Turkey's progress towards accession. Recommendation and 2004 report

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COMMISSION'S IMPACT ASSESSMENT

1. IDENTIFICATION :

At parliament’s request, the Commission has produced a detailed impact assessment on ‘issues arising from Turkey’s membership perspective’. This assessment identifies the main issues for the coming years.

2. OBJECTIVE :

It seeks to provide a broad overview of all the issues relating to Turkey’s integration in the Union and the impact of its accession on Community policies such as internal market, agriculture (veterinary and phytosanitary issues) and fisheries, regional and structural policy, justice and home affairs and institutional and budgetary aspects.

Although fulfillment of the Copenhagen criteria was used as a basis for previous accessions, this analysis has not enabled the Commission to reach any definitive conclusions on the eventual accession of Turkey because:

- the future development of Union policies and the extent to which they might subsequently evolve;

- trends in the economic situation and structures over the next decade in both the EU and Turkey;

- the expansion of the Union to 27 members or even more with the possible entry of countries in the western Balkans.

3. POLICY OPTIONS :

In this context, the Commission is working on the basis of four working hypotheses:

- membership will be based on the political criteria currently in force in the Union;

- Turkey would integrate and apply the acquisby the date of accession, although certain transitional provisions and specific arrangements may be established;

- Turkey’s accession negotiations will extend beyond the next financial perspective (2007-2013);

- the consequences of eventual membership of one or more of the Western Balkans countries are not considered.

4. IMPACTS :

4.1.*Geo-political dimension* : Turkey's accession would be different from previous enlargements because of the combined impact of the country's population, size, geographical location, economic, security and military potential, as well as cultural and religious characteristics. These factors could enable Turkey to contribute regional and international stability. The extension of the EU's borders to countries traditionally characterized by instability and tensions, in the Middle East and the Caucasus, would bring the problems of these regions higher onto the Union's foreign policy agenda. In addition, Turkey would be an important model of a country with a majority Muslim population adhering to fundamental principles underpinning the EU.

4.2.*Economic dimension* : the economic impacts would be positive but relatively small, both due to the modest size of the Turkish economy and to the degree of economic integration already existing before accession. Much will depend on future economic developments in Turkey. The launch of accession negotiations should help the continued efforts of Turkey to ensure macroeconomic stability and promote investment, growth and social development. Under these conditions, Turkey's GDP is expected to grow more rapidly than the EU average.

4.3.*Internal market and related policies* : Turkey's integrationwould be beneficial but this would depend not only on the fulfillment of present obligations under the customs union but also on more horizontal reforms, such as strengthening corporate governance and regulatory frameworks, intensifying the fight against corruption, and significantly improving the functioning of the judiciary.

- a*griculture* : is one of the most important economic and social sectors in Turkey and would need special attention. Turkey would need time to make a number of agricultural sectors more competitive. Turkey would need considerable time in order to avoid substantial income losses for Turkish farmers;

- *cohesion* : the accession of Turkey would increase regional economic disparities in the enlarged EU in a way similar to the most recent enlargement, and would represent a major challenge for cohesion policy. Turkey would qualify for significant support from the structural and cohesion funds over a long period of time. A number of regions in existing Member States benefiting from structural funds support could lose their eligibility on the basis of current rules;

- *justice and home affairs* : with over three million, Turks constitute by far the largest group of third-country nationals legally residing in today's EU. Appropriate transitional provisions and a permanent safeguard clause could be considered to avoid serious disturbances on the EU labour market. However, the population dynamics of Turkey could make a contribution to offsetting the ageing of EU societies;

- *energy* : Turkey's accession would help to secure better energy supply routes for the EU. It would probably necessitate a development of EU policies for the management of water resources and the related

infrastructure. Because of their sometimes considerable trans-boundary effects, good implementation by Turkey of other EU policies in the fields of environment, transport, energy and consumer protection would also have considerable positive effects for EU citizens elsewhere

4.4.*Institutions and budgetary aspects* : the budgetary impact can only be fully assessed once the parameters for the financial negotiations with Turkey have been defined in the context of the financial perspectives from 2014 onwards. The nature and amount of transfers to Turkey would depend on a number of changing factors, such as the EU's policies and any special arrangements agreed with Turkey in the negotiations, as well as the budgetary provisions in place at that time, and, in particular, the overall budgetary ceiling. However, it is clear that the budgetary impact on the basis of present policies would be substantial.

As to the institutions, under the planned Constitution Turkey’s accession would significantly affect the allocation of European Parliament seats of current Member States. In the Council, Turkey would have an important voice in the decision making process in view of its population share which would be reflected in the Council