

Comparative analysis of 2012 and 2013 EU Commission Progress Reports on Turkey

General comments:

- It is shorter than the 2012 report.
- It devotes more attention in terms of page amount to the chapter on the “Ability to take on the obligations of membership” (53 vs. 47 pp. in the previous report) while decreasing the one about “Political criteria” (31 vs. 13 pp.)
- The issues concerning Armenia are repeated 14 times in both documents.
- In the 2012 report during the Cyprus presidency, there were many chapters directly indicating the fulfillment of alignment criteria with preconditions regarding the Republic of Cyprus, while the 2013 report mentions the eight closed chapters regarding Turkey’s restrictions related to Cyprus only once in the introduction part.

Introduction

Turkey is the largest candidate country for membership of the European Union (EU). In 1999 in Helsinki, Turkey was granted the status of candidate country. Accession negotiations started from October 3, 2005. The pace of negotiations can be determined by two factors: progress in adopting the European *acquis communautaire* and in fulfilling the *Copenhagen criteria*. The process of negotiations is reported annually by the European Commission in the form of progress reports.

The aim of this article is to compare the progress reports of 2012 and 2013 and see in which fields Turkey has made progress. The main fields that will be covered in this article are the following: political and economic. The paper will also refer to Turkey’s ability to meeting the obligations of membership.

Relations between the EU and Turkey

The **Positive Agenda**, which was launched in 2012, continues supporting the accession negotiations on several joint interests: political reforms, mobility, trade, energy, etc. Eight working groups have been formed to deal with the issues concerning the adoption of *acquis* and already in the progress report of 2013, the EU Commission mentioned about the progress of these working groups.

In order to start accession negotiations 33 screening reports have been introduced, out of which nine in 2012 and eight in 2013 were pending in the Council.

No progress is seen opening the chapters of **accession negotiations**. So far only 13 chapters have been opened. This year the Council has agreed to start negotiations on Chapter 22.

The **Enhanced political dialogue** between the EU and Turkey continues.

The EU-Turkey **Customs Union**, which entered into force in 1996, aims at impacting both sides and providing more opportunities. In 2011 the bilateral trade between the EU and Turkey was estimated €120 billion and in 2012 € 123 billion. Thus Turkey continues to be EU's sixth largest partner. However, it is mainly technical barriers that hinder Turkey's commitment to implement the Customs Union fully.

The amount of money allocated to Turkey from the Instrument for Pre-accession Assistance (IPA) in the form of **financial assistance** was € 856 million for the year 2012 and € 903 million for 2013. The numbers show that during this period financial assistance has been increased and progress in Turkey's commitment is seen. Besides, in the 2012 progress report the Commission mentions about the need to further strengthen the administrative needs in order not to lose funds, whereas in 2013 Progress report it is mentioned about the preparations of the Country Strategy Paper for 2014-2020, which will help to strengthen the strategy of its financial assistance.

Political Criteria and Enhanced Political Dialogue

The political part of the 2013 Progress report is opened by the description of the process and the results of the protests in the Gezi Park in the center of Istanbul. The Commission stresses that so far the new Ombudsman has received 23 complaints relating to the protests and that an ad hoc Commission was formed to draft a report on the cases of violations of human rights during the protests.

A step forward towards improving the process of democratization was made on 30 September 2013 by announcing about a *democratization package*. The package assumes to change the 10% threshold for representation in parliament, decrease the threshold for budget support of political parties, ease the conditions for the establishment of political parties and remove the restrictions on political party membership. It will also allow the use of languages other than Turkish in private schools, an institute on Roma language and culture will be established within a university and starting from 8 October 2013 the primary school children will *no more recite the school oath*. The question of freedom of assembly is also included in the democratization package. It says that before making decisions on rallies and demonstrations, stakeholders will be consulted, time periods will be extended and ad hoc body for monitoring and terminating rallies will be formed.

Concerning the work on a new constitution, the committee reached consensus on nearly 60 articles mainly in the scope of protection of fundamental rights and freedoms. No consensus was reached on separation of powers and a new definition of citizenship without mentioning ethnicity.

Thus it becomes obvious that by the introduction of the democratization package in 2013 a step has been made in implementing the 2010 constitutional amendments. The same cannot be said about the year 2012, when the implementation of these amendments has been limited.

In regard to the **Parliament** both Progress reports mention the improvements in the parliament's involvement in addressing key policy challenges, but it also indicated that the parliament's ability to perform its law-making is hampered by a lack of dialogue and commitment to compromise among political parties.

On November 2012 the Law on Metropolitan Municipalities was adopted by the government giving power to *local governments*. However, it did not implement the recommendations of the Council by enabling them to raise their own revenue. As compared to the year 2012, the political climate in 2013 was polarized. There was a lack of dialogue and a spirit of compromise which hindered the government to handle the civil protests in May-June.

Several changes have been made in the **public administration** of Turkey as well. On July 2012 amendments have been made in the law of the Turkish Court of Accounts (TCA), which decreased the power of TCA thus making the TCA audit and control less effective. Because of this the 2013 budget deliberations of the parliament in December were done without any proper feedback on previous expenditure management.

On 14 June 2012 the law on the **Ombudsman Institution** was adopted. This Institution became operational in April 2013. Already on July 2013 the institution received more than 3400 complaints of the violations of human rights, social security, property rights, etc., which indicates the progress towards protections of the citizen's rights.

In 2012 the consolidation of **civilian oversight** of the security forces continued and during 2013 it made some progress. This progress is seen in the investigations of the past coups and the legislative amendments.

In the progress report of 2013 the growing activity of the civil society is highlighted, bringing the example of the protest in Gezi Park. In spite of a positive step in terms of the activity of civil society there are a lot of factors stand as obstacles for further progress. These obstacles are Government-civil society and parliament-civil society relations, the legal framework of civil society organizations, etc.

In regard to *human rights and the protection of minorities*, good progress was made during the year of 2013. A new law on trade unions was adopted, which removes some obstacles to the establishment and the functioning of the trade unions. Concerning the protection of minorities, the dialogue between the government and the minorities has strengthened, new religious textbooks are now more inclusive, Newroz and some Kurdish celebrations this year took place peacefully.

In 2012 there was an increase of the terrorist attacks by the PKK, and there was no progress towards the **Kurdish issues**. Newroz ceremonies were set for only one day. Looking at the progress report of 2013, it immediately becomes obvious that a great progress has been made towards the Kurdish issue. A peace process was initiated, which ended the terrorism of PKK and gave the members of PKK an opportunity to

leave the country freely. As mentioned above positive changes also occurred in regard to Newroz and some other Kurdish celebrations.

The protection of **internally displaced people (IDP)** and asylum-seekers is a big concern in Turkey. In 2012 the process of compensating the IDPs continued, but there was a lack of an effective system. In 2013 the Law on Foreigners and International Protection was adopted which brought Turkey into the line with the EU standards. As a consequence of the civil war in Syria there are more than thousands of Syrians in Turkey, most of who live in well-equipped camps.

No visible progress is observed in the relations between Turkey and Cyprus. In both progress reports it is mentioned that Turkey should ensure full, non-discriminatory implementation of the Additional Protocol to the Association Agreement and remove the obstacles for free movement of goods with Cyprus. Turkey has also put a veto on Cyprus membership of several international organizations.

In 2013 progress report the Commission indicates that the relations between Turkey and Greece have intensified. High level visits took place in October 2012 and February 2013, several cooperation agreements were signed. In spite of this progress, both 2012 and 2013 progress reports mention the formal complaints by Greece and Cyprus about violations of their territorial waters and airspace by Turkey.

Overall, studying the progress reports of 2012 and 2013, one can easily observe a step forward towards several issues, particularly, those covered by the Democratization package. These positive changes include handling the problems concerning the parliament, political parties, education, religion, freedom of assembly, minorities (particularly Kurds), civil society, the relations with Greece. However, Turkey still needs to work hard to be able to meet the requirements of *aquis communautaire* and to fulfill the *Copenhagen criteria*.

Economic Criteria

In **Economic policy essentials** the 2013 report largely repeats the preceding 2012 report, pointing out that the consensus on economic policy essentials has been preserved in spite of the external imbalanced deficit. However, the **macroeconomic** growth rates continue to decline gradually on year-to-year basis, and annual GDP growth dropped from 8.8% in 2011 to 2.2% in 2012. The slowdown of economic growth was combined with further weakening of domestic demand, particularly private consumption and investment declined toward growth of export instigated by exporting of non-monetary gold to Iran.

In 2012, the per capita GDP of Turkey (PPP adjusted) amounted to 56% of the EU average, up from 52% in 2011. Moreover, the economic slowdown of the first half of the year 2012 has ceased and economic activity has been reaccelerated in the first half of 2013.

The current account still continues to register a large deficit although demonstrating sharp deceleration from 9.7% of GDP in 2011 to 6.6% in cumulative account of 2012 and the beginning of 2013. Additionally, the gross foreign debt rose by 10.8% in the course of 2012, but expressed as a proportion of

GDP it fell by 1.8 percentage points to 42.5%. In general, the part about external imbalances confirms the 2012 report that imbalances have remained significant.

On the contrary, the labor market persisted to perform better with annual unemployment rate falling from 8.8% in 2011 to 8.2% and employment rate rising by 0.6 percentage points to 52.8%. Overall, employment section reproduced the same results as in 2012 report, mentioning that employment rate continues to grow at a robust pace while the female unemployment rate has remained very profound.

The 2013 report also assesses that, in contrast to the year 2011, inflation was reduced noticeably in 2012, particularly, consumer price inflation decreased from 10.5% at the end of 2011 to 6.2% at the end of 2012. In contrast to the relatively tight monetary period of 2011, the central bank adopted a more accommodative monetary policy in the second half of 2012 when economic activity had stabilized and the Turkish lira had appreciated noticeably by 7.8%. Overall, the 2013 report supports 2012 argument of monetary policy being generally well-grounded, however, pointing to the continuous lack of transparency in the policy formulation process.

Although the 2012 progress report approved the fiscal policy of the corresponding year, the 2013 report emphasized the deficiencies in expenditure overruns, particularly in the widening of both central government budget deficit (from 1.4% of GDP in 2011 to 2.0%) and general government's debt in absolute terms in the 2012 fiscal year. Both reports also accentuate the need for a fiscal transparency.

Finally, both the 2012 and 2013 progress reports in their macroeconomic assessment come to the same conclusion that the Turkish economy has a place for advancement, as it remains vulnerable to domestic and global financial uncertainties.

The part about the **interplay of market forces** closely replicates the analogous part in the previous year's report. It states that the issue of price-setting remains completely controlled by the government with minor improvements in the privatization pace. Both reports maintain the same attitude about market entry conditions being satisfactory and market exit remaining costly, lengthy, and inefficient. While, the narrative about the **legal system** is copied from the previous report with the following conclusion: "Overall, the legal system continues to function relatively well, but no progress has been observed" (p.22).

Lastly, the 2013 report contributes to the 2012 report's discussion of the positive trends in the financial sector development, in particular, the growth of the insurance sector (from 4.0% in 2011 to 4.6% in 2012), an increase of the value of banking sector assets (from 94% of GDP in 2011 to 97% in 2012) and decrease of the stake of state-owned banks in total banking sector (from 25.5% in 2011 to 23.1% in 2012).

Overall, the 2013 progress report's chapter on the existence of a functioning market economy either reiterates the acknowledgments of the previous year with pointing out to the need for further improvements or indicates positive dynamics in the macroeconomic development, thus being less critical than the respective chapter of the 2012 report.

Furthermore, the rhetoric of the chapter **on the capacity to cope with competitive pressure and market forces within the Union** stands identical in both reports with a slightly fluctuating numbers. The

change has been notified in the sectoral breakdown of employment growth, which illustrates a deviation towards the services sector, the share of which in total employment climbed by 1.3% to 49.4%, while the proportions of total employment by agriculture, industry and construction dropped to 24.6%, 19.1% and 6.9% respectively. The major distortion from the previous year's report was a general decline in labor productivity and appreciation of the Turkish lira by 7.8% in real terms, which implies downturn of Turkey's international price competitiveness in contrast to 2011 growth of competitiveness due to currency depreciation.

Abilities to take on the obligations of membership

The progress is observed in the **free movement of goods** section, as long discussed in 2012 report problem of conformity checks on products with third country origin entering Turkey via the EU has been solved in 2012 with extension of general principles to the products which are in free circulation in the EU, irrespective of origin. Overall, the state of alignment in this chapter is considered to be advanced as in the previous report.

There has been hampered progress in the **area of freedom of movement for workers** as in the previous year. Overall, preparations in this area are at an early stage. Alignment with regard to the **right of establishment and the freedom** to provide services is still at its starting point, with minor progress in the area of postal services, where a new postal law was adopted.

In regard to **the right of establishment and freedom to provide services** restrictions on an acquisition of real estate by foreigners and sector bans on foreign ownership still remain in place, namely in radio and TV broadcasting, transport, education and electricity generation and distribution. However, in comparison to the progress of the 2012 report, some improvements are apparent in **the area of free movement of capital**, particularly, a new law has been implemented on settlement systems in securities and payments, and on electronic money. The legal framework to counter the financing of terrorism has improved, although the further alignment with the FATF recommendations is needed. Overall, in spite of the aforementioned points, the 2013 report confirms the previous year's stance of preparations in this area to be at an early stage.

The conclusion of the 2013 report on the area of **public procurement** remains the same as a year before, specifically, preparations in this area are acknowledged to be moderately advanced.

Turkey is advanced in the area of **company law** according to both reports. It continues to improve the alignment by the adoption/amendment of laws on the public oversight, accounting and auditing standards, while commercial judiciary and business organizations enhance their capacity due to trainings.

The progress in the **intellectual property law** is also approved by the shift in the 2013 report evaluation of the alignment with the *acquis* to be *advanced* while the 2012 report considered that Turkey *only partly* fulfills the priorities in this area.

Turkey is in the same position in the **competition policy** area - moderately advanced - with moderate improvements in the area of anti-trust and mergers, while still lacking an implementation of a legislation to support the State Aid Law. Good progress is recorded in the **financial services area** with enactment of the legislation aiming at further aligning the legislative framework with the *acquis*. Overall, preparations in the area of financial services are advanced in accordance to both reports.

The area of **information society and media** remains moderately advanced according to both reports. There is some advancement in this field, especially on rights of way and competitive safeguards. However, lack of clarity on moralistic concepts understood by the Supreme Council of Radio and Television (RTÜK) remains a source of concern, as demonstrated by the June 2013 events, when RTÜK fined a number of television stations for providing live coverage of the Gezi Park protests.

The 2012 report described the preparations in the **area of agriculture and rural development** as not very advanced, which has been substituted for an evaluation as being at an early stage in the 2013 report. The further alignment is hindered due to maintenance of some restrictions on imports of live cattle, and especially beef meat from certain EU Member States by the Turkish authorities.

Progress in the area of **food safety, veterinary and phytosanitary policy** is named to be limited by both reports with substantial recommendations for improvements provided. The sphere is ranked to be at an early stage.

Again the formulation of being not advanced in the 2012 report is substituted for being at an early stage in 2013 in **fisheries** part. Progress is also mentioned in both reports to be in the same fields, namely, with regard to resource, fleet management, inspection, and control.

There has been some moderate advancement in the area of **transport policy** in particular on legislative alignment. Special efforts are needed in the areas of dangerous goods and railways. The description of the energy field as a moderately advanced sphere of alignment in the 2012 report has been substituted with a rhetoric of being at a rather advanced level of alignment. The report starts with the discussion of an energy part with the emphasis on security of supply, notably, with the pipeline agreements between Turkey and Azerbaijan ratified in March 2013 and another agreement between the respective countries concerning the sale and transit of natural gas to Turkey, which has been ratified by the Council of Ministers in October 2012.

Some attention is devoted to the sphere of **taxation** as well, with the preparations in this chapter suggested to be moderately advanced. The problem of discriminatory practices in the taxation of tobacco and on operational capacity still persists, creating dissonance with the *acquis*.

The concerns of EU's side related to **Economic and Monetary policy** of Turkey both in 2013 and 2012 progress reports remains the same; that is the Central Bank's statute doesn't ensure its full independence and there is still privileged access of public bodies to financial institutions. Some progress in Economic and Monetary Policy has been reported and alignment with *acquis* is advanced, though incomplete because of the reasons mentioned above. Concerning **social and employment policy** some

changes can be observed in 2012 and 2013 reports. Compared to 2012 report where there is just a sentence informing that there has been no progress in alignment with *acquis* in the field of labor law, 2013 report delves into detailed criticism on labor conditions. Insufficient enforcement and high informality are indicated as the main causes that hinder the provision of labor protection for almost half (40%) of the labor force in Turkey. In regard to **social dialogue**, 2013 report announces improvements from 2012, such as limiting the prohibition of strikes, facilitating of trade union functioning, decrease in the penal provisions etc. However, functioning of social dialogue mechanisms remains weak and as in the 2012 report, here it's once more stated that the Economic and Social Council remained inactive. In 2013 report decrease of unemployment and increase of registered workers from 2012 is reported, while undeclared salaries still remain a problem. No policy framework for poverty reduction and social assistance emerge during this one year. However, 2013 report as opposed to 2012 one, states that there is an increase of **social services** and reduction of poverty, meanwhile indicating that people with disabilities continue to face serious challenges in finding jobs in the private sector. 2012 report notes positively that a new system of social protection extends health insurance over the whole population, when in 2013 report EU Commission focuses on the negative aspect of the field observing the growing deficit in **the social security system** not accompanied by any positive change in the system from the previous year. The laws of anti-discrimination in both reports are announced to be unsatisfactory to fight discrimination in different fields. The equality body required by the *acquis* has not been created. Some progress has been reported in **trans-European networks** (mainly TANAP and TAP) both in 2012 and 2013 reports, however the later highlights specific shortcomings: lack of a master plan and reliable transport data. According to European Commission, Turkey's regional policy has experienced a slight development since 2012. Having achieved some progress in a legislative capacity, administrative framework, monitoring, evaluation and programming in 2012, this year a good progress has been reported particularly in the areas of the legislative framework, with changes in the local administrative system, increases in the capacity of local authorities and arrangements for the implementation instrument of IPA. Nevertheless, the administrative institutions remain a concern preventing speedy implementation of IPA. In Current year report strong criticism is witnessed towards **judiciary**; more specifically, half of the members of council are judges and prosecutors are chosen by their peers from all levels of the judiciary. The commission urges Turkey to address the roles given to the Minister of Justice and to the Undersecretary of the Ministry. The capacity to filter evidence got from the police and the limited access by defense to prosecution files, poor implementation of examination during trial have been considered strong obstacles to defense. Nevertheless, the adoption and implementation of 3rd (adopted in 2012) and 4th judicial reform packages are welcomed by the EU in the 2013 report. These reforms led to an increase of control, release of detainees and criminal law provisions. The Criminal Procedure code was amended and it now allows defendants to carry out defense in the language they prefer at a certain stage of the judicial process. There have been a criticism in both reports on provision of fundamental rights in Turkey, but 2013 report takes on a negative stance claiming that during the reporting period ECtHR found that Turkey violated human rights,

mainly concerning right to a fair trial and protection of property rights guaranteed by the ECHR. The issues concerning missing persons and property rights of Greek Cypriots “remain pending”. 2012 report notes that torture and ill treatment of persons remains a concern, “despite a positive downward trend in reports of torture and ill-treatment, law enforcement officers continue to restore to force .”, while the 2013 report brings examples of such a behavior and uses strong words in the description “excessive use of force during demonstrations and arrests, in official detention places, as well as in prisons, continued to be a matter of concern. The excessive use of force during largely peaceful protests across the country in May-June 2013 and other cities raised serious concerns.” As regards to freedom of expression 2013 report differs significantly from the previous one that reported increasing cases of violation of freedom of expression. On the contrary, it starts with a positive tone speaking about the opened space for discussion of sensitive topics such as Kurdish and **Armenian** issues, partial normalization of Kurdish language use in public. Then it addresses the Gezi Park Protests in early June saying that state officials themselves condemn critical journalists and writers, clearly stating that the media is in the hand of some industry organizations and it cannot operate independently. Hardly any reports were done about the Gezi protests in early June by mainstream media. Thus, **freedom of media** is so far restricted. Minority issues are discussed in both reports. The 2012 one states that dialogue with non-Muslim communities continues but expresses a concern that minorities are subject to threats. The 2013 report accepts that freedom of religion is generally respected but minorities continue to have problems concerning the attainment of legal personality with side effects of not getting property rights, access to justice, employment etc. Attacks on **Armenian** and Greek Orthodox churches were reported. As related to property rights reports consider the implementation of the 2008 law on foundations as a progress. The 2013 progress report adds that under this law already 160 minority foundations applied for the restitution of properties. It highlights problems concerning Syriac and Greek communities’ restoration of property. It also reports positive development :“Since February 2013, the Armenian-Turkish bilingual newspaper Agos has been available at the Turkish Airlines stand 61at airports. In December 2012, six persons were fined 3 000 TL each for incitement to hatred and enmity after displaying anti-Armenian banners at an İstanbul rally.” “Good progress” compared to 2012 report’s “some progress” is announced in **justice, freedom and security** area. Turkey’s efforts are mentioned in dealing with Syrian refugees in its territory, consistent framework in the area of migration and asylum is witnessed, while in 2012 asylum system was considered to be far from EU standards. After starting to align legislation in visa policy in 2012, no progress is reported in 2013. The compliance in the area of justice and home affairs is still at an early stage. Turkey continues to hold its well-prepared status in the area of **science and research**. Concerning the reform in the area of environment and climate limited progress was made from 2012 and Turkey’s preparations in this field are at an early stage. Comparing 2012 and 2013 reports on **foreign and security policy of Turkey** it can be deduced that political dialogue between EU and Turkey deepened. The former tells us “political dialogue between the EU and Turkey covers international issues of common interest” when the 2013 report emphasizes “regular political dialogue **intensified** between EU and

Turkey”. Although, because of Turkey’s contemptuous approach to the EU when Cyprus held the presidency of the Council of EU in 2012, the alignment with CFSP in 2013 report decreased from 53% (2012 report) to 46%. Positive attitude and approach toward Turkey’s bilateral relations with other countries is observed in 2013 report, it is evident in the words used in description “positive and supportive stance towards democratic transition in North Africa...continued its efforts to enhance cooperation with and between Afghanistan and Pakistan...vital humanitarian assistance an increasing number of Syrians fleeing their country.” On the contrary to 2012 report where it is stated that Turkey has downgraded diplomatic relations with Israel a process of normalization was launched in 2013. The Trans-Anatolian pipeline project TANAP was ratified with Azerbaijan. Like in 2012 report in 2013 the sentence concerning **protocols with Armenia** remains the same “**the protocols signed in 2009 to normalize relations with Armenia have still not been ratified**”. It is also noted in the 2013 report that Turkey held High-Level Strategic Cooperation Councils with Kazakhstan and Kyrgyzstan for the first time. No Progress has been reported in the area of financial and budgetary provisions.

Overall, it can be stated that the reports differ considerably by structure as well as by content. 2013 report addresses the issues in a more detailed way bringing empirical evidence into explanations and assessments. On the other hand 2012 is more compact, not going deep into details and reporting only overall results. As related to contents it is clear that definitely there has been progress in almost all areas, however still there are lots of drawbacks in the same areas (freedom of expression, minority rights, etc.) which should be seriously considered and addressed.