

Brussels, 31 October 2024
(OR. en)

15127/24

ELARG 160

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	31 October 2024
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2024) 696 final
Subject:	COMMISSION STAFF WORKING DOCUMENT Türkiye 2024 Report Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF REGIONS 2024 Communication on EU enlargement policy

Delegations will find attached document SWD(2024) 696 final.

Encl.: SWD(2024) 696 final

Brussels, 30.10.2024
SWD(2024) 696 final

COMMISSION STAFF WORKING DOCUMENT

Türkiye 2024 Report

Accompanying the document

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF REGIONS**

2024 Communication on EU enlargement policy

{COM(2024) 690 final} - {SWD(2024) 690 final} - {SWD(2024) 691 final} -
{SWD(2024) 692 final} - {SWD(2024) 693 final} - {SWD(2024) 694 final} -
{SWD(2024) 695 final} - {SWD(2024) 697 final} - {SWD(2024) 698 final} -
{SWD(2024) 699 final}

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1. INTRODUCTION¹

1.1. CONTEXT

Türkiye is a key partner for the European Union and a candidate country. In April 2024, the European Council reiterated the EU's strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Türkiye. In this regard, the European Council stressed that the European Union attaches particular importance to resumption of and progress in the Cyprus settlement talks in further enhancing EU-Türkiye cooperation. Both the EU and Türkiye pursue re-engagement in areas of mutual interest, in line with the recommendations of the Joint Communication on EU-Türkiye relations from 23 November 2023² and the relevant European Council Conclusions³. The EU is re-engaging constructively with Türkiye in a phased, proportionate and reversible manner, subject to established conditionalities. High-level engagement continued in areas of joint interest⁴.

Accession negotiations with Türkiye have remained at a standstill since 2018, in line with the European Council Conclusions. The EU's serious concerns about the continued deterioration of democratic standards, the rule of law, the independence of the judiciary and respect for fundamental rights were not addressed.

The 2016 EU-Turkey Statement continued to yield results and remained the key framework for cooperation on migration. Türkiye sustained its remarkable efforts to host 3.6 million refugees from Syria and other countries. The EU has mobilised EUR 10 billion to support refugees and host communities since 2011. The Commission continued to provide assistance in areas such as basic needs, border management, education, healthcare, protection and socio-economic support. On the economic side, Türkiye became the EU's fifth largest trading partner in 2023, with trade exceeding EUR 206 billion.

Since 2023, bilateral relations between Türkiye and Greece have improved, with Türkiye not engaging in any unauthorised drilling activities in the Eastern Mediterranean or in flights over Greek islands. Türkiye continued to refuse to recognise the Republic of Cyprus and repeatedly advocated a two-state solution in Cyprus, contrary to relevant UN Security Council Resolutions.

¹ The 2024 report is presented in a renewed format and structure. Main findings of the report, together with the recommendations (previously grey assessment boxes) are brought together at the beginning of the report. Furthermore, under the fundamentals cluster, for better readability and comparability across all reports, certain data is provided (also) in the form of graphs.

² [JOIN\(2023\) 50 final](#)

³ During the reporting period the [European Council adopted Conclusions regarding Türkiye](#) on [30 June 2023](#) and on [17 April 2024](#);

⁴ EU-Türkiye High Level Dialogue on Migration and Security and EU-Türkiye High Level Dialogue on Agriculture took place in November 2023 in Brussels; EU-Türkiye High Level Dialogue on Health and EU-Türkiye High Level Dialogue on Science, Research, Technology and Innovation took place in April 2024 in Ankara; EU-Türkiye High Level Dialogue on Trade took place in July 2024 in Brussels.

1.2. MAIN FINDINGS OF THE REPORT⁵

CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

Democracy

Despite certain shortcomings observed in the *electoral* campaign, local elections in Türkiye in March 2024 were well organised overall and respected the will of the people.

The presidential system has largely weakened the Turkish *Parliament's* legislative and oversight functions. It lacks the tools needed to hold the government to account.

The institutions in charge of the *integration* process are in place. The main responsible body is the Directorate for EU Affairs, under the responsibility of a Deputy Minister.

The presidential system continues to be characterised by a lack of checks and balances. Most regulatory authorities remain directly linked to the Presidency, while public administration is highly politicised. The *government's* pressure on mayors from opposition parties continued to weaken local democracy.

Civil society organisations (CSOs) in Türkiye operate in a difficult environment facing shrinking space to operate and multiple constraints, including continuous pressure from the authorities. Despite that, civil society continued to be vocal and participate actively in civic life, making crucial contributions in several areas. Mechanisms to ensure that independent CSOs are consulted on new legislation and policies need to be put in place.

Public administration reform

Türkiye is **between having some level of preparation and a moderate level of preparation** and made **no progress** in the reporting period.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Türkiye should in particular:

- prepare and adopt an overarching strategy for public administration and public financial management reform in line with the EU principles and after extensive consultations;
- introduce merit-based recruitment, appointments and promotions, notably to senior positions;
- review the policymaking process to achieve inclusive and evidence-based methods of preparing policy planning documents and legislative proposals.

Chapter 23: Judiciary and fundamental rights

Türkiye remains at an **early stage of preparation** in the area of the rule of law and fundamental rights. **No progress** was made on key issues identified in previous reports and serious concerns remain.

Functioning of the judiciary

Türkiye remains at an **early stage of preparation** in this area and **no progress** has been made. Despite the adoption of new judicial reform packages, the fundamental shortcomings in the functioning of the judiciary remained unaddressed. Türkiye continued to refuse to implement certain judgments of the European Court of Human Rights (ECtHR). Undue pressure by the authorities on

⁵ This report covers the period from 15 June 2023 to 1 September 2024. It is based on input from a variety of sources, including contributions from the government of Türkiye, EU Member States, European Parliament reports and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

judges and prosecutors continued to have a negative effect on the independence and quality of the judiciary. Serious efforts are needed to significantly improve the functioning of the country's judicial system.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Türkiye should in particular:

- create a political and legal environment in line with European standards that allows the judiciary to carry out its duties independently and impartially, strengthen the separation of powers, and ensure that lower courts respect judgments by the Constitutional Court, whose decisions should abide by ECtHR jurisprudence;
- amend the structure and process of selecting the members of the Council of Judges and Prosecutors (HSK) so that the role and influence of the executive is limited, and introduce safeguards against any interference by the HSK or high-level officials in judicial proceedings;
- ensure that all judicial proceedings respect fundamental rights including in particular, the rights of victims of crime and the procedural rights for suspects and accused persons in criminal proceedings, duly guarantee the presumption of innocence, the principles of individual criminal responsibility and legal certainty, the right of defence, and the right to a fair trial.

Fight against corruption

Türkiye is still at an **early stage of preparation** in the fight against corruption and **no progress** has been made in the reporting period. The country has not taken steps to establish a framework for prevention and control or to set up anti-corruption bodies in accordance with the Council of Europe's Civil and Criminal Law Conventions on Corruption, the Group of States against Corruption (GRECO) recommendations, and the UN Convention against Corruption. The legal framework and institutional structure require improvement to limit undue political influence in prosecuting and adjudicating corruption cases. Public institutions need to improve their accountability and transparency.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Türkiye should in particular:

- implement its international obligations in relation to the fight against corruption, in particular the UN Convention against Corruption and the relevant Council of Europe Conventions;
- ensure effective follow-up of the recommendations issued by GRECO, including by adopting the necessary legislation;
- develop an anti-corruption strategy that reflects a clear political will and vision to effectively address corruption, underpinned by a credible and realistic action plan.

Fundamental rights

The overall human rights situation in the country has not improved and remains an issue of concern. The Turkish legal framework includes general guarantees for the respect of human and fundamental rights, but the legislation and its implementation need to be brought into line with the European Convention on Human Rights (ECHR) and ECtHR case law. Trials and convictions of journalists, writers, lawyers, academics, human rights defenders and other critical voices for alleged support for terrorism have continued.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Türkiye should in particular:

- align its anti-terror legislation and its implementation, as well as practices against terrorism with European standards, the ECHR, ECtHR case law, and the Venice Commission's recommendations, and the EU *acquis* and practices;
- improve the legislative framework and its implementation in order to effectively tackle all forms of violence against women;

- effectively tackle all forms of racism and discrimination, including against LGBTIQ persons, and ensure the protection of minorities;
- implement the ECtHR judgments as a matter of priority, including in the case of Kavala vs Türkiye.

Freedom of expression

Türkiye remains at an **early stage of preparation** in this area and **no progress** was made during the reporting period and serious concerns remain. The implementation of criminal laws related to national security and counter-terrorism continued to violate the ECHR and to diverge from the case law of the ECtHR, hindering freedom of expression.

The Commission's recommendations from last year were not implemented and remain valid. In the coming year, Türkiye should in particular:

- release journalists, human rights defenders, lawyers, writers and academics being held in pre-trial detention and ensure that the criminal cases against them are concluded in accordance with the criteria set by the ECHR and the ECtHR;
- revise its criminal legislation, in particular the anti-terror law, the Criminal Code, the data protection law, the internet law, the new media law in relation to the definition of 'fake news', and the Radio and Television Supreme Council law, to ensure that they comply with European standards and are implemented in a proportionate manner that does not curtail freedom of expression;
- ensure a safe and pluralist environment that enables the media to carry out their work independently and without fear of reprisals or dismissals.

Chapter 24: Justice, freedom and security

Türkiye is **moderately prepared** in the area of justice, freedom and security. **Some progress** was made in relation to the further strengthening of the surveillance and protection capacity of the land border with Iran. Türkiye continued to make significant efforts to host and support 3.6 million refugees.

Most of last year's recommendations still need to be addressed and remain valid. In the coming year, Türkiye should in particular:

- fully implement the EU-Turkey Statement of March 2016, notably resume the returns from the Greek islands, and implement all the provisions of the EU-Turkey Readmission Agreement towards all EU Member States;
- align legislation on personal data protection with the EU *acquis*, facilitating the conclusion of an international agreement on the exchange of personal data between Europol and Türkiye;
- adopt and implement a strategy and action plan on border management to improve coordination between border services at national and international levels.

Fight against organised crime

Türkiye has **some level of preparation** in implementing the EU *acquis* in this area. **Limited progress** was made overall in alignment with the *acquis* and practices in certain fields. Progress was made in addressing the remaining items of the Financial Action Task Force's (FATF) Action Plan, and the country was removed from the FATF's 'grey list'.

The Commission's recommendations from last year mostly remain valid. In the coming year, Türkiye should in particular:

- continue to improve the legal framework and practices on counterterrorism in line with the EU *acquis*, and strengthen its regime on anti-money laundering, terrorist financing and financing of the proliferation of weapons of mass destruction in line with the recommendations of the Venice

Commission;

- conclude an international agreement with the EU on cooperation with Eurojust, and further increase its operational willingness to cooperate and exchange information with EU law enforcement partners and engage in adequate judicial cooperation with EU Member States;
- improve its legislation on witness protection and data protection.

ECONOMIC CRITERIA

The existence of a functioning market economy

Türkiye is **well advanced** in establishing a functioning market economy and made **some progress** over the reporting period.

A welcome shift to a much tighter monetary policy stance helped curb external imbalances and domestic demand moderated. Inflationary pressures and inflation declined, although it remained very high. Employment increased, but the labour market still faces major structural challenges. The budget deficit rose partly due to post-earthquake reconstruction spending, despite some consolidation measures. While still facing significant challenges, the banking sector adapted relatively smoothly to the changing policy environment. The authorities took steps to improve the business environment, but transparency and predictability remained a concern. State aid transparency and control also remained weak.

The Commission's recommendations from 2023 were not fully implemented, and therefore remain valid. To improve the functioning of the market economy, Türkiye should in particular:

- maintain a tight monetary policy stance until the disinflation process is firmly established;
- use any revenue overperformance as well as fiscal buffers on the expenditure side to further reduce the budget deficit;
- further improve the business environment by reducing state interference in price-setting mechanisms, preventing State aid that distorts competition, and increasing State aid transparency.

The capacity to cope with competitive pressure and market forces within the Union

Türkiye has a **good level of preparation** and made **limited progress** in its capacity to cope with competitive pressure and market forces within the EU.

The economy is diversified, with a well-developed service sector and strong manufacturing and agriculture sectors. Efforts to improve human capital continued, but the skills mismatch remained a key concern. Investment activity increased significantly in 2023, with further steps to advance digitalisation and the greening of the economy. Economic integration with the EU remains high.

The Commission's recommendations from 2023 were only partially implemented and therefore remain valid. To improve competitiveness and support long-term growth, Türkiye should in particular:

- further tailor education and training to labour market needs, improve the quality and access to vocational education and training (VET) and support the school-to-work transition;
- continue efforts to diversify energy supplies and increase the share of renewables in the energy mix;
- improve SMEs' access to long-term finance.

Chapter 5: Public procurement

Türkiye is **moderately prepared** in the area of public procurement, with significant gaps remaining to align with the EU *acquis*. It made **no progress** in this area over the reporting period and the lack of transparency and discriminatory domestic price advantages continued.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- revise its public procurement legislation to further align it with the 2014 Directives on public procurement, including utilities, concessions and public-private partnerships, and increase transparency;
- reduce the excessive use of the negotiated procedure that distorts competition and limits transparency, and improve instruments to evaluate contract performance and benchmark effectiveness of public procurement procedures and contract management;
- repeal exemptions that are incompatible with the EU *acquis* and refrain from the use of discriminatory domestic price advantages and offset practices.

Chapter 18: Statistics

Türkiye is **moderately prepared** on statistics and made **some progress** in the reporting period.

The Commission's recommendations from last year were partially implemented and therefore remain valid. In the coming year, Türkiye should in particular:

- set transparent, professional criteria for the appointment of the President of TurkStat and any grounds for dismissal, which cannot compromise TurkStat's professional or scientific independence;
- continue aligning national accounts with the European System of Accounts 2010 (ESA 2010) and the requirements of the ESA 2010 transmission programme;
- improve statistics on agriculture (including preparations for the agricultural census), migration and asylum, and continue its work towards full alignment with the new requirements on short-term business statistics.

Chapter 32: Financial control

Türkiye has a **good level of preparation** on financial control. It made **no progress** throughout the reporting period.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- organise a new round of public expenditure and financial accountability (PEFA) to assess the performance of the current public finance management, update the public internal financial control policy paper and the related action plan, and help prepare a comprehensive public financial management strategy;
- adopt a national anti-fraud strategy;
- review the arrangements for including municipalities and state-owned enterprises in the treasury single account.

CLUSTER 2: INTERNAL MARKET

Chapter 1: Free movement of goods

Türkiye has a **good level of preparation** on the free movement of goods. It made **some progress** in aligning with the EU harmonised product *acquis* and in resolving barriers likely to affect the free movement of goods in the internal market during the reporting period. The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Türkiye should in particular:

- continue to eliminate non-tariff barriers to the free movement of goods that are in breach of Customs Union obligations; in particular, address priority barriers as identified in the context of the High Level Dialogue on Trade;

→ increase the coverage and effectiveness of market surveillance measures.

Chapter 2: Freedom of movement for workers

Preparations in the area of the freedom of movement for workers are at an **early stage** and **no progress** was made during the reporting period. In the coming year, Türkiye should in particular:

→ prepare legislation and administrative practices in view of joining the European Employment Services (EURES) network.

Chapter 3: Right of establishment and freedom to provide services

Preparations in the area of the right of establishment and freedom to provide services are at an **early stage**. There was **no progress** in the reporting period and substantial efforts are still required to achieve alignment in this area.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- align its national legislation with the Services Directive and set up a point of single contact;
- continue aligning with the EU postal *acquis*, including the regulation on cross-border parcel delivery services;
- align its national legislation with the EU *acquis* on mutual recognition of professional qualifications, including the Proportionality Test Directive.

Chapter 4: Free movement of capital

Türkiye is **moderately prepared** on free movement of capital. Overall, there was **some progress** in this area in the reporting period, notably the fight against money laundering and terrorist financing. The country made significant progress in addressing the remaining items of the Financial Action Task Force's (FATF) Action Plan, leading to its removal from the FATF's 'grey list'. While some steps have been taken, limitations on foreign ownership and capital movements persist in numerous sectors.

The Commission's recommendations from last year were implemented to some extent and therefore remain valid. In the coming year, Türkiye should in particular:

- minimise limitations on foreign ownership and capital movements;
- continue alignment with the EU *acquis* by strengthening measures to combat money laundering and the financing of terrorism, ensuring that lawyers are included as obliged entities, and addressing the concerns raised in the relevant Constitutional Court decision of April 2024.

Chapter 6: Company law

Türkiye is **well advanced** in the area of company law. **Some progress** was made during the reporting period by adopting the corporate sustainability reporting standards and introducing the use of digital tools and processes in company law.

The Commission's recommendations from last year were not fully met and remain valid. In the coming year, Türkiye should in particular:

- further align national legislation with the EU *acquis* on encouragement of long-term shareholder engagement;
- align national legislation with the EU *acquis* on cross-border conversions, mergers and divisions;
- put arrangements in place for company reporting, including as regards the corporate sustainability reporting and the disclosure of income tax information (country by country reporting).

Chapter 7: Intellectual property law

Türkiye has a **good level of preparation** in the area of intellectual property law. However, **no**

progress was made during the reporting period. Some legislative discrepancies remain, as well as outstanding problems with implementation and enforcement, notably in relation with judicial procedures.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- improve enforcement measures to efficiently fight IPR infringements, including online sales of counterfeit and pirated goods, improve the level of IPR specialisation of judges and resolve difficulties in the judicial procedures to obtain search and seizure warrants for criminal law enforcement;
- improve cooperation with IPR rights holders for efficient implementation and effective enforcement, in particular in cases of accelerated and simplified destruction procedures by the judiciary and customs authorities;
- ensure the collection and processing of accurate statistical data, especially on the effective judicial enforcement of intellectual and industrial property rights, with a view to facilitating the analysis of systemic IPR shortcomings.

Chapter 8: Competition policy

Türkiye has **some level of preparation** in the area of competition policy. It made **no progress** in this area over the reporting period and concerns remain in the area of State aid.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- ensure the independence and functionality of the State aid institutional framework in accordance with the EU *acquis*;
- implement the State aid law by adopting implementing legislation without further delay;
- make available a transparent and up-to-date inventory of all aid schemes.

Chapter 9: Financial services

Türkiye has a **good level of preparation** in the area of financial services. It made **some progress** in the reporting period by starting to unwind the disruptive macroprudential and regulatory measures in the financial sector. Türkiye took some steps to provide more flexibility in the private pension system as well as in the capital markets. Work is ongoing to promote sustainable and digital finance.

The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, Türkiye should in particular:

- continue efforts to align with revised CRR/CRD and BRRD frameworks;
- continue phasing out the distortive macroprudential and regulatory measures and improve the transparency of the asset quality review;
- continue efforts in EU *acquis* alignment related to capital markets and financial market infrastructures.

Chapter 28: Consumer and health protection

Türkiye has a **good level of preparation** on consumer and health protection. **Limited progress** was made in strengthening its surveillance system for health services and tackling serious cross-border health threats, as well as on the de-institutionalisation of mental health services.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- strengthen consumer rights enforcement and further improve coordination and cooperation with the consumer movement and with enforcement bodies; increase awareness raising activities, take

more measures on infringements in the digital environment and introduce more measures to support vulnerable consumers;

- strengthen its primary healthcare services by providing sufficient resources for the risk assessment of public health emergencies and risk management at central and provincial levels;
- boost its workforce and administrative capacity to ensure effective multi-sectoral preparedness and response to disasters within and across the relevant sectors.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

Chapter 10: Digital transformation and media

Türkiye has **some level of preparation** in this area. **Limited progress** was made during the reporting period. Concerns persist over the lack of sufficient competition, the concentration of media ownership and the lack of financial and administrative independence of regulatory authorities.

The Commission's recommendations from the last few years were only partially implemented and therefore remain valid. In the coming year, Türkiye should in particular:

- align the universal service, authorisation arrangements, market access and rights of way in electronic communications with the EU *acquis*;
- strengthen the independence of the regulatory authority and its board members, and amend the Internet Law in line with the Venice Commission's recommendations to ensure media pluralism;
- take steps to strengthen the public broadcaster's independence.

Chapter 16: Taxation

Türkiye is **moderately prepared** in the area of taxation. It made **no progress** over the reporting period.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- enable the automatic exchange of tax information with all EU Member States;
- continue to align its legislation on VAT and excise duties, notably the range of excisable energy products with the EU *acquis*;
- continue the fight against the informal economy and report on progress transparently by using performance indicators.

Chapter 17: Economic and monetary policy

Türkiye has **some level of preparation** and made **good progress** on economic and monetary policy. A process of policy normalisation started under the new government after the parliamentary and presidential elections in May 2023. The central bank significantly tightened the monetary policy stance, reinstating the policy rate as the primary instrument of monetary policy. Decisive steps were also taken to simplify the prudential and regulatory measures, which helped strengthen the monetary transmission mechanism. Türkiye also made improvements to the excessive deficit procedure, data availability and timeliness.

The Commission's recommendations from last year were met to a large extent. In the coming year, Türkiye should in particular:

- further strengthen the functional independence of the central bank and maintain a tight monetary policy stance until the disinflation process firms up;
- continue to simplify the macroprudential framework under a transparent monetary policy framework and more effective communication.

Chapter 19: Social policy and employment

Türkiye has **some level of preparation** on social policy and employment. It made **no progress** over the reporting period. The labour market situation improved, but concerns remain over trade union rights, persistent levels of informal employment, the gender gap in the labour market and income inequalities.

The Commission's recommendations from last year were only partially implemented and mostly remain valid. In the coming year, Türkiye should in particular:

- remove obstacles that limit the exercise of trade union and collective bargaining rights through effective use of social dialogue mechanisms;
- tackle emerging challenges in health and safety at work, particularly in relation to fatal incidents in the construction and mining sectors, as well as plastic waste recycling;
- increase the employment rate of women and young people by adopting effective active labour market policies and expanding affordable care services.

Chapter 20: Enterprise and industrial policy

Türkiye is **moderately prepared** on enterprise and industrial policy. It made **some progress** over the reporting period by ending localisation and prioritisation requirements for pharmaceuticals, and by adopting new strategy documents and impact assessments. However, concerns persist that the public procurement practices are incompatible with EU industrial policy principles. There are also concerns over the lack of transparency in State aid for large investments and the large informal economy.

The Commission's recommendations from last year were only partially implemented and therefore remain valid. In the coming year, Türkiye should in particular:

- remove public procurement price premiums that are incompatible with industrial policy principles and substitute them with measures that encourage innovation in an effective way;
- publish the results of implementation of the industry strategy from 2019 to 2021 as well as the amounts distributed under the industry support programme;
- continue-assessing the impact of the SME support framework and reduce gaps and overlaps.

Chapter 25: Science and research

Overall, Türkiye's preparation in the area of science and research is **well advanced**. Türkiye made **some progress** during the reporting period, notably linked to participation in Horizon Europe and continued actions to raise awareness of and capacity for the programme. There is good, active and expanding cooperation between the EU and Türkiye on research and innovation.

The Commission's recommendations from last year were partly met and remain largely valid. In the coming year, Türkiye should in particular:

- step up efforts to increase innovation and remedy the increasing performance gap between Türkiye and the EU in the European Innovation Scoreboard rankings.

Chapter 26: Education and culture

Türkiye is **moderately prepared** in the area of education and culture. There was **limited progress** on education, notably in the vocational education and national qualification systems. There was limited progress in the field of culture. Türkiye recognises the value of culture in national development policies and encourages the promotion and protection of its cultural heritage.

The Commission's previous recommendations were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- further improve inclusive education, with a particular focus on girls and children from disadvantaged groups, and closely monitor and continue work to reduce the proportion of school dropouts;

- ensure the proper functioning of the Turkish Qualifications Framework and Turkish Higher Education Quality Council;
- continue taking steps to implement the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions.

Chapter 29: Customs Union

Türkiye maintains a **good level of preparation** for the Customs Union. It made **some progress** in the reporting period. Türkiye tackled a few long-standing trade barriers, partially removing some import and export restrictions. Duty relief, free zones and the surveillance scheme are still not fully aligned with the EU *acquis*, and are in breach of the Customs Union provisions.

The Commission's recommendations from last year were not fully met and therefore remain valid. In the coming year, Türkiye should in particular:

- step up efforts to fully align new legislation with the EU Customs Code and bring risk-based controls and simplified procedures in line with the EU *acquis*;
- Strengthen the controls and cooperate with the European Anti-Fraud Office (OLAF) in administrative investigations in cases of transshipment or simple transformation of goods in the country leading to the false declaration of origin of goods at import into the EU
- continue to eliminate import and export restrictions as well as additional duties on goods in free circulation in the EU-Turkey Customs Union.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

Chapter 14: Transport policy

Türkiye is **moderately prepared** on transport policy. **Some progress** was made in the reporting period as Türkiye accelerated its efforts to decarbonise the transport sector by 2053.

However, the subsidies to the incumbent railway operator and the lack of financial independence of the transport operator from infrastructure manager TCDD remain major issues. Adoption of the railway framework law was further delayed.

The Commission's recommendations from last year were not fully met and therefore remain valid. In the coming year, Türkiye should in particular:

- consider measures for proper monitoring combined with possible feasibility schemes for the uptake of new and green technologies for alternative fuels in Türkiye;
- consider establishing tools and capacity building at private and public level for transport decarbonisation starting with aviation and maritime transport, and set interim targets;
- finalise and publish its first white paper on sustainable urban mobility planning including disaster aspects as part of the evolving Sustainable Urban Mobility Plans (SUMPs), while improving policy dialogue and increasing coordination between local and central authorities.

Chapter 15: Energy

Türkiye is **moderately prepared** in the area of energy. **Limited progress** was made, with the roll-out of renewable energy deployment and the adoption of the National Energy Efficiency Strategy and Roadmap. Nonetheless, local content requirement practices in the renewable energy sector remained in place. Türkiye's legislative changes related to the natural gas market do not yet ensure compatibility with the EU's third energy package. Overall, energy dependence on Russia continued. Türkiye continued to make efforts on the legislative alignment of nuclear safety regulations.

The Commission's recommendations from last year were only partially implemented. In the coming year, Türkiye should in particular:

- deepen natural gas market reform by setting up a legally binding plan and timetable for unbundling activities and updating the natural gas market law to ensure it is compatible with the EU's third energy package;
- complete the legislative alignment of nuclear safety and stress tests on the Akkuyu nuclear power plant;
- discontinue local content requirement practices in the renewable energy sector, as such practices contradict WTO and EU-Turkey Customs Union rules.

Chapter 21: Trans-European networks

Türkiye is **well advanced** on trans-European networks. It made **limited progress** during the reporting period. On transport networks, construction of the Halkali-Kapikule railway advanced.

The Commission's recommendations from last year remain valid. In the coming year, Türkiye should in particular:

- establish a transparent, cost-reflective and non-discriminatory gas transit regime in line with the EU *acquis*;
- take concrete steps to prepare the Yavuz Sultan Selim Bridge railway connections;
- accelerate action to align with key pieces of the EU *acquis* to facilitate alignment in the TEN-T networks.

Chapter 27: Environment and climate change

Türkiye has **some level of preparation** and made **limited progress** over the reporting period in this area. In the area of environment, Türkiye took some steps on water quality. On climate change, Türkiye adopted both the renewed Climate Change Mitigation Strategy and Action Plan (2024-2030) and the renewed Climate Change Adaptation Strategy.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- ensure that environmental standards are met when building back better in the earthquake-affected areas, notably through full implementation of the Environmental Impact Assessment Directive and other horizontal environmental legislation;
- complete alignment with the directives on industrial pollution, water and waste as well as on nature protection and air quality, while ensuring that protection from exposure to asbestos in earthquake-affected areas is duly implemented;
- complete its alignment with the EU *acquis* on climate action, notably but not limited to emissions trading, and finalise the pending contributions required under the Paris Agreement on climate change.

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

Chapter 11: Agriculture and rural development

Türkiye has **some level of preparation** on agriculture and rural development. **Limited progress** was made. Türkiye's agricultural support policy continued to move away from the principles of the EU common agricultural policy. Good progress was made on the implementation of IPARD, with its coverage extended to the whole country and a significant absorption of funds.

The Commission's recommendations from last year were partially implemented. In the coming year, Türkiye should in particular:

- align legislation to the EU *acquis* notably on the agricultural support policy with the EU *acquis*;
- set up a farmer sustainability data network (FSDN) and the integrated administration and control

system (IACS);

- pursue the opening and transparent management of import quotas for beef and live bovine animals on a lasting basis.

Chapter 12: Food safety, veterinary and phytosanitary policy

Türkiye has **some level of preparation** in the area of food safety, veterinary and phytosanitary policy. Overall, it achieved **no progress** in this area over the reporting period. On food safety, it has yet to upgrade food establishments to meet EU standards. Full implementation of the EU *acquis* in this area requires significant work.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- upgrade food establishments to meet EU standards, notably for raw milk;
- meet EU maximum limits for pesticide residues, and effectively address recurrent shortcomings;
- integrate the EU's One Health approach into the zoonosis control system.

Chapter 13: Fisheries and aquaculture

Türkiye is **moderately prepared** in this area. It made **some progress** on resources conservation and fleet management by improving the legislative framework.

The Commission's recommendations from last year were partially implemented and therefore remain valid. In the coming year, Türkiye should in particular:

- step up efforts to align fisheries management with EU law, notably data collection and data sharing for scientific advice in support of sustainable fisheries management;
- step up efforts to align its market policy with EU rules, in particular on the criteria governing the recognition and roles of professional organisations;
- continue improving fisheries control and inspection at sea in line with the revised EU standards to ensure a good level of compliance in the Mediterranean Sea, and make a significant effort to improve and address the fight against illegal, unreported and unregulated fishing activities, including catch documentation schemes.

Chapter 22: Regional policy and the coordination of structural instruments

Türkiye is **moderately prepared** in the area of regional policy and the coordination of structural instruments. There was **some progress** in programming and financial management.

The Commission's recommendations from last year remain valid. In the coming year, Türkiye should in particular:

- address structural weaknesses in regional policy implementation;
- improve monitoring of the ongoing operations under the Instrument for Pre-accession Assistance (IPA II) and accelerate programming under IPA III;
- ensure the proper functioning of local democracy and more balanced regional development.

Chapter 33: Financial and budgetary provisions

Türkiye has **some level of preparation** in the area of financial and budgetary provisions. It made **no progress** over the reporting period.

The Commission's recommendation from last year was not met and therefore remains valid. In the coming year, Türkiye should in particular:

- further align the gross national income inventory with Eurostat's GNI Inventory Guide.

CLUSTER 6: EXTERNAL RELATIONS

Chapter 30: External relations

Türkiye is **moderately prepared** on external relations. It made **some progress** over the reporting period.

The Commission's recommendations from last year were not met and therefore remain valid. In the coming year, Türkiye should in particular:

- fully realign the customs tariff with the Common Customs Tariff;
- complete the alignment with the EU's Generalised Scheme of Preferences and dual-use export control regime;
- address priority barriers to trade, as identified in the context of the High-Level Dialogue on Trade.

Chapter 31: Foreign, security and defence policy

Türkiye has **some level of preparation** in the area of common foreign security and defence policy (CFSP), and made **no progress** overall in the reporting period. Türkiye is an active and significant player in the area of foreign policy, which constitutes a pivotal aspect of EU-Türkiye relations. However, its foreign policy remained at odds with the EU's priorities under the CFSP, notably due to the lack of alignment with EU sanctions against Russia and the labelling of Hamas, listed as a terrorist organisation by the EU. Under the common security and defence policy (CSDP), Türkiye continued to actively participate and substantially contribute to EU crisis management missions and operations.

Türkiye's foreign policy continued its '360-degree' strategic outlook, without major shifting but with an updated vision. While claiming that it remains committed to EU membership, Türkiye has embarked on a comprehensive vision in the diplomatic, economic, security and defense spheres, diversifying partnerships and asserting its strategic autonomy.

Türkiye intensified relations with countries in Africa, Asia, the Gulf and Latin America, while increasing its regional normalisation efforts with the Arab states and Armenia. On Russia's war of aggression against Ukraine, Türkiye supported the sovereignty and territorial integrity of Ukraine and engaged politically, economically and diplomatically with both Russia and Ukraine. Nevertheless, Türkiye continued to refrain from aligning with the EU's restrictive measures against Russia, and significantly intensified its trade, economic and energy ties with Russia. EU-Türkiye cooperation on countering the circumvention of sanctions against Russia via Turkish territory continued, delivering some results.

Following the Hamas terrorist attack against Israel on 7 October 2023, Türkiye did not condemn the terrorist attack and took a stance in support of Hamas, which is in complete disagreement with the EU's position. On the Middle East Peace Process, Türkiye aligns with the EU's position on the need to relaunch the political process in order to implement the two-state solution.

The recommendations from last year were only partially implemented and therefore remain valid. In the coming year, Türkiye should in particular:

- significantly improve alignment with the High Representative's statements on behalf of the EU and relevant Council decisions on CFSP;
- increase its efforts on preventing and detecting the circumvention of restrictive measures, in particular on advanced technology items used for military purposes by Russia;
- constructively engage in a more structured and frequent political dialogue on foreign and security policy with the EU and seek collaboration on convergent interests while working on reducing divergences.

2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

2.1.1 Democracy

The functioning of democratic institutions in Türkiye continued to be severely hampered. The structural shortcomings of the presidential system remained unaddressed.

Elections

According to the final electoral observation report of the Congress of Local and Regional Authorities of the Council of Europe, the local elections held in March 2024 were well organised overall. Voters were able to choose between many alternative options, with a high turnout showing the strong commitment of citizens to democratic processes, but certain shortcomings persisted. The elections took place in a starkly polarised environment and were only partially conducive to local democracy. The logistical organisation made it possible to handle the large number of voters smoothly. The election results showed that an alternation in power between political parties is possible through the expression of the will of the people and their commitment to local representative democracy. The public broadcast media did not meet its legal obligation to provide impartial coverage of the campaign and equal opportunities for all political parties. The turnout reached 78.11%, down by 6.56 percentage points from the participation rate in the 2019 local elections. The main opposition, the Republican People's Party (CHP), won in terms of both the national vote share and the number of mayoral seats, while the governing Justice and Development Party (AKP) came second. In June 2024, the mayor of the Hakkari province was dismissed after he was detained by police. The local governor was appointed as a trustee in his place. The practice of displacing mayors remains a source of serious concern as it undermines local democracy and denies voters their preferred representation.

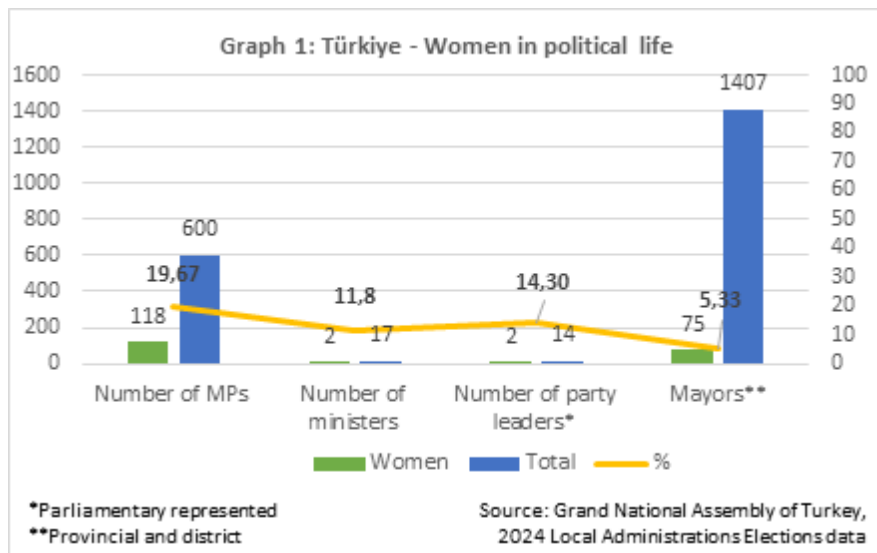
Parliament

The President's extensive powers span a broad spectrum of policy areas, which limits Parliament's functions. The legislative function of Parliament was curtailed by the extensive use of presidential decrees and decisions. Opposition parties had a very limited ability to influence the agenda of the parliamentary debates.

Parliamentary oversight of the executive remained very weak. Members of Parliament can submit written inquiries to the Vice-President and Ministers, but not to the President. Ordinary presidential decrees are not subject to parliamentary review. The supervision of public expenditures by Parliament must be strengthened substantially, as recommended by the European Commission for Democracy through Law (Venice Commission).

Political pluralism continued to be undermined by the judiciary's targeting of opposition parties and Members of Parliament. Approximately 8 000 People's Democratic Party (HDP) members and officials are currently imprisoned. In January 2024, the Court of Cassation defied two Constitutional Court rulings to release one of the detained defendants in the Gezi trial, who had been elected as a Member of Parliament. In May 2024, several former HDP legislators and two former co-chairs of the party were sentenced to long prison terms despite a ECtHR ruling for their immediate release. The HDP's closure case on terrorism charges, including the banning from political life of 451 HDP members, remains pending before the Constitutional Court.

The **legal framework for elections and political parties** remains problematic. Türkiye has yet to implement the recommendations of the OSCE's Office for Democratic Institutions and Human Rights and those of the Venice Commission.



The level of **participation of women in decision-making, politics and employment** improved, although it still remained low. The March 2024 local elections saw a 90% increase in women's representation compared to local elections in 2019. The women's representation in Parliament is at its highest ever, but women are still under-represented.

EU integration

Having opened accession negotiations almost 20 years ago, Türkiye established the structures necessary for managing the accession process. The Directorate for EU Affairs and its correspondents in line ministries are well staffed. The national plan for the adoption of the EU *acquis* is being updated for 2024-2028 and also in line with Türkiye's 12th Development Plan. The Directorate for EU Affairs has a Communication Department, which ensures nationwide communication on EU enlargement and EU-funded projects; it cooperates effectively with the EU Delegation.

Governance

The presidential system in place does not allow for the use of traditional instruments of oversight of the executive by Parliament, such as a vote of confidence and the ability to ask the executive oral questions. The political accountability of the President is linked to elections. Public administration, courts and security forces are under the heavy influence of the executive. The President has the power to appoint the heads and board members of the vast majority of key institutions and regulatory bodies. The public sector remained politicised. In June 2024, the Constitutional Court struck down provisions in a decree law and required that the powers of the President to appoint university rectors and replace the Governor of the Central Bank, before the end of his term of office, be established by law. It gave Parliament 1 year to legislate on the matter. The recommendations of the 2017 Venice Commission's opinion on the presidential system in Türkiye remain unaddressed.

On **local self-governance**, the government maintained pressure on opposition mayors, including through administrative and judicial means. The cases against the Mayor of Istanbul remain pending. Citizens' assemblies, which seek to bring together local stakeholders, remained inactive in most provinces.

Civil society

CSOs, especially those dealing with women, LGBTIQ persons and human rights, face pressure, including with the systematic use of judicial cases, also due to Türkiye's broad definition of terrorism. Human rights defender Osman Kavala and his four co-defendants in the Gezi trial remained in prison, despite a ruling by the ECtHR for his immediate release. In January 2024, the Constitutional Court annulled the authority of the Ministry of Interior to appoint trustees to associations and to suspend their activities within the law on preventing the financing of proliferation of weapons of mass destruction.

Only a very limited number of CSOs benefit from public funds, which are not distributed in a transparent manner. Heavy taxation hampers the functioning and development of foundations and associations. Stigmatisation, hate speech and discriminatory treatment against LGBTIQ persons and women's rights remained very strong. CSOs receiving foreign funds have been subjected to frequent audits.

Mechanisms to ensure that independent CSOs are consulted on new legislation and policies need to be put in place. Overall, the political, legal, financial and administrative impediments that prevent civil society in Türkiye from operating effectively should be removed.

Civilian oversight of the security forces

The executive branch maintained significant control over the security forces. However, civilian oversight of the security forces remained incomplete and lacked effective accountability mechanisms. Strengthening the parliamentary oversight of security institutions remains necessary. A culture of impunity persists in the security and intelligence sectors, where personnel benefited from de facto judicial and administrative protection in cases involving alleged human rights violations and the disproportionate use of force. Overall, effective civilian oversight of the security forces remains incomplete.

Situation in the east and south-east regions

The south-east region remained a concern due to the lingering effects of the February 2023 earthquakes. Türkiye continued domestic and cross-border military operations in northern Syria and Iraq against the Kurdistan Workers' Party (PKK), which is listed as a terrorist group by the EU. The security situation in border areas remained precarious with persistent PKK-led terrorist attacks. While the government has the right and responsibility to combat terrorism, it should adhere to the rule of law, human rights and fundamental freedoms. No progress was made toward resuming a credible peace process for the Kurdish issue.

Violations of human rights by security forces continued to be reported. Hate crimes and hate speech against Kurds continued. No judicial or administrative remedies were adopted in relation to property rights cases in Diyarbakır's Sur district. In March 2024, Kurdish Newroz celebrations took place peacefully, despite heavy police presence. Eastern and south-eastern provincial governors imposed arbitrary blanket bans on meetings and events, including before the March 2024 local elections. A broad interpretation of terrorism and judicial and administrative pressure on journalists, political opponents, bar associations and human rights defenders working on the Kurdish issue continued to raise concerns. Kurdish-language media outlets and cultural rights institutions have remained closed since 2016.

In the Kobane trial, in May 2024 the court sentenced 24 Kurdish politicians from the former pro-Kurdish HDP party to prison terms on alleged charges of crimes against the State. In a separate trial, the closure case against the HDP continued at the Constitutional Court. Former HDP co-chair Selahattin Demirtaş remained in prison despite two ECtHR rulings calling for his immediate release. In June 2024, the Committee of Ministers of the Council of Europe urged the Turkish authorities to take all necessary measures to secure his immediate release. Many new detentions of members of the Peoples' Equality and Democracy Party (DEM Party), mayors and other DEM representatives on terrorism-related charges were reported. In the case related to the 2015 killing of then Diyarbakır Bar Association Chair Tahir Elci, the Court acquitted in June 2024 all three police defendants due to lack of evidence.

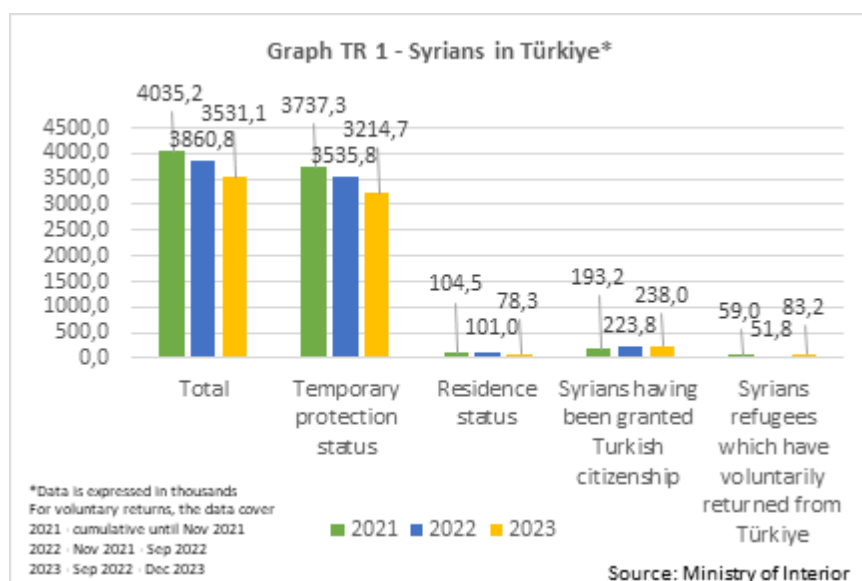
During the March 2024 local elections, there were allegations of security forces being deployed strategically in the south-east region to influence voting outcomes. In Van, the Supreme Electoral Board reinstated the elected mayor from the DEM party after the provincial Electoral Board disqualified him. The mayors ousted and replaced by state-appointed trustees in the last two local elections remained either imprisoned or abroad. The March 2022 Recommendations on Türkiye by the Congress of Local and Regional Authorities of the Council of Europe are yet to be implemented.

Court cases continued over government-funded construction projects on cultural, historical and

religious heritage sites damaged during the 2015 and 2016 military and security operations. There was no comprehensive approach for addressing missing persons, exhuming mass graves or independently investigating alleged extrajudicial killings by security forces. Nearly all court cases of enforced disappearances from the 1990s have been dropped due to the statute of limitations, with only two remaining active.

Concerns remained about forced returns under the pretext of combating terrorism and protecting national security. The village guard system, a paramilitary force supporting the Turkish security forces, continued to hinder the return of displaced villagers and represents an impediment towards a political resolution of the Kurdish issue. Some village guards were linked to human rights violations and excessive use of force against the Kurdish population.

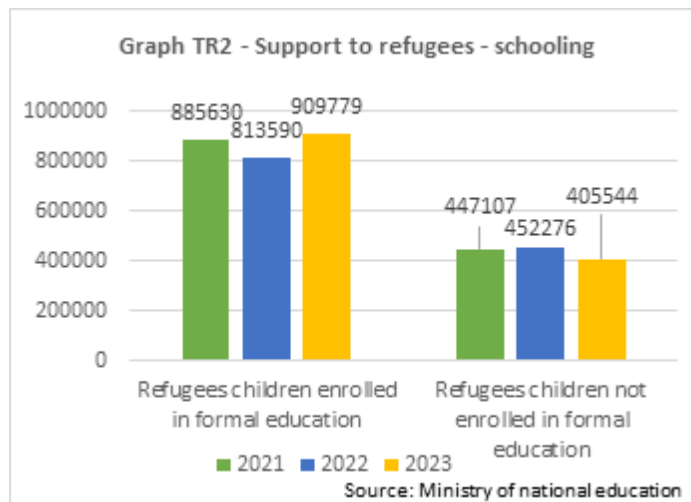
Refugees and internally displaced persons



Türkiye continues to host one of the largest refugee populations in the world. As of September 2024, according to official data Türkiye was hosting 3 093 909 Syrian refugees with temporary protection status, and some 54 751 Syrians with short-term residence status. Around 1.7 million of these were being hosted in the 11 provinces affected by the earthquakes.

According to official sources, fewer Syrians received Turkish citizenship in 2023 than in 2022, while the pace of voluntary returns of Syrian refugees accelerated. As of December 2023, according to the Presidency for Migration Management, in addition to the Syrian refugees, Türkiye hosted 262 638 asylum seekers from other countries. Additionally, there were 1 113 761 foreign nationals holding residence permits in Türkiye, including humanitarian residence permit holders.

Türkiye made significant efforts to support refugees and ensure wider access to healthcare and schooling, although restrictions to registration hampered access. Refugees (mainly Syrians under temporary protection) continued to benefit from free-of-charge healthcare services provided in 179 migrant health centres, 14 container health units and in Turkish hospitals. The capacity of mental health and psychosocial support services, reproductive health services, mobile health services and health literacy for refugees improved. Furthermore, the health infrastructure was improved by the completion of two new state hospitals in Dörtyol Hatay and Kilis during the reporting period.



Effective access of refugees and asylum seekers to the labour market, in particular to formal employment, remained difficult.

The return of irregular migrants from the Greek islands has not resumed. The EU has repeatedly called on Türkiye to resume return operations in line with the commitments made under the 2016 EU-Turkey Statement. Resettlement of Syrian refugees from Türkiye to EU Member States continued in the reporting period, totalling 43 019 by 31 August 2024.

There was no progress on the situation of **internally displaced persons** resulting from violence in the south-east region in the 1990s and in more recent years. Populations displaced after the February 2023 earthquakes continue to face challenges.

2.1.2. Public administration reform

Strategic framework for public administration reform

The strategic framework for public administration is not in place. Türkiye still lacks an overarching **strategy for public administration** and public financial management reform. Management of public administration remained decentralised, and cooperation between key stakeholders at administrative and political level remained insufficient. The absence of political support and ownership for reforming public administration continues.

During the reporting period, the government published the Medium-Term Economic Programme (2024-2026) and the 12th Development Plan (2024-2028). The programme provides a link between sectoral policy priorities and government priorities. Sectoral costs are also reflected in the programme's budgetary framework.

At policy level, the Interministerial Economic Coordination Council monitors the implementation of **public finance management** plans as well as key sectoral policy planning documents and legislation. However, there is no effective performance measurement and monitoring system based on performance indicators linked to specific targets. The representation of women in senior positions in public administration remained low.

Policy development and coordination

Policy development and coordination need to be improved. The centralisation of **policymaking** under the presidential system continued, further preventing an inclusive, participatory and evidence-based policymaking system. There are no detailed rules of procedure to regulate the policy preparation and decision-making processes within the Presidency.

Evidence-based policymaking and public consultations were not systematically used during the reporting period. Administrative and political **accountability** needs to be improved. The link between policymaking and financial planning remains weak. Türkiye's state institutions do not carry out systematic *ex post* monitoring and public reporting on the implementation of key government programmes. As a result, public scrutiny of the government's work remains very limited.

Public financial management

Public financial management is broadly in place but needs to be improved. Despite the adoption of several planning and sectoral policy documents to address various aspects of **public financial management**, these documents do not provide for a strategic and broad public administration and public financial management reform.

The Medium-Term Economic Programme, which is presented by the government as the main central planning document, aims to demonstrate the government's commitment to sound public finance management. The annual budget is prepared within the medium-term budgetary framework. The Presidency and the Ministry of Treasury and Finance published monthly budget outturns during the reporting period. A gender-responsive planning and budgeting policy still needs to be established.

Annual budget figures are still aggregated, which makes it difficult to analyse the budget reports. Public participation in the budgetary process remains low, and parliamentary oversight remains limited.

On **public procurement**, the legislation is still not in line with the EU *acquis* on a number of important aspects. In particular, large infrastructure projects implemented through public-private partnerships are often exempted from procurement rules. In the absence of public procurement rules and effective *ex post* monitoring, large public investment programmes lack **transparency**.

On external audits, the *ex post* controls of the Turkish Court of Accounts (TCA) continued to form the basis of parliamentary oversight of the budget. As in previous years, the TCA submitted a number of audit reports on public institutions to Parliament. These reports were factual and timely. They provided substantial information on the **budgetary expenditure** of public administrations. The TCA's audit findings on the misuse of public funds have also been reported in the media. However, Parliament does not engage in a full and comprehensive debate on the individual reports of the TCA. Shortcomings remained in the reporting and parliamentary and judicial follow-up of the TCA's audits. Limited parliamentary oversight of the budget led to reduced budget transparency. The Turkish State Wealth Fund continued to lack accountability and transparency. The budget does not provide an overview of the fund's investments and borrowings.

Public service and human resources management

Public service and human resources management is insufficient. The legal framework for the civil service does not guarantee neutrality, continuity or **merit-based recruitment and promotion** procedures, which impedes efficient public services. The recruitment procedure for senior civil service posts lacks objective criteria, leaving appointments open to nepotism. Politicisation of the civil service continued.

As of March 2024, the total number of public employees is 5 238 424, 16.4% of total employment. The proportion of women in public employment is only 35%.

Accountability of administration

The accountability of administration is insufficient.

All crucial functions of central government are delegated to institutions and ministries affiliated with the Presidency, and accountability is held by the President. Parliamentary scrutiny mechanisms are weak, while oversight institutions like the Ombudsman have a limited role.

Internal control and audit systems lack functional autonomy, independence and efficiency. There is a need to improve the **public's right to good administration** through more effective internal and external oversight arrangements.

Accountability of civil servants in relation to the damage caused by the earthquakes in the 11 affected provinces remained very low. Any prosecution of civil servants for negligent or criminal behaviour needs to be approved by the Ministry of Interior. Authorisation often slowed down individual cases, and in a number of cases the Ministry refused to authorise any further investigation of civil servants by prosecutors.

The broad scope of exemptions in the rules governing **access to information**, coupled with the absence of mechanisms for centrally coordinated proactive disclosure of public information, obstruct the implementation of the right to information.

Service delivery to citizens and businesses

The service delivery to citizens and businesses needs to be improved. Public services are widely accessible. Türkiye lacks a law on general administrative procedures, making it difficult to ensure that principles of good administration are upheld. There is no central policy or coordination mechanism for improving the overall quality of public services. The country has made strides in developing and providing new e-services through the e-Government Gateway.

2.2.1 Chapter 23: Judiciary and fundamental rights

The EU's founding values include the rule of law and respect for human rights. An effective (independent, high-quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is respect of fundamental rights in law and in practice.

Functioning of the judiciary

Strategic documents

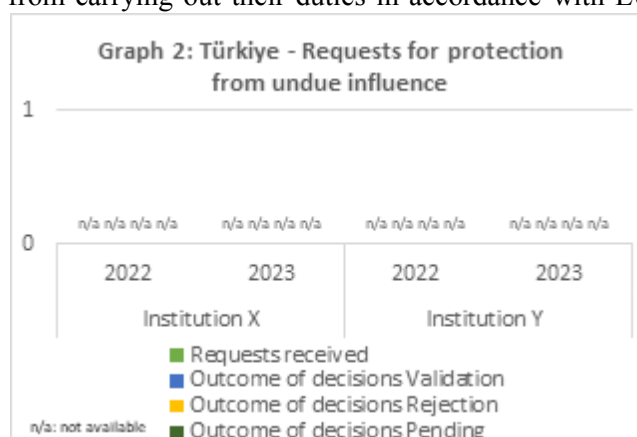
Strategic documents are in place but are not sufficient to address the significant shortcomings. The 2019-2023 Judicial Reform Strategy and the 2021 Human Rights Action Plan do not fully address the serious shortcomings of Türkiye's judiciary or human rights situation, as highlighted in previous reports. The 8th Judicial Reform Package was adopted in March 2024, but does not address the structural shortcomings of the judiciary system adequately. Implementation of strategic documents needs to be improved across the board.

Management bodies

Management bodies are in place, but the High Council of Judges and Prosecutors lacks independence from the executive. The process for appointing its members remained under the strong influence of the executive.

Independence and impartiality

The shortcomings related to the independence and impartiality of the judiciary were not addressed. The principle of separation of powers and judicial independence is enshrined in the Constitution and other legislative provisions, but politicisation increased. Statements from high-level government officials on ongoing cases, public attacks against defendants and undue pressure on judges and prosecutors prevent members of the judiciary from carrying out their duties in accordance with EU



standards. In many instances, lower courts ignored or delayed the implementation of the Constitutional Court's rulings. In October 2023, the Constitutional Court ruled in the Member of Parliament Atalay case that the right to vote and be elected and the right to personal security and liberty had been violated. However, the lower court decided not to implement the decision, sending it instead to the Court of Cassation, which requested

Parliament to strip Mr Atalay of his immunity and filed a criminal complaint against those members of the Constitutional Court who voted for Atalay's release from jail.

The selection, recruitment and promotion system of judges and prosecutors is not transparent. The Ministry of Justice supervises the selection boards for new judges and prosecutors. The annual evaluation of judges and prosecutors is carried out by the HSK, none of the members of which are appointed by peer judges. No reforms have been undertaken to provide effective guarantees against the transfer of judges without their consent.

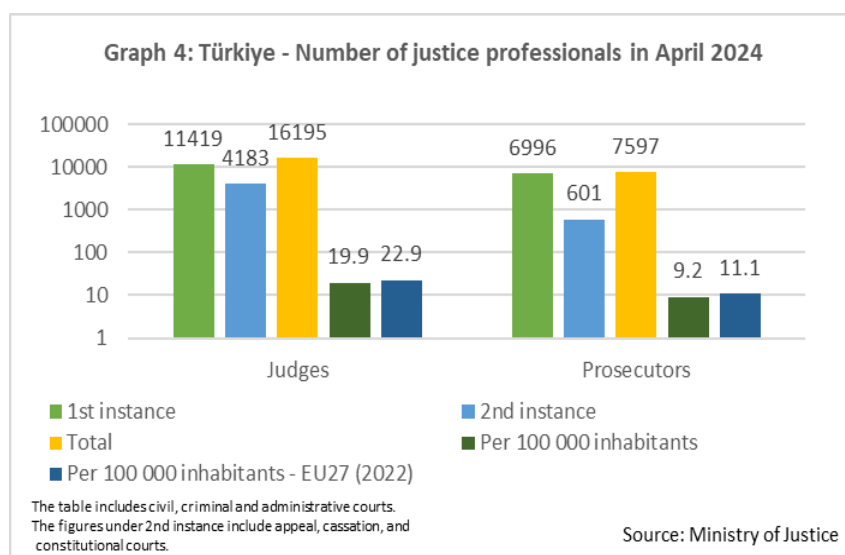


Accountability

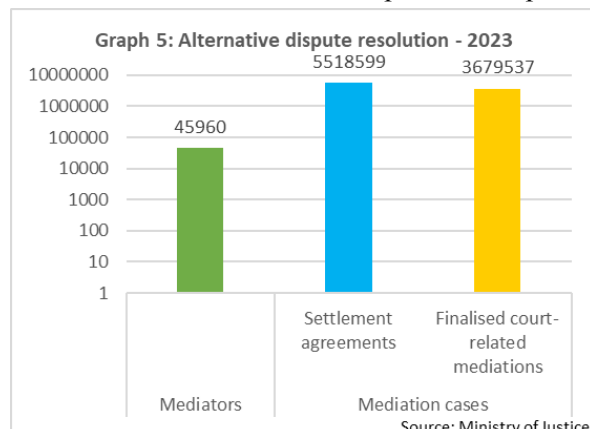
The accountability of the judiciary needs to be improved. The obligation for judges and prosecutors to declare their assets every 5 years remained in force, but no information is available on whether sanctions have been imposed for failure to comply with this procedure. Allegations of corruption in the judiciary emerged in the media during the reporting period, but no information is available on the investigation of the allegations. Supervision of judicial services and public prosecutors is carried by the Ministry of Justice through judiciary inspectors and internal auditors.

Quality of justice

The quality of judicial decisions and indictments remains inadequate due to a lack of legal reasoning and sufficient factual evidence to lead to convictions. Access to case files for defence lawyers in political criminal cases remains problematic – frequent use of the confidentiality of decisions in political cases restricts lawyers' access to their clients' files, violating the right of defence and the right to a fair trial. Concerns remain about the independence of the Judicial Academy, which provides pre-service and in-service training for candidate judges and prosecutors. Its management is entrusted to its President, who is appointed by the President of the Republic.



In terrorism-related cases, the practice of presenting evidence obtained from secret witnesses who cannot be cross-examined, or from a single witness without corroborating evidence, remained a concern given its clear interference with the right to a fair trial. These practices are not in line with ECtHR jurisprudence.



In September 2023, the ECtHR Grand Chamber ruled in the case of Yüksel Yalçinkaya that the applicant's right to a fair trial, the principle of no crime or punishment without law, and the right to freedom of assembly and association had been violated. The court also found that violations of applicants' rights were systemic in Türkiye and called on the government to take measures to

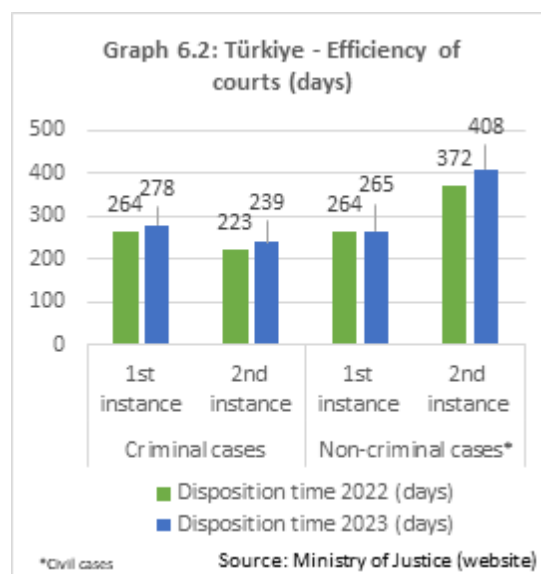
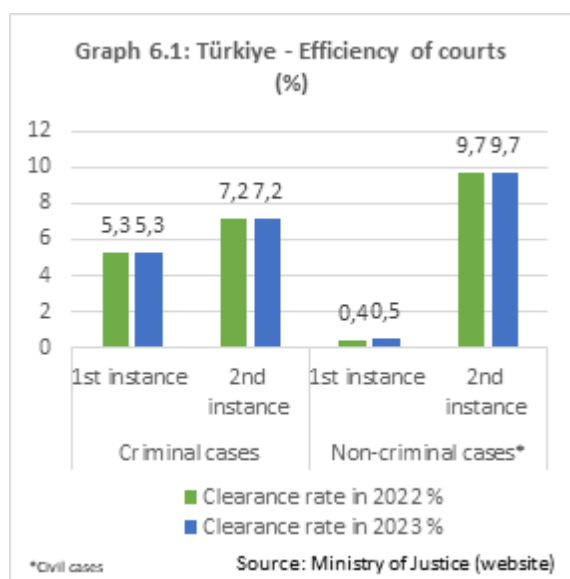
remedy the situation. There were no cases opened for retrial following the ruling.

The non-implementation of the administrative courts' decisions by the administration and the issuing of a new administration decision also remains an issue of concern.

The budget for the justice system in 2024 increased to TRY 207 billion, up from TRY 42.2 billion in 2023.

Efficiency

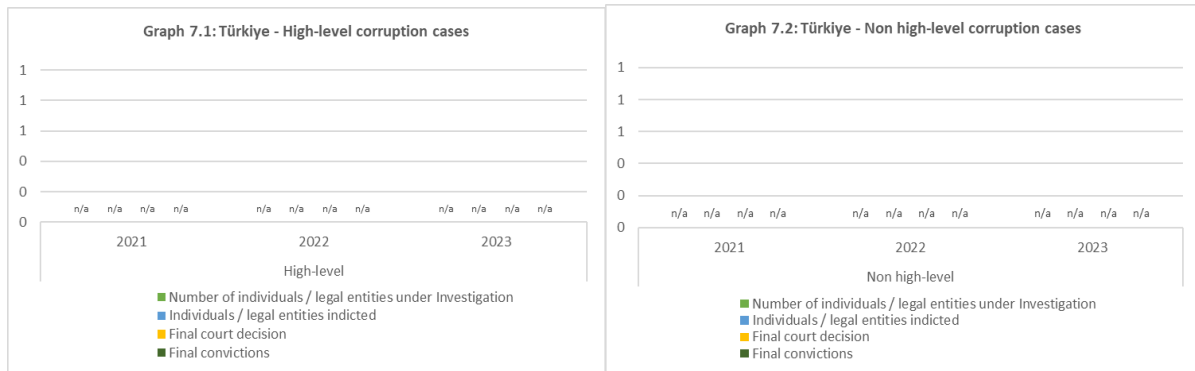
The efficiency of the judiciary system needs to be improved. The backlog of cases remains a problem. The number of hearings that have to be held due to a lack of information in the indictment contributes to the prolongation of cases, as does the frequent transfer of judges and prosecutors.



Fight against corruption

Track record

The track record of investigations, prosecutions and convictions in corruption cases needs to be improved. There is insufficient collaboration between audit and inspection units and prosecution offices. The prosecution has remained passive in pursuing the findings of public inspection bodies on alleged wrongdoings. The frequent exemptions in procurement procedures undermine the integrity of public procurement. Additionally, political party financing, judiciary and public administration, municipalities, land administration, zoning and construction remain prone to corruption.



Institutional framework

Türkiye continued to lack a permanent, functionally independent anti-corruption prevention body. The level of coordination between various preventive bodies remains inadequate. The State Supervisory Council, responsible for leading anti-corruption efforts, does not operate as an independent anti-corruption agency as it lacks functional independence. The legal framework for combating corruption in the private sector remains weak. There is a lack of regular awareness campaigns on transparency and the fight against corruption.

There are no specialised law enforcement authorities, prosecution services and courts specifically dedicated to the fight against corruption. The executive retained undue political influence over the judicial police. Inter-agency cooperation and information sharing between law enforcement and the Financial Crimes Investigation Board (MASAK) need further development.

Strategic documents

Türkiye does not have a national strategy or action plan to prevent and combat corruption. No progress was made in implementing outstanding GRECO recommendations.

Legal framework

Türkiye is a party to all international anti-corruption conventions, including the UN Convention against Corruption. It has not, however, introduced new anti-corruption legislation or reform measures to implement its obligations. The legal framework for whistle-blower protection and public procurement is not aligned with the EU *acquis*.

Shortcomings persist in the corruption-related provisions of the Penal Code. The definition of active bribery provided in the Criminal Code still does not comply with international standards, particularly on bribery in the private sector. Public procurement legislation is not in line with the EU *acquis*. Legal privileges for public officials, such as the requirement for prior authorisation from their superiors before launching an investigation against them for alleged wrongdoing, still offer protection in anti-corruption investigations, thus effectively hindering investigations.

The legal framework for conflicts of interest and asset declaration as well as the financial oversight of political parties remain inadequate. Türkiye has no legislation to regulate lobbying.

Fundamental rights

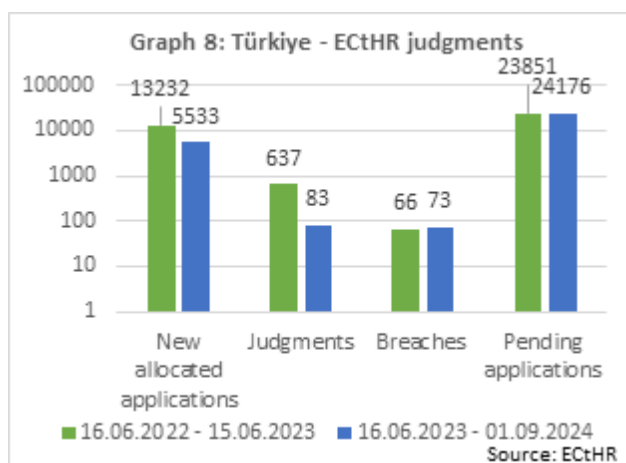
General framework

The general framework for fundamental rights remains an issue of concern.

International human rights instruments

Türkiye remains a party to most international human rights instruments, but its legislation and implementation need to be brought into line with the ECHR and ECtHR case law. The Parliamentary Assembly of the Council of Europe continued its full monitoring procedure.

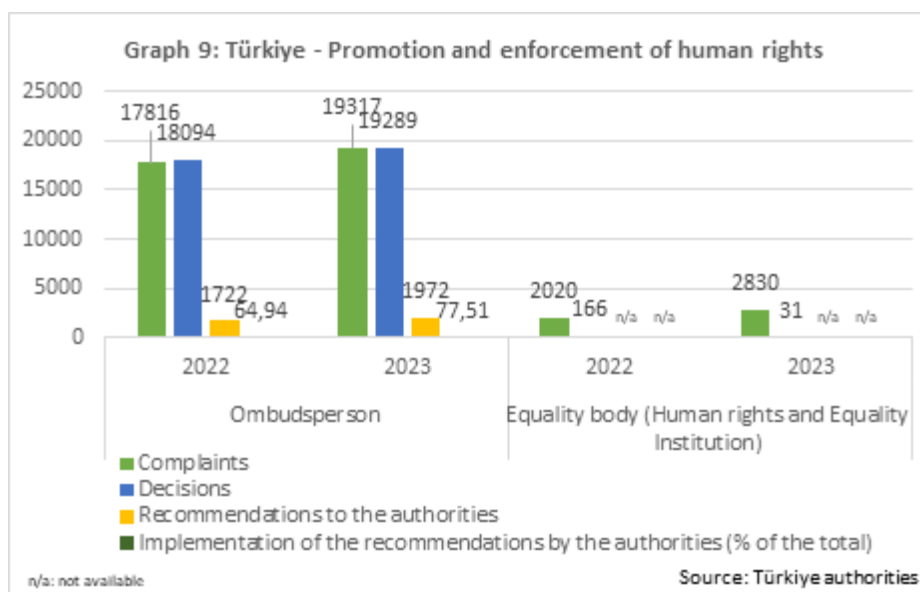
European Court of Human Rights



No progress was made on aligning legislation on human rights and its implementation with the ECHR and ECtHR case law, which raises concerns. Türkiye continued to not implement certain ECtHR rulings and the related judgments of its own Constitutional Court.

During the reporting period, the ECtHR found breaches of the ECHR related mainly to the right to respect for private and family life, excessive use of force by security forces, unjustified detention the right to a fair trial, the right to liberty and security and freedom of assembly and association. There are currently 185 cases against Türkiye under enhanced supervision by the Committee of Ministers. Systematic enforcement of ECtHR judgements and addressing structural problems raised by these cases including concerning judicial independence, judicial review mechanism, use of force in the context of assemblies, defamation and conscientious objection is of utmost importance. Redress for violations needs to be ensured. The June 2024 Council of Europe Committee of Ministers decision reiterated calls for the Turkish government to comply with ECtHR judgments and release former HDP co-chair Demirtaş and human rights defender Kavala. In April 2024, the ECtHR granted priority status to a second case lodged by Osman Kavala.

Promotion and enforcement of human rights



Enforcement of human rights remains ineffective due to significant shortcomings in the rule of law, the implementation of penal provisions in contravention of the ECHR and ECtHR case law, and continuous pressure on human rights defenders and civil society organisations.

The implementation of the March 2021 Human Rights Action Plan continued, but the plan does not address the main shortcomings in the human rights situation. The annual reports are not made public. The effectiveness of the Human Rights and Equality Institution of Türkiye (HREI) and the

Ombudsman remained limited. HREI issued significantly fewer decisions in 2023 compared with the previous year. The operational, structural and financial independence of both institutions and the appointment of their members remained problematic. The prison visits carried out by HREI remained ineffective.

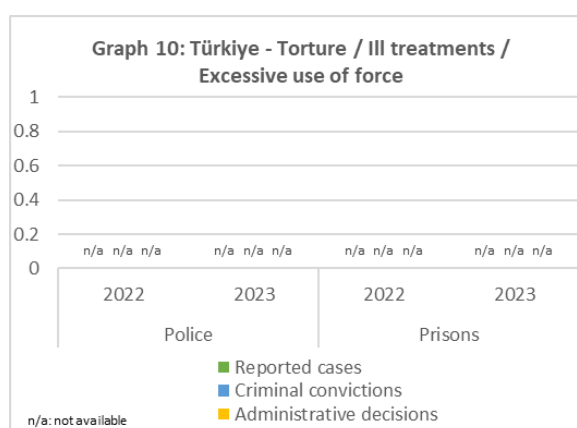
4 059 applications were submitted to the Turkish Parliament's Human Rights Inquiry Committee between January 2023 and 22 April 2024.

Right to life

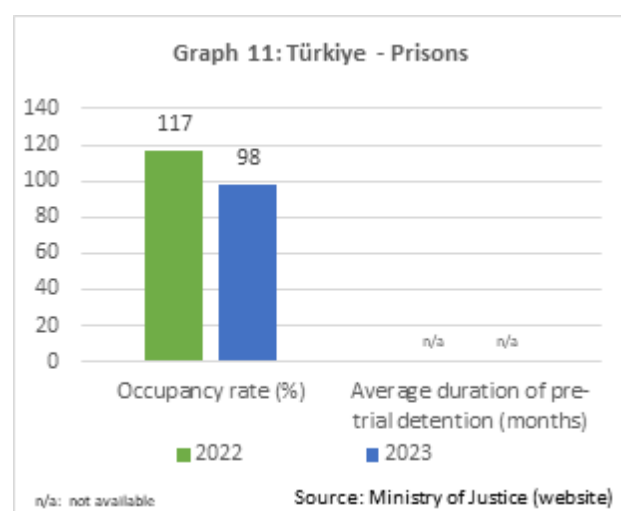
No steps were taken to improve the situation on the right to life and to abolish the impunity of the security services.

Prevention of torture and ill treatment

Torture and/or ill treatment continued to occur in detention centres, prisons, informal places of detention, removal centres and transport vehicles, as well as during demonstrations. Disproportionate use of force by security forces continued. In a limited number of cases, administrative measures were taken against the accused officers. HREI does not meet the key requirements of the Optional Protocol to the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, and does not deal effectively with cases referred to it. Türkiye is encouraged to allow publication of all pending reports of the European Committee for the Prevention of Torture and introduce an automatic publication procedure for such reports.

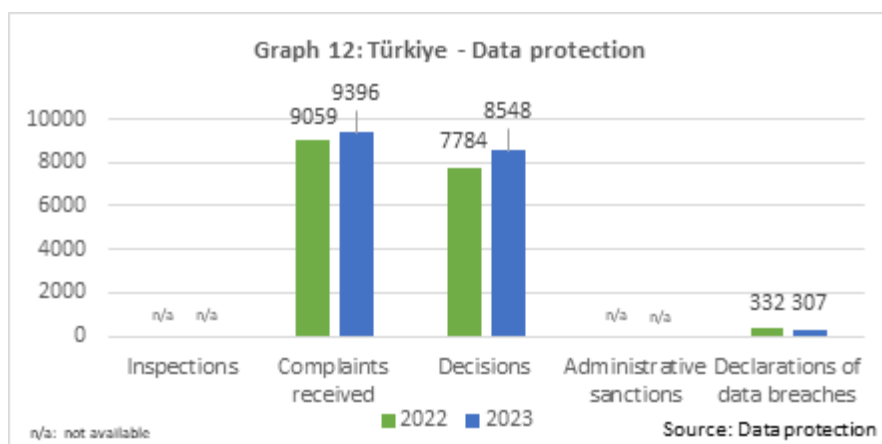


Execution of criminal sanctions



Overcrowding remains a major problem in **prisons**. Allegations of human rights violations continued to be reported, aggravated by widespread impunity for prison officials. The different treatment of political inmates as regards the enforcement regime also raises concerns. The Prison Administration and Observation Boards tend to delay conditional releases of inmates arbitrarily. Pre-trial detention remains widely used, including for alleged offences related to freedom of expression. Defendants are increasingly held in prisons or detention centres far from where the alleged crime occurred, which strains family ties. Increasing isolation of inmates remained an issue as communal activities remained limited and arbitrary. Education, access to healthcare, rehabilitation and resocialisation programmes and the probation system need to be improved. PKK's leader Öcalan and the other three inmates in Imrali prison were prevented from any contact with their lawyers and their relatives for the last 43 months.

Protection of personal data



The 8th Judicial Reform Package, adopted in March 2024, changed the conditions for the processing of special categories of personal data and transfers of personal data to third countries (*see Chapter 10*). The 2016 Personal Data Protection Act, however, is not in line with the EU acquis. Türkiye has in place the Personal Data Protection Authority, but its functioning is not fully aligned with EU standards. Rights of individuals when their personal data are processed for law enforcement purposes are not in line with EU standards.

Freedom of religion or belief

Freedom of worship is generally respected in Türkiye, but the situation of freedom of thought, conscience and religion needs to be improved. The lack of legal personality for the non-Muslim and Alevi communities remained a problem, notably in relation to the lack of legal status for places of worship. The Venice Commission's recommendations on the legal status of non-Muslim religions and on the right of the Greek Orthodox Ecumenical Patriarchate to use the title 'Ecumenical' were not implemented. The lack of legal provisions on the conscientious objection to army service remained an issue, despite several ECtHR judgments and a decision by the UN Human Rights Committee. No steps were taken to re-open the Halki (Heybeliada) Greek Orthodox Seminary, which has been closed since 1971.

The Turkish education system does not guarantee neutrality and impartiality towards various religions, denominations and beliefs. No measures were taken by the authorities to address the shortcomings identified by the ECtHR in compulsory religious culture and ethics classes. The recent inclusion of the doctrine of "Blue Homeland" (Mavi Vatan) in Turkish school textbooks is a cause for concern.

The government is in dialogue with UNESCO on the World Heritage Committee's concerns about the Hagia Sophia museum being turned back into a mosque. In May 2024, the Turkish authorities opened the Monastery of Chora in Istanbul, a UNESCO World Heritage Site, which the authorities converted into a mosque.

Hate crimes against religious minorities need to be thoroughly investigated. Acts of vandalism and the destruction of minority places of worship and cemeteries occurred. Aggressive anti-Semitic statements were made in the media and by high-level officials following the 7 October Hamas terrorist attacks against Israel and the outbreak of the Israel-Hamas conflict. Türkiye is an observer country to the International Holocaust Remembrance Alliance.

Freedom of expression

Protection of journalists

The activities of journalists, writers, lawyers, academics, human rights defenders, opposition politicians and critical voices continued to be restricted through arrests, detentions, prosecutions and

convictions. These practices continued to hinder the exercise of their freedoms and led to self-censorship. As of June 2024, 54 journalists and media workers (59 in 2023) were in prison, either awaiting trial or serving sentences.

Legislative environment

Several articles of criminal legislation restrict the freedom of expression and media on grounds of national security, public order and protection of public morals and deviate from international and European standards. Access to information is frequently limited on the grounds of national security. In August 2024, the Constitutional Court annulled the Presidential Decree giving the Directorate of Communications the task of combating disinformation on the grounds that it ‘interferes with freedom of the press and freedom of expression’ as enshrined in the Constitution. The ruling was immediately taken down from the Court’s website and the Centre continues to function as before the ruling.

Implementation of legislation/institutions

The selective and arbitrary application of legislation continued. The Radio and Television Supreme Council imposed 570 fines on broadcasters in 2023. Independent television and radio stations critical of the government were the most frequently fined, on the grounds that their content was ‘contrary to the national and moral values of society, general morality and the principle of the protection of the family’. Authorities targeted media and websites following accusations of ‘propagating terrorism’, while others were accused of ‘obscenity’ or for being deemed ‘defamatory of Islam’, for insulting the President, and endangering national security.

Public service broadcasters

The public broadcaster TRT did not provide an even playing field during the elections, giving unbalanced and preferential coverage to ruling parties. There are concerns that the licensing requirement for internet distribution aims to enable censorship.

Economic factors

The broadcasting law does not prevent the concentration of media, resulting in a high degree of concentration of the media ownership by a few companies. This maintains a biased media landscape. The distribution of printed media, which is used to allocate public advertising funds and deliver newspapers to retail outlets, is owned by a single company.

Internet

Current legislation and its implementation do not guarantee an open and free internet. Frequent closures of websites and social media accounts that express views critical of the government continued. Some authors of critical websites faced prosecution. In August 2024, after a 9-day ban, access to Instagram was restored. Online game platform Roblox remains banned.

Freedom of artistic expression

The existing legislation includes vague provisions such as morality that are often used to restrict freedom of artistic expression. A number of artistic events and performances were banned, and artists critical of government policies were subject to insulting remarks by high-ranking officials and media.

Professional organisations and working conditions

Journalism in Türkiye remains a precarious and risky profession, with low wages, a high risk of prosecution, limited trade union rights and no job security (*see also Chapter 10 – Digital transformation and media*).

Freedom of assembly and association

The legislation and its implementation are not in line with the European standards and the international conventions that Türkiye is party to. Türkiye needs to urgently apply ECtHR case law and revise relevant national laws. The legislation allowed authorities to prohibit meetings and

demonstrations based on vague, discretionary and arbitrary criteria. Bans on peaceful gatherings were widely imposed and public events were often dispersed with a disproportionate use of force by the police. A positive development was the lifting by the Minister of Interior in November 2023 of the 2018 ban on Saturday Mothers to protest in Istanbul’s Galatasaray Square. However, court cases against human rights defenders continued.

Property rights

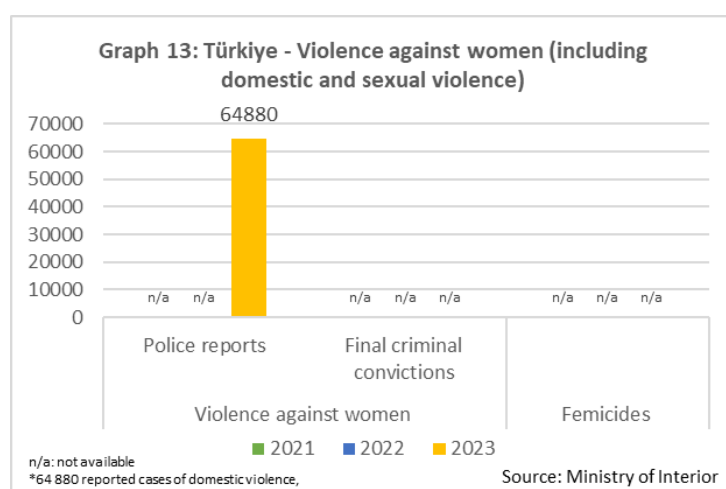
The legal framework in this area is in place. However, the legislation has shortcomings, and its implementation is often selective and discriminatory. Specifically, there is an urgent need to revise the relevant legislation on the issue of property rights for non-Muslim minorities. In the case of ownership of the Taksim Gezi Park, the court decided to return the property to the Istanbul Metropolitan Municipality in March 2024. The Mor Gabriel Syriac Orthodox Monastery property issues and court cases continued. Court cases regarding the 2016 expropriations in Diyarbakir’s Sur district continued. Council of Europe Resolution 1625 of 2008 on property rights on the islands of Gökçeada (Imbros) and Bozcaada (Tenedos) still needs to be fully implemented.

Non-discrimination

There was no progress on non-discrimination legislation and its implementation to ensure alignment with European standards or towards ratification of Protocol 12 of the ECHR, which provides for the general prohibition of discrimination. Legislation on hate crimes, including hate speech, is still not in line with international standards and does not cover hate crimes based on sexual orientation, gender identity and gender expression, ethnicity, or age. Cases of discrimination and hate crimes based on ethnicity, religion, and sexual orientation continued to be reported.

Gender equality

The legislation and the institutional framework in Türkiye is not aligned with EU legislation and



international standards. Türkiye has no longer been party to the Council of Europe’s Istanbul Convention since 2021 and its legislation is not aligned with the EU Directive on combating violence against women and domestic violence. Strategies and action plans in this area – the 12th National Development Plan (2024-2028), the Women’s Empowerment Strategy Document and Action Plan (2024-2028), and the Vision Document and Action Plan for the Protection and Strengthening of the Family (2024-2028), still need to bear credible results. Violence against women

remains prevalent due to the lack of effective and deterrent sentences, weak implementation of legislation and the low quality of available support services. The number of femicides – where women are killed because of their gender – continued to be high, with at least 315 in 2023 and at least 32 in April 2024 alone. There is no comprehensive data collection system in this area. Deep-rooted cultural norms and persisting gender stereotypes continue to hinder progress towards gender equality.

Rights of the child

The implementation of the legislation in this area is not in line with the international standards and the EU *acquis*, and protection of the rights of the child remained weak. While national legislation and policies are in place to ensure the full realisation of child rights in Türkiye, its implementation is insufficient, also due to the lack of adequate resources and budgetary allocation. The principle of the ‘best interests of the child’ is recognised in legal documents, but implementation relies on subjective assessments. Concerns remained about juveniles arrested and detained on charges of membership in

terrorist organisations. There is an urgent need to establish an integrated child protection system. Services specifically tailored to the needs of child victims of various crimes are limited. Türkiye stepped up efforts to develop an emergency foster care system, but no progress was made in the field of deinstitutionalisation and independent living. Efforts to incorporate large number of migrant children into education system continued. However, very high inflation increased risks of children being removed from school of the most vulnerable families. A comprehensive training programme for all professionals working with children in contact with the law, including a certification mechanism and incentives, should be developed.

Persons with disabilities

Türkiye has ratified the UN Convention for the Protection of the Rights of Persons with Disabilities and its Optional Protocol, but shortcomings persist in its transposition and implementation. Discriminatory legislation against persons with disabilities accessing employment as judges and prosecutors still exists. In response to the ‘2030 Barrier-Free Vision’ strategic policy document, the 2023-2025 National Action Plan for the Rights of the Disabled is being implemented. The plan largely reflects the EU strategy in this field. Additionally, the dedicated National Action Plan on Persons with Autism Spectrum Disorder covering 2023-2030 is in force. It helps implement the aforementioned UN Convention, but shortcomings persist. The knowledge base on accessibility of public services should also be expanded. Disability-inclusive infrastructure, services, programmes and coordination platforms need further investment.

Lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons

The lack of protection for the fundamental rights of LGBTIQ persons continued. Hate speech and hate crimes based on sexual orientation gender identity and gender expression, negative stereotyping in the media and discriminatory rhetoric by high-ranking government officials continued. Anti-LGBTIQ rallies were organised with the permission of the authorities. Activities and gatherings against homophobia were banned. Police intervened in the Istanbul Pride march in June 2023, and arrested more than 100 people. The main 2024 Pride march in Istanbul was banned, while dozens of people were detained in June 2024 at a gathering to mark Pride Day.

Procedural rights and victims’ rights

The legislation and its implementation are not in line with the EU *acquis* or European standards as basic minimum procedural rights standards are missing. (see also Quality of Justice above). The ECtHR continued to issue judgments against Türkiye for violating the right to a fair trial and the presumption of innocence by failing to respect basic procedural guarantees for suspects and accused persons. Steps need to be taken to align national legislation with the EU Directive on Victims’ Rights and the Directive relating to compensation to crime victims.

Protection of minorities

Legislation on hate crimes, including hate speech, is still not in line with international standards, which remained a serious issue. Hate speech and hate crimes continued, with the main targets being Syrians (often refugees), Greeks, Armenians, Jews and Alevis. Persons belonging to minorities continued to face difficulties, such as the lack of legal status for religious institutions, protection for minority languages, schooling support, clergy training, access to media in minority languages and complications in enjoying property rights. No steps were taken to revise school textbooks to remove discriminatory and derogatory references. Minority schools received no public funds. After a gap of a year, limited subsidies to the newspapers run by members of the Armenian, Greek and Jewish communities were granted by the Press Advertising Agency. Outside activities for the “Armenian Genocide Commemoration Day” were banned in April 2024. No mechanisms exist to include persons belonging to minorities in decision-making and ensure that they are adequately represented in public administration. Minorities remain under-represented in political life.

Cultural rights

Optional courses in Kurdish and Circassian are provided in public state schools, but the requirement of a minimum of 10 students for these courses and the insufficient number of teachers appointed

continued to be an impediment. The state-appointed trustee mayors in the south-east region continued to change the original names of streets and cultural centres and ban cultural activities in Kurdish. Numerous concerts, festivals and cultural events were banned by governorates and municipalities on the grounds of ‘security and public order’. Kurdish cultural and language institutions, media outlets and numerous art spaces have remained mostly closed since 2016 (*see also Chapter 26 – Education and culture*).

Roma⁶

The 2023-2030 National Roma Strategy and its action plan were implemented. Local action plans for Roma were prepared for the first time. However, the strategy needs to be improved as regards initiatives and concrete actions to address direct discrimination and prejudices. Concrete measures should be taken to prevent the increase of antigypsyism and to combat prejudice and discrimination against Roma. Türkiye needs to publish data on the situation and living conditions of Roma. Issues of underrepresentation, marginalisation and socio-economic inequalities continue to affect Roma communities. Wide disparities in housing, employment and education perpetuate marginalisation and social exclusion. Better integration of Roma children into the education system would help eliminate child labour and early marriages. The problem of incorrect diagnosis of Roma children with mental disabilities or learning difficulties was not addressed.

2.2.2 Chapter 24: Justice, freedom and security

The EU has common rules for border control, visas, residence and work permits, external migration and asylum. Schengen cooperation entails the lifting of border controls within the EU. There is also cooperation in the fight against organised crime and terrorism, and on judicial, police and customs matters, all with the support of the EU justice and home affairs agencies.

Fight against organised crime

Türkiye continued to align its legal framework on organised crime with the EU *acquis*.

Institutional set-up and legal alignment

Türkiye has in place the legal and institutional structures to fight organised crime, but further progress is needed. The Gendarmerie General Command and the Turkish National Police under the Ministry of Interior are in charge of the fight against organised crime. The Coast Guard Command plays an important role in preventing migrant smuggling and human trafficking, along with the Gendarmerie and Police. The Financial Crimes Investigation Board (MASAK) attached to the Ministry of Treasury and Finance is the Turkish financial intelligence unit.

The legal framework for the fight against organised crime and police cooperation is partially aligned with the EU *acquis*. On 28 June 2024, Türkiye was removed from FATF’s ‘grey list’ as a result of the country’s significant progress in addressing the deficiencies previously identified. A national strategy (2022-2027) and an action plan (2022-2024) against organised crime are in force. The Ministry of Interior’s Department of Smuggling Intelligence, Operations and Data Collection is responsible for coordinating their implementation.

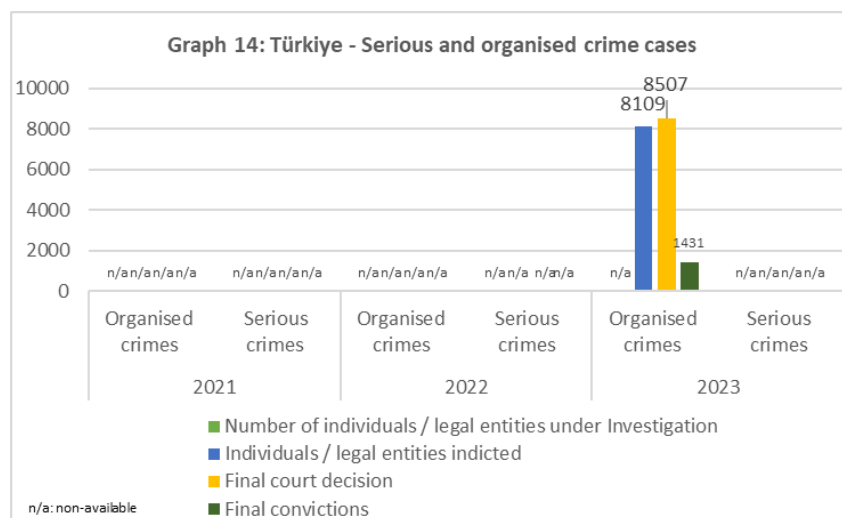
The legal framework on human trafficking is largely in line with international conventions and the EU *acquis*.

Turkish data protection legislation is still not aligned with the EU *acquis*. The completion of an international agreement between the EU and Türkiye on the exchange of personal data with Europol is therefore pending. Cooperation with Europol continues to be guided by the Strategic Agreement on Cooperation. Türkiye is connected to and configured for the full use of the Secure Information Exchange Network Application.

Türkiye has a witness protection system in place but it needs to be expanded to include all types of serious crimes, and procedural rules need improvement.

⁶ In line with the terminology of European institutions, the umbrella term ‘Roma’ is used here to refer to a number of different groups, without denying the specificities of these groups.

Implementation and enforcement capacity



Operational capacity continued to be strengthened through new recruitment and training programmes.

On firearms trafficking, 712 small and light weapons were seized by the gendarmerie and 5 803 by the Turkish National Police during the reporting period.

14 EU Member States have liaison officers in Türkiye. A cooperation agreement with the European Union Agency for Law

Enforcement Training is in place, but participation from Türkiye in training activities significantly decreased compared to the previous year.

The track record on combating money laundering and terrorist financing showed a gradual improvement. Turkish judicial statistics showed a consistent upward trend. There were 19 files, 49 separate offences and 47 convictions in 2020, while there were 39 criminal files and 118 offences resulted in 116 convictions in 2022. However, there are indications that Türkiye still remains an attractive country for money laundering activities.

Between July 2023 and April 2024, the Turkish National Police conducted 2 026 operations resulting in the arrests of 1 429 people for organised crime. Between April 2023 and April 2024, the Gendarmerie General Command conducted 83 operations resulting in the arrests of 381 people for organised crime. Regarding the confiscation of criminal assets in corruption and organised crime cases, the Gendarmerie took action against 423 suspects involved in 93 incidents between 1 April 2023 and 1 April 2024.

Türkiye remains an important transit and destination country for human trafficking. In 2023, the number of victims identified by the Turkish authorities was 223 (compared to 343 in 2022). As of 27 June 2024, 81 victims had been identified. Most victims are of Syrian origin.

There is a need to increase the capacity to host and provide services to victims of human trafficking.

In 2023, 5 473 suspects were detected in 12 963 cases of cybercrime, resulting in the conviction of 231 people. In the reporting period, there was no national strategy and action plan in place against cybercrime.

Cooperation in the field of drugs

Cooperation in the field of drugs needs to be improved.

Institutional set-up and legal alignment

The national strategy and action plan (2018-2023) were concluded, and a new one has not yet been adopted. An action plan on the fight against methamphetamine (2022-2024) is currently in effect under the coordination of the Ministry of Interior.

The Turkish Monitoring Centre for Drugs and Drug Addiction continued to act as the national focal point of the European Monitoring Centre for Drugs and Drug Addiction (European Union Drugs Agency as of 2 July 2024) and is the national drug observatory. It collects data, makes risk assessments, and provides recommendations on the national early warning system on new psychoactive substances. A total of 1 045 new psychoactive substances have been included in national legislation, and 39 of these were put on the list in 2023.

Implementation and enforcement capacity



Türkiye remains a transit route for drugs between Asia and Europe. Information exchange and collaboration with EU law enforcement partners need to be strengthened, particularly for heroin. In 2023, Turkish law enforcement services conducted operations that resulted in the increased seizure of cannabis, cocaine, methamphetamine and ecstasy tablets, while the seizure of heroin and captagon tablets.

Fight against terrorism

The fight against terrorism needs to be improved.

Institutional set-up and legal alignment

The country continued to face threats from various terrorist groups. Türkiye has in place legislation to fight terrorism and strong institutional structures to deal with terrorism threats. However, its legislation needs to be brought in line with the EU *acquis* and standards, notably regarding the definition of terrorism. It should align with the EU's definition as outlined in the EU Directive on combating terrorism and remains an essential outstanding reform. Counterterrorism practices should also respect the rule of law and fundamental rights and freedoms.

Türkiye prioritised the fight against the Kurdistan Workers' Party (PKK) and Daesh and the dismantling of the Gülen movement at home. The PKK remains on the EU list of persons, groups and entities involved in terrorist acts. Türkiye has a legitimate right to fight terrorism.

Türkiye regularly contributes to the bi-annual reviews of terrorist listings under Council Common Position 2001/931/CFSP (EU CP 931). The PKK, the Great Eastern Islamic Raiders' Front (IBDA-C), the Revolutionary Peoples' Liberation Party (DHKP/C) and Teyrebazen Azadiya Kurdistan (TAK) are currently on the EU list of designated organisations. Türkiye does not classify Hamas as a terrorist organisation, whereas the EU does.

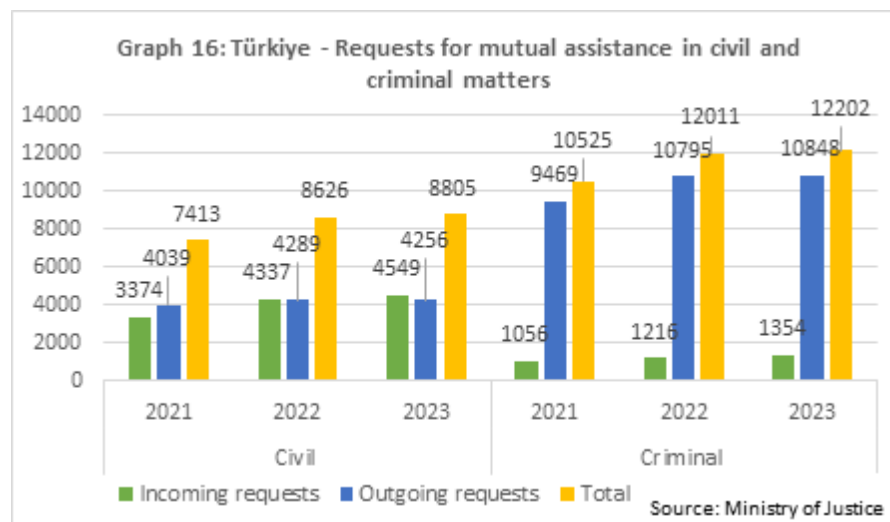
Implementation and enforcement capacity

Türkiye's continuing efforts to tackle terrorism reduced terrorist activity and improved the security situation. The EU has condemned all acts of terrorist violence in Türkiye.

Türkiye has bolstered the resources of MASAK and improved its use of the financial intelligence it generates. This was reflected in an improved track record in anti-money laundering/combating the financing of terrorism (AML/CFT) investigations and prosecutions. The number of suspicious transaction reports received by MASAK increased from 425 322 in 2022 to 651 555 in 2023. In 2023, MASAK filed criminal complaints against 421 people on the grounds of economic crimes, of whom 152 were charged with money laundering. In 2022, it filed criminal complaints against 496 people, of whom 101 were charged with money laundering.

In AML/CFT cases, domestic asset freezes and confiscation tools have been used in a more effective manner. So far, 30 natural persons and three legal entities have had their assets frozen in accordance with UN Sanctions Committee Resolutions. In 2023, the assets of 94 domestic people and 24 corporate identities were frozen through five inter-ministerial decisions.

Police and judicial cooperation with EU Member States and EU agencies in the fight against terrorism remained limited due to the absence of a law on the protection of personal data in line with the EU *acquis*, as well as differences in the definition of terrorism.



MASAK and the Ministry of Interior increased outreach to a wide range of civil society organisations to ensure that supervision is based on risk. However, some of them remained concerned about the excessive number of audits and inspections performed by the Ministry.

Judicial cooperation in civil and criminal matters

Judicial cooperation in civil and criminal matters needs to be improved. Türkiye still needs to accede to the Hague Convention of 30 June 2005 on Choice of Court Agreements. Türkiye has not yet ratified the European Convention on the Compensation of Victims of Violent Crimes.

New legislation has been put in place to speed up international judicial cooperation in criminal matters. A circular was adopted in 2024 to establish international judicial cooperation liaison offices in criminal matters at seven prosecution offices in Türkiye. The aim is to accelerate and coordinate judicial cooperation between the Central Authority and local courts.

Türkiye should establish a central monitoring system for collecting and processing full information about incoming and outgoing requests for international judicial cooperation.

Five contact points have been designated by Türkiye to coordinate and follow up on judicial cooperation on criminal matters with Eurojust. Between April 2023 and February 2024, Türkiye was involved in 8 Eurojust cases mostly related to drug trafficking and organised crime (compared to 13 in 2022) without participating in any coordination meeting. Türkiye has not formally communicated whether it would start negotiations for an international agreement with the EU on cooperation with Eurojust.

Cooperation with the European Public Prosecutor's Office has yet to be established.

Legal and irregular migration

The management of legal migration needs to be improved. Cooperation on combating irregular migration is productive and delivers results.

Institutional set-up and legal alignment

The Presidency for Migration Management (PMM) remained the institution in charge of migration management. In the past year, it recruited 12 auditors and 77 migration experts for its headquarters and provincial administration. The need for lawyers, social workers, psychologists and interpreters continues. The Migration Board chaired by the Minister of Interior held its first meeting since June 2022 on 29 January 2024.

Following the introduction of alternatives to detention, methods such as return counselling, family-based return and bail have been rolled out, except for alternatives to detention that require an electronic infrastructure (such as voice recognition software and electronic bracelets). Monitoring and tracking working groups have been set up in Provincial Directorates of Migration Management to ensure the effective implementation of alternatives to detention.

Implementation and enforcement capacity

The EU-Turkey Statement remained the main framework for cooperation between the EU and Türkiye.

Türkiye continued not to fully implement the EU-Turkey Readmission Agreement. It also maintained its position that it would not implement the provisions on third-country nationals until the visa requirement for its citizens travelling to the Schengen Area is lifted. No readmission took place under the bilateral Readmission Protocol between Greece and Türkiye, and no third-country nationals were readmitted from Bulgaria to Türkiye.

In the reporting period, PMM continued to employ a limited number of psychologists, social workers, interpreters and lawyers, some of whom are financed by the EU.

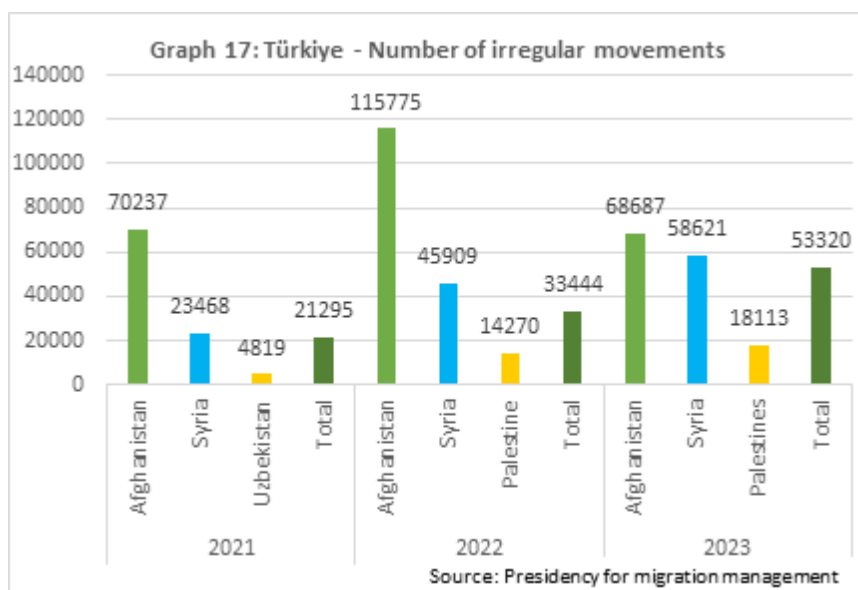
According to the International Organization for Migration (IOM), 171 migrants lost their lives in the Eastern Mediterranean in 2023 (383 in 2022). Up to May 2024, 64 migrants had lost their lives (59 in the same period in 2023).

The sea route to Italy saw a decline of 58%, while arrivals in Greece increased by 172%, particularly on the sea route. The number of irregular arrivals in Cyprus via the Green Line (UN buffer zone) fell by 60%.

Starting in Istanbul in July 2023, the Ministry of Interior introduced Mobile Migration Points in major cities as part of intensified efforts to detect and process foreigners residing illegally in Türkiye. As of June 2024, the practice covered 30 metropolitan municipalities with 162 mobile units. 81 000 irregular migrants have been detected by these units since July 2023, of which 73 436 in Istanbul alone.

Türkiye's unilateral suspension of the return of irregular migrants from the Greek islands on public health grounds, which began in March 2020, continues. Between 2016 and 2020, 2 140 people (including 412 Syrian nationals) were readmitted to Türkiye from Greece under the 'One-for-One' scheme. As regards resettlement from Türkiye to the EU under the same scheme, the total number of Syrian refugees resettled from Türkiye was 43 019 by the end of August 2024. At the same time, 625 000 Syrian refugees were voluntarily repatriated from Türkiye to Syria between 2016 and 2024 according to government data.

Türkiye adopted the Strategy Plan on Assisted Voluntary Return and Readmission (AVR-R) for 2023-25 to ensure the effective implementation of the national AVR-R system. Voluntary returns of irregular migrants financed through national as well as EU funds continued. So far, 1 877 irregular migrants have been returned through the national voluntary return scheme, while 2 259 were returned with the assistance of the IOM and EU financing in 2023 and 2024.



The number of removal centres stands at 32, with a total capacity of 18 630. Reported incidents of alleged human rights violations continued, as well as significant challenges relating to access to rights and services in removal centres, particularly regarding access to information and legal aid. A limited number of irregular migrants in removal centres (956) benefited from free legal aid in 2023 (939 in 2022, 1 059 in 2021). In addition to the free legal aid scheme, 24 148 migrants were able to have access to and meet their lawyers in removal centres in the same period.

1 107 032 foreigners were legal residents in Türkiye in 2023 (1 345 488 in 2022, 1 275 741 in 2021). As of June 2024, there were 1 102 698 resident permit holders in Türkiye. Nationals of Turkmenistan, the Russian Federation and Iraq were the most common holders of residence permits.

Asylum

The management of asylum system needs to be improved.

Institutional set-up and legal alignment

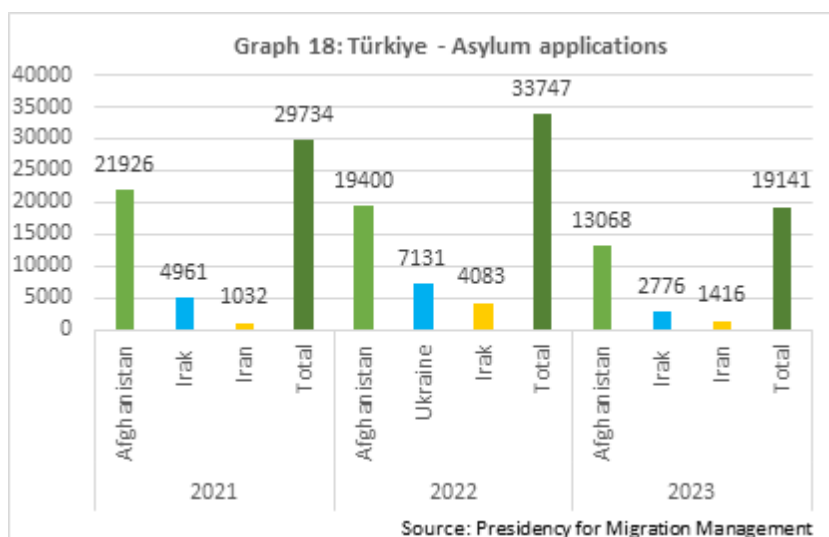
PMM is the main institution responsible for all asylum-related procedures. Decisions on refugee status determination are subject to administrative and judicial appeal procedures.

Legislation in this area is partially aligned with the EU *acquis*. The Law on foreigners and international protection maintains the reservation (geographical limitation) expressed in the New York Protocol to the 1951 Geneva Convention. As a result of this, the vast majority of persons seeking international protection in Türkiye cannot apply for fully-fledged refugee status, only for ‘conditional refugee’ status and subsidiary protection.

PMM and the European Union Agency for Asylum continued their cooperation with the implementation of the 2022-2023 Cooperation Roadmap. It offers capacity-building support and peer-to-peer exchanges on best practices in the fields of asylum, reception, resettlement and organisational change.

Implementation and enforcement capacity

Türkiye continued to host one of the largest refugee populations in the world, with 3 096 157 Syrians under temporary protection (as of August 2024). According to Turkish authorities, there are also over 259 000 non-Syrians. The number of asylum seekers significantly declined over the reporting period.



In 2023, Türkiye granted international protection (refugee status, conditional refugee status or subsidiary protection) to 11 094 applicants, a slight decrease compared with 12 883 in 2022. The authorities rejected 14 760 applications (11 415 in 2022). In 2023, the cumulative total of pending international protection applications stood at 224 065 (272 336 in 2022). There is a significant backlog that has not been reduced over the years. There is no publicly accessible data on international protection with a breakdown by category of decisions and pending cases at the end of the year.

There are challenges to access to registration and asylum procedures across the country. Concerns remained about the quality of decisions on asylum, their reasoned notification and challenges with the awareness of and access to legal aid for appeals as well as on return cases to Syria.

Overall, the number of Syrians in Türkiye has declined by more than 600 000 since 2021. A variety of factors, including voluntary returns as announced by Turkish authorities and the deactivation of temporary protection IDs as a result of the address verification exercise, may have contributed to this decline.

Visa policy

The national visa regime is not aligned with that of the EU. Türkiye made no progress in meeting the six unfulfilled benchmarks of the visa liberalisation roadmap.

Türkiye needs to further harmonise its visa policy with the EU's visa policy. This would include (i) further aligning Turkish visa requirements with the EU lists of visa-free and visa-required countries; (ii) phasing out the issuing of visas at borders and electronic visas; and (iii) ensuring that the issuing of visas at its diplomatic missions is carried out in line with the conditions and procedures set out in the EU Visa Code. Türkiye continues to apply a discriminatory visa regime against nationals of Cyprus.

Schengen and external borders

The legislative framework for the management of external borders needs to be improved.

Institutional set-up and legal alignment

In September 2023, the coordination of border management matters was transferred by ministerial decision to PMM under the Ministry of Interior, from the Directorate-General of Provincial Administration within the same Ministry. The transfer entailed comprehensive organisational revision and realignment of the previous department into a Directorate-General (DG), the DG for Border Management, with five new departments: Integrated Border Management; the National Coordination and Joint Risk Analysis Centre (NACORAC); Capacity Building on Border Security; Cooperation on Border Management; and Border Gates. The Border Management Implementation Board did not meet in the reporting period. Its supervising body, the Integrated Border Management Coordination Board,

has not yet met at all since its creation. Additionally, relevant interinstitutional meetings were held at technical levels on specific topics.

NACORAC is still not fully operational. Following the conclusion of the staff assignment process from the Land Forces Command (Ministry of National Defence) with its responsibilities for Türkiye's green border, staff detachments from all relevant institutions have been completed. The legislative framework governing NACORAC's mandate does not grant NACORAC sufficient authority over other institutions on data sharing and risk analysis. In the absence of comprehensive data sharing protocols, NACORAC has started collecting data from central and local institutions at a basic level only. Correspondingly, the risk analysis process also remains limited, while negotiations with all relevant institutions for enhanced data sharing are ongoing.

Until now, eight heads have been appointed for border gate management – six at airports (among which Istanbul, Ankara, Izmir and Antalya) and two at land borders. This reform seeks to streamline the coordination of border management matters at central level.

Türkiye still lacks a national integrated border management strategy and an updated action plan. These are the main policy documents that enable national and international efforts and initiatives in this area to be coordinated under a single framework.

Similar to last year's recommendations, in order to bring the country's border management system in line with the EU *acquis*, Türkiye should step up its efforts to improve interservice and international cooperation, in particular by accelerating the adoption of an integrated border management strategy and updating its 2006 national implementation action plan. It would also need to take steps to enact new legislation in order to set up a non-military border management body in charge of all aspects of border management, including border surveillance at the 'green' border, which is under the responsibility of the Turkish Land Forces.

Implementation and enforcement capacity

Türkiye continued to invest significant efforts and financial means in modernising border security at the land border, especially in the south and south-east of the country. After the construction of a security wall and a panel/barbed wire fence, patrol roads, lighting, sensors and thermal cameras along the Syrian border, the installation of modern electro-optical communication and surveillance masts continued at the border with Iran. Communication and surveillance masts were also being erected at the western land border. The EU provides substantial support to Türkiye for modernising its border surveillance infrastructure.

Relations with the European Border and Coast Guard Agency (Frontex) are based on a memorandum of understanding from 2012. The authorities continued to provide monthly reports on irregular migration flows at the country's western land and sea borders. PMM is now the national Frontex contact point. All work and transactions within the scope of Frontex activities are coordinated by PMM. Focal points within the relevant authorities, i.e. the Turkish Coast Guard and the Turkish National Police (Combating Migrant Smuggling and Border Gates Department), ensure cooperation and communication with Frontex and its Liaison Officer in Ankara. Türkiye takes part in the Global Alliance against Migrant Smuggling, launched in November 2023.

Cooperation with neighbouring Greece and Bulgaria as part of a trilateral Police and Customs Cooperation Centre at the Bulgarian-Turkish border crossing point Kapitan Andreevo/Kapıkule continued through data sharing together with regular and ad hoc meetings between the countries' respective authorities as part of existing agreements.

Türkiye continued contributing to INTERPOL's databases, albeit only on the basis of manual inquiries in case of need. INTERPOL's Stolen and Lost Travel Documents database is not integrated into Türkiye's local database and there is no access to other international police databases. Local database connections are used by authorised officers of the Turkish National Police in all 81 provinces.

2.3. ECONOMIC CRITERIA

Table 9.1: Türkiye - Key economic figures	2015-20 average	2021	2022	2023
GDP per capita (% of EU-27 in PPS) ¹⁾	64	61	67	73
Real GDP growth	3.8	11.4	5.5	5.1
Economic activity rate of the population aged 15+ (%), total	51.9	51.4	53.1	53.3
female	32.9	32.9	35.1	35.8
male	71.5	70.3	71.4	71.2
Unemployment rate of the population aged 15+ (%), total	11.7	12.0	10.5	9.4
female	14.3	14.7	13.5	12.7
male	10.4	10.7	9.0	7.7
Employment of the population aged 15+ (annual growth %)	0.6	7.9	6.7	2.9
Nominal wages (annual growth %)	17.9	19.3	73.2	106.0
Consumer price index (annual growth %)	11.7	19.6	72.3	53.9
Exchange rate against EUR	5.1	10.4	17.4	25.7
Current account balance (% of GDP)	-2.7	-0.8	-5.1	-4.1
Net foreign direct investment, FDI (% of GDP)	1.1	0.8	1.0	0.4
General government balance (% of GDP)	-2.2	-2.3	-1.1	-5.2
General government debt (% of GDP)	30.7	40.4	30.8	29.3

Notes :

1) Eurostat

Source: national sources

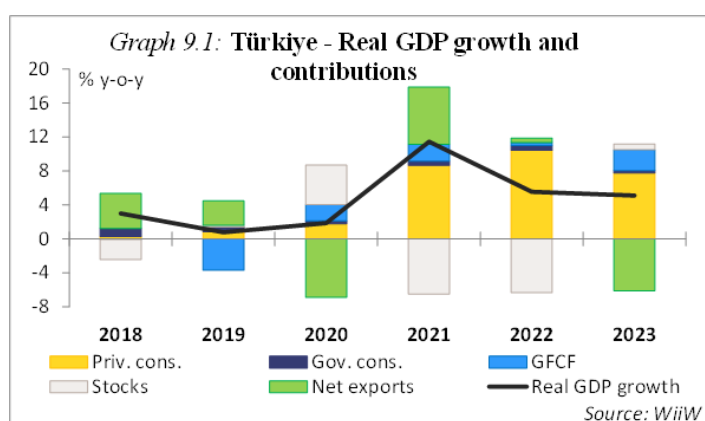
2.3.1. The existence of a functioning market economy

Economic governance

There has been a welcome shift towards more conventional and tighter economic policies since mid-2023. The central bank raised its key policy rate substantially and has taken important steps to strengthen monetary transmission and reinstate the policy rate as the primary instrument of monetary policy. Corrective measures have also helped contain the 2023 budget deficit, and the 2024 central government budget deficit is likely to be significantly below the target due to better revenue performance and underspending on the expenditure side. The implementation of the policy guidance set out in the conclusions of the Economic and Financial Dialogue of May 2023 was limited. Monetary and fiscal policy tightened after the May 2023 elections and the authorities have taken steps to gradually exit the FX-protected deposit scheme. The government continued providing subsidies to state-owned enterprises in the energy sector and took measures to support citizens and businesses affected by the earthquakes. Contrary to policy commitments, there are still many tax exemptions and tax reduction schemes in place. While there is a public commitment to a 3 percent medium-term budget deficit target, there was no progress on the adoption of a fiscal rule and the establishment of an independent body to monitor its implementation.

Macroeconomic stability

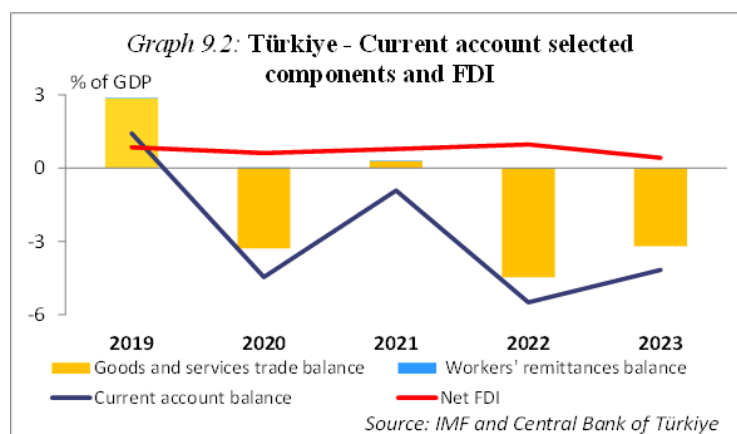
Türkiye's domestic demand moderated, but economic growth remained robust. Although domestic demand has been declining since mid-2023, its contribution to economic growth remained upbeat until early 2024, despite the tightening of monetary and fiscal policy. Real GDP grew by 5.1% in 2023, lower than the



5.5% expansion recorded in 2022 but close to the 5-year average (2018-2022). Economic growth picked up in the first quarter of 2024 to 5.3% year-on-year but decelerated to 2.5% in the second quarter as household consumption and investment activity moderated strongly. On the other hand, the contribution of net exports to economic growth turned positive since the beginning of 2024. Türkiye continued catching up with the EU and its per capita GDP in purchasing power standards increased further to 73% of the EU average in 2023, its highest level on record.

Tighter economic policies helped curb external imbalances and capital inflows trickled back.

The current account deficit fell to 4.1% of GDP in 2023 and declined further in the first half of 2024. Access to foreign finance has been uninterrupted even in times of economic stress. Türkiye's 5-year credit default swap spread has declined since May 2023, from above 700 basis points to around 280 in September 2024, back to its pre-2018 level. Attracted by the ongoing economic policy normalisation, portfolio and other investment inflows increased, making it possible

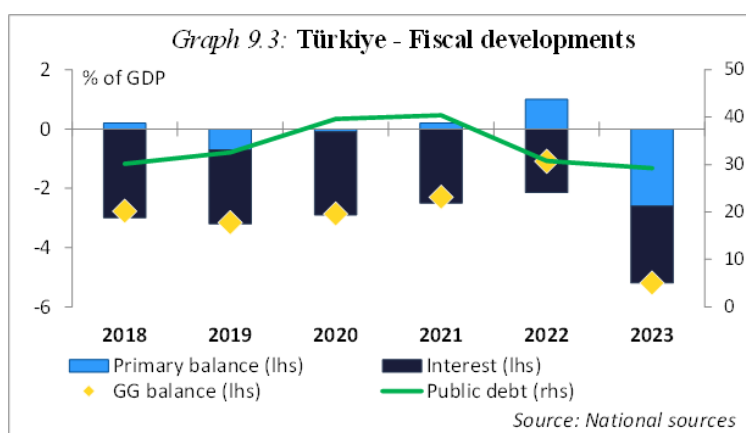


to replenish foreign exchange reserves, while net reserves turned positive although still remaining low. Foreign direct investment (FDI) inflows remained low (1% of GDP in 2023). External debt declined to around 45% of GDP in 2023, decreasing from the peak of 60% of GDP reached during COVID-19. The open net foreign exchange position of non-financial companies increased in early 2024, while their short-term position remained in surplus.

Decisive monetary policy action lowered inflationary pressures and inflation, although it remained very high. The central bank gradually raised its key policy rate between June 2023 and March 2024 from 8.5% to 50% and used sectoral credit growth limits to further dampen domestic demand. It also unwound some of the distortive macroprudential measures that were introduced to sustain the previous policy regime of deeply negative real interest rates, while taking steps to sterilise excessive lira liquidity. Monthly inflation decelerated and, after peaking at 75.4% in May 2024, annual inflation also fell steeply to 52.0% in August due to strong base effects and moderated demand. The central bank has strengthened its communication, signalling a commitment to keep a tight monetary policy stance until a sustained decline in the underlying trend of monthly inflation is observed and inflation expectations converge to the projected target range. It also announced that it is ready to further tighten its monetary policy stance if there is a significant and persistent deterioration in the inflation outlook. After a bout of large depreciation in mid-2023 as foreign exchange interventions to prop up the lira stopped, the new policies were instrumental in reining in exchange rate volatility.

Consolidation measures lowered the very high budget deficit and kept government indebtedness moderate. Corrective measures adopted in summer 2023 kept the 2023 central government budget deficit to 5.2% of GDP, compared to the planned of 6.4% of GDP. The deficit was, however, much

higher than in the previous year due to large earthquake related costs and pre-election spending. The 2024 central government budget targets a deficit of 6.4% of GDP, of which close to 3% of GDP is due to post-earthquake reconstruction. The budget is largely an extension of previous policies, and fiscal planning



remains marred by ad hoc measures. The authorities announced new consolidation measures in mid-2024 with the goal of supporting disinflation and further reducing the budget deficit. The measures contained some spending cuts and broadened the tax bases. In 2023, the government debt ratio declined slightly to 29.3% of GDP compared to the previous year, helped by the strong denominator effect from very high inflation and the better budget deficit outcome. However, net government debt increased to 20.9% of GDP from 16.8% in 2022 due to lower net assets of the central bank. The medium-term budget framework is subject to frequent changes and is not sufficiently credible and binding.

The macroeconomic policy mix focused on lowering inflation. Monetary policy tightened substantially, supporting macroeconomic stabilisation. In addition, the macroprudential framework was simplified, normalising financial markets and helping the central bank's disinflation drive. Fiscal targets were outperformed, and the authorities took steps to control the large budget deficit in line with the main policy goal of reducing inflationary pressures.

Functioning of product markets

Business environment

The authorities took some steps to improve the business environment, but transparency and predictability, as well as a large informal economy, remained a concern. The normalisation and simplification of economic policy was a major factor in improving the business environment. In addition, stakeholder consultations between the authorities, the private sector and financial institutions increased. In March 2024, the Coordination Council for the Improvement of the Investment Environment (YOIKK) adopted a new action plan on the business and investment environment for 2024 and 2025. The plan covers a wide range of actions in the field of public administration, State aid and investments, labour market, climate and energy, finance and taxation, industry, trade, logistics and telecommunication. The Government also adopted a new FDI strategy for 2024-2028, keeping its target of increasing the Türkiye's share in global FDIs to 1.5% (from 0.8% in 2023). While stakeholder consultation was added as a cross-cutting issue to the plan, Türkiye still lacks a mechanism for systematically consulting business organisations and social partners when preparing new legislation. Even though alternative dispute resolution mechanisms have been promoted, commercial judicial processes are slow, and a large backlog of commercial court cases remains. Intellectual property right enforcement remains very weak. Although declining in the last 5 years, the informal sector's share in the economy remains structurally high and well above the OECD and EU averages. The government continued to implement its action plan to fight against the informal economy (2023-2025), but the lack of performance indicators hinders the monitoring of implementation progress.

State influence on product markets

Price-setting interventions declined, but State aid transparency and control remained weak. The 25% cap on rent increases was abolished in July 2024. As part of the efforts to contain the impact of high energy prices, 25 cubic metres of natural gas per month were provided free of charge to households between June 2023 and May 2024. Regulatory authorities continued to carry out extensive price audits to investigate allegations of unfair pricing and stockpiling. The fines were increased considerably in May 2024. The State Aid Law cannot be enforced due to the lack of implementing legislation and operational institutional framework. Türkiye has not formally established a comprehensive State aid inventory or implemented an action plan to align all State aid schemes with the EU *acquis*.

Privatisation and restructuring

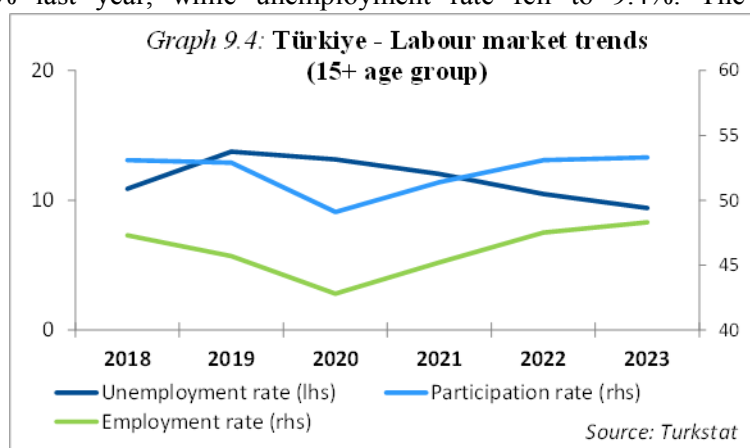
The scope of privatisation remained limited. This is partly because Türkiye has already privatised many of its state-owned enterprises. The Turkish Wealth Fund (TWF) has a portfolio of assets consisting of 31 companies from the financial (including state-owned banks, Borsa Istanbul and consolidated public insurance companies), telecommunications, petrochemicals, real estate, mining, agriculture and transport sectors. In February 2024, the TWF successfully issued a EUR 500 million Eurobond, and completed its first international Islamic finance transaction in March 2024.

Functioning of the financial market

The banking sector has adapted relatively smoothly to the changing policy environment, even if it still faces significant challenges. Since mid-2023, the central bank has introduced new selective tightening measures to suppress consumer lending and support lending for exports, investment and small and medium-sized enterprises (SMEs). As a result of these measures and the significant rise in the policy rate, real lending has declined. The quality of the loan portfolio held by Turkish banks remained satisfactory. The non-performing loan ratio fell to 1.5% in 2023 and remained low by July 2024 (although this percentage was still affected by forbearance measures introduced during the pandemic). Commercial banks remained stable and well capitalised, although capitalisation remained lower in state banks in comparison to private banks. However, net interest margins and returns on both assets and equity declined, affected by financial repression measures. The authorities increased reserve requirements on FX-protected deposits and lowered their remuneration. As a result, their share in total deposits fell from a peak of 26% in August 2023 to close to 9% at the end of August 2024. Very high inflation suppressed real assets growth, and the total assets of the banking sector declined further from 96% in 2022 to 89% of GDP in 2023. The share of foreign-owned banks in total banking sector assets remained broadly unchanged at 25%.

Functioning of the labour market

Employment increased, but the labour market continued to face structural challenges. Türkiye's labour market remained strong in 2023 and improved further in the first half of 2024. The employment rate increased to 48.3% last year, while unemployment rate fell to 9.4%. The unemployment rate for women fell to 12.6%. However, the composite measure of labour underutilisation increased to 22.8% in 2023 (31% for women). Despite overall strong economic growth, the significant gap between male and female employment rate persisted (65.7% for men against 31.3% for women). Barriers in certain occupations, traditional gender roles, limited childcare facilities and a lack of skills continue to restrict female labour force participation. Despite a downward trend in recent years, both the youth unemployment rate and the share of young people not in employment, education, or training increased and remained high at 17.4% and 22.5% respectively in 2022 and 2023. Regional labour market disparities declined further, reaching one of their lowest levels ever with unemployment rates across different regions ranging from 4.9% to 17.2% in 2023. Following two large increases in 2023, the net minimum wage was raised again by 49.1% at the beginning of 2024. However, the authorities reverted to annual minimum wage adjustments, which should help reduce inflation inertia.



2.3.2. The capacity to cope with competitive pressure and market forces within the Union

Education and innovation

Efforts to improve human capital continued, but the skills mismatch remained a key concern. General government expenditure on education spending was 2.9% of GDP in 2023, increasing by 0.4 percentage points (pps) compared to 2022. The share of expenditure on primary and lower secondary education remained below the OECD averages and in the OECD's Programme for International Student Assessment (PISA) 2022 Türkiye scored below the OECD average in all three (mathematics, reading, and science) assessed subjects. In the 2022-2023 school year, net enrolment rates increased throughout all stages of the education system, but only marginally for primary and pre-school education. Despite continuous improvement in school enrolment, addressing skills mismatches in

Türkiye remains a key challenge for strengthening the competitiveness of the economy. Türkiye continues to score poorly in educational attainment in the Global Gender Gap Index calculated by the World Economic Forum, ranking only 129 out of 146 countries in 2023. The implementation of the National Youth Employment Strategy and Action Plan (2021-2023), including activities to promote career guidance and vocational training, was completed. The labour market uptake is better for VET-trained students than for students with traditional tertiary-level education, notably for the VET-students in dual education. In the secondary, technical and vocational schools, and in the vocational training centres, curricula are being updated. The share of students in vocational and technical secondary education fell by 1.9 pps to 26.1% in 2023. After a gradual increase from 0.8% to 1.4% between 2013 and 2021, the share of R&D expenditure in GDP fell for the first time to 1.3% in 2022, with the gap from the EU average remaining large at 2.2%. Almost 40% of adults report no computer experience.

Physical capital and quality of infrastructure

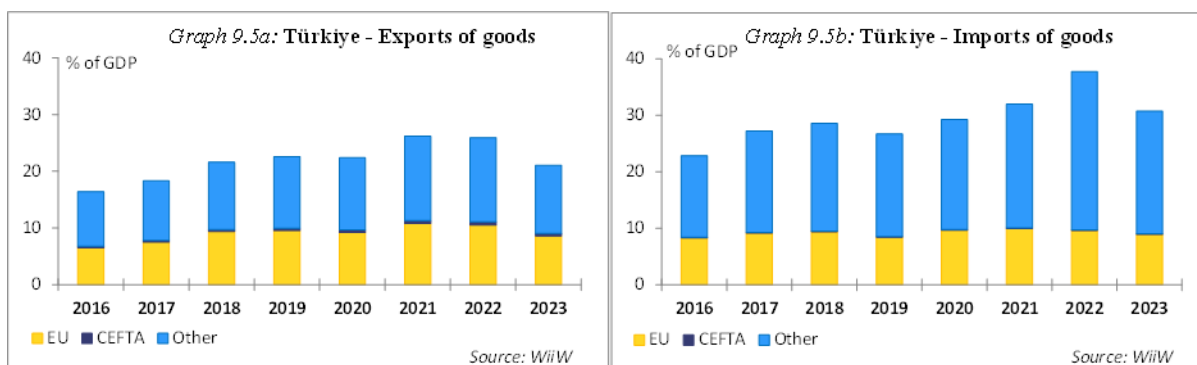
Investment activity increased significantly with further steps to advance digitalisation and the greening of the economy. Total investment accounted for 31.9% of GDP in 2023, up by 2.7 pps from its 2022 level. The share of construction in total investment rebounded to 42.8% in 2023, mostly due to reconstruction efforts in the aftermath of the February 2023 earthquakes. Türkiye retains its ambition of becoming a regional energy hub, which is why it is investing heavily in expanding its liquefied natural gas (LNG) import and natural gas storage capacity. The share of renewable energy continued to increase, reaching 56% of installed power and 42% of energy generation in 2023. Moreover, the Renewable Energy Resources Support Mechanism (YEKDEM) was updated, allowing for power plants operational by the end of 2030 to benefit from updated feed-in tariffs, mostly to compensate for depreciation in the Turkish lira. While the ICT sector's share in GDP remained low at 2.5% in 2023, Türkiye is pursuing efforts to accelerate the digitalisation process by extending the scope of e-government services, regulating and monitoring e-commerce markets, and supporting SME digitalisation. Türkiye ranks 10 out of 35 countries with an overall score of 81% in e-government maturity, which is above the EU average (70%). Digitalisation efforts in businesses continued, with 96% of companies having internet access in 2023.

Sectoral and enterprise structure

The economy is diversified, with a well-developed service sector and strong manufacturing and agriculture sectors. Services recovered from COVID-19, and their share in GDP increased to 54.1% in 2023, up by 2.4 pps from 2022. The industry's share fell to 22.9% of GDP in 2023. Boosted by earthquake recovery works, the construction sector increased its economic weight with its share in GDP increasing from 4.9% in 2022 to 5.5% in 2023. However, the sector remained far below its very high pre-2019 levels. The agriculture sector's share fell slightly to 6.2% in 2023, broadly unchanged relative to its medium-term average. SMEs are the backbone of the economy, accounting for 70.6% of employment in 2022, but only 36.4% of the total value added. Around 56% of SMEs in the manufacturing sector operate in low technology sectors. Türkiye continued to implement various economic support schemes that target SMEs. The share of total loans provided to SMEs increased to around 28% in 2023, up from 24% in the previous 5 years, yet access to and the cost of long-term finance remained a problem.

Economic integration with the EU and price competitiveness

Economic integration with the EU is high, rebounding from the strong decline in 2022. Türkiye is the EU's fifth largest trading partner, representing 4.1% of the EU's total trade in goods with the world in 2023, compared to 3.3% in 2022, while the EU is Türkiye's largest trading partner. The EU's share of Turkish goods exports increased slightly to 40.8% in 2023 from 40.5% in 2022 – halting a downward trend since 2018. The share of Turkish imports originating in the EU increased significantly from 25.6% in 2022 to 29.3% in 2023, albeit still below its long-term average. Although reaching a historic high of 4.3% in 2023, the share of exports of goods to Russia remained rather small, and declined by nearly a quarter in the first 7 months of 2024. The nominal value of imports of goods from Russia also declined both in 2023 and in early 2024, largely influenced by lower international energy prices.



The EU's share of FDI inflows into Türkiye was 53% in 2023, slightly below its long-term average, while the EU's share in the overall stock of FDI stood at around 62%. Trade openness declined to 66% in 2023 due to markedly lower deflators of both exports and imports of goods and services. By August 2024, the consumer price index-based real exchange rate had appreciated by 28% since July 2023. Türkiye took steps to address some of the trade barriers with the EU, reducing its number from 26 in early 2021 to 15 in 2024.

2.4. PUBLIC PROCUREMENT, STATISTICS, FINANCIAL CONTROL

Chapter 5: Public procurement

EU rules ensure that the public procurement of goods and services in any Member State is transparent and open to all EU companies on the basis of non-discrimination and equal treatment.

Institutional set-up and legal alignment

In terms of the **legal framework**, Türkiye's national public procurement legislation is partially in line with the EU *acquis* and there has been no further alignment during the reporting period. The legislation broadly reflects the principles of the Treaty on the Functioning of the European Union but includes **discriminatory practices**. In this regard, compulsory domestic price advantages and offsets, that allow authorities to demand compensatory measures if goods are not produced domestically, are incompatible with the EU *acquis*. The increasing number of exclusions that are not in line with the EU *acquis* narrows the scope of public procurement rules, which are partially aligned with the 2014 Directives on public procurement. In addition, many sector-specific laws restrict transparency.

The country continues to lack a unified framework for coordinating, supervising and monitoring public-private partnership operations.

Türkiye's 12th Development Plan (2024-2028) and Medium-Term Economic Programme (2024-2026) aim to use public procurement tools to increase domestic production and reduce foreign trade deficit. For this purpose, public purchase guarantees are planned to be provided for high added value domestic products and domestic price advantage and offset practices will be maintained. In 2023, the implementation of the domestic price advantage in international tenders was continued at a rate of 40% in number and 48% in value.

The **institutional framework** needs further strengthening to secure the operational independence of the Public Procurement Board (PPB) within the Public Procurement Authority (PPA), which remains potentially impaired since the President is authorised to directly appoint the chair and members without specific regard to candidates' education or sector experience.

Implementation and enforcement capacity

The size of Türkiye's public procurement market has increased in recent years, from 4.8% in 2022 to 6.1% of GDP in 2023, owing primarily to high inflation and earthquake-related expenditures.

The implementation capacity of the PPB remains stable with 316 staff. **The level of monitoring of contract awards and implementation** is satisfactory. The capacity of contracting authorities to manage public procurement processes continued to improve. Mechanisms are in place to identify and

tackle corrupt and fraudulent practices, including rules on integrity and conflict of interest.

However, in 2023, excessive use of the negotiated procedure, which corresponds to 30% and 43% of the total tenders, respectively, in terms of value and number of tenders, continued. The widespread use of this practice results in the allegations of political influence over public tenders. A risk indicator system is also required to detect potential integrity issues in the procurement process.

Efficient remedy system

The right to a legal remedy is secured in the Constitution, and the public procurement law sets an institutional framework and a mechanism for handling complaints. However, the system needs to be further aligned with the Remedies Directive. To that end, establishing a fully independent procurement review board, separate from the PPA and ensuring the independence of board members, remains pending as a priority.

The PPB received 1 626 complaints in 2023, corresponding to 2.2% of contracts that allow for complaints, a decline from 1 773 complaints but a rise from 2.08% in 2022. The appointment policy and the PPB's position as part of the PPA remained a source of concern.

Chapter 18: Statistics

*European statistics are developed, produced and disseminated by EU Member States, guided by the principles and quality criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, accessibility and statistical confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU *acquis* on statistics.*

On **statistical infrastructure**, Türkiye's statistics legislation is based on European standards and on the principles of the European Statistics Code of Practice. Concerns persist on the credibility of TurkStat and of key macroeconomic statistics. The institution still lacks transparent appointment and dismissal procedures, including professional criteria for the appointment of TurkStat's President. Türkiye further improved the use of public institutions' administrative records and strengthened cooperation between TurkStat and other data providers.

As regards **registers and classifications**, registers in the statistical office are updated regularly. The main classifications are aligned with the EU *acquis*.

On **macroeconomic statistics**, Türkiye improved the level of compliance of its national and regional accounts in terms of timeliness and provision of the data, but there are still data gaps. Gross National Income (GNI) calculations are not yet fully in line with the ESA 2010, and the GNI inventory is not fully aligned with the latest Eurostat GNI Inventory Guide. The excessive deficit procedure data availability and timeliness for TurkStat improved after the signature of a Memorandum of Understanding in March 2023. However, further progress is still needed on the coverage and quality of excessive deficit procedure notifications and government finance statistics reporting. Türkiye made progress in non-financial sector accounts and transmitted to Eurostat data for 2009-2022. Despite some issues with timeliness, Türkiye produces good quality statistics on international trade in goods. Improvements are needed on international trade in services statistics. It continued reporting quarterly balance of payments and international investment position data. Eurostat receives and disseminates monthly data for the harmonised indices of consumer prices from Türkiye.

As regards **business statistics**, TurkStat made good progress in aligning its statistical business registers with the European Business Statistics Regulation requirements. It should continue efforts to fully meet the new short-term business statistics requirements. Research and development statistics, as well as railway, maritime and regional transport statistics have a high level of compliance, while work is still ongoing for air transport and road freight transport statistics. The annual surveys on the use of information and communication technologies largely meet EU standards. The country has still not transmitted data to Eurostat on foreign affiliates statistics.

Social statistics are highly compliant with EU standards. TurkStat improved the regularity and timeliness of monthly unemployment data. A major revision was made in the area of social protection statistics, obtaining detailed administrative record data, access to additional data sources and methodological improvements. Türkiye also produces statistics on immigration and emigration, but it does not yet collect statistics on asylum and managed migration in line with EU requirements.

On **agricultural statistics**, the preparation of the agricultural census started. Türkiye is to adopt its ‘Strategy to improve the Turkish Agricultural Statistics System (2024-2028)’. It made changes in the legislative framework to improve the quality of administrative registers. Statistics for most of the crops and critical animal production, milk and dairy are available and sent to Eurostat. Cereals and oil seed crop balances are also transmitted to Eurostat. The economic accounts for agriculture are still not fully in line with the EU *acquis*. Monthly and annual **energy statistics** and data on energy prices are sent regularly. TurkStat published the outcomes of its first survey on energy consumption in households for the reference year 2022. Türkiye produces most of the **environmental statistics**. Further progress is still needed on water resources, water abstraction and waste generation statistics. Physical energy flow accounts were disseminated for the first time for the reference years 2017-2021.

Chapter 32: Financial control

The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audit of public funds. The financial control rules further protect the EU’s financial interests against fraud in the management of EU funds and the euro against counterfeiting.

Public internal financial control

The **strategic framework** is partially in place. The public internal financial control policy paper has not been updated since 2013. Türkiye still lacks a comprehensive strategic framework for public administration reform and for public finance management. The credibility of both the public finance management framework and the measures in the policy documents is undermined by inconsistencies in the various planning documents and strategies, as well as a lack of coordination on regular monitoring and reporting.

Türkiye has a uniform administrative management structure that incorporates elements of **managerial accountability** and delegation with a results-oriented performance management system. The Public Financial Management and Control Law (PFMC) regulates all public institutions and specifies the elements of financial control. Further efforts are needed to harmonise legislation, managerial accountability, including reporting structures, decision-making delegation and internal control operations.

The PFMC regulates **internal control**, which is largely in line with international standards. However, capacity and ownership problems continue to undermine the implementation of internal control systems. The Ministry of Treasury and Finance prepared the Internal Control System Monitoring and Evaluation Guide and the Public Institutional Risk Management Guide in April 2024. However, risk management practice, as well as monitoring and reporting of irregularities need to be improved further. The inclusion of local administrations and state-owned enterprises in Türkiye’s treasury single account raises concerns.

The PFMC regulates **internal audit** practices in compliance with international standards. However, the purpose, authority and responsibility of internal audit are undermined by the lack of a legal requirement to have internal audit units in ministries. Furthermore, the status of internal audit unit heads must be legalised; the number of internal auditors needs to be increased; and related manuals are required to be updated. There is no systematic follow-up to the implementation of internal audit recommendations. The lack of clarity in the legislation and in practice between the internal audit and inspection organisations jeopardises the internal audit function’s effectiveness.

The Internal Audit Coordination Board is the central harmonisation unit for internal audit. Further action is needed to ensure its independence and strengthen its capacity, organisational structure and resources to fulfil its mandate.

External audit

The **constitutional and legal framework** provide for the independence of the Turkish Court of Accounts (TCA). There are concerns about the fiscal discipline, transparency and accountability of the Türkiye Wealth Fund (TWF), chaired by the President of the Republic and not fully subject to direct audit by the TCA. The TWF is audited by an independent audit firm and by auditors appointed by the President. Not all companies in the TWF portfolio are audited by the TCA. The audit reports on the TWF operations are not publicly available. The Disaster Reconstruction Fund, created in 2023 to manage the funds allocated to disaster recovery work, is not yet operational, is exempt from the general budget and the TCA audit scope.

Turkish **Court of Accounts** Law complies with International Organisation of Supreme Audit Institutions standards. It establishes an almost exhaustive audit mandate and allows the TCA full discretion in performing its responsibilities. The TCA submits four audit reports a year to Parliament in addition to a statement of general conformity. However, the TCA reports are only evaluated by Parliament during its budget deliberations.

On the **impact of audit work**, TCA reports are published online every year, with the exception of those on state-owned economic enterprises. More parliamentary scrutiny of TCA audit findings, recommendations and the performance of public institutions is needed. The audited institutions should systematically and swiftly implement the TCA recommendations and a follow-up mechanism needs to be established. There is a need to separate the discussion of budget and audit issues.

Protection of the EU's financial interests

Although Türkiye has achieved a good level of alignment with the EU *acquis*, its legislation still needs to be fully aligned with the EU Directive on the fight against fraud to the EU's financial interests by means of criminal law. The State Supervisory Council was designated as the **anti-fraud coordination service** (AFCOS). There is no national anti-fraud strategy. In the previous year Türkiye reported 139 cases to the Commission via the online Irregularity Management System. Türkiye cooperates well with the **European Anti-Fraud Office** and should continue building up the track record of cooperation on investigations as well as on reporting of irregularities.

Protection of the euro against counterfeiting

Türkiye has reached a high level of alignment with the EU *acquis* in this area. A dedicated department in the central bank carries out technical analysis of counterfeit money, including euro banknotes. In addition, the Turkish State Mint carries out technical analyses of counterfeit coins, including euro coins. Financial penalties are imposed on credit institutions that fail to withdraw counterfeits from circulation.

3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

Cyprus

Türkiye continued to refuse to recognise and cooperate with the Republic of Cyprus. Despite repeated calls by the European Council and the Commission, Türkiye has yet to fulfil its obligations as outlined in the Declaration of the European Community and its Member States of 21 September 2005 and in Council Conclusions, including those of December 2006 and December 2015. Türkiye did not fulfil its obligation to ensure the full and non-discriminatory implementation of the Additional Protocol to the Association Agreement and did not remove all obstacles to the free movement of goods, including restrictions on direct transport links with the Republic of Cyprus. Türkiye also refused to cooperate with the Republic of Cyprus on security-related issues, including terrorism. Türkiye continued to veto applications by the Republic of Cyprus to join several international organisations, including the Organisation for Economic Co-operation and Development (OECD).

There were no unauthorised drilling activities by Türkiye in the Eastern Mediterranean in the reporting period. Türkiye issued several navigational telexes for conducting seismic surveys and scientific research activities, but none in areas that include parts of the exclusive economic zone of

Cyprus. The EU remains committed to defending its interests and those of its Member States as well as to upholding regional stability. In November 2023, following the fourth annual review of the framework for restrictive measures in response to Türkiye's unauthorised drilling activities in the Eastern Mediterranean, the European Council extended the regime for a further year, until 30 November 2024. Currently, two individuals are subject to sanctions.

Türkiye's military exercises in the maritime zones of Cyprus continued. The flights of Turkish unmanned aerial vehicles in the Flight Information Region (FIR) and national airspace of the Republic of Cyprus also continued unabated. Türkiye continued to increase the militarisation of the occupied area by upgrading its military drone base in Lefkoniko and naval base in Bogazi. The harassment of Cypriot fishing vessels by Türkiye also continued.

In the reporting period, Türkiye criticised the decision of the UN Security Council (UNSC) to renew the mandate of the United Nations Peacekeeping Force in Cyprus (UNFICYP) without the consent of the Turkish Cypriot community. Türkiye also accused UNFICYP of partiality. UNFICYP's mandated authority extends throughout the island of Cyprus, and the restrictions on its freedom of movement can pose serious risks to the safety and security of UN personnel serving in peacekeeping operations.

Despite international condemnations, and the inadmissibility of the settlement of any parts of Varosha by people other than its inhabitants as stipulated in UNSC resolution 550 (1984), Türkiye did not reverse its actions undertaken to open the entire fenced-off area of Varosha, which created a new *fait accompli* on the ground. The restrictions imposed in 2022 on the activities of UNFICYP within the fenced-off area of Varosha remained in effect – challenging UNFICYP's ability to execute its tasks in accordance with its mandate, and violating UNSC Resolution 789 (1992).

Türkiye gave its consent to the appointment of the Personal Envoy of the UN Secretary-General on Cyprus, while indicating that it considered the length and content of the mandate to be limited. Türkiye's authorities repeatedly stated that any process seeking a bi-zonal, bi-communal federation would not be successful.

Türkiye persistently advocated for a 'two-state solution' in Cyprus, contrary to relevant UNSC Resolutions. The so-called, internationally not recognised, 'Turkish Republic of Northern Cyprus', has been an observer in the Organization of Turkic States (OTS) since 2022. This violates the principle of territorial integrity and the UN Charter. The EU recognises only the Republic of Cyprus as a subject of international law in accordance with the relevant UNSC Resolutions and has stressed that any action to facilitate or assist in any way the international recognition of the Turkish Cypriot secessionist entity severely damages efforts to create an environment conducive to resuming settlement talks under the auspices of the UN.

The EU remains fully committed to a comprehensive settlement of the Cyprus issue within the UN framework, in accordance with the relevant UNSC Resolutions and in line with the principles on which the EU is founded and its *acquis*. The EU has expressed, most recently in the European Council Conclusions of April 2024, its readiness to play an active role in supporting all stages of the UN-led process, with all the appropriate means at its disposal. In April 2024, the EU welcomed UN Secretary-General's appointment of his Personal Envoy on Cyprus. The European Union attaches particular importance to the resumption of and progress in the Cyprus settlement talks in further enhancing EU-Türkiye cooperation.

As emphasised in the Negotiating Framework and Council declarations, Türkiye is expected to actively support the negotiations on a fair, comprehensive and viable settlement of the Cyprus issue within the UN framework, in accordance with the relevant UNSC Resolutions and in line with the principles on which the EU is founded and the EU *acquis*. It is important that Türkiye reaffirms its commitment to the UN-led settlement talks on Cyprus in line with the relevant UNSC Resolutions, including their external aspects. No unilateral actions should be taken that could raise tensions on the island and prevent the resumption of talks. On Varosha, Türkiye must immediately reverse the unilateral actions announced on 20 July 2021 and all steps taken since October 2020 that run contrary to the relevant UNSC Resolutions. The EU underlines the importance of the status of Varosha and calls for full respect of UNSC Resolutions (particularly Resolutions 550, 789 and 1251).

Peaceful settlement of border disputes

The positive climate and re-engagement between Türkiye and Greece after the February 2023 earthquakes gained strength. In addition to a number of ministerial meetings, the Greek Prime Minister and the Turkish President met in September 2023 in New York during the UN General Assembly, and in December 2023 in Athens, where they signed the Athens Declaration of Friendship and Good Neighbourliness. The two leaders also met twice in 2024, in Ankara on 13 May and on the sidelines of the NATO summit in Washington on 11 July.

Turkish and Greek delegations met several times to discuss military confidence-building measures, and Greece implemented a scheme of short-stay tourist visits for Turkish nationals to visit 10 Greek islands in order to promote people-to-people contacts between Greece and Türkiye, which the Commission welcomed, as set out in the EU Action Plan for the Eastern Mediterranean route, noting the specific conditions set out for implementation and monitoring. Despite the positive atmosphere and the meetings, the issue of the Aegean Sea continental shelf and exclusive economic zones continued to affect bilateral relations. Since January 2024, Türkiye has issued, on the pretext of aeronautical exercises, a series of general navigational warnings calling for the demilitarisation of twenty three islands granted to Greece by treaties, implicitly raising claims over Greek sovereignty of these islands. Türkiye also objected to Greece's announcement to establish a marine park within Greek territorial waters.

The possible extension of Greek territorial waters to 12 nautical miles in the Aegean Sea under Article 3 of the United Nations Convention on the Law of the Sea (UNCLOS) continued to weigh on Greece-Türkiye relations. The 1995 declaration of the Turkish Grand National Assembly that any unilateral action by Greece to extend its territorial waters would be considered a *casus belli* still holds.

Since February 2023, Turkish violations of Greek airspace have decreased drastically, with no flights over Greek inhabited areas reported. Violations of Greek territorial waters continued to be reported in 2024, and rose compared to 2023. In July 2024, Türkiye attempted to impede survey activities for the Great Sea Interconnector, an EU project of Common Interest. Türkiye insists on its plans for an electricity interconnector with the so called, internationally non-recognised, "Turkish Republic of Northern Cyprus" in the non-government controlled areas of the Republic of Cyprus.

As highlighted by the Council Conclusions in December 2022 and the European Council's Conclusions of June 2022 and stemming from obligations under the Negotiating Framework, Türkiye is expected to make an unequivocal commitment to good neighbourly relations, international agreements and the peaceful settlement of disputes having recourse, if necessary, to the International Court of Justice. Türkiye must avoid threats and actions that damage good neighbourly relations, normalise its relations with the Republic of Cyprus and respect the sovereignty of all EU Member States over their territorial sea and airspace as well as all their sovereign rights, including *inter alia* the right to explore and exploit natural resources in accordance with EU and international law, in particular the UNCLOS.

The 2019 memorandum of understanding (MoU) on the delimitation of maritime jurisdiction areas between Türkiye and the Libyan Government of National Unity (GNU) infringes the sovereign rights of third states, does not comply with UNCLOS and cannot produce any legal consequences for third states.

The October 2022 MoU between Türkiye and Libya's GNU for the development of bilateral scientific, technical, technological, legal, administrative and commercial cooperation in the field of hydrocarbons on land and at sea has still not been ratified by Türkiye.

Regional cooperation

Good neighbourly relations are an essential part of Türkiye's accession process. Bilateral relations with other enlargement countries were good overall. However, they remained challenging with some neighbouring EU Member States, particularly Greece and Cyprus. Tensions in the Aegean and Eastern Mediterranean were markedly reduced after the February 2023 earthquakes, and this

continued during the reporting period. Actions that could undermine regional stability should be avoided.

Türkiye's policy in the **Western Balkans** remained aligned with the EU's strategic objectives of regional stability, Euro-Atlantic integration and economic development. Türkiye portrayed itself as an EU partner in the region, while leveraging its distinctive cultural and economic ties. Türkiye continued to ask for action against alleged members of the Gülen movement in the region, calling for their extradition and the closure of all affiliated schools and businesses.

Türkiye's relations with **Albania** are at the level of strategic partnership, with regular high-level contacts and further strengthened. Türkiye provided continued support for the modernisation of the Albanian Armed Forces as a NATO member and strategic partner. The Albanian Prime Minister visited Türkiye in February 2024 and co-chaired with the Turkish President the first meeting of the High-Level Cooperation Council. Six bilateral agreements were also signed, including on environment and protected areas, defence, urban planning, media and communications. Türkiye continued to exert pressure on Albania to deliver on dismantling the 'Gülen' movement in the country.

Türkiye remained a close partner of **Bosnia and Herzegovina** and supported its political unity, territorial integrity and sovereignty, maintaining regular contacts with all members of Bosnia and Herzegovina's tripartite Presidency. High-level exchanges were frequent. The two countries reaffirmed their commitment to the construction of the Sarajevo-Belgrade motorway, which Türkiye committed to finance.

Türkiye has good relations with **Serbia**. The two Presidents maintained frequent contacts. In March 2024, the Serbian Deputy Prime Minister and Minister of Foreign Affairs took part in the Antalya Diplomatic Forum and met with the Turkish Minister of Foreign Affairs. Türkiye sees Serbia as an important country for regional stability. There were disagreements over Türkiye's support to Kosovo's membership in the Council of Europe and to the UNGA Resolution on the Srebrenica genocide.

Türkiye maintained strong cultural and economic ties with **Kosovo*** and continued to advocate for its international recognition. Türkiye and Kosovo signed a military cooperation agreement in January 2024, and explored cooperation opportunities in the economic, commercial, security and defence fields. In March 2024, Kosovo's President participated in the Antalya Diplomatic Forum and met with the Turkish President.

Türkiye's relations with **Montenegro** remained stable, with stated intentions to further develop bilateral cooperation. Some tensions arose in January 2024 after Montenegro's refusal to extradite a Turkish national, reportedly involved in organised crimes, to the Turkish authorities. The issue was resolved in August when the national was extradited. Following the government reshuffle, the newly appointed Minister of Foreign Affairs of Montenegro visited Türkiye as his first official visit abroad.

Türkiye and **North Macedonia** have a Strategic Partnership Agreement and continued to engage actively. In September 2024, the Turkish Minister of Foreign Affairs visited Skopje and met his counterpart.

Türkiye's relations with **Georgia** are at the level of strategic partnership, with regular high-level contacts, including in the framework of a High-Level Strategic Cooperation Council. Türkiye welcomed the EU's decision to grant candidate status to Georgia.

Türkiye's relations with the **Republic of Moldova** remained stable and at the level of strategic cooperation. High-level exchanges focused on trade, energy, cooperation in the Black Sea region, as well as Turkish support for projects in Gagauzia. Türkiye continued to support Moldova's sovereignty and territorial integrity. Türkiye welcomed the EU's decision to grant candidate status to Moldova. In March 2024, the Minister of Foreign Affairs of Moldova attended the Antalya Diplomatic Forum.

* This designation is without prejudice to positions on status and is line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Türkiye's relations with **Ukraine** are of strategic significance. Türkiye consistently supported Ukraine's sovereignty and territorial integrity, and engaged politically and diplomatically, including in the facilitation of the export of the Ukrainian grain and of the prisoners' exchange. Nevertheless, Türkiye has not aligned with EU sanctions against Russia in the context of the latter's full-scale war of aggression against Ukraine. Türkiye and Ukraine developed solid cooperation in the defence sector and dialogue on Ukraine's recovery and reconstruction by establishing the Turkish-Ukrainian Reconstruction Task Force. Türkiye welcomed the EU's decision to open accession negotiations with Ukraine. In March 2024, the Ukrainian President paid an official visit to Türkiye and met with the President.

4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: INTERNAL MARKET

This cluster covers: free movement of goods (Chapter 1), freedom of movement for workers (Chapter 2), right of establishment and freedom to provide services (Chapter 3), free movement of capital (Chapter 4), company law (Chapter 6), intellectual property law (Chapter 7), competition policy (Chapter 8), financial services (Chapter 9), and health and consumer protection (Chapter 28). This cluster is key to the good functioning of the EU-Turkey Customs Union and to integrating Türkiye into the EU's internal market.

Chapter 1: Free movement of goods

The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these from creating unjustified barriers to trade.

General principles

The EU framework for the free movement of goods is largely in place.

Türkiye resolved, during the reporting period, a number of barriers liable to affect the free movement of goods in the internal market and the alignment with the EU Common Commercial Policy. Specifically, Türkiye resolved the significant issue of the localisation and prioritisation measures for pharmaceutical products, which violated both the Customs Union and WTO provisions. Türkiye phased out the discriminatory treatment of EU tractors, and resolved the remaining barriers on cosmetics by largely aligning its legislation on cosmetics with the relevant EU *acquis*. However, so far Türkiye has fully removed only one barrier in the context of intensified engagement on the implementation of the Customs Union: burdensome export registration requirements for copper scrap. In addition, the Commission removed from its market access database six more barriers, which were considered obsolete.

The High-Level Dialogue on Trade on 8 July 2024, led by Executive Vice-President and Commissioner for Trade and the Minister of Trade of Türkiye, reviewed the progress in resolving the priority barriers identified to date: elimination of export taxes on hides, skins, and wet-blue leather; opening and transparent administration of the preferential quotas for live bovine and beef meat for EU operators; addressing the difficulties faced by the EU operators in the implementation of the risk based TAREKS system; working on a prioritised list of EU products that can be exempted from the scope of the import surveillance regime. The High-Level Dialogue also identified new priority barriers and mapped out the path for their resolution. These newly identified priority barriers are: import surveillance by registration of textile products, import licences for re-treaded tyres, as well as difficulties faced by EU operators in obtaining alcohol banderols.

However, Türkiye still applies artificial exchange rate on pharmaceutical products and does not accept the EU's Good Manufacturing Practices (GMP) certificates. It has retained local content requirements in renewable energy and tobacco products, which create de facto market access barriers for EU products in contravention of the Customs Union. Türkiye's product safety controls on imported EU

goods processed through its electronic TAREKS system, which it extended in 2024, may require additional documentation and information, which is also contrary to the Customs Union provisions.

Türkiye needs to resolve all outstanding trade barriers between the EU and Türkiye as listed in the Access2Market database.

Non-harmonised areas

Türkiye's mutual recognition legislation in the non-harmonised areas is in line with the EU *acquis*. However, Türkiye has notified only one product legal act in the non-harmonised areas in 2023 and no notification was made in 2024 until now. This is not sufficient, given the size of Türkiye's economy and legislative activity and its close ties with the European Union's economy via the Customs Union.

Harmonised areas: quality infrastructure

Türkiye is aligned with the EU *acquis* on standards, technical regulations, conformity assessment, accreditation, metrology and market surveillance. The national **Standards** Institute is a full member of the European standards bodies. By the end of the reporting period, it had adopted 24 314 national standards aligned with European standards. The rate of harmonisation with both CEN and CENELEC standards is 99.77%.

Türkiye has 60 notified bodies, six recognised third-party organisations, and two technical approval bodies in place. The Turkish **Accreditation** Agency (TÜRKAK) went through a successful peer evaluation process in March 2024. Türkiye implements **market surveillance** in compliance with the EU *acquis* and submits its annual programme to the European Commission. However, the coverage and effectiveness of market surveillance measures should be strengthened, and there is limited market surveillance on e-commerce activities. According to the market surveillance report for 2023, a total of 207 988 products were checked by market surveillance authorities in 2023 representing a 11 % decline as compared to 2022.

Harmonised area: sectoral legislation

On the EU '**new and global approach**' product *acquis*, Türkiye adopted legislation to align with the latest *acquis* on medical devices, in vitro medical devices and reclassification of certain active products without an intended medical purpose. It also adopted legislation aiming to align with the *acquis* on the Community code relating to medicinal products for human use. Türkiye does not accept EU good manufacturing practice certificates on medicines for human use, in breach of Customs Union rules. Türkiye has in place a regulatory data protection regime since 2005. However, the scope is limited and excludes biologics and combination products. Inadequate protection of undisclosed test and other data generated to obtain marketing licensing for pharmaceutical and agrochemical products do not converge with the *acquis*. On the EU '**old approach**' product *acquis*, although Türkiye amended its legislation in December 2023, it is partially aligned with the EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

On **procedural measures**, Türkiye has specific licensing and regulation systems for economic operators dealing with **drug precursors**, with a strict follow-up and monitoring system in cooperation with the police and customs. It is aligned with the EU *acquis* on licensing procedures for **firearms**. However, it made no progress on alignment with the *acquis* on **cultural goods**.

Chapter 2: Freedom of movement for workers

Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.

Türkiye made no progress on access to the labour market or future participation in the European Employment Services (**EURES**) network. Türkiye has six labour force agreements with EU Member States, but has made no developments in preparations for joining the European Labour Authority.

There was no progress on the **coordination of social security systems**. Türkiye is a party to the European Convention on Social Security. The number of bilateral social security agreements with EU Member States remains the same, with 15 agreements concluded.

Chapter 3: Right of establishment and freedom to provide services

EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. EU rules on postal services focus on improving the quality of universal service, gradual market opening to competition, and the establishment of an independent regulator.

There was no progress on the **right of establishment**, which remains restricted by several requirements in Türkiye.

On the **freedom to provide cross-border services**, service providers registered in the EU still face requirements on registration, licensing and authorisation. The point of single contact has not yet been created. There is no specific regulation or practice governing the temporary or occasional provision of services.

As regards **postal services**, Türkiye still needs to align its national legislation with the Postal Services Directive. A reserved area in the letter mail market is maintained for the universal service provider. There are currently 52 other postal operators active in the postal market. The national regulatory authority (the Information and Communication Technologies Authority) monitors postal market development. National legislation also needs to be aligned with the regulation on cross-border parcel delivery services.

On the **mutual recognition of professional qualifications**, the Vocational Qualifications Authority continued to implement the national qualification framework. The number of occupations that require compulsory certifications remains the same, with 204 occupations in total requiring certifications. The number of national occupational standards reached 909 and the number of national qualifications prepared in line with occupational standards totalled 663. The Turkish Referencing Report to the European Qualifications Framework is not updated. It is possible to make an online application for the recognition and equivalence of higher education qualifications. However, some regulated professions still require mutual recognition, and nationality and language requirements have not been removed. Continuous and significant steps are needed to align national legislation with the EU *acquis* in this area.

Chapter 4: Free movement of capital

In the EU, capital and investments must be able to move without restrictions, with common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.

On **capital movements and payments**, restrictions on foreign ownership are still in place in many sectors. Türkiye's legislation on real estate acquisition by foreigners does not apply to all EU nationals in a non-discriminatory way. The ability for citizens of neighbouring countries in border provinces to buy real estate continued to be restricted for national security reasons. Türkiye maintains its restrictions on capital movements and foreign exchange-denominated transactions. The obligation of exporters to sell 40% of their foreign exchange earnings to the central bank was eased to 30% in June 2024.

Türkiye made some progress in **payment systems**, adding to the good level of preparation already achieved. The central bank adopted new implementing legislation on payment services, introducing the digital wallet as a payment instrument. Some amendments were made in the rules on data sharing of payment services, particularly for data transfer to relevant third parties abroad and remote communication tools. The central bank improved the payment system infrastructure with new technological developments. It made further progress in the implementation of the Instant and Continuous Transfer of Funds (FAST) system. Regarding the **fight against money laundering and terrorist financing**, Türkiye was removed from the FATF's list of jurisdictions subject to increased monitoring ('grey list') in June 2024. Türkiye must continue to work with the FATF to strengthen its anti-money laundering and countering financing of terrorism (AML/CFT) regime.

Türkiye strengthened the resources of its financial intelligence unit, the Financial Crimes Investigation Board (MASAK), and improved its utilisation of the financial intelligence it generates. This improved capacity is evident in the country's track record on AML/CFT-related investigations and prosecutions. The number of suspicious transaction reports received by MASAK increased from 425 322 in 2022 to 651 555 in 2023, continuing a positive trend over the last few years. The country also enhanced its asset confiscation system. Türkiye took steps to ensure that sanctions for AML/CFT violations and beneficial ownership requirements are dissuasive.

In April 2024, the Constitutional Court abolished certain AML/CFT-related provisions of law on the prevention of financing the proliferation of weapons of mass destruction, in particular, those that granted the Ministry of the Interior extensive powers over civil society organisations whose executives are prosecuted for AML/CFT offences. It also annulled certain parts of the AML/CFT law, removing lawyers as obliged entities due to professional secrecy concerns related to suspicious transaction reports. Türkiye should address these concerns.

Chapter 6: Company law

The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.

On **company law and corporate governance**, Türkiye took limited legislative action over the reporting period. On domestic mergers and divisions, takeovers (Directive 2004/25), and rules on shareholder rights and long-term shareholder engagement (Directive 2017/828 - SRDII) there are still provisions that need to be fully aligned. Alignment with Directive 2019/2121 on cross-border operations is also required. On the disclosure of company documents in the business register, the country still lacks provisions requiring all limited liability companies to publish annual accounts.

On **company reporting**, in December 2023, the Public Oversight, Accounting, and Auditing Standards Authority (POA) published Türkiye Sustainability Reporting Standards (TSRS) and Climate Related Disclosures Standards. According to the TSRS, companies that meet at least two of the following conditions are obliged to provide sustainability reporting starting from 1 January 2024: total assets exceeding TRY 500 million, annual net sales revenue exceeding TRY 1 billion and the number of employees exceeding 250 people, which is partially in line with the applicable *acquis*. Banks are obliged to report regardless of the stated conditions. The POA continued to reflect changes in the international standards to the national standards in various areas, including auditing. The alignment of non-financial information and government payment reports remains unclear, namely concerning EU sustainability reporting standards and Directive 2013/34/EU.

In terms of listed company **transparency** requirements, the capital markets law governs issuers' general responsibilities, and the Capital Markets Board publishes implementing rules to align with the EU *acquis* in this area. The Turkish Commercial Code was amended to increase transparency and disclose the identity of bearer shareholders.

Chapter 7: Intellectual property law

The EU has to a large extent harmonised rules for the legal protection and enforcement of intellectual property rights (IPR), covering notably patents, trade mark and designs, biotechnological inventions and pharmaceuticals, trade secrets, (craft and industrial) geographical indications, supplementary protection certificates, copyright and related rights.

On **copyright and related rights**, the Law on copyright and related rights is not fully modernised to provide sufficient protection, in line with technological developments. Türkiye needs to align with the Directive on copyright and related rights in the Digital Single Market. Several issues remain unresolved, particularly the lack of distribution of private copy levies, licensing difficulties, uncertainties in online education exceptions, public performance right problems, unauthorised use of copyrighted material via online platforms and well-known e-commerce websites remain to be resolved.

On **industrial property rights**, the lack of a precise definition of bad faith applications as regards trademarks renders the invalidation procedure ineffective. A draft amending regulation on administrative procedures for the revocation of trademarks is yet to be enacted following the entry into force of a legal provision on the revocation of trademarks in the industrial property law in January 2024. There is a need for overhauling expensive and lengthy procedures to revoke, oppose and invalidate trademarks. There are currently no legal provisions for the protection of supplementary protection certificates. Türkiye has in place a regulatory data protection regime since 2005. However, the scope is limited and excludes biologics and combination products. Inadequate protection of undisclosed test and other data generated to obtain marketing licensing for pharmaceutical and agrochemical products do not converge with the EU *acquis*.

On **judicial enforcement**, criminal courts rarely order deterrent fines for commercial scale industrial property infringements, even though legal provisions may provide for higher penalties. Inefficient litigation procedures, including at courts of appeal, remain to be resolved. Difficulties and inconsistencies persist in deciding preliminary injunctions and monetary compensation claims, storage and destruction problems and financial burdens related to the storage of counterfeit goods, and the overuse of expert witness statements.

Difficulties with the issue of search and seizure warrants continue even though strong evidence is provided by right holders about counterfeiting. Enforcement authorities, need to increase the efficiency of action against industrial property infringements.

The **customs enforcement** legislation is yet to be fully harmonised with the EU *acquis*. The number of customs applications for seizures increased from 2 637 in 2022 to 2 869 in 2023. Improving customs enforcement is necessary to combat counterfeit goods, particularly those in transit and exports. Although the Customs authorities received an increased number of applications by rights holders and slightly increased the number of seizures, no substantial progress was made during the reporting period on the protection and enforcement of IPR. According to the 2023 report on the EU enforcement of IPR, Türkiye remained the second major country of provenance by number of counterfeit articles entering the EU, of which clothing prevailed as the most detained article followed by foodstuff, other beverages, cosmetics, perfumes and textile products.

Türkiye needs more public awareness campaigns on the dangers of counterfeiting and piracy to health, safety, rule of law, and the labour market, as well as the economic benefits of IPR-intensive sectors. Stronger political commitment is needed to enforce IPR and stop the flow of counterfeit goods to the EU.

Chapter 8: Competition policy

EU rules enable free competition. They include antitrust rules against restrictive agreements between companies and the abuse of a dominant position, and also include rules on concentrations between companies which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if strict conditions are met, with a view to prevent distortion of competition.

Antitrust and mergers

The **legal framework** is broadly aligned with the EU *acquis*. The Law on the protection of competition broadly reflects Articles 101 and 102 of the Treaty on the Functioning of the European Union (TFEU). Implementing legislation in this field is largely in place. The relevant legislation still needs to be aligned to ensure full compliance with the Vertical Block Exemption Regulation.

The **institutional framework** is in place. The Law on the protection of competition is enforced by the Turkish Competition Authority (TCA). The TCA maintains its financial and administrative autonomy. The TCA's enforcement capacity is adequate. In 2023, overall **implementation** was effective. Decisions were taken in the areas of antitrust (145 compared to 78 in 2022), exemption/negative clearance decisions (8 compared to 19 in 2022) and merger/acquisition/joint venture/privatisation (217 compared to 245 in 2022). In 2023, the total amount of fines imposed by the TCA for infringements of competition law (fines related to substance) slightly increased to TRY 1.9 billion

compared to TRY 1.7 billion in 2022. The TCA no longer transparently discloses the number of *ex-officio* investigations. In 2023, Turkish courts upheld 87% of the 73 judgements concluded in response to appeals against the TCA decisions.

State aid

No progress was made on **legislative framework**. Türkiye's Law on the monitoring and supervision of State aid (State aid Law) is broadly in line with Articles 107 and 108 TFEU. However, the implementation of the State aid Law remains indefinitely postponed, which has made Türkiye's legislative framework *de facto* ineffective.

There is no functioning **institutional framework** and the administrative structure in place since 2022 clearly deviates from the EU *acquis*. Accordingly, Türkiye still needs to align its legislation with the EU *acquis*.

Türkiye continued the implementation of the project-based investment programme, where the transfer of state resources is provided on a selective basis. As of May 2024, it reached 69 projects with an investment amount of TRY 528 billion. The lack of a transparent State aid inventory covering all aid schemes, including the amount or budgeted amount of the state support granted, remains a source of concern.

Liberalisation

State-owned enterprises are subject to competition and State aid rules.

Chapter 9: Financial services

EU rules aim to ensure fair competition among, and the stability of, financial institutions, namely banking, insurance, supplementary pensions, investment services and securities markets. They include rules on authorisation, operation and supervision of these institutions.

On **banking and financial conglomerates**, Türkiye completed the legislative work on compliance with the final elements of Basel III regulations (but not taking into account the Basel III Finalisation of 2017) according to the Basel Committee. The implementing regulation on the Istanbul Financial Center (IFC) was published in July 2023, setting the principals and procedures for the management, operations, issuance of participant certificates, as well as on the functioning of the one-stop office for the IFC. The banking sector has remained resilient, with the indicators tracking asset quality further improving. The capital adequacy ratio of the banking sector remained above the legal thresholds. Some progress was made in terms of simplifying the macroprudential measures, thus contributing to the improvement of the predictability of the financial sector regulatory framework. This should further be strengthened and supported by conducting transparent asset quality reviews.

Türkiye made some progress on **insurances and occupational pensions**. In September 2023, the Insurance and Private Pension Regulation and Supervision Agency (SEDDK) published a regulation on the right to exercise partial payment in the private pension system. Participants who meet certain conditions may be entitled to receive partial payment of up to 50% of their savings under specific circumstances. It also allowed participants who suffered losses in regions affected by disasters to apply for a partial payment within six months following the natural disaster. In October 2023, the Nuclear Regulatory Authority and SEDDK jointly published two regulations on liability insurance, coverage for nuclear risks, and the operating procedures and principles of the nuclear insurance pool. The Special Risks Management Centre has been assigned to provide protection to operators of nuclear installations. As part of the efforts to improve the traffic insurance system, the SEDDK established an insurance intermediaries offer platform to help drivers, particularly with high-risk level, to find a traffic insurance offer within a short period of time, while providing support to insurance intermediaries.

As regards **financial market infrastructure**, legislation is partially aligned with the EU *acquis* on settlement finality, on Central Securities Depositories and on OTC derivatives, central counterparties and trade repositories (EMIR).

On **securities markets and investment services**, Türkiye introduced monthly quota applications in the import transaction of unprocessed gold carried out by precious metals intermediary institutions to contain its negative impact on foreign trade balance. On investment funds, Türkiye has made no further progress in the reporting period, and it should undertake further steps to ensure full alignment with the EU *acquis* on alternative investment fund managers and undertakings for collective investment in transferable securities.

On **sustainable and digital finance**, Türkiye continues to take steps to support the green transition and digital transformation of the banking sector. It has made progress in digital finance by legally recognising the digital wallet as a payment instrument (*see Chapter 4 – Free movement of capital*). Following a decision of the Public Oversight, Accounting and Auditing Standards Authority on the implementation of the Turkish Sustainability Reporting Standard in December 2023, some financial and capital market institutions are required to report on sustainability (*see Chapter 6 – Company law*).

Chapter 28: Consumer and health protection

EU rules protect consumers' economic interests and also ensure product safety, prevent dangerous imitations and establish liability for defective products. The EU also ensures high common standards for tobacco control, blood, tissues, cells and organs, and medicines for human and veterinary use. The EU also guarantees a high level of protection of public health and in particular has rules for upholding patients' rights in cross-border healthcare and in preparing for and responding to cross-border health threats, including communicable diseases.

Consumer protection

On **horizontal aspects**, Türkiye's national legislation remains mostly aligned with the *acquis* on consumer protection in non-safety-related issues. The alignment with the representative actions' directive remains at an early stage and significant work is needed. Challenges remain with the application of consumer rights and no significant progress was registered in the reporting period.

On **enforcement and redress** and on **product safety**, consumers' awareness of the national unsafe products information system remains low. Regular monitoring and more robust regulatory tools are required to combat online sales of counterfeit goods that endanger consumer and public health (*see Chapter 7 - Intellectual property law*). Moreover, although the volume of online shopping has increased (*see Chapter 1 - Free movement of goods*), the market surveillance of e-commerce remains limited.

Public health

Türkiye has been addressing the significant challenges affecting **public health**, raised and exacerbated by the February 2023 earthquakes. A comprehensive 'One Health' approach is crucial to address these issues, balancing the health of people, animals, and ecosystems. On eHealth, the country is strengthening its surveillance system for health services and to tackle serious cross-border health threats. The second EU-Türkiye High-Level Dialogue on Health took place in April 2024 in Ankara. It underlined strengthening EU-Türkiye cooperation in health with an emphasis on cross-border health threats, cancer prevention, treatment and care, as well as on mental health, and climate change impacts on public health.

Türkiye continued to make good progress on serious cross-border health threats including **communicable diseases**, especially in workforce development and building institutional capacity for central and provincial public health professionals, as well as its surveillance system. Anti-microbial resistance (AMR) remains dangerously high in Türkiye with the increase in total antibiotic consumption in humans. The National AMR Prevention Strategic plan is not yet in action. On **blood, tissues, cells and organs**, Türkiye did not meet the blood and blood component needs of the country (targeted amount of 3 040 000 units of blood for 2023). The country holds the highest living organ donation rate with 56 per million population in the European region. The actual deceased organ donors' rate per million population remains low.

There was no progress on **patients' rights in cross-border healthcare**.

On **mental health**, Türkiye continued to implement a de-institutionalisation policy, with a total of 182 community mental health centres established across the country and actively using quality standards. The full integration of mental health services into primary healthcare was hampered by the 2023 earthquakes.

On health inequalities, the current health policies and patriarchal structure continues to lead to accessibility and availability problems in meeting the sexual and reproductive healthcare needs of women.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

This cluster covers: digital transformation and media (Chapter 10), taxation (Chapter 16), economic and monetary policy (Chapter 17), social policy and employment (Chapter 19), industrial policy (Chapter 20), science and research (Chapter 25), education and culture (Chapter 26), and Customs Union (Chapter 29).

Chapter 10: Digital transformation and media

The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audiovisual services. The rules protect consumers and support the universal availability of modern services.

On **electronic communications**, concerns remain over the lack of financial and administrative independence of the regulatory authorities. More transparency in spending is needed. Further regulatory and administrative steps are required to establish a competitive and consumer-friendly market in telecommunications.

On **digital services**, the Ministry of Trade upgraded its electronic complaint platform for e-commerce in the second half of 2023. The Turkish Competition Authority was active in conducting market investigations and imposing measures and fines in the reporting period. Türkiye's e-commerce market expanded further by recording an increase of 115% in terms of financial volume in Turkish lira and by 22% in terms of number of transactions. Türkiye joined the Digital Europe programme in 2023. Authorities need to further ensure and facilitate equal access to online services for all citizens and increase efforts to fully align with the Digital Services Act and Digital Markets Act.

Some of Türkiye's existing legislation for digital services and its enforcement, including the Social Media Regulations Law and the Disinformation Law, are incompatible with key principles of EU *acquis* for digital services and incompatible with international human rights law and the European Convention on Human Rights, inter alia because they constitute disproportionate interference with the freedom of expression, and therefore require review.

The number of services offered by the e-Government Gateway increased from 7 229 in 2023, to 8 360 as of August 2024. The number of integrated institutions increased from 994 in 2023 to 1 061. The number of citizens using e-government increased from 64.2 million in 2023 to 66.1 million in August 2024. Türkiye should align with both the European Interoperability Framework and the Interoperable Europe Act.

Regarding digital television broadcasting, Cyprus is still facing an objection from Türkiye to the recording at the International Telecommunications Union (ITU) of a new unified Cypriot digital television broadcasting plan below 700 MHz under the ITU Geneva06 plan. This continues to deprive Cyprus from the necessary regulatory protection against interferences from neighbouring countries.

The lack of sufficient competition on the broadband market remains a concern. The number of fixed broadband subscribers increased to 23% in 2023, against the OECD average of 35.8%. The total number of mobile broadband users was 73.7 million, which corresponds to a penetration rate of 86.4% of the population at the end of 2023, against the OECD average of 134.1%. The number of LTE subscribers rose to 85.6 million in the first quarter of 2024 compared to 82.9 million at the end of 2022. There was no progress reported in the procurement of 5G. Türkiye still needs to allocate additional frequencies for the development and predictability of the sector.

On **artificial intelligence**, Türkiye adopted an action plan for 2024-2025 as a follow-up on its strategy on artificial intelligence published in 2021.

On **data**, the Digital Transformation Office of the Presidency published a study on Data Governance Framework in preparation for the country's national Data Strategy in April 2024.

On **digital trust and cybersecurity**, the level of enforcement of consumer rights in the telecommunication sector remained weak. Compliance with the eIDAS regulation is still pending. Türkiye revised its Data Protection Law in March 2024 in relation to processing of sensitive personal data, easing the cross-border transfer of personal data and administrative fines, and adopted an implementing regulation on cross-border transfer of data in July 2024. However, Türkiye needs to continue the implementation of the 5G Cybersecurity Toolbox measures, including assessing the risk profile of suppliers and putting in place appropriate restrictions and/or exclusions for high-risk suppliers. As of April 2024, there are 14 sectoral Cyber Emergency Response Teams (CERTs) for critical infrastructures and more than 2 200 institutional CERTs.

On **media**, the legislation on the rules of radio, television and on-demand media services lacks clarity in terms of its scope, definitions, licensing criteria, and has controversial rules on jurisdiction and restricting access to online content. Concerns over the impartiality and independence of RTÜK were not addressed.

Chapter 16: Taxation

EU rules on taxation cover value added tax, excise duties and aspects of corporate taxation. They also cover cooperation between tax administrations, including the exchange of information to prevent tax evasion.

In the area of **indirect taxation**, Türkiye continues to have a wide range of products that are subject to 1% VAT, which is contrary to the EU *acquis*. As part of its response to the 2023 earthquakes, a comprehensive set of tax hikes was introduced. Accordingly, the general VAT rate was increased from 18% to 20% in July 2023. The reduced VAT rate of 8% (applicable to deliveries of cleaning products, land and houses) was increased to 10%; subject to further precisions, the scope of the reduced rate is possibly not in line with the EU *acquis*. The VAT legislation governing the structure, exemptions, special schemes and the scope of reduced rates is not fully aligned with the EU *acquis*.

On excise duties, further alignment is needed regarding alcohol and alcoholic beverages, tobacco and energy products, and general rules for the production, keeping, storage, movement and controls on products that are subject to excise duties according to the EU *acquis*.

Although the overall level of taxation (*ad valorem*) on cigarettes is comparable to EU levels, Türkiye's cigarette excise duty legislation differs from the EU *acquis* in terms of mixed excise duty structure (*ad valorem* and specific), which is mandatory under the EU *acquis*. Excise duty legislation on alcohol and alcoholic drinks also differs from the EU *acquis*. Excise duties on some of the energy products are lower than the EU's minimum rates. Contrary to the EU *acquis*, coal, coke and electricity are not subject to excise duties. Kerosene is subject to excise duty, but it is zero rated. Türkiye doubled the motor vehicles tax once for 2023 and tripled the special consumption tax for fuel within the scope of July 2023 tax hikes.

On **direct taxation**, the corporate income tax was increased by 5 percentage points in July 2023. As a result, the general corporate income tax was hiked to 25%, while the financial sector's rate was raised to 30%. The corporate income taxpayer companies engaged in export activities, on the other hand, will benefit from a 5 percentage point reduction in their corporate income tax rate, instead of the previous 1 percent.

The implementation of the corporate income tax exemption introduced to promote the FX-protected TRY time deposit account scheme was extended to the end of 2024. The implementation of the postponed inflation accounting (adjustment) practice started as of 2024. Such a practice has the potential to broaden the tax base of businesses with low balance sheet equity and with greater non-monetary assets than non-monetary liabilities.

The income tax exemption implemented since 2022 for the minimum wage, including the tax on all wages corresponding to the minimum wage, continued. In 2023, TRY 10.3 billion was collected as a 7.5% digital services tax (on digital advertising, content, and intermediary services) which has been in effect since March 2020.

On administrative cooperation and mutual assistance, the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) qualified Türkiye as 'largely compliant' on the exchange of information on request. However, the country remains on Annex II to the Council Conclusions on the EU list of non-cooperative jurisdictions for tax purposes for criterion 1.1 (automatic exchange of tax information on financial accounts), as it is still not fully compliant with the relevant requirements. As a result, in February 2024, the Council concluded that Türkiye should continue the technical work and ensure that tax information is exchanged effectively with all EU Member States in order to meet criterion 1.1 of the EU list.

In terms of **operational capacity and digitalisation**, the Turkish Revenue Administration uses an electronic document management system. On the other hand, Türkiye failed to finalise its efforts to develop an integrated public finance management information system. The action plan to combat the informal economy (2023-2025) still lacks performance indicators and a publicly accessible system for monitoring the implementation.

Chapter 17: Economic and monetary policy

EU rules require the independence of central banks and prohibit them from directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.

On monetary policy, the central bank deviated from the official inflation target over the last decade, which has been set jointly with the government at 5%. Despite a strong policy shift, concerns over the institutional underpinning of central bank independence persist, with the President of the Republic having extensive powers in the appointment and dismissal of the Central Bank Governor and Board members. In June 2024, the Constitutional Court annulled the President's powers to dismiss the Central Bank Governor before the end of the Governor's term, on the ground that this authority was granted with a presidential decree and not by law. However, the Court's decision will enter into force in a year, giving Parliament 1 year to adopt legislation to replace the relevant annulled articles, while the President continues to exercise existing powers.

After the presidential and parliamentary elections in May 2023, the central bank significantly tightened its monetary policy stance to rein in the very high inflation and anchor inflation expectations. It reinstated the policy rate as the primary instrument of monetary policy and raised it gradually from 8.5% to 50% between June 2023 and March 2024. The monetary tightening and strengthening of monetary transmission created space for the gradual unwinding of some of the distortive macroprudential measures that were introduced to sustain the previous policy regime of extremely low real interest rates. However, certain macroprudential regulations that limit and direct credit, constrain market-based risk pricing and capital allocation remain in place.

Despite the prohibition of monetary financing and privilege access of the public sector to financial institutions, the central bank became the sole authority assuming the costs of the foreign exchange (FX) and gold-protected time lira deposit scheme, as the ones borne previously by the Ministry of Treasury and Finance were fully transferred to the central bank. As part of the policy normalisation efforts, the Turkish authorities also adopted measures for the gradual exit from the FX-protected deposit scheme.

As regards **economic policy**, Türkiye adopted the Twelfth Development Plan (2024-2028), outlining an optimistic macroeconomic framework with very ambitious but partly inconsistent targets. Yet, it presented to some extent a more credible macroeconomic forecasts with its Medium-Term Programme (2024-2026), although the fiscal framework remained weak. Main policy documents do not present alternative macroeconomic and fiscal scenarios. The budget framework is subject to frequent changes throughout the year, thus significantly undermining the credibility of the country's

budgetary planning. Türkiye is still not aligned with the Directive on Requirements for Budgetary Frameworks and lacks numerical fiscal rules and an independent fiscal body to monitor compliance with these rules. Türkiye made some progress on the improvement in the excessive deficit procedure data availability and timeliness, but further efforts are required (*see Chapter 18 - Statistics*).

Türkiye submitted its 2024-2026 **Economic Reform Programme** (ERP) on time. Türkiye did not carry out a separate consultation with external stakeholders on the ERP draft. Implementation of the policy guidance set out in the conclusions of the Economic and Financial Dialogue of May 2023 was limited, but with a higher rate of implementation than in the previous year.

Chapter 19: Social policy and employment

EU rules in the social field include minimum standards for labour law, equality, health and safety at work and non-discrimination. They also promote social dialogue at European level.

No progress was made in the area of **labour law**. Enforcement is limited, particularly for smaller enterprises and in rural areas, since numerous sectors lack various protective measures afforded by labour laws. The high prevalence of undeclared work is a significant factor hindering the labour law enforcement. Regulatory frameworks for emerging sectors, like platform workers, are lacking. Child labour practices continue to be observed among all age groups and genders, particularly affecting migrant and adolescent boys. Labour force participation of children aged 15-17 rose to 22.1% in 2023.

While Türkiye has no dedicated strategy on occupational health and safety, the government persisted in raising awareness to foster a culture of **occupational health and safety** with a particular focus on high-risk sectors such as mining. The informal economy remains a risk factor, with most accidents occurring in sectors where undeclared work is prevalent.

Türkiye made no progress on **social dialogue**. Only the tripartite consultation board and labour assembly convened in the reporting period. Further efforts are needed to increase the systematic functioning of the existing tripartite social dialogue mechanisms, particularly the economic and social council. The coverage of collective bargaining in the private sector remained low. The unionisation rate was 15.22% for private sector employees and 74.54% for civil servants. Barriers to unionisation in the private sector remain, including protracted legal appeal procedures suspending bargaining certification of trade unions. Türkiye has yet to recognise the right to strike for civil servants and the right to join unions for certain public sector employees, including locum workers.

On **employment policy**, no significant change occurred in the number of job and vocational counsellors in the Turkish Employment Agency (ISKUR). The substantial decrease continued for the active labour market programmes, including the number of courses for vocational training and on-the-job training and the number of people registered in these programmes.

On **labour force participation** and **unemployment rate** *see the statistical annex and the section on the functioning of the labour market under 2.3 Economic criteria.*

The informal economy has a detrimental impact on social security and welfare systems, with the Roma community particularly affected. While efforts to grant Syrian migrants access to the formal labour market continued, the number of issued work permits fell slightly to 108 520 in 2023, from 113 208 in 2022. This remains low given the large working age population among Syrian migrants.

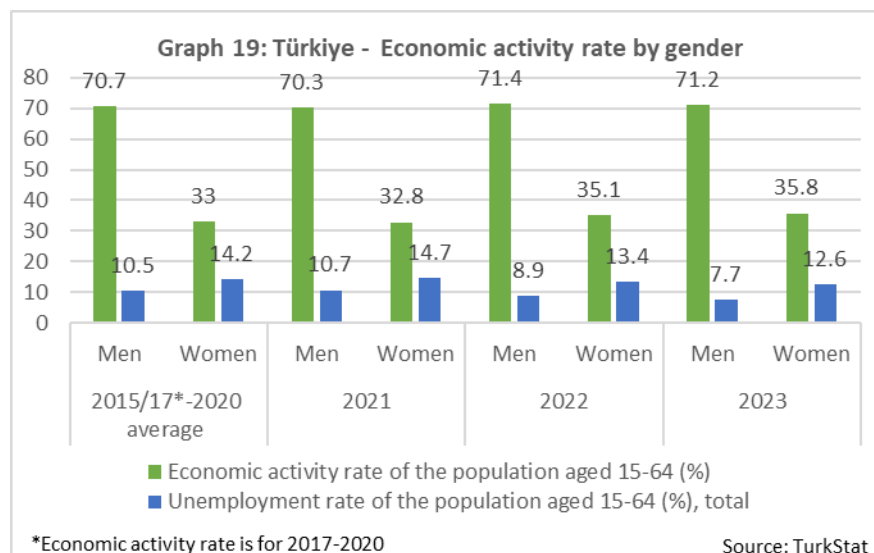
For the **European Social Fund**, the good level of preparation was maintained.

On **social inclusion and protection**, Türkiye has no comprehensive poverty reduction strategy, except certain measures under the 2024 Presidential Programme. Income inequalities have increased since 2022. The risk of poverty and social exclusion is the highest among children and sharply increased among older people. Implementation of the National Strategy on Roma (2023-2030) is lacking. Special attention is needed to ensure well-being of persons with disabilities in the temporary settlements in the earthquake region. Recently adopted national strategies on the rights of persons with disabilities and on ageing are not yet having a visible effect.

Türkiye is taking steps towards the **de-institutionalisation** of children in care, focusing on family-

based care services and strengthening its foster care system (see Chapter 23 - Judiciary and fundamental rights).

Türkiye does not have a comprehensive strategy to enforce **non-discrimination in employment and social policies**. The existing laws do not offer protection against discrimination based on sexual orientation and gender identity. Discriminatory legislation and practices hindering access to employment for individuals with disabilities remain.



On **equality between women and men**, the gender gap in the labour market remained very high despite a slight progress. In the Global Gender Gap Report for the year 2023, Türkiye was ranked 129th among 146 countries, experiencing a decline compared to the previous year. Women face a higher risk of poverty than men. A new employment subsidy project has been initiated

to promote women's employment however, given the large working age population of women, the outreach is limited, and its impact needs to be monitored. There is partial alignment with the work-life balance Directive. The gender pay gap for earnings is 6.2%. Insufficient availability of affordable care services for both children and older people, the gender bias in caring responsibilities and a lack of a decisive political action continued to hinder a higher women's employment rate. Policies addressing the work-life balance of careers, benefits and social assistance are limited. The share of women in decision-making positions remained very low including on boards of directors (see Chapter 23 - Judiciary and fundamental rights).

Chapter 20: Enterprise and industrial policy

EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).

On **enterprise and industrial policy principles**, Türkiye kept the scope of the 15% domestic price advantage in public procurement, now compulsory for medium and high-tech goods (see Chapter 5 – Public procurement), even though this is against EU industry policy principles and ineffective over improving the innovation performance. The localisation and prioritisation schemes for pharmaceuticals were ended in the reporting period. The 12th National Development Plan was adopted in November 2023 with a strong focus on green and digital transitions. Industrial policy perspective of the Plan focuses on supporting domestic production and reducing dependency on imports, as well as on structural transformation in the manufacturing industry through innovation. The government adopted a new Action Plan for the Coordination Council for the Improvement of Investment Environment for 2024-2025 that covers a wide range of actions. The evaluation of the industrial strategy adopted in 2019-2021 is still pending.

On **enterprise and industrial policy instruments**, Turkish legislation is still not fully harmonised with the Late Payment Directive. Türkiye continued to implement various schemes supporting companies, particularly small and medium-sized ones. Smart specialisation strategies were formulated in some regions, but limited information is available on their implementation. Türkiye continued to implement the Small Business Act framework.

The SME support administration (KOSGEB) continued to run a range of technical assistance and financing schemes. The Ministry of Industry and Technology published impact assessment studies of 19 support schemes on its website including schemes of KOSGEB and the Turkish Scientific and Technological Research Institution (TÜBİTAK). Legal dispositions for Organised Industrial Zones (OIZ) were amended, introducing inter alia Green OIZ.

Türkiye participates in the SME pillar of the Single Market Programme and signed an Association Agreement in March 2023. Country data compiled in February 2024 confirms that Türkiye has been reasonably active in the submission of project proposals for the SME pillar, and has achieved a good success – just under 50%: 8 SME Pillar project proposals involving Turkish organisations have been accepted, in response to different calls and there are 11 proposals on the reserve list involving partners from Türkiye.

On **sectoral strategies**, the Ministry of Industry and Technology published decarbonisation roadmaps for steel, cement and aluminium sectors. A separate roadmap entitled Green Growth Technology Roadmap was prepared by the Scientific and Technological Research Council of Türkiye (TÜBİTAK) for iron and steel, cement, aluminium, fertilisers, plastics and chemicals. A new strategy on Foreign Direct Investments was adopted in July 2024. The breakdown of State aid for investments made under the industry support programmes was not disclosed, contrary to the commitments made under the EU-Turkey Customs Union (*see Chapter 8 – Competition policy*).

Chapter 25: Science and research

The EU provides significant support for research and innovation. All Member States can participate in the EU's research and innovation programmes and benefit from them, especially where there is scientific excellence and solid investment in research and innovation.

On **research and innovation**, the positive trend of Türkiye's performance in Horizon Europe continued in 2023 – significantly outperforming numbers from the previous Framework Programme. Three national programmes were certified for the European Innovation Council Plug-In scheme. The participation of Turkish innovators in the European Institute of Technology and Innovation (EIT) schemes has been steadily growing and joint work to establish an EIT Community Regional Innovation Scheme (RIS) Hub in Türkiye has intensified.

The good and active cooperation between the EU and Türkiye on research and innovation continues. The second EU-Türkiye High Level Dialogue on Science, Technology and Innovation took place in April 2024 in Istanbul, gathering important stakeholders from the Turkish and European research areas. It underlined strengthening EU-Türkiye cooperation in science, technology and innovation with an emphasis on the green and digital transformation of industries, as well as building thriving innovation ecosystems.

After a gradual increase from 0.8% to 1.4% between 2013 and 2021, the share of R&D expenditure in GDP decreased for the first time to 1.32% in 2022. The gap with the EU average of 2.24% remains large.

In parallel, the total number of full-time equivalent R&D personnel increased by 23%, from 221 811 in 2021 to 272 638 in 2022. The share of female personnel in research also increased and reached 34.1% in 2022 from 32% in 2021. On smart specialisation, Türkiye launched an action to advance smart specialisation strategy development and implementation capacity of its national and regional institutions.

According to 2024 European Innovation Scoreboard, Türkiye remains an Emerging Innovator, performing at 51.7% of the EU average. Türkiye's performance is above average of the Emerging Innovators (48.5%). However, the performance gap to the EU is becoming larger. Türkiye provides data for all indicators of the Innovation Scoreboard.

Chapter 26: Education and culture

The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policy through the 'open method of coordination'. The EU and the

Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.

On **education**, the share of the total education budget in the consolidated government budget decreased for 7 consecutive years, reaching 12.75% in 2023. The proportion of the total education budget in GDP is 3.06%. Türkiye achieved an increase in net school enrolment rates for pre-primary and for secondary education levels.

Net enrolment rate for preschool education (age 4-5) increased to 63.55% in 2022-2023. Despite progress, enrolment rate in early childhood education remains low, particularly for children aged 3. Alternative education service models, including community-based services, need to be explored for further convergence with the EU targets on access and quality of early childhood education. Enrolment rates for higher education also increased from 44.66% to 46.02%.

Following the positive trend in recent years, the share of early school leavers fell below 20% for the first time. However, significant regional differences exist in secondary schooling rates between Eastern Anatolia and the rest of the country.

The number of students with special needs attending schools reached 507 804 in 2022-2023, increasing by 7.4% from the previous school year. There is still insufficient data on the attendance and educational achievement of boys and girls with different disabilities.

According to the results of the OECD Programme for International Student Assessment (PISA) 2022, students' performance in Türkiye scored lower compared to OECD average in reading, mathematics, and science. However, Türkiye is one of the few countries where PISA results have been improving consistency in most subjects over more than 10 years. The proportion of students of 15-year-olds failing to demonstrate basic proficiency (level 2) in reading (29 %), in maths (39%) and in science (25%) are close to the OECD average. However, the latest Progress in International Reading Literacy Study (PIRLS 2021) shows that Türkiye's performance in reading is below the international median. Gender gap is small in mathematics.

In the field of **higher education**, Türkiye is a member of the European Higher Education Area. Türkiye remains advanced in the implementation of the Bologna Process, although considerable quality differences remain among the 208 higher education institutions across the country.

Violations of academic freedoms and excessive government control over universities continue to be an area of significant concern.

On **technical and vocational education and training (TVET)**, Türkiye continues to implement the National Vocational Qualifications System. The number of national occupational standards in force saw a minor increase, as well as the number of approved qualifications. 275 authorised certification bodies issued 2 716 259 Vocational Qualifications Certificates for individuals so far (8.3% increase). Vocational Qualifications Authority vocational certificates became mandatory for 204 occupations in heavy and dangerous works.

Although the Turkish Qualifications Framework is operational, the vocational training provided by VET institutions does not match the needs of national qualification candidates. For better functioning of the framework, continuous education centres of universities should also be encouraged to develop modular VET for specific occupational levels in cooperation with the authorised certification bodies. Türkiye continues to be an active member of the European Alliance for Apprenticeships.

Boosting students' digital skills is one of the country's priorities in education and training. Further efforts are needed to strengthen and expand digital education and digital skills, in line with the EU Digital Education Action Plan 2021-2027.

Türkiye is fully associated to Erasmus+. There continues to be high interest in the programme: in 2023, Turkish organisations participated as applicant or partner in 2 894 Erasmus+ (and also European Solidarity Corps) projects for a total contracted grant of EUR 129.49 million. Türkiye continues to participate in all the European Education Area working groups 2021-2025. Five Turkish universities are partners in European Universities alliances.

In the area of **youth policy**, Türkiye continues to lack a national youth strategy. There is an independent national youth council, which was granted observer member status by the European Youth Forum in 2019, however it is not recognised by the government.

On **sports**, after the earthquakes of February 2023 many youth centres and sports grounds had to be turned into temporary accommodation spaces. Play and recreation spaces for young people need to be considered during the reconstruction and rehabilitation efforts. Türkiye continued to participate in the European Week of Sport.

In the area of **culture**, although significant resources are allocated to cultural activities by both central and local governments, there is a lack of clear normative frameworks, institutional management, and long-term planning necessary for the development of systematic, consistent, and sustainable cultural policies. In the central government's 2023 budget, the amount allocated to the Ministry of Culture and Tourism constitutes the 12th lowest budget among the 32 central government agencies (less than 0.004%).

On the implementation of the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, one project 'Kreşendo' was selected as a grantee of the International Fund for Cultural Diversity. This is the second time an organisation from Türkiye is benefiting from the fund.

Political interventions and arbitrary bans of cultural events continued in the reporting period.

In the reporting period, there were no active negotiations on Türkiye's association to the Creative Europe programme.

Chapter 29: Customs Union

All Member States are part of the EU Customs Union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementation and enforcement capacity, and access to the common computerised customs systems.

Türkiye made limited progress on **customs legislation**. Türkiye maintained large scope of additional duties applied on imports of a long list of products originating in non-EU countries, which are in free circulation in the EU or imported from third countries.

Turkish customs authorities need to streamline some of its practices relying on risk-based controls and simplified procedures. Türkiye's implementation of value-based import surveillance measures and the lack of a legal remedy to recover overpaid amounts remain not aligned with the EU *acquis*. Türkiye needs to ensure application of transparent, objective and verifiable customs valuation procedures. Türkiye is yet to eliminate export tax measures on hides, skins and wet-blue leathers. Türkiye removed administrative requirements hindering an automatic export licensing regime on a number of products notably on copper scrap, feldspar and clays. A draft Turkish Customs Law fully harmonised with the EU Customs Code based on the main principles of legitimate trade facilitation and security is yet to be finalised. Rules on free zones and duty relief are yet to be fully aligned with the EU *acquis*.

In line with the provisions on mutual administrative assistance in customs matters under the Association Agreement (AA), Türkiye should cooperate with the EU to ensure that customs legislation is correctly applied, in particular by the prevention, detection and investigation of operations in breach of AA. As part of the anti-fraud efforts, it is recommended that Türkiye strengthens combating customs fraud, in particular smuggling of tobacco products and by cooperating with OLAF, and implements the WHO Framework Convention on tobacco control protocol to eliminate illicit trade in tobacco products. It has been reported that this implementation process is ongoing.

On **administrative and operational capacity**, efforts continued to strengthen customs enforcement capacity for border controls, particularly on anti-smuggling operations. However, full alignment with the EU *acquis* on the customs enforcement of intellectual property rights and in particular on export and in-transit operations is yet to be completed. Risk-based controls to enforce safety and security measures need to be improved and brought in line with Customs Union provisions. Türkiye

implements the New Computerised Transit System (NCTS) as part of its membership in the Convention on a Common Transit Procedure. The implementation of the NCTS phase 5 by Türkiye was delayed multiple times but it remains a realistic objective for the last quarter of 2024. However, tariff IT systems remain to be operational in line with the EU tariff IT systems. Türkiye needs to implement the IT strategy in line with business initiatives and update the documented customs business processes in line with the legal basis.

CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers: transport policy (Chapter 14), energy (Chapter 15), trans-European networks (Chapter 21) and environment and climate change (Chapter 27).

Chapter 14: Transport policy

The EU has common rules for technical and safety standards, security, social standards, and market liberalisation in road transport, railways, inland waterways, multimodal transport, aviation and maritime transport.

Regarding the EU *acquis* on **general transport**, Türkiye's online electronic legislation inventory tool entered into force during the reporting period. It provides an inventory of Türkiye's transport legislation in English, creating a continuous monitoring system with the EU *acquis*.

On **road transport**, the road transport regulation was revised to introduce flexibility incentives for operators using electric vehicles for passenger buses. The responsibility for operating and investing in roadside weight and dimension inspection stations was transferred to DG Highways. The scope of the transport electronic tracking and inspection system was enlarged to include the dangerous goods. The Road Safety Action Plan covering the period 2024-2027 was adopted in line with the Vision Zero targets. Institutional capacity remains insufficient to meet Türkiye's national Intelligent Transport Systems targets.

On **rail transport**, the regulation on railway infrastructure access and capacity allocation was published in November 2023. However, the railway framework law is not yet adopted and Türkiye remains not aligned with the EU's fourth railway package. The railway safety and the interoperability regulations are not yet aligned with the EU *acquis*. Further training on railway safety is needed. The independence of the National Safety Authority, currently assigned to the DG for Railway Transport Services, has yet to be achieved. The subsidies to the incumbent railway operator and the financial independence of the transport operator from infrastructure manager remain major issues.

On **maritime transport**, Türkiye published a regulation on green certification of ports and a regulation on prevention of collision at sea. National legislation implementing the EU Port Services Regulation is yet to be developed. The continued prohibition of the docking of vessels flying Cypriot flag calling at Turkish ports as well as the ban on all vessels with cargo bound for or coming from Cyprus from calling at Turkish ports remain highly problematic. Alignment on **inland waterway** **remains** limited and no progress was made during the reporting period.

On **aviation** Türkiye continued efforts to further align with the EU aviation safety *acquis*. The lack of adequate communication between air traffic control centres in Türkiye and Cyprus continued to compromise air safety in the Nicosia flight information region, requiring an operational solution. Türkiye has thus far refused to accept the principle of EU carrier designation in its air services agreements with Member States, which is a cornerstone of the EU internal market in aviation.

As regards **multimodal transport**, the implementing legislation on multimodal freight transport was revised in June 2023 to include rail freight and intermodal transport services in its scope. The regulation brings a new green logistics certificate in case the operators comply with certain conditions.

No progress was reported regarding **EU passenger rights regulations**.

As long as restrictions remain in place on vessels and aircrafts registered in Cyprus, related to Cyprus, or whose last port of call was Cyprus, Türkiye will not be in a position to fully implement the EU *acquis* relating to this chapter.

Chapter 15: Energy

EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety, radiation protection and nuclear safeguards.

On **security of supply**, Türkiye became the seventh largest country in the world in terms of LNG import capacity in operation with its 37.2 million metric tonnes of capacity in 2023. Türkiye continued to invest in enhancing its regional natural gas trading role capitalising on its geographical location and increased natural gas infrastructure capacity. The second phase of construction works at the country's biggest underground storage facility at Tuz Golu (Salt Lake) continued with a target of 5.4 bcm of gas storage capacity and the second underground gas storage facility at Silivri was expanded, reaching 4.6 bcm of gas storage capacity. The total length of the natural gas transmission network in the country in 2023 amounted to 16 810 km, with 9 compressor stations, 6 entry points and 2 interconnection points. Overall, energy dependence on Russia continued.

On the **internal energy market**, Türkiye suspended yet again the unbundling of the state-owned gas company BOTAŞ, which dominates the country's natural gas market and trade. The natural gas market law remained incompatible with the EU's third energy package and the pricing is not yet transparent, cost-reflective and non-discriminatory.

On the wholesale electricity market, subsidised tariffs remained in place with some concessions to vulnerable consumers. The free consumer lower limit of 1 000 kWh determined for 2023 was reduced to 950 kWh by an Energy Market Regulatory Authority decision as of January 2024. Türkiye became a net electricity importer for the first time in 7 years.

On **hydrocarbons**, the Directive on the safety of offshore oil and gas operations is yet to be aligned, also regarding the transit of hydrocarbons. Türkiye allocated 75.7 billion Turkish Liras to the energy sector in 2024 under its latest investment programme, which meant a 70% increase compared to 2023.

On **coal**, Türkiye continued to provide incentives for domestic production of lignite coal and the share of coal imported from Russia doubled in 2023 compared to 2022. In 2023, 73% of Türkiye's coal imports originated in Russia. Coal remained to be the energy source with the highest volume of the country's electricity generation (117.6 TWh), which inevitably yielded record high CO₂ and related gas emissions. Türkiye has yet to set a specific date in the Turkish National Plan for a coal phase-out and decrease in the envisaged capacity for the coal-fired power generation in Türkiye for the next decade.

On **renewable energy**, in the reporting period, nearly all (99.5%) of the added electricity generation capacity in the country (2 845 MW) was in renewable installations. The share of renewable sources in installed power was 56% and in production, their share reached 42% in 2023. Out of 59.2 GW of electricity generated from renewable sources in Türkiye in 2023, 32 GW came from hydropower, 11.8 GW from wind, 11.3 GW from photovoltaics and the rest from geothermal and bioenergy. In 2023, a new Renewable Energy Resources Support Mechanism (YEKDEM) was adopted. The local content requirement practices in Türkiye continue raising concerns as they contradict WTO and the EU-Turkey Customs Union rules and undermine the competitiveness of the EU and other international companies on the Turkish energy market.

As regards **energy efficiency**, Türkiye's National Energy Efficiency Strategy and Roadmap 2024–2030 was adopted. A target of Turkish lira equivalent of approximately EUR 20 billion of energy efficiency investments by 2030 was announced, which would be achieved through the collaboration between the public and the private sectors. The new energy efficiency plan intends to boost energy supply security and to reduce the country's dependence on foreign energy resources.

On **nuclear energy, nuclear safety and radiation protection**, the first reactor of Türkiye's new nuclear power plant at Akkuyu on the Mediterranean Sea (a 99.2% investment by Russia's Rosatom) is expected to be operational by the end of 2024. The construction of the second, third and fourth reactors at the Akkuyu nuclear power plant continued.

Following its voluntary commitment to conduct EU methodology post-Fukushima stress tests on the Akkuyu power plant, Türkiye hosted in May 2024, the second visit of the peer review team in view of finalisation of the peer review report. Türkiye is not yet member of the European Community Urgent Radiological Information Exchange (ECURIE). Türkiye acceded to the Joint Convention on the Safety of Agent Fuel Management and on the Safety of Radioactive Waste Management but declared its refusal to accept its obligations vis-à-vis the Republic of Cyprus as a Contracting Party to the said Convention.

Chapter 21: Trans-European networks

The EU promotes trans-European networks (TENs) in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.

On **transport networks**, following Russia's war of aggression against Ukraine, the Trans-Caspian Transport Corridor between Europe and Asia that traverses Türkiye has significantly gained importance. Türkiye continued to progress on Halkali - Kapikule railway line in all of its stages. The project reached 78% physical progress under Cerkezkoy – Kapikule section. The progress under other two sections are lagging behind. The project preparation for missing rail links over the Yavuz Sultan Selim Bridge remains a critical concern. Developing high and reliable rail capacity on this crucial rail corridor is an essential element of the TEN-T. Rail capacity on the eastern side of the Halkali to Kars corridor is very limited and requires improvement of infrastructure.

On **electricity transmission networks**, the integration of increased amounts of intermittent renewable energy remains a major challenge in modernising the country's electricity network. A target to invest the Turkish Lira equivalent of approximately EUR 10 billion in the electricity grid by 2030 is part of the 2024–2030 energy efficiency action plan. Türkiye has observer membership of the European Network of Transmission System Operators for Electricity (ENTSO-E) until 2026. The total length of the electricity transmission lines in the country in 2023 amounted to 73 806 km, with 789 transformer centres and 15 interconnection lines with neighbouring countries, including with EU market through Bulgaria and Greece.

Chapter 27: Environment and climate change

The EU promotes strong climate action, sustainable development and protection of the environment. EU rules contain provisions addressing climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.

Environment

Türkiye made no progress in the area of **horizontal legislation**. Türkiye is still not party to the Espoo Convention and non-alignment with Environmental Impact Assessment and Strategic Environmental Assessment Directives persists. Türkiye is not yet party to the Aarhus Convention and difficulties accessing public information, justice in environmental matters, and public participation in decision-making persist. The Environmental Liability Directive and the Environmental Crime Directive are yet to be harmonised.

Türkiye made no progress on **air quality** and has yet to adopt national legislation in line with EU Directives on Ambient Air Quality and National Emission Ceilings. Reports on severe air pollution in some cities continued. Measurement results for PM 2.5 are not yet publicly available and the threshold values for most parameters remain higher than the EU limit values.

Türkiye made no progress on **waste management**. While Türkiye's recycling rate increased to 30% in the reporting period, the Deposit Management System is not yet in place and the level of implementation of waste management plans at local and regional level is insufficient. While Türkiye has not adopted the legislation on ship recycling to mirror the requirements of the EU Ship Recycling

Regulation, two Turkish shipyards were added the EU list of ship recycling facilities in 2024, making a total of 11 shipyards in the list as of 2024. Türkiye has not yet adopted a national circular economy action plan, and the management of construction debris remains a major environmental problem.

Türkiye made some progress on **water quality**. Türkiye made some progress on preparations of all flood risk management plans, drought management plans and groundwater management plans. Türkiye has adopted 12 out of 25 basins plans in line with the Water Framework Directive. No progress was made on aligning with the revised EU Directive on drinking water and the coverage of wastewater treatment plants remains at 89% of the municipal population. While aligning with the EU marine strategy remains pending, Türkiye updated its national action plan on protection of national seas from land-based sources covering the 2023-2028 period.

Türkiye made no progress on **nature protection**. Türkiye has not yet set national targets to implement the Kunming-Montreal Global Biodiversity Framework, and has not yet adopted the framework legislation, the national biodiversity strategy or an action plan. Türkiye did not sign the Agreement under the United Nations Convention on the Law on the Sea on the conservation and sustainable use of marine biological diversity of areas beyond national jurisdiction (BBNJ Agreement). Planning and construction in wetlands, forests and natural sites are still not in line with the EU *acquis*. The revised mining regulation allowing mining in agricultural areas, protected areas, national parks and coastal areas, remains a concern among NGOs and the general public.

Türkiye made no progress on aligning the EU *acquis* on **industrial pollution and risk management**.

On **chemicals**, Türkiye postponed the transitional period of enforcement of the national legislation on the registration, evaluation authorisation and restriction of chemicals, and introduced a stratified approach by tonnage to be fully in force by end of 2030. Alignment with the EU legislation on registration, evaluation, authorisation and restriction of chemicals (REACH) is yet to be achieved.

No progress was made **on noise**, where the level of alignment and implementation remains moderate.

On **civil protection**, Türkiye as a Participating State of the Union Civil Protection Mechanism (UCPM) participates in the relevant activities under the UCPM. Türkiye also contributes to the EU Civil protection pool with its capacities for response to earthquakes and medical emergencies, thus contributing to the collective capacity of the UCPM. The establishment of a Secure Trans-European Services for Telematics between Administration, not yet in place, remains a precondition for connecting to the Common Emergency Communication and Information System.

Climate change

Türkiye made limited progress over the reporting period by renewing in March 2024 its national Climate Change Adaptation Strategy and Action Plan as well as its Mitigation Strategy and Action Plan 2024-2030. However, Türkiye is yet to adopt a climate law, the provisions for the establishment of a domestic emissions trading system, and a long-term low-emission development strategy under the Paris Agreement to substantiate its objective of reaching climate-neutrality by 2053. Its overall level of climate change mitigation ambition remains critically insufficient; its Nationally Determined Contribution (NDC) under the Paris Agreement still falls short of a concrete commitment to reduce emissions in line with science, in particular over the short- and medium-term. The preparation and submission of a new NDC well ahead of UNFCCC COP30 with a drastically enhanced level of ambition, especially an absolute emission reduction target, is crucial. Türkiye still does not fully implement the Fuel Quality Directive, nor does it align with EU emissions standards for new light and heavy-duty vehicles. Türkiye is not aligned with the new regulations on ozone-depleting substances and on fluorinated greenhouse gases and it needs to draw up an alignment plan for the Carbon Capture and Storage Directive. Consideration ought to be given to aligning with major upgrades of the EU climate policy as a result of the Fit for 55 package.

This cluster covers: agriculture and rural development (Chapter 11), food safety, veterinary and phytosanitary policy (Chapter 12), fisheries and aquaculture (Chapter 13), regional policy and coordination of structural instruments (Chapter 22), and financial and budgetary provisions (Chapter 33).

Chapter 11: Agriculture and rural development

The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of national resources; maintains rural areas and landscapes across the EU; and keeps the rural economy alive by promoting jobs in farming, agri-food industries and associated sectors. This requires strong management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.

On **horizontal issues**, Türkiye took no significant steps to advance on sustainable agriculture under the Turkish Green Deal action plan. Türkiye continued to move away from the principles governing support under the EU's common agricultural policy. There was no progress as regards the establishment of the integrated administration and control system (IACS). Türkiye made progress with the draft strategy for agricultural statistics. Its adoption and subsequent implementation are key. There was no progress on the **common market organisation (CMO)**. The effective opening and filling of the preferential quotas for beef and live bovine animals under the trade agreement with the EU remains untransparent and no import licenses was issued.

On **rural development**, the sectoral and the financing agreements for the EU Instrument for Pre-accession Assistance for Rural Development (IPARD III) were adopted and three calls for applications were launched. The geographical coverage of the programme was extended from 42 to all 81 provinces of the country. Implementation of IPARD II continued steadily with a very significant absorption of funds.

On **quality policy**, alignment with the EU *acquis* needs to continue. On **organic farming**, there was no progress in aligning with the EU *acquis*.

Chapter 12: Food safety, veterinary and phytosanitary policy

The EU food acquis including hygiene rules for foodstuff production ensure a high level of food and feed safety and a high level of protection of consumers' interests. Animal health and welfare and the safety of food of animal origin are safeguarded together with quality of seeds, plant protection material, protection against harmful organisms and animal nutrition.

On **general food safety**, the number of notifications to the rapid alert system for food and feed on pesticide residues in fruits and vegetables imported from Türkiye into the EU remains high.

Türkiye continued its work to fully align its **veterinary policy** with the EU *acquis*. Implementation of bovines, small ruminants, pets and equine animals continued, yet no progress reported on identification and registration of other species, including swine animals, and on herd tagging or small ruminants. Türkiye made no progress in animal welfare. The provisions on slaughterhouses, long journeys and on the transition to enriched cage systems are not yet implemented, resulting on lack of enforcement.

On the **placing of food, feed and animal by-products on the market**, there are still problems on raw milk quality as there has been no progress on the preparation of a strategy on raw milk and on the entry into force of general rules to be implemented by raw milk producers. Raw milk specifications and rules on the use of milk that does not meet the somatic cell criteria have not yet been adopted. Türkiye's provisions on funding inspections are not yet aligned with the EU system.

Türkiye continued its work to fully align of its **food safety rules** and its **specific rules for feed**. **Türkiye made no progress on phytosanitary policy** and has yet to align its legislation on novel food and on **genetically modified organisms**.

Chapter 13: Fisheries and aquaculture

The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules on markets and aquaculture and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.

Türkiye made some progress on **resources and fleet management**. Regulation on planning of agricultural production including fisheries and aquaculture was published. The Communiqués regulating commercial and recreational fisheries, which cover the September 2024 to August 2028 period, were published. Türkiye implemented projects for the exploitation of invasive non-indigenous species, such as pufferfish, and commercialisation of lionfish, gathering significant knowledge. The country is hosting the General Fisheries Commission for the Mediterranean (GFCM)'s NIS observatory for the Eastern Mediterranean. The amended Fisheries Law also provided for some **structural action**, such as a stronger conservation regime. Structural measures are in place to support traditional coastal fisheries.

On **inspections and control**, Türkiye continued to make progress on legislative alignment and on implementing the recommendations for control measures by the International Commission for the Conservation of Atlantic Tunas (ICCAT) and the GFCM. In line with ICCAT rules Türkiye implemented the annual circular in April 2024 that regulates Bluefin tuna (BFT) fisheries. On **market policy**, IT tools were set up to support the development and control of professional organisations in line with EU market policy. Türkiye provides **State aid** for aquaculture and to improve data quality on marine and inland artisanal fishing vessels for sustainable management of fisheries.

On **international agreements**, Türkiye continued cooperating with the EU in regional and international platforms. As the EU implements the provisions of the United Nations Convention on the Law of the Sea, including in the common fisheries policy, Türkiye's ratification of the Convention would improve cooperation with the EU on fisheries and maritime policy. Türkiye participated at regional level with an active and supportive stance in the works of the GFCM and the Common Maritime Agenda.

Chapter 22: Regional policy and the coordination of structural instruments

Regional policy is the EU's main investment policy for sustainable and inclusive economic growth. Member States bear responsibility for its implementation, requiring adequate administrative capacity and sound financial management of project design and execution.

No progress was made on the **legislative framework**. Mechanisms for evidence-based policymaking, policy and programme evaluations, and impact assessment are not yet in place.

Formulation of a general framework and appropriate statistical tools for monitoring and evaluation of the National Strategy for Regional Development (NSRD) and Regional Development Agencies' (RDAs) performance needs to be improved. The implementation of the NSRD has limited impact on national policymaking, and regional level considerations continue not to be fully reflected at central level. The new NSRD covering the period of 2024-2028 needs to reflect the principle of aligning the national, regional and local levels. The implementation tools, such as the Growth Poles Support Programme or Social Development Support Programme, as well as the RDAs project support are in place, but functionality of these tools needs to be boosted.

The Twelfth Development Plan (2024-2028) was published in November 2023. The constitutional architecture keeps power centralised at the level of the Presidency and does not ensure separation of powers. The government's pressure on mayors from opposition parties continued to weaken local democracy. The financial autonomy of the local authorities remains limited by state overregulation and interventionism in the planning decisions of local authorities, lack of consultation, limited capacity of local authorities to determine the rate of local taxes, and the fact that more than a half of local revenues still come from the State budget.

On the **institutional framework**, there was no progress in the reporting period. The presidential

system has introduced strictly centralised lines of accountability to the Presidency. Overall, there is a lack of functional division of roles and responsibilities between different governmental institutions, leading to the over-centralisation and inefficiency of public administration.

On the functioning of the Indirect Management by Beneficiary Country (IMBC) authorities, the Financial Cooperation Committee, gathering all IMBC authorities, met regularly. Some weaknesses have been observed in the supervision and intervention capacity of the National Authorising Officer (NAO) in contracting and implementation. The role of the National IPA Coordinator office (NIPAC) needs to be further strengthened to ensure effective coordination amongst ministries, prioritisation of interventions under IPA III and monitoring of results.

No progress was made in the **administrative capacities of the IPA structures**. The implementation of the action plan established by the NIPAC and NAO continued to deliver results. However, there is no clear staff retention policy and strategy. The civil service legal framework fails to guarantee neutrality or facilitate merit-based recruitment and promotion procedures. There was some progress on **programming**, in line with the coordination framework set up under IPA II. A Presidential Circular published in June 2023 aims to reorganise the structure of the administration of EU funds in Türkiye in line with the requirements of the 2021-2027 financial assistance. Türkiye continues to gain experience in regional policy in programming and implementing Interreg cooperation programmes.

On **monitoring and evaluation**, NIPAC has continued to perform monitoring activities at programme and project level. Along with the evaluation of annual programmes, relevant Operating Structures planned the evaluation of Multi-Annual Action Programmes under IPA II, despite delays in 2023. The main weaknesses are observed in the systems operated by the NIPAC and the NAO. To address this issue, the re-customisation of the existing Management Information Systems (MIS) of NIPAC is ongoing. MIS functions should be significantly improved to make it easier to track project and programme progress through output and result indicators and facilitate the application of result-based management.

On **financial management, control and audit**, the Operating Structures need to improve the use of performance indicators to track implementation progress and apply sound financial management. Türkiye has developed a sound capacity in managing projects albeit there is a need for further improvement.

The number of reported and investigated irregularities considerably dropped. The country has an advanced legal framework for the functioning of internal control at all levels of government and a countrywide management information system for risk management. The audit work is carried out in accordance with international audit standards as indicated in the Financial Framework Partnership Agreement and Framework Agreements (*see Chapter 32 – Financial control*).

Chapter 33: Financial and budgetary provisions

This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; (iii) the non-recycled plastic resource and (iv) a resource based on value added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.

Türkiye has already established the fundamental principles and institutions in the underlying policy areas related to the implementation of the own resources system (*see Chapters 16 - Taxation, 18 – Statistics, 29 – Customs Union and 32 – Financial control*). However, in due course, it will need to set up solid coordination structures, strengthen management capacity and adopt implementing rules for the effective administration of the own resources system. The Customs Union with the EU on processed agricultural goods and industrial goods (with the exception of coal and steel products) continues to ensure considerable alignment of Türkiye's customs legislation with the *acquis* on customs. Türkiye has yet to adopt a draft customs law aligned with the Union Customs Code. This will facilitate preparation in **traditional own resources** (mainly customs duties).

Systems to accurately calculate the VAT base and the weighted average rate for the **value added tax-**

based resource are not in place yet. VAT and customs duties fraud remains an issue as does the size of the informal economy. Legislation on structure, exemptions, special schemes and the scope of reduced rates is not fully aligned with the EU *acquis*.

On the **gross national income-based resource**, Türkiye has made efforts to fully align its national accounts and GNI calculations with the European System of Accounts (ESA 2010). It also needs to improve the estimates' exhaustiveness to ensure that they take account of the non-observed economy. The GNI inventory is not fully aligned with the Eurostat's Inventory Guide and the transmission of data does not always occur in a timely manner.

In terms of the administrative infrastructure, Türkiye needs to establish a fully operational coordination structure, with sufficient administrative capacity and the implementing rules needed to ensure that it can correctly calculate, forecast, account for, collect, pay, monitor and report own resources to the EU in line with the EU *acquis*.

CLUSTER 6: EXTERNAL RELATIONS

There are two chapters in this cluster: external relations (Chapter 30), and foreign, security and defence policy (Chapter 31).

Chapter 30: External relations

The EU has a common trade and commercial policy towards third countries, based on multilateral and bilateral agreements, and autonomous measures. There are also EU rules on humanitarian aid and development policy.

On the **common commercial policy** there was some progress during the reporting period. Türkiye made no progress in eliminating the additional duties and in the alignment with the EU's Generalised Scheme of Preferences in terms of beneficiary countries and products. However, Türkiye resolved the significant issue of the localisation and prioritisation measures for pharmaceutical products. Türkiye initiated four new safeguard investigations, completed two of them with a definitive measure and extended two safeguard measures. Türkiye initiated two anti-circumvention investigations against exports from the EU.

There is a need for closer coordination between the EU and Türkiye within the World Trade Organization, in particular on the Doha Development Agenda, in the OECD and in the G20. At the WTO, after actively participating in the negotiations, Türkiye has so far declined to add its support to the negotiated text on an Agreement on Electronic Commerce or the related statement by the co-conveners of the Joint Statement Initiative on Electronic Commerce (WTO INF/ECOM/87).

Technical update of the bridging legislation of the EU-Turkey Customs Union (Decision 1/2006) is needed to align it with the new provisions of the revised Pan-Euro-Mediterranean Convention. On export controls of military equipment and technology, and **dual-use goods**, Türkiye did not align with the EU position on certain multilateral export control arrangements. Türkiye's non-alignment with EU restrictive measures against Russia remains a source of concern, while it has taken some practical measures to avoid the circumvention of the EU sanctions against Russia in relation to dual-use goods.

On **bilateral trade and investment agreements with third countries**, Türkiye has 89 bilateral investment treaties in force, 24 of which are with EU Member States, and 23 Free Trade Agreements. Türkiye adopted its foreign direct investment strategy for the period between 2024 and 2028. Türkiye continued to implement its free trade agreements with Malaysia, Venezuela and the United Arab Emirates, diverging from the common commercial policy under the EU-Turkey Customs Union since the EU has no such agreements with those countries. In addition, Türkiye implemented preferential trade agreements with Iran, Uzbekistan, Pakistan and Azerbaijan.

As for **development policy** and **humanitarian aid**, Türkiye granted official development assistance in 2023 of EUR 6.19 billion, which is equivalent to 0,6% of its gross national income. It was below

the 0.7% target enshrined in Sustainable Development Goal 17. The assistance was largely directed towards humanitarian support for projects related to Syria but carried out in Türkiye.

Chapter 31: Foreign, security and defence policy

Member States must be able to conduct political dialogue under EU foreign, security and defence policy, align with EU statements, take part in EU actions, and apply agreed sanctions and restrictive measures.

The **political dialogue** between the EU and Türkiye on foreign and security policy issues continued through contacts at senior official level. The EU-Türkiye consultations on the Middle East and North Africa, Eastern Europe, Central Asia and the Western Balkans took place in the reporting period, and both the EU Special Representative for the Gulf and for Central Asia visited Ankara. Moreover, there were regular contacts between the High Representative/Vice-President of the European Commission and the Minister of Foreign Affairs of Türkiye, who participated in the lunch of the informal meeting of the EU Ministers of Foreign Affairs in Brussels in August 2024. The President of the European Commission and the President of the European Council met with the Turkish President in the margins of the NATO summits. The President of the European Council also met the Turkish President on the margins of the G20 in September 2023. Türkiye attended the Brussels VIII Syria Conference, the Schuman Security and Defence Forum, the Global Gateway Investors Forum for EU-Central Asia Transport Connectivity and the Global Gateway summit.

The institutional framework enabling Türkiye's participation in the **EU's common foreign and security policy (CFSP)** and **common security and defence policy (CSDP)** remained in place, but regrettably Türkiye maintained a very low alignment rate of 5% with relevant High Representative statements on behalf of the EU and relevant Council decisions as of 30 September 2024, compared to 9% in 2023.

Türkiye maintained its position of not supporting sanctions adopted outside the UN framework. It refrained from aligning with the EU's **restrictive measures** against Russia in relation to the Russia's aggression on Ukraine, while emphasising that it did not want to become a platform for the circumvention of EU sanctions. In November 2023, Türkiye took some measures to prevent the re-export of sensitive EU-origin sensitive items to Russia that could be used for military purposes. Türkiye should consider extending this mechanism to cover sensitive items originating from other Sanctions Coalitions partners. The EU and Türkiye continued to work together to find mutually agreeable solutions regarding sanctions circumvention. In this regard, Türkiye should step up its efforts to find ways to prevent the "false transit" of Common high priority items, which are declared as exports to Central Asia or the Caucasus but ultimately reach Russia. In the 14th package of sanctions adopted in June 2024, nine entities based in Türkiye were subject to specific export restrictions. Türkiye should also cooperate more actively with EU investigative authorities on cases of falsification of origin of sanctioned goods originating from Russia that are entering the Single Market illegally.

Türkiye continued to operate flights to/from Russia. Ten companies registered in Türkiye have been listed under the EU sanctions against Russia.

Türkiye actively **engaged with international organisations**, while continuing to systematically obstruct the accession of EU Member States, notably the Republic of Cyprus, in a number of organisations and arrangements. The Turkish President repeatedly stated that Türkiye's strategic direction remains to join the EU. Türkiye applied for membership in BRICS+ and expressed interest in joining the Shanghai Cooperation Organisation (SCO), attended the BRICS+ summit in Moscow in June 2024, and the SCO summit in Astana in July 2024. Türkiye is not a State Party to major UN treaties, including the Rome Statute of **the International Criminal Court** and the UN Convention on the Law of the Sea (UNCLOS).

As regards **disarmament** and **non-proliferation**, Türkiye is a party to most international treaties and conventions and participates in export control regimes and other politically binding arrangements, complying with its legally binding obligations and political commitments. However, it continued to

prevent the participation of the Republic of Cyprus in the Conference on Disarmament, and in other Arrangements and Committees. It is still to ratify the Arms Trade Treaty, to which it is signatory.

In terms of **security measures**, Türkiye has no Security of Information Agreement with the EU on procedures for the exchanges and protection of EU classified information (EUCI). Since 2006, a framework agreement allows Türkiye's participation, including reception of EUCI, in the context of CSDP missions.

Under the **CSDP**, Türkiye continued to actively participate and substantially contribute to the **EU crisis management missions and operations**. Türkiye continued being the biggest non-EU troops' contributor to the EU Force Operation Althea in Bosnia and Herzegovina. Türkiye remained an important contributor to the NATO KFOR peacekeeping force in Kosovo, of which Türkiye took over the command in October 2023. Türkiye continued to seek involvement in CSDP and EU defence initiatives, while at the same time continuing to exclude a Member State from cooperation with NATO. Türkiye's narrow interpretation of the EU-NATO cooperation framework continued to pose an obstacle to enhancing a genuine organisation-to-organisation relation. After protracted negotiations, the Turkish Parliament ratified Sweden's NATO accession in January 2024.

On **counterterrorism**, Türkiye is an active member of the Global Coalition against Daesh, and the EU is supporting Türkiye's efforts to improve the exchange of information and cross-border investigations, in particular on foreign terrorist fighters and individuals suspected of terrorism. At the same time, the broad definition of terrorism in domestic legislation remains fundamentally at odds with European standards and contravenes the European Convention of Human Rights.

On **hybrid threats**, foreign information manipulation and interference (FIMI) activities, including the circulation of false information and propaganda on social and traditional media, were observed in Türkiye. Türkiye did not restrict the operations of Russian state-controlled media outlets in the context of Russia's war of aggression against Ukraine.

Türkiye continued to develop **intense relations and strategic partnerships with countries worldwide**, while also enhancing its **regional normalisation efforts**.

Türkiye maintained a position it described as a 'balanced' one as regards **Russia's war of aggression against Ukraine**, nurturing economic and trade relations with both Russian and Ukrainian counterparts, engaging politically and diplomatically, and maintaining regular contacts at presidential and high officials' level. After the termination of the Black Sea Grain Initiative by Russia in July 2023, Türkiye made repeated efforts to revive it, so far without success. Together with Romania and Bulgaria, Türkiye stepped up demining efforts in the Black Sea. While remaining a partner of strategic importance for Ukraine in the defence sector, Türkiye continued to develop its trade and economic relations with Russia. In particular, its energy dependency on Russia increased, including in non-fossil fuels, since Russia built and is operating Türkiye's first nuclear power plant. In June 2024, Türkiye participated in the Ukraine Peace Summit in Switzerland and endorsed the Joint Communiqué. Türkiye remained vocal about bringing Russia to the negotiating table with Ukraine and it seeks to mediate between Russia and Ukraine.

Türkiye remained both an important and a challenging partner for the **United States**. Türkiye's ratification of Sweden's NATO accession protocol and the US approval of the F-16 sale to Türkiye in February 2024 brought a positive momentum in bilateral relations. A number of high-level meetings took place, including the US-Türkiye Strategic Mechanism, also reinstating high-level consultations on counterterrorism. Türkiye and the US continued engaging on regional issues, including Ukraine, the Middle East Peace Process, Afghanistan, and humanitarian access to Syria.

Türkiye's rapprochement with the **Gulf region** continued both at bilateral and regional level, focused on trade and economic cooperation, investments and defence. Türkiye further strengthened relations with Saudi Arabia (KSA), the United Arab Emirates (UAE) and Qatar, as well as with the Gulf Cooperation Council. Turkish-Egyptian normalisation efforts culminated in the official visit of the Turkish President to Cairo in February 2024, the first in over a decade. This revived cooperation mechanisms and targeted an increase of bilateral trade, driven by the export of Egyptian LNG to Türkiye, biggest country of destination. In September 2024, the Egyptian and Turkish Presidents held

In Ankara the first meeting of the High-Level Strategic Cooperation Council. The two countries signed 17 MoUs in areas such as industry, defence, health, environment and energy.

Türkiye relations with **Israel** markedly deteriorated following the Hamas terrorist attack against Israel on 7 October 2023, leading up to Türkiye's embargo on all trade with Israel in May 2024. Türkiye did not condemn the 7 October terrorist attack, and took a stance in support of Hamas, listed as a terrorist organisation by the EU, which is in complete disagreement with the EU's position. Turkish President met with the Hamas political leader Haniyeh in Istanbul in April 2024. Türkiye supported all UN resolutions calling for an immediate ceasefire and joined the genocide case against Israel before the International Court of Justice. Türkiye remains an influential player in the region, providing considerable humanitarian assistance to Palestinians, and is also a member of the Ad Hoc Liaison Committee. On the **Middle East Peace Process**, Türkiye aligns with the EU's position on the need to relaunch the political process with the aim of implementing the two-state solution.

Türkiye remained a critically important player in the Syrian crisis and shares with the EU the same objective of achieving a stable and prosperous **Syria** through the implementation of UNSCR 2254. However, Türkiye is at odds with the EU policy on Syria, due to the rapprochement with the Syrian regime and the Turkish military presence in parts of northern Syria, extended for 2 years in October 2023, and to the significant military cross-border operations along its borders with Syria and Iraq. Türkiye's relations with **Iraq** significantly improved with the Turkish President's visit to both Baghdad and Erbil in April 2024, the first in 12 years. It advanced discussions on issues ranging from trade and water to energy and counterterrorism, especially the fight against the PKK and Iraq's decision to list it as a security threat to both countries. During the visit, a memorandum of understanding (MoU) was signed between Türkiye, Iraq, Qatar and the UAE on the 'Development Road' project, to link the Iraqi Al-Faw port in the Gulf to Europe via Türkiye. Türkiye and **Iran** have a multi-faceted relation and maintained a high-level dialogue. In January 2024, on the occasion of the 8th Türkiye-Iran High-Level Cooperation Council, the then Iranian President travelled to Ankara. Ten cooperation agreements were signed, and the aim to steadily increase bilateral trade was announced.

Türkiye remained a pivotal and active player in **Libya**, supporting the efforts of the UN Special Representative of the Secretary-General to hold national elections in Libya in 2023. Ankara continued to advocate for stability. The MoU on the demarcation of maritime zones, signed in 2019 with Tripoli, followed by a 2022 MoU for research and drilling in the delineated areas, is considered by the EU an infringement upon the sovereign rights of third States, does not comply with the Law of the Sea and cannot produce any legal consequences for third States. Türkiye maintained high-level contacts with the representatives of the Government of National Unity, but also opened channels of dialogue with East-based actors and participated in the reconstruction efforts following the Derna floods in September 2023. At the end of 2023, Türkiye extended the military deployment in Libya till January 2026. Türkiye's lack of cooperation continued to hamper EU's efforts to implement the UN embargo on Libya effectively. In September 2024, Türkiye, as a flag state, withheld its consent to Operation IRINI's request to inspect a vessel, the 12th such incident since Operation IRINI started.

The Türkiye-**Armenia** normalisation process continued with contacts between the two Special Envoys, although Türkiye links progress with developments in the Armenia-Azerbaijan peace negotiations. The Foreign Ministers met twice, and leaders of both countries have held several phone calls. The Türkiye-Armenia border remained closed. Türkiye continued maintaining very close relations with **Azerbaijan** holding regular high-level visits and consultations, and joint military exercises. Türkiye unequivocally supported the military actions undertaken by Azerbaijan, all its actions on Nagorno-Karabakh, and its stance towards Armenia in general. Türkiye is supporting prospects for connectivity as means to ensure peace and prosperity of the region. Türkiye's small military contingent to monitor the ceasefire in the Nagorno-Karabakh conflict zone was maintained until April 2024, when the Russian-Turkish Joint Monitoring Centre in Aghdam closed. Türkiye, Azerbaijan and Georgia cooperate through a trilateral platform, with the latest edition held in March 2024 at the level of Foreign Ministers.

Türkiye has a growing presence and geopolitical ambition in **Central Asia**, attaching great importance to connectivity and enhancing relations with the countries in the region. In particular,

Türkiye further developed cooperation in the defence industry with Kazakhstan and focused on energy cooperation with Turkmenistan. Türkiye continued to push for stronger political role for the Organization of Turkic States (OTS), while also promoting efforts to legitimise the so-called, internationally not recognised ‘Turkish Republic of Northern Cyprus’ through participation, as observer in the OTS, which undermines efforts to create an environment conducive to resume settlement talks under the auspices of the United Nations.

Türkiye’s relations with **Pakistan** remained strong. Türkiye maintained a pragmatic approach on **Afghanistan**, holding regular talks with the Taliban de facto authorities, though Ankara has not recognised the Taliban regime, but is hosting Afghan political opponents without facilitating the formation of a joint opposition or armed resistance, and increasing trade. Türkiye, which has an embassy in Afghanistan, continued sending humanitarian aid and kept operating the Maarif schools.

Türkiye systematically focused on development opportunities in **Asia** through its Asia Anew Initiative, aspiring at becoming the axis connecting Asia to Europe, and sought opportunities to strengthen its cooperation with **ASEAN**. Türkiye is part of the multilateral Middle Corridor Initiative. Türkiye continued to strengthen trade ties with **China**, its second biggest trading partner after the EU. The Presidents of two countries met in July 2024 on the sidelines of the SCO Summit in Kazakhstan, and the Turkish Foreign Minister visited China in June 2024, including the Xinjiang Uyghur autonomous region. Türkiye and **Indonesia** agreed to strengthen bilateral relations through a High-Level Strategic Cooperation Council. The Turkish President and the Prime Minister of **India** discussed ways to deepen the bilateral relation, economic and trade cooperation.

In **Africa**, Türkiye pursued stepping up its presence and active involvement, further strengthening its ties in sub-Saharan Africa, notably in the Horn and West Africa. In particular in **Somalia**, which hosts the largest Turkish military base overseas, Türkiye emerged both as a mediator, supporting the Somalia peace process and facilitating the mediation talks with Ethiopia, and as a partner. Recent agreements include Türkiye’s support for local maritime capacities and joint ventures for onshore and offshore natural resources exploitation. Türkiye maintained a balanced position between the warring parties in the **Sudanese** conflict, seeking for a mediation role.

Türkiye maintained its diplomatic engagement with countries of **Latin America**, aiming to expand and strengthen the political and trade relations. The Turkish-**Venezuelan** relations remained strong, marked by frequent bilateral visits and a free trade agreement since 2018.

ANNEX I – RELATIONS BETWEEN THE EU AND TÜRKİYE

In **April 2024**, the **European Council** reiterated the EU's strategic interest in a stable and secure environment in the Eastern Mediterranean and in the development of a cooperative and mutually beneficial relationship with Türkiye. EU leaders tasked the Coreper, respecting the competencies of the relevant institutions, to advance work on the recommendations of the **November 2023 Joint Communication** by the High Representative and the Commission on the state of play of EU-Türkiye political, economic and trade relations. The recommendations cover a broad range of issues of common interest. Work began immediately after the European Council conclusions of April 2024 to re-engage constructively with Türkiye in a phased, proportionate and reversible manner, subject to the established conditionalities. The European Council stressed that Türkiye's own constructive engagement will be instrumental in advancing the various areas of cooperation identified in the Joint Communication.

Türkiye continues to refuse to recognise the Republic of Cyprus and advocates for a two-state solution in Cyprus, contrary to relevant UN Security Council (UNSC) resolutions. In April 2024, the European Council reconfirmed its commitment to a **comprehensive settlement of the Cyprus problem** within the UN framework, in accordance with the relevant UNSC resolutions and in line with the principles on which the EU is founded and the EU *acquis*. It welcomed the appointment of the UN Secretary-General's Personal Envoy on Cyprus. The European Council reiterated that the EU is ready to play an active role in supporting all stages of the UN-led process, with all appropriate means at its disposal.

The Council conclusions of July 2019, adopted as a response to Türkiye's unauthorised drilling activities in the Eastern Mediterranean, remain in place. In November 2023, following a review of the framework for **restrictive measures** in response to the unauthorised drilling activities, the European Council extended the regime for a further year, until 30 November 2024. Two individuals are currently subject to sanctions. Türkiye has not engaged in any unauthorised drilling activities in the Eastern Mediterranean since the beginning of 2021.

In December 2023, the Council noted with regret that Türkiye continues to move further away from the EU and that **accession negotiations** with the country have therefore come to a standstill and no further chapters can be considered for opening or closing. As part of accession negotiations, 16 chapters had been opened and one of these had been provisionally closed.

Reforms and developments in Türkiye continued to be monitored by the bodies set up under the **Association Agreement**, with subcommittees in place throughout the reporting period. The meetings of the Association Council remain suspended in line with the 2019 Council conclusions.

The Commission continued intensified engagement with Türkiye to discuss the **functioning of the Customs Union**, including a High-Level Dialogue on Trade in July 2024. Türkiye made progress on trade barriers and took measures to prevent the circumvention of EU restrictive measures against Russia imposed in reaction to Russia's invasion of Ukraine. The Commission recommended opening negotiations with Türkiye on the modernisation of the Customs Union in December 2016. In the Joint Communication of November 2023, the High Representative and the Commission recommended to resume discussions on the draft negotiating framework for the modernisation of the Customs Union. This was on the understanding that Türkiye rapidly addresses the circumvention of EU restrictive measures against Russia via its territory and continues to resolve trade irritants in an efficient way.

Türkiye became the EU's fifth largest **trading partner** in 2023, while the EU continued to be Türkiye's largest partner. Türkiye's exports to the EU amounted to EUR 95.5 billion in 2023, while imports from the EU amounted to EUR 111 billion.

In the area of **visa, migration and asylum**, the implementation of the March 2016 EU-Turkey Statement has continued to deliver concrete results in reducing irregular and dangerous crossings on the Eastern Mediterranean route to Europe and in saving lives at sea. Türkiye continued significant efforts to provide support to 3.6 million refugees, of which 3.1 million Syrians (as of September 2024), while it continued working to prevent irregular migration. In the context of the EU-Türkiye visa liberalisation dialogue, no outstanding visa liberalisation benchmarks were fulfilled. An

international agreement on the exchange of personal data between Europol and the Turkish authorities responsible for fighting serious crime and terrorism is yet to be concluded. High-level engagement continued in the area of migration, with a High- Level Dialogue held in November 2023.

Türkiye and the EU continued to cooperate effectively in **supporting refugees and host communities** in Türkiye. Almost EUR 10 billion has been allocated for that purpose since 2011, including EUR 6 billion under the Facility for Refugees in Turkey. Support continued to focus on humanitarian assistance, education, health, municipal infrastructure, and socio-economic development and migration management. Over 1.5 million refugees, including the most vulnerable, continue to receive basic needs support, and close to 870 000 refugee children are enrolled in schools. Other achievements include the construction of two major hospitals, 170 new schools (out of a target of 348) and delivering over 33.4 million primary healthcare consultations. For 2024, the Commission pledged EUR 1 billion to support refugees, host communities and migration management in Türkiye.

On bilateral financial assistance, projects under the **Instrument for Pre-accession Assistance** (IPA) for Türkiye continued to be implemented, in compliance with the political guidance of the EU budgetary authority. Financial assistance under IPA III focuses on priorities linked to the fundamental pillars of the enlargement strategy and sectors of common strategic interest, mainly related to the green and digital transition, connectivity as well as to building more resilient and more sustainable economies and societies.

Implementation of the **EU pledge of EUR 1 billion** for the people in Türkiye continued following the February 2023 earthquakes, and an International Donors' Conference for the people in Türkiye and Syria on 20 March 2023.

Türkiye continues to participate in a number of **EU programmes**. Association agreements are in place for its participation in Erasmus+, Horizon Europe, the European Solidarity Corps programme, the Customs programme, the Single Market Programme (SME component) and the Digital Europe Programme. Türkiye participates in the European Environmental Agency, the European Union Drugs Agency and the Union Civil Protection Mechanism. The Turkey Investment Platform (TIP) under the European Fund for Sustainable Development Plus (EFSD+) enables stronger EU support to investments through guarantee programmes in the three overarching policy priorities, namely the Green Deal, global gateways as well as jobs and growth. It is expected to mobilise close to EUR 2.4 billion of investments in Türkiye on the back of up to EUR 400 million in EU budget guarantees. To strengthen capacities in modelling the macro-economic effects of green policies and investments and to support municipalities with their long-term inclusion strategies, Türkiye is participating as an observer in two pilot projects under the Technical Support Instrument.

ANNEX II – STATISTICAL DATA

STATISTICAL DATA (as of 5/09/2024)

Türkiye

Basic data	Note	2011	2018	2019	2020	2021	2022
Population (thousand)		73 723 i	80 811 i	82 004 bi	83 155 i	83 614 i	84 680 i
Total area of the country (km²)	1)	785 347 w	779 972 w	779 972 w	779 972 w	779 972 w	779 972 w

National accounts	Note	2011	2018	2019	2020	2021	2022
Gross domestic product (GDP) (million national currency)		1 404 928	3 761 166	4 317 810	5 048 568	7 256 142	15 011 776
Gross domestic product (GDP) (million euro)		600 961	658 963	679 136	626 785	690 246	862 310
GDP (euro per capita)		8 100	8 090	8 220	7 520	8 200	10 150
GDP per capita (in purchasing power standards (PPS))		14 596	19 188	18 507	18 320	19 950	23 802
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		56.8	63.2	59.0	60.7	60.8	66.8
Real GDP growth rate: change on previous year of GDP volume (%)		11.2	3.0	0.8	1.9	11.4	5.5
Employment growth (national accounts data), relative to the previous year (%)		:	:	:	:	:	:
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)		:	:	:	:	:	:
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:	:
**3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)		:	:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		:	:	:	:	:	:
Gross value added by main sectors							
Agriculture, forestry and fisheries (%)		9.3	6.5	7.1	7.5	6.2	7.2
Industry (%)		22.4	24.9	24.4	25.6	29.2	29.5
Construction (%)		8.1	7.9	6.0	5.9	5.7	5.5
Services (%)		60.3 i	60.7 i	62.7 i	60.9 i	59.0 i	57.7 i
Final consumption expenditure, as a share of GDP (%)		76.3	70.7	72.2	71.8	68.2	69.0
Gross fixed capital formation, as a share of GDP (%)		27.7	29.8	26.0	27.5	28.2	29.2
Exports of goods and services, relative to GDP (%)		23.0	31.2	33.1	29.1	35.7	38.6
Imports of goods and services, relative to GDP (%)		30.3	31.4	30.1	32.2	35.3	42.6
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)		:	:	:	:	:	:

Business	Note	2011	2018	2019	2020	2021	2022
Industrial production volume index (2015 = 100)		80.1 w	114.2 w	113.6 w	115.4 w	135.6 w	143.3 w
Number of active enterprises (number)		2 737 278 w	3 160 371 w	3 228 421 w	3 304 088 w	3 578 931 w	3 784 464 w
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)		14.6	13.3	12.9	14.7	16.3 w	:

Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)		12.5	11.5	12.2 w	:	:	:
People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)		77.0 iw	74.4 iw	73.8 iw	73.9 iw	74.0 iw	73.3 piw
Value added by SMEs (in the non-financial business economy) (EUR million)		89 453 iw	106 199 iw	110 591 iw	95 660 iw	88 925 piw	164 943 piw
Total value added (in the non-financial business economy) (EUR million)		163 339 w	202 005 w	208 171 w	181 250 w	178 072 w	170 469 w

Inflation rate	Note	2011	2018	2019	2020	2021	2022
Consumer price index (CPI), change relative to the previous year (%)		6.5 d	16.3 d	15.2 d	12.3 d	19.6 d	72.3 d

Balance of payments	Note	2011	2018	2019	2020	2021	2022
Balance of payments: current account total (million euro)		- 53 827.6	- 17 585.8	9 696.1	- 27 400.0	- 5 292.5	- 42 938.4
Balance of payments current account: trade balance (million euro)		- 63 906.5	- 33 861.9	- 15 027.1	- 33 199.4	- 24 850.1	- 85 472.1
Balance of payments current account: net services (million euro)		14 370.2	25 774.4	34 541.0	13 201.6	27 783.2	51 156.5
Balance of payments current account: net balance for primary income (million euro)		- 5 651.2	- 10 144.2	- 10 590.5	- 7 564.3	- 9 013.3	- 8 311.6
Balance of payments current account: net balance for secondary income (million euro)		1 360.0	651.9	781.2	153.5	795.6	- 311.3
Net balance for primary and secondary income: of which government transfers (million euro)		577.7	223.5	547.5	90.9	355.2	- 583.1
**3 year backward moving average of the current account balance relative to GDP (%)		:	- 3.5	- 2.0	- 1.9	- 1.2	- 3.4
**Five year change in share of world exports of goods and services (%)		:	5.5	8.7	- 1.6	7.2	14.3
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)	2)	9 922.4 w	7 805.3 i	5 978.0 i	3 883.8 i	5 417.4 i	8 007.4 i
Foreign direct investment (FDI) abroad (million euro)	2)	1 702.6 w	3 049.7	2 653.2	2 833.7	4 262.9	4 474.0
of which FDI of the reporting economy in the EU-27 countries (million euro)	2)	1 016.3 w	1 716.7	1 266.9	1 069.1	1 807.0	2 268.2
Foreign direct investment (FDI) in the reporting economy (million euro)	2)	11 625.0 w	10 855.0	8 631.2	6 717.5	9 680.3	12 481.4
of which FDI of the EU-27 countries in the reporting economy (million euro)	2)	6 328.0 w	3 094.7	1 174.7	1 201.1	2 170.5	4 980.1
**Net international investment position, relative to GDP (%)		- 37.7 w	- 42.1 w	- 40.6 w	- 53.3 w	- 30.9 w	- 34.9 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)		0.2 iw	0.1 iw	0.0 iw	0.0 iw	0.0 iw	0.0 iw

Public finance	Note	2011	2018	2019	2020	2021	2022
General government deficit / surplus, relative to GDP (%)		:	:	:	:	:	:
General government gross debt relative to GDP (%)		:	:	:	:	:	:
Total government revenues, as a percentage of GDP (%)		:	:	:	:	:	:
Total government expenditure, as a percentage of GDP (%)		:	:	:	:	:	:

Financial indicators	Note	2011	2018	2019	2020	2021	2022
Gross external debt of the whole economy, relative to GDP (%)		38.3 iw	54.8 iw	54.6 iw	60.4 iw	54.2 iw	48.7 iw
Gross external debt of the whole economy, relative to total exports (%)		175.2 w	179.1 w	166.3 w	207.8 w	153.0 w	134.2 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)		65 555.0 w	84 551.5 w	108 083.1 w	135 348.7 w	143 842.8 w	156 740.1 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)		281 348.1	350 398.4	409 716.3	408 386.7	397 220.1	511 439.7
**Annual change in financial sector liabilities (%)		22.9	18.0	11.6	39.1	51.1	66.4

**Private debt, consolidated, relative to GDP (%)		61	82	79	89	89	66
Interest rates: day-to-day money rate, per annum (%)		7.28	17.76	20.52	10.85	17.87	13.16
Euro exchange rates: average of period (1 euro = ... national currency)		2.338	5.708	6.358	8.055	10.512	17.409
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)		131.1	56.5	49.6	40.3	31.1	17.8
**3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)		- 0.2 i	- 0.4 i	- 0.5 i	- 0.5 i	- 0.5 i	- 0.6 i
Value of reserve assets (including gold) (million euro)		0.0	- 8 640.9	5 661.0	- 29 004.1	19 405.7	13 110.7

External trade in goods	Note	2011	2018	2019	2020	2021	2022
Value of imports: all goods, all partners (million euro)		173 099	188 337	181 038	182 328	219 224	324 441
Value of exports: all goods, all partners (million euro)		96 973	142 290	153 201	140 035	180 299	223 777
Trade balance: all goods, all partners (million euro)		- 76 126	- 46 047	- 27 836	- 42 293	- 38 925	- 100 663
Terms of trade (export price index / import price index * 100) (number)		:	94.4 iw	94.5 iw	98.5 iw	85.9 iw	75.7 iw
Share of exports to EU-27 countries in value of total exports (%)		40.3 iw	43.3 iw	42.2 iw	41.1 iw	41.1 iw	40.4 iw
Share of imports from EU-27 countries in value of total imports (%)		35.5 iw	32.9 iw	31.6 iw	33.1 iw	31.1 iw	25.5 iw

Demography	Note	2011	2018	2019	2020	2021	2022
Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)		11.4	10.1 be	9.1 be	:	:	6.2
Infant mortality rate deaths of children under one year of age (per thousand live births)		11.7	9.3	9.1	:	9.3	9.2
Life expectancy at birth: male (years)		74.4	76.2	76.4	:	:	74.3
Life expectancy at birth: female (years)		79.8	81.6	81.8	:	:	78.4

Labour market	Note	2011	2018	2019	2020	2021	2022
Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)		57.2	62.3	62.2	58.7	61.2 b	63.1
*Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)		52.2	55.6	53.8	51.0	53.9 b	56.5
Male employment rate for persons aged 20–64 (%)		75.1	76.0	73.2	70.1	73.6 b	75.9
Female employment rate for persons aged 20–64 (%)		29.7	35.2	34.4	32.0	34.2 b	37.0
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)		31.4	35.3	33.6	31.1	33.6 b	34.9
Employment by main sectors							
Agriculture, forestry and fisheries (%)		24.2 i	18.4 i	18.1 i	17.6 i	17.2 bi	15.7 i
Industry (%)		19.5 i	19.7 i	19.8 i	20.5 i	21.4 bi	21.7 i
Construction (%)		6.9 i	6.9 i	5.5 i	5.7 i	6.1 bi	6.0 i
Services (%)		49.4 i	54.9 i	56.6 i	56.2 i	55.3 bi	56.6 i
People employed in the public sector as a share of total employment, persons aged 20–64 (%)	3) 4)	13.3 w	15.4 w	16.8 w	17.7 w	16.9 bw	:
People employed in the private sector as a share of total employment, persons aged 20–64 (%)	3) 4)	86.7 w	84.6 w	83.2 w	82.3 w	83.1 bw	:

Unemployment rate: proportion of the labour force that is unemployed (%)		8.8	10.9	13.7	13.2	12.0 b	10.5
Male unemployment rate (%)		8.3	9.6	12.4	12.4	10.7 b	9.0
Female unemployment rate (%)		10.1	13.8	16.5	14.9	14.7 b	13.5
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)		16.7	20.2	25.2	25.1	22.7 b	19.5
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)		2.1	2.4	3.2	3.3	3.7 b	2.5
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)		7.4	9.1	12.3	11.8	10.4 b	8.6
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)		6.8	9.8	10.6	10.0	10.0 b	9.4

Social cohesion	Note	2011	2018	2019	2020	2021	2022
Average nominal monthly wages and salaries (national currency)	5)	1 242 w	2 509 w	2 857 w	3 501 w	3 904 w	4 742 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)		:	:	:	:	:	:
GINI coefficient		:	:	:	:	:	:
Poverty gap		31.9	25.8	27.4	27.5	27.0	24.8
*Early leavers from education and training: proportion of the population aged 18–24 with at most lower secondary education who are not in further education or training (%)		41.9	31.0	28.7	26.7	23.1 b	21.2

Standard of living	Note	2011	2018	2019	2020	2021	2022
Number of passenger cars relative to population size (number per thousand population)		109.0	151.0 be	150.0	157.0	162.0	167.0
Number of mobile phone subscriptions relative to population size (number per thousand population)		874.0 w	977.0 w	972.0 w	982.0 w	1 019.0 w	1 058.8 w
Mobile broadband penetration (per 100 inhabitants)		19.7 w	74.5 w	75.0 w	78.5 w	82.7 w	84.0 w
Fixed broadband penetration (per 100 inhabitants)		10 w	16 w	17 w	20 w	21 w	22 w

Infrastructure	Note	2011	2018	2019	2020	2021	2022
Density of railway network (lines in operation per thousand km ²)		12.3 i	13.2 i	13.3 i	13.3 i	13.5 i	13.7 i
Length of motorways (kilometres)		2 119	2 842	3 060	3 523	3 532	3 633

Education, innovation and research	Note	2011	2018	2019	2020	2021	2022
Public expenditure on education relative to GDP (%)		4.2 iw	4.3	4.4	4.0	3.5 iw	:
*Gross domestic expenditure on R&D relative to GDP (%)		0.79	1.27	1.32	1.37	1.40	1.32
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)		0.35	0.44	0.45	0.41	0.38	0.36
Percentage of households who have internet access at home (%)		:	83.8	88.3	90.7	92.0	94.2

Environment	Note	2011	2018	2019	2020	2021	2022
*Index of greenhouse gas emissions, CO ₂ equivalent (1990 = 100)		195.2 ew	238.3 ew	231.7 ew	238.7 ew	257.1 ew	:

Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)		184.0	167.6	168.5	162.8	159.6	157.8
Electricity generated from renewable sources relative to gross electricity consumption (%)		25.2 w	32.2 w	43.6 w	41.9 w	35.6 w	41.6 w
Road share of inland freight transport (based on tonne-km) (%)		94.6 w	94.8 w	94.8 w	94.6 w	95.6 w	95.7 w

Energy	Note	2011	2018	2019	2020	2021	2022
Primary production of all energy products (thousand TOE)		30 816	39 909	45 134	43 636	46 208	59 508
Primary production of crude oil (thousand TOE)		2 342	3 010	3 102	3 274	3 518	3 663
Primary production of solid fuels (thousand TOE)		16 620	16 547	17 429	15 006	17 151	27 859
Primary production of gas (thousand TOE)		625	351	390	363	324	312
Net imports of all energy products (thousand TOE)		80 352 i	109 980 i	105 649 i	104 983 i	115 096 i	113 989 i
Gross inland energy consumption (thousand TOE)		112 842	148 120	150 123	148 064	161 774	168 838
Gross electricity generation (GWh)		229 395	304 802	303 898	306 703	334 723	328 379

Agriculture	Note	2011	2018	2019	2020	2021	2022
Agricultural production volume index of goods and services (at producer prices) (2015 = 100)		:	:	:	:	:	:
Utilised agricultural area (thousand hectares)		38 226.0	38 239.0	37 712.0	37 747.0	38 038.0	38 450.0
Livestock numbers: live bovine animals (thousand heads, end of period)		:	17 220.9 p	17 872.3	18 158.0	18 036.1	17 023.8
Livestock numbers: live swine (thousand heads, end of period)		:	:	:	:	:	1.7 e
Livestock numbers: live sheep and live goats (thousand heads, end of period)		:	46 117.4 i	48 481.5 i	54 112.6 i	57 519.2 i	56 265.8 i
Raw milk available on farms (thousand tonnes)		:	:	:	:	:	:
Harvested crop production: cereals (including rice) (thousand tonnes)		35 202.0	34 705.8	35 202.1	38 050.8	32 602.0	39 562.1
Harvested crop production: sugar beet (thousand tonnes)		16 126.0	18 900.0	18 055.0	23 026.0	18 250.0	19 000.0
Harvested crop production: vegetables (thousand tonnes)		40 603.0	29 987.0	31 041.0	31 120.0	31 691.0	31 525.0

Source: Eurostat and/or the statistical authorities in Bosnia and Herzegovina

: = not available

b = break in series

d = definition differs

e = estimated value

p = provisional

i = Eurostat estimate

w= data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and adherence to EU statistical methodology

* = Europe 2020 indicator

** = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) Areas calculated by reference to Corine classification and adapted to LUCAS. The Corine data production period is 6 years.
- 2) Based on BPM6.
- 3) Annual LFS results.
- 4) Adjustments in the definition, scope and design of the HLFS have been implemented from 2021. Data from 2021 on are not comparable to previous years.
- 5) Source: Income and Living Conditions Survey.

