for negotiations with Malta, Algeria, Mexico and the Republic of South Africa. In the meantime, Turkey will also adopt the EU's Generalised System of Preferences.

#### *Medium Term*

The completion of Free Trade Agreements with Malta, Algeria, Mexico and the Republic of South Africa is envisaged.

Alignment is also foreseen with the Agreement on Pre-shipment Inspection (WTO – GATT 1994), as is alignment with Annex 1- Annex 1A of the Uruguay Round of Multilateral Trade Negotiations (1986 – 1994) that is the basis for Council Regulation No 3287/94/EC published in the Official Journal of 23 December 1994 and L 336.

#### **IV. Financing**

The financing source of the ongoing work and future investments is the national budget. However, financial support is required for Turkey's participation in the EU's programs on the Community's commercial policy practices, and Turkish experts' participation in the technical committees of the EU Commission.





## 4.28. Common Foreign and Security Policy

Since the declaration of Turkey's candidacy for EU membership at the Helsinki Summit in December 1999, the following activities have been undertaken for Turkey's progressive alignment with the Common Foreign and Security Policy (CFSP).

- An important means of enhancing political dialogue is high-level consultations. After the Helsinki Summit, such high-level meetings in which participants are provided with the opportunity to exchange views in-depth on issues of mutual concern have been held on various occasions and in different formats.
- Turkey also participates in consultative meetings held at various international organizations and capitals on the initiative of the EU Presidency and with the participation of Candidate States. In general, high-level consultations are organized in relation to current issues on the agenda and when necessary; consultations are held regularly once a week prior to the meetings of the OSCE Permanent Council in Vienna.
- Another aspect of political dialogue is the organization of briefings on prominent and current issues of foreign policy. In this context, briefings are held at the Ministry of Foreign Affairs for the Embassies of EU Member and Candidate States in Ankara.
- Turkey regularly takes part in political dialogue meetings held with the participation of experts from Candidate States.

In the process of alignment with the CFSP of the EU, a matter that merits attention is the fact that the Candidate States are denied in practice the opportunity to contribute to the shaping of EU common positions, although, due to her unique position in regional and global politics, Turkey's views on certain aspects of international relations may well offer useful insights for the EU; in this context, until Turkey becomes a full member, she may not go along with common positions that do not take into consideration her fundamental concerns. In any event, Turkey will continue to maintain her commitment to the principle of aligning with common positions, and strive to limit her abstentions only to specific cases that are closely related to national interests. In fact, in the one-year period from the Helsinki Summit of December 1999 to December 2000, Turkey aligned with approximately 530 of the EU common positions to which Candidate States were invited to align with.

The Associates Communication Network, which facilitates secure and rapid communication in the field of CFSP between the Secretariat of the EU Council and the Candidate States, became operational in Turkey in October 2000 with the setting up of terminals at the Ministry of Foreign Affairs in Ankara and the Permanent Representation of Turkey to the EU in Brussels.

Turkey, who has expressed her support from the beginning for the development of European Security and Defence Policy (ESDP), is resolved to continue actively her efforts and contributions for the full and equal participation of non-EU European allies to the ESDP, as well as for the establishment of a sound basis for the NATO-EU relationship.



## **4.29. Financial Control**

### **I. Priority Description**

#### **a) Current Status**

The main functions of Turkish public financial management are the preparation, structure, scope and implementation of budgets, financial control, accounting, and staff salaries.

In Turkey, as in other countries, the financial system is based largely on the budgetary system. The main legal instruments (budget focused) defining transactions in the public decision-making process are the Constitution, Law No 1050 on General Accounting, budget laws of the relevant years, Law No 832 on the Court of Auditors, Law No 2886 on Public Procurement, and especially the establishment laws and the other related financial legislation, enacted mainly during the 1980s and the 1990s.

The budgets of the institutions are prepared through negotiations with the relevant institutions by the Directorate General of Budget and Financial Control (DGBFC), subordinated to the Ministry of Finance and the State Planning Organization. Allocation of funds are arranged by the assessment offices, heads of budget offices, heads of finance and government accounting offices, and the Court of Auditors as an external audit organization.

In terms of the implementation of public expenditure (budget focused), chiefs of disbursement, the highest ranking officers within their organization, are authorized and responsible for issuing expenditure and payment orders. Assessment officers, staff members of the spending units concerned, are authorized and responsible for the assessment of expenditure requirements and preparing the necessary documents for payments. Government accounting officers are authorized and responsible for approving the settlement of payments by examining payment orders approved and prepared by assessment officers and chiefs of disbursement.

Purchasing transactions are carried out within the framework of the provisions of Law No 1050, the budget laws of the relevant year, Law No 832 on the Court of Auditors, and especially Law No 2886 on Public Procurement. The legislation on expenditure and related purchasing transactions of institutions not included in the budget is provided by special regulations, in addition to the general regulations stated above.

The economic and financial transformations which have taken place since 1980 have affected public financial management and public financial systems, and during the same period the public decision-making process has begun to be shaped out of the budget. Within this framework, the scope of the budget has narrowed and non-budgetary public expenditure has been brought under the control of budgetary financial control and legislation. Non-budgetary public spending can be categorized as extra budgetary funds, revolving funds, public institutions with independent budgets, semi-fiscal transactions, contingent liabilities, tax expenditures, and foreign project credit applications. That these institutions have different accounting standards and systems and that no requirements for financial reporting on their activities exists, has an adverse effect on the implementation of an efficient financial control system as part of the process of distribution and utilization of national resources.

The current accounting system used in the implementation of budgets is somewhere between the modified cash system and the modified accrual system. The transactions are recorded on a cash basis system (budget focused) and accounting of the transactions related to previous year continues by keeping the accounts open for a certain period of time (set-off period) after the end of relevant fiscal year. The main accounting problem arises from the fact that different systems are applied by non-budgetary institutions.

The financial control institutions in Turkey, both ex ante control and ex post audit bodies, are acting within the legal framework stated above. A total of more than 13 thousand personnel are employed within 129 audit units. In general, auditing is divided into two groups: internal audit and external audit. In internal audit governmental bodies are audited, on behalf of the executive, by administrative bodies subordinate to the Government. In external audit the executive is audited, generally on behalf of the parliament, by non-governmental bodies. In this sense, the Court of Auditors and the State Auditing Board perform external audit. The Board of Finance Inspectors also takes part in external audit to a certain extent. The Court of Auditors has the status of a supreme audit body since it has judicial competence and performs its activities independently of the executive and on behalf of Parliament.

There is no framework law covering the main principles and auditing standards pertaining to the system of internal control within the current financial audit system, and practices are carried out under the provision of various pieces of legislation. The mechanisms to improve coordination and cooperation among the auditing units have not been clearly defined, and auditing activities and their results are neither transparent nor open to auditing.

When the existing situation concerning financial control and financial and budgetary provisions in Turkey is examined the following picture emerges.

The Ministry of Finance participates at all levels of the budgetary transactions of the general and annexed budget agencies. Within each spending unit there are budget offices representing the Ministry of Finance. Eleven of the spending units have Heads of Finance. The directors of these budget offices are appointed by the Directorate General of Budget and Financial Control. Directors of the offices are responsible for the preparation of the budget, for the management and the accounting of appropriations, and for the preparation and reporting of the final accounts. Heads of Finance, which combine the budget offices and accounting offices, ensure coordination between these spending units and the Ministry of Finance.

The Directorate General of Revenues prepares the revenue side of the budget and implements the legislation on revenues. It has a field organization composed of Regional Revenue Directorates, Head Tax Offices, and Tax Offices. These units transfer the revenue accounts to the Directorate General for Accounting and the Court of Auditors for the purposes of control and consolidation.

The Budget Law authorizes the Ministry of Finance's distribution of appropriations and control of expenditure throughout the financial year. Immediately after the enactment of the Budget Law the Ministry issues a regulation concerning the implementation of the budget. This Regulation sets forth the main guidelines and authorizes the spending units to implement the commitments in compliance with the monthly expenditure programs. The monthly expenditure programs are defined as the maximum percentage of the appropriations to be released over the next 12 months. The principles and percentages for the release of appropriations are defined according to the monetary program of the Treasury, general economic conditions, tendencies in expenditure and revenue, the nature of activities, and the need to extend expenditure over the whole year.

The second stage is the allocation of the released budgetary appropriations to the central and field units of spending agencies and distribution to sub-units. The budget offices placed in spending units perform this task. The Court of Auditors approves such appropriations prior to the allocation and distribution of appropriations to the field units, on the basis of their compliance with the budget. One copy of the documentation concerning appropriations is sent to the related Accounting Office. Another copy is kept by the budget offices in the spending units, and a third by the Court of Auditors for the Statement of General Conformity.

The third stage (realization of expenditure) is the utilization of the allocated appropriations through the budget and accounting offices of the ministries. This stage covers four phases: commitment, assessment, issuing payment order, and payment of expenditures.

This stage involves the activities of the units at four different levels as laid down by Law No 1050 on General Accounting.

Chief of Disbursement:

The Chief of Disbursement, head of the spending unit and directly responsible to Parliament, is the authorized person for the execution and distribution of expenditure. He is responsible for the issuance of the written payment order to the government accountant for the execution of expenditures. In the general budget agencies, chiefs of disbursement are ministers. In practice, ministers may delegate authority to second level chiefs of disbursement. Governors who are second level chiefs of disbursement perform this function for all the units located in their own administrative areas. The annexed budget agencies' heads are also second level chiefs of disbursement.

### Assessment Officer:

The Assessment Officer is a member of staff of the spending unit and assumes responsibility during the phases of commitment and assessment of expenditures. This officer calculates the amount of the expenditure, prepares the Assessment Statement, and has this statement signed by the Chief of Disbursement following the delivery of the good or the completion of the service concerned. It is the second level chief of disbursement and the Assessment Officer who are responsible to the Court of Auditors for the accuracy of the statement and its compliance with the laws.

### Government Accountant:

Government Accountants undertake the duty of ensuring that expenditures are realized fully and purposefully matching the commitments after the stage of assessment of expenses. Accountants who play an active role in budgetary accounting assume responsibility for sending the accounts of the management period to the Court of Auditors. There are 1658 government accountants assigned to general and annexed budget agencies who are classified as central and/or field accountants. The Ministry has the authority to open accounting and payment offices where appropriate. Three central government accountants have specialized responsibilities: the Public Debt Accountant, the Treasury Domestic Payments Accountant, and the Treasury Foreign Payments Accountant.

Field Accountants are assigned on a province/town basis. The Ministry is represented in each province by a "chief officer of finance" who supervises all financial services in that area. At the town level in each province, the director of finance is responsible for budgetary transactions and financial reporting services.

Although the Ministry of Finance assumes general responsibility during the implementation of the budget and fulfils the duties entrusted by the annual budget law and the Law on General Accounting, each minister has the responsibility for the effective use of the funds allocated. At different stages of the implementation process, the Ministry of Finance may, if necessary, transfer the appropriations of one institution to another, or from one program to another (upon approval of Parliament), or between the programs under the budget of a spending agency. In addition, the Ministry of Finance is also authorized to transfer contingency funds to individual budgets. Transfer of investment appropriations are only possible with the approval of the State Planning Organization. If not utilized, the appropriations lapse at the end of the financial year in concern.

Review and verification of the monthly financial statements and schedules of the Government Accountants by the General Directorate of Accounting form another part of internal audit. The "Public Accounts Bulletin" prepared and published in the light of these statements and schedules are important for monitoring expenditure made and revenues collected.

The financial control activity of the Ministry of Finance comprises legal conformity, budgetary compliance, financial regularity and within this scope the Ministry assesses whether the policy proposals, having financial consequences are optimal or not.

The control activity of the Ministry covers all transactions which involve public property or public monies. This control activity embraces all the main features of the "third party ex ante approach" (of some EU member states like France and Portugal). In other words, the Ministry of Finance is responsible not only for the allocation and budgeting of the appropriations, but also for performing direct ex ante control by its own staff placed in spending units.

The Ministry of Finance performs its ex ante and ex post controls as outlined briefly below:

#### **A) Ex ante Internal Control:**

- The Directorate General of Budget and Financial Control (GDBFC), Department of Public Procurement. It exercises control (visas of contract) on transaction files for commitments over a certain amount. The types of commitments subject to this control and their limits are specified in the annual budget laws. At this stage the Ministry of Finance must ensure that there is sufficient allocated appropriation to meet the commitment within the budget of the spending unit, and that procurement procedures are in accordance with the Public Procurement Law and relevant legislation.
- Budget Offices. They are established at the head offices of spending agencies, as the representative of Ministry of Finance. They exercise control on the budgetary transactions of the spending agencies they are placed in, in terms of budgetary compliance, legal conformity and financial regularity.

- Government Accounting Offices. There are 1658 government accounting offices composed of two groups, including those set up at head offices and others established in provinces and sub-provinces. Before executing budgetary payments they are responsible for the daily checking of budgetary compliance and the legal conformity and financial regularity of budgetary transactions.

## **B) Ex post Internal Audit**

1. Board of Finance Inspectors. The Board carries out two types of ex post audit. The objective of the first is to give an opinion on the internal control procedures and the financial and accounting systems of the entities subject to public law. The aim of second is to audit the legal conformity and financial regularity of the transactions. The Board controls and audits the transactions of the following:

- Ministries in Turkey and their representatives abroad,
- State Economic Enterprises where state capital is involved, particularly where there is equity participation,
- Budget offices and accounting offices of the line ministries,
- Revolving funds and extra budgetary funds.

Additionally, the Board carries out the audit functions stated in the various expenditure and revenue legislation. The Board also performs tax audits of individual and corporate taxpayers. It investigates financial crimes. The Board is not the Board of Inspectors of the Ministry of Finance but the Board of Finance Inspectors. Therefore, it is endowed with authority to inspect financial aspects of the State and to determine legal actions to be taken against liable persons.

2. Account Experts Board. It undertakes tax audits of individual and corporate taxpayers. It investigates financial crimes.

3. Tax Controllers. They undertake tax audits of individual and corporate taxpayers. They carry out internal audits in the revenue collecting agencies. They investigate financial crimes.

4. Regional Tax Inspectors. They perform, at a regional level, the same function (except in respect of financial crimes) as tax controllers.

5. Budget Controllers of the Directorate General of Budget and Financial Control. They control the transactions of the budget offices in spending agencies, in terms of budgetary compliance, legal conformity and financial regularity.

6. Directorate General of Accounting (DGA). It reviews the monthly statements and schedules of the government accountants. The monthly Public Accounts Bulletins are prepared and published on the basis of these statements and schedules. This Bulletin allows the Ministry of Finance to monitor expenditure and revenue figures.

7. Accounting Controllers of the Directorate General of Accounting. They control the transactions of the accounting offices in the same way as budget controllers.

8. Inspection Board of the Prime Ministry. It focuses on cross-ministry inspections. The Board performs a kind of review and coordination role between the other auditing and inspection bodies within the government. It functions at the request of the Prime Minister.

9. Board of Treasury Controllers. It audits leasing companies, insurance companies, foreign trade companies, foreign exchange offices, banks dealing only in foreign exchange, and the special transactions of SEEs relating mainly to foreign exchange and oil companies.

10. Board of Inspectors of the Undersecretariat of Customs and Controllers of Customs. They audit the expenditure of customs administrations and customs' duties. Their function is based on compliance audit. They also audit firms and individuals engaged in importing and exporting goods and services.

11. Board of Inspectors of the Ministry of Interior and the Controllers of Local Administrations. They audit the accounts and transactions of local administrations in the provinces and municipalities.

**12.**The Boards of Inspectors and Controllers of the Spending Agencies. Almost all the spending agencies have their own boards of inspectors and/or controllers. They audit specific transactions of the agency they serve, and take action under the direction of the head of the board. At the same time they audit the agency on a regular basis.

Public funds and State Economic Enterprises (SEEs) have their own audit and control units. These institutions fall outside of the responsibility of the Court of Auditors. Their auditing procedures are not open to review by external auditors and their audit reports are not open to the public.

### **C) Ex post External Audit**

**1.**State Auditing Board of the Presidency. It has seven members. The role of the Board is to ensure that the actions of Government officers comply with laws, rules and regulations. The Board functions at the request or suggestion of the President and examines activities relating closely to the public interest.

**2.**Supreme Auditing Board of the Prime Ministry. It is subordinate to the Prime Ministry. The Board's authority mainly covers the audit of State Economic Enterprises. The audit performed by the Board is of an economic, financial, technical and administrative character. It does not cover compliance audit.

### **D) Court of Auditors**

The Court of Auditors is a constitutional body carrying out both ex ante control and ex post audit. The Court performs ex ante control by either approving or rejecting the payment orders of the spending agencies. Government accountants are obliged to send the documents concerning budgetary revenues and expenditures covering their period in office to the Court. The audit performed by the Court also covers property transactions.

The Court of Auditors investigates budgetary transactions through a judicial procedure and rules for either acquittal or conviction. In case of conviction, the person liable for the irregular action must provide compensation for the loss caused by that action. Following the ex post audit, the Court makes an overall final judgment on behalf of Parliament. This is called the "Statement of General Compliance" which covers budgetary expenditures and revenues for the last financial year. Through this judgment Parliament ensures that the Government has implemented and enforced the Budget Law as adopted by Parliament.

Since 1996 the Court of Auditors has submitted the "Report on the Budget Implementation Results" and the "Statement of General Compliance" to Parliament. This report includes details of revenue and expenditure for the relevant year and shows the difference between planned and actual expenditure. The Court also prepares a "Treasury Transactions Report" containing the significant findings of the financial audit. In addition, since 1997 an "External Debt Monitoring Report" has been submitted to Parliament.

Under the terms of the legislation in force, the following institutions are within the scope of the audit function of the Court of Auditors:

- general budget agencies such as ministries and subordinate directorate generals,
- annexed budget agencies such as universities, Directorate General of Highways, Directorate General of State Water Affairs,
- revolving fund establishments such as State Forestry Enterprises and state hospitals,
- agencies such as funds for disasters and the environment (except for the funds excluded from the scope of the audit function of the Court of Auditors by their own special laws of establishment and the Decrees on Earthquakes.),
- private budget bodies such as municipalities and provincial and local administrations,
- establishments subject to different budgetary regimes such as the State Theatres and the State Opera and Ballet,
- autonomous agencies such as the Competition Board.

However,

- Public Economic Enterprises,
- The actions of the Privatization Administration concerning privatization,
- certain extra-budgetary funds whose volume of transactions reach considerable amounts; such as the Funds for Municipalities, the Incentive Fund for Investments and Exchange-yielding Services, the Fund for Price Stabilization and Subsidization,
- autonomous institutions such as Banking Regulation and Supervision Board, Capital Market Board, Supreme Board of Broadcasting,

are excluded from the scope of the audit function of the Court of Auditors by special legal regulations. Similarly, public expenditure relating to the projects funded by the World Bank are not audited by the Court of Auditors.

The audit performed by the Court of Auditors comprises the following:

- review and assessment of the financial resources and verification of the financial responsibilities of public agencies, including opinions on their accounts,
- verification of the financial responsibilities of the administration as a whole,
- supervision of financial systems and transactions, including assessment of compliance with legislation and bylaws in force,
- supervision of internal control and internal audit functions,
- supervision of the compliance of administrative decisions, taken by the agency under supervision, with requisite standards of administration and conduct,
- reporting matters related to irregularities that are detected during supervision and considered in need of recording.

In 1996 the Court of Auditors was given the authority to carry out performance audit. This was introduced by Law no. 4149 providing an additional 10<sup>th</sup> Article to the Law on the Court of Auditors. A separate Group for Performance Audit has been established within the Court. The Group carries out two types of performance audit, one of which is "risk audit."

#### **b) EU Acquis**

The list of the relevant EU acquis is given in Volume II.

#### **c) Implementing Institution**

The main responsibility for the preparation and implementation of the budget rests with the Ministry of Finance. The State Planning Organization shares responsibility for financial planning and budget preparation and the Under-Secretariat of the Treasury also shares responsibility for budget preparation and implementation. In the area of financial control and audit, the Ministry of Finance and the Court of Auditors are the main institutions responsible. Institutions and audit units have partial responsibility for making fundamental arrangements for implementing change.

#### **d) Final Objective**

The aims of the reform program for strengthening public financial management are to improve the process relating to the estimation of public revenue and expenditure, closing non-budgetary funds and similar structures, ensuring budgetary union, complying with the principle of transparency in transactions concerning public expenditure, and establishing an effective financial control system.

The final objective is to adopt and implement the related EU acquis.



## **II. Comparison of the EU Acquis with the Turkish Legislation and the Measures Required to be Taken for Implementing the Necessary Amendments and Modifications**

### **a) The Current Turkish Legislation**

The main legislation defining financial control and the budgetary system is as follows: the Constitution, Law No 1050 on General Accounting, the budget laws of the relevant years, Law No 832 on the Court of Auditors, Law No 2886 on Public Procurement, the provisions concerning audit set out in the organizational laws of the public institutions and agencies and other various relevant financial legislation. Law No 1050 on General Accounting is defined as the fundamental law of the financial system (framework law).

Articles 161, 162, 163, 164 and 165 in chapter four of the Constitution titled “Financial and Economic Provisions” include fundamental provisions governing budget preparation, negotiations, and implementation, revision of the budgets and main regulations concerning final accounts.

Law No 832 on the Court of Auditors and other relevant legislation (particularly the establishment laws of institutions) are the legal documents containing fundamental arrangements relating to the financial control system.

Law No 2886 on Public Procurement is applied to the purchasing and construction works of public institutions included in the scope of that law (institutions such as State Economic Enterprises, revolving funds and extra-budgetary funds undertake purchasing and construction under provisions not specified in the above mentioned law).

### **b) Necessary Amendments and Modifications in the Current Turkish Legislation**

No unanimity exists in the Member States and the candidate countries of the EU regarding the implementation of financial control, although harmonization of standards is being sought. There is no binding arrangement with respect to the administrative structures through which these standards will be met by the candidate countries. A National Paper covering the necessary administrative and legal arrangements for attaining these objectives needs to be prepared. This National Paper will require certain amendments to be made to our legislation related to expenditure, namely Law No 1050 on General Accounting, Law No 832 on the Court of Auditors, Law No 2886 on Public Procurement, and Statutory Decree No 178.

This paper will also form the basis for the framework law which will regulate the internal financial control system of the public sector, standardize the system, ensure unity in implementation, and apply EU standards to financial control. The Ministry of Finance is in contact with the relevant Directorate General of the European Commission for the purpose of preparing the above mentioned paper.

The major arrangements to be included in the Framework Law (Law No 1050) related to financial control and financial budgetary transactions are as follows:

- Political responsibility and management responsibility should be clearly defined, and authority and responsibility should be made clear (the Report of the Specialization Commission, SIGMA, Council Decision: 88/376).
- The organizational and functional duties and responsibilities of the central government institutions, and how the necessary coordination in the production of services is to be provided, should be clearly defined (the Report of the Specialization Commission).
- An obligation for public institutions should be set for supplying regular information and reports in pre-defined standards to provide financial transparency (SIGMA, the Report of the Specialization Commission, Council Regulation: 1681/94, 595/91).
- The scope of the budget should be extended in a way to include all expenditure and revenue related to the budget (the Report of the Specialization Commission).
- The principle of unity of accounting in the public sector should be established and extra-budgetary institutions should be allowed to establish their own accounting systems, except in special cases (SIGMA, the Report of the Specialization Commission).

- It should be stated clearly that the implementation of budget penal liability for payment requests and payment procedures shall apply to all personnel who report to those such as the Chief of Disbursement (SIGMA, the Report of the Specialization Commission, Council Regulation: 1258/1999, 1266/1999, 1681/94, 595/91).
- The laws on expenditure (such as laws no. 1050 and 2886 and the budgetary laws of the relevant years) should be revised and as a result of that revision those laws should be simplified. Provisions not related to the budget and provisions affecting the implementation of other laws should be taken out of the scope of these laws wherever possible.

Law No 2886 on Public Procurement should be amended in order to provide competition and efficiency in purchasing and construction works, and its scope should be extended to include all institutions wielding public power (excluding special goods and services and public institutions). A draft including significant amendments to this law has been prepared as part of the harmonization process with the European Union, and it is expected that this draft will be included on the agenda of the Turkish Parliament during the next term.

The best way of arranging the financial control system in an efficient way is by uniting the piecemeal legislation within a framework law and by making the necessary arrangements to improve and foster coordination between 129 audit units.

The main issues to be considered in the harmonization of the financial control system are as follows:

- To redevelop the internal financial control system implemented in all public institutions (Council Regulation: 2988/95, 2064/97, 1260/1999),
- To develop mechanisms fostering independence of the auditing units and personnel (Council Regulation: 1267/1999, 2064/47),
- To prepare an auditing methodology and standard auditing guidelines and to ensure the harmonization of the framework law with the EU acquis, within the framework of harmonization with the EU (Council Regulation: 2064/97),
- To base audits on an efficient accounting and reporting system, making arrangements to ensure the clarity and accessibility of the audit results (Council Regulation: 2988/95),
- To employ sufficient numbers of audit personnel, and to ensure that the skills, knowledge (such as foreign languages) and experience of the personnel reaches a certain level (Council Regulation: 2064/47),
- To include additional regulations in the system to provide pre-controls on the basis of risk analysis (Council Regulation: 3122/94),
- To develop a well-designed coordination and information flow system, accelerating the control and fostering the efficiency of the audit results (Council Regulation: 2064/47, 1266/1999).

As for the financial and budgetary issues, consistency should be provided with the short-term and medium-term macro economic policies in the state budget. As for budgetary unity, the state budget should include all public resources and expenditures. Finally, budget resources should be allocated in the best way possible to ensure the efficiency of the system.

### **c) Necessary Institutional Changes**

Budgetary organization should ensure effective management of the fund flows provided from the EU budget. Effective management of the fund flows to be obtained from the EU budget is especially important for the implementation of EU policies and joint-financed measures.

In the context of implementing the EU acquis, every candidate country should establish a body or bodies to ensure the appropriate administrative infrastructure for the assessment of various equities (conventional, VAT, GNP) in an effective manner.

This will involve an accurate calculation of national GNP, and transparent, accurate and reliable calculations of the amount of customs taxes and VAT collected by Turkey. Such calculations should be made in a harmonized and verifiable manner and the information provided should be kept for at least three years to make it possible for the Commission to conduct checks.

Besides the administrative capacity to calculate the correct level of national contribution to the Community equities, Turkey should also possess the administrative capacity to collect the resources allocated to the community budget and duly transfer them. In addition, Turkey is obliged to set up the necessary administrative capacity to report regularly and duly with regard to each equity type.

The existing institutions should adapt their organizational structures and budgets to the redesigned financial system. In this respect, the institutional infrastructural reorganization must be complete before new administrative mechanisms can be initiated.

Gathering the external audit units under a single umbrella is of significance from the point of view of solving coordination problems and ensuring efficiency in external audit.

Independent professional board(s) will be set up to develop accounting, auditing and reporting standards, and to follow-up the practices thereof.

The duties of the existing administrative structures should be changed and establishments should be reorganized to ensure the effective and efficient functioning of the Turkish public financial system and to establish a financial control system in compliance with the EU standards.

In Turkey, the authority for carrying out post-expenditure internal financial control should be entrusted to a single "Audit Unit" subordinated to the Ministry of Finance, and no other audit unit subordinated to any other public institution or organization should be entrusted to make ex post financial controls. All public institutions and agencies should be included within the ex post audit of this unit. Auditing all the activities and projects financed through external resources including those of the EU should also be among the duties and responsibilities of this unit.

The Court of Auditors, as an external audit body performing audits on behalf of Parliament, should carry out its exclusive ex post activities on the basis of performance and system audits and should abandon its beginning-of-the year activities such as visa and certification duties.

The Statute of Parliament, which is still in force, does not cover any arrangements applicable to the reports of the Court of Auditors. Due to the huge workload of the Planning and Budgetary Commission, in practice it is not possible for this Commission to find sufficient time to negotiate and agree on the reports of the Court of Auditors. For the sake of efficiency it would be beneficial to make use of Anglo-Saxon experiences and set up a standing committee of Parliament to negotiate and agree on the Court of Auditors reports.

There are ongoing studies within the Ministry of Finance to reorganize our public accounting system and to ensure our financial system produces information at the level required by GFS (Government Financial Statistics) and ESA95 (European System of Accounts). The objectives and activities within this framework are outlined below:

**1-**Activities leading to the full computerization of the accounting offices of general- and annexed-budget agencies are under way. After finalizing this process, an internet connection will be set up between the related accounting offices and the center. At the end of the process the central administration will have access to daily information on budget implementation. Thus, it will be possible to monitor the revenue, expenditure, and cash balances of the general- and annexed-budget agencies on a daily basis. The procurement procedure of the SAY2001 project, which aims to computerize 1658 accounting offices is underway, and the next step will be the implementation stage.

**2-**The above-mentioned technical base within the framework of the principles set out in GFS and ESA95 will be supported by a State Accounting Plan, built on an assessment base, which will be implemented in general- and annexed-budget agencies in the short term. The general framework of the Accounting Plan has already been drawn up and it will be completed in a short period of time. In the long term, it is expected that the results of the financial transactions of public agencies will be consolidated, and the financial statistics concerning the "general state" could be derived from the accounting plan by establishing a similar accounting plan for the units falling within the scope of the "general state", as defined in GFS and ESA95.

As a result of these activities the Ministry of Finance aims to meet the following targets:

- The balance sheet of the “General State” will be drawn up.
- The revenue accounts will appear in detail in the State Revenues Accounting Plan.
- The functional and economic details of state expenditures will be defined in the Accounting Plan.
- Tangible fixed assets will be indicated in the accounting system.
- Means by which state debts are financed (from either domestic or foreign sources), expiry dates, interest payments of debts, interest due dates, the institutional distribution of the debts, and the fields where the debts are utilized will be set out in the public accounts and can be presented to users in the form of financial and statistical tables.
- Assets and liabilities will be subject to reassessment so that their current values can be indicated on the balance sheet and financial tables.
- In the accounting plan accounts will be classified according to their characteristics and to the generally accepted accounting principles; Balance sheet accounts (assets, liabilities, public capital), revenue and expenditure accounts, and memorandum items will be classified in their own groups.
- Timing in accounts will be taken into consideration in the accounting system. The receivables and liabilities will be listed according to their short or long term nature; and they will be indicated in the prepared financial tables.
- A sound “Cash Flow Table” will be prepared in the accounting system, thereby allowing cash flows to be controlled.
- The results of budget implementation and the activities of the State will be demonstrated in separate financial tables.
- Thus, international standards regarding transparency and financial monitoring will be met.

**3-**The activities leading to the harmonization of the accounting plans in a way that ensures their consolidation will begin as soon as possible by getting in touch with the other state units stated in GFS and ESA95, and included in the definition of the "general state".

**4-**Following these activities, it is expected that financial data related to the “general state” will be gathered monthly and annually and consolidated in a center established within the Ministry of Finance and be presented to the users in accordance with the “view of transparent state”.

**5-**When the above-mentioned targets are reached, public financial internal audit will become easier. In addition, a base will thus have been set up to determine, in economic and functional respects, public expenditure and to measure the performance of the public institutions.

**6-**All central accounting offices will be linked to the Ministry of Finance.

**7-**A unit will be established within the Ministry of Finance to compile the statistics concerning public deficit and debts, and to publicize them.

The State Accounting Plan aims to include the accounts of all public agencies within the definition of “general state”. Therefore, a unit will be established within the administrative structure of the Ministry of Finance so as to set standards of accounting for non-profit-seeking enterprises. This Unit will also ensure compliance with these standards.

The above-mentioned activities will soften the over-centralized structure of our budgeting system, and help broaden the autonomy and responsibilities of the spending agencies through a legal framework.

#### **d) Additional Requirements Stemming From Entry into Force of the New Legislation**

Arrangements should be made to ensure full harmonization of the new practices with the existing situation, priority should be given to the identification of inconsistencies, and effective corrective measures should be introduced into the system as soon as possible.

#### **e) Additional Staffing and Training Requirements for the Implementation of Amendments and Modifications**

A significant increase is anticipated in the number of qualified personnel to be employed and in the training requirements for launching a financial control system to comply with the EU standards. For this reason, the administrative capacity of the Academy of Finance established under the Ministry of Finance should be improved rapidly.

Performance audits should be made more widespread by applying examples of good practice in this specific field and by making use of the support provided by foreign experts. These audits should also be in compliance with related international standards. To this end, in the Court of Auditors 2001 Action Plan 3-4 performance audit studies in the field of health and education are planned, with the British Court of Auditors offering consultancy support in methodology. Capacity enhancing mechanisms for the Data Processing Center of the Court of Auditors, adoption of Computer Assisted Audit Techniques, and training studies on communication technologies will be accelerated. Activities within the Court of Auditors for ensuring the regular presentation of periodical reports to the Parliament as stated in the Article 87 of Law No.832 on the Court of Auditors will be finalised. Presentation of the other reports mentioned in the different articles of Law on Court of Auditors to the Parliament will continue.

It is planned to prepare and apply a new full assessment or modified assessment basis State Accounting Plan, instead of the cash basis Bylaw of State Accounting. This Accounting Plan will be strengthened by the SAY2001 project, the administration will have the capacity to follow daily accounts by internet, data will be provided to international standards (GFS and ESA95), and reliable information regarding the financial activities of central government can be publicized quickly within the framework of transparent administration. The Ministry of Finance will be able to conclude these efforts with the existing human resources of the Ministry and additional personnel will not be necessary. The technical assistance of EUROSTAT will be of benefit for the training of personnel and adjustment to new conditions. The new budget code system to be introduced by the Ministry of Finance will be adjusted to the accounting plan.

Audit standards and professional ethics will be determined and applied by the unit responsible for ex post audit.

### **III. Time Schedule**

#### *Short Term*

For the successful completion of the reform program in effect since 1993 the primary aim is to establish a computerized Public Financial Management Information System (PFMIS). As a first step, the SAY2001 project will be initiated in government account offices in 2001 to ensure rapid collection of information on budgetary revenue and expenditure.

Amendments to legislation, decreasing the bureaucracy, and giving primary importance to financial transparency and reporting responsibility in the functioning of the financial system can be achieved by speeding up the infrastructural studies. Within this framework certain pilot studies should be undertaken regarding the results of the new methods and practices introduced to the system.

In order to improve the financial control system, certain short term mechanisms have to be developed to foster coordination among the audit units, to speed up exchange of information, and to improve the transparency of the auditing results.

#### *Medium Term*

As for the medium term, all necessary legal amendments have to be completed and strategies to deal with problems that may arise at the implementation stage should be identified.

The fragmented nature of the current financial control system will be transformed into independent units performing to the same standards and using modern auditing methods.

#### **IV. Financing**

A project supported by World Bank loans is being undertaken to define the existing situation. Budgetary or EU resources may be used to make the investments required to increase the capacity of the financial audit system. Budgetary resources may be used for the in-house training of personnel, and EU resources may be used to train personnel in EU practices.

## 5. Administrative Capacity

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### 5.1. Administrative Capacity

#### 5.1.1. Coordination

The “Secretariat General for European Union Affairs” affiliated to the Prime Ministry was established on 27 June 2000 under Law No 4587, with the aim of ensuring effective coordination in relations with the EU.

The Secretariat General, which also incorporates the Internal Coordination and Harmonization Committee to ensure internal harmonization, is headed by the Secretary General holding the title of Ambassador, who directs the below listed six directorates acting as main service units under the administration of the Deputy Secretary Generals appointed by four public institutions (Ministry of Foreign Affairs, Under-Secretariat of State Planning Organization, Under-Secretariat of Foreign Trade and Under-Secretariat of Treasury), which were previously responsible for internal coordination in their respective fields of activity.

- Directorate of Political Affairs
- Directorate of Single Market and Competition
- Directorate of Agriculture and Fisheries
- Directorate of Sectoral and Regional Policies
- Directorate of Economic and Fiscal Policies
- Directorate of National Programme

#### 5.1.2. Administrative Capacity for the Adoption of the Acquis

##### 1. Free Movement of Goods

The establishment of an independent accreditation infrastructure which will especially be useful during the implementation stage of the Decision on Modular Approach was completed with the official establishment of the Turkish Accreditation Authority on 4 November 1999. The authority will start its activities as soon as possible.

In accordance with the Framework Law to be enacted for the implementation of the New Approach Directives, conformity assessment and certification bodies together with accredited institutions will be set up and developed to certify compliance and assess conformity with the legislation on certification institutions and some high-risk products, and to report the results to the EU Commission.

Market Supervision, which is planned to be conducted by the Ministry of Trade and Industry, will be carried out by setting up divisions under every Directorate General responsible for the harmonization of their specific legislation.

It is a prerequisite to establish the Central Laboratory for Measurement and Calibration in order to measure and perform calibration activities in a more effective, rapid and efficient way throughout the country, and to ensure continuous tracking. Also, provincial laboratories should be activated with full staff and equipment capacity.

## Public Procurement

It is required to set up an independent legal or administrative (preferably administrative) authority to direct the practices of public tenders and to settle the disputes thereof.

## 2. Free Movement of Persons

A Professional Standards Authority will be established with the involvement of employees, employers and public authorities so as to ensure mutual recognition of professional training documents and establish standards in professional training. Under the coordination of this institution, professional documentation shall be provided in compliance with the Examination and Certification System to be introduced in cooperation with other related authorities. The draft bill for the "Law on National Professional Standards", laying down professional standards and stipulating the establishment of a Professional Standards Authority, has been prepared.

## 3. Free Movement of Services

The Banking Regulatory and Supervisory Authority and Board has started its regulatory and supervisory functions in the field of fiscal services. It will also be possible to structure other units regulating and supervising fiscal authorities and acting as individual authorities or boards in a similar way. It is also advisable to establish the institution of an "ombudsman" within the Turkish Banking Union, to act in the field of banking.

The Under-Secretariat of the Treasury, Directorate General for Insurance, acts as the regulatory authority in the insurance sector, while the Insurance Auditing Board is the auditing body.

Coordination in the field of the free movement of services other than financial services will be undertaken by the Secretariat General of the European Union, as in other fields, taking into account the large number of institutions and organizations involved in this field.

## 4. Free Movement of Capital

The authorization procedure will be replaced by a registration system under the Directorate General for Foreign Capital, Under-Secretariat of the Treasury, upon substitution of the "Law on Foreign Capital Incentives" with the "Draft Law on Foreign Capital" Furthermore, efforts continue on the development of a new administrative system.

## 5. Company Law

### *Industrial Property*

It is necessary to enhance the infrastructural capacity of the Turkish Patent Institute and to establish specialized courts as stipulated in the legislation for intellectual and industrial property rights. It is vital to set up a union for patent and trademark attorneys in order to institutionalise attorneyship.

### *Intellectual Property*

The existing Directorate General for Copyrights and Cinema should be reorganized as two separate institutional structures to ensure supervision and coordination in this field. With the aim of strengthening the Turkish intellectual property system, it is planned to set up an institute or an institution as an affiliated or associated body of the Ministry of Culture.

Moreover, it is expected to finalize the EU supported project, which includes the establishment of 12 specialized courts, to ensure specialization in the settlement of disputes on intellectual and industrial property rights. Should the EU provide the required financing, the system is planned to be activated by the end of 2005.

## 6. Competition Policy and State Aid

There is a requirement for a State Aid Monitoring Authority to be established at the national level. The body or the authority to be established will play an active role in making necessary notifications, providing necessary information, and replying to questions which may be raised from both sides regarding work



carried out on state aids and EU legislation and its implementation. Moreover, it will ensure compliance with international agreements on state aids such as GATT/WTO agreements, as well as with the rules and principles applicable in the EU. This authority will at the same time contribute to creating the right state aid policies in accordance with Turkey's interests, play an active role in the preparation of applicable legal arrangements, and evaluate the results obtained from implementations.

## **7. Common Agricultural Policy**

With the aim of eliminating the disorganized structure of authority in the agricultural sector and delivering all services from one point, the "Draft Law Regulating Agricultural Services" was prepared and presented to the Prime Ministry. The objective of this Law is to set up a Supreme Board comprised of the institutions and organizations related to agriculture and supporting agriculture. This Board shall lay down agricultural policies and objectives, ensure restructuring of the agricultural sector, set forth the basic principles of sustainable agriculture, prepare long-term agricultural plans, define agricultural subsidy models, ensure rational use of resources allocated to agriculture, support the establishment of unions of producers and breeders, execute agricultural organization activities, identify the intervening institutions to be entrusted in orientation, conduct product pattern and inter-product parity activities, encourage insurance of agricultural products against risks related to natural disasters, extend agricultural insurance practices to a broader segment of society, arrange issues relating to the premium support to be provided by the State, ensure protection, development and efficient use of scarce agricultural lands, prevent improper use of soil and avoid incorrect agricultural practices, set forth priorities for land use and protection, lay down the principles thereof, prevent agricultural production units from being distorted by the size of economic enterprises, protect all kinds of gene sources that may be subject to agricultural production, support and develop ecological and contractual agricultural production.

Although in Turkey the legal and financial infrastructure exists to enable farmers to organize into cooperatives, there is no legislation satisfying EU norms on agricultural producers' unions. The Draft Law on the Unions of Agricultural Producers prepared in this respect should be enacted as soon as possible. This law shall make it possible to adopt the organizational structure of EU farmers. The Draft Law aims at setting up non-profit organizations to serve producers in all phases, from production to marketing, independently of the public sector. Through this law, it shall be possible to support organized farmers and implement subsidy measures. Arrangements shall be made to provide for autonomous inspections of those organizations.

The objective of the Law on Agricultural Sales Cooperatives and Unions enacted on 16 June 2000 is to provide an autonomous and financially independent structure to cooperatives and unions in an effective and sustainable manner. The studies, analyses and recommendations required for restructuring cooperatives and unions and providing them with a structure within which to conduct their activities within the framework of economic efficiency and productivity principles, are established by the Restructuring Board. A four-year transition period is required for the privatisation of Agricultural Sales Unions.

The marketing system in Turkey for agricultural products comprises the following institutional structures: grains (TMO), sugar cane (TSFAS), tea (ÇAYKUR) and tobacco, salt and alcohol (TEKEL). These authorities play an active role in the marketing of their products and price establishment in proportion to their product purchases. It is foreseen to privatise some of these authorities under the scope of the agricultural reform stipulated in the stand-by agreement signed between the Turkish Government and the IMF.

Farmers will be included in the system based on their title deed registry in line with the farmer registry system included under the Direct Income Support for Farmers, started on a project basis in 2000 within the framework of Restructuring and Support Policies in Agriculture. This system will be gradually applied on a nationwide basis in 2001. It will be possible to develop the information in hand and set up a marketing information system comprised of the data useful for agricultural marketing. The Agricultural Information System covers institutional arrangements oriented towards effective coordination in science and research, agricultural publication services and agricultural training, to ensure sustainable development in the agriculture sector and in rural areas. The system created for the implementation of effective policies mainly for natural resources, environment and foodstuff safety has a broad content and requires coordination and organization. It is also crucial to provide proper cooperation between producers, consumers, non-governmental organizations and industry, in addition to those elements (institutions) involved in the Agricultural Information System.

The General Agricultural Policies section of the 8th Five Year Development Plan includes the principle to set up the Agricultural Information System. The Plan also anticipates the need to "enact the Framework Law on Agriculture to consider the matters related to agriculture as an integrated whole". The plan also

includes the expression “Since the “Board of Restructuring and Support in Agriculture” does not sufficiently cover the representatives of the private sector companies and farmers’ organizations, the Board shall be enlarged with the participation of new members”, thus foreseeing an advisory platform with extensive participation. The Agricultural Information System together with the framework Law and the Board designed to provide high-level coordination between the institutions holding authority either directly or indirectly in the Agricultural Information System and the agriculture sector, are in accordance with each other in terms of targeted objectives, and are thus highly important. It is essential to prepare the Framework Law on Agriculture in a way that does not lead to duplication in the authority of existing public institutions and organizations as well as the laws in force, and also to enforce this Law in a manner that will make it possible to execute the agricultural production and structuring duties and authorities in coordination, especially in agricultural production and structuring.

Furthermore, non-governmental organizations should be provided with a structure to implement the Common Agricultural Policy.

In order to align Turkish legislation with EU veterinary and therefore animal health legislation, and to transfer the implementation of Turkish legislation from the centre to regional administrations effectively, the Central Veterinary Authority should be established within an administrative structure that can eliminate conflicts in the delegation of authority and coordination. This authority should be a direct extension of the regional organization.

## **8. Common Fisheries Policy**

It is planned to establish an administrative structure and improve fishing fleet records so as to monitor structural developments taking place in the fisheries market through inspection and control measures.

The sectoral activities for aquacultural products are mainly entrusted to the Ministry of Agriculture and Rural Affairs. However, the duties, authorities and responsibilities relating to these products are distributed between various authorities resulting in a lack of coordination. With the aim of conducting sectoral activities in an effective manner, the Ministry of Agriculture and Rural Affairs should be restructured, taking into account the efficiency and harmonization of the structure in central and provincial organizations.

The capacity of the central and regional organizations of the Ministry should be enhanced in way to implement the *acquis communautaire* of the Community. In this respect, the units associated with aquacultural products should be strengthened and coordination should be emphasized in the centre, and related units should be established especially in provinces with intensive fishing activities. Although the Draft Law on Agricultural Restructuring, brought before the Turkish Parliament by the Ministry, stipulates the establishment of the Directorate General for Aquacultural Products, this structuring is not sufficient to deliver services on aquacultural products at the regional level. The regional organization for aquacultural products should be organized along the lines of regions, sea or lake basins.

## **9. Common Transport Policy**

It is planned to restructure the railways and improve compliance with security requirements in maritime transport. In this respect, a new institutional structure will be created for the Railways by amending Law No 3348 on the Establishment and Duties of the Ministry of Transport, Statutory Decree No 233 on State Economic Enterprises, and the Incorporation Statute of the State Railways Authority of the Republic of Turkey.

A new structure will be introduced in the maritime sector with the aim of increasing efficiency of Flag State and Port State practices. Such a new structure will be possible by revising the existing administrative, legal and technical infrastructure, by providing the necessary training, materials and financial resources, and also by means of technology transfer. The capacity of the Vessel Survey Boards directly affiliated to the Regional Directorates of the Under-Secretariat of Maritime Affairs will be enhanced to achieve effective implementation in Flag State controlling practices. Furthermore, Port State Boards will be set up in a way to meet the staffing requirements laid down in the EU Directives.

## **10. Taxation**

The Turkish taxation administration currently has the basic administrative structure necessary for the implementation of the *acquis*. Therefore, it is not required to make an additional change in the administrative structure at this moment.

## **11. Economic and Monetary Union**

To ensure harmonization with the Central Banks System of the EU, amendments should be made in some sections of the Law on the Central Bank of the Republic of Turkey, especially relating to the duties and independence of the Bank and its relation with public institutions. The amendments will emphasize the following:

- That the fundamental objective of the Central Bank of the Republic of Turkey is to ensure price stability and that monetary policy and related monetary policy instruments will be defined by the Bank itself,
- That no authority and institution will impose on the institutional independence of the Central Bank of the Republic of Turkey in a way to affect its decisions,
- That the Treasury's 51 per cent share in the bank's capital will be restricted,
- That the credit facilities provided by the bank to public institutions and organizations will be cancelled,
- That a Monetary Policy Board will be established by the Bank to ensure price stability,
- That the bank is authorized and entrusted to set up payment systems and make the related arrangements for the proper functioning of these systems,
- That the Bank is authorized to collect statistical data from real and legal entities whenever necessary,
- That the term of office of the Vice-Presidents is parallel to that of the President.

## **12. Statistics**

In the field of statistics, the principles for cooperation between institutions should be defined. Additional units (directorates, departments, coordination divisions, etc.) should be set up under the implementing institutions, so as to conduct detailed studies referred to in the EU acquis,.

Necessary structural arrangements shall be made with the aim of implementing the system concerning the National Accounts recommended by various international institutions.

Furthermore, a restructuring shall be unavoidable at the full membership stage to harmonize the working methods of the Statistical Advisory Committee and Statistical Programme Committee in Economic and Social Fields with those of the statistics institutes of member states.

## **13. Social Policy and Employment**

- The main objective of the Ministry of Labour and Social Security is to complete the necessary restructuring arising from legal arrangements, especially the Law on Trade Unions for Public Officers.
- The Guarantee Fund has to be established.
- A new institutional structure will be established, responsible for organizing, administering and coordinating public social aid and service programs
- The Institution of the Employees' Representation should be revised in line with the relevant Community legislation. The Labour Force Market Information Advisory Board should be transformed into a permanent board, and a Board for Health and Safety at Work should be established.
- The legal structure of the Economic and Social Council shall be enforced for effective social dialogue.
- It seems obligatory to remove the concept of the "Head of the Family" to eliminate discrimination based on sex.
- Parental leave will be introduced.

- The Professional Standards Authority will be launched to organize professional standards with the involvement of employees, employers and public institutions. This authority will ensure the mutual recognition of professional training certificates and impose standards in professional training.
- Efforts to structure İş-Kur (the Turkish Employment Institution) will have to be completed
- The Ministry of Labour and Social Security should set up a special unit for activities relating to the European Social Fund to be conducted in the fields of social policy, employment, unemployment, professional training.

#### **14. Energy**

It is planned to establish the “Electricity Market Regulatory Authority” to restructure the Directorate General for Oil Affairs as the “Oil Market Regulatory Authority”.

#### **15. Industrial Policy**

Turkey currently has all the authorities corresponding to those listed by the EU as key institutions, including the privatisation agency, competition authority, development agency (including development of exports), SMEs agency, chambers of commerce, and the associations (both horizontal and sectoral) representing the business world.

Three business development centres and the “Euro Info Centres” established during the MEDA-1 applications of the South Eastern Anatolia Project, and the Department of Regional Development serving the South Eastern Anatolian Region of Turkey, are the authorities corresponding to the regional development agencies and business development centres (including the “Euro Info Centres”) listed by the EU as an example for the local level. The establishment of regional planning units under the national planning institution, the State Planning Organization, is also on the agenda.

Although Turkey does not appear to lack any institutional requirements in legal terms, the need might arise to institute additional authorities or to launch specific opportunities to ensure harmonization in the real sector. Due to the fact that Turkish industry has some structural deficiencies when compared to EU industries in terms of keeping pace with the competition in the Internal Market, that SME based Turkish industry does not possess integrated R&D capacities and an enhanced commercial connection with the R&D services sector, and that EU arrangements on the protection of intellectual and industrial property rights are fully effected, it shall be necessary to establish catalyst institutions to facilitate the know-how transfer and to enhance commercial interaction between R&D service providers.

#### **16. SMEs**

Turkey does not lack any of the minimum institutional requirements listed by the EU. However, for the acquis to be adopted and for Turkish SMEs to be harmonized with internal market requirements there might be a need for an enhancement in their additional institutional capacity.

So as to overcome the financial bottleneck of SMEs, it will be necessary to establish new institutions to improve the capacity of the financing institutions and to implement financing methods not yet applicable within the country. Special institutions shall be set up to direct share financing for restructuring or embryo company enlargement investments and to provide management support together with capital financing. It is necessary to extend to Turkey the SME Financing arrangement developed for the candidate Central and Eastern European countries under PHARE.

With the aim of improving the technological level of the Turkish SMEs, a project has been developed for the establishment of a market maker bridge institution between the service providing capacity of the country and the users. Implementation of this project will provide momentum for the development of service sectors providing the support required by the SMEs.

Enterprises in small-scale industrial estates should also enhance their capacity to conduct joint business activities.

## **17. Science and Research**

To access the Framework Programmes of the EU in this field, TÜBİTAK will prepare its own institutional infrastructure, and will ensure a rapid and flexible approach in the implementation of the programmes in cooperation with other related authorities.

Should Turkey be included in the EURATOM agreement, which is a separate part of the Framework Programme under the agreement to be concluded with the EU, it may be necessary for the Turkish Atomic Energy Agency to rearrange its own institutional structure.

## **18. Education and Training**

Work related to the Law on the Establishment and Duties of the National Agency responsible for EU Programmes in the field of youth and education will be finalized and implemented.

Furthermore, it is important to set up the Professional Standards Authority to establish standards in professional education and to ensure the mutual recognition of professional training certificates.

## **19. Telecommunication**

Through Law No 4502 on Telecommunications, an independent regulatory authority has been established in the sector, and this authority has started its regulatory activities in ensuring competition. Within the structure established by the law no 4502, the Ministry of Transport is to define the general policies and issue licences, while the Telecommunications Authority is to fulfil the auditing functions through the necessary technical, administrative and financial actions relating to the licences issued and all telecommunication services provided.

## **20. Regional Policies**

The administrative regional units of the State Planning Organization will be set up in those provinces where they are deemed necessary, by the year 2005.

## **21. Environment**

There is no requirement to make changes to the institutional structure during the legislative harmonization process. However, for an effective implementation of the legislation, the responsibilities of the Ministry of Environment and other authorities should be clearly defined and the institutional structure of the Centre for Sanitation should be modified.

It is also essential to enhance the administrative capacity at both the central and local levels with respect to the implementation of waste management systems. Sufficient qualified personnel should be employed, training programmes should be implemented, and regional hazardous waste inventories should be prepared in terms of amount and content.

It is important to set up the Standing Committee under the Ministry of Environment to prepare the activities required for launching the NATURA 2000 System and the observation and management centre.

Within the framework of executing "Good Laboratory Practice Guidelines", new toxicology laboratories should be established or existing laboratories should be equipped with sophisticated analysis devices for physicochemical and toxicological testing of chemical products.

## **22. Consumer Protection and Health**

Following the enactment of the Draft Law on the Preparation and Application of the Technical Legislation on Products, public institutions and organizations will be set up to undertake the preparation and execution of the technical legislation on products. The accredited institutions and conformity assessment authorities to be determined by authorised public institutions and organizations will take action in this respect.

## **23. Justice and Home Affairs**

Gendarmerie troops (including frontier troops) possess radio communication systems, even at the level of gendarmerie stations. The Provincial Gendarmerie Headquarters and frontier brigade/division commands

are equipped with multi-user computer systems and communication availabilities. The infrastructure of the project to allow District Gendarmerie Headquarters and Gendarmerie Stations to connect to the Gendarmerie Information system is to be completed within 2001.

The Department for the Fight against Smuggling and Organized Crime under the Interior Ministry, Directorate General for Security, keeps police records on smuggling crimes under the Network Communication and Interrogation System Project. Technical infrastructure requirements should be defined as a priority in order to enlarge this project to cover the confiscations made by other security forces. Also, it shall be investigated whether it is possible to harmonize this national network with the European Information Network on Drugs and Drug Addiction – REITOX, affiliated to the European Monitoring Centre for Drugs and Drug Addiction – EMCDDA. For accession to REITOX, technical information is required on the structure of the information network.

The organizational structure of the Board for Investigation of Financial Crimes under the Ministry of Finance will be modified in a way to improve the efficiency of the Board.

It is planned to set up a database and increase inspection for the effective struggle against bribery, corruption and money laundering activities.

For coordination in EU matters it is planned to strengthen the existing administrative structure and enhance the personnel capacity of the Interior Ministry. Within this framework, an administrative unit for cooperation with the police is planned to be instituted in the Directorate General for Security.

The Data Investigations Office under the body of the Division for Audio-Vision Data Investigations, Department of Criminal Police Laboratories, is planned to be activated to function in solving communication and computer crimes.

Under the scope of the “Customs Modernization Project”, the foreign financing of which is provided by World Bank loans, on-line realization of customs transactions have reached the final stage. Upon completion of the project, the administrative and technical structure will have been effectively developed for the implementation of the Community acquis in the field of customs cooperation.

The European Community Coordination Department serving under the body of the Ministry of Justice will provide more effective services as a Directorate General following the legal amendments to be made in this respect.

Within the framework of the judicial reform process, establishment of the following authorities is required: the Independent Data Protection Supervisory Authority, Courts of Appeal, Specialized Judicial Courts for Intellectual and Industrial Property Rights, Consumer Courts, Turkish Justice Academy, Turkish Association of Judges and Prosecutors, Arbitrators’ Chamber of Turkey, Conciliation Boards, and the Institution of the Justice of Enforcement.

Moreover, within the framework of the restructuring of the Directorate General for Prisons and Detention Centres, the aim is to establish a Juvenile and Youth Services Department, Centres for Monitoring and Safeguarding of Juveniles, and open and closed youth organizations.

## **24. Customs Union**

Although efforts for the establishment of a modern administrative structure were initiated prior to the Customs Union, the enforcement of the Customs Union as of 1 January 1996 accelerated these efforts. One of these activities, which was mentioned in the section on Justice and Home Affairs, is the “Customs Modernisation Project” conducted since 1993. Among the objectives of the project are the improvement of legislation and regimes, reorganisation of the customs authority, more effective tax collection, as well as the development and implementation of a computer system for a selective but more effective customs control.

Efforts carried out on the computer-oriented execution of customs transactions within the framework of “The Project for the Modernisation of the Customs Authority” (GIMOP), the foreign financing for which was provided by World Bank loans, are at the final stage. Upon completion of the Project, the administrative and technical structure will have been developed in a way to align with the acquis communautaire in customs issues. Thanks to the BILGE software installed on the SOFIX core software purchased from France and developed within the framework of GIMOP, summary statements, customs statements and transit statements have been computerized. The BILGE system became more effective with introduction

the CUSTOMS/EDI software developed in Turkey so as to make it possible for foreign traders to submit statements to the customs authorities from their own offices. Likewise, with the launch of the "DATA-WAREHOUSE" software it will be possible to obtain accurate results from the customs interrogations within a very short time. Thus, the Turkish Customs Authority will be the first public institution to develop and use the state-of-the-art EDI (Electronic Data Interchange) and DATA-WAREHOUSE software.

The BILGE System was first used in 1998 in a pilot scheme at the Customs Office of Istanbul Atatürk Airport. The pilot scheme for CUSTOM/EDI software was started in 1999. Subsequently, work was initiated to make both systems more widespread. Consequently, by the end of 2000 75% of all customs transactions were conducted by electronic media. This ratio will reach 95% as of October 2001.

Efforts for the modernisation of the Customs Authority also comprise modification of the administrative structure through the organisation's law. In this context, the organisational structure of the Customs Authority will be rearranged.

## **25. Fiscal Control, Fiscal and Budgetary Works**

Budgetary organization will be revised so as to pave the way for effective management of the fund flows provided by the EU budget.

In order to implement the EU acquis in the field of own resources and administrative infrastructure, a body or bodies should be established in Turkey to initiate a system to ensure the effective contribution of various own sources (conventional, VAT, GNP) within the country. This situation would also involve the exact calculation of the national GNP through a transparent, accurate and reliable calculation of customs taxes and VAT collected by Turkey. Such calculations should be made in an harmonized and verifiable manner, and the information provided should be kept for at least three years to make it possible for the Commission to conduct checks.

In addition to possessing the administrative capacity to correctly calculate the contribution to Community's own resources, Turkey should also have the administrative capacity to properly collect and duly transfer resources allocated to the Community budget. In addition, Turkey is obliged to set up the necessary administrative capacity to regularly and duly report the situation as per each type of resources.

The existing institutional structures should adapt their organizations and budgets to the redesigned financial system. In this respect, the institutional infrastructure for realizing the new mechanisms to be included in the system will be completed.

Gathering the external auditing units under a single umbrella is of significance especially with the aim of solving coordination problems and ensuring efficiency in external auditing.

Independent professional board(s) will be set up in a way to develop accounting, auditing and reporting standards and to follow-up the practices thereof.

### **5.1.3. Training of Public Officers**

Activities designed to improve the foreign language capacity of public and private sector personnel and to provide comprehensive training on EU matters at various levels will continue. Within this framework, 3177 people were trained on foreign language skills, 2567 in basic training, 826 on international relations, 362 on economic and fiscal policies, 63 on the common agricultural policy, 59 on social policies, 13 on industrial policies and 22 on Community law, making a total of 7089 people. This training was provided through courses at the European Community Research and Implementation Centre of Ankara University. In addition, about 100 personnel from public institutions and universities were trained abroad through Jean Monnet Scholarships, funded by the EU Commission.

Studies to identify the EU-related activities of Turkish universities have reached the final stage.

Furthermore, studies were conducted to make the necessary modifications in higher education programmes in a way to cover EU and international matters more comprehensively. In this respect, studies

continue on the establishment of “Research Centres for EU-Turkey Relations”. Within this framework, the below listed universities have set up research centres:

1. Anadolu University, EU Research and Documentation Centre
2. Ankara University, EC Research and Implementation Centre
3. Atatürk University, EC Research and Implementation Centre
4. Dokuz Eylül University, EC International Economic Relations Research and Implementation Centre
5. Gaziantep University, EU Research and Implementation Centre
6. İstanbul University, EC Research and Implementation Centre
7. Marmara University, EC Institute and EC Research and Implementation Centre
8. Middle East Technical University, European Studies Centre
9. Sakarya University, EU Research and Documentation Centre



## 6. Global Financial Assessment of the Reforms

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### 6.1. Global Financial Assessment of the Reforms

Following the Helsinki Summit, during Turkey's candidacy efforts have been initiated to identify new items to financial aid resources provided to Turkey by the EU, in addition to the current Mediterranean Cooperation programs.

Therefore, grant programs for this period can be examined under Euro-Mediterranean Partnership (MEDA II) (2000-2006) and Accession Strategy Programs, excluding earthquake relief, since it was geared towards a specific purpose.

#### **MEDA II (2000-2006)**

##### Grants

Turkey's share of this aid program, which is financed and administered by the EU Commission, is declared to be 890 million Euro. The implementation of the program is currently problematic due to technical issues and the fact that even certain MEDA I projects have not been realized yet. In order to overcome problems related to implementation on a project basis, it has been decided to transfer grants directly to the budget in the context of 'Structural Adjustment' programs. The necessary approval from the Commission for the first portion of 150 million Euro was granted in December 2000.

##### Credits

1.470 million Euro credit will come from this program administered by the European Investment Bank. Project preparation is continuing.

#### **ACCESSION STRATEGY**

Within the context of an additional source to compensate for the fact that grants pledged for the Customs Union were not realized, two different programs of 135 million Euro and 15 million Euro with a total of 150 million Euro is foreseen to be allocated as a grant and 450 million Euro as EIB credits for the period 2000-2002.

Furthermore, in the context of the Accession Strategy, it became possible to benefit from the credit package of 8.5 billion Euro provided to other candidate countries and financed by the EIB's own resources.

In addition, an unused grant of 343 million Euro foreseen in the context of the Customs Union will probably be used during accession.

#### **FINANCIAL RESOURCES REQUIRED IN THE CONTEXT OF THE NATIONAL PROGRAM**

The total amount necessary for Turkey's adoption of the EU acquis was envisaged approximately as 4.2 billion Euro in the National Program. 8-10 billion Euro necessary for harmonizing with the Common Agricultural Policy and 3 billion Euro credit envisaged for SMEs are not included in this amount.

### **6.1.1. Free Movement of Goods**

#### Motor Vehicles and Agricultural and Forestry Tractors

For EU legislation in the field of motor vehicles and agricultural and forestry tractors, which has still to be translated into Turkish, a project of around 50 000 Euro, to be financed from the Administrative Cooperation Fund, has been initiated.

#### Chemicals

Around 10 to 15 laboratories are needed to carry out fertilizer analyses under the aegis of the Ministry of Agriculture and Rural Affairs. One laboratory costs around 250 000-300 000 dollars (approximately 273 400-326 900 Euro).

#### Medical Products

A project to prepare a draft envisaging the establishment of the Turkish Medicine Authority has been sent to the State Planning Organization. However, instead of the budget foreseen in the project, 5 million Turkish Liras (approximately 8 000 Euro) has been allocated to the 2001 investment budget of the Ministry of Health for a Survey Project for restructuring purposes. This amount will be used as a resource for the necessary work to be carried out.

### **6.1.2. Free Movement of Capital**

Training of additional personnel necessary for the adoption of the EU acquis and of existing personnel will cost around 151 000 Euro for 2001-2004. 22 000 Euro will be necessary for the same period as technical assistance to be received from the EU Commission.

### **6.1.3. Common Agricultural Policy**

#### General Assessment

Investments are necessary for the continuation of agricultural reform, improvement of rural and agricultural infrastructure and the structure of agricultural undertakings, efficient use of technology, enhancement of research, publication and training services, and adoption of the Agriculture Information System in accordance with Community standards. Although it is difficult to determine the exact amount of financial resources, together with the expenditure necessary for the adoption of the Community acquis, it will be needed a financial resource of an amount to 8-10 billion Euro. It is vital that the Community provides the necessary financial resources for this purpose.

#### Animal Identification System

A database has to be established within the Directorate General of Protection and Control and Province Directorates of the Ministry of Agriculture and Rural Affairs, in order to define and register cattle. For this purpose a computer system has to be established and software has to be prepared and distributed to Province Directorates and users have to be trained. The establishment of the database and computer system in the central unit (Directorate General of Protection and Control), software preparation, support of the Ministry's Province Directorates in need, training of personnel and publication services all require financial resources. A total of 105 600 dollars (approximately 115 000 Euro) is needed for the first phase to obtain hardware, software, training, publications and other issues in order to establish the system required.

#### Land Registration System

Necessary legal and institutional arrangements for the land registry system will be completed in the short term. Two studies will be carried out in the short and medium term for computerizing title deeds and land registry information, necessary for establishing a land registry system. Computerizing oral information regarding title deeds registry will cost a total of 47.650.230 dollars (approximately 51.919.000 Euro),

25.911.100 dollars (approximately 28.232.000 Euro) for hardware and 21.739.130 dollars (approximately 23.687.000 Euro) for entering data. In addition 500.000 dollars (approximately 545.000 Euro) will be necessary for satellite pictures, machines, equipment, travel and consumption expenses. 125 million dollars (approximately 137 million Euro) will be needed for the project prepared for the completion of the title deeds procedures for unregistered land making up about 17% of all the land in Turkey. The Title Deeds and Land Registry Information System Project requires approximately 150 million dollars (approximately 165 million Euro)

#### **6.1.4. Common Fisheries Policy**

Certain investments are necessary to develop the fishing infrastructure. The purchase of 40 new control boats in order to carry out research activities and to improve protection and control services, the establishment of a distance perception system, setting up a computer network, and providing necessary inspection equipment will cost around 15 million dollars (approximately 16 million Euro).

#### **6.1.5. Common Transportation Policy**

##### Railroad Transport

The Directorate General for Land Transport within the Ministry of Transport has to be equipped with expert staff able to regulate and monitor Turkey's passenger and freight transport and international transport, analyze international transport issues, and realize regulation and implementation of measures in the transport sector during the adoption of the EU acquis within a short period of time. Personnel will also be needed for a regulatory body to be established. Investments will be necessary for training, hardware and software. The regulatory body will need a building and hardware. Personnel will have to be trained in the field of economic regulation. The administration and personnel of TCDD (Railroads of the Republic of Turkey) will have to be trained in order to make the transition from a public service understanding to a more commercial understanding of doing business. TCDD has to be relieved of its employment burden during restructuring. 24 million Euro are needed for increasing the capacity of the Ministry of Transport through satisfying its needs for hardware, software and additional qualified personnel.

75-100 million dollars (approximately 82-109 million Euro) are needed for compensation in order to eliminate excess employment. In case restructuring can be initiated at the beginning of 2000,

- 160 million dollars per year (approximately 174 million Euro) for operational subsidies,
- 30 million dollars (approximately 33 million Euro) arising out of social security obligations,
- 200 million dollars (approximately 218 million Euro) in credit or credit guarantee,
- 10 million dollars (approximately 10,9 million Euro) for exceptional restructuring

will be needed in the first three years. If restructuring is delayed, necessary subsidies will increase in amount.

##### Air Transport

The Directorate General for Civil Aviation requires 23 million Euro for the training of its personnel, purchase of computers, repair of buildings and for other requirements.

##### Licenses

Expenditure of around 3 million Euro for training and translation will be necessary during harmonization efforts.

##### Noise Emission of Aircraft and Noisy Airplanes

Investments of 5 million Euro are required for tracking and assessing noise levels of airplanes in airports.

### Technical Requirements and Safety

5 million Euro are necessary for training, translation and personnel investments in this field.

## **6.1.6. Statistics**

### Statistics

Resources amounting to 50 million Euro are needed for training of personnel and short term changes (efforts have been initiated to determine new strategies in accordance with the EU in the fields of demographic and social statistics, regional statistics, labor statistics, foreign trade and agriculture statistics). This amount can be financed from the EU through technical assistance.

### Classifications

A 200.000 Euro investment is necessary for solving problems related to limitations in future databases on economic life and to establish a national classification infrastructure.

### Labor Statistics and Statistics Related to Wages, Labor Costs and Structure of Earnings

The State Statistics Institute requires 250.000 dollars (approximately 272.400 Euro) and the Ministry of Labor and Social Security needs 90.000 dollars (approximately 98.000 Euro) for computer hardware and personnel training, in order to produce statistics on a monthly basis for labor force, employment and unemployment estimates, and on a periodical basis for a labor cost index.

### Industry

50.000 dollars (approximately 54.500 Euro) financial input will be needed for computers and software.

### Construction Statistics

Working space and hardware will probably be needed, which will probably cost around 100.000 dollars (approximately 109.000 Euro).

### Energy and Raw Materials

150.000 Euro worth of computers and software will be required.

### Land Use and Regions

Institutions will require computers, software and satellite pictures. Short and medium term arrangements envisaged (like the SSI's General Agriculture Census and compiling information on agricultural production in accordance with EU harmonization efforts, establishment of a farmer registry system, keeping registries of agricultural undertakings and establishing on-line links for the Agriculture Directorates of the Ministry of Agriculture and Rural Affairs), will bring a cost of 1.000.000 Euro for the State Statistics Institute and 25.000.000 Euro for the Ministry of Agriculture and Rural Affairs. This cost covers activities related to the collection of agricultural statistics.

### Regional and Geographic Information

All new and additional costs (like satellite pictures, machinery, equipment, travel expenses, consumption expenditures etc.) will cost 500.000 Euro.

## **6.1.7. Social Policy and Employment**

### Labor Law

Investments are necessary for infrastructure, personnel and establishment of financial instruments for the implementation of policy changes (guarantee funds, financing requirements). Actuary balance for the Guarantee Fund to be established and other investments will require a source of 450 million Euro.

### Social Dialogue

Around 18 million Euro is necessary for hardware and training investments

### Equal Treatment for Men and Women

Investments are required for hardware, databases, development and implementation of training programs for personnel, women, unions and employers. A financial resource of 27 million Euro is required to cover the increased cost resulting from the extension of the maternity insurance coverage, to strengthen the institutional infrastructure and to train personnel.

### Employment

The most important part of the restructuring investments are financed through World Bank credit in the context of the ongoing "Employment and Training Project" However, additional investments will be required for strengthening İş-Kur (Turkish Employment Institution), databanks, software and hardware necessary for implementation, new personnel and their training, which will amount to 70 million Euro.

### European Social Fund

With regard to the Fund the Ministry of Labor and Social Security is planning to establish a special unit responsible for social policies, employment, unemployment and vocational training. Hardware, personnel and training investments will necessitate an amount of 15 million Euro.

### Health and Safety at Work

45 million Euro will be required for the full adoption and implementation of the EU acquis. Participation in the relevant EU Agency with observer status and contribution payments following full membership will have to be financed.

## **6.1.8. Energy**

Institutional changes and needs arising out of these changes will cost around 50 million Euro.

## **6.1.9. SMEs**

Resources should be allocated to increase capacities including the establishment of new bodies in the field of SME financing, to establish a market making body which will set up national technology transfer service networks in order to support SMEs in the fields of technology transfer and industrial problem solving, to support SMEs in terms of harmonization with the technical legislation, and to start activities towards the adoption the New Approach Directives and the application of CE marking. The Industrial Strategy developed in the context of the "European Strategy for Turkey" should be implemented. Capacity increase in the field of SME financing will cost 50 million Euro, technologic support for SMEs will also require 50 million Euro, and an initial amount of 15 million Euro will be needed for harmonization with the New Approach Directives and application of CE marking. An additional 15 million Euro is required for harmonization with other technical legislation for SMEs. It will be appropriate to develop quick response and to further extend this with a minimum of 300 million Euro in grants and 3 billion Euro in credits which will be required initially to implement the "Industrial Strategy" with respect to SMEs.

## **6.1.10. Science and Research**

Calculations based on the year 1998 and EU's 5th Framework Program budget have revealed that Turkey's contribution for the full participation to the EU's Framework Programs will be 327 million Euro. For the year 2002, it is estimated that participation to the 6th Framework Program will require a contribution of 489-587 million Euro, depending on the increase of the budget (expected to be 15-18 billion Euro). An additional 17 million Euro will be needed for harmonization with the EU acquis and relevant implementations.

## **6.1.11. Culture and Audio-Visual Policies**

### Culture

Will be determined in further stages.

## **6.1.12. Regional Policies**

Necessary adjustments and personnel to implement regional policies will cost 20 million Euro.

## **6.1.13. Environment**

### Horizontal

A network and computer system has to be established for the effective implementation of Environmental Impact Assessment, which together with other efforts and developments will require a resource of 7 million Euro.

### Access to Environmental Information European Environment Agency

50 million Euro are needed for hardware, software and other items for the establishment of a national environment database system.

### Air Quality

Large investments will be needed to establish an air quality tracking station network and related quality assurance equipment; to establish the necessary tracking system in the context of legislation based on international agreements and strengthen laboratory infrastructure; to prepare an inventory of greenhouse gas emissions and determine the sources thereof; to modernize fuel production plants in order to produce fuel quality envisaged in the legislation; realize pollution decrease and fuel change in large fixed polluting sources; and to prepare emission inventories and modeling studies.

These investments will be approximately 70 million Euro, the exact amount will be determined after a detailed analysis which will itself cost 3 million Euro.

### Waste Management

Harmonization and implementation of legislation will cost around 20 million Euro.

### Genetically Modified Organisms

A total amount of 6,5 million Euro will be needed for the preparation and implementation of a regulation on the verification of the usage for ILU principles and tests for chemicals

## **6.1.14. Justice and Home Affairs**

### External Borders

A budget of 4 million Euro is needed to complete the project on passport issuing and installing of optical readers at the borders.

### Organized Crime, Fraud and Corruption

To increase effectiveness in the fight against bribery, corruption and money laundering, work is underway to strengthen regulations in these areas, and to create databases at the Ministry of Interior, the Ministry of Finance and the Directorate General for Title Deeds and Land Registry. An estimated budget of 700.000 Euro is needed for the Tactical Training Center Project; a budget of nearly 300.000 Euro is needed to finance the Research Center for the Prevention of Crime, Research Center to Control and Decrease the Demand for Drugs, Research Center on Money Laundering and Research Center for Computer Crimes at TADOC (Turkish International Academy Against Drugs and Organized Crime).

16.250.000 Euro is needed to finance the project for purchasing Police Observation Vehicles, planned for 25 provinces in the fight against drug trafficking and other forms of organized crime. A budget of 300.000 Euro is needed to finance the establishment of an Office of the European Center for the Monitoring of Drug Addiction in Turkey.

The Directorate General for Security is planning to design a project to study the work undertaken by the EU on organized crime. A budget of 5 million Euro is needed to integrate criminal records maintained by the Gendarmerie General Command with the MERNIS database (Centralized Population Census Administration System) maintained by the General Directorate of Identification, Census and Citizenship. For combating organized crime in the areas under the jurisdiction of the Gendarmerie General Command in 21 provinces, the cost of purchasing 21 observation and monitoring vehicles is 13 million Euro.

A budget of 1,5 million Euro is needed to complete the Gendarmerie Multi-functional Narcotic Dog Training Center.

The Financial Crimes Investigation Board estimates that a budget of 20 million Euro will be needed to create the infrastructure for the integration of national databases maintained at individual institutions (i.e. the Department for Smuggling, Intelligence, Operations and Information Gathering, the Directorate General of Judicial Records and Statistics, the Customs Administration, the Title Deeds Administration, the Registry Administration, trade registry records and financial institutions) and international databases (i.e. Egmonth Secure Web and other international systems), to create its own database, and to acquire a building.

The Banking Regulatory and Supervisory Authority will design training programs for the fight against corruption and money laundering.

The total cost of the Title Deeds and Land Registry Information System Project is estimated at 160 million Euro. Technical and financial assistance will be sought from the EU for this project.

The estimated cost of the five year Title Deeds Archives Automation Project is 21 million Euro.

### Police Cooperation

Communications and transportation equipment and technical supplies are needed and existing equipment and materials need to be updated. An integrated computer based investigations system accessible by Police and Gendarmerie units is in its initial planning stage. An additional budget of 25.400.000 Euro is needed to complete the Pol-Net Project (data processing project). An estimated budget of 30 million Euro is needed to complete the Computerized Transfer and Management Project (Directorate General for Security).

The creation of additional financial resources is necessary to standardize law enforcement units responsible for carrying out questioning and cross-examinations, prevention of auto theft, prevention of computer crimes, detention and cross-examinations by the security forces in general, and to enhance technical equipment at these units. Feasibility studies undertaken on the standardization of 200

questioning rooms and nearly 1000 detention rooms at the Directorate General for Security are ongoing. An estimated budget of 700.000 Euro is needed in the first stage for a training program to train investigation experts at the Directorate General for Security.

An estimated budget of 3 million Euro is needed to update the International News Center at the Directorate General for Security.

A budget of 30 million Euro is needed for the application of the project on FM wireless communications in Ankara; the further extension of the project will, along with other uses, enable instant data transmission and identity verification.

An estimated budget of 6 million Euro is needed to finance the technical and infrastructure needs of the Division for Criminal Identification and Scene of Crime Investigations operating under the Provincial Directorates for Security. An estimated budget of 4 million Euro is needed to train staff at the Divisions for Criminal Identification and Scene of Crime Investigations operating under the Provincial Directorates for Security.

A budget of 400.000 Euro is needed to commission the Antalya Police Forensic Laboratory. A budget of 3 million Euro is needed for a new building for the Central Police Forensic Laboratory in Ankara. A DNA data bank is planned to establish at the Biological Analysis Division at the Police Forensic Laboratories. In cooperation with Ankara University Faculty of Dentistry, work is underway on the Criminal Odontology Project, which will enable the analysis of the genetic characteristics of teeth samples. A budget of 800.000 Euro is needed to finance a research center, to be created with the cooperation of the Middle East Technical University, designed to improve services at police forensic laboratories. An estimated annual budget of 150.000 Euro is needed to provide Basic Sciences training at the Middle East Technical University for staff at the Police Forensic Laboratories Department (Directorate General for Security).

A budget of 300 million Euro is needed for the application of the Gendarmerie Integrated Battle and Information System (JEMUS) project in Turkey.

The Gendarmerie General Command has estimated that it needs a budget of 8 million Euro to finance a project to improve facilities at detention centers in regions under the jurisdiction of the Gendarmerie.

A budget of 6,5 million Euro is needed to finance the two Gendarmerie Regional Criminal Laboratories, which are planned to be established in Antalya and Rize.

120 of the criminal investigation units foreseen to be established under District Gendarmerie Commands throughout Turkey in the years 1999-2010 are currently operational, and by 2004 the number of units in operation is expected to rise to 274. 500.000 Euro is needed for this project.

500.000 Euro is needed for the Explosives Detonation Units at 20 Gendarmerie Provincial Commands.

A budget of 4.5 million Euro is needed to finance Fingerprinting Stations that the Gendarmerie Command plans to create in 80 Gendarmerie Provincial Commands.

#### Cooperation in Legal and Criminal Issues

The aim of the first stage of the National Jurisdiction Network Project is to increase the speed and efficiency of procedures carried out by the central organization of the Ministry of Justice, through technological means like computers and special software. This stage will be completed before the end of 2001. During the second stage of the project, by 2004 automation of courts and public prosecutor offices and their integration with institutions like notaries, census bureaus, and title deeds directorates will be realized. The National Jurisdiction Network Project will last four years and will cost around 170 million Euro.

Under the Specialized Courts Project 12 specialized courts will be established to solve disputes arising out of intellectual, industrial and commercial property rights within the framework of the Effective Protection of Intellectual and Industrial Property Rights Project. A documentation center will be established at the Ankara University Intellectual Rights Research Center. A computer network will be established between courts and the Ministry of Justice, Turkish Patent Institute and the Customs Administration.

76 % of the 2.289.000 Euro cost of the Implementation of Intellectual Property Rights Project is being financed from MEDA funds. The Ministry of Justice contributes 24 per cent of the budget.



## ABBREVIATIONS

|                |                                                                                 |
|----------------|---------------------------------------------------------------------------------|
| <b>EU</b>      | European Union                                                                  |
| <b>ECJ</b>     | European Court of Justice                                                       |
| <b>EEC</b>     | European Economic Area                                                          |
| <b>ECE</b>     | Economic Commission for Europe                                                  |
| <b>OSCE</b>    | Organization for Security and Cooperation in Europe                             |
| <b>ECSC</b>    | European Coal and Steel Community                                               |
| <b>ECB</b>     | European Central Bank                                                           |
| <b>ESCB</b>    | European System of Central Banks                                                |
| <b>EC</b>      | European Community                                                              |
| <b>BDDK</b>    | Banking Regulatory and Supervisory Authority                                    |
| <b>BKK</b>     | Council of Ministers' Decision                                                  |
| <b>UN</b>      | United Nations                                                                  |
| <b>CITES</b>   | Convention on International Trade in Endangered Species of Wild Fauna and Flora |
| <b>DHMI</b>    | General Directorate for State Airports Administration                           |
| <b>Dollars</b> | US Dollars                                                                      |
| <b>WTO</b>     | World Trade Organisation                                                        |
| <b>EDP</b>     | Excessive Deficit Procedure                                                     |
| <b>EFTA</b>    | European Free Trade Area                                                        |
| <b>EIONET</b>  | European Environment Information and Observation Network                        |
| <b>EMU</b>     | Economic and Monetary Union                                                     |
| <b>EPC</b>     | European Political Cooperation                                                  |
| <b>ESA</b>     | European System of Accounts                                                     |
| <b>EKOSOK</b>  | Economic and Social Council                                                     |
| <b>GDP</b>     | Gross Domestic Product                                                          |
| <b>GAP</b>     | Southeast Anatolia Project                                                      |
| <b>GATT</b>    | General Agreement on Trade and Tariffs                                          |

|                     |                                                                                                |
|---------------------|------------------------------------------------------------------------------------------------|
| <b>IATA</b>         | International Air Transport Association                                                        |
| <b>ILO</b>          | International Labour Organisation                                                              |
| <b>ILU</b>          | Good Laboratory Practice= GLP                                                                  |
| <b>İMKB</b>         | İstanbul Stock Exchange                                                                        |
| <b>IMO</b>          | International Maritime Organisation                                                            |
| <b>İş-Kur</b>       | Turkish Employment Institution                                                                 |
| <b>IPEC</b>         | International Programme on the Elimination of Child Labour                                     |
| <b>KHGM</b>         | Directorate General for Rural Services                                                         |
| <b>KHK</b>          | Statutory Decree                                                                               |
| <b>KOB</b>          | Accession Partnership                                                                          |
| <b>SME</b>          | Small and Medium Sized Enterprises                                                             |
| <b>MARPOL 73/78</b> | The International Convention for the Prevention of Pollution from Ships                        |
| <b>CEEC</b>         | Central and East European Countries                                                            |
| <b>MPM</b>          | National Productivity Center                                                                   |
| <b>MSTQ / MSDK</b>  | Metrology, Standardisation Test Quality                                                        |
| <b>NACE</b>         | Nomenclatures by Economic Activity                                                             |
| <b>NUTS</b>         | Nomenclature of Territorial Units for Statistics                                               |
| <b>OECD</b>         | Organisation for Economic Cooperation and Development                                          |
| <b>CCT</b>          | Common Customs Tariff                                                                          |
| <b>CAP</b>          | Common Agricultural Policy                                                                     |
| <b>ÖİK</b>          | Specialization Commissions                                                                     |
| <b>REITOX</b>       | European Information Network on Drugs and Drug Addiction                                       |
| <b>REMPEC</b>       | Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea                  |
| <b>SAD</b>          | Single Administrative Document                                                                 |
| <b>SIGMA</b>        | Support for Improvement in Governance and Management in Central and Eastern European Countries |
| <b>SPK</b>          | Capital Market Board                                                                           |
| <b>SSK</b>          | Social Security Institution                                                                    |

|                |                                                                   |
|----------------|-------------------------------------------------------------------|
| <b>FTA</b>     | Free Trade Agreement                                              |
| <b>TAEK</b>    | Turkish Atomic Energy Authority                                   |
| <b>TAIEX</b>   | Technical Assistance Information Exchange                         |
| <b>TBMM</b>    | Turkish Grand National Assembly                                   |
| <b>TCDD</b>    | Republic of Turkey State Railways                                 |
| <b>TCMB</b>    | Republic of Turkey Central Bank                                   |
| <b>WPI</b>     | Wholesale Price Index                                             |
| <b>CPI</b>     | Consumer Price Index                                              |
| <b>TINA</b>    | Trans-European Transport Network                                  |
| <b>TMO</b>     | Turkish Grain Board                                               |
| <b>TRIPS</b>   | Trade Related Intellectual Property Rights                        |
| <b>TİSK</b>    | Turkish Confederation of Employer Associations                    |
| <b>TÜBA</b>    | Turkish Academy of Sciences                                       |
| <b>TÜBİTAK</b> | The Scientific and Technical Research Council of Turkey           |
| <b>TÜRKAK</b>  | Turkish Accreditation Authority                                   |
| <b>UCITS</b>   | Undertakings for Collective Investment in Transferable Securities |
| <b>UME</b>     | National Metrology Institute                                      |
| <b>UNCTAD</b>  | United Nations Conference on Trade and Development                |
| <b>WIPO</b>    | World Intellectual Property Organisation (                        |
| <b>YHK</b>     | Supreme Arbitration Board                                         |