

# Report on the strategy paper on progress in the enlargement process

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**PURPOSE:** presentation of the 2005 progress report concerning **Turkey**.

**CONTENT:** this report provides a balance sheet of the progress made by Turkey with regard to the Copenhagen fundamental criteria.

**1) political criteria:** Political transition is ongoing in Turkey and the country continues to fulfil the Copenhagen political criteria sufficiently. Important legislative reforms have now entered into force and should lead to structural changes in the legal system, particularly in the judiciary. However, the pace of change has slowed in 2005 and implementation of the reforms remains uneven. Although human rights violations are diminishing, they continue to occur and there is an urgent need both to implement legislation already in force and to take further legislative initiatives. Further efforts are required in the field of freedom of expression, women's rights, religious freedoms, trade union rights, cultural rights and the further strengthening of the fight against torture and ill-treatment. In particular Turkey should integrate better the reform process into the work of all public authorities. Turkey's commitment to further political reforms should be translated into more concrete achievements for the benefit of all Turkish citizens regardless of origin. As regards:

- *Democracy and the rule of law*, important structural reforms have been put in place, particularly in the area of the functioning judiciary. The six pieces of legislation mentioned in the Commission's 2004 report have been put into place. Reforms concerning civil-military relations have continued, but the armed forces still exert significant influence by issuing public statements on political developments and government policies.
- *Protection of human rights and minorities*, despite some progress, the picture remains mixed. Some provisions relating to torture and ill-treatment have entered into force and the incidence of such practice is diminishing. Nevertheless, reports of torture and ill treatment remain frequent and those perpetrating such crimes still often enjoy impunity. As far as the use of languages is concerned, the Report notes that the exercise of cultural rights is still precarious. No local broadcasting in Kurdish has yet been authorised, Kurdish language course have closed down and politicians continue to be convicted for using the Kurdish language in certain contexts. Thus, although there is a growing consensus on the need to address the social development of the Southeast little concrete progress can be reported.
- *Regional issues*, the Turkish government has stated on several occasions that it remains committed to a comprehensive settlement of the Cyprus problem in line with the plan presented by the UN Secretary General. The Report also notes that relations between Greece and Turkey have continued to develop positively. However and in spite of 31 rounds of meetings since 2002, the two sides have not yet been able to reach a comprehensive settlement of the outstanding border dispute.

**2) economic criteria:** Turkey can be regarded as a functioning market economy – so long as it firmly maintains its recent stabilisation and reform achievements. In addition, Turkey should be able to cope with competitive pressure and market forces within the Union – again provided that it firmly maintains its stabilisation policy and takes further decisive steps towards structural reform. Further significant gains on macro-economic stabilisation have been achieved over the last year. Due to a rigorous and cautious policy mix, fiscal consolidation continued, debt dynamic improved and inflation further decreased, while

economic growth has remained robust. Considerable progress has been made on improving public financial management and control. A significant overhaul of the social security and health systems is ongoing. The successive improvements in the supervisory and regulatory framework of the banking sector and the advances in privatisation are progressively tightening economic agents' financial discipline and improving Turkey's business and investment climate. Areas where improvements can be made relate primarily to budgetary restraint, improved structural reform to enhance the rule of law, privatisation, the correction of labour market imbalances and reducing the informal economy. Commitments to restrict the total wage bill should be respected and lastly the reform of public expenditures budgetary procedures should be continued and a full implementation of improved regulatory and legal frameworks should be ensured.

**3) meeting European standards:** Turkey's ability to meet, adopt and implement the EU legal order has made some, though uneven, progress since 2004. Progress has taken place on the free circulation of goods. In other areas such as the old approach and non-harmonised areas, progress was non-existent. In spite of the EC-Turkey Customs Union, circulation of products is not yet entirely free. In other areas the following observations have been made:

- Free movement of capital: Certain restrictions have been lifted, but foreigners are still not allowed to acquire real estate and to engage in certain economic sectors. Some progress has been made on money laundering but alignment remains incomplete.
- Company law: Some progress has taken place as regards accounting standards and auditing – however, overall alignment remains limited for this Chapter.
- Intellectual Property Rights: Alignment has advanced and improved.
- Competition Policy: Provisions concerning undertakings (anti-trust and merger control) can be described as satisfactorily aligned and implemented. On the other hand, as regards state aid little progress can be reported.
- Financial services: Some progress has been made as far as insurance and supplementary pensions are concerned. Progress in the banking sector needs to be consolidated. Nevertheless, overall alignment is limited and the administrative capacity needs to be reinforced.
- Information Society and media: Some progress can be recorded concerning electronic communication information technologies. In the area of audiovisual policy overall alignment remains limited.
- Agriculture: Progress has been very limited. Some initiatives concerning rural development have been taken but they need to be reinforced. Overall the alignment and administrative capacity remain very limited. Alignment in the field of food safety, veterinary and phytosanitary policy is also fairly limited.
- Transport: Some progress has been made concerning road transport but overall implementation remains incomplete. Progress on the security of energy supply as well as renewable energy can be recorded. If Turkey develops a nuclear energy generation capacity, then administrative capacities must be strengthened accordingly in order to guarantee a high level of nuclear safety. Some progress has been made re: radiation protection.
- Employment and social policy: Whilst alignment on health and safety at work is quite advance, substantial efforts still need to be made in areas such as social dialogue, gender equality and anti-discrimination.

- The judiciary and fundamental rights: Overall, Turkey has made progress in aligning its provisions with that of EU standards and practices although corruption remains a continuing source of concern. Further progress must also be made on the adoption of laws relating to the protection of personal data and the implementation of the National Action Plan on Border Management and improved implementation of the National Action Plan on Migration and Asylum.
- Environment: In this field, Turkey has made limited progress. The overall level of transposition of the acquis remains low, with the exception of waste management and noise, where transposition is advanced. Weakness in the implementation and enforcement of environmental legislation remain a matter of concern and Turkey needs to take steps to integrate environmental policy into the definition and implementation of other policies.
- Customs Union: Provisions in this field are, to a large extent, well aligned with those of the EU. However, further alignment of the Turkish Customs Code is still required. Non-customs legislation applied in free zones and the continuation of weaknesses in intellectual property rights enforcement in customs controls is a matter of concern.