

# WIDE-RANGE PARTNERSHIP POSSIBILITIES BETWEEN THE EU AND TURKEY

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**Editors**  
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(Edited by: Prof. Dr. Nilgün Serim, Asistant Prof. Dr. Mesut Savrul)



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## Wide-Range Partnership Possibilities Between The Eu And Turkey

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# PREFACE

Considering its population over 510 million and its share in the total import and export worldwide being above 20%, European Union may be cited as a remarkable example of the globalized world economy. Process of Turkey-European Union relations throughout its history over 54 years has followed an undulating course. Even at times when relationship went sour, political developments have not affected European Union-Turkey trade so much. Still, it has maintained its potential to affect Turkish tourism sector and foreign investors adversely. Besides this fact, about 5.5million Turkish citizens live in European Union. This population boosts Turkish tourism and makes investment in Turkey.

Turkey signed an association treaty with European Union (then called European Economic Community) in 1963. And, thus it registered its direction and orientation to Europe. Turkey made its first application to European Union (then called European Community) for full membership together with Greece. Greece became a member of European Union in 1981. However, Turkey has not fulfilled yet the so-called “Copenhagen Criteria”, i.e. the accession criteria set in the summit of European Union in 1993, Copenhagen that the candidate countries must satisfy to become a member. While official relations between Turkey and European Union have maintained their wavy course in the 80’s, 90’s, early 2000s and currently, mutual exclusion and othering approach was in no way overcome.

Although Turkey has its own reasons underlying its failure to pull through this situation, there are also reasons attributable to European Union. While discussions go on over whether Turkey will be European or not, does Turkey itself really want to be European sincerely? Answer of this question is not clear as well.

Turkey experiences problems with European Union due to its standards, allegedly not improved for decades according to European Union. Will Turkey find itself in the blend of European Union? While this question has been asked for decades, another question started to be posed upon Brexit resolution taken by United Kingdom: Does the blend of European Union disintegrate?

Turkey-European Union impasse and actual cessation of accession discussions currently seem to bring about four alternatives to consider for Turkey:

- Continue current undulating relationship and let things drift,
- Abandonment or suspension of accession process;

- Choice of the proposed “privileged partnership” option which was not originally included in the EU treaties, but first suggested by Angela Merkel, Chancellor of Germany, in 2004 and supported by Nicolas Sarkozy, President of France, and rejected by Turkey at that time; and
- Concentration on bilateral relations between Turkey and some European countries by keeping relations with European countries apart from those with European Union.

And at this point it becomes crucial to keep inefficient relations with the EU institutions at the minimum level on the one hand and improve relations progressively by giving priority to some European countries. Turkey may take example the positive developments between United Kingdom and European Union after Brexit decision. Giving weight to bilateral relations with European Union seems to be more strategically choice for Turkey.

This book seeks for answer to the question of it is possible to develop bilateral and multilateral co-operation in the field of economy between Turkey and those European countries that categorically do not exclude Turkey. And it is also tried to exhibit that concentration of their relationship in the matters dealt with in this book will be to the benefit of both Turkey and European countries for their own interests respectively.

Hoping this book may provide contribution to the people involved with study of European Union – Turkey relations.

November, 2017  
Prof. Dr. Nilgün Serim  
Co-editor



# PREFACE

Efforts to liberalize world trade in 1940s have led to economic integration between international organizations and economic integrations between the countries. At this point of globalization movements, it is almost impossible for an country to stay away from international affairs and this leads countries which want to have voice in world politics and economics, cooperating in economic and political spheres. As a result, the numbers of the international economic integrations which have important roles on the economic potential of countries in terms of market expansion, internal and external economies, technological development, increasing competition and productivity, have steadily increased rapidly since the 1950s.

Despite pursuing an introverted policy during the first years of its foundation, after the Second World War, Turkey was involved in efforts to join international economic, political, cultural, military and integrations. Among these relations the European Union has a special position. Turkey applied for full membership of the EEC on July 31, 1959 and Ankara Agreement was signed on September 12, 1963. The framework of Turkey-EU relations have been drawn in this way and there have been many political ups and downs until the application for full membership in 1987. The EU Summit of Heads of State and Government in Helsinki in 1999 gave concrete results. The European Union has been recognized Turkey as a candidate country with unanimity at the Helsinki Summit and the Summit has opened a new page in Turkey-EU relations.

Turkey began the EU accession negotiations on 3 October 2005 and 16 chapters have been opened in the Accession Negotiations up to now. In this study we named as “Wide-Range Partnership Possibilities between The EU and Turkey”, multilateral co-operation areas some of which are also included in negotiation chapters such as Capital Movements, Renewable Energy Dialogue, Free Movement of Goods, Educational and Cultural Cooperation, Environmental Acquis, Free Movement of Services and Agricultural Policy are discussed. We wish the study to provide contribution to the researchers and students involved in the study of European Union – Turkey relations.

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# CHAPTER 1

## CAPITAL MOVEMENTS BETWEEN THE EUROPEAN UNION AND TURKEY

Janina Witkowska\*

### **Abstract**

*The integration process between Turkey and the EU influences all spheres of their economic co-operation. The aim of this chapter is to examine both the legal status of capital movements between the EU and Turkey and the state of the art of real capital movements between them, with special reference to foreign direct investment (FDI). The adjustments of Turkey to the EU requirements in this field are evaluated moderately positively by the EU institutions. Real economic integration between the partners has gone a bit further than that achieved at the stage of customs union which is confirmed by the state of liberalization processes in the field of capital movements. The growing involvement of European investors in the Turkish economy is a consequence of these processes. FDI between the EU and Turkey are influenced by different factors, i.e. global trends in FDI and the state of bilateral political and economic relations. Turkey encourages foreign direct investment inflows using a generous package of incentives aiming at modernization of its economy. The role of FDI in its economy still remains moderate, however, the potential for technological upgrading of Turkey's economy exists.*

**Key-words:** Turkey, European Union, capital movements, foreign direct investment

**JEL classification:** F21

### **Introduction**

Turkey has been undergoing a long-lasting integration process with the EU, which commenced in 1963 with signing the Association Agreement (Ankara Treaty). The European Economic Community (EEC) suggested the establishment of an association, which would be treated as a preliminary stage of integration, leading to Turkey's accession in the future (Nas 2008, p. 142, Aksu 2012, pp. 6-7). Hence, at the very beginning of the integration process the long-term aim of mutual relations was clearly defined.

The Association Agreement proclaimed (Article 2) that a customs union (CU) would be progressively established between the EEC and Turkey over a period of 12 years. According to the additional Protocol, which came into force in 1973, the transitional period was prolonged for

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up to 22 years (Additional Protocol 1972). The full customs union was achieved through some gradual adjustments and Turkey entered into it on the basis of the Association Council Decision 1/95. The specific type of the association model, including a customs union instead of a free trade area, which was implemented in the relations between the EU and Turkey was expected to help in the future accession negotiations (Rapoport 2011, pp.175-176 and 194-195). However, the association model chosen in the 1960s is evaluated as not being able to absorb new integration aspects occurring over time (Rapoport 2011, pp.194-195). According to the Ministry of Foreign Affairs of Turkey: *'The CU, as it is, has remained incapable of meeting the expectations of both Parties'* (Turkey- EU Relations, <http://www.mfa.gov.tr>, 2017). The EU and Turkey agreed to negotiate the modernization of the customs union.

The next step in the EU-Turkey relations was the EU's acceptance of Turkey's status as a candidate country for EU membership in 1999. The accession negotiations were opened in 2005, however, they encountered serious political and economic difficulties. In this context, the question arises whether real economic integration between the EU and Turkey has gone further than that achieved at the stage of a customs union. Free movement of capital is perceived as one of the so-called four fundamental freedoms within the single European market, the next stage of the European integration. Turkey, as an EU candidate country, has the liberalisation obligations in this field. While discussing these issues, one should take into account the theoretical findings and postulates formulated to date in the economic literature on integration processes. Economic integration between independent countries should be treated as a long-term process, usually embracing several stages (free trade area, customs union, common market, economic and monetary union) (Balassa 1961, Molle 1995, Pelkmans 1997). A logical scheme of achievement of the integration stages should be respected, i.e. trade liberalization should precede the liberalization of capital movements (Molle 1995). Capital movements in the form of foreign direct investment cannot thrive or develop intensively without a certain level of trade flows between countries (Molle, Morsink 1991).

Apart from that, the integration processes between the EU and Turkey should be perceived as integration between countries at different levels of development, although the differences between them have been diminishing. In such a case both legal and real integration require time and effort on both sides. Cost-benefit analyses at each stage of the integration process show that a weaker partner needs some transition periods to establish the free movement of goods, services and capital, as well as to fulfil other requirements connected with common policies such as environmental protection and competition policies.

The aim of this chapter is to analyze and evaluate both the legal status of capital movements between the EU and Turkey and the state of the art of real capital movements between them, with special reference to foreign direct investment (FDI) stocks and flows.



The more detailed research tasks are as follows:

- to evaluate the progress in the establishment of free movement of capital between the EU Member States and Turkey;
- to discuss some issues connected with Turkey's policy towards foreign direct investment;
- to examine foreign direct investment flows between the EU Member States and Turkey as well as their role in the modernization of a candidate country.

The EUROSTAT and UNCTAD statistical data bases are used to analyze and evaluate capital movements between the EU and Turkey.

## **1. Progress in the establishment of the free movement of capital between the EU and Turkey**

The free movement of capital is a constitutive element of the common market, and a candidate country must undertake the necessary measures in order to achieve the required liberalization level. It means that capital and investments must be able to move without restriction and common rules for cross-border payments should be respected. It is required as well that banks and other economic operators should apply certain rules to support the fight against money laundering and terrorist financing (EC 2016, p.43).

Turkey, as a member of the OECD since 1961 and a candidate country for membership of the EU, is expected to liberalize capital movements in its relations with other Member States. The OECD members should respect the Code of Liberalisation of Capital Movements and the Code of Liberalisation of Current Invisible Operations. These Codes constitute legally binding rules and are implemented through 'peer pressure'. Policy reviews and assessments and examinations of countries are used as methods of putting pressure on the Member States (OECD, <http://www.oecd.org>). One important aspect of implementing the OECD Codes is 'benchmarking', which gives countries a type of guidance and support in the field of their own financial liberalization (OECD 2002).

The implementation of the provisions of the Code of Liberalisation of Capital Movements is not unconditional. An OECD member has the right to:

- lodge reservations relating to the obligations resulting from the Code (Article 2b)
- introduce clauses of derogations if economic and financial conditions justify such a course (Article 7)
- use exceptions to the principle of non-discrimination because of being part of a special customs or monetary system (Article 10)

- withdraw from the Code by transmitting a notice in writing to the Secretary-General of the Organisation (Article 22).

Turkey has introduced financial liberalization gradually over the course of its OECD membership. Historically, the main step in the financial liberalization process was the abolition of the limitations and controls imposed on interest rates and foreign currency transactions at the beginning of the 1980s (Ekinci 2006, pp. 21-24; Takim 2010, p.528-529). In 1982, the Capital Market Law was enacted in Turkey in order to regulate the Turkish capital market, and within this scheme the Capital Market Board was established. In 1986, the Istanbul Stock Exchange (ISE) was established and government bonds and securities exchange markets started functioning. The Turkish Central Bank initiated open market transactions in 1987. Resolution No 32 of the Council of Ministers, enacted in 1989, introduced full liberalization of capital movements and thus the process related to the liberalization of foreign currency operations and capital movements was concluded (Takim 2010, p.528-529). Turkey became integrated into global financial markets as a result of these legislative processes by 1991 (Ekinci 2006, p.22).

Foreign direct investment, treated as one of the types of capital movements, was also liberalized by Turkey incrementally in the years 1954-2003. As a result, Turkish legal regulations offer basic guarantees for foreign investors, i.e. freedom of investing in Turkey, a national treatment, i.e. equal treatment with local investors, no restrictions on the share of foreign partners, and a guarantee against expropriation or nationalisation without proper compensation (Ekinci 2006, pp.22-23). This attitude towards foreign investment was confirmed by further legislative amendments. Turkey grants all fundamental rights and privileges available to domestic firms to foreign business on a most-favoured-nation basis (MNF), (Turkey Country Commercial Guide 2016).

The above presented state of legal regulations in Turkey concerning capital movements would imply that this country is fully adjusted to the rules of free capital movement, not only within the OECD but also within the EU. However, the list of reservations lodged within the OECD Codes includes a relatively high number of derogations from its provisions. These include reservations related to direct investment, to some operations in real estate, in securities on capital and money markets, some operations in negotiable instruments and non-securitised claims, some operations in collective investment securities, credits granted by non-residents to residents and vice versa, some credits and loans granted by residents to non-residents, and the operation of deposit accounts (OECD 2011, pp. 132-135).

The European Commission evaluates in its *Turkey 2016 Report* that the candidate country is **moderately prepared** in the area of free movement of capital (EC 2016, p. 43). The two main objections of the EU are related to:

- Turkey's legislation on **real estate acquisition by foreigners** which is not aligned with the *acquis*. It lacks transparency and restricts the rights of some Member States' nationals, not applying to all EU citizens in a non-discriminatory way.
- **restrictions on foreign ownership** in radio and TV broadcasting, transport, education and electricity market.

In the same document, the European Commission states that Turkey has already reached **a good standard in payment systems**, adopting in 2016 legislation on payments and securities systems aimed at further alignment with the *acquis*. In addition, the EC observes that Turkey has made progress in the **fight against money laundering and terrorist financing**. Turkey ratified the Council of Europe's Convention on Laundering, Search, Seizure and Confiscation of the Proceeds and on the Financing of Terrorism. Turkey strengthened the legislation on terrorism financing as recommended by Financial Action Task Force (EC 2016, p. 43).

Nevertheless, some recommendations are formulated towards Turkey's policy in the area of free movement of capital. These are:

1. drafting and adopting an action plan for liberalisation of the purchase of real estate by foreigners
2. stepping up co-operation between prosecution, law enforcement and financial intelligence units
3. further reinforcement of preventive measures against the misuse of Turkey's financial system for purpose of money laundering and terrorism financing.

The evaluation of the liberalization processes in the field of free capital movements between the EU and Turkey shows that some adjustments are still required. A sensitive issue is the acquisition of real estate in Turkey by non- residents, which is determined by both economic and political factors. The obligations arising from Turkey's preparation for membership of the EU seem to be more demanding than those related to its membership of the OECD.

## 2. Turkey's policy towards foreign investors

Turkey carries out its own policy towards foreign investors not infringing their basic rights mentioned above. The aim of this policy is to encourage foreign investors to invest in Turkey and enhance the positive impact of their investment on Turkey's economy.

As indicated above, Turkey encourages FDI inflows into its economy using a generous package of incentives. Implementation of the incentive policy is based on the national treatment rule, which means that incentives are available to both domestic and foreign investors alike. The incentive package that entered into force in 2012 includes VAT and customs duty exemptions,

employer social security contribution exemptions, corporate or personal income tax concessions and land grants and interest–rate subsidies to investment projects. The eligibility of incentives depends on region, sector and size criteria, which are quite commonly used by other host countries (OECD 2012, p.55, Investment Incentives Turkey, [www.incentives.gov.tr](http://www.incentives.gov.tr) ).

Benefits for investors locating their investment in less developed regions of the country amount to 45% of initial investment costs, and up to 25% in more developed regions. Additionally, in the case of investment in the least developed regions employer and employee social security contributions and personal income tax will be exempted for 10 years. Sector differentiation of incentives is relatively low. However, some ‘priority’ sectors receive stronger incentives, irrespective of regional location. These are: tourism, mining, railroad and maritime transport, pharmaceuticals, defence and education. Moreover, newly defined ‘strategic’ sectors will receive additional benefits. These are sectors where Turkey’s dependence on imports is the highest. Finally, incentives are differentiated by investment size. The largest investment projects, with initial costs above TL 50 million, are granted additional tax concessions (OECD 2012, Investment Incentives Turkey, [www.incentives.gov.tr](http://www.incentives.gov.tr) ).

The government of Turkey has been continuing **the incentives-based policy** aimed at improvement of the investment climate in the country. The introduction of the new incentive packages in 2015 and 2016 reflects these efforts. The incentive package introduced in April 2015 supports production and employment, and is aimed to transform the structure of Turkey’s economy into a high-tech profile and to adjust human capital to the new structural challenges. In addition to 2012 incentives, the new incentive package offers some benefits for investors locating their investment in the less developed regions of the country (Turkey Country Commercial Guide 2016).

In 2016, Turkey expanded a scope of investment incentives introducing amendments with respect to the hitherto incentive system. The general aims of the changes in the legal framework include: increasing Turkey’s share in global trade, ensuring the security of supply, encouraging investors to conduct business in Turkey and improving its rank in production of information, technology and innovation. The Article 80 of the new Law introduces **a project-based incentive package** which provides financial support for innovative, technology-oriented, R&D focused, high value-added projects that also help to reduce foreign dependency (*Turkey to grant*, <http://www.invest.gov.tr>). .

Some instruments foreseen to be used by the incentive package are as follows:

- the corporate tax exemption up to 100% and investment support up to 200% or the corporate tax exemption exclusively for the profits derived from the investment for the first 10 years following the commencement of operations
- income tax withholding support

- customs duty exemption
- free land allocation for 49 years in instances where the investment is made on an immovable property belonging to the Turkish Treasury
- free transfer of these immovable properties for projects completed and that provided the anticipated employment for at least 5 years
- social security premium support for employer's share for up to 10 years
- abolishment of interest on loans utilized to cover fixed investments
- salary support for qualified employees for up to 5 years; eligible support is capped at twenty times the gross monthly minimum wage
- state partnership of up to 49 % provided that an Initial Public Offering (IPO) or direct sale to investors will be conducted within 10 years (*Turkey to grant*, <http://www.invest.gov.tr>).

The changes in Turkey's policy towards investors, presented above, show determination of the authorities to create a conducive investment climate in the Turkish economy. At the same time some **performance requirements** are formulated which could be understood as an attempt to define a minimum of expectation of Turkish government towards foreign investors.

The government of Turkey mandates local employment ratio of ten Turks per one foreign worker. Senior management and boards directors are treated in a different way but their numbers are included in the overall local employment calculations. Apart from that, foreign legal firms are forbidden to work in Turkey except as consultants. They cannot directly represent clients and must partner with local law firms. In addition, disclosure of proprietary information by foreign investors is required which is perceived as consistent with internationally accepted practices. It means that firms with foreign capital are obliged to send to the Turkish Treasury all reports submitted to shareholders, auditors' reports and balance sheets (Turkey Country Commercial Guide 2016).

It is worth noting, however, that **no requirements** inhibiting mobility of foreign investors and their employees such as onerous visa, residence and work permits are imposed. Government-imposed conditions on permissions to invest in Turkey, including tariff and non-tariff barriers, are not known. There are no performance requirements imposed as a condition for establishing, maintaining, or expanding investment in Turkey (Turkey Country Commercial Guide 2016).

To sum up, the Turkey's policy towards foreign investors is clearly incentives- based and includes a limited number of requirements. Similarly, as in the case of other countries' policies towards foreign investors, two aspects of such a policy should be pointed out, namely legal and economic ones.

The legal aspect is connected with international trade and investment agreements which regulate trade and investment flows between countries. Discussing this issue in the context of the

relations between the EU and Turkey, one should remember that the Lisbon Treaty gives to the EU institutions new external competences including foreign direct investment into the common trade policy (Art. 206) and it confirms the delimitation of competences between the Union and the Member States (Art 207) (OJ of the EU 2012). This legal change is treated as significant and enhancing the competence of the EU in the field of external investment but at the same time it is perceived as: *'...only a half way success toward a full common investment policy (CIP)'* (Shan and Zhang 2011, p. 1049). Turkey fulfils its international obligations through respecting the national treatment rule towards foreign investors and granting privileges on the most-favoured-nation basis. The current state of the relations between the EU and Turkey does not impose additional obligations in this field than those presented above. Turkey has the right for shaping and carrying out its own policy towards foreign investors.

As for the economic aspect of the incentives- based policy towards foreign investors, it is worth recalling the main points that have been discussed in this context (Oman 2000). If different recipient countries carry out policies based on incentives, intense competition between them might occur. All policy measures are used in order to attract FDI and enhance a competitive position against other countries. The *'prisoner's dilemma'* nature of the competition creates a permanent danger of 'bidding war' among governments aiming at attracting FDI. The competing countries could participate in bidding wars offering expensive packages of incentives to foreign investors. Costs of such policies might exceed the benefits achieved by the recipient countries. The distortion effects of incentives can be significant. Apart from that, incentives could attract the *'wrong kind'* of investors (rent-seeking investment).

Turkey's policy seems to avoid some dangers related to the usage of incentives because it is aimed at attracting innovative, technology-oriented, R&D focused, high value-added FDI projects. This is in line with OECD recommendations for Turkey which include among others removing structural bottlenecks to boost productivity and reaping the benefits of global value chains. One of the ways for achieving these goals is reduction of barriers to foreign direct investment (OECD 2016).

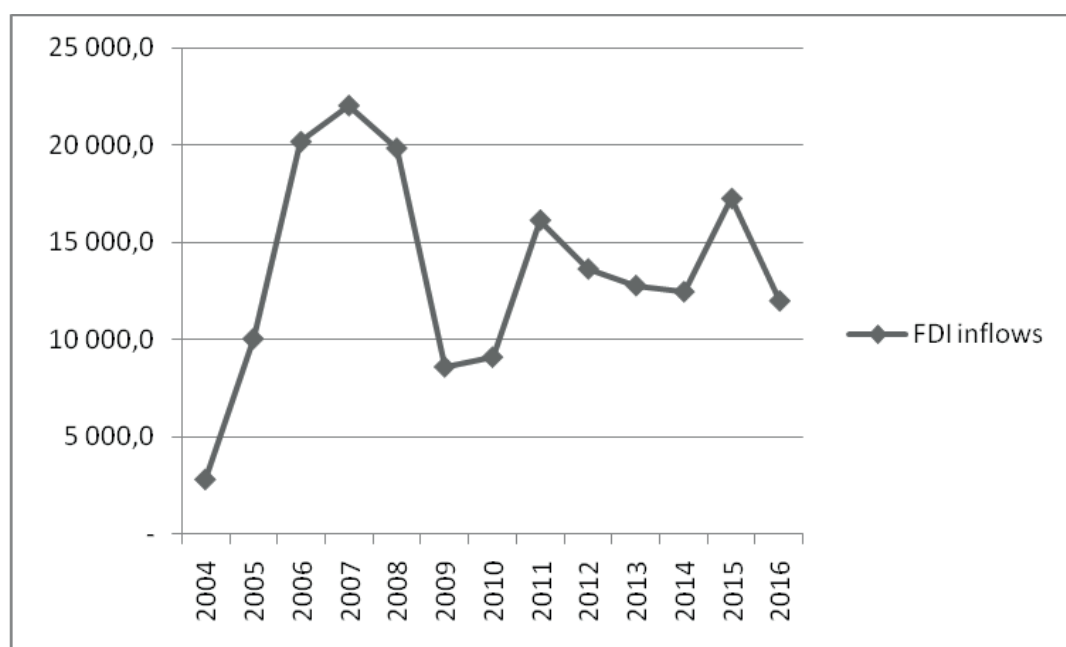
### **3. Foreign direct investment flows between the European Union and Turkey as a candidate country**

The main factors influencing the scale of FDI flows into Turkey are perceived to be Turkey's traditional advantages, which are: the market size, economic growth, labour costs, the strategic geographical location. Apart from these factors, the important role seems to be played by factors related to integration processes with the EU, especially commencement of the accession negotiations as well as an investment climate determined by a generous incentive policy. In addition, FDI inflows are dependent on global and regional factors. The strength of the particular internal and external factors mentioned above could be subject to dispute.

Some hitherto research results show that foreign investors reacted positively to the prospect of Turkey's EU membership and this attracted more FDI inflows from EU countries than non-EU countries. Government stability also partially explains the considerable inflows into Turkey in the 2000s. However, in the case of Turkey other factors traditionally perceived as important such as labour costs are no longer valid (Esiyok 2016, pp.63-64).

At the beginning of the functioning of the customs union with the EU there were no rapid changes in FDI inflows into Turkey (Witkowska 2014, pp. 29-45). The situation changed a decade later when Turkey started negotiating its agreement on the membership of the EU which is in line with the research results mentioned above. Graph No 1 presents the trends in FDI flows into Turkey in the years 2004-2016.

**Graph No 1. Foreign direct investment inflows into Turkey, USD Million, 2004 -2016**



**Source: UNCTAD data base and own elaboration.**

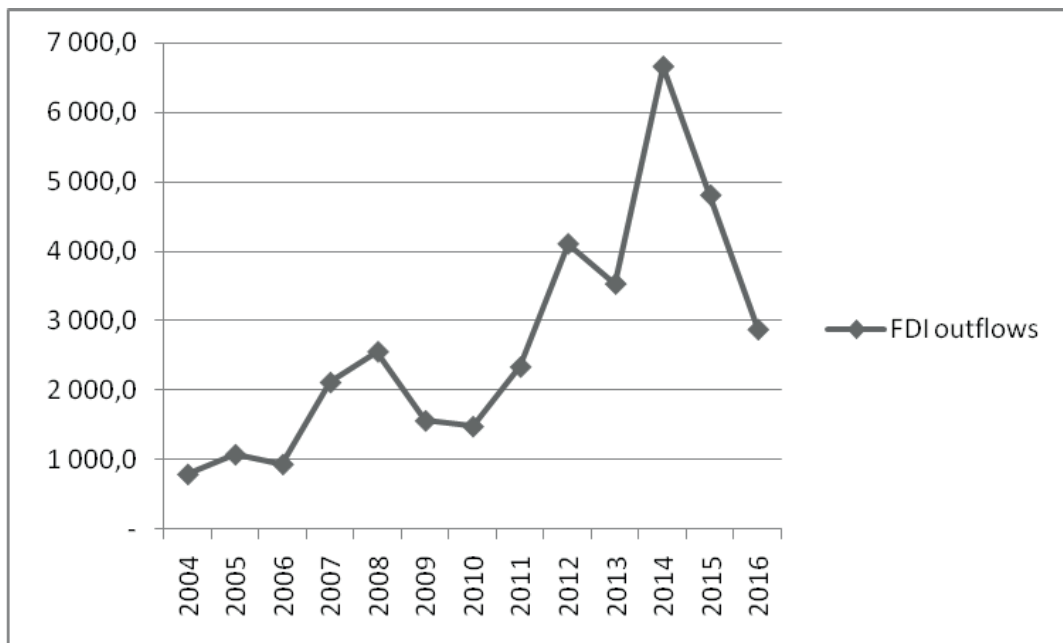
The FDI inflows into Turkey soared in 2005-2007, amounting to over USD 22 billion. This increase corresponded to similar trends in global FDI inflows. The global financial crisis of 2008+ drastically reduced both the global FDI inflows as well as FDI inflows into Turkey. The latter declined more than by a half in the years 2009-2010. The recovery of the global FDI flows brought the increase of FDI inflows into Turkey in 2011 but it was a short-term change. The FDI inflows into Turkey were decreasing again in 2012-2014 despite the newly introduced

incentives regimes. The sudden increase in FDI inflows was observed in 2015 when the annual inflow amounted to USD 17.3 billion. The next year did not bring such positive results and the annual FDI inflow reached the level of about USD 12 billion.

All these observations seem to suggest that investment decisions of foreign investors might have been sensitive not only to a global economic situation but also to internal economic and political circumstances.

Turkey remains a net importer of capital in the form of FDI. The total value of FDI inward stock in Turkey amounted to almost USD 133 billion in 2016 and at the same time the total value of FDI outward stock was only USD 38 billion (UNCTAD data base). Nevertheless, some growing FDI outflows from Turkey was observed (UNCTAD data base). Their scale is not so high. They ranged from USD 0.9 billion in 2004 to 6.7 billion in 2014 and 2.9 billion in 2016 – see Graph No 2. The data confirms that Turkish firms possess some competitive advantages which allow them to do business abroad.

**Graph No 2. Foreign direct investment outflows from Turkey, USD Million, 2004 -2016**



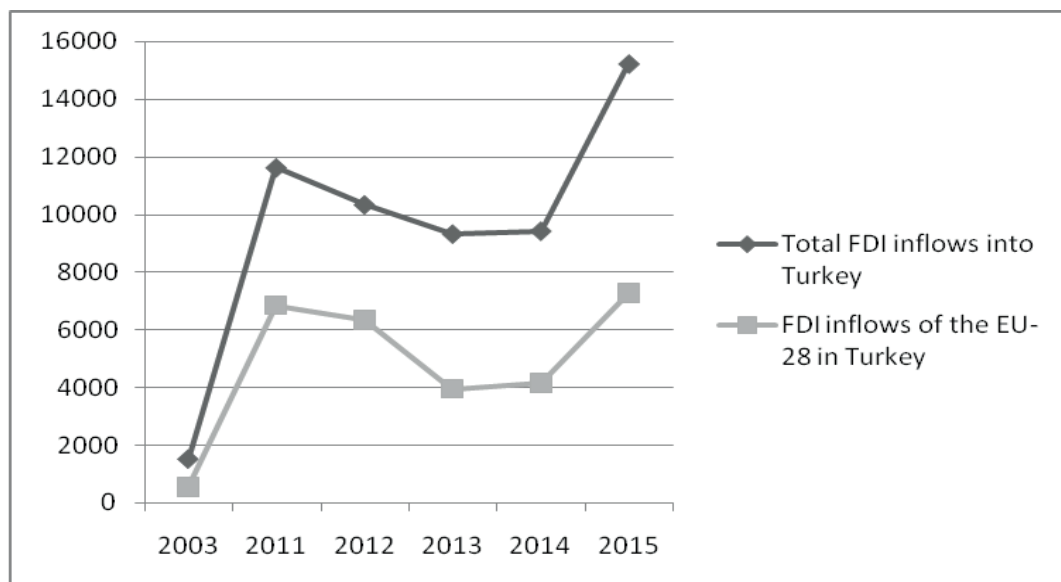
**Source: UNCTAD data base and own elaboration**

As far as the geographical origin of FDI located in Turkey is concerned, close to three quarters of FDI inward stock originates in the EU (EC 2016, p.40). The annual FDI inflows into



Turkey, denominated in EUR Million, and the inflows from the EU-28 countries into its economy are presented in the Graph No 3.

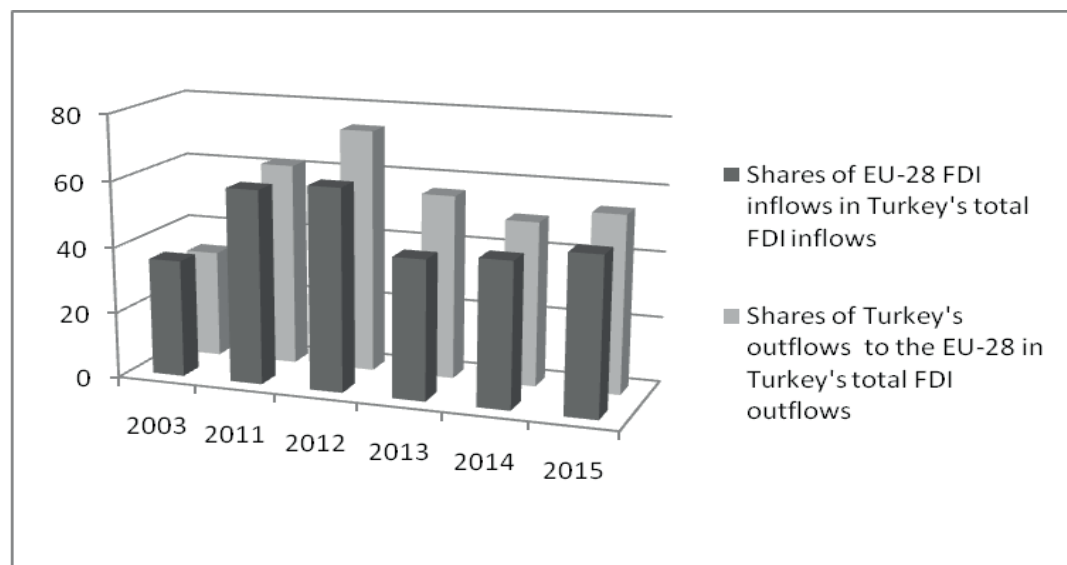
**Graph No 3. FDI inflows into Turkey and FDI of the EU-28 in Turkey, EUR Million, 2003-2015**



**Source: Eurostat data base and own elaboration.**

The shares of annual inflows of FDI of the EU-28 countries into Turkey in the total annual inflows into this country ranged from 35.7% in 2003 to 61.4% in 2012 and 47.9% in 2015 (EC 2016 and own calculations). In turn, the shares of Turkish FDI outflows to the EU-28 countries in Turkey's total FDI outflows amounted to 32.7% in 2003, next they grew to 73.7% in 2012 and reached the level of 54% in 2015 (EC 2016 and own calculations). These changes are presented in Graph No 4.

**Graph No 4. Shares of the EU-28 FDI in Turkey's total FDI inflows and shares of Turkey's FDI in the EU-28 in Turkey's total FDI outflows, 2003-2015, %**

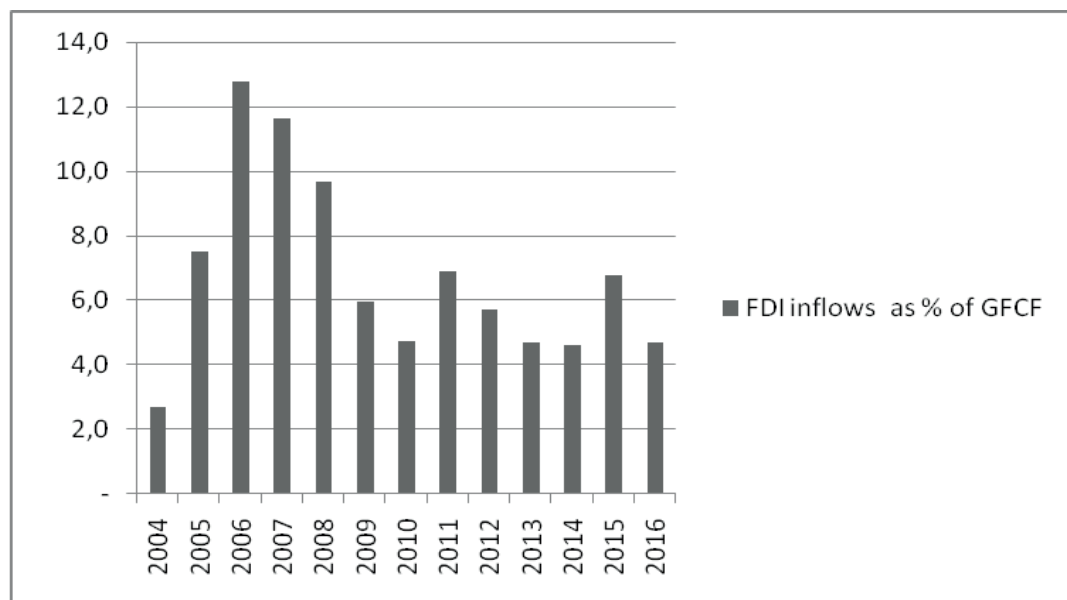


Source: EC (2016 ), p.99 and own calculation.

This data shows the changing relative importance of the EU and Turkey's economies for direct investors originating from both partner areas. Before the membership negotiations started, the shares of FDI in their bilateral flows were rather low, i.e. about one third of the total respectively. In the years 2011-2012, the EU investors gained the dominant position in the annual FDI flows to the Turkish economy (59 and 61.4% respectively) and then investors from the third countries as a whole started dominating this field. The European market was relatively more important for Turkish direct investors as the destination for their investment than their own market for the EU investors in the analyzed period.

The relative importance of FDI in Turkey's economy, measured by ratios of FDI inflows as a percentage of gross fixed capital formation (GFCF) and FDI inward stock as a percentage of GDP, is still moderate. The changes in the first of the mentioned ratios in the years 2004-2016 are presented in Graph No 5.

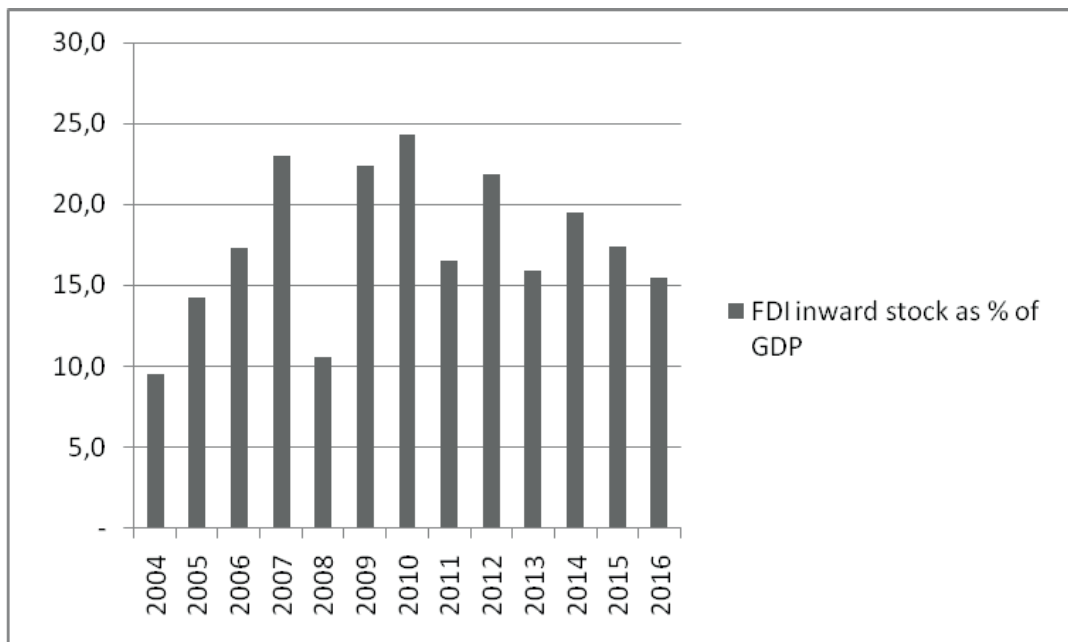
**Graph No 5. FDI inflows as a percentage of gross fixed capital formation in Turkey, 2004-2016, %**



Source: UNCTAD data base and own elaboration

The ratio of FDI inflows as a percentage of gross fixed capital formation reached the highest values in the years 2006 -2007 and amounted to 12.4% and 11.6% respectively. The ratio fluctuations in the year 2008-2016 seem to be connected to a greater extent with the changes in FDI inflows into Turkey than with the changes in its GFCF. This ratio amounted to only 4.7% in 2016.

The ratio of FDI inward stock as a percentage of GDP is presented in Graph No 6.

**Graph No 6. FDI inward stock as a percentage of GDP of Turkey, 2004-2016, %**

Source: : UNCTAD data base and own elaboration.

The values of this ratio were changing over the analyzed period and show that foreign investment does not weight much in the Turkish economy in the macro-economic dimension. In other words, Turkey's economy is not strongly dependent on foreign investment in its development. The ratio reached the highest level in 2010 (24.3%) and then 15.5% in 2016 (UNCTAD data base). The OECD states in its economic survey of Turkey,: *'The economy remained resilient under very adverse circumstances and stronger growth is within reach (...). External liabilities are tilted towards debt. The foreign direct investment stock remains too low.'* (OECD 2016, p. 3). It is worth noting, however, that the hitherto research results point out to the opportunity of using the presence of multinational corporations and their FDI in the Turkish economy for upgrading of technological capacities of domestic firms. This might be achieved by spillover effects as *'...Turkey is technologically competent to have economic development by means of foreign direct investment (FDI) trough MNCs.'* (Eryigit, Demirkaya, Ozcure 2011, p.1239).

## Conclusions

1. The integration processes to date between the EU and Turkey were conducted unconventionally, by using the institutional model of establishment of a customs union under an Association Agreement. Despite the earlier expectations, it has not helped much in the membership negotiations.
2. The adjustments of Turkey as a candidate country in the field of free movement of capital are evaluated moderately positively by the EU institutions, although liberalisation of the purchase of real estate by foreigners is still expected as well as further reinforcement of preventive measures against the misuse of Turkey's financial system for purpose of money laundering and terrorism financing.
3. Real economic integration between the negotiating parties has gone a bit further than that achieved at the stage of customs union which is confirmed by the state of liberalization processes in the field of capital movements. The growing involvement of European investors in the Turkish economy is a consequence of these processes.
4. Capital movements in the form of FDI between the EU and Turkey are influenced by different factors, i.e. global trends in FDI, the state of bilateral political and economic relations. Turkey's accession negotiations with the EU seem to be especially significant as well as Turkey's internal political and economic situation.
5. Turkey encourages foreign direct investment inflows using a generous package of incentives aiming at modernization of its economy. The role of FDI in its economy still remains moderate, however, the potential for technological upgrading of Turkey's economy exists.

*Additional Protocol (1972), Additional Protocol and Financial Protocol signed on 23 November 1970, annexed to the Agreement establishing the Association between the European Economic Community and Turkey and on measures to be taken for their entry into force - Final Act – Declarations , OJ L293/4, 29.12.1972*

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## CHAPTER 2

# EU-TURKEY RENEWABLE ENERGY DIALOGUE: HOW IS A WIDE-RANGING PARTNERSHIP POSSIBLE?

*Nilgun Serim\**

### ***Abstract***

*This study firstly deals with development of use of renewable energy resources in the European Union and Turkey over time. And it secondly concentrates upon reasons why use of renewable energy resources should be expanded, and upon current policies followed in this respect. It also summarizes basic legislation and regulations regarding renewable energy resources in the European Union and Turkey. And, finally, it scrutinizes opportunities for co-operation between the EU-member countries and Turkey with respect to renewable energy.*

**Keywords:** *European Union, Energy Policy of the EU, Energy Union.*

**JEL Classifications:** *Q40, N74, O13.*

### **I. Introduction**

Co-operation on a global scale for elimination of adverse effects caused by climate change create results which would affect economies of all countries. Paris Agreement accepted in December 2015 has a long-term target in that it aims at setting limitation on global warming to 1.5 centigrade degree compared to pre-Industrial Revolution. Prior to this process, the European Union recognized binding climate and energy targets for 2020 and 2030. These targets demonstrate how European Union is sensitive about measures to be taken against climate change and, consequently, about transition to renewable energy as the basic condition to achieve these targets. Member countries of the Council of Europe consider safe and sustainable energy with affordable price as strategic target for the Energy Union. And it also put the future-oriented climate policy at the core of this concept of Energy Union. “European Union was the first big economy to design climate action plan on March 6, 2015, basing on the 2030 Framework for Climate and Energy Policies established by Council of Europe as well as plan made by the European Commission for post-2020 to fight against global climate change. In this action plan, EU established its target as reduction of greenhouse gas emission minimum by 40% across the economy by 2030.” (EU Turkish Delegation, 2016:2) European Commission made changes in

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the climate and energy legislation in 2016 (in connection with climate, energy efficiency and renewable energy resources) to facilitate achievement of climate targets set for 2030.

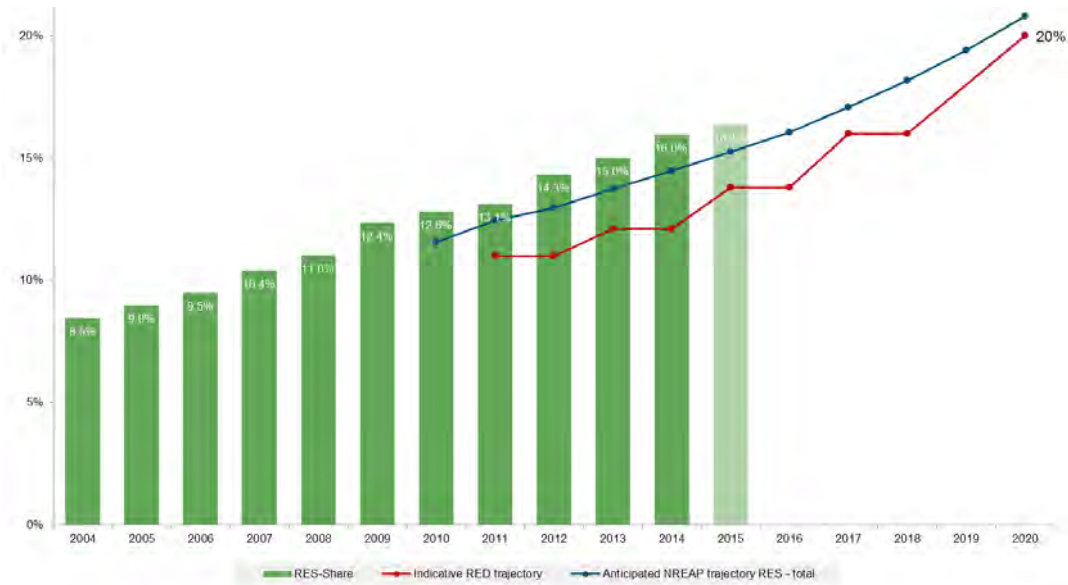
It is recognized that air pollution arising from the ever-increasing energy consumption will also aggravate environment problems in Turkey in near future. It is, therefore, appreciated well that Turkey is in need of an energy policy which closely follows regional developments in the field of energy and considers long-term social, economic and environmental policies altogether. Considering the increasing energy demand of Turkey, we see noticeable tendency towards use of local and renewable resources. That the renewable energy resources are sustainable and reduce environmental emissions and provide safe energy supply make them effective solution in the energy production of Turkey. To this end, “.... reduction of excessive energy use in each industrial sector, increase of energy efficiency to the level of the developed countries, creation of a proper domestic market in the field of energy efficiency .... Improvement of investment environment and, in this respect, development of appropriate financing methods and enhancement of local manufacturing capacity and facilities and capabilities for production of technology all are established as basic political elements.” (Ministry of Development, 2014:2) Turkey continues to enact laws and regulations with a view to taking advantage of renewable energy potential.

## **2. Overview of Historical Development and Current Status of Renewable Energy in European Union**

Energy policy of EU has a history of sixty six years. European Coal and Steel Community established in 1951. And the Treaty of Rome was signed in 1957. This Treaty put the European Economic Community in charge of oil, natural gas and electric. European Atomic Energy Community was established in 1958. And EU energy policy was shaped together with these formations. However, since EU countries are foreign-dependant for energy, it has brought some disadvantages together with it. Oil spike appeared with the oil crises in 1973 and 1979 had adverse effects in the economies of the EU countries. Supply interruptions and price hikes of import energy left European countries in a difficult situation. Subsequent to the oil crisis in 1973, subsidy granted to R&D activities concerning energy increased. And thus energy was included in the privileged agenda item of European Union. Subsidy mechanisms were put into effect by means of legal regulations for expanded use of renewable energy in the 90's. The Maastricht Treaty (Treaty of European Union) entered into force on November 1, 1993. This treaty provided for efforts to establish common policy in a number of fields, including energy. Energy security of EU means its uninterrupted access to energy. In the 2005-2006 crises, the Ukraine did not pay its natural gas debts payable to Russia, and used the natural gas for its own internal consumption although it was supposed to be sent to Europe. And the 2009 crisis also arose from natural gas debts and natural gas prices. Russia cut off the natural gas to the Ukraine and Europe for thirteen days. More than half of the energy imported by EU is sourced from

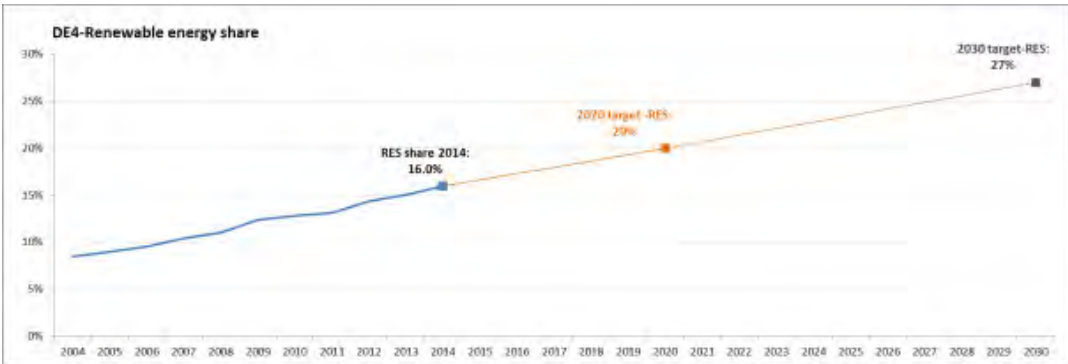
non-EU countries. And EU countries created their own energy markets to the benefit of their respective national interests. National decisions taken on energy by EU-member countries may sometimes adversely affect other EU-member countries. In other words, there are differences between costs of energy use as the government of each EU country adopts different energy policies. And this situation increasingly disturbs competition in the industrial sectors consuming high energy. When significant investment decisions are taken, it gives more damage to certain regions of EU compared other regions of it.

The Treaty of Lisbon signed in 2009 brought comprehensive changes in the system for formulation of a common decision-taking mechanism working more effectively for EU and for elimination of bottlenecks in the decision-taking mechanism of EU. Name of the Treaty for establishing the European Community was changed to the Treaty on the Functioning of the European Union. With Lisbon Agreement, the energy title was incorporated in the text of the Treaty and gained legal ground for the first time. In 2015, the European Commission brought forward the matter of **EU energy union for enhancement of energy supply security, energy sustainability and competitiveness**. The Energy Union is a European priority project, in which five dimensions are closely interlinked: energy security, solidarity and trust; a fully integrated European energy market; energy efficiency contributing to moderation of demand; decarbonising the economy; and research, innovation and competitiveness.” (European Commission, 2016: 2) Energy Union specifies that member countries should execute clear and transparent energy agreements and such agreements be reviewed by the European Commission. The European Commission issued its detailed action plan on Energy Union on February 25, 2015. In fact, Energy Union aimed at creating an integrated European energy market in Europe. “First, renewables have played a major role in **energy security** across Europe. Their estimated contribution to fossil fuel import savings in 2015 was €16 bn and it is projected to be €58 bn in 2030. Second, thanks to fast decreasing costs owing to technological advancement, especially in the power sector, renewables can also be gradually further **integrated in the market**.” ( COM(2017) 57 final,2017:2) Furthermore, renewable energy will be a driving force for economic growth. While higher investments in the renewable energy will increase employment in the regions with low level of industrial development, it is also important for economic and social integration in the European Union. “In 2014, the share of renewable energy sources (RES share) reached 16% of gross final energy consumption. ... In 2015, RES shares are estimated to be around 16.4% of gross final energy consumption, while the indicative trajectory for 2015/2016 is 13.8%.” (COM(2017) 57 final,2017:4)



**Figure 1:** Renewable energy shares in the EU vs. Renewable Energy Directive (RED) and National Renewable Energy Action Plan (NREAP) trajectories (COM(2017) 57 final,2017:4)

European Union desires to achieve the common target it set by increasing share of renewable energy resources in the energy sector in accordance with its plans and estimations. “The European Union has established a common target of 20 % renewable energy share in gross final energy consumption by 2020. Within the 2030 Framework for energy and climate, the European Council agreed to an EU-level binding target of at least 27 % renewable energy consumed in the EU by 2030.” ( SWD(2017) 32 final,2017:19) To this end, the member countries implement a variety of policies to turn towards renewable energy resources. The following Figure 2 shows EU progress towards renewable energy targets.



**Figure 2:** EU progress towards Renewable energy targets (Source: ( SWD(2017) 32Final,2017:91)

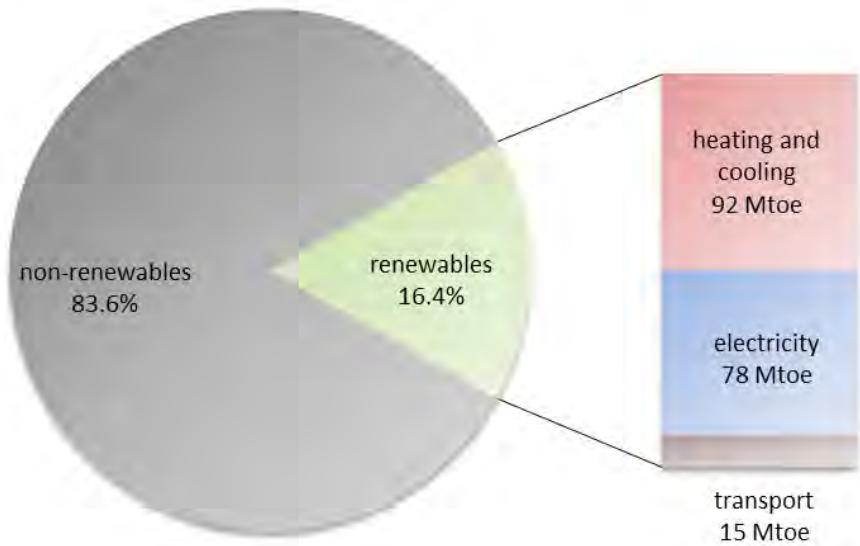
Energy production from the renewable energy resources in the European Union makes considerable contribution to reduction of greenhouse gas and alleviation of climate change.

### **2.1. Reasons of Necessity to Expand Use of Renewable Energy in the European Union and Current Policies**

European Union has acted as a leader for a long time for development of works concerning use of renewable energy and increase of production from renewable energy resources. In general, energy need of the EU is, as we pointed earlier above, foreign-dependant. “The EU imports more than half of the energy it consumes. Import dependency seems to have stabilised in recent years: since 2005, it has fluctuated between 52 % and 55 %; it was 53.5 % in 2014”. ( SWD(2017) 32 Final, 2017:31 ) . As it is, EU is likely to be affected very much if possible regional and global energy problems. “As a result, the EU remains vulnerable to supply disruptions, whether caused by geopolitical conflicts, political or commercial disputes, infrastructure failure or other reasons.”( SWD(2017) 32 Final,2017: 32) Hence, use of renewable energy resources was encouraged by EU-member countries. As a result, the European Union became a world leader in effective use of energy as well as renewable energy. It owes this leading position in the renewable energy to new technologies and use of it in the field of industry. Additionally, European Union aimed at connecting energy markets internally. Gathering the resources in a pool and combination of infrastructure is another target of European Union. In this way, it aims at reducing high energy dependency of the member countries. Because; “Member States with no or limited fossil fuel reserves can hardly improve their import dependence but they can certainly make efforts to achieve a better diversification of energy sources, suppliers and routes, the importance of which was highlighted in the Energy Union strategy”. ( SWD(2017) 32 Final,2017: 37 ).

In order to speed up energy conversion in progress according to the energy union strategy in Europe, necessary priority should be given to restructuring of fossil energy production and renewable energy production as well as competition conditions to appear during supply of these two types of energy. If energy prices are reorganized in such a way by taking into account result of fossil energy use in terms of environment, energy prices may be used as a significant political instrument. Preference of renewable energy in the final energy consumption may be increased in percentage. (Figure 3 below shows final energy consumption in the EU28 in 2015)

**Final Energy Consumption in the EU28 in 2015**  
based on Öko-Institute proxies, statistical transfers and mult. counting excluded in Mtoe



**Figure 3:** Final energy consumption in the EU28 in 2015 (COM(2017) 57 final, 2017:5)

Increasing production and amount of use of renewable energy is one of basic objectives of the EU energy policy. “The electricity sector has seen the fastest growth in renewable share, which currently reaches 28.3% of total electricity production. In 2015, the largest contributor to renewable electricity remained hydropower. The strongest performer in terms of growth is on-shore wind. Solar photovoltaic development has been uneven, with a growth peak in 2011 and 2012, but lower growth rates each year since. Together, variable renewables<sup>52</sup> represent 12% of the EU gross electricity generation.” ( COM(2017) 57 final, 2017:17)

**2.2. Union Regulations in the Area of Renewable Energy in European Union**

The basic legislation concerning renewable energy resource in EU is summarized below in Table 1, 2,3,4:

**Table 1. Incentive Legislations on Generation of Power from Renewable Energy in EU (1996-2006)**

<b>Year</b>	<b>Legislation</b>	<b>Primary Objective of the Legislation</b>	<b>Result Created by the Legislation</b>
November 1996	Green Paper for a Community Strategy	<ul style="list-style-type: none"> <li>- Establishment of a general framework related to renewable energy policy.</li> <li>- Increase of share of renewable energy in the total energy consumption.</li> <li>- Development of co-operation among member countries in using renewable energy. (Green Paper for a Community Strategy-COM (96) 576)</li> </ul>	First step was taken related to the process with respect to operations to be performed by the EU and member countries in the area of renewable energy.
November 1997	White Paper	<ul style="list-style-type: none"> <li>- Manifestation of renewable energy policy of union as well as its objectives and targets in detail.</li> <li>- Fulfilment of renewable energy targets by means of Action Plan (1998-2010). (White Paper for a Community Strategy and Action Plan - COM (97) 599)</li> </ul>	It is complementary of Green Book of November 1996.
November 2001	Green Paper Towards a European Strategy for the Security of Energy Supply	<ul style="list-style-type: none"> <li>- Implementation by the member countries of some financial tools (tax discount, loan with low interest, etc.)</li> <li>- Necessary regulations for adaptation to the common renewable energy policy. (EC, Green Paper: Towards a European Strategy for the Security of Energy Supply, COM (2001))</li> </ul>	It has been concluded that renewable energy resources have considerable potential for increase of resource security in Europe, but increase of its use requires great scale of political and economical efforts and these energy resources should not be neglected.
May 2003	Directive 2003/30/EC	<ul style="list-style-type: none"> <li>- Fulfilment of liabilities with respect to climate change.</li> <li>- Reduction of use of petrol and diesel oil for transportation and encouragement of use of biofuels<sup>1</sup> and other renewable fuels<sup>2</sup> for environment protection and energy supply security. (The European Parliament and of the Council on the Promotion of the Use of Biofuels or Other Renewable Fuels for Transport", Official Journal of the European Communities; 17.05.2003)</li> </ul>	Reduction of dependency on import energy and foreign sources in supply of energy.
March 2006	Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy	<ul style="list-style-type: none"> <li>- Development of use of renewable energy resources</li> <li>- Preparation of a new 'road map' related to renewable energy (Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy – COM (2006) 105)</li> </ul>	<ul style="list-style-type: none"> <li>- Six priority areas have been established; i.e. building a competitive internal market; creation of energy diversity; acting together in case of any problem in the energy supply security; sustainable development, leadership of Europe with respect to energy innovation and technology and establishment of energy foreign policy.</li> </ul>

1 It refers to liquid or gas fuels such as biodiesel, bioethanol, biomethanol and biogas derived from biomass.

2 It refers fuels used for transportation and derived from renewable energy resources other than biofuels.



**Table 2. Incentive Legislations on Generation of Power from Renewable Energy in EU (2007-2014)**

<b>Year</b>	<b>Legislation</b>	<b>Primary Objective of the Legislation</b>	<b>Result Created by the Legislation</b>
January 2007	Renewable Energy Road Map	Prepared as a complementary part of Strategic European Energy Review, this study aims at setting long-term targets of the EU concerning use of renewable energy (EC, "Renewable Energy Road Map - Renewable Energies in the 21st Century: Building a more Sustainable Future", COM (2006) 848, s. 3-16)	It formulates the EU renewable energy policy for 21 <sup>st</sup> century.
December 2008	REPAP2020 <sup>3</sup>	<ul style="list-style-type: none"> <li>- Goal of the Directive REPAP2020 issued by the European Parliament is to support operations of renewable energy policy on basis of national renewable energy action plan of the member countries.</li> <li>- Main target groups of REPAP 2020 are national parliaments and governments as well as national industrial organizations.. (European Renewable Energy Council, 2011)</li> </ul>	It requires the member countries to provide the European Commission with their national renewable energy action plans that contains concrete measures allowing them to seize the objective for 2020 with respect to heating, cooling, power and biofuel sectors till June 30, 2010.
July 2009	Electricity Directive No. 2009/72/EC	<ul style="list-style-type: none"> <li>- Integration of competitive electricity markets in the European Union.</li> <li>- Establishment of common rules for generation, transmission, distribution and supply of electricity by giving emphasis on consumer protection in the European Union. (European Parliament and Council, 2009)</li> </ul>	The current electricity market design is based on the rules of the Third Energy Package, adopted in 2009.
July 2014	The 2030 Framework For Climate And Energy Policy (28 members of the European Union signed).	<ul style="list-style-type: none"> <li>- Increase share of renewable energy consumption in the total energy consumption in the European Union from 14.1% in 2012 to 27% by 2030.</li> <li>- Reduction of greenhouse emissions by 40%.</li> <li>- Make energy savings by 27% compared to 1990.</li> <li>- Increase of interconnection of the electricity networks in the Union up to 15%. COM(2014) 520 Final</li> </ul>	<ul style="list-style-type: none"> <li>- An integrated approach was set forth which aims coordination and integration of the energy policies of the EU and member countries.</li> <li>- No country has any responsibility and obligation towards other countries with respect to fulfilment of its liabilities.</li> </ul>

3 REPAP2020; Renewable Energy Policy Action Paving the Way towards 2020.



**Table 3. Incentive Legislations on Generation of Power from Renewable Energy in EU (2015-2016 )**

Year	Legislation	Primary Objective of the Legislation	Result Created by the Legislation
February 2015	Energy Union Framework Strategy	<ul style="list-style-type: none"> <li>- An effective regulation for energy markets at EU level.</li> <li>- A sustainable and environment-friendly economy with low carbon.</li> <li>- Existence of strong, innovation and competitive European companies.</li> <li>- A workforce market capable to build and manage future energy system.</li> <li>- Creation of a structure where the customers are able to actively participate in the market and customers are protected. COM (2015) 80.</li> </ul>	<ul style="list-style-type: none"> <li>- European Commission published detailed action plan on Energy Union.</li> <li>- Implementation of strategy requires addition of new articles to the EU legislation for implementation by the European Parliament under ordinary legislative procedure.</li> </ul>
December 2015	Resolution of 15 December 2015 'Towards a European Energy Union'	<b>Purpose:</b> to present a framework strategy for an Energy Union with a forward-looking climate change policy. 2015/2113(INI)	Parliament has adopted resolution related to energy markets on the Energy Union, on interconnection targets. 2015/2113(INI)
May 2016	Resolution of 26 May 2016 on delivering a new deal for energy customers	<ul style="list-style-type: none"> <li>-the aim of the empower citizens to produce, consume, store or trade their own renewable energy either individually or collectively,</li> <li>-to take energy-saving measures, to become active participants in the energy market through consumer choice;</li> <li>- a practical common understanding of the definition of prosumers should be agreed at EU level;</li> <li>-contribute to eradicating energy poverty;</li> <li>-protect consumers from abusive, uncompetitive and unfair practices by market actors and enable them to fully exercise their rights.2015/2323(INI),2015 :2</li> </ul>	The energy transition is resulting in a move away from an energy system based on traditional centralised generation to one which is more decentralised, energy-efficient, flexible and largely renewables-based. 2015/2323(INI),2015 :2
September 2016	Resolution of 13 September 2016 'Towards a new energy market design',	-To clarify the position of storage in different steps of the electricity chain, and to allow transmission and distribution operators to invest in, use and exploit energy storage services for the purpose of grid balancing and other ancillary services.2015/2322(INI)	-Calls for a common understanding of the definition of prosumers at EU level and 'a new chapter on prosumers in the revised Renewable Energy Directive in order to address the main barriers and boost investment in self-generation and self-consumption of renewables'.
November 2016	EP Legislative Observatory, Procedure file on internal market for electricity. Recast,	<ul style="list-style-type: none"> <li>-To recast the rules on the internal electricity market.</li> <li>-setting fundamental principles for well-functioning, integrated electricity markets, which allow non-discriminatory market access for all resource providers and electricity customers, empower consumers, enable demand response and energy efficiency. 2016/0379(COD), 2016:3</li> </ul>	It set the basis for an efficient achievement of the objectives of the European Energy Union and in particular the climate and energy framework for 2030 by enabling market signals to be delivered for increased flexibility, decarbonisation and innovation. 2016/0379(COD), 2016:3

## EU-TURKEY RENEWABLE ENERGY DIALOGUE: HOW IS A WIDE-RANGING PARTNERSHIP POSSIBLE?

*Nilgun Serim*

<b>Year</b>	<b>Legislation</b>	<b>Primary Objective of the Legislation</b>	<b>Result Created by the Legislation</b>
November 2016	Proposal for a regulation on the internal market for electricity (recast),	The new market design aims to improve price signals to drive investment in areas where it is needed most, reflecting grid constraints and demand centres, rather than national borders. The new market design aims at ensuring that supply prices are free of any public intervention, and only with duly justified exceptions. COM(2016)861,2016:3,4	Active enforcement of the legislation has led to positive results for electricity markets and consumers, and markets are in general less concentrated and more integrated than in 2009. COM(2016)861,2016:11
December 2016	European Commission, Joint Declaration on the EU's legislative priorities for 2017	The following initiative will be given priority treatment in the legislative process to ensure substantial progress and, where possible, their delivery before the end of 2017: - Delivering on EU commitment to implement a connected Digital Single Market, notably through the EU telecoms and copyright reforms, the use in the Union of the 700 MHz band, preventing unjustified geo-blocking, the revision of the Audiovisual Media Services Directive and the completion of the work to modernise our common data protection rules (European Commission, 2016)	-The presidents of the European Commission, the European Parliament and the Council of the European Union, signed a joint declaration on the EU's legislative priorities for 2017. -Delivering results where they are most needed requires that the European Parliament, the Council and the European Commission work closely together in particular when it comes to the European legislative process.

**Table 4. Incentive Legislations on Generation of Power from Renewable Energy in EU (2017)**

Year	Legislation	Primary Objective of the Legislation	Result Created by the Legislation
February 2017	Council, Outcome of the Transport, Telecommunications and Energy Council meeting on	<p>Main aims;</p> <ul style="list-style-type: none"> <li>– urgency of further action to develop an efficient, flexible and fully functional infrastructure.</li> <li>– need to establish fair conditions for the choice of low-carbon energy resources and technologies, also in relation to third countries</li> <li>– need to further develop interconnections to achieve the 15% interconnection target by 2030 in order to avoid energy isolation</li> <li>– importance of free price formation by removing price caps, in order to attract required investments in the electricity market, although some delegations would prefer to retain the possibility of regulated tariffs in order to protect vulnerable consumers</li> <li>– the value of regional cooperation was acknowledged by several delegations, but it was also underlined that no national powers should be transferred to the regional operational centres, as proposed by the Commission (Council, 6719/17)</li> </ul>	The Council decided to work in parallel on the proposal for a regulation on the internal market for electricity and a directive on common rules for the internal market in electricity.
May 2017	The European Parliament, Briefing, Capacity mechanisms for electricity	the Electricity Regulation, which updates the rules for European resource adequacy assessments and sets out design principles for national capacity mechanisms. (The European Parliament, Briefing, 2017:1)	The Council of the EU stresses that ensuring the security of electricity supply is the responsibility of the Member States. Stakeholders have expressed various views about what the appropriate design of capacity mechanisms should be. (The European Parliament, Briefing, 2017:1)
June 2017	<b>Draft Report</b> on the proposal for a directive of the European Parliament and of the Council on common rules for the internal market in electricity (recast)	<p>To address challenges and to foster decarbonisation, rapporteur Kariņš has taken a “market first” approach, which means creating a truly level playing field for all market participants. Fair rules mean fair competition in the market. A fair electricity market will deliver both climate goals as well as the lowest and most competitive prices for consumers, at the same time ensuring security of supply without over-investment.</p> <p>(Krišjānis KARIŅŠ, ITRE_PR(2017)597758PE 597.758v01-00,2017:32)</p>	Deadline for tabling amendments : 15-09-2017
June 2017	Draft Report on the proposal for a regulation of the European Parliament and of the Council on the internal market for electricity (recast)	<ul style="list-style-type: none"> <li>- All market participants shall aim for system balance and shall be financially responsible for imbalances they cause in the system. They shall either be balance responsible parties or delegate their responsibility to a balance responsible party of their choice.</li> <li>- take into account possible substitutions between different types of reserve capacity with the aim to minimise the costs of procurement.</li> </ul> <p>(Krišjānis KARIŅŠ, ITRE_PR(2017)597757PE 597.757v01-00,2017)</p>	Deadline for tabling amendments : 15-09-2017

3. Overview of Current Status of Renewable Energy in Turkey

Turkey is involved in activities that encourage the development and use of new and renewable energy resources.

3.1. Renewable Energy Policies In Turkey

In Turkey, Ministry of Energy performs promotion and advisory operations with a view to developing renewable energy systems through co-operation with research institutions, local administrations and non-governmental organizations. Turkey reshapes its general energy policy objectives by means of market structure, privatisations, significant investments made, objectives for 2023, important legislative modifications and encouragements granted in the field of renewable energy. “Market liberalisation and privatisation deals in generation and distribution activities encouraged new private investments, particularly in renewable energies. The Turkish electricity grid is formally synchronised and interconnected with the ENTSO-E Continental European system since January 2016, allowing market players to freely import and export electricity between the EU and Turkey and thus improving the security of supply.” (SWD (2016) 366 final:38) “Increased hydroelectric generation increased share of renewable energy in the energy production from 21% in 2014 to 32% in 2015. (SWD (2016) 366 final ,2016 :60-61) “Renewable energy accounted for 34,1 % energy generation in 2016, up from 31,3 % in 2015.” (See; Figure: 4)



Figure 4 : Power Development, Turkish Electric Energy Council  
(Ministry of Energy and Natural Resources, 2017:124)

Turkey contributes to determination and execution of the activities of the common energy working group set up under bilateral co-operation with a variety of countries. “The EU and Turkey also continue to coordinate in the framework of the G-20. Turkey and the EU continued to improve their cooperation on energy, and a High Level Energy Dialogue meeting was held in January 2016. The dialogue covered developments and policy priorities in the gas sector and security of supplies, including the Southern Gas Corridor; the electricity sector; the nuclear sector; energy efficiency and renewable energy sources.” ( SWD (2016) 366 final,2016:97)

Furthermore, performance of works concerning Projects of EU-Turkey Financial Cooperation, Instrument for Pre-accession Assistance makes contribution to the related meetings and workshops. A project will be carried out for “Encouragement of Renewable Energies Connected to the Grid” in cooperation with German International Cooperation Agency (GIZ) and project budges is expected to be about 2million Euro. The project specifies improvement of the legislative infrastructure, support and setup of operations for technical infrastructure and various supports to “Renewable Energy Training Centre” are intended.( Ministry of Energy and Natural Resources,, 2017:108)

Issue of the reports on scanning and regulatory impact analysis for harmonisation of the legislations of energy efficiency, renewable energy, natural gas and electricity markets and statistics to the related EU *acquis* and translation of the EU *acquis* and establishment of reporting system of such standards compliant with EU are scheduled to complete in September 2017 (Ministry of Energy and Natural Resources, 2017:105) In addition to those listed so far, operations are performed for coordination to develop efficient and effective cooperation among public organizations and agencies, universities, private sector and non-governmental organizations in connection with energy efficiency in the country.

### 3.2. Statutory Regulations on Renewable Energy in Turkey

Turkey establishes strategical priorities of the country by following national and international developments in the field of energy and natural resources, and, when required, makes cooperation with the related agencies of the **European Union**. “Positive developments continued in the renewable energy sector, where Turkey is largely in line with the *acquis* It has already taken significant steps to promote renewable energy, targeting at least 30 % of electricity, to be generated from renewable resources by 2023”. (SWD (2016) 366 finali,2016:55)

We may list the basic objectives of Turkey in taking significant steps to develop renewable energy as follows:

- Reduction of Turkey’s foreign-dependency,
- Increase of regional and global activity of Turkey in the field of energy,

- Use of natural resources in Turkey in the best way for economic development of Turkey,
- Minimisation of adverse effects on the environment during generation and use of energy and natural resources.

**The basic legislation concerning renewable energy resource in Turkey is summarized below in Table 1, 2, 3 :**

**Table 1. Incentive Legislations on Generation of Power from Renewable Energy in Turkey (2005-2010)**

Year	Legislation	Primary Objective of the Legislation	Result Created by the Legislation
2005	Law on Use of the Renewable Energy Resources for Generation of Electric Energy (Law No. 5346, Official Journal: Date: 18.05.2007, No: 25819).	<ul style="list-style-type: none"> <li>- Giving support to the renewable energy generation plants for land use.</li> <li>- Providing warranty of feed-in tariff for the renewable energy generation plants.</li> </ul>	- Period of support is maximum 7 years for the investments made in 2005 and maximum 10 years for those made in 2007 and 2008.
2007	Energy Efficiency Law ( <i>Law</i> No. 5627, Official Journal: Date: 02.05.2007, No: 26510).	Achieving potential of energy savings with a value of 4 Billion Turkish Lira to the benefit of national economy	- Research and development projects for enhancing energy efficiency and taking advantage of renewable energy resources have been primarily supported by The Scientific and Technological Research Council of Turkey (TÜBİTAK).
2009	Certificate of Strategy for Electric Energy Market and Security of Supply (Higher Planning Council, No. 2009/11 of 18.09.2009 <a href="http://www.enerji.gov.tr/">http://www.enerji.gov.tr/</a> , Accessed: 22.03.2017.)	Increasing share of the renewable energy in the electric generation up to 30% by 2023.	<ul style="list-style-type: none"> <li>- New technologies have been encouraged. Use of local and renewable resources was maximized.</li> <li>- Improvement has been achievement in minimizing loss in the generation, transmission, distribution and use of the electric energy.</li> </ul>
2010	Renewable Energy Resources Law No.5346 was revised on 29/12/2010. Law No. 6094, Official Journal: No: 27809 of 08.01.2011 (Law on Modification in the Law Relating to Use of Renewable Energy Resources for Production of Electric Energy)	- Further increase of the incentives laid down in the Renewable Energy Resources Law.	- Permission was given for establishment of renewable energy resources in the national parks, natural parks, natural monuments and nature reserve areas, protection forests, wildlife improvement areas

**Table 2. Incentive Legislations on Generation of Power from Renewable Energy in Turkey (2013)**

Year	Legislation	Primary Objective of the Legislation	Result Created by the Legislation
2013	New Electric Market Law (Law No. 6446) (Official Journal: Date: 30.03.2013, No: 28603).	<p><b>a) Provide incentive</b> for the power plants in operation or to start operation by December 31, 2020 so as to include the investment and operating periods.</p> <p><b>b) Bring some new incentives</b> special to the investors that have a production license and started to operate prior to the date specified in the Law (31.12.2015).</p> <p>-To exempt the documents and transitions related to the power plants and completed in the investment period from stamp duty and fees</p>	<p>a) Grant of a discount of 85% on lease, easement and usage rights of energy transmission lines for 10 years have entered into effect.</p> <p>b) Accordingly, application of 50% on the price for use of transmission system for 5 years from the starting date of operation to the benefit of these investors has entered into effect.</p>
2013	Regulation on Manufacture of the Components Used in the Plants Which Generates Electric Energy from Renewable Energy Resources (Official Journal: Date: 04.09.2013, No:28755).	Provided that some requirements are met, provision of extra price support if the plants generating electric from renewable energy resources use equipment manufactured in the country.	If the plant started operation prior to December 31, 2015, an extra price support in range of USD 0.4 and 3.5 has been granted for a period of 5 years.
2013	Regulation on Unlicensed Electric Generation in the Electric Market was issued (Official Journal: Date: 02/10/ 2013, No: 28783).	Meeting power requirements of the consumers from a production plant nearest to the consumption point.	It has been possible for the real or legal persons to generate electric energy without having to get license and establish company.
2013	Electric Market License Regulation brought pre-license application for prevention of license trade. (Official Journal: Date: 02/11/ 2013, No: 28809).	Determine procedures and principles concerning pre-license and licensing implementation in the electric market as well as rights and liabilities of the holders of pre-license and license.	<p>-With this regulation, the previously existing implementation of wholesale and retail license was abolished. It was replaced by the supply license implementation.</p> <p>- Licence is granted for minimum ten and maximum forty nine years depending on nature of the activity. However, term of the production licence is limited to the term of the related existing contract.</p>

**Table 3. Incentive Legislations on Generation of Power from Renewable Energy in Turkey (2016-2017)**

<b>Year</b>	<b>Legislation</b>	<b>Primary Objective of the Legislation</b>	<b>Result Created by the Legislation</b>
2016	Law on Modification of Electric Market Law No.6719 and Some Other Laws. (Official Journal: Date: 17.06.2016, No: 29745).	Meet new needs appeared related to the renewable energy investments and implement new policies adopted by the modified energy management and bureaucracy.	<ul style="list-style-type: none"> <li>- In case the private properties are specified as energy resource area, it will be possible to expropriate these areas urgently.</li> <li>- the production plants to be established in the fields of renewable energy specified as location of renewable energy resource, then rapid expropriation can be performed on such real properties.</li> <li>- Modification in the applicable regulation to enable the power distribution and supply companies to collect from the consumers the loss, illegal use, meter reading, retail sale, service, transmission system usage and distribution fee entered into effect.</li> </ul>
2017	Regulation on Modification in the Electricity Market Licence Regulation published in the Official Journal No. 28809 of 02/11/2013 (Official Journal: Date: 09/06/ 2017, No: 30091)	<ul style="list-style-type: none"> <li>- Regulating term of production licence granted for Renewable Energy Resource Area (RERA).</li> <li>- Expanding scope of right to sign agreement granted to Turkish Electricity Trading and Contracting Inc. (TETAŞ) through supply licence.</li> </ul>	<ul style="list-style-type: none"> <li>- Term of the production licence granted for Renewable Energy Resource Area (RERA) is limited to the term specified in the RERA regulation.</li> <li>- In the former regulation, supply licence granted TETAŞ a right to sign agreements for import or export of electricity energy under the intergovernmental agreements. It now grants right to sign energy purchase and sale agreements under the electrical energy exchange, import and export agreements.</li> </ul>

## **5. Overview of Opportunities for Cooperation Between the EU Countries and Turkey for Renewable Energy**

**Progress in good level** was attained with respect to supply security, electricity and renewable energy sector. Adaptation level of Turkey in the electrical sector is at advanced level. ( SWD (2016) 366 final,2016 :53)

- Due importance and priority should be given to diversification of energy paths between Turkey and EU-member countries and provision of energy supply security.
- In cooperation with the EU, Turkey should determine common political objectives and applicable means.
- Required fundamental facilities required for development of renewable energy should be constructed in Turkey.



- It should be facilitated to develop research technoparks for common renewable energy should be together by Turkey together with the EU-member countries. Sufficient fund should be reserved for expenditures of renewable energy researches and due importance should be given to obtaining patent on renewable energy technologies.
- Turkey should give priority to researches on renewable energy together with the EU-member countries.
- It is important to integrate renewable energy researches to be made in common with the training programs of EU and Turkey.
- Efforts should be made to ensure Turkey to give maximum contribution to the operations of EU common energy policy with respect to the decisions taken and policies implemented in connection with renewable energy.
- Turkey should make necessary arrangements in its legislation in order to participate in the common energy policy of EU. It should meet requirements of the EU *acquis* in connection with developments in the renewable energy area, including hydroelectric, government supports and environment. Regulatory regime should be developed. "Development of renewable energy, including hydropower, must abide with *acquis* requirements on State Aid and on environment. The regulatory regime should be streamlined." ( SWD (2016) 366 final,2016:55)
- Turkey should establish its basic principles for reduction of energy costs, provision of energy supply security, adaptation to coordination between energy policies of the EU-member countries, long-term supply stability, freedom of choice for the customers and participation in a common market for energy products.
- Turkey should act in closer cooperation with the EU countries with respect to renewable energy and energy supply resources should be diversified basing on solidarity and trust.
- Regulatory framework should be reinforced for renewable energy in Turkey and transfrontier energy networks should be developed.
- Efforts should be made to include Turkey in the EU-wide renewable energy retail market to be created.
- It would be to the benefit of Turkey to give priority to energy efficiency in the its energy policies and cooperate with the companies of the EU-member countries about measures of energy efficiency in the transportation and construction sectors.
- Turkey should enter into cooperation with the EU countries to increase common investments in the renewable energy fuels of sustainable character.
- Turkey should cooperate with the EU countries for establishment and expansion of buildings which produce and use its own energy and transportation systems which operate with sustainable energy.

- Turkey should support active participation in the management of the EU's energy transition and an energy dialog should be built with the EU-member countries in the progress of policy-making.
- Governments should give support that the EU countries and Turkey should perform common research and development activities in order to develop and expand use of renewable energy resources.
- Turkey should develop data warehouse, analysis and data sharing system required to perform common renewable energy operations with the EU-member countries.
- Turkey should increase wind and photovoltaic energy production capacity together with partners it will find from the EU countries, and should participate in the EU electricity generation market as a new market player.
- Turkey should take steps to participate in the creation process of the Energy Union proposed by the European Commission to set up an integrated energy market.
- Turkey should integrate in the medium run with the European energy market for renewable market.
- Energy trade and common energy investments should be encouraged by creating a common, stable and transparent energy market.
- Access to energy statistics can be made easier. More detailed energy statistics may be shared with the public.
- Arrangements should be made to facilitate design, development, implementation and expansion of innovative energy technologies by the EU countries and Turkey jointly in the context of clean energy technologies.
- European Union may export to Turkey its background of technology and knowledge concerning renewable energy. As a result, Turkey may serve as a laboratory for renewable energy technologies and, consequently, new technologies may be tried both at micro and macro levels.
- Under the existing conditions, the EU countries and Turkey may jointly establish energy institutes, making it easy to act in coordination with respect to renewable energy.

## **Concluding Remarks**

It is strategically important both for the EU-member countries and Turkey to consider renewable energy resources and bring them in economy and provide resource diversity for energy. "With Kyoto Protocol, EU found a chance to apply the importance it gives to the renewable energy internationally just as in its own market. Thanks to this policy, it ensures sustainable development of its own Union on the one hand and contributes to the policies held worldwide on the other hand." (Savru,2010:61)" European Union and Member Countries are definitely

determined and agreed that Paris Climate Agreement\* accepted after Kyoto Protocol should also be implemented expediently and completely. Under the Agreement, the countries accepted to reduce carbon dioxide and other greenhouse gases given off when oil, gas or coal burns. Being leader in making the greatest contribution to the climate finance, the European Union and Member Countries seem committed to mobilize USD100 billion per year to the developing countries by 2020 for climate action (Climate Change, 2017) “Member States’ latest projections based on existing measures indicate that emissions will be 24 % lower in 2020 than in 1990. This means that the 2020 20 % reduction target will be overachieved. According to Member States’ projections with existing measures, total EU emissions in 2030 are expected to be 26 % below 1990 levels. ( SWD(2017) 32 final: 80 )

New regulatory framework of EU for post-2020 was proposed by the European Commission in the package of “clean energy for all Europeans” in November, 2016. This package is designed for further Europeanization of energy policy. And, furthermore, it aims at maximizing use of renewable energy for buildings, transportation and industrial sector. Turkey continues its efforts to encourage use of renewable energy resources and set the required administration structure for this purpose both for its international commitments and its accession to the European Union and for its national requirements and interests. Political support given for renewable energy in the EU countries and Turkey plays an effective role for growth of renewable energy market in volume and strength of competition. Between the EU and Turkey, energy Act has not been opened to discussions yet. Turkey is of importance for the EU energy security as basic country and regional energy trade centre. Meeting of Turkey-EU high level energy dialogue was held in 2015 and 2016. A EU grant of 59.1million Euro in total has been allocated under IPA II for expansion of SCADA/EMS System by TEIAS<sup>4</sup>; capacity enhancement of Renewable Energy General Directorate (REGD)for energy efficiency; support to municipalities for renewable energy and energy efficiency; and development of performance-based tariff methodologies for Energy Market Regulatory Authority (EMRAN).” (Ministry of Energy and Natural Resources, 2017:105) Both parties, EU and Turkey, have resolved to continue cooperation to secure and diversify energy supply resources and ensure energy from these resources to find purchaser in a competitive market.

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4 TEIAS: The Turkish Electricity Transmission Company

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# CHAPTER 3

## FREE MOVEMENT OF GOODS IN THE EUROPEAN UNION AND HARMONIZATION OF TURKEY

Mesut Savrul\*

### **Abstract**

*The free movement of goods is one of the four basic freedoms of the EU that helped European businesses to build a robust platform in a competitive, open and divergent environment; feed economic growth and job creation in the Union and provided EU businesses with the resources they would need to help them to be advantageous in the world markets. The extent to which Turkey carries out in its political relations, if any, demonstrates that the EU is a very important place in its external relations. The Council of Europe Decision No. 1/95 dated 6 March 1995 signed between the EU and Turkey aims to go beyond the classical Customs Union between Turkey and the EU and as a final objective Turkey's full membership to the EU. Taking all these developments into consideration, Turkey's alignment with the EU acquis is vital both to maintain this share in exports and to realize full membership in the Community. In this perspective this paper investigates the effects of Free Movement of Goods in the Union and Turkish harmonization. The results of the study presents that although reasonable process achieved in the relations between Turkey and the EU, there are some technical and legislative obstacles, limiting free movement of goods between Turkey and the EU, arising from the fact that Turkey is not a full member of the EU.*

**Keywords:** European Union, Economic Integration, International Factor Movements

**JEL Classification:** O52, O24, F15

### **1. Introduction**

The principle of the free movement of goods is one of the cornerstones of the European Community. That principle requires that goods placed on the market in any Member State may be traded freely throughout the Community. Any kind of charges or customs duties having comparable effect may not be exacted on trade between Member States; nor may such trade be subject to quantitative restrictions or to measures having comparable impact. The principle of free movement applies to goods both produced in a Member State and originating in non-member countries once they have been appropriately imported into a Member State and

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any customs duties to be paid under the Common Customs Tariff have been accounted for (Keeling, 1992: 467).

Helping to constitute the internal market which is at the centre of EU policies and European businesses and citizens are now benefiting from, the free movement of goods is one of the prominent accomplishments of the European project. Internal markets of today simplify to sell and buy goods in Member States with more than 490 million population. Consumers are provided with a vast choice of goods and grant them to shop around for the best offer available. Concurrently the free movement of goods is good for trade and about quad three of intra-EU trade is in goods. They created the single European marketplace in past decades to assist EU businesses to form a solid platform in an competitive, open and diverse and environment. This internal power encourage job creation and economic growth in the EU and provides the EU businesses with the resources they would need to help them to be advantageous in the world markets (Canaj and Vasjari, 2013: 737).

Turkey has been a member of the Council of Europe and a number of other European institutions over the last 50 years. It achieved an association agreement with the European Economic Community in 1963 which included the promise of eventual full membership and started the course of customs union. A supplementary protocol setting out an agenda for the elimination of quotas and tariffs on trade of goods between Turkey and the EEC signed in November 1970 complemented the Ankara Agreement. In 1995, a customs union was formed between the Community and Turkey. The customs union included manufactured goods and foods and it is also provided for the harmonisation of competition supervision, copyrights protection, elimination of monopolies and technical legislation. The customs union particularly contributed to rise of trade exchange between the EU and Turkey (WTO: 2007).

In this regards this study focuses on the effects of Free Movement of Goods in the European Union and Turkish harmonization to it. The study consists of four sections. In first section general concept of free movement of goods in the EU and historical developments are dealt. Significance of the free movement of goods and the legal harmonization process of the subject is examined in the second and third sections. And Turkish case of the topic is handled in the last section in perspectives of harmonization of Turkey to the EU Common Customs Area, current progress, effects of free movement on Turkish Economy and obligations related to free movement of goods.

## **2. Free Movement of Goods in the EU**

The free movement of goods is the internal market's first fundamental freedom and it is secured through the quantitative restrictions, eradication of customs duties and the prohibition of measures involving similar impact. The regulations of mutual concession, eradication of technical

and physical barriers, and encouragement of standardisation were added in order to advancing the completion of the internal market (European Parliament, 2017).

The approach of free movement of goods is the outcome of the Single Market strategy of the EU that refers to a single territory without any regulatory barriers or internal borders to the free movement of goods and services. An operating single market triggers competition and trade, enhances efficiency, boosts quality and reduces the prices. In this perspective the European Single Market is between the considerable success of the EU. It eased the daily life of European businesses and consumers and fed economic growth. The Single Market Strategy is the arrangement of the European Commission to release the Single Market's full potential. The Single Market is at the centre of the European project, but benefits of it don't always take place because Single Market rules aren't implemented or recognized, or they are weakened by other obstacles. Thus, the Commission has determined to provide the Single Market an increase by enhancing mobility for service providers, assuring that improving access to goods and services around the EU, simplifying to do business across borders for retailers and innovative business models can prosper (European Commission, 2017a).

The acceptance of the New Legislative Framework in 2008 reasonably enhanced the free movement of goods, product marketing rules, market observation system of the EU and the CE mark. The mutual recognition principle was also centralized, and applies to a wide range of products which aren't covered by EU harmonisation (European Parliament, 2017).

## **2.1. The Strategies to Boost the Single Market**

Single market for goods and services, digital single market, standardisation and barriers to trade are included in the strategies supporting the single market's operation in the EU (European Commission, 2017a).

### **2.1.1. Single Market for Goods**

The EU Single Market accounts for 21.000.000 SMEs and 500.000.000 consumers and the main goal of the Commission is to guarantee the free movement of goods in the market and to set excessive safety standards for the protection of the environment and the consumers.

### **2.1.2. Single Market for Services**

Services which, account for over 2/3 of all economic life and employment in the EU, are essential to the Single Market. EU companies can freely establish themselves in other EU countries and they can supply services in countries other than the ones which they are already established in (Santagostino, 2017:144).

### **2.1.3. Digital Single Market**

Many advantages can be provided to European businesses and consumers by a fully functional Digital Single Market. Innovation can be boosted, thousands of new jobs can be created and 415 billion Euros can be provided to the EU economy each year. So that an enthusiastic action plan was followed by The EU Commission to complete the Digital Single Market aiming the modernisation of intellectual property rights enforcement, interoperability and ICT standards, collective economy and e-commerce (European Commission, 2017b).

### **2.1.4. Standardisation**

Standards enclose technical requirements that are valid for different services, processes, materials and products. They help costs to reduce, safety to improve competition to enhance and innovations to be accepted.

### **2.1.5. Barriers to Trade**

The EU Commission tries to eliminate or decrease obstacles to the trade within EU and avoid the new ones to emerge so that businesses can freely trade both inside and outside the EU. Treaty law prohibits quantitative restrictions on exports and imports based on articles 34 to 36 TFEU and proclamation measures on technical regulations (2015/1535) and technical obstacles to trade are managed (European Commission, 2017a).

## **2.2. Developments in the EU Leading to Free Movement of Goods**

The Heads of State or Government described the economic and monetary union as new goal for the European integration at the summit in The Hague in 1969. A group headed by the Prime Minister of Luxembourg outlined the report that projected the achievement of full economic and monetary union within ten years in accordance with a scheme in several stages. The final objective of the project was to accomplish the total convertibility of currencies of the Member States, liberalise capital movements fully and the exchange rates to be fixed irreversibly. The Bretton Woods system's breaking down and the US Government's deciding to float the dollar in 1971 created a wave of instability therein foreign exchange that called into crucial inquiry the parities between the European currencies and the project was brought to an sudden interruption (European Parliament, 2016).

The EU tried to give a new impetus to monetary integration by generating the snake in the tunnel mechanism at the Paris Summit in 1972. The course started by the oil crises, the dollar is weakened and economic policies became different as a result in less than two years the snake lost most of its members and reduced to a mark area consisting of Germany, the Benelux countries

and Denmark in the end. At the Brussels Summit, attempts to set up an area of monetary stability were started over with the formation of the European Monetary System (EMS) which is based on the idea of fixed but adjustable exchange rates in 1978 (European Council, 1978).

After the Single Market Programme was adopted in 1985, it became apparent that as long as comparably high transaction costs associated to currency conversion and the ambiguities linked to exchange rate fluctuations, the potential of the internal market couldn't be exploited fully. Additionally, many economists blamed that stability of exchange rate, free movement of capital and free monetary policies were contradictory in the long term (European Parliament, 2016).

### **2.2.1. The Single European Act and the Single Market Programme**

The finalization of the Single Market to bring free movement of goods as well as, capital, services and people was the next extensive improvement that affected the customs union. In 1985, A Commission White Paper which came into force on July 1st, 1987 lay out the vision for it. Then the Single European Act was legislated to facilitate progress and a series of changes to boost finalization of the Single Market was launched.

Because the number of cases before the Court increased substantially, a New Approach to Single Market act that was agreed through the resolution of Council of Ministers in 1985. The new proposal thoroughly improved the European legislative measures by basing itself on 4 propositions:

- Legislation would limit itself to recognizing fundamental safety and health necessities or other types of protection depending on its aim.
- The technical qualifications were now assembled by the European standardisation bodies which meant that all crucial collaborators had association directly in arranging the qualifications through the process of standards-making.
- The products would get the assumption of conformity with the crucial requirements of the act itself, if they were produced to these European Standards.
- If they want, producers can make production in their own nonstandard way, however they have to clarify how their products met these necessities.

### **2.2.2. Developments After 1992**

While the Single Market programme and the Single European Act leading up to the Maastricht Committee was praised as the achievement of the Single Market, they went on to develop the free movement of goods. On the 10th anniversary of the Maastricht Committee in 2002, the European Commission spotted a chance to form a new approach to improve the free movement of goods in the Single Market. After a comprehensive and contemplative audit

was followed, in 2007 the Commission projected to expand the new path to nearly all other EU product compliance act through the new legislative scheme.

Powerful connections with many non-EU countries were developed by the Union over the years and a customs union was formed between Turkey and the EU customs union in 1995. This was destined as a step towards eventual accession of Turkey to the EU. Turkey got access to the EU Single Market and became accountable for requesting the common external tariff for industrial products in its dealings with the countries outside EU (HM Government, 2014:14-15).

### **3. Importance of Free Movement of Goods**

As one of the achievements of the European project, the free movement of goods assisted to assemble the internal market that European businesses and citizens are getting use of. With a population of more than 490 million, internal market today facilitate to trade goods in Member States. It also provides buyers a expansive selection of products and they are allowed to shop around for the best available offer.

Considering that about 75 percent of intra-EU commerce is in goods, the free movement of goods is also beneficial for business. The single European marketplace was formed in former years assist businesses in EU to set up a robust platform in a diverse, open and competing atmosphere. This internal power promote job creation and economic growth in the EU and provides businesses with the resources they would need to be favourable in the global markets (Council of the European Union, 2009:7).

In this regards when the internal market for goods functions properly it helps the present and forthcoming welfare of the EU in a globalised economy. From a constitutional prospect, the fundamental of the free movement of goods is a essential aspect in forming and improving the internal market. the EC Treaty established it as an economic freedom and EC Treaty defines content and extent of the regulation by constraining unjustified restraints on intra-EU trade. The internal market is above these Treaty articles today. The meaning of the internal market is specified by harmonised constitution in many areas and the basis of the free movement of goods is framed in solid terms for particular goods. However, the basic objective of the Treaty principle as a safety net and essential anchor for the internal market stands unchanged. Most of the leading limitations on the free movement of goods are now removed. Along with the presentation of the single European market, in 1993, the infrastructure was completed but the going on complaints of businesses and consumers to the Commission shows that even the best attempts in the past haven't dismissed all trade constraints (Canaj and Vasjari, 2013:738).

The national regulatory setting not keeping pace with the current advancements can soon restrict cross-border trade. Furthermore, developing information technology and the Internet expedite cross-border trade and such as, facilitates and boost the demand for transfer of products

between the member countries. As a result, some constraints of trade in specific areas which weren't clear before are coming to light today. In some instances political aims may require limitations or preventions that can serve crucial intentions such as conservation of human health or the environment while limiting free trade. Thus, free movement of goods today consolidate many practices and fits into a accountable internal market that assures smooth access to high-quality goods, integrating other public interests' protection (European Commission, 2010: 8).

#### **4. Harmonisation of Legislations in the EU**

Article 115 of the Treaty covers elimination of technical obstacles to trade in industrial goods and this article present for the approximation of such provisions provided by administrative action, principle or law that have direct impact on the common market's functions. The Commission has been working for many years to line up national regulations with Community guidelines agreed upon in Council decrees on this legal ground. This kind of an alignment isn't as easy as it seems at first blush. The elimination of technical barriers to trade used to be the subject of endless debates because of technical regulations' being related to production systems and therefore investments already made and as their harmonisation calls for the need for industrialists in some EU States to adjust their production systems by means of new investment expenditure. So member countries has tried to convince their trade partners that their own technical orders has been the best and European Community should adopt them (Europedia, 2017a).

These kind of difficult measures involved in the approximation of laws also helps the development of economic integration. Because when all the standards became alike in all member countries, authorization of a good in any of the member countries means it is also recognised by all the other members. The manufacturers are only required to guarantee that all examples of a good will adjust to the prototype which has been approved before. On the other hand, the goods which couldn't get authorization can't be traded any member of the common market including the home market of the producer (Couvas, 2016).

Adoption of a procedure for the arrangement of information by the Member States on any new technical regulations and standards were secured in parallel with Cassis de Dijon principle utilization in 1983. In 1998, they codified the procedure while its range of application was expanded to services of information society in the new Member States. The competent authorities notified The Commission of any new technical regulations or standards which they envisage and they can inform the other Member States and demand modification before their entry into force, thanks to the information procedure (Corvinus University of Budapest, 2017).

The framework of the EEA agreement covers a similar information procedure. Thus transparency is guaranteed throughout the EEA. This procedure has confirmed to be a crucial tool for avoiding the emergence of new obstacles to trade that can result from rules or technical



standards. In addition, it's a satisfying tool for the creation of a technical environment common to all efforts (Europedia, 2017b).

## **5. Turkey and Free Movement of Goods**

Turkey is the member of European Council and some certain European organizations over the last 50 years. It is an Associate Member of the Community and has had a Customs Union with the EC since 1996.

Turkey achieved an agreement of association with the EEC in 1963 and started the customs union process which involves the commitment of full membership in the end. This association came up with the Ankara Agreement which is signed in 1963 and the gradual establishment of a customs union that would integrate the 2 sides together in trade and economic matters is envisaged by the Agreement. An additional protocol which set out a timetable for the removal of quotas and tariffs on trade of products between Turkey and the EEC signed in 1970, supplemented The Ankara Agreement. The customs union provided for the harmonisation of technical regulation and competition regulations, the elimination of monopolies and protection of copyrights besides including manufactured foods and goods. Since then absolute figures show that the customs union provided trade exchange between Turkey and the EU increase (Karagöl 2008:64).

### **5.1. Relations between the EU and Turkey**

Ankara Agreement has set up an Association between Turkey and the EEC which result in a great economic and political shift on the European setting. The resolution of 8 November 1993 declared the insistence of the Blocs to get into the Customs Union conforming to the schedule and methods are shown in the Ankara Agreement and its Additional Protocol. The Association relations are provided in the Ankara Agreement's fifth Article which specified that after the Parties got in the last stage based on the Customs Union, the intermediate stage through the gratification by the 3 parties of their mutual responsibilities and that brings the illustration of the modalities for the persuasive action of the Customs Union within the structure of the Ankara Agreement and Additional Protocol will be completed. In economic and political terms, Customs Union displays an important qualitative step within the Association links between the Parties after the meeting of Brussels in 1995 (Decision No 1/95, 1995).

Trade agreements with major trading partners, particularly after 2006 following the introduction of a new trade policy in the aftermath of the failure of the 2003 Cancun Ministerial Meeting of WTO, Turkey has needed to revise its commercial policies and negotiate new bilateral free trade agreements representing the second wave. In spite of its successes in harmonizing its



commercial policies with the EU's regarding the first wave of preferential trade arrangements, Turkey has faced significant problems in dealing with the second wave.

The decision, which mainly regulated free movement of goods between the parties and the implementation of a common customs tariff vis-a-vis third countries in order to create the customs union, also envisaged that Turkish legislation would adapt to the EU's trade and competition policies as these policies developed. Thus, Turkey also had to align its legislation with EU legislation related to the proper functioning of the customs union, like competition rules, protection of intellectual and industrial property rights, and protection of consumer rights. Turkey adopted the EU's competition policy in 1994 and established its Competition Authority in 1997. Regarding intellectual and industrial property rights, Turkey has adopted the EU's copyright and patent laws, while also harmonizing its rules with the WTO's for pharmaceutical processes and products patents by January 1999. Accordingly, it set up the Patent Institute. In order to have a properly functioning CU, it is also necessary to equalize the competition rules or production conditions of the parties because implementing a customs union without first aligning these would cause trade distortions at the expense of the party with the stricter competition rules and implementations - the EU, in this case. Since the EU would take countervailing measures in such a situation, no one would be able to regard the customs union as functioning properly. Therefore, Turkey had to align its legislation regarding these areas with the EU's so that the competition conditions were equal and a properly functioning customs union relation could be maintained.

In conclusion, the scope of the Turkey-EU customs union not only has included both the elimination of trade barriers and the adoption of a CCT as a conventional and limited definition of the term 'customs union' suggests, but also has required 'harmonisation of the structure, standards and legislative framework of the Turkish economy' with those of the European single market. The customs union has thereby provided a programme for Turkey to integrate its economy into the EU's single market within a reasonable time period Nas and Özer 2017:38-39).

13 chapters of the negotiations consist of trans-european networks, financial control, consumer and health protection, enterprise and industry, statistics, company law, information society and media, intellectual property law, science and research, free movement of capital, environment and food safety, taxation, phytosanitary policy and veterinary have been opened up to now and they closed science and research negotiation provisionally. The political dialogue between Turkey and EU has went on and a political director level dialogue meeting was held in 2011. The main challenges faced by Turkey in terms of the Copenhagen political criteria are focused on these meetings and the progress made towards fulfilling Accession Partnership priorities were reviewed.

During the reporting period, Turkey carried out a series of high level calls to the European institutions. The Customs Union between Turkey and EU goes on to increase bilateral trade

between the parts, that was a total amount of €103.000.000.000 in 2010. About half of total trade of Turkey is with the EU and almost 5/4 of FDI coming to Turkey is from the EU. Nevertheless, Turkey isn't putting the Customs Union into action completely and keeping legislation up that defying its obligations under the Customs Union. Accordingly, many trade problems remain unresolved. A series of commitments of Turkey on lifting technical obstacles to trade such as state aid, import licences, enforcement of intellectual property rights, restrictions on imports of goods from third countries in free circulation in the Union, discriminatory tax and requirements for the registration of new pharmaceutical products remain unfulfilled. So that Turkey is pressed to lift all remaining limitations on the free movement of goods counting on means of transport regarding Cyprus, and to realize the Customs Union completely by the EU (European Commission, 2011).

## **5.2. Free Movement of Goods and Turkish Harmonization**

The establishment of required infrastructure and the lining up of technical legislation are required in order to enable free movement of goods. To fulfil these requirements TURKAK was established to provide certification of technical competence of laboratories. TUBITAK-UME is working as an establishment of a proper functioning metrology system and TSE is for enactment and application of European standards which will satisfy the appropriate implementation of full membership and technical legislation to European standardization institutions. However besides control conformity an additional Protocol is notified to Turkey including the following harmony issues:

1. Deportation of import authorizations or license necessities including inordinate requirements for certificates for the goods covered by the Customs Union.
2. Accomplishing the internal filtering of standards conflicting to EC Treaty's Article 28-30 arranges a plan for their deportation and presents the common admission provision in its legal act.
3. Introducing an action scheme with achievements for the staying adjustment in the sections of procedural and horizontal standards.
4. Providing to the Commission a inclusive strategy with achievement for the improvement of governmental limit requirement for the practicing of the European Community act on market examination.

## **5.3. Progress Achieved in Harmonization Process**

Because of their being obligations of the Customs Union, efforts of harmonization for the opening benchmarks other than the point of Additional Protocol have been continuing since 1996. Start of the Customs Union formed a crucial progress in the adjustment of technical act and a momentous part of the appropriate EU constitution was approved. Mutual Recognition in

Non-Harmonized Area developed by the Ministry of Economy entered into force in the beginning of 2013 in order to adopt the bilateral admission provision that is realized for legislative rules outside the extend of EU *acquis* but included in national constitution.

National Market Surveillance Strategy Document covering 2010 - 2012 has been prepared to deal with basic constructional issues of the market observation system and it has been adopted under the management of the Ministry of Economy by getting views of related public organizations, so that benchmark related to market observation could be met. Additionally, New National Market Surveillance Strategy Document that covered 2015-2017 period has been approved by Market Surveillance and Product Safety Evaluation Board. About 30 million Euros has been provided for improving the infrastructure of laboratories from the EU financial resources until today and the fund is carrying out testing and market surveillance activities. Turkish Standards Institute has been amended by Decree Law No 662 to make Institute provide standard preparation activity more efficiently. On 29.06.2012, Tasks of Turkish Accreditation Agency was restructured (TURKAK) for easing accreditation processes in Turkey (Republic of Turkey, Ministry For EU Affairs, 2017a).

#### **5.4. The Effects of Free Movement on Turkish Economy**

The employment of the Customs Union in 1995 marked a key moment in the relations of trade between Turkey and the EU. The Customs Union with Turkey was first important operating Union of the EU with a non-member state and it's EU' one of the earliest attempts to share some of EU legal system with another state. Turkey is also one of just 3 states that get into a Customs Union with the EU before becoming a candidate nation. As well as for the industrial elements of agricultural goods, Turkey affirmed the EU's common external tariff for most industrial goods and both Turkey and the EU agreed to remove all charges, quantitative limitations and customs duties with similar impact on their mutual trade under the Customs Union. The integration of trade between parts grew efficaciously in the last 20 years. The value of mutual trade between the parties increased more than 400 percent in this period. The growth in FDI to Turkey from the EU is meaningful due to the intense integration between European and Turkish firms together with manufacturing networks. The Customs Union has helped these improvements and has contributed to productivity gains of Turkey directly over the term through the decline in its import tariffs on most of the industrial goods (World Bank, 2014).

Traditionally inclusive economic relations between EU and Turkey have been consolidated essentially as a result of this high level of integration. In this regard,, the amount of trade between the parts raised from 30.200.000.000 \$ to 137.000.000.000 \$ from 1995 to 2012. Exports from Turkey to the EU attained 57.000.000.000 \$ and imports from the EU to Turkey attained 79.9 billion USD by 2012. In this content, the EU accounts for 45.3 percent of total imports and 39.4 percent of total exports of Turkey. The foreign trade statistics of the EU

that indicate that Turkey ranks 7th at imports and 5th at exports of the EU with shares of 3 percent and 4.6 percent respectively in 2012, demonstrate the importance of the trade between Turkey and EU.

After the Customs Union has been established as market access advantages were gained and competition conditions improved product composition of Turkish exports also changed. While traditional sectors like clothing, textile and agriculture are declining, certain high value added sectors such as automotive and durable products improved their competitiveness and increased their shares in total exports in the EU and world market. In regards of Turkey's exports, the share of agricultural products decreased to 7.7 percent from 17.7 percent and the share of clothing and textile products decreased to 26.5 percent from 48 percent while the share of automotive products increased to 17.8 percent from 2.8 percent, the share of machinery products increased to 9.8 percent from 3.2 percent and the share of steel and iron products increased to 5.5 percent from 4.2 percent between 1995-2012. Turkey also attracted a total of 104.500.000.000 \$ FDI between 1996-2012 period and the share of EU in the total FDIs aggregated 71.3 percent of the all FDI in Turkey in 2012 (Republic of Turkey, Ministry of Economy, 2017).

### **5.5. Other Effects**

The process of accession negotiation has also bolstered the positive outcome of the Customs Union on economic relations between the EU and Turkey and it would be further improve after the full membership of Turkey. Turkey was officially accepted as a candidate state without any precondition during the Helsinki European Council held in 1999. Hence, as well as to engage in the EU programs open to candidate agencies and countries, Turkey became qualified to benefit from a pre-accession procedure to support and stimulate its reforms. Turkey undertook to adjust its regulation to the all *acquis communautaire*, beyond its responsibility arising from the Customs Union with the beginning of the accession progress.

After fulfilment of Turkey to the Copenhagen political criteria was confirmed in the Recommendation Document of the European Commission and 2004 Progress Report, the Brussels European Council of December 2004 agreed to start accession negotiations of Turkey. In this regards, the Accession Negotiations Framework Document for Turkey which define negotiating procedures, the substance of negotiations, the principles governing the negotiations and list of negotiation chapter headings was adopted by the EU Council on October 3rd, 2005 and the accession negotiations have been initiated (Republic of Turkey, Ministry of Economy, 2017).

Stronger obligations are imposed through the Decision No 1:95 of the Association Council than the ones declared in the Ankara Agreement. The Article 10 of the Agreement prescribed that customs duties on charges, exports and imports that have comparable impact, quantitative limitations and all other standards having similar impact that are devised to preserve national

manufacturing contrary to the intention of the Agreement between Turkey and the Community members should be prevented. Likewise, Turkey adopted the Common Customs Tariff of the Community in its trade with third countries and approach to the other Community standards on external trade. As reported in Decision No 1-95, besides stipulating the cancellation of all distortive mechanisms which produce one-sided advantage, the customs union also include dissolution of customs duties and all other rules having similar impact and enactment of Common Customs Tariff of the Community. Conforming to this approach, the agreement obliged Turkey to approximate its constitution to the EU acquis in common trade policy, competition and intellectual property areas including free movement of goods area.

Decision No 1/95 of the Association Council cover the following chapters that can be counted as the other effects.

- Free movement of goods and commercial policy
- Institutional provisions
- Customs provisions
- Agricultural products
- Approximation of laws

## **5.6. Obligations related to Free Movement of Goods**

Only industrial goods and processed agricultural goods are covered in the Customs Union between Turkey and EU. Definite decisions of association council are applied to agricultural goods and a preferential agreement is applied for steel and coal. Conforming to free movement principle, if the import conventions were met and any charges or customs duties that have similar effect that are payable were levied in the Community or Turkey, and if they weren't benefited from a partial or total compensation of such charges or duties, goods manufactured in Turkey or the Community should be treated to be in free circulation in the Union's customs.

Based on free movement principle, commitments that Turkey should conformed for the operation of Customs Union are as follows:

- Export or import charges and customs duties that have similar impact should be entirely removed between Turkey and the Community on 31.12.1995.
- Turkey should adjust itself to the Common Customs Tariff on 31.12.1995.
- Duties on industrial part of total conservation has been abolished in relation to trade in processed agricultural goods.
- Turkey should combine into its internal legal order the Community appliance which is related with the elimination of technical obstacles to trade within 5 years from the date of entry into force of the Decision.

- Quantitative restrictions on exports and imports and all measures that have similar effect should be banned between the Union and Turkey.

## **5.7. Obligations Related to Legislation Alignment**

As stated in Decision No 1:95 of Association Council, Turkey should embody its internal legal order to the Community instruments that are related to the elimination of technical obstacles to trade within 5 years from the Decision's entering into force. List concerning Community appliance has been regulated by Decision No 2-97 of the Association Council and technical act enactment attempts began. In agreement with Association Council Decision, Turkish regulation should be harmonized to the utmost with Community legislation in sections of direct pertinence to the activities of the Union.

Direct relevance to Customs Union's operation are as follows:

- regulation on the removal of technical obstacles to trade in industrial goods
- customs legislation
- competition
- intellectual property and industrial act
- preferential trade agreements and community commercial policy with third countries.

Turkey adopted the Common Customs Tariff of the Community in its trade with third countries and began to remove customs duties on industrial goods beginning from 1.1.1996. Certain exemptions anticipated in the Decision were removed finally and duties on industrial part of total preservation were dissolved for the treated agricultural goods. In addition, Turkey's foreign trade regime is adjusted with the Union's Customs Code to a large extent as a result of the commitments originating from No 1:95 of the Association Council Decision. In this regards, EU acquis on intellectual and industrial property rights, technical legislation, competition policy including EU legislation on common commercial policy and free movement of goods is taken into consideration and reflected in Union's foreign trade regime. Studies performed in the context of the commitments originated from the union can be collected in several sub-titles.

### **5.7.1. Alignment to Trade Policy and Preferential Trade Agreements with Third Countries**

In accordance with Decision No 1:95 of Association Council, Turkey has adjusted to common regulations for export, outward and inward processing regime regulation, quantitative limitations established to third countries in textile sector, management and determination of quota and tariff quota on export, common regulations for import, regulations for measures against unfair commercial procedures, regulations for management of quantitative restrictions, common

regulations for import from certain countries since 1.1.1996. Conforming to article 16 of the decision, in order to adjust Common Trade Policy, Turkey began to sign FTA with the countries which EU achieved FTA,

### **5.7.2. Abolition of technical barriers to trade in industrial products**

Crucial actions have been made related to EU technical act adjustment and a serious part of technical regulation has been adjusted until now. Number of Turkish Notified Bodies making certification of goods in the context of regulation that require CE marking is steadily growing.

### **5.7.3. Alignment to competition policy and intellectual property law**

Because intellectual property rights area and approximation of laws in the competition began before the formation of customs union, Turkish Patent Institute and Turkish Competition Authority has been already established. Level of adjustment with the *acquis* is advanced in the mergers and anti-trust area for competition policy and adjustment progress sped up during the speeches to start the Competition Policy chapter to the meditation for state assistance that is the other aspect of the competition policy.

To comply with intellectual property rights regulations of the union, certain multilateral conventions on broadcasting organizations performers, literary and artistic job were accepted by Turkey in order to adjust itself to the international standards. Likewise, Turkey enacted various principles to adjust the laws to the EU *acquis* in the area. In addition, universal rules, patents and designs, and numerous procedures on trademarks were got into force in order to assure efficient conservation for industrial property rights in accordance with the EU *acquis*.

### **5.7.4. Alignment to customs legislation**

Turkey adjusted to customs legislation of the EU on a large scale. So, adjustment has been achieved in origin, customs declaration, customs value, right of objection, entrance of goods into customs area, customs regimes with economic impact, customs obligation, free movement right and movement of goods areas which require general application for the appropriate operation of customs union. As a result of adjustment endeavour Turkey has reached to a progressive level on legislation adjustment in the field since the union was put into effect (Republic of Turkey, Ministry For EU Affairs, 2017b).

The Turkish regulation is partly conforming the *acquis* in the general evaluation and adjustment is irregular. It's complete in some sectors, however removal of non-tariff barriers to trade and the horizontal measures needs further improvement. These improvement are also essential for complying with the obligations stemming from the Association Council's Decision 1:95 that



establish the Customs Union. The failure of eliminating barriers to market access for certain sectors violates of Decision 1:95 and form a major burden to the free circulation of goods (Erdogan, 2014: 43-44).

Turkey needs to align its trade policy with the Customs Union, however it can't be involved in the decision-making mechanism of EU because it isn't a member state of EU consequently it arises the main reason of the asymmetry regarding the customs union. In this manner, although it doesn't have opportunity to impact EU decisions which may have a direct impact on it, Turkey has entirely adjusted its trade policies against non-member countries with the EU's Customs Union by taking all the Common Customs Tariff, instruments, agreements and protocols and a substantial part of the related *acquis* up, while also regularly updating its policies and legislation in accordance with any developments in the Customs Union framework as required by Decision 1:95 of the Association Council (Nas and Özer, 2017:41).

Current policy for the participation negotiation process is another restriction against swift improvement of integration. Despite the fact that participation negotiations have been going on for more than 5 years, discourse of some chapters has been suspended. Apparently, the negotiations are proceeding sluggish until now, as only one chapter has been opened, and currently negotiations began during the 2006 - 2010 term for only a few chapters (Akçay, and Yilmaz, 2012: 113-114).

## **Conclusions**

Dynamic effects of Customs Union were effective on the FDI in Turkey and helped productivity and competitiveness of Turkish manufacturing industry. Furthermore, competitiveness and structural changes varied production motif and also assured high quality and safe products. The framework for technical regulation based compatible with the EU system and acceptance of intellectual property and competition guidelines of the EU expanded competitiveness of Turkey in international markets, hence it reinforced its integration with the global economy.

Nevertheless, certain problems exist between the parts that stem from the application of the Customs Union. Lack of satisfactory attendance in decision making mechanisms of the EU in areas related to the Customs Union, unfair competition and risks of trade diversion because of the hesitancy of some of FTA partner states of EU to achieve comparable agreements with Turkey by taking into account the advantage of getting into Turkish market through the EU, and technical obstacles because of the road allowances set by some EU Member States and visas applied for Turkish truck drivers and businessmen can be counted as the central difficulties.

Economic advancements and changes in global trade and Turkey required the change of the present position of the Customs Union. In this regards, the EU and Turkey has hold many technical meetings and a report concluding the framework of negotiations was accepted after the



bilateral understanding between the two. Subsequently subject areas for better implementation of the Customs Union was included in the update package and it extended scope of the Union to services, public obtainment together with promoting agricultural adjustment bilaterally.

Turkey's fundamental path for this course is that the amendment of the Customs Union should go on without forming another path to Turkey's EU membership. The Council was asked for a authorization to initiate talks with Turkey to renovate the Customs Union. Soon after the authorization, substantial negotiation process is planned to begin by 2nd half of 2017. Presently, national arrangements involving related institutions and Turkish Ministries are performed. The Ministry of Economy, Ministry for EU Affairs and the Ministry of Foreign Affairs are handling the course.

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# CHAPTER 4

## EDUCATIONAL AND CULTURAL COOPERATION OPPORTUNITIES BETWEEN TURKEY AND THE EUROPEAN UNION

*Mustafa Sağlam\* & Sercan Sağlam\*\**

### Abstract

*Turkey has a long history with European Union starting in 1960s and accelerating in 2000s with European Union's recognition of Turkey as a candidate country. In this **gruelling** journey, Turkey has made an enormous progress in meeting the accession criteria in all areas including education and culture; however, there is still much to be done to become a member state. In this chapter, the educational and cultural policies of European Union are discussed from a historical, developmental, and chronological perspective with a comprehensive focus on EU 2020. Within this framework, for each period, Turkey's relations with European Union is analysed from the lenses of educational and cultural policies. In this analysis, Turkey's current practices, plans for future action and suggestions for progress in the field of education and culture are included for a deeper and better understanding of possible cooperation opportunities between Turkey and the EU.*

**Keywords:** *Educational and Cultural Polies, EU 2010 and 2020, Turkey's accession*

**JEL Classification:** *I2, I21, I25*

### 1. Introduction

Globalization and knowledge society processes, which have stimulated a change in social, economic, political, ideological and technological areas in all communities since the last years of 20<sup>th</sup> century, entail all countries to develop a new understanding of education and to restructure their education in this direction. In this new understanding, the primary role of education is to train individuals who are knowledgeable; know how to learn and access knowledge; create knowledge and live with knowledge; engage in continuous learning individually, in teams or as a community; and can live with others from other ethnic, ideological, religious, and cultural backgrounds (Doğan, 2002). All countries that strive for social and economic progression

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engage in some kind of restructuring of their education systems in a range of areas, including the length of compulsory education, types of schooling, educational programs, learning-teaching processes and assessment procedures in order to realize the aforementioned role of education. In order to succeed in their attempts to enrich the quality of education, countries seek for communication, support and cooperation with other countries in the field of education.

In order to utilize education more effectively in Turkey to reach social progress and economic progression, it is necessary that new educational and structural regulations are put into practice in Turkish education system. One source of this necessity comes from the rapid developments in science and technology and their obvious impacts on communal life and economy. Another source stems from the influence of globalization and growth of international organizations like European Union. Therefore, regulations mentioned above in education system are needed immediately at all levels of formal and online education from pre-school to tertiary education and they should not only address the communal and economic life of the changing world, but also meet the needs and requirements of international relations. When making these regulations, Turkey should exploit exemplary practices from other countries and take advantage of cooperation opportunities with associate countries within the same international relation networks, such as the EU countries.

Turkey has always spared every effort to become a full member of European Union since 1960s. However, due to political crisis, economic issues and societal changes that Turkey has experienced over the years and the negative opinions and attitudes of the EU and member countries towards Turkey, Turkey's full membership to the EU has not been approved yet. Nonetheless, the political administrative bodies that govern Turkey should continue in their efforts to embark on some of the criterion set by European Union for their own citizens' welfare and concord, especially in the areas of communal life and human rights. Turkey has progressed over the years in areas of education and culture to comply with the principles and objectives of the EU and benefited from the cooperation opportunities with EU member countries. In this regard, Turkey has granted the rights of minorities. Furthermore, Turkey has integrated core values and skills of the European Union in the learning outcomes at different levels of education. Most higher education institutions in Turkey have acquired diploma supplement label (DSL) from the EU and started to use the European Credit Transfer System (ECTS). Turkey is now actively taking part in student and staff mobility programs. In the teaching of foreign languages, the learning outcomes proposed by Common European Framework for Reference (CEFR) are integrated into the language programs and European language portfolio is promoted at schools. Above all, educational institutes at different levels of education have granted EU funds to run projects or take part in the EU projects as members.

In this chapter, the current and possible cooperation opportunities with Turkey and the EU member countries in the areas of education and culture are explored. In order to provide a

background for a discussion of cooperation opportunities in areas of education and culture, first a brief history of the EU is presented. Then, the administrative and decision-making bodies are stated and elaborated. This is followed by the main characteristics and principles of EU. After the background section, the EU's educational and cultural policies are discussed. As concrete examples of these policies, education and youth programs are explained in detail. The chapter closes with a discussion of cooperation opportunities in the areas of education culture between Turkey and the EU.

## **2. European Union**

The goal of establishing a “United or Integrated Europe” assembled under one joint administrative organ started as a long term political project of some European states’ governments in 1950’s regimes. The catastrophic effects of World War II made all people who are against totalitarian rule realize that it was indispensable to end the enmity, hostility and envy in Europe and create unremitting peace in the region. The only way to achieve this was to unite all the countries of the continent under one foundation in terms of economy and politics. The first solid step taken to reach this goal was the establishment of European Coal and Steel Community (ECSA) with the alliance of Federal Germany, Belgium, France, Holland, Italy and Luxemburg in 1951. The establishment of ECSA was not only the beginning of an unremitting peace, but also a major milestone in the creation of the European Union with a mutual administrative, regulative and legislative bodies (EK, 2004).

### **2.1. Creation and Development**

As a result of two world wars that took place in the first half of the 20<sup>th</sup> century, the power relations in the world changed with a lot of European countries losing its influence and power and two big world countries, the United States of America (USA) and the United Socialist Republic of Russia (USSR) emerged as two super powers. After World War II, political and economic assemblage among countries hastened and the so-called super powers further led the polarization, which resulted in a politically separated Europe consisting of Western European countries gathered around the leadership of the USA and Central and Eastern European countries mainly manipulated by the USSR. The West Block consisted of rich and developed countries of Western Europe and North America favouring a democratic regime and liberal economy and liaising an economic power muster. Against the political and economic power muster of rich Western European countries, Central and Eastern European countries constructed the East Block under the leadership of the USSR. These countries favoured a communist and socialist regime with the state controlling the economy. This inevitable assemblage and polarization in Europe had the Western European countries extended their economic collaboration into political partnership (Tuzcu, 2006, p. 6). The threat from the USSR to Europe with its

expansion policies and strong military power led to the creation of two important international organizations, namely NATO in April 1949 and the European Council in May, both of which were initiated by North West European countries like England, France, Holland, Belgium and Luxemburg.

Although the threat from the USSR was a driving force that fostered the collaboration among Western European countries, the other factor was purely economic and political, namely to gain more economic power and become influential in world relations (Tuzcu, 2006, s. 6). The economic alliance among Western European countries started with coal and steel, which were the major input for industry. In 1951, with the Treaty of Paris, Federal Germany, Belgium, France, Holland, Italy and Luxemburg founded European Coal and Steel Community (ECSC). In the Treaty of Paris, all parties agreed to handover the decision-making mechanisms related to coal and iron-steel industry to an authorized, independent and supranational organ. The ECSC also created a free-trade area for several key economic and military resources, like coal, coke, steel and iron ore. The reason behind such a strategic alliance was to regulate the production and consumption of iron and steel, the main resources used in war industry, by an independent, supranational organ and to prevent a possible war that is likely to break out in the future.

The success of this conglomeration paved the way to new partnerships between these countries, and on March 25, 1957, the six ECSC members signed the two Treaties of Rome that established the European Atomic Energy Community (EURATOM) and the European Economic Community (EEC) (DTM, 2002, s.3). In 1965, members of the EEC signed the Brussels Treaty, which merged the three independently founded communities (ECSC, Euratom, EEC) under one organization and referred to as European Community (EC).

The Treaty of Rome signed in 1957 created a common market for the member countries. In the treaty, it was specified that the administrative and legislative institutions to be established would be supranational and have authority to make and execute decisions that bind the member countries. In the second statement of the Treaty, the task of the community is defined as to “promote a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations within the states belonging to it” throughout the Community. (Tuzcu, 2006, s.7). In order to realize this task, a common market was established where the circulation of labour, capital, goods and services among the member countries is free. However, the ultimate goal envisaged in the Treaty of Rome was the establishment of economic and monetary union among Member States and the achievement of European political unity. Since then, both the administration, decision-making and legislative institutions of the community and the member countries’ governmental bodies have made arrangements towards reaching this ultimate goal. And finally, in the first years of 2000s, the community realized its ultimate goal by creating the European Union.



The European Community stretched out over time with more countries joining the community. First, England, Denmark, Ireland joined the community in 1973. With the accession of Greece in 1981 and Spain and Portugal in 1986, the community expanded southwards. With the Single European Act, which was signed by all twelve-member countries in February 1986 and came into force in 1987, the economic and political integration speeded up. The collapse of the Berlin Wall, followed by German unification on 3 October 1990, liberation from Soviet control and subsequent democratisation of the countries of Central and Eastern Europe and the disintegration of the Soviet Union in December 1991, transformed the political structure of Europe. The Member States determined to strengthen their ties and negotiated a new Treaty, which was signed on 7 February 1992 in Maastricht. With this treaty, the European Community with its twelve-member countries became the European Council (EU).

The European Union entered into a new enlargement process with the Maastricht Treaty. Austria, Finland and Sweden became full members on 1 January 1995. In 2004, Malta, Cyprus, Hungary, Poland, Czech Republic, Slovakia, Estonia, Lithuania, Latvia and Slovenia joined the European Union. Bulgaria and Romania, whose membership applications were accepted in 1995, have become EU member state since 1 January 2007. The number of EU Member States became 28 with the ratification of Croatia's membership in 2013, which made the application for candidacy in 2003 and began negotiations in 2005 as a candidate for membership. Macedonia made the application in 2004 and gained candidate country status in December 2005. Albania, Serbia Montenegro, Bosnia-Herzegovina and Kosovo, protected under UN security are countries awaiting candidacy status.

## **2.2. Fundamental Characteristics and Principles**

Six European countries which founded the European Coal and Steel Community in 1951 established the European Economic Community (EEC) in 1957 in an attempt to create a new economic and political framework (DMT, 2002, 3). EEC, which was renamed as the European Community (EC) was established to foster the integration of national economies and unite different communities. It was the first step to create the ultimate goal of "Unified Europe". In order to reach their ultimate goal of amalgamating Europe, free circulation of goods, services, capital and labour force among member countries and custom unity was accepted as the basic principle of EEC (Tuzcu, 2006, s.7). In 1970s and 1980s, economic amalgamation was the primary focus of the community and with the accession of new Member States, the EC reached a total of twelve Member States. With the Maastricht Treaty which is in force since 1 November 1993, a political integration was aimed and the name of the council was acknowledged as the European Union (IKV, 1992). The objectives of the European Union as specified in Maastricht Treaty can be summarized as:

- establishing an unrestricted internal market
- launching economic and monetary union,
- providing a mechanism for balanced and continuous economic and social development,
- establishing a common foreign and security policy,
- developing strong cooperation in the fields of law and interior affairs,
- ensuring the protection of the interests and rights of the citizens of the Member States,
- creating “*European Citizenship*”.

With the article in the Maastricht Treaty that declares “every European state can apply for membership of the European Union”, the legal basis for the customs union, monetary union and political unity, which are the three main points of common ground for “integrated or united Europe”, was constructed. Programs in the areas of monetary union, new common policies, European citizenship, diplomatic co-operation, joint defence and internal security, which were expected to be implemented by Member States until 1999, were also explicated in the treaty in order to achieve the objectives of the European Union.

With the process of enlargement that the EU launched in 1993, the accession criteria for the candidate states to start negotiations for full membership with the EU were determined on 22 June 1993 in the European Council in Copenhagen. The accession criteria, or Copenhagen criteria can be best described as the necessary conditions all candidate countries must meet to become a member state. (Akman, 1995). These are:

- political criteria: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- economic criteria: a functioning market economy and the capacity to cope with competition and market forces;
- administrative and institutional capacity to effectively implement the *acquis*\* (the common European understanding of human rights and individual freedom) and ability to take on the obligations of membership ([www.ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/accession-criteria\\_en](http://www.ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/accession-criteria_en)).

The article about membership to the union changed with the Treaty of Amsterdam in 1996 introducing an additional requirement for membership. The new article states that ‘any European State which respects liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law may apply to become a member of the Union. With this change in the requirement for membership, enlargement of the EU entailed all states of the continent, which respects human rights and fundamental freedom.

The European Union, which gained its present identity through the 1992 Maastricht Treaty, is the most advanced form of the multi-sectoral integration of the 28 nation states, covering the fields of economy, industry, politics, civil rights, foreign policy and security. The EU has a unique institutional set-up consisting of different institutions, bodies and organs. The EU's broad priorities are set by the European Council, which brings together national and the EU-level leaders. The European Council sets the EU's overall political direction – but has no power to pass laws. The interests of the EU as a whole are promoted by the European Commission, whose members are appointed by national governments. Governments defend their own country's national interests in the Council of the European Union.

There are 3 main institutions involved in EU legislation, the European Parliament, the Council of the European Union, and the European Commission. Together, these three institutions determine the policies and laws that apply throughout the EU. Two other institutions play vital roles in EU. The Court of Justice upholds the rule of European law and the Court of Auditors checks the financing of the EU's activities. The powers and responsibilities of these institutions are laid down in the Treaties, which are the foundation of everything the EU does.

The EU has a number of other institutions and interinstitutional bodies that play specialised roles. The European Central Bank is responsible for the European monetary policy. The European External Action Service (EEAS) assists the High Representative of the Union for Foreign Affairs and Security Policy. The European Economic and Social Committee represents civil society, employers and employees. The European Committee of the Regions represents regional and local authorities. The European Investment Bank finances the EU investment projects and helps small businesses through the European Investment Fund. The European Ombudsman investigates complaints about maladministration by EU institutions and bodies. The European Data Protection Supervisor safeguards the privacy of people's personal data. The Publications Office publishes information about the EU and the European Personnel Selection Office recruits staff for the EU institutions and other bodies. The European School of Administration provides training in specific areas for members of the EU staff and a host of specialised agencies and decentralised bodies handle a range of technical, scientific and management tasks.

### **2.3. Turkey's Full Membership Process to the European Union**

In order to integrate with the civilized world, the Republic of Turkey launched a process of modernization with its proclamation in 1923. In this process, Turkey has adopted Western Europe as a model in political, economic and social changes, and in the legal regulations and institutional organization required by them adhering to the principle of national independence. Therefore, in order to act together with the countries it models in its foreign policy, Turkey took part in political, military and economic organizations such as the United Nations, the OECD, the Council of Europe and NATO, which was formed after the Second World War.

Turkey's accession negotiations with the EU has a long history of approximately 60 years (Tuzcu, 2006, ss. 18-23, ab.gov.tr, 2017). Turkey applied for membership in 1959, and signed the Ankara Association Agreement with the EEC in 1963 after four years of negotiations. The Treaty of Ankara, which came in force on 1 December 1964 was a framework agreement that defined the basic principles of partnership between Turkey and the EU. According to this treaty, accession to EU was planned as a three-staged period consisting of a preparatory, a transitional and a final stage. After a preparatory period that lasted nearly 10 years, Complementary Protocol was signed in 1973 that envisioned an economic integration between Turkey and the EU. However, since the items in the protocol were not mandatory, no significant progress was made.

Turkey applied for full membership to the European Community in 1987. Regarding its "Opinion" about Turkey's application of full membership process, in the 19 December 1989 Summit of European Commission, the European Community declared that it was unable to accept any new members before 1992, namely before completing its own internal market process. It was also recommended that Turkey should work on and fulfill the necessary provisions in terms of economic, social and political developments (AB, 2017). However, in the enlargement process initiated by the EU in 1993, Turkey was not included in the scope of enlargement and the status of candidate country for membership was not granted on the grounds that it did not yet meet the 1993-Copenhagen Criteria.

On the other hand, Turkey signed the Customs Union Treaty with the EU in 1996 and started the "final period" for full membership. In the European Council Summit in Helsinki in 1999, the candidacy status for Turkey was recognized. In February 2001, "The Framework Code" was accepted in the meeting of Fragment Regulations General Affairs Council. Turkey presented National Programmes for the Adoption of the Acquis (NPAA) to EU in March 2001. This program was renewed in July 2003.

In 2004, when the EU Commission responsible for enlargement acknowledged that Turkey met the Copenhagen Criteria to a satisfactory extent, it was confirmed that the candidate member status of Turkey was recognized at the December 17, 2004 Summit. In line with this decision, Turkey was officially entitled to start the negotiation process with the acceptance of the negotiation framework document on 3 October 2005.

In November 2005, the EU Commission issued an "Accession Partnership Document" and initiated accession negotiations, in which Turkey's political and economic conditions were harmonized with the EU acquis. Screening process, the first part of the negotiations, was envisaged to be completed in September 2006. However, in line with the evaluations of the "Progress Report" announced by the EU Commission on November 8, 2006, it has been decided that the negotiation process would need to continue in some areas at the 11 December 2006 meeting of the EU Council, but the negotiations in the eight headings will not be opened until the requirements outlined in the "Additional Protocol" are fulfilled. After this decision, annual

progress reports were published between 2007 and 2015, but the “final period” of Turkey’s full membership period has not yet been completed by 2017.

### **3. EU Education And Culture Policies**

The Legal basis for European Union with its 28 Member States and a population of half a million as of 2015 was created with the Treaty of Rome, which was signed by six countries in 1957. With this treaty, the six states established the European Economic Community, the primary goal of which was to unite economic forces to ensure faster economic and social development.

#### **3.1. Education and Culture Policies of EEC**

Since the 1957 Rome Treaty defines the avowed objective of the European Economic Community as “bringing people of the Member States closer together with common policies by creating a unified Europe from an economic and political point of view”, common policies have been adopted within the Union to achieve this goal. Education has been one of the main priorities in the EU process because in order to realise the objectives of the community, quality human resource was necessary. From an economic point of view, training qualified workforce was essential for the common market, which was the primary means of economic integration of the founding union. From a socio-political and cultural point of view, one of the objectives of this new organization was the creation of a common living space on a European scale, where boundaries, languages, religious and ethnic diversity dissolve and people of different ethnic, social and cultural backgrounds live together in peace and harmony. That is why, educating citizens who respect human rights and embrace cultural diversity became an immediate need. In order to foster and develop this new understanding of citizenship, education was an indispensable priority in integrating the people of different languages, cultures and understanding into one another, as well as developing communication skills and professional qualities necessary for the free movement of the labour force, and establishing a new understanding and identity of citizenship that will live together in diversity (Sağlam, 2009). For these reasons, EEC aimed to train a strong workforce with high professional competence and communication skills for economic integration and educate individuals who are multilingual and multicultural to create a common living space on a European scale, as well as educating individuals with common values and European citizenship consciousness in this new living space.

The first initiative for economic integration, which is the main objective of the community, was the application of free movement of labour force and services. Free movement of labour force and services strengthened the cooperation among member countries. In order to foster the cooperation, ensuring that the workforce is equitable in terms of education, living and working conditions were accepted as the basic policy of the community. In the council of April 1963,

the community took a first decision on basics for the implementation of a common vocational training policy and established 10 general principles. These principles focused on three focal points of “equivalency of qualities”, “freedom of movement for the young workforce” and “vocational guidance” (Tuzcu, 2006, s. 43-44). In 60s and 70s, educational practices of the community were organized around these three focal points. During these years, Member States not only focused on training labour forces that adapt to changes in the general economic situation and to changes in production technology, but also trained qualified teaching staff who are up-to-date with teaching methodologies and skills, as well as investing on academic research and studies to ensure the attainment of their common policy.

### **3.2. Education and Culture Policies of European Community (EC)**

In the initial years, European Community neither restricted the educational policies of Member States nor set up norms in education for the Member States. Rather, the community encouraged Member States to have their own unique educational practices. The general education policy of the EC in those years can, therefore, be best explained as promoting cooperation among Member States to maximize free movement of teaching staff, including scientists, technical experts, teachers and students. At the council held on June 6, 1974, the community agreed to foster cooperation in the field of education and initiate a social action program for the increasing number of immigrant workers. In order to develop a new understanding in education and embody the basic principles of education, the EC Education Committee was set up consisting of representatives of the Member States and of the Commission in 1976. The Committee prepared an action plan outlining the policies to be carried out in the field of education and culture. (Tuzcu, 2006, ss. 45- 47). In line with these decisions, Member States initiated their efforts to improve their education systems and enhance the quality of their education, to reform compulsory education, to promote equal opportunities in education, to develop common norms in vocational and technical education, to develop an understanding of the multicultural nature of the Community, to develop democratic values and to spread European awareness in society.

In the educational policies to be followed in the EC in the years of 1980s, a considerable emphasis was laid on the development of “Europeanism Consciousness” and “EU Identity” in the young population, growth of information on European history, cooperation in the field of higher education, renewal of teacher education systems, development of distance education, accelerating the free movement of teachers, students and faculty members. The “European Dimension in Education” became more important with the “Single European Act- SEA” (IKV, 1987) adopted in 1986. European dimension in education covers language teaching, exchange of knowledge and experience, free mobility of students, instructors, researchers at all levels of education, mutual recognition of diplomas and research processes (Kısakürek, 2003).

The common objectives of the European Community in the area of education for the implementation of the European Dimension in Education, which is the essence of common educational policies in the Member States, were redefined at the May 1988 meeting of Council of Europe Education Ministers. The common objectives from the council can be summarized as (Tuzcu, 2006, s. 48):

- *strengthening in young people a sense of European identity and making clear to them the value of European civilization and of the foundations on which the European peoples intend to base their development today, that is in particular the safeguarding of the principles of democracy, social justice and respect for human rights,*
- *preparing young people to take part in the economic and social development of the Community and in making concrete progress towards European union, as stipulated in the European Single Act,*
- *making them aware of the advantages which the Community represents, but also of the challenges it involves, in opening up an enlarged economic and social area to them,*
- *improving their knowledge of the Community and its Member States in their historical, cultural, economic and social aspects and bringing home to them the significance of the cooperation of the Member States of the European Community with other countries of Europe and the world.*

(Retrieved July 28, 2017 from <http://eurex.europa.eu/legalcontent/EN/TXT/?uri=CELEX:41988X0706>)

With the resolutions of the council, Member States were required to integrate the European dimension both in the educational programs applied in schools and in teacher education programs. Furthermore, with these new polices, it was necessary to teach European citizenship knowledge. In line with these developments, the EC Commission has initiated work on the development of educational programs for European cooperation, the development of youth work through schools, and the establishment of European research and documentation centres in universities.

### 3.3. Education and Culture Policies in the European Union (EU)

In the Maastricht Treaty of February 1992 (EU Treaty), the council declared several educational policies to be implemented within the Union (İKV,1992). The treaty left the responsibility for implementation of the educational policies entirely to the Member States.

In the treaty, the objectives in areas of “education”, “vocational education”, “youth”, “research and technological developments” were identified as follows (Article 126 and 127):

- *developing the European dimension in education, particularly through the teaching and dissemination of the languages of the Member States;*



- *encouraging mobility of students and teachers, inter alia by encouraging the academic recognition of diplomas and periods of study;*
- *promoting cooperation between educational establishments;*
- *developing exchanges of information and experience on issues common to the education systems of the Member States;*
- *encouraging the development of youth exchanges and of exchanges of socio-educational instructors;*
- *encouraging the development of distance education;*
- *facilitate adaptation to industrial changes, in particular through vocational training and retraining;*
- *improve initial and continuing vocational training in order to facilitate vocational integration and reintegration into the labour market;*
- *facilitate access to vocational training and encourage mobility of instructors and trainees and particularly young people;*
- *stimulate cooperation on training between educational or training establishments and firms;*
- *develop exchanges of information and experience on issues common to the training systems of the Member States*

(Retrieved July 28, 2017 from <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:11992M/TXT>)

These objectives of the educational policies of the EU, redefined in the Maastricht Treaty, point to the importance of civic education and vocational education in the realization of the “European Dimension in Education”, which is the starting point of achieving the ideal of “an integrated Europe in economic and political direction”. Since the commencement of the Union, there have been a number of economic, social and technological changes. New measures had to be taken in the Union in order to improve the skills of young workers towards these changes and to participate more actively in the manufacture process. In the reports prepared by the EU Commission for this purpose (Green Paper-EC, 1993b and White Paper-EC 1994 / a), it has been stated that a systematic approach to vocational-technical education should be followed in order to qualify the workforce for technological changes. On-the-job trainings and training to be carried out at management level were also included in this systematic approach. For the implementation of the recommendations in the reports, the EU Council encouraged the development of vocational technical training in Member States and dissemination of the innovations in this area. The council also encouraged language learning to promote the mobility of workforce and gave support to the employers to promote continuous vocational-technical education to the youth and current employees. (Tuzcu, 2006, s. 50). With these decisions, the EU Commission has introduced the idea of life-long learning.



Priority issues prevailing in educational policies in the European Union until the year 2000 can be summarized as:

- developing the communication skills of the citizens and building of European awareness
- realizing vocational-technical education in accordance with technological developments
- laying an emphasis on the development and use of technology that would increase the production and competitiveness of the union economy
- enhancing the quality of higher education.

In the years following the 1992 Maastricht Treaty, intensive efforts were made to realize these objectives in the field of education and significant decisions were given in the meetings of higher decision-making bodies and executive bodies in order to determine the framework for the regulations to be implemented in the Member States. Most reports and council summaries that were published in late 1990s and beginning of 2000s were either about vocational and technical education or about higher education. Some important reports and council summaries are presented below with its focal points.

**Lisbon Convention, 11 March 1997:** The Convention on the “Recognition of Qualifications concerning Higher Education in the European Region” was developed by the Council of Europe and UNESCO and adopted by national representatives meeting in Lisbon on 8 - 11 April 1997. With the convention, the cooperation in education and workforce was further promoted because holders of qualifications issued in one member state had recognition in other Member States. Therefore, mobility among citizens of the Member States in both education and workforce became easier. Promotion of free mobility through recognition of qualifications also helped in realizing the objective of European dimension in education.

Among the main points of the Lisbon Convention are the following:

- *Holders of qualifications issued in one country shall have adequate access to an assessment of these qualifications in another country. No discrimination shall be made in this respect on any ground such as the applicant's gender, race, colour, disability, language, religion, political opinion, national, ethnic or social origin.*
- *Each country shall recognise qualifications – whether for access to higher education, for periods of study or for higher education degrees – as similar to the corresponding qualifications in its own system unless it can show that there are substantial differences between its own qualifications and the qualifications for which recognition is sought.*
- *All countries shall develop procedures to assess whether refugees and displaced persons fulfil the relevant requirements for access to higher education or to employment activities, even in cases in which the qualifications cannot be proven through documentary evidence.*

- *All countries shall encourage their higher education institutions to issue the Diploma Supplement to their students in order to facilitate recognition.*

(Retrieved July 28, 2017 from [http://www.coe.int/t/dg4/highereducation/recognition/lrc\\_EN.asp](http://www.coe.int/t/dg4/highereducation/recognition/lrc_EN.asp))

**Sorbonne Declaration, 25 May 1998:** The Sorbonne Declaration was signed in 1998 by the ministers of four countries, namely France, Germany, the UK and Italy. The aim of the Declaration was to create a common frame of reference within the intended European Higher Education Area (YÖK, 2017a), where mobility should be promoted both for students and graduates, as well as for the teaching staff. Also, it was meant to ensure the promotion of qualifications, with regard to the job market.

**Bologna Declaration, 19 June 1999:** “Joint Declaration of the European Ministers of Education”, which was signed by 31 Ministry of Education of 29 European countries acknowledged the need to establish the European area of higher education and to promote the European system of higher education world-wide. Having accepted the challenge of constructing the European area of higher education, also in the wake of the fundamental principles laid down in the Bologna Magna Charta Universitatum of 1988, European higher education institutions declared that they needed to support this process through promoting concrete measures to achieve greater compatibility and comparability of the systems of higher education. Among these measures, those who have primary relevance in order to establish the European area of higher education and to promote the European system of higher education world-wide were: adoption of a system of easily readable and comparable degrees, the implementation of the Diploma Supplement, promotion of European citizens’ employability and the international competitiveness of the European higher education system, adoption of a system essentially based on two main cycles, undergraduate and graduate, establishment of a system of credits - such as in the ECTS system - as a proper means of promoting the most widespread student mobility, promotion of mobility for students, teachers, researchers and administrative staff, promotion of European co-operation in quality assurance with a view to develop comparable criteria and methodologies. ([https://www.eurashe.eu/library/modernising-phe/Bologna\\_1999\\_Bologna-Declaration.pdf](https://www.eurashe.eu/library/modernising-phe/Bologna_1999_Bologna-Declaration.pdf))

**Prague Declaration, 19 May 2001:** Two years after signing the Bologna Declaration and three years after the Sorbonne Declaration, European Ministers in charge of higher education, representing 32 signatories, met in Prague in order to review the progress achieved and to set directions and priorities for the coming years of the process (YÖK, 2017c). Ministers reaffirmed their commitment to the objective of establishing the European Higher Education Area by 2010. They also detailed an expansion of the objectives, in terms of lifelong learning, involving students as active partners and enhancing the attractiveness and competitiveness of the European Higher Education Area. Also, the participating ministers committed themselves to ensure the further development of quality assurance and development of national qualification frameworks. This objective were correlated with the lifelong learning one, as it is considered

an important element of higher education that must be taken into consideration when building up new systems. Also, it is important to mention that the topic of social dimension was first introduced in the Prague Communiqué.

In order to ensure social and political integration in the European Union, the strategies and objectives that were identified within the framework of educational and cultural policies pursued in the 1990s are based on several basic principles. One of them is the provision of cultural differences and the diversity in the Member States. The other one is the protection of sovereignty of national dimension and features in the education systems of the Member States, and the third is the realization of the European Dimension in Education. To achieve the European Dimension in Education, the union ensured that Member States include the following two core objectives in their national education programs:

1. providing young people with information about the EU and Member States and European values (democracy, social justice and respect for human rights, etc.) to improve their European identity” and
2. teaching the young people the languages of at least two other Member States

In addition, the aim of establishing the “European Higher Education Area” was adopted by both member and candidate member state, as well as other world countries. The administrative institutions and bodies decided that while the Union support the Member States, the Member States need to take their own measures within the framework of these policies in order to achieve these objectives. However, since the objectives of 90s were not fully achieved, new policies and effective strategies to implement these were needed within the Union. For this reason, educational policies of the 2000s have been shaped by the reports of the European Commission and the decisions of the Council of Europe.

### **3.3.1. Strategies and Objectives of EU 2010**

European Dimension in Education gained importance with the SEA (Single European Act) in 1986. At the annual meetings of the EU Commission, decisions were taken to determine the strategies to be implemented both at the Union level and in the national education systems of the Member States for the realization of the European Dimension in Education within the Union. The most important of these are the resolutions of the European Council held in Lisbon on 23-24 March 2000. The decisions of the EU Council, which were projected to be reached within ten years and are presented to the public with the slogan “EU 2010”, are defined as “Lisbon Process”, “Lisbon Declaration”, “Lisbon Strategy” in the field. The Council has regularly assessed the achievement of the strategies and objectives set out at the Lisbon Summit at regular meetings held in subsequent years and developed new measures and recommendations. The Objectives of Lisbon Strategy are explained below and examples from decisions taken at

the review meetings in the subsequent years are also given to show how the EU progressed in educating Europe.

**Lisbon Summit, March 2000:** The European Council's Lisbon Strategy, which was adopted at its special meeting in Lisbon on 23-24 March 2000 (Latifeoğlu and Gerger, 2005), can be best described as the projection for the EU for a period of ten years. In the summit of Lisbon, which was one of the turning points of the EU education, the Union established its new strategic goal as strengthening employment, accelerating economic reform and social cohesion as part of a knowledge-based economy. The European Council in Lisbon set out the main goal of the Union as becoming "the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion" (Yanıkdağ, 2010). The objectives of the Lisbon Strategy can be classified under the dimensions of economic and social.

From an economic point of view, the objectives are: creating a friendly environment for starting up and developing innovative businesses, especially SMEs, accelerating economic reforms for a complete and fully operational internal market, creating efficient and integrated financial markets, and coordinating macro-economic policies. The objectives in the social dimension are: modernizing the European social model by investing in people and building an active welfare state, educating and training the citizens for living and working in the knowledge society, providing more and better jobs for Europe by developing an active employment policy, modernizing social protection, and promoting social inclusion (Usal and Ilgaz, 2006; as cited in Yanıkdağ, 2010). The other two objectives of creating an information society for all and establishing a European area of research and innovation, foster the economic and social objectives.

In order to achieve these goals, the Union identified its overall strategy as:

- preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market;
- modernizing the European social model, investing in people and combating social exclusion;
- sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix.

In terms of education, in the Lisbon Strategy, it was emphasized that Europe's education and training systems should be appropriate to the demands of the knowledge society and to the need for an improved level and quality of employment. Furthermore, the attention was drawn to the role of the development of high-quality vocational education and training and the practice of life-long learning in achieving the identified strategic goals, in particular the endorsement of social inclusion, mobility, employment and competitiveness.

In the Lisbon process, there are four dimensions of the cooperation policy in education that is expected to take place among Member States: 1. improving the quality and effectiveness of education and training systems in all levels of education in the EU, 2. facilitating the access of all to education and training systems, 3. facilitating the access of all to lifelong learning priorities 4. establishing an infrastructure of information society in all regions of Europe (Tuzcu, 2006, p. 53). Another important aspect of the Lisbon process is the aim of facilitating lifelong learning strategy on an individual and institutional basis at the European level. The Lisbon process was strengthened with the resolutions the EU Council declared in their Stockholm, Barcelona, Bratislava and Copenhagen summits.

**Stockholm Declaration, March 2001:** In the annual summit of European Council held in Stockholm in March 2001, the first year of Lisbon process was evaluated and the report entitled “The concrete future objectives of education and training systems” prepared by the Education Council was discussed. In the summit, in order to reach the objectives of Lisbon process, three concrete strategic objectives and thirteen sub-objectives and their indicators were identified for the EU education systems. The objectives that all Ministries of Education agreed on are as follows (DİGM, 2017):

**Strategic Objective 1: Increasing the quality and effectiveness of education and training systems in the European Union**

- 1.1. Improving education and training for teachers and trainers,
- 1.2. Developing skills for the knowledge society,
- 1.3. Ensuring access to ICTs for everyone,
- 1.4. Increasing the recruitment to scientific and technical studies,
- 1.5. Making the best use of resources

**Strategic Objective 2: Facilitating the access of all to education and training systems**

- 2.1. Open learning environment,
- 2.2. Making learning more attractive,
- 2.3. Supporting active citizenship, equal opportunities and social cohesion

**Strategic Objective 3: Opening up education and training systems to the wider world**

- 3.1. Strengthening the links with working life and research, and society at large
- 3.2. Developing the spirit of enterprise
- 3.3. Improving foreign language learning
- 3.4. Increasing mobility and exchanges
- 3.5. Strengthening European co-operation

**Bratislava Declaration, June 2002:** Under the heading of “Education in the New Millennium” at the meeting of the Ministers of Education on 16-18 June 2002 (MEB, 2017), the political cooperation in Europe and the arrangements for the active participation of the candidate countries in this process and the future education objectives of the European education system and education were discussed. In the meeting, the ministers agreed on common objectives in areas of education, such as lifelong learning, flexibility in educational systems, professional development for teachers and their responsibilities in schools, development of quality norms in education, linking school learning with learning in business life (Tuzcu, 2006, p. 54-55).

**Copenhagen Declaration, November 2002:** In the Barcelona Summit, in March 2002, attention was drawn on the need for further action in the field of vocational education training. In response to the Barcelona directive, the Council of the European Union adopted a Resolution in November 2002, the objective of which was to ensure an effective and successful implementation of an enhanced European cooperation in vocational education and training. In order to achieve this cooperation, the four objectives to be followed and the activities to be carried out in the realization of these objectives were defined. The four objectives were defined as “*strengthening the European dimension in vocational education and training*”, “*increasing transparency, information and guidance*”, “*recognition of competences and qualifications*” and “*quality assurance*”. The Action plan based on these objectives were listed as:

- *facilitating and promoting mobility and developing an inter-institutional cooperation, partnerships and other transnational initiatives,*
- *developing one single framework for transparency,*
- *promoting cooperation in quality assurance with particular focus on exchange of models and methods,*
- *developing a credit transfer system for vocational education and training,*
- *developing a set of common principles regarding validation of non-formal and informal learning,*
- *strengthening policies, systems and practices that support information, guidance and counselling,*
- *giving attention to the learning needs of teachers and trainers within all forms of vocational education and training,*
- *increasing support to the development of competences and qualifications at sectoral level. (<https://europass.cedefop.europa.eu/sites/default/files/copenhagen-en.pdf>)*

Technical working groups and expert groups have been established by the European Commission in order to develop common European references and principles on quality, transparency and recognition.

**Maastricht Declaration, December 2004:** At the meeting, where the “Future Priorities of Enhanced European Cooperation in Vocational Education and Training” were discussed, the

council assessed the progress achieved under the Lisbon and Copenhagen strategies and identified new priorities and strategies in the area of "Enhanced Cooperation in Vocational Education and Training". Some of the priorities and strategies that were put into practice with Maastricht declaration are:

- *attract more students to higher qualifications;*
- *guidance throughout life, quality assurance and identification;*
- *validation of non-formal and informal learning;*
- *improving public and/or private investment in VET;*
- *the development and implementation of open learning approaches;*
- *the further development of learning-conducive environments in training institutions and at the workplace;*
- *the development of an open and flexible European qualifications framework, founded on transparency and mutual trust;*
- *the development and implementation of the European credit transfer system for VET;*
- *the examination of the specific learning needs and changing role of vocational teachers and trainers.* ([http://www.kpmc.lt/PMIT/doc/final\\_tekstas-Maastricht%20.pdf](http://www.kpmc.lt/PMIT/doc/final_tekstas-Maastricht%20.pdf))

In order to monitor the progress made in achieving the Lisbon Strategy, the European Council held meetings in the spring of each year to discuss the economic and social problems and evaluated the process with the reports published regularly. Under the Lisbon Strategy, the progress and development in member countries were assessed based on structural indicators under the general headings of general economic background, employment, innovation and research, education and training, economic reform, social reconciliation and the environment (Yanıkdağ, 2010). For example, under the heading of “**Education and Training**”, there are indicators, like investments in education and teaching; early school dropouts; graduates of Mathematics, Science and Technology education and training; the population of those who completed secondary education; basic skills; life-long learning. Under the heading of “**Innovation and Research**”, there are indicators like public investment in education, R & D expenditure, internet access level, science and technology graduates, patents, venture capital investments, ICT (information communication technology) expenditure. (<http://www.efta.int/sites/default/files/publications/bulletins/StatsIndicatorsWEB.pdf>)

**The Education and Training 2010 Work Program** was the first concrete framework that set the foundation of European cooperation in the field of education and training. It was based on common objectives that all Member States agreed to achieve before 2010. With this program, language learning, life-long learning and higher education became the focal points of interests. For the first time in the Union's history, Member States were obliged to apply the resolutions of the union. The program was consistently reviewed and improved in the annual meetings



of the EU Council in the years to follow, as it was exemplified above with concrete examples from different declarations. Despite the efforts and improvements made to ensure that all Member States complied to the recommendation of the Union, the expected outcomes were not attained. Therefore, at the Spring Summit of the EU Council in March 2005, strong economic growth and employment were recognized as the EU's most important political priorities, and it was decided that Member States draft a national reform program in which they would set their actions for reaching the Lisbon goals and objectives. At the EU Council meeting in June 2005, guiding principles were set out to form the basis of the national reform programs and it was decided that the Member States would prepare the national reform programs in line with the guiding principles and new objectives and submit them to the EU Commission by October 2005. In addition to these, European Council agreed on a "Lisbon Action Plan" entailing 100 actions that needed to be implemented at EU level in July 2005 (Latifaoğlu and Gerger, 2005). Thus, the two main instruments (i.e. the National Reform Program and the Lisbon Action Plan) to be used in implementing the New Lisbon Strategy were put into practice. Member States set out the priority actions in their national reform programs, which were entitled to implement before the March 2006 summit of the EU Council. Some of these actions about education and training are: investing more in higher education, reassuring the support from the private sector, opening up technology transfer offices, identifying lifelong learning strategies, ensuring mandatory teaching of two foreign languages at schools, putting entrepreneurship course in education programs (Latifaoğlu and Gerger, 2005).

### 3.3.2. EU 2020 Strategies and Objectives

The "EU 2010 Strategy", which set the ten-year strategic plan to be reached between 2000 and 2010 for growth and enlargement for the EU, was not successful due to the damage caused by the global financial crisis and insufficient efforts of the Member States to reach the desired objectives (Yanıkdağ, 2010). For this reason, at the Leaders' Summit held on December 11, 2009, the council decided to develop a new strategy to guide the next decade of the EU. The report "Europe 2020 Strategy: European Strategy for Smart, Sustainable and Co-operative Growth," which set out the EU's new economic transformation strategy and targets for 2020, were announced by the European Commission on 3 March 2010 (EC, 2017). European Council explains the EU 2020 strategy as "*the EU's agenda for growth and jobs for the current decade. It emphasises smart, sustainable and inclusive growth as a way to overcome the structural weaknesses in Europe's economy, improve its competitiveness and productivity and underpin a sustainable social market economy*" ([https://ec.europa.eu/info/strategy/european-semester/framework/europe-2020-strategy\\_en](https://ec.europa.eu/info/strategy/european-semester/framework/europe-2020-strategy_en), ABB, 2014b). The three key dimensions of the EU 2020 Strategy with the slogan "EU 2020" have been identified as "knowledge-based growth and innovation", "a society with a high level of employment" and "competitiveness and sustainable growth".



In the EU 2020, where the development strategy of the EU is defined, investment in human capital through education and training is defined as the key concept for the targeted growth and development because growth and development can only be realized with qualified labour force, which requires good quality education.

Within the framework of basic strategic objectives defined in the EU 2020, the objectives about education and training are classified under the headings of: *"Innovation Union"*, *"Education, Vocational Education and Lifelong learning"* and *"New jobs and skills"*. The Council recommended the following actions to realize these objectives (ABB, 2014b):

- *"Innovation Union" to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create growth and jobs.*
- *"Youth on the move" to enhance the performance of education systems and to facilitate the entry of young people to the labour market.*
- *"An agenda for new skills and jobs" to modernise labour markets and empower people by developing their skills throughout the lifecycle.*

The EU with its supportive education and training policies defined in the EU 2020 Plan, a binding plan for all Member States aims to contribute to the development of European economies by supporting every individual's access to quality education and training at all levels and promoting their adaptation to today's information society. In order for this plan to be successful, it is important that member and candidate countries adopt the agreed objectives and harmonize their educational policies with these objectives, as well as cooperating on the issues of raising quality of education, promoting internationalization and increasing mobility. With the intention of bringing national policies closer, common objectives and indicators are defined in the field of education and training and national action plans are prepared in order to realize the EU 2020 Strategy. Through these mechanisms, member and candidate countries are working together to develop and harmonize their education and training policies.

**Education and Training Work Program 2020:** The Education and Training 2020 Work Program, the cornerstone of European co-operation in education and training, is based on the EU 2020 strategy and outputs from the work program "Education and Training 2010", the first concrete framework based on common objectives in the field of education and training in the EU. Education and Training 2020 is based on the EU Council Final Declaration entitled "Strategic Framework for Cooperation in Education and Training" published on 28 May 2009 in the Official Journal of the European Union (ABB, 2015). The four strategic objectives envisioned to be implemented in the Education and Training 2020 work program, which cover the 10-year period and intend to support Member States' development of education and training systems are defined as:

- *"Lifelong learning and mobility",*
- *"Quality and efficiency in education and training",*
- *"Equality, social cohesion and active citizenship" and*
- *"Entrepreneurship, creativity and innovation at every stage of education and training".*

Within the framework of the priorities and objectives set out in Education and Training 2020, member countries are cooperating in fields such as *Lifelong Learning, European Qualifications Framework, learning mobility, professional development of teachers and trainers* to achieve the strategic objectives by 2020.

The following EU benchmarks for 2020 have been set for education for the monitoring and evaluation of the progress achieved in the implementation of the EU 2020 strategy for the period of 2010-2020. These indicators should also help in comparative assessment of the degree of achievement of Member States in realizing the above-mentioned objectives at a European level.

- *At least 95% of children (from 4 to compulsory school age) should participate in early childhood education*
- *fewer than 15% of 15-year-olds should be under-skilled in reading, mathematics and science*
- *the rate of early leavers from education and training aged 18-24 should be below 10%*
- *at least 40% of people aged 30-34 should have completed some form of higher education*
- *at least 15% of adults should participate in lifelong learning*
- *at least 20% of higher education graduates and 6% of 18-34 year-olds with an initial vocational qualification should have spent some time studying or training abroad*
- *the share of employed graduates (aged 20-34 with at least upper secondary education attainment and having left education 1-3 years ago) should be at least 82%*
- *Increasing mobility in higher education and setting a criterion to include vocational education and teacher mobility in this context*
- *Increasing language learning rate and ensuring every citizen learns one language apart from their mother tongue*

The reports, prepared by the relevant committees regarding the implementation of the EU 2020 strategy and the comparative assessment of European level developments in education and training systems in Europe under the EU 2020 Strategy, are published annually in November. The reports take into account the evaluation of criteria and indicators at the national level, as well as the work and political developments carried out in this area. These reports encourage Member States to restructure their education and training reforms to increase growth and employment, which are key dimensions of the EU 2020 strategy. At the same time because the challenges and opportunities are also identified in these reports, a roadmap is created

for the following year. For example, in the report of 28-29 November 2011 prepared by the Council of the EU Education, Youth, Sports and Culture, the following objectives were identified: providing a 20% increase in mobility in higher education by 2020, ensuring the employment of at least 82% of individuals with diplomas in the 20-34 age group during the first three years of their graduation. Likewise, the European Commission set six new priority areas in its report (ET 2020 Draft Joint Report) prepared in November 2015 on Monitoring of Education and Training:

- *Relevant and high-quality skills and competences, focusing on learning outcomes, for employability, innovation and active citizenship,*
- *Inclusive education, equality, non-discrimination and promotion of civic competences,*
- *Open and innovative education and training, including by fully embracing the digital era,*
- *Strong support for educators,*
- *Transparency and recognition of skills and qualifications to facilitate learning and labour mobility,*
- *Sustainable investment, performance and efficiency of education and training systems.*

As a result, The European 2020 Strategy plan, prepared to overcome the structural problems in the economies of EU facing globalization, aims to ensure that Member States follow policies that are more holistic and responsive to the EU priorities and adopt consistent practices in their economy in the face of globalization. There is no definite opinion as to how far the Union will succeed in achieving this reshaped plan. However, there is a consensus that the success of the 2020 Strategy will only be possible with a strengthened integration policy across all the EU borders.

#### 4. EU EDUCATION AND YOUTH PROGRAMMES

Since the fields of education, youth, sport and culture are mainly the responsibility of Member States, the policies in these areas are also determined at the national level. However, with the aim of enhancing the quality of education in the EU and achieving common goals, protecting cultural wealth and developing a common culture, the Union's top decision-making bodies set policies to promote cooperation and actions among the Member States. These policies are reinforced by relevant strategies, action plans and programs, and supported by special network structures and idea exchange platforms.

*EU education policy aims to foster the cooperation among Member States, enabling them to work together and learn from each others' experiences. It strives for every citizen's access to high quality education and training at all levels to stimulate the development of human resources capable of adapting to the evolution in today's knowledge-based society. In order to achieve these objectives, the Union*

*prepares educational and training work programs, covering specific periods, where common strategies and objectives for the Union are identified. The two most important of these programs are the Education and Training 2010 and Education and Training 2020 work programs, which are binding for Member States.*

**EU youth policy** *aims to facilitate cooperation to ensure full integration of the youth to every area of societal life. In order to achieve this, the Union determines EU Youth strategies and implements various programs that assist cooperation and mobility among Member States.*

**EU sport policy** *aims to support every individual's active participation to sportive activities for a healthy life and social cohesion. In order to achieve this, the Union makes various legal regulations to develop the European Dimension in sports, as well as producing recommendations and preparing Sport Work Programs.*

**EU Culture policy** *aims to endorse the cooperation within the Union in areas of culture while preserving the cultural diversity. In order to achieve this, EU encourages and facilitates better coordination of cultural policies at all levels while protecting and improving the cultural richness.*

The EU Education and Youth Programs are carried out by the European Union to support education and youth policies of the member and candidate countries to achieve a "European" identity equipped with good education and a common culture. The history of these programs goes back to the Rome Treaty of 1957, which formed the European Economic Community. The PETRA program, which included common training practices, entered into force in 1976 and targeted the development of vocational training for young people in member countries. In 1986, COMETT program was implemented to support university-private sector cooperation activities. In 1987, the ERASMUS program was implemented to develop exchange events and mobility between universities (UA, 2012).

The EU Education Programs are aid programs in the field of education aimed at improving the level of education to a standard level determined by the European Union. The funding for these programs comes from the budgets of the EU Member States and candidate countries, as well as from other countries that are parties to the EU treaties. The EU Education Programs are created in thematic areas and are implemented for a specific period. These programs contribute to the development of partnership consciousness by developing cooperation between Member States and program participant countries. The aim of these programs is implementing the EU policies and legislation and providing common solutions to the problems the EU is facing.

The EU Education and Youth Programs (Socrates-General Education, Leonardo da Vinci-Vocational Education and Youth) started in 1995 with the decision of the European Parliament and the Council of Europe on 14 March 1995 with the resolution of 819/95/EC. The first implementation period of the EU Education and Youth Programs covered the years 1995-1999.

(Socrates-General Education, Leonardo da Vinci-Vocational Education and Youth). Since 2000, the European Commission has started to implement the Education and Youth programs in all member and candidate countries in seven-year periods. The same programs were applied during the second implementation covering the period at 2000-2006. Between 2007 and 2013, in the third period of the program, programs were implemented under the title of *Lifelong Learning and Youth Programs*. In the fourth period covering 2014-2020, the programs were assembled under the name of Erasmus + (UA, 2012). The reason for the gradual implementation of the European Union programs is that the Union also conducts the evaluation studies for these programs as they are in practice, so there is continuous development, modification and reorganization of the programs based on the emerging needs.

In the following section, brief information will be given about the first two implementations of the programs that came to an end, and the third implementation which is still in progress will be introduced in more detail.

#### 4.1. EU Education and Youth Programs in the Periods of 1995-1999 and 2000-2006:

The programs implemented in these periods gathered around three clusters: Genereal education: **Socrates**, Vocational and technical education-**Leonardo Da Vinci** and Youth- **Youth** (Yayan, 2003; Duman, 2001; UA, 2012).

**Socrates Program:** This program was implemented with the aim of raising the quality of education through joint actions and cooperation in the Member States and improving the life-long learning opportunities of all citizens of the Union. The program is an action program in the European Union's general education field that promotes cooperation in eight areas including general school education, higher education, new technologies and adult education. Sub-programs, which define the action areas covered under the umbrella of Socrates Program are Erasmus, Comenius, Grundtvig, Lingua, Minerva Program, Observation & Innovation, Joint Actions, and Accompanying Measures.

Leonardo da Vinci program focuses on supporting and developing the policies of the member and candidate states' vocational training. Leonardo Da Vinci program has three major aims, namely improving the quality of vocational training systems and their applications by means of using cooperation within and across Union and candidate states, encouraging innovations and enhancing European dimension. ([http://eacea.ec.europa.eu/llp/leonardo/leonardo\\_da\\_vinci\\_en.php](http://eacea.ec.europa.eu/llp/leonardo/leonardo_da_vinci_en.php))

Youth program aims to provide opportunities to support the individual initiatives of and communication among young people between 15-25 age to acquire skills and expertise outside of formal education systems.

#### 4.2. EU Education and Youth Programs in the Periods of 2007-2013

The programs implemented between 2007 and 2013 are called Lifelong Learning and Youth Programs (UA, 2012; İKV, 2012).

**Lifelong Learning Program (LLP):** was the umbrella program that replaced Socrates Program in the field of general education and the Leonardo da Vinci program in vocational education. LLP was set up by the European Parliament and Council in its 5 November 2006 resolution to provide education and opportunities for development in training for all and to provide unrequited financial assistance. The overall aim of LLP is “*to contribute through lifelong learning to the development of the EU as an advanced knowledge society, with sustainable economic development, more and better jobs and greater social (Lifelong Learning Programme (LLP) Guide 2013)*”, while ensuring good protection of the environment for future generations. The program provided funding for projects and individual activities to support interaction, cooperation and mobility between the education and training systems of the participating countries. The Lifelong Learning program was implemented within the framework of six subprograms: Comenius (School Education), Erasmus (Higher Education), Leonardo da Vinci (Vocational training), Grundtvig (Adult Education), Transversal (Common Theme Programs / Study Visits), Jean Monet.

Youth in Action was a program that was implemented to ensure the young people in Europe develop an active sense of citizenship, solidarity and tolerance and take part in shaping the future of the European Union. The Youth in Action Program, which encompassed a variety of sub-programs and activities, was a program that provided opportunities for non-formal learning among young people aged between 13 and 30 and supported youth projects and activities on their own initiative. Through this program, mobility, non-formal education and intercultural dialogue were promoted within and across EU borders, and all young people were encouraged to participate in business and social life, regardless of their social, educational and cultural backgrounds.

#### 4.3. EU Education and Youth Programs in the Periods of 2014-2020

The programs that the EU implements in the fields of education, training, youth and sports for the 2014-2020 period are gathered under one single program called Erasmus + (ABB, 2014; ABB, 2015, Göksu, 2014;). The Erasmus + program is a simpler and more integrated program created by combining the previous seven programs under one. The overall objectives of the Erasmus + program are based on the following policy objectives of the EU (ABB, 2015):

- the objectives of the Europe 2020 Strategy;
- the objectives of the strategic framework for European cooperation in education and training (ET 2020);
- the sustainable development of Partner Countries in the field of higher education;
- the overall objectives of the renewed framework for European cooperation in the youth field (2010-2018);
- the objective of developing the European dimension in sport, the promotion of European values

Furthermore, the program aims to support projects in the fields of education, youth and sports, as well as contributing to the development of skills in human and social capital in Europe, which are basic requirements of the labor market and a competitive economy. In order to achieve its objectives, the Erasmus+ Programme envisioned to implement the following three key actions and two special actions:

### **KEY ACTION 1 – MOBILITY OF INDIVIDUALS (KA1)**

- Staff mobility (School education, vocational education, higher education)
- Mobility of students in higher / vocational education,
- International credit mobility of individuals and Erasmus Mundus Joint Master Degrees
- Master student loan guarantee
- Mobility for young people and youth workers promoting Youth Exchanges, European Voluntary Service

### **KEY ACTION 2: COOPERATION FOR INNOVATION AND THE EXCHANGE OF GOOD PRACTICES**

- Strategic Partnerships
- Information Alliances
- Sectoral Skills Alliances
- Capacity Building in the field of Youth

### **KEY ACTION 3 – SUPPORT FOR POLICY REFORM**

- Stakeholder dialogue, policy and programme promoting education, training and youth,
- Knowledge in the fields of education, training and youth
- Support to European policy tools
- Cooperation with international organisations



#### **4. Sports**

- Collaborative Partnerships
- Not-for-profit European sport events,

#### **5. Jean Monnet**

- Academic Modules, Chairs, Centres of Excellence
- Policy debate with academic world supported through networks and projects
- Support to associations, to organise and carry out statutory activities of associations

Priority objectives in the fields of education, training, youth and sports were also defined (ABB, 2015). Some of these priority objectives of the Erasmus + program in areas of education and training, vocational education, mobility, and sports are presented below (Erasmus + programme guide, 2017):

- improving the level of key competences and skills;
- fostering quality improvements, innovation excellence and internationalisation;
- promoting the emergence and raise awareness of a European lifelong learning area;
- improving the teaching and learning of languages;
- fostering quality improvements in youth work;
- enhancing the international dimension of youth activities;
- developing VET business partnerships aimed at promoting work-based learning in all its forms,

with special attention to apprenticeship training;

- enhancing access to training and qualifications for all;
- improving and extending the supply of high quality learning opportunities;
- improving learning performance; foreign language competences; sense of initiative and

entrepreneurship; self-empowerment and self-esteem

- extending and developing educators' competences
- enhancing teachers' professional development
- adopting a holistic approach to language teaching and learning,
- supporting schools to tackle early school leaving;
- strengthening collaboration among all actors within schools,
- improving transition between different stages of education;



- supporting networking by schools
- improving evaluation and quality assurance
- encouraging participation in sport and physical activity,
- promoting education in and through sport with special focus on skills development,
- promoting voluntary activity in sport;
- combating doping, match-fixing and violence, racism, discrimination and intolerance in sport
- encouraging social inclusion and equal opportunities in sport.

The protection and safety of participants, promoting international dimension, open access, multilingualism, equality and social inclusion, recognition and documentation of skills and qualifications, dissemination and exploitation of results are the outstanding features of Erasmus + Program, which is the action plan for the implementation of policies of the EU in the fields of education, education, youth and sports under the responsibility of the EU Commission (ABB, 2014). According to the key action areas listed above, the target group of the Erasmus + Program constitutes the institutions / organizations, enterprises, associations, foundations, non-governmental organizations, education workers, organized education students, adult education students, youths, youth workers in the field of education, youth and sports.

The program is designed for a total of 34 European countries, consisting of 28 European Union member states, 4 European Free Trade Association (EFTA) member countries (Switzerland, Iceland, Liechtenstein and Norway) and two EU candidate countries (Turkey and Macedonia). The European Commission is responsible for the management and budget of the program at EU level. In the participating countries, national agencies are responsible for the implementation of the program and for coordination among institutions, making announcements about the program and receiving (non-decentralized) applications. The program's budget consists of funds allocated from the EU budget and contributions from the participating countries. The budget for the Erasmus + program for the period 2014-2020 is set at 14.7 billion euros and it is aimed to provide opportunities for mobility and partnership under education, training, work experience and voluntary work activities to more than 4 million people and more than 125 organizations under the program (ABB, 2014).

EU Education and Youth Programs, which have been implemented in the EU since 1995 is under the general responsibility of the EU Commission. The Commission, in consultation with social alliances and associated partners related to education at the European level, ensures that the views are taken into account and the actions under the program are carried out (Duman, 2001). The administration and management of the programs at the Union level is the task of the Program Committee affiliated to the Commission. The Program Committee consists of two representatives from each Member State. EFTE countries and other associate members attend

the meetings under observer status. The Committee plays an important role in ensuring mutual trust between the Commission and the national authorities. The Commission's **Technical Assistance Office** also provides assistance to the Commission and the applicants regarding the technical management of the program. The **National Agencies**, which are institutions with legal, financial and administrative autonomy, are responsible for coordinating and executing the programs at the national level in the participating countries. National agencies have also undertaken specific responsibilities, such as the selection of specific action plans, the allocation, supervision and financial management of student allowances. These agencies also conduct advisory activities.

## 5. Educational And Cultural Cooperation Opportunities Between Turkey and European Union

With the aim of becoming a financially and politically integrated Europe since its establishment, the European Union has always prioritized the implementation and assessment of the common objectives and policies determined at the Union level. Among the various common policy areas of EU, there is support for education, research, information and communication technologies, and cultural elements like social and regional development. EU is determined to shape the future of Europe with the two strategic actions plans, namely EU 2010 strategy and EU 2020 strategy that were put into practice in 2000 and 2010 respectively. The agenda of EU 2010 and EU 2020 can best be summarized as fully integrated Europe with a strong economy, offering high levels of social welfare (employment, quality education, social reforms, etc.) for its citizens to promote social integration. The policies and objectives established in these two plans have been supported with concrete actions that need to be put into practice in order to realize the shared vision set out with the plans. EU also has determined success indicators to access the level of attainment for each action. These concrete actions with clear indicators established the framework for Member States and candidate countries to set out their own national policy to plan their own work program to reach the EU objectives on national level. These work programs also function as a hidden contract between the Member State and the EU, since the progress each member makes over the years are assessed and compared within and across the union by taking these indicators as norm reference.

EU 2010 strategy in education and training can be summarized as a “**cooperation in education**” strategy for *competitive knowledge-based economy and sustainable economic growth*. The most important education and training objectives that were expected to be achieved in years 2000-2010 are: promoting cooperation within EU; establishing a system of lifelong learning; increasing the quality, equality, integration and inclusiveness in education; enhancing the use of information technologies; developing key skills and competences; increasing the proportion of women in education and workforce; enabling recognition of diplomas, skills and competences

within and across EU countries; enhancing transparency in education; making the educational the world more open is to increase the proportion of women in education and participation in the workforce. Basing it on knowledge and innovation, efficient use of resources, environmentally friendly policies and practices, 2020 aims of EU is to transform its economy to become more competitive, smart and efficient, at the same time promoting social and regional harmony by providing high employment. Furthermore, with 2020 strategy, it is envisaged that the 2010 Strategy process will be revitalized to support smart, sustainable and inclusive growth.

These objectives, which are the basis for the creation of the “European Area” in the field of education and culture, are, indeed, common objectives that Turkey agreed on. Within this framework, the process of Turkey’s becoming a full member of the Union emerges as an opportunity and driving force for educational reform. Turkey has to realize those education reforms to become an advanced society and survive in the globalizing world (Cansever, 2009).

In order to adapt to the EU policies, Turkey initiated the educational reform in mid 90s parallel with the new expansion policy of the Union. The official recognition of Turkey as a candidate country has accelerated the reforms. Increasing the years of compulsory education, extending secondary education to four years, strengthening and enhancing vocational and technical education, and transition to Europe Credit Transfer System are some of the important reform movements in the scope of progress in the EU accession process.

The EU has put into practice programs in the fields of education and training, culture, youth and sports since 1995 to support the implementation of educational and cultural policies within the framework programs that it has designed to support economic and social development in the member states. These programs, which aimed at *ensuring mobility of students and staff in the field of education, internationalization of qualifications, appreciation of cultural differences, dissemination of European values and growth and develepment of European consciousness* in member state and other participant countries, also offered unique opportunities for Turkey. Turkey’s application to join EU Education Programs in 1995 was finally approved by the European Parliament in 1999. Turkey started to take part in the programs with the foundation of the National Agency in 2003. According to the statistics of the National Agency (ABB, 2014), between the years 2003 and 2013, more than 370,000 Turkish citizens benefited from Life-long Learning and Youth Programs. Through these programs, many people, institutions, and organizations from Turkey had the opportunity of working together with the citizens of EU member states and candidate countries.

For Turkey, a candidate state that has had a problematic and sometimes intermittent negotiation process for accession to the EU, following and implementing the actions outlined in the EU 2020 Strategy closely is a very important process because as long as Turkey prevails its intention of accession to the EU, like any other member or candidate state, it needs to adopt the EU policies that need to be followed in order to transform into an economy that is based

on knowledge and innovation, using resources more efficiently and more environmentalist and competitive. It is of great importance for Turkey to follow the transformation process of the EU that started with the new strategies for the EU 2020 closely, not only to adapt the EU *acquis*, but also to reach the objectives determined within the scope of Turkey's 2023 Vision framework. Because the scope of the EU 2020 strategy is broader than Turkey's vision which is to become one of the top 10 economies of the world in 2023, it sets a constructive model for economical and social objectives and for the policies to be conducted and for the precautions to be taken. For instance, in Turkey's 2023 vision, enhancing the competition power of the country, increasing the quality of living conditions of the citizens, supporting the sustainable development and realizing the transformation into knowledge society, and to do this given more importance to science and technology, providing incentives for innovation and developing information and communication technologies are supported as they are in the EU 2020 Strategy. In order to achieve these, Turkey needs to cooperate with both the EU and the EU member states in areas of education. Regarding this issue, another example can be given from the EU 2020 strategy. The indicators of "ensuring the employment of at least 75% of the population between ages of 20 and 64", individuals, "decreasing the rate of school leave-out to around 10%" and "increasing the rate of the people studying at higher education to 40%" are among the objectives that Turkey needs to achieve. The reason why Turkey needs to achieve these objectives is supported by the statistics of Institution of Turkish Statistics. According to TUIK 2013 reports (TUIK, 2014; as cited in İKV, 2014), the rates of 53 % for employment, 19,5 % for tertiary education attainment and 37.6% for early school leaving are not very promising in comparison to the rates in EU members. Therefore, providing Turkish citizens with more quality education, which will lead to social and economic development, is also crucial to reach the EU criteria. In addition, because the EU has made the access to social security and basic services easy with the strategies determined to fight against social discrimination and poverty, Turkey should make use of these experiences and adopt the strategies of the EU in the fields of employment and education of immigrants, as Turkey hosts more than 3 million refugees as of 2017. One of the fundamental principles of the EU is the protection of local cultural diversity and respect to the differences. The Treaty of Maastricht specified that the EU should protect, disseminate and develop the culture in Europe. Within this scope, the role of the EU in the domain of culture is restricted to incentives for the cooperation between the member states and for their joint actions. The EC supports the incentives for cultural diversity, protection of cultural heritage and cultural and creative industries throughout the EU to enhance the development in line with the principles determined within the Agenda of European Culture

In this respect, the EU has many initiations. The EU is proud of the cultural diversity in areas such as language, visual arts, print and fine arts. It also aims to protect the cultures within the EU and to make them accessible to other people (İKV, 2017). This policy of the EU can be a good model for Turkey to protect the cultural variety and to appreciate the differences.

The EU's Creative Europe and European Capitals of Culture are among the most important projects in the realm of culture. Within the scope of Creative Europe which will be in force between the years 2014 and 2020, the following objectives are aimed: cultural initiations that promotes activities like transboundary partnerships, literary translations and networking; the initiations towards the development of media and visual and aural studies, and initiations towards the access and dissemination of these activities. As part of the European Capitals of Culture project within the framework of the EU culture policy, every year two European cities are selected as European Capital of Culture. This title allow these cities to celebrate their European identities to collaborate both local and foreign cultural institutions and help them to make their cultural lives more appealing and lively. Experiences have shown that being the capital of culture and conducting cultural activities give pave to economic, social and cultural development in these cities in the long-run (İKV, 2017).

## **Conclusion**

In today's contemporary world, countries that are aware of the importance of raising individuals who are equipped with more knowledge and skills, which lead to economic and social development, give priority and more importance to education. Education in Turkey is also of great importance and one of the indispensable areas for both enhancing economic and social development in Turkey and making progress in the accession process to the EU. The EU focuses on individual development and invests in people, namely education for an economy that has a high global competition power. Regarding the development of education and human resources as a driving force in the development of EU, the EU 2020 Strategy emphasises the potential contribution of education and training for smart, sustainable and comprehensive development. Education and Training in 2020, which was prepared in the framework of this strategy gives importance to cooperation in the areas of quality, mobility and internationalization in education. Turkey as a candidate state needs to comply with the objectives the EU has agreed on and make the necessary reforms in order to adopt the *acquis* of the EU. Therefore, cooperation in the key areas identified by the EU is part of the adaptation process. In the framework of enhanced cooperation within and across the EU, the European Council has initiated many programs. Turkey is taking part in these programs as strategic partners. Similarly, technical study groups are formed in the areas that are determined to have priorities within the scope of Education and Training 2020, and Turkey participates in these groups, too. Technical studies have been conducted in key areas such as vocational training and transversal competences at the EU level.

In EU 2020 strategy, it is envisioned that the member states should adopt to the policies in the process of transforming into a more competitive and green economy that is based on knowledge and innovation, using resources more efficiently. Turkey, which is still in the process of

negotiation talks to gain full membership to the EU, needs to follow the precautions taken by the EU within the scope of EU 2020 Strategy and collaborate with member states to realize these precautions in Turkey because Turkey aims to realize the transition to knowledge society, enhance sustainable development, increase the living conditions of its citizens and the competition power of the country by giving more priority to science and technology, which are also the priorities of the EU.

In light of these objectives, as already stated in the EU 2020 Strategy, in the 2023 Vision of Turkey which covers a wide range of areas such as education, transportation, food and health, innovations are encouraged and the development of information and communication technologies have a strategic importance. Even though the EU 2020 with its key areas for development, action plans, work programs and indicators set a model for Turkey to reach its 2023 Vision, Turkey has not yet made the necessary use of these. Therefore, it is imperative for Turkey to cooperate with the EU and member states in areas of education and training to complete the transformation process successfully.

The activities conducted in the areas of education and youth have provided significant contributions to Turkey's aim to reach the knowledge and welfare society and to the social development and active citizenship through increasing the education level of individuals and institutions. Increasing the quality of vocational education also increases the qualities of workforce. As also stated in the report of National Agency, every year academic staff and students at Turkish universities make use of mobility programs, through which they learn about the culture and language of the host country they visit. Similarly, the academic staff and students from the EU countries visiting Turkey not learn about Turkey and Turkish culture, but also contribute to the promotion of their own culture and country. This, in turn, helps to create the European dimension in education, which is one of the core objectives of the EU. Turkey's contribution to the European dimension in education is necessary and important, because of its rich cultural and historical heritage. To conclude, Turkey should make the best use of the opportunities provided by the EU and cooperate in all areas with member states for the welfare of its citizens, especially in the domain of education and training, because education is path for sustainable social and economic development.

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# CHAPTER 5

## THE RIGHTS OF TURKISH CITIZENS ON FREE MOVEMENT OF SERVICES

*Bahar Yeşim Deniz\**

### ***Abstract***

*In this study, rights of Turkish citizens in terms of “Free Movement of Services” are elaborated on which may be assessed as a field in which bilateral and multilateral economic cooperation may be enhanced between the European Union countries and Turkey.*

*In terms of the topic, firstly, positive and negative perspectives including the economic considerations are focused on with regard to Turkey’s accession process to the European Union. These perspectives are gathered, since, they are to be assessed in terms of enhancing bilateral and multilateral economic cooperation between the European Union countries and Turkey.*

*In the framework of the European Union Law, firstly, provisions with respect to the European Union Law are considered, afterwards, specific legal stipulations regarding Turkish citizens are highlighted. In this scope, although the provisions in 1963 Ankara Agreement and 1970 Additional Protocol are of essential importance, the decisions of the Court of Justice of the European Union are of guidance. Due to this reason, in the study, “Soysal decision” is selected and the Decision is analysed to reflect the rights of Turkish citizens. In the study, the “Re-admission Agreement” is also taken into consideration which is pronounced with the efforts in terms of “No Visa Europe Initiative” and reflections are emphasized concerning the rights of Turkish citizens with respect to the “Free Movement of Services”.*

*The implementation of the rights of Turkish citizens in scope of the “Free Movement of Services” and travel of the Turkish Citizens to the member states of the European Union as a “Service recipient” or “Service provider” are to contribute to the economic situation in European Union countries. In this context, it is concluded that increase of consciousness about these rights and advocacy in terms of these rights are of great importance.*

**Keywords:** *European Union Turkey Relationship, Internal Market, Free Movement of Services, Ankara Agreement, Additional Protocol, Soysal Decision*

**JEL Classification:** *K Law and Economics F15 Economic Integration K33 International Law*

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## Introduction

The European Union-Turkey legal relationship is a “sui generis” issue to be taken into consideration. In this framework, there are many aspects to focus on in terms of bilateral and multilateral economic cooperation between the European Union member states and Turkey. In today’s ongoing process of Turkey’s accession to the European Union, “Chapter 3: Right of Establishment and Freedom to Provide Services” is one of the chapters among 35 Chapters which is to be highlighted in this perspective. In order to have the “full picture” to comprehend in the field, at first, a general analysis of the effects with regard to Turkey’s membership to the European Union is to be reflected in this study.

Secondly, as one of the most important policies of the EU in terms of the “internal market”, the provisions for the “Free movement of services” is focused on in terms of the European Union Law. These provisions are essential to underline to link economic consequences concerning the European Union-Turkey relationship which are regulated mainly in the Treaty on Functioning the European Union Articles 56 to 62 of the Lisbon Treaty.

In essential terms, regarding the European Union-Turkey legal relationship, the issue is to be interpreted in terms of 1963 Ankara Agreement and 1970 Additional Protocol. Furthermore, the decisions of the Court of Justice of the European Union are to be taken into consideration to understand the implementation aspect of the relevant provisions and rights of Turkish citizens about the “Free movement of services”. This field is one of the most important fields in which the European Union countries and Turkey may cooperate in economic terms despite obstacles in the implementation of the rights of Turkish citizens.

In this regard, this study aims to reflect the main legal framework in terms of the “Free movement of services” with an emphasis on the European Union-Turkey legal relationship. After highlighting positive perspective of the judgments of the Court of Justice of the European Union on the rights of Turkish citizens, possible means of cooperation in economic terms are to be underlined. In the framework of the study, some reflections with regard to the “Services Project” which is an important project in terms of alignment of Turkish legislation with the “European Union Acquis” in accordance with “Chapter 3: Right of Establishment and Freedom to Provide Services” is to be considered. In addition, the “Re-admission Agreement” concluded between the European Union and Turkey in quest for “Europe without Visa” is elaborated on to reflect the effect and consequences in terms of the rights of Turkish citizens concerning the “Free Movement of Services”.

At the end of this study, assessments are to be made and conclusions are to be drawn on the current situation. The solutions are to be offered together with possible means of economic cooperation between the European Union and Turkey in this era.

## 1. The European Union-Turkey Question

### 1.1. In General

After Ankara Agreement dated 1963 which established a partnership between the European Union (at those times named as “European Economic Community”) and Turkey, the most important impetus has been announcement of Turkey as a “candidate country” for European Union membership at Helsinki Summit of the European Council in 1999. After this date, relations between the European Union and Turkey became closer, deepened and this situation has many political, social and economic reflections.

The accession negotiations between the European Union and Turkey continues in the path of the process that was initiated in 2005 under 35 chapters where only the Chapter on “Science and Research” is provisionally closed. In the accession negotiations, “Cyprus” issue has an important place and in this context, at 2006 Brussels Summit, it was announced that due to the unfulfillment of Turkey of the Additional Protocol to the Ankara Agreement and continuation of the obstacle about the “Free Movement of Goods”, it is agreed not to open accession negotiations in the Chapters of “Free Movement of Goods”, “Right of Establishment and Freedom to Provide Services”, “Financial Services”, “Agriculture and Rural Development”, “Fisheries”, “Transport Policy”, “Customs Union” and “External Relations” and not to close negotiations in any Chapters<sup>1</sup>.

In the European Union-Turkey relationship, the “European Union Progress Reports for Turkey” are essential documents which are published annually - with the latest Report of 2016 - reflecting Turkey’s positive and negative aspects with regard to the European Union accession process. Furthermore, although of older dates, “European Union Accession Partnership Document”’s which include expectations of the European Union from Turkey and “National Programme”’s that include the commitments of Turkey have importance; of which the latest versions are as of 2008.

### 1.2. Assessment of the Membership with Positive Political, Social and Economic Perspectives

With the membership of Turkey to the European Union, it is believed that Turkey shall benefit from the balanced and fruitful democracy provided by the European countries (Aktar, 2009: 223). The invitation of the European Union to Turkey is understood as a “political movement” and believed that it is realized parallel to common and mutual interests. In this regard, it is emphasized that the process in Turkey shall be a guarantee for freedom, peace and security in the whole Europe (Aktar, 2009: 222). It is believed that with the inclusion of Turkey to the

1 2016 Progress Report for Turkey [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2016/20161109\\_report\\_turkey.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_turkey.pdf), s. 7.

common consultation mechanisms with the European Union, “Cyprus” issue, problems like the one with Greece regarding the “continental shelf”, relations with Northern Iraq shall be handled more constructively.

In parallel, with Turkey’s membership to the European Union, it is underlined that Turkey’s relationship with “Turkic Republics” would provide positive results for the European Union. Furthermore, since, Turkey is the second largest army in the NATO, positive impacts of this feature to the European Union is stressed (Aktar, 2009: 223). In this respect, it is also underlined that Turkey is a member to NATO, Council of Europe and Organization of the Islamic Conference as the sole country that is a candidate for membership to the EU (Bac, 2008: 68). Turkey’s importance from the perspective of Common Foreign and Security Policy is highlighted in this respect (Bac, 2008: 72).

In addition, Turkey’s geographic place on “energy routes” is underlined and in this context, it is stated that Turkey can play an important role in meeting the demands of EU member countries (Aktar, 2009: 223). In this context, it is stressed that Turkey can provide energy security for the EU and that EU can reach to Caspian Sea and Middle East easier (Kramer, 2006: 28). This is definitely an issue to be highlighted in terms of economic cooperation.

It is furthermore mentioned that the European Union should not be closed and on contrary be open to “everyone” (Diez, 2007: 2). But at the same time, it is stated that it is difficult to support this view, since, it is at first a “regional” organization and starting from the Maastricht Agreement only “European States” may be a member (Diez, 2007: 3).

Apart from these considerations, it is underlined that the European Union countries are not in a “homogenous” structure. It is stressed that both in the European Union countries and between the European Union countries, there are different religions, values and histories. In this regard, referendums in EU member countries are even discussed. Although it may be thought that there is the selection of “club” members, it is stated that it is unjust to consult the public on whether the EU shall fulfil its obligations (Diez, 2007: 3).

When the European Union countries are examined, it is observed that some countries support Turkey’s membership to the European Union for different reasons. It is stated in this regard that the United Kingdom is supportive for strategic and political reasons, whereas Spain, Portugal and Italy are in favour for the reinforcement of “Mediterranean Grouping” (Kramer, 2006: 25). On the other hand, it is claimed that Ireland, Finland and Sweden are supportive due to strategic and political thoughts together with the idea that the European Union should act in conformity with its commitments to protect its international credibility. Belgium, Slovakia, Slovenia and Hungary are stated in favour to keep up with the commitments together with the tendency for the “Europeanization” of Turkey although conservative thoughts in these three countries are underlined (Kramer, 2006: 26).

If Turkey becomes a member of the EU, it is claimed that strategic advantages are to be mentioned. In this context, large geo-strategic importance of Turkey is underlined and it is stated that this importance is to contribute to providing a secure and prosperous neighbourhood. It is stressed that accession process to the European Union may build a politically balanced, democratically and economically developed Turkey and that this may be a model for the Middle East. In this regard, it is believed that realization of a “western” type of democracy and economic prosperity in a country with a Muslim population of majority could bring Turkey in a better position in the neighbourhood in terms of the EU Common Foreign and Security Policy. Apart from all these considerations, it is believed that when Turkey becomes a member of the European Union, it shall be an evidence to show that the European Union is not a “Christian Club”. In this parallel, it is believed that Islamic radicalism in some European countries may be overcome (Kramer, 2006: 28).

Also, Turkey’s big economic potential is considered and it is underlined that it is an “open-market economy” which can contribute greatly to the development of the European Union economy (Kramer, 2006: 29). In the latest EU Progress Report for Turkey, it is underlined that for the European Union, Turkey has been the 5<sup>th</sup> largest trade partner. In this respect, it may be submitted as a good idea to strengthen economic bilateral and multilateral cooperation between the European Union countries and Turkey to have a stronger Turkey in economic terms which is also for the sake of the European Union countries. This is to be understood to include “visa liberality” for Turkish citizens as well, since, it would be an advantageous situation for the motivation of Turkish citizens to develop business relationships with the European countries.

### **1.3. Assessment of the Membership with Negative Political, Social and Economic Perspectives**

With regard to Turkey’s membership to the European Union, “Europeanization” is mentioned as controversial (Diez, 2007: 3). It is claimed that Turkey’s main difference from other European states is its “European” nature (Bac, 2005: 17). It is underlined that it is not a right for Turkey to ask for the membership of Turkey to the European Union in terms of the European Union commitments due to the reason that there is no promise of membership in Ankara Agreement and it is written that if partnership is successful, “accession possibility” shall be assessed. In this context, it is emphasized that if only the relevant criteria is fulfilled, the European Union is under an obligation to accept Turkey for membership (Diez, 2007: 3). Since, in Article 28 of Ankara Agreement, it is stipulated that: *“As soon as the operation of this Agreement has advanced far enough to justify envisaging full acceptance by Turkey of the obligations arising out of the Treaty establishing the Community, the Contracting Parties shall examine the possibility of the accession of Turkey to the Community”*, it should be always remembered that there is the “accession” perspective with regard to the European Union-Turkey relationship.

It is stressed that the structure of the European Union affects “the state of belonging to” feeling of the European Union citizens. It is suggested that Turkey’s “Europeanness” be taken in this context. In this regard, it is stated as a question of how to define “Europeanness” identity and put Turkey in this identity. It is submitted that placement of Turkey “in” or “out” of Europe is always linked with how “Europe” is defined (Çapan, Onursal, 2007: 99). It is underlined that the “European Union identity” is still under defining process. It is put forward in this respect that there are no exact boundaries, aims and destination of integration and that “European identity” develops according to the historical, political, economic and social developments. In this context, it is underlined that discussions about Turkey’s “Europeanness” may be captious (Çapan, Onursal, 2007:100).

Furthermore, it is claimed that the argument regarding Turkey that Turkey is not a part of Europe geographically has weight. It is also put forward that Turkey is not a part historically of European civilization. Assuming that it has a different political culture, it is claimed that this situation shall cause problems in terms of European Union decision-making process and in the implementation of European Union decisions (Kramer, 2006: 29). In this context, it is emphasized that when history of Europe is evaluated, it is observed that Europe united or was under an attempt to unite against a “threat” perception (Çapan, Onursal, 2007: 101). It is claimed that the ones that are “non-European” and that should be united against were “Islam” and “Asia” according to this perspective. On the other hand, inter-wars between European States in 16<sup>th</sup> and 17<sup>th</sup> centuries are underlined as a different aspect to be highlighted in this sense (Çapan, Onursal, 2007: 102).

In this respect, it is emphasized that the Ottoman Empire and Russia are considered to stay in Europe organizations for a permanent peace (Çapan, Onursal, 2007: 103). After the foundation of the Republic of Turkey, since, this new Republic of Turkey has the aim of “westernization”, it is emphasized that in the years 1920’s and 1930’s, the importance of the Republic of Turkey in Europe projects was increased. In historical perspective, after the cold-war, the Soviet Union becoming the “other”, has brought Turkey as part of Europe security (Çapan, Onursal, 2007: 104). In this context, it was suggested that “Europe” borders should not be limited with only west part of Europe (Çapan, Onursal, 2007: 105).

In terms of international ethics, also the “values” are of another concern with regard to Turkey’s membership to the European Union. It is claimed that the differences between Turkey and present European Union member countries are more than the ones that exist between EU members and it is underlined in this context that it is legitimate to deny Turkey’s membership to the European Union (Diez, 2007: 1). On the other hand, this kind of a thought is criticised from the point that there are strong Muslim communities in European Union countries as well and that this kind of a thought does not consider this fact (Diez, 2007: 2).



The “values” referred here are considered as “liberal-democratic” ones and they are deemed as not implemented by the Turkish public. It is claimed that Turkey has still not fulfilled the “Copenhagen Political Criteria”. These scholars take the criticisms of the European Commission and European Parliament on “human rights” against Turkey (Kramer, 2006: 30). In this context, it is claimed that the European Union shall extend to “difficult” points and this shall be negative for the European Union if membership of Turkey is realized even in a theoretical framework (Diez, 2007: 4). Especially third “legal harmonization package” for Turkey’s accession to the European Union of 2002<sup>2</sup> is accepted to have an important role at this respect. About this package, it is emphasized that the third “legal harmonization package” is an example about “Europeanization effect” on political balance and the role of the European Union on Turkish Politics (Bac, 2005: 25). With the third “legal harmonization package”, death penalty was lifted, property rights of non-muslim foundations were enhanced, broadcasting and learning in different languages other than Turkish and re-trial in the light of the judgments of the European Court of Human Rights were among some of the fundamental provisions.

Even when it is considered that “human rights” violations still persist in Turkey, it should be remembered that this was a reason that “necessitated” the European Union membership in the past for some countries. In this respect, it is underlined that this “balancing” argument has been considered as a factor to legitimize the situation after the “dictatorship” in Greece, Spain and Portugal. The same situation is stated as valid for central and eastern European countries after the Cold War. About the “values”, “religion” issue is underlined as another important factor (Diez, 2007: 2). It is stated that Austria, France, the Netherlands, Luxembourg and Denmark have claimed that integration process may be adversely affected and that the Europe shall be very “Muslim” (Kramer, 2006: 26) in case of membership of Turkey to the European Union. It is underlined that although Turkey has a secular characteristic, since, its population is predominantly Muslim, due to the fact that common references are shaped with “Christian values” for the majority of the European Union citizens, the situation is difficult and of controversy (Aktar, 2009: 223).

In this respect, it is highlighted that the rise of “Islamic fundamentalism” in the world and its effects in Europe, the increase of the Muslim population in western Europe together with Muslim population’s degree of integration in European society are important factors to take into consideration (Bogdani, 2013:106). It is submitted that ...The opposition in terms of Turkey’s membership with respect to religion is expressed as a difficulty in this respect with regard to obtaining the relevant data (Deniz, 2013: 141).

Furthermore, it is stated that Turkey’s membership to the European Union may cause negative results for the European Union’s future with respect to the functionality of the European Union

2 For the “History of Turkey-EU Relations” see [http://www.ab.gov.tr/111\\_en.html](http://www.ab.gov.tr/111_en.html) Also for the “Political Reforms in Turkey” see [http://www.ab.gov.tr/45871\\_en.html](http://www.ab.gov.tr/45871_en.html)

institutions. It is claimed that it is of controversy that whether the effect of a big country like Turkey be constructive or destructive in this framework (Diez, 2007: 2). It is emphasized that there are many countries which put forward the “enlargement capacity” issue. In this context, it is underlined that without losing the enlargement impetus and without the effect on effectively functioning institutions, it is a difficult process to accept new members (Kramer, 2006: 25).

The “enlargement capacity” was put forward by the European Union leaders in 2006 as the need for the future enlargements to take into account the European Union’s capacity to “absorb” new members. It is added that this is not be considered as a pre-condition for European Union membership<sup>3</sup>. In this respect, it is stressed that if Turkey becomes a member to the European Union, since, Turkey is to effect institutions and decision-making procedures as a big country, Turkish national interests are accepted to govern the issues on the agenda of the European Union (Kramer, 2006: 29).

In this parallel, it is stated that Turkey may choose to use the European Union’s “Common Foreign and Security Policy” for its security interests instead of being a part of the re-structuring of the European Union and politics. It is claimed that in this context, the European Union may be neighbours to the risky areas of Caucasus, Iran, Iraq and Syria and that this situation is to increase security responsibilities of the European Union instead of gaining security. In economic terms, it is claimed that the European Union might face another worker’s migration wave from Turkey. At the same time, since, Turkey’s development rate is smaller than the European Union average, with the fund transfers and agricultural support from the European Union to Turkey, it is underlined that the European Union’s financial system shall be affected adversely (Kramer, 2006: 30). It is important to highlight in this respect that the problems with regard to the implementation of the rights of Turkish students within the context of the “Free Movement of Services” may be interpreted in this sense.

#### **1.4. Assessments**

When positive and negative political, social and economic perspectives about Turkey’s membership are evaluated, it may be concluded that it is a “unique” situation. Turkey is a bridge between Europe and Asia having features of both which has always been bound to west with the “secularity” principle, western laws and systems, membership to “western” organizations like the Council of Europe and NATO.

With the “western” background, Turkey has been under a great transformation process since the “Helsinki impetus” of 1999 about which the European Union accession process covers 35 Chapters. The negotiations for accession to the European Union were opened in 2005 after

3 On the “Absorption capacity of the EU” see Annex 1 (p. 17) to 2006 Communication from the Commission to the European Parliament and the Council at [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2006/nov/com\\_649\\_strategy\\_paper\\_en.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2006/nov/com_649_strategy_paper_en.pdf)

the determination that Turkey fulfilled Political Criteria “sufficiently” which were mainly on “human rights issues”.

In terms of “values”, there is indeed no homogenous community even within a European Union member state. Turkey, being a “predominantly muslim” country, the membership of Turkey may lead for the rapprochement of different religions and indeed serve as a model for Islamic countries. The enforcement of legal rules is important here to retain the “public order”; so, if legal rules are implemented properly, there are not to be problems about retaining the “public order”.

Turkey’s membership may indeed contribute to the security of the EU. Having the biggest second army in NATO, Turkey with this strong power may be able to keep the European Union borders securely in the “dangerous” neighbourhood of Iran, Northern Iraq and Syria. It may also contribute greatly to enhancement of the European Union’s “Common Foreign and Security Policy” policies and operations in this regard.

The concerns have been raised about entrance, stay and residence for third country nationals to European Union member states in general terms. In this respect, “migration” is highlighted as a “threat” and “opportunity”. The “opportunity” aspect is introduced as being linked with the potential of bringing needed skills and youth to “re-vitalize” an ageing population especially in economic terms. The “threat” is referred to with respect to a potential risk relevant to job opportunities for nationals together - linked again with economic issues in general - together with culture, security and organised crime concerns (Barnard, 2010: 520).

The elaborations about “absorption capacity”, institutional and financial burdens on the side of the European Union prevail on the other hand. Turkey is to be the second largest country after Germany if it becomes a member to the European Union which is to affect institutional and financial balances within the European Union greatly. “Is the European Union ready for Turkey’s membership?” is a question to be answered priorily in this context.

## 2. Relevant Legal Framework

According to Treaty on Functioning the European Union Article 26/II, the “internal market” is described as: *“The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provisions of the Treaties”*. In this context, it is aimed to establish a system between the European Union countries where four freedoms are present which includes the “Free movement of services” in this context.

Pursuant to Treaty on Functioning the European Union Article 57/I and II, a “service” is described *“within the meaning of the Treaties where they are normally provided for remuneration, in*

*so far as they are not governed by the provisions relating to freedom of movement for goods, capital and persons. "Services" shall in particular include: (a) activities of industrial character; b. activities of a commercial character; c. Activities of craftsmen; d. activities of the professions".*

In terms of the European Union-Turkey legal relationship, it is cited in Article 14 of 1963 Ankara Association Agreement that: *"The Contracting Parties agree to be guided by Articles 55, 56 and 58 to 65 of the Treaty establishing the Community for the purpose of abolishing restrictions on freedom to provide services between them"*. In this regard, there is a declaration to abolish restrictions with regard to the "Free movement of services" although there is a "vague" situation with respect to implementation of the provision.

In 1970 Additional Protocol, the "standstill" provision of Article 41/I has more concrete meaning in terms of the rights of Turkish nationals which reads as follows: *"The Contracting Parties shall refrain from introducing between themselves any new restrictions on the freedom of establishment and the freedom to provide services"*. In parallel with this provision, the judgments of the Court of Justice of the European Union is worth to analyse since this provision is to be interpreted together with these relevant judgments of the Court of Justice of the European Union.

There are European Union secondary law provisions on the issue of which "Services Directive" is the main "European Union Acquis". According to Article 4/3 of the "Services Directive"<sup>4</sup> *"Recipient" means any natural person who is a national of a Member State or who benefits from rights conferred upon him by Community acts, or any legal person as referred to in Article 48 of the Treaty and established in a Member State, who, for professional or non-professional purposes, uses, or wishes to use, a service"*.

Concerning "Chapter 3: Right of Establishment and Freedom to Provide Services" in terms of Turkey's accession negotiations to the European Union, the "Services Project" aims to reach an "Action Plan" which determines the necessary legislative and administrative measures for compliance with the requirements of the "European Union Acquis" relevant to "Chapter 3: Right of Establishment and Freedom to Provide Services"<sup>5</sup>.

### 3. "Soysal Case" from the Perspective of the EU Internal Market

#### 3.1. In General

The "Soysal case" of the Court of Justice of the European Union is an important case in the context of the legal relationship between the European Union and Turkey basically constituted with 1963 Ankara Agreement and 1970 Additional Protocol. It has implications in terms of the

4 For the text of 2006/123/EC Services Directive see: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32006L0123&from=EN>

5 For detailed information on "Services Project" see <http://www.hizmetlerprojesi.com/en-us/About-Us>

relevant articles in these international agreements related with the “Freedom of Services” which is one of the central policies of the European Union within the internal market.

In the “Soysal case”<sup>6</sup> of the Court of Justice of the European Union, the plaintiffs were working as lorry drivers in international transportation for a Turkish undertaking with lorries registered in Germany. They claimed the unlawfulness of the rejection of their visa requests at Berlin Administrative Court and put forward that it is their legal right to enter into Germany without a visa based on Article 41/I of the 1970 Additional Protocol<sup>7</sup> related with providing “transboundary service”. In this context, there was the claim that since the Additional Protocol entered into force in Germany in 1973, Germany could not be in a position to “deteriorate” the visa policy than was the present legal situation on that date. After Berlin Administrative Court rejecting the claim, Soysal and Savatlı appealed the case at Berlin Brandenburg District Administrative Court and Berlin Brandenburg District Administrative Court applied to the Court of Justice of the European Union in terms of the “preliminary procedure”.

The Court of Justice of the European Union decided that the Article 41/I of the Additional Protocol of 1970 has “direct effect” and in this regard, this provision could be relied on by the relevant parties since it included “explicit” and “unconditional” provision<sup>8</sup>. In the judgment, it was also asserted that the workers of the Turkish company who were providing the service were “indispensable” elements about providing the “service” and in this regard, Article 41/I could be relied on<sup>9</sup>. On the other hand, it was also stipulated in the judgment that the Article 41/I did not constitute a right for Turkish nationals to enter into EU countries for “establishment”, to provide “service” or to “reside”, by itself, according to the Court of Justice of the European Union case-law<sup>10</sup>.

It was emphasized in the judgment that German “alien law” adopted new rules about the nationals of the countries that are not members of the European Union since 1980, and, in terms of these rules, a “visa” was sought for the activities as are present in the case<sup>11</sup>. It was underlined that this legislation was “tighter” than the provisions present in 1973<sup>12</sup>, and, in this parallel, it was accepted that the present legislation is a “new restriction” and violation in terms of Article 41/I of the Additional Protocol.

6 **Mehmet Soysal, İbrahim Savatlı v. Bundesrepublik Deutschland**, joined party: Bundesagentur für Arbeit, 19 February 2009, C-228/06; for the full text see <http://curia.europa.eu/juris/celex.jsf?celex=62006CJ0228&lang1=en&type=NOT&ancre=>

7 Additional Protocol Article 41/I: “The Contracting Parties shall refrain from introducing between themselves any **new restrictions** on the freedom of establishment and the freedom to provide services”. For the full text of the Additional Protocol see <http://www.abgs.gov.tr/index.php?p=117&l=2>

8 Paragraph 45 of the “Soysal case”.

9 Paragraph 46 of the “Soysal case”.

10 Paragraph 47 of the “Soysal case”.

11 Paragraph 52 of the “Soysal case”.

12 Paragraph 56 of the “Soysal case”.

### 3.2. Assessments

The “Soysal case” is interpreted (Can, Sariaslan, 2011: 243) as paving the way for the exemption of the “visa” requirement to enter the European Union countries for “self-employed persons” and “workers” of Turkish companies to provide “services”. It is highlighted that the subject here under discussion is the “freedom to provide services” and in this regard, the “Soysal case” does not represent precedence for “free entry of Turkish nationals to the European Union countries”. It is emphasized that according to the judgment, there is to be no “visa” requirement for the “service providers” in a European Union country. It is interpreted in this respect that, the decision is related with Turkish businessman, attorneys at law, sportsmen, doctors, academicians and the ones that have the aim in scope of tourism, education and treatment to enter an European Union country<sup>13</sup>. It is put forward that after this decision, “self-employed” Turkish nationals may enter into the European Union countries to provide services with visa exemption (Köktaş, 2009: 35). It is asserted that there is no right for the whole Turkish nationals to enter a European Union country without a visa requirement in this respect (Özkan, 2007: 444).

About the “Freedom of Services”, it is highlighted that this freedom includes both “active” and “passive” meanings in itself; including “receival” and “performance” of services together (Can, Sariaslan; 2011: 243). On the other hand, it is asserted that the declarations of German and Danish authorities stated that only the freedom to “provide active services” may be included for Turkish nationals based on the previous judgments together with “Soysal case” where all cases were concerned with the “freedom to provide active” services (Pinar, 2010: 76). Examples to “passive” provision of services are cited as, people who travel for tourism, medical treatment, education or business purposes (Pinar, 2010: 83).

By another perspective in his context, it is underlined that the Court of Justice of the European Union accepts that “passive” freedom is also included in terms of the “free movement” in the “internal market” (Özkan, 2007: 441). In this respect, when the situation is examined, in the “Luisi and Carbone decision”<sup>14</sup> of the Court of Justice of the European Union, “the freedom

13 Article 57 of the Treaty on the Functioning of the European Union: “Services shall be considered to be the services within the meaning of the Treaties where they are normally provided for remuneration, in so far as they are not governed by the provisions relating to freedom of movement for goods, capital and persons.

Services shall in particular include:

- a. activities of a industrial character,
- b. activities of a commercial character,
- c. activities of craftsmen,
- d. activities of the professions.

Without prejudice to the provisions of the Chapter relating to the right of establishment, the person providing a service may, in order to do so, temporarily pursue his activity in the Member State where the service is provided, under the same conditions as are imposed by that State on its own nationals”. For the full text of the Treaty of the Functioning of the European Union see **Foster, N.**; Blackstone’s EU Treaties & Legislation 2011-2012, Oxford University Press, 22nd ed., US, 2011.

14 For the full text of **Luisi and Carbone v. Ministero Del Tesoro** Joined Cases 286/82 and 26/83, 31.1.1984; see <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:61982CJ0286:EN:PDF>

to provide services” was defined to include the freedom, for the “recipients of services” as well, to go to another member state in order to receive a service there, without being obstructed by restrictions, even in relation to payments. Tourists, persons receiving medical treatment and persons travelling for the purposes of education or business are counted to be regarded as “recipients of services”<sup>15</sup>.

The Customs Union established between the -then- European Community and Turkey with the Association Council Decision of 1/95 ensures “freedom of goods” in general terms. Although this is the case, “visa” barriers for the producers and sellers of these goods continued and this situation in this context is introduced as a contradiction to the “spirit” of the implementation of Customs Union. In this framework, it is underlined that after “Soysal judgment”, it is not possible for the whole Turkish citizens to enter to the EU countries without a visa requirement to “provide service” or to benefit from a service and it is suggested for the Association Council to take a decision on the issue (Köktaş, 2009: 37). In the same parallel, it is put forward that the “visa question” and other similar barriers may prevent the freedom of goods as well (Özkan, 2007: 440). This is defined as a clear disadvantage for Turkish nationals compared to their European counterparts who has no problem in accessing the Turkish market and territory (Tezcan vd., 2010: 9).

### **3.3. The EU Commission and Some Member State Initiatives on the Implementation**

A reference is made to the “European Commission Guideline” 7th May, 2009, after the “Soysal judgment” of the Court of Justice of the European Union. The “European Commission Guideline” is interpreted as being “superficial” and it is highlighted that it included only provisions on “visa” exemption for Turkish nationals entering into Germany and Denmark. In this regard, it is stated that the European Commission has not completed any performance to “combat” unfair “visa” practices after “Soysal judgment” (Pınar, 2010: 77). It has been determined that only four Member States allow “visa-free Access” to their territories at the time the Additional Protocol entered into force in 1973: Germany, the UK, Denmark and Ireland (Tezcan vd., 2010: 13).

The fact that the European Commission has not taken any steps or position concerning “service recipients” is implemented as giving the impression not much to be expected from itself until the Court of Justice of the European Union explicitly rules that “service recipients” in the context of 1963 Ankara Agreement are covered by the provision on “Free Movement of Services” (Tezcan vd., 2010: 14). It is highlighted that the European Union member states are also are not expected to take any steps regarding the initiatives about “service recipients” in the absence of a concrete Court of Justice of the European Union ruling on this point (Tezcan vd., 2010: 19).

<sup>15</sup> Paragraph 16 of the decision.



About Germany, it is stated that according to the “European Commission Guideline”, a Turkish national residing and exercising activities in Turkey can enter Germany for a stay up to two months *“for the purpose of lawfully providing services there as an employee of an employer established in Turkey, either as a mobile worker (driver) employed in the cross-border transport of passengers or goods (excluding itinerant trade), or to perform assembly or maintenance work or repair on delivered plants and machinery [or] for the purpose of lawfully providing services there consisting of paid lectures or performances of special artistic or scientific value or consisting of paid sports performances.”* In this context, the Turkish nationals who are providing these “services” are accepted to be able to enter Germany only after obtaining ‘visa exemption’ from the German diplomatic/consular representative. For Denmark, it is emphasized according to the “European Commission Guideline” that the Turkish nationals residing and exercising their activities in Turkey are able to enter Denmark for one or several visits, the duration of which does not exceed three months, for the purpose of lawfully providing “services” on a temporary basis, either as a “self-employed persons” or on behalf of an “undertaking” established in Turkey. In this context, it is cited that within the European Commission Guideline”, the following examples are possible: Turkish architects, builders, lawyers, computer scientists, commercial agents, scientists and lecturers, artists, fitters and instructors installing or repairing machinery or informing of the use thereof, professional athletes and trainers, etc. established in Turkey and traveling to Denmark in order to carry out their services under a contract (Tezcan vd., 2010: 15).

On part of Germany, it is also emphasized that in the “Circular’s issued by the German Ministry of External Affairs, dated, 28th April, 2009 and Internal Affairs, dated 6th May, 2009, as well as in the annotations prepared by the Turkish Embassy in Germany, it was underlined that a “visa” can not be required for people who fall within the scope of the freedom to provide “active services”, with the condition that duration of stay does not exceed two months. It is highlighted on the other hand that, for Turkish nationals travelling to Germany for a “recipient of a service” (“passive” service), there is the requirement to obtain a visa. About Denmark, it is highlighted that in a “Declaration” dated, 20th March, 2010, the Danish Ministry of Foreigners announced that a “visa” cannot be required of persons entering the country for purposes of temporary duty, holding an exhibition, or performing a concert, or who are athletes or truck drivers (Pinar, 2010: 77). In this context, it is underlined that in the “Declaration”, it was stated that the “visa exemption” is to apply only to Turkish nationals who “provide services”. In this respect, it is put forward that similarly like the “Circular” of Germany, “visa” requirements remain in force for Turkish nationals who would like to visit Denmark as tourists or for similar purposes, so in the scope of “passive” situation (Pinar, 2010: 78).

There is a specific document for Turkish nationals of “Guidelines on the Movement of Turkish Nationals Crossing the External Borders of European Union Member States in Order to Provide Services with the European Union”. This Document is introduced as a clarification after “Soysal case”. In this respect, it is underlined that when these conditions are met, a Turkish



citizen residing and exercising activities in Turkey may enter a European Union member state without a visa to provide services at that member state: a. If country of visit is: Germany, Denmark and the Netherlands since they had no requirement for a visa to provide services in the relevant country at the time the 1970 Additional Protocol entered into force. b. The purpose of the visit is within the scope of Article 41/I of the Additional Protocol.

### 3.4. Remarks

It may be deduced that “Soysal case” of the Court of Justice of the European Union marks an important stage in terms of firstly, Article 14 of 1963 Ankara Agreement on “abolishing the restrictions on freedom to provide services” in terms of abolishing the “visa” requirement in the situation of the ones that were subjects of the case.

Secondly, when Article 57 of the Treaty on the Functioning of the European Union of 2009, together with “Luisi and Carbone decision” of the Court of Justice of the European Union of 1984 are considered, it may be asserted that there is no distinction as to “active” or “passive” mode of “Free Movement of Services”. In this context, it may be put forward that the “Soysal judgments” have both implications in itself.

Lastly, it may be concluded that the most important issue about the impacts of “Soysal judgment” may be observed with the implementation in each European Union country concerned. Article 41/I of the 1970 Additional Protocol is a “standstill” provision, in this regard, to have an Association Council decision would be helpful in clarifying the situation better. Bringing out similar cases to the attention of European Union member state’s national courts might accelerate the process of implementation in each European Union state.

## 4. “Re-admission Agreement and “Europe Without Visa” Initiative

In terms of Turkey’s accession process to the European Union regarding non-visa requirement for Turkish nationals to enter EU countries, the “Re-Admission Agreement” is to be especially concentrated upon<sup>16</sup>. According to Article 1/n of this “Re-Admission Agreement” between the European Union and Turkey, “*Readmission’ shall mean the transfer by the Requesting State and admission by the Requested State of persons (nationals of the Requested State, third country nationals or stateless persons) who have been found illegally entering, being present in or residing in the Requesting State, in accordance with the provisions of this Agreement*”. As mentioned in this study, the reasons for the conclusion of the “Re-admission Agreement” for “Europe Without Visa” initiative are to be examined from the perspective of the presence of rights of Turkish nationals in the field.

<sup>16</sup> Approved and promulgated in the Official Gazette of 2.8.2014 with no. 29076.

There are different concepts to be focused on when elaborating on the issue. In this regard, a “refugee” may be described as persons not benefiting effectively from international protection of his/her state of nationality because of being a member to a group (Töre, 2016: 86). The “Judicial protection afforded to the ones coming to the country by massive flow” may be referred to as “temporary protection” (Töre, 2016: 107).

According to Article 61 of the “Act on Foreigners and International Protection” of Turkey: *“A person who as a result of events occurring in European countries and owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his citizenship and is unable or, owing to such fear, is unwilling to avail himself or herself of the protection of that country; or who, not having a nationality and being outside the country of his former residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it, shall be granted refugee status upon completion of the refugee status determination process”*. In this context, since Turkey may only give “refugee” status to the ones coming from Europe, Turkey is not under an obligation to give “refugee” status to the ones - like people coming from Syria - coming outside Europe.

For the ones outside Europe, Article 62 of the “Act on Foreigners and International Protection” of Turkey with the heading of “Conditional Refugees” is to be concentrated upon. It is stipulated in the relevant Article in this respect that: *“A person who as a result of events occurring outside European countries and owing to well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself or herself of the protection of that country; or who, not having a nationality and being outside the country of former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it, shall be granted conditional refugee status upon completion of the refugee status determination process. Conditional refugees shall be allowed to reside in Turkey temporarily until they are resettled to a third country”*.

The “Migration” term includes both “international protection” and “illegal migration” which includes illegal entrance, stay of foreigners together with their departure from Turkey and “irregular migration” according to Article 3(1)(1) of The Act on Foreigners and International Protection (Ekşi, 2016: 1). In this context, a “Re-admission Agreement” is the agreement which is concluded to send “irregular migrant”s from one state to another in scope of the rules and procedures in the agreement (Ekşi, 2016: 3).

In this respect, it should be remembered that according to 1951 Geneva Convention on the Status of Refugees<sup>17</sup> to which Turkey is also a party to, Article 33(1) *“No Contracting State shall expel or return (“refouler”) a refugee in any manner whatsoever to the frontiers of territories where*

17 For the text see <http://www.unhcr.org/protect/PROTECTION/3b66c2aa10.pdf>

*his life or freedom would be threatened on account of his race, religion, nationality, membership of a particular social group or political opinion*”. It is underlined in this respect that “*non-refoulement principle*” is an “international customary law” obligation in terms of international law (Töre, 2016: 41).

Furthermore, according to Article 18 of the Charter of European Union Fundamental Rights: “*The right to asylum shall be guaranteed with due respect for the rules of the Geneva Convention of 28 July 1951 and the Protocol of 31 January 1967 relating to the status of refugees and in accordance with the Treaty establishing the European Community*». Furthermore, Article 19 of the Charter of European Union Fundamental Rights stipulates that: “...1. *Collective expulsions are prohibited*. 2. *No one may be removed, expelled or extradited to a State where there is a serious risk that he or she would be subjected to the death penalty, torture or other inhuman or degrading treatment or punishment*». Especially, Article 19 of the Charter of European Union Fundamental Rights is to be taken carefully to assess the implementation of the “Re-Admission Agreement” between the European Union and Turkey. The Charter of European Union Fundamental Rights is part of the “primary law” of the European Union Law which is binding on all member states to the European Union.

Pursuant to Article 3 of Protocol No. 4 to the European Convention on Human Rights: “*No one shall be expelled, by means either of an individual or of a collective measure, from the territory of the State of which he is a national*. 2. *No one shall be deprived of the right to enter the territory of the State of which he is a national*». Furthermore, Article 4 of Protocol No. 4 to the European Convention on Human Rights stipulates that: “*Collective expulsion of aliens is prohibited*». Turkey is not yet party to Protocol No. 4 to the European Convention on Human Rights.

In terms of assessing the issue with respect to the rights of Turkish citizens in scope of the “Free Movement of Services”, as highlighted in this study, it is to be concluded that the Turkish citizens have the right of entrance to European Union countries without a visa requirement in scope of the 1970 Additional Protocol and decisions of the Court of Justice of the European Union – as highlighted in the landmark case of “Soysal decision” (Aynı yönde bkz. Ekşi, 2016: 60). In this context, the reason for the conclusion of the “Re-admission Agreement” for the prospect of “Europe Without Visa” initiative seems inexplicable.

## Conclusion

One of the methods to ensure economic cooperation between the European Union countries and Turkey is to increase the flow of “service”s as enshrined in the context of Treaty on Functioning the European Union Article 57/I and II within the European Union countries. In this respect, implementation of the rights of Turkish citizens in terms of the “Free Movement of Services” is the right path to follow.

Although there are negative perspectives in terms of membership of Turkey to the European Union, there are also positive economic aspects in terms of Turkey's accession to the European Union as highlighted in this study.

Therefore, as a conclusion, the rights of Turkish citizens in terms of the "Free Movement of Services" are to be implemented in the European Union member states and this respect is to increase bilateral and multilateral economic cooperation eventually between the European Union member states and Turkey.

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On the “Absorption capacity of the EU” see Annex 1 (p. 17) to 2006 Communication from the Commission to the European Parliament and the Council: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2006/nov/com\\_649\\_strategy\\_paper\\_en.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2006/nov/com_649_strategy_paper_en.pdf) (Erişim Tarihi: 9.8.2017)

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# CHAPTER 6

## HARMONIZATION OF TURKISH AGRICULTURE TO COMMON AGRICULTURAL POLICY OF EUROPEAN UNION

*İsmail Hakkı İnan\**

### ***Abstract***

*Turkey regards the EU laws as “quality standard” for the preparation of the chapters related to agriculture and rural development. In this connection the Ministry of Food, Agriculture and Animal Husbandry is concerned with three chapters: 11, 12 and 13. The first chapter is about agriculture and rural development, the second is about food safety, veterinary and phytosanitary policy, and the last is related to fisheries. Regarding these chapters, 12 bills have already passed in Turkish Parliament. The majority of these laws aimed at EU harmonization. In 2004 the Agriculture Strategy Document, and agricultural support policies were based on these laws.*

*Several laws about food, seeds, organic agriculture and agricultural insurance came into force. Agricultural Insurance Law was passed in the Parliament in order to protect farmers from natural calamities such as draught, frost, hail and fire.*

*Turkey prepared Rural Development Strategy and established the Development Agency for rural development and support payments in order to use EU funds. The Development Agency has used 750 million euros of the EU's rural development funds in the provinces before 2013. The agency is in the accreditation process. These are decided according to objective standards that the EU provides. However in recent years limited progress has been made on alignment in the area of agriculture and rural development from the point of harmonization of Turkish agriculture to EU agriculture.*

**Keywords:** *Harmonization, European Union, Turkish Agriculture*

### **1. Introduction**

At the end of World War I the Ottoman Empire collapsed and Mustafa Kemal Atatürk won victory in the Turkish War of Independence and established the modern Turkish Republic of today. Atatürk, President of Turkey, implemented many reforms, including secularization, acceptance of new Latin letters and civil laws. His real target was “Europeanize” or Westernize the

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country (İnan, 2007). At World War II, Turkey was neutral until February 1945, then it joined the Allies against Germans. The country participated in the Marshall Plan of 1947.

During the Cold War, Turkey found itself allied with the United States and Western Europe. Europe has been an aim of desire but also as a source of frustration for Turkish national identity within its long glorious history.

Since the foundation of modern Turkey in 1923, the country with a majority of Muslim population has been a secular democracy aligned with the West and has been a member of NATO since 1952. Turkey became a founding member of the United Nations in 1945, and Turkey became a member of the Council of Europe in 1949, and was also a founding member of the Organisation for Economic Co-operation and Development (OECD) in 1961.

## **2. European Union (EU)**

The European Union (EU) is an economic and political union of 28 member states located especially in Europe. The EU works through a system of international independent institutions and joint decisions of the member states. European Commission, the Council of the European Union, the European Council, the Court of Justice of the European Union, the European Central Bank, the Court of Auditors, and the European Parliament are the institutions of the EU. The European Parliament is elected every five years by the citizens of the EU. Brussels in Belgium is the capital of the EU.

The past of EU goes back to the European Coal and Steel Community (ECSC) and the European Economic Community (EEC), founded by the six countries respectively in 1951 and 1958. In the following years the community has increased in size by the acception of new member states. European Union took its current name by The Maastricht Treaty established in 1993. The latest major amendment to the constitution of the EU was made by the Treaty of Lisbon in 2009.

The EU has developed a single market through a system of laws being applied in all member states. Within the Schengen Area (which includes 22 EU and 4 non-EU states) passport controls have been removed. EU policies aim at the free movement of people, goods, services, and capital, make laws for justice and daily affairs, and establish common policies on trade, agriculture, fisheries and regional development.

A monetary union named eurozone was established in 1999 and comprises 19 member states out of 28 EU countries. Euro is used by 338,6 million people. The EU plays an important role in external relations and defence thanks to the Common Foreign and Security Policy. Permanent diplomatic missions have been formed all around the world. The EU is represented at the United Nations, the WTO, the G8 and the G-20.



The EU has a population of 511 citizens and includes 7.3% of the world population, the EU, in 1 January 2017, created a nominal gross domestic product (GDP) of 16.398 trillion US dollars in 2016, forming about 20% of the global GDP in terms of purchasing power parity, and it is the largest nominal GDP in the world. The EU won Nobel Peace Prize in 2012.

## 2.1. Enlargements

The European Coal and Steel Community was created in 1952, which was the first step in the federation of Europe. The aim was to eliminate the wars between its member states in the future by putting together the national heavy industries. Belgium, France, Italy, Luxembourg, the Netherlands and West Germany were the six founding members of the Community (Table 1).

The membership of EU has increased to twenty-eight with the seventh enlargement Croatia in 2013 (Table 1). Currently, accession negotiations are going on with some states. Enlargement process is sometimes called as European integration. Integration is also used to mention the enrichment of co-operation between EU member states while national governments permit the gradual harmonisation of national laws to EU legislation.

Table 1. Enlargement Steps of European Union

Founder Member States (1958)	First Enlargement (1973)	Second Enlargement (1981)	Third Enlargement (1986)	Fourth Enlargement (1995)	Fifth Enlargement (2004)	Sixth Enlargement (2007)	Seventh Enlargement (2013)
Belgium France Germany Italy Luxembourg Netherlands	Britain Denmark Ireland	Greece	Spain Portugal	Austria Finland Sweden	Czech Republic South Cyprus Estonia Hungary Latvia Lithuania Malta Poland Slovakia Slovenia	Bulgaria Romania	Croatia

İnan, İ.H., (2006), İnan, The Importance of Turkish Agriculture Within The Framework of European Union, Papers on Social Science, Journal of Namık Kemal University Institute of Social Sciences, Special Issue, p.2.

Any state wants to participate in the EU needs to fulfil economic and political requirements named as the Copenhagen criteria determined in 1993. The requirements are a stable democratic government that respects the rule of law, and its corresponding freedoms and institutions. Membership needs that candidate country has fulfilled stability of democratic institutions, the rule of law, human rights, respect for and protection of minority rights, the existence of a functioning competitive market economy as well as the capacity to accomplish with monopolistic market forces within the Union. Membership assumes the candidate's ability to take responsibility related to the obligations of membership including loyalty to the goals of political, economic and monetary union. Due to the Maastricht Treaty, each member state and the European Parliament must accept enlargement (Craig-Burca 2007).

Norway and Switzerland are the only European countries that are not members at present and they seem that they will not want to become members of the EU in the near future.

## **2.2. Future Enlargement**

The Western Balkan states should sign Stabilisation and Association Agreements before applying for membership. Croatia as an acceding country has become the 28th member of the EU on 1 July 2013 by signing accession agreement on 9 December 2011. Iceland, Macedonia, Montenegro, Serbia and Turkey are all official candidates. Albania has not yet been accepted as an official candidate despite its application for membership in 2009. Bosnia and Herzegovina has completed an association agreement and is ready for EU membership application. Bosnia and Herzegovina seem as potential candidates for membership by the EU. Turkey has been seeking membership since the 1980s and Iceland has frozen its application because of economic crisis in 2008.

Switzerland applied for membership in May 1992 but subsequently lodged its application and Norway has applied three times for membership but each time withdrew its application after referendums. The last referendum was in 1992.

## **3. Brief History of Turkey's Relations with EU**

Turkey first applied for associate membership in the European Economic Community (EEC) in 1959, and Turkey's prospective membership has been subject to several discussions ever since. In 1963 Turkey signed the "Agreement Between The Republic of Turkey and the European Economic Community", known as the Ankara Agreement. This agreement came into force the following year on 12 December 1964. The aim of Ankara Agreement was to integrate Turkey into a customs union with the EEC while recognizing the final goal of membership. In November 1970, a further protocol named the "Additional Protocol" established a timetable for the removal of tariffs and quotas on goods traded between Turkey and the EEC. Turkey's involvement with European integration includes the progressive establishment of a Customs Union

which was finally completed in 1995. On the other hand in 1987, Turkey applied to join the European Community, but eleven years later in 1997 it was declared Turkey was eligible to join the EU and Accession negotiations started in 2005.

Ankara Agreement is the first important step on the way to full membership. Turkey's application for Access to the European Union was made on 14 April 1987 and Turkey submitted its application for official membership into the European Community. The European Commission replied in December 1989 by confirming Ankara's final membership but also by leaving over the matter to more favorable times, implying Turkey's economic and political situation as unfavorable to begin negotiations. Nevertheless Turkey has been an associate member of the European Union since 1992.

A crucial point for Turkey's EU expectations was the decision made at the Helsinki Summit in December 1999 to give official candidate status to the country. In the period between 1999 and 2004, Turkey took important steps in order to meet the Copenhagen criteria, especially regarding stable institutions, the rule of law, human rights and respect for and the protection of minorities. A significant step in this process was the signing of the protocol regarding the abolition of the death penalty.

With European Council meeting in Copenhagen in December 2002, steps were taken for Turkey-EU relations. "The EU would open negotiations with Turkey without delay provided that a report and a recommendation from the Commission confirms that Turkey fulfills the Copenhagen political criteria." The European Commission recommended that the negotiations would start in October 2005, but also added several precautionary measures. However, practical negotiations on the 35 chapters of the *acquis communautaire* (the rights and obligations EU share) only began in June 2006.

While Austria and Germany first wanted to leave open the possibility that negotiations with Turkey could lead to a privileged membership instead of full membership. Finally accession negotiations were started with the "shared objective" of membership.

Turkey signed a Customs Union agreement with the EU in 1995 and Turkey was formally accepted as a candidate for full membership on 12 December 1999, at the Helsinki summit of the European Council which was a milestone. Negotiations began on 3 October 2005, and the process is probably to take at least a decade to complete. The membership bid has become a major controversy of the ongoing enlargement of the European Union.



Figure 1. Turkish EU accession logo.

So far, only one chapter (science and research) has been provisionally closed. Twelve more have been opened, but eight remain blocked over. Five chapters are being blocked by France, three by Austria and Germany, and two by Cyprus.

The reform power has also been decreasing in Turkey as a result of the increasingly critical position of important players like France and Germany, which are suspicious of Turkey's reliability as a European country and its skill to meet the accession criteria.

Turkey's accession talks have been slowed down by a number of internal and external issues. Austria and France have declared that they would go to a referendum regarding Turkey's accession. At first France made a change in its Constitution in order to hold such a referendum, but later another constitution change was made in the parliament related to the prevention of such a referendum. Thus the referendum would be prevented if a large majority of its members agrees. The Cyprus problem seems to be a main barrier to negotiations. European officials have interpreted regarding the deceleration in Turkish reforms united with the Cyprus problem. Consequently EU's Enlargement Commissioner Olli Rehn warned in March 2007 to prevent negotiations from stopping. Because of these obstacles, negotiations again stopped in December 2006 and talks with EU were frozen in 8 chapters of the 35 important areas under negotiation.

In December 2009, Greek Republic of Southern Cyprus locked up 6 chapters of Turkish accession negotiations, comprising those on Judiciary and Fundamental Rights, Energy and Education and Culture, claiming that Turkey first should normalize relations with Greek Cypriots. As a result, no chapter has been opened since June 2010. In February 2013, Turkish Deputy Undersecretary of the Ministry for EU Affairs, Burak Erdenir, claimed that the EU had yet to communicate to Turkey the benchmark criteria for opening chapters 23 and 24, Judiciary & Fundamental Rights and Justice, Freedom & Security, which should be done after screening of the chapters was completed in 2006, thus making it impossible to comply with them. He also suggested this was a deliberate attempt to slow their accession process.

### **3.1. Positive Agenda**

Following 2 years of no chapter openings, the European Commission prepared a "Positive agenda" aiming to focus on EU-Turkey joint interests (EC Report, 2012:7). The EU offered to set up a "Positive Agenda" between Turkey and the EU in its Enlargement Strategy Report of The Commission for 2011-2012. EU Commissioner responsible for expansion Stefan Füle describes that the goal was "to keep the accession process alive after a period of inactivity that was a source of disappointment for both sides." <sup>1</sup>The EU Commission mentioned some areas as the major components of the Agenda such as "intensified dialogue and cooperation on political reforms", "visa", "mobility and migration", "energy", "fight against terrorism", "more participation of Turkey in Community programmes", "town twinning", "trade and the Customs

Union” and “efforts to adapt the *acquis*, including on chapters where accession negotiations cannot be opened for at present”. This proposal has been accepted positive provided that it serves as a tool supporting and contributing to the negotiation process with the EU.

Working groups were formed with reference to “Positive Agenda” on the chapters of “Right of Establishment and Freedom to Provide Services”, “Company Law”, “Information Society and Media”, “Statistics”, “Judiciary and Fundamental Rights”, “Justice, Freedom and Security”, “Consumer and Health Protection” and “Financial Control”.

Opening meeting of Positive Agenda was organised on 17 May 2012 in Ankara with the attendance of Stefan Füle, EU Commissioner for Enlargement and European Neighbourhood Policy. As the consequence of the Working Groups meetings organised, four closing points of reference were confirmed and verified by Turkey in three chapters (Company Law, Consumer and Health Protection and Financial Control chapters).

### **3.2. The Future ahead regarding accession process**

In 2007, with the statements of Turkey it was aimed at the compliance with EU legislation by 2013. On the other hand Brussels has not accepted Turkey’s aim of compliance for the year 2013 as a deadline for membership. In 2006 The President of European Commission José Manuel Barroso stated that the accession process will last until 2021. In a visit to Germany on 31 October 2012, Turkish Prime Minister explained that Turkey was waiting membership in the Union by 2023, the 100th Anniversary of the Turkish Republic. Turkey would end negotiations for membership if the conversations would not reach a positive conclusion in 2013. Turkish President gave a statement that following the completion related to the accession process, Turkey will make a referendum for the membership of Turkey in the European Union.

### **3.3. Visa liberalisation process**

The EU Commissioner of Interior Affairs Cecilia Malmström indicated on 29 September 2011 that visa requirement for Turkish citizens will finally be stopped. Visa liberalization process will be realized in various stages. First changes will be made in the Autumn of 2011 and comprise the reduction of visa formalities, increase in multi-entry visas, and extension of visa periods. In June 2012, the EU authorized the beginning of negotiations with Turkey on visa exemptions for its citizens. Turkish EU Minister stated that he expected the process to take 3–4 years.

The present visa policy of the EU is a serious issue for Turkish citizens, especially for Turkish businessmen, families living in EU countries. Even non-candidate countries such as Russia, Ukraine, Moldova and Georgia are now negotiating for visa-free travel. Turkey has been in

the Customs Union for 22 years and half of Turkey's foreign trade is with European countries. While Turkish goods can move freely in EU, the owners of the goods cannot move without visa.

### **3.4. Time Table of Turkey-EU Relations**

**31 July 1959** – Application for associate membership in the European Economic Community.

**12 September 1963** – Association Agreement signed, aiming the final goal of membership.

**1 December 1964** – Association Agreement enters into force.

**23 November 1970** – Protocol signed making a timeline for the removal of import taxes and quotas.

**1980** – Freezing Turkey-EU relations after the military coup in 1980.

**1983** – Restoration of relations after general elections.

**14 April 1987** – Application for full membership in the European Community.

**18 December 1989** – European Commission rejects right away start of accession negotiations, putting forward Turkey's weak economic and political situation, poor relations with Greece and disagreement with Cyprus, but again confirming full membership as the final goal.

**6 March 1995** – Customs Union was established between Turkey and EU.

**12 December 1999** – European Council accepts Turkey as a candidate on equal terms with potential candidates.

**12 December 2002** – European Council remarks that “the EU will open negotiations with Turkey ‘at once’ when Turkey accomplishes the Copenhagen criteria.”

**24 April 2004** – Turkey and the Turkish Republic of Northern Cyprus support the Annan Plan for Cyprus.

**17 December 2004** – European Union approves to start negotiations.

**3 October 2005** – Opening of 6 chapters of the EU legislation: Right of Establishment & Freedom To Provide Services, Company Law, Financial Services, Information Society & Media, Statistics, and Financial Control.

**12 June 2006** – Chapter on Science & Research opened and closed.

**11 December 2006** – Following the conflict regarding Cyprus the EU freezes negotiations on 8 chapters and announces that no chapters would be closed until a solution is found.

**29 March 2007** – Chapter on Enterprise & Industrial Policy opened.

**25 June 2007** – Chapter on Statistics & Financial Control opened, but the opening of the chapter on Economic & Monetary Policy was obstructed by French President Nicolas Sarkozy.

**20 December 2007** – Chapters on Health & Consumer Protection and Trans-European Networks are opened.

**17 June 2008** – The chapters concerning Company Law and Intellectual Property Law are opened.

**19 December 2008** – Chapters on Free Movement of Capital and Information Society & Media are opened.

**30 June 2009** – Chapter on Taxation opened.

**8 December 2009** – Chapter on Environment opened.

**30 June 2010** – Chapter on Food Safety, Veterinary & Phytosanitary Policy is opened.

**17 May 2012** – The start of the “Positive Agenda” with Turkey.

**1 July 2012 - 31 December 2012** - Turkey has froze relations with the European Union during the rotating presidency of Greek Cyprus.

**12 February 2013** - France’s foreign minister Laurent Fabius states that France will officially eliminates its veto on Chapter 22 Regional Policy and assist in the chapter’s opening. The veto over Chapter 17 Economic and Monetary Policy may also be abolished in the future.

### **3.5. Negotiation process**

Turkey should finish negotiations on 33 chapters of total 35 chapters of EU laws with European Commission in order to enter in the EU. accede to the EU. Two chapters do not need negotiation. After this the member countries must have unanimous acceptance for Turkey’s membership to the European Union.

The EU Council stopped the opening of eight chapters after Turkey refused to open its ports and airports to ships and airplanes of southern Cyprus in 2006. Southern Cyprus and France also prevented some chapters from opening.

Turkey had to accept more than 3 million refugees from Syria so far. In this connection, Turkey is the country in the world having the highest number of refugees, and has spent a lot of Money on refugees. A Joint EU-Turkey Action Plan was approved in October and implemented

at the EU-Turkey Summit on 29 November 2015. Action Plan aimed at regulating the flow of migration.

The regulation of irregular refugee flow in the end of 2015 intended to equip the European Union with a coordination mechanism that would permit for the rapid and efficient management of EU support to refugees in Turkey. The total budget of financial support was €3 billion for the period 2016-2017. This was an important support from the Union's budget and bilateral contributions from EU Member States so as to increase the efficiency of assistance provided to refugees and host communities in Turkey.

**Table 2. Negotiations on Chapters and Assessment at Beginning and Current Situation**

Chapter Number	Subjects to be negotiated	EC Assessment at Start	Current Situation	Chapter closed
1	Free Movement of Goods*	Further efforts needed	Generally aligned with the acquis	-
2	Freedom of Movement for Workers	Very hard to adopt	Considerable efforts needed	-
3	Right of Establishment for Companies & Freedom to Provide Services	Very hard to adopt	Alignment at early stage	-
4	Free Movement of Capital	Further efforts needed	Further efforts needed	-
5	Public Procurement	Totally incompatible with acquis	Further efforts needed	-
6	Company Law*	Considerable efforts needed	Generally aligned with the acquis	-
7	Intellectual Property Law*	Further efforts needed	Generally aligned with the acquis	
8	Competition Policy	Very hard to adopt	Further efforts needed	-
9	Financial Services	Considerable efforts needed	Further efforts needed	-
10	Information Society & Media*	Further efforts needed	Further efforts needed	-
11	<b>Agriculture &amp; Rural Development</b>	<b>Very hard to adopt</b>	<b>Further efforts needed</b>	-
12	<b>Food Safety, Veterinary &amp; Phytosanitary Policy*</b>	<b>Very hard to adopt</b>	<b>Further efforts needed</b>	-
13	<b>Fisheries</b>	<b>Very hard to adopt</b>	<b>Further efforts needed</b>	-
14	Transport Policy	Considerable efforts needed	Further efforts needed	-
15	Energy	Considerable efforts needed	Generally aligned with the acquis	-
16	Taxation*	Considerable efforts needed	Further efforts needed	-



## WIDE-RANGE PARTNERSHIP POSSIBILITIES BETWEEN THE EU AND TURKEY

*Prof. Dr. Nilgün Serim, Asistant Prof. Dr. Mesut Savrul*

Chapter Number	Subjects to be negotiated	EC Assessment at Start	Current Situation	Chapter closed
17	Economic & Monetary Policy*	Considerable efforts needed	Generally aligned with the acquis	-
18	Statistics*	Considerable efforts needed	Generally aligned with the acquis	-
19	Social Policy & Employment	Considerable efforts needed	Further efforts needed	-
20	Enterprise & Industrial Policy*	No major difficulties expected	Generally aligned with the acquis	-
21	Trans-European Networks	Considerable efforts needed	Generally aligned with the acquis	-
22	Regional Policy and Coordination of Structural Instruments*	Considerable efforts needed	Further efforts needed	-
23	Judiciary & Fundamental Rights	Considerable efforts needed	Further efforts needed	-
24	Justice, Freedom & Security	Considerable efforts needed	Further efforts needed	-
25	Science & Research	No major difficulties expected	Alignment complete	12 June 2006
26	Education & Culture	Further efforts needed	Further efforts needed	-
27	Environment*	Totally incompatible with acquis	Considerable efforts needed	-
28	Consumers & Health Protection*	Further efforts needed	Generally aligned with the acquis	-
29	Customs Union	No major difficulties expected	Generally aligned with the acquis	-
30	External Relations	No major difficulties expected	Generally aligned with the acquis	-
31	Foreign Security & Defence Policy	Further efforts needed	Generally aligned with the acquis	-
32	Financial Control*	Further efforts needed	Generally aligned with the acquis	-
33	Financial & Budgetary Provisions*	No major difficulties expected	Further efforts needed	-
34	Institutions	Nothing to adopt	Nothing to adopt	-
35	Other issues	Nothing to adopt	Nothing to adopt	-
<b>Progress</b>	<b>33 out of 33 screening started and completed in 2005 and 2006. 17 out of 33 chapter frozen in 2006, 2007 and 2009. 13 out of 35 opened in 2006, 2007, 2008, 2009, 2010 and 2 chapters expected to open in 2013.</b>			<b>1 chapter out of 35 closed.</b>

\*Open chapters

Time table of accession process of Turkey's membership to EU

Dates	Events
13.12.1997	Turkey was announced as an eligible member state for EU at Luxembourg Council summit.
11.12.1999	Turkey was declared as a candidate state in Helsinki European Council.
24.03.2001	Accession Partnership was adopted for Turkey by EU Council.
19.05.2003	Council adopts revised Accession Partnership for Turkey.
16.12.2004	European Council declared that Turkey sufficiently fulfilled the criteria for opening accession negotiations
03.10.2005	Upon adoption of negotiating framework by Council, negotiations are officially opened. "Screening process" starts in order to determine the degree of the membership criteria and the remaining to be done.
01.06.2006	Negotiations were opened and closed on Chapter 25 related to science and research.
11.12.2006	Council decided that eight chapters would not be opened due to the fact that Turkey rejected to apply to Cyprus the Additional Protocol to the Ankara Agreement..
19.02.2008	Council adopts revised Accession Partnership for Turkey.
30.06.2010	Negotiations were opened on Chapter 12 (food safety, veterinary and phytosanitary.
17.05.2012	Positive Agenda aiming to bring dynamics into the EU-Turkey relations was started.
05.11.2013	Negotiations were opened on chapter 22 regarding Regional Policy and Coordination of Structural Instruments.
16.12.2013	Visa liberalisation dialogue began and EU-Turkey Readmission Agreement signed.
20.10.2014	First assessment report about visa roadmap
29.11.2015	First EU-Turkey Summit organised and Joint EU-Turkey Action Plan activated
14.12.2015	Negotiations were opened on chapter 17 related to Economic and monetary policy.
18.03.2016	EU-Turkey Statement
20.04.2016	First Implementation Report of Statement
04.05.2016	Third Report on visa roadmap
15.06.2016	Second Implementation Report
30.06.2016	Accession conference with Turkey: Negotiations opened on Chapter 33 regarding Financial and budgetary provisions
28.09.2016	Third Implementation Report

### 3.6. Membership Problems of Turkey

Turkey's membership problem concerning EU is complicated. The members of the EU who are in favour of free trade do not refuse Turkey as stubborn as those who encourage a larger political union. According to them integration would be disappointed and the EU challenged by Turkey's membership.

- Supporters of Turkey's membership claim that Turkey will influence the EU's situation with its great economy and the second largest military force of NATO.

- Third bridge on the Bosphorus and the Marmaray tunnel can play a significant role in enhancing trade between the EU and Turkey.
- Swedish foreign minister, Carl Bildt explained, “ Turkey’s accession is in favour of EU due to the strategic interest of Europe.”
- After joining the EU, Turkey’s more than 80 million inhabitants would be the second largest group in the European Parliament. Demographic projections pointed out that Turkey would exceed Germany in the number of seats by 2020.
- Turkey’s membership would also influence future enlargement plans of EU, especially the number of nations looking for EU membership. Valery Giscard d’Estaining has offered that Turkey’s membership would lead to demands for accession by Morocco. Morocco’s application is already rejected on geographic grounds; Former French President Nicolas Sarkozy stated in January 2007 that he opposed the entrance of Turkey in the European Union, but wanted Turkey as a partner of Europe. He also mentioned geographical reasons to prove right his position, as saying “I do not believe that Turkey belongs to Europe, because it is in Asia Minor. On the other hand, Cyprus, which is geographically located in Asia, joined the European Union in 2004. Whereas Turkey, unlike Cyprus has 3% of its territory in Europe.
- Swedish Prime Minister Fredrik Reinfeldt, the French newspaper *Le Monde* reported on 28 May 2009. Sweden favours further EU enlargement, including Turkey. Swedish Foreign Minister Carl Bildt explained the French newspaper *Le Figaro* that “the EU has a strategic interest in Turkey’s EU integration and warned against ‘closing the door’ to Ankara.” “If we accept Cyprus to be in Europe, despite the fact that it is an island in the southern Mediterranean, it is not true to consider that Turkey can not access in EU for geographical reasons”
- EU member states must unanimously agree on Turkey’s membership for the Turkish accession to be successful. In December 2011, a poll showed that about 71% of the participants surveyed in Austria, the Czech Republic, France, Germany, Italy, Poland, Spain and the UK were opposed to Turkey’s membership in the European Union. A number of nations may oppose it; notably Austria, which historically served as a shield for Christian Europe against the Ottoman Empire whose armies twice laid siege to Vienna in 1529 and 1683; German chancellor Angela Merkel has often rejected Turkey’s accession and has offered a “privileged partnership” instead of full membership. France, where some are fearful because of a new wave of Muslim immigrants, due to the fact that the country has already large and poorly integrated Muslim population.
- The present situation in the French constitution regarding the accession of Turkey indicates if 3/5 of the members of the Senate and the Parliament accept Turkey’s membership, there will be no referendum.
- Chancellor Angela Merkel is always against full membership of Turkey to the EU and instead of full membership she offers a privileged partnership. On the contrary some of Christian Democrats support Turkey’s membership.

- Guido Westerwelle said that in the future Europe's interest for Turkey may be more than the interest of Turkey for Europe. EU Energy Commissioner Guenther Oettinger, a CDU member told that in the next decade, a German chancellor together with French colleagues would go on their knees to Ankara begging "friends come to us"
- Hillary Clinton claimed that the United States together with many other countries in Europe, support full membership of Turkey for the EU. She said "We were a member of the EU, we would vote in favor of Turkey's membership."

### **3.7. Benefits of EU membership to Turkey**

In spite of negative impacts of the economic crisis which is felt during 2000-2001 and since 2008, Turkey was in the first place in Europe in terms of growth rate of 8,5% in 2011 as the 6th biggest European economy. Turkey was the second fastest economy in the world after China in 2011. Unfortunately after 2011 growth rates of Turkish economy have decreased. Turkey also has intensive trade and economic relations with the Union. The EU is Turkey's largest commerce and investment partner. Currently, approximately 37% of Turkey's total foreign trade is done with the EU member states. In addition 70% of the foreign direct investment in the country comes from the EU.

Turkey's membership to EU will enhance the European market and make strong the competitiveness of the EU in the global world. Turkey will create a real asset for the Union, with its young population, its strong position in its region..

Upon accession to the EU, Turkey hopes to get support for economic development in the same way what Ireland, Greece, Spain and Portugal got help. This will accelerate Turkey's rate of economic development. It seems that that European foreign investment in the Turkish economy will increase and thus economic growth will accelerate. Besides, during the times of economic crisis, Turkey can get economic aid from the EU, in the same way what Ireland and Greece received following the 2008 financial crisis.

Free movement of labour within the EU will supply Turkish people employment opportunities in Europe and so a higher livingstandart. The possibility of free movement out of Turkey will easily reduce tensions in the east of the Turkey, such as the expectation of a better living standart and eventually separatist actions will decrease. There is also a prospect that the accession of Turkey will lead to extension of secular western values in Turkey. The EU accession proposal has encouraged Turkey's political and legal reforms and accelerated the democratization process.

Due to Turkey's large and increasing population, Turkey will have more representation in the European Parliament. As a result of this Turkey will strongly influence EU policies. Membership to EU will also improve Turkey's respectability in its region and Europe.

### 3.8. Turkish Economy and Constitution

Turkey has signed a customs union with the European Union in 1995 and has advantages as to increase its industrial production for exports, also to benefit foreign investments from Europe into the country. In 2014, Turkey's exports reached 157.6 billion USD. On the other hand, imports increasing to approximately 242.2 billion USD caused a 84.6 billion USD trade deficit in the balance of trade.

Turkey has a secular constitution and has no official state religion. There is a strong belief of secularism in Turkey. According to the constitution individuals are free in the choice of religion and religious communities are protected by the state.

Turkey would be the first Muslim-majority country to access the European Union if membership to EU was realized. The Turkish constitution defines that all citizens of the Republic of Turkey are accepted as Turkish in terms of nationality, irrespective of faith or race.

### 3.9. Women's rights

Women had the right to vote for municipal elections in 1930 and voting right in 1934 in Turkey. Women had also the right to be elected as members of Parliament, Ministers, Prime Minister and President of Turkish Republic.



Eighteen female members of Parliament were elected for the Turkish Parliament in the general elections of 1935. At this time women in many European countries had voting rights for the local municipal elections, but not for the national parliamentary elections. As a result of this Tansu Çiller became the first female Prime Minister of Turkey in 1993.

The European Parliament in its 2nd report underlined that respecting human rights and especially women's rights is a precondition for Turkey's membership to the EU. The report notes that Turkey's laws on women's rights are sufficient in general been satisfactory, but its implementation is defective.

### **3.10. Compulsory Military Service**

In Turkey military service is compulsory for healthy young men at 20 years old. Turkey and Azerbaijan were the two countries within 47 members of European Council which refused the right to refuse military service.

## **4. Turkish Agriculture**

Agriculture's role is important for the Turkish economy since 22% of its population is employed in this sector and contributes to Gross National Products by food and fiber production and meets the raw material demand of the industry.

Turkey is very rich in terms of biodiversity because 3500 endemic plants out of 11,000 to 12,000 endemic plants around the world grow in Anatolia. Turkey is a rival of the EU in agricultural production. Turkey is the largest producer of several farm products such as hazelnut, cherries, figs, raisins and it can produce about 150 different products. Turkey is the seventh biggest producer of cereals. Agricultural production potential creates economic power and opportunity for Turkey.

Turkey produces 40 million tons of raw vegetables and fruits annually. As Turkish soil is rich in phosphates and because of where the country is located, Turkish agricultural products have excellent flavor. If this country manages to use high technology in agricultural production, it will soon become a formidable rival to Europe. The country that resembles Turkey most within the EU is France and Greece with joint sectors such as sheep breeding, cereals, sugar beets, vegetable and fruit production, grapes and other Mediterranean products.

## **5.The Common Agricultural Policy (CAP)**

CAP is the agricultural policy of the European Union. Its main aims are to guarantee a fair standard of living for farmers and to maintain a stable and safe food supply at reasonable prices for consumers. The CAP has changed much since it started in 1962, and continues to change today. The latest proposals, for the CAP after 2012, have 3 priorities:

- viable food production
- sustainable management of natural resources
- balanced development of rural areas accross the EU.

The European Commission cooperates with stakeholders by means of its advisory groups in preparing its offers. On lawmaking, the Commission's offers are discussed and decided on by the Council of agriculture ministers of the 27 EU countries, together with the European Parliament.

Daily operation of the CAP is the responsibility of the member countries. The EU's Court of Auditors plays a big role in supervising the expenditure. The CAP's budget is spent in 3 different ways:

- Income support for farmers – who receive direct payments, provided they live up to strict standards for food safety, environmental protection and animal health and welfare. These payments are fully financed by the EU, and account for 70% of the CAP budget.
- Rural development-aids to farmers in modernising their farms and protecting the environment while developing their communities. These payments are partly given by member states and account for about 20 % of the CAP's budget.
- Market support – for example when bad weather conditions influences markets negatively. These payments account for less than 10% of the CAP budget.

These three areas are closely interrelated and must be achieved consistently. For example, direct payments both provide farmers with a regular income and award them for supplying environmental services for the public interest. In the same way, rural development supports both contributes to public services and provides modernisation of farms.

The budget is prepared each year by the Council of the EU and the European Parliament. They operate a multi-year financial plan in order to keep long-term expenditures under control. The present financial plan is from 2009 to 2016. The total CAP budget is 39% of the EU budget (0,4% of the Union's GDP) that is spent on agriculture and rural development(www.ec.europa.eu-09-2015). The CAP budget is constantly decreasing: from 73% in 1985 to 39% in 2015.

When the next financial plan emerges, reforms will be made in the CAP so as to adapt to the new threats encountering farming and rural life in Europe.

In 2017, the rate of CAP spending within the total EU budget is estimated to diminish up to 32%, following a decrease in real terms in the present financing period. On the contrary, the rate for the EU's regional support was 17% of the EU budget in 1988, but will increase almost twice as 36% in 2017.

The six founder member countries intervened in their agricultural sectors, in particular regarding what was produced, maintaining prices for farm products and how farming was organised. This intervention became an obstacle to free trade in products while the rules continued to differ from state to state, since freedom of trade would interfere with the intervention policies. Some Member States, in particular France, and all farming professional organisations wanted to maintain strong state intervention in agriculture. This could only be successful if policies were harmonised and transferred to the European Community level.

By 1962, three major principles had been established for the CAP(İnan, 2016:162):

1. market unity
2. community preference
3. financial solidarity

Since then, the CAP has been a central element in the European institutional system. The CAP is often seen as the result of a political consensus between France and Germany: German industry would sell its products to the French market; in return, Germany would contribute to the payments of French farmers. Currently Germany is the largest net contributor into the EU budget. However, as of 2005, France is also a net contributor. On the other hand Spain, Greece, and Portugal are the biggest beneficiaries. In the meantime, especially urbanised member states where agriculture comprises only a small part of the national economy (such as the Netherlands and the United Kingdom) are much smaller beneficiaries from the agricultural supports and their national governments are not glad from CAP. This is probably one of the reasons of the exit of United Kingdom from the Union. Transitional rules apply to the newly admitted member states which limit the subsidies which they currently receive.

The objective of the CAP is to provide farmers with a reasonable standard of living, consumers with quality food at fair prices and to preserve rural heritage.

Intervention mechanisms have diminished significantly, for instance the Commission only intervenes on: wheat, butter, and skimmed milk powder. Ministers also agreed to decrease direct payments to farmers and transfer more money to the Rural Development Fund.

The European Commission now discusses the next reform of the CAP. The Commissioner responsible for Agriculture and Rural Development has summarized seven major challenges which CAP needs to address in the future: food production, globalisation, the environment, economic issues, a territorial approach, diversity and simplification.

Based on the comprehensive public debate, on 18 November 2010, the Commission presented a Communication on “The CAP towards 2020”. On 12 October 2011 the Commission has put a set of legal proposals to reform the Common Agricultural Policy (CAP). The aim of the reformed CAP is to ensure European citizens healthy and quality food products, while protecting the environment. The European Parliament and the Council of Europe discussed the proposals. The acceptance of the different regulations and implementing laws has been completed by the end of 2013. The CAP reform entered into force from 1 January 2014.

CAP is an integrated system of measures operated by providing commodity price levels within the EU and by production subsidies. The different mechanisms as follows:



- Certain goods that imported to the EU countries are subject to custom duties. Import levies are established at a level to increase the World market price up to the EU target price. The target price is the desired price for the goods within the EU.
- Import quotas are used as an instrument of limiting the amount of food imported in the EU. Some nonmember countries have debated quotas which let them to sell special goods within the EU countries without custom duties.
- An intervention price for the internal market is fixed. If the internal market price falls below the intervention price level then the EU will purchase goods to increase the price to the intervention level. The intervention price is fixed lower than the target price. Therefore internal market price can only vary in the interval between the intervention price and target price.
- Direct subsidies are paid to farmers in order to promote farmers to grow supported farm products. Subsidies were generally paid on the farm land growing a special plant, instead of the total plant production. Reforms applied beginning from 2005 are removing certain subsidies in favour of fixed payments based on the cultivated land, and for adopting environmental protection farming techniques. The intention is to give farmers more freedom to select those plants in demand and to eliminate the economic incentive leading to overproduction.
- Production quotas and 'set-aside' payments were used so as to eliminate overproduction of some farm products (for instance, milk, cereals, wine) that they were subject to subsidies over market prices. To store and dispose over produce led to waste of resources and made the CAP disreputable. A secondary market emerged, particularly in the sale of milk quotas, while some farmers misused 'set-aside', for instance, setting aside land which was difficult to cultivate. At present set-aside has been ended after increasing prices for some farm products and increasing interest in growing biofuels. The future of set-aside will be decided later.

One of the aims of the CAP is to encourage legal harmonisation in the Community. In this context different laws in the EU countries can result in problems for the people who wants to trade between countries. Examples are regulations on permitted preservatives or food colouring, labelling regulations, use of hormones or other drugs in livestock for human consumption and disease control, animal welfare regulations. The process of eliminating all secret legal obstacles for free trade is yet unfinished.

EU fund (The European Agricultural Guidance and Guarantee Fund (EAGGF) has been replaced by two separate funds (the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD)) in 2007. The share of CAP in the EU budget has been decreased after CAP reform. In any way CAP still accounts for nearly half of the EU expenses. France benefits much more than the policy about 20%, followed by Germany and Spain (~13% each), Italy (~11%) and the UK (~9%).

## **6. Harmonization Efforts of Turkish Agriculture to Common Agricultural Policy (CAP)**

There are significant differences between Turkish and the EU agriculture such as productivity, sizes of enterprises, organisation of producers, technology use, animal health and phytosanitary conditions. Therefore, agriculture seems to be the hardest and the most problematic sector to be harmonised with the Common Agricultural Policy of the European Union (European Commission Report, 2012:55).

According to a research based on macroeconomic projections from the literature, it is estimated that total EU expenditures for the application of the CAP to Turkey would be about 3,3 billion Euro in 2014 and would increase to 5 billion Euro in 2024 (Grethe, 2004:2).

One of the committees that will manage the relations between Turkey and the European Union is the “Agricultural and Fisheries Sub-Committee” which carries on necessary studies for the implementation of the national programme for the harmonisation with the Common Agricultural Policy. In addition a reform and restructuring programme was done so as to harmonise Turkish agricultural policy with the CAP. This programme contains:

Direct support system was started in co-operation with the World Bank. The studies regarding “Farmers Registration System” progress as well. The law concerning Agricultural Producers Union has been passed in the Parliament.

One of the most important problems in Turkish agriculture is the small sized farms and fragmented parcels of farm land. The Heritage Law has been changed in order to optimise these farms by land consolidation which is in progress.

A project for “alternative crops” was prepared in order to reduce the surplus of supply in the production of tobacco and hazelnut and to avoid unwanted stocks.

Moreover, a new “Soil Law” came into force for the protection of productive soils.

The Minister of Food, Agriculture and Animal Husbandry assures that the three chapters related to agriculture will be opened at the end of the negotiation process, Turkey is already studying for the compliance with these chapters.

The chapters blocked by France include the chapter on agriculture and rural development. Why is France in particular and the EU in general afraid of this chapter? According to Minister, there are two problems with reference to the agriculture related chapters. First of all, Turkey has a population of 80 million, and 22 percent of that population is employed in agriculture. Chapter 11 deals with agriculture and rural development jointly. A large agricultural population means a larger investment in rural development. Secondly, agriculture is a low value-added sector. Since the profit is low in this sector, there is off-the-record unemployment there. As EU

standards are met, this off-the-record unemployment will move to the cities. This will necessitate development in the industrial and service sectors. Turkey may encounter many problems along the way, and the solutions of these problems will require a lot of money.

## 7. Conclusion

Despite increasing pessimism in Turkey regarding EU membership negotiations, domestic reforms in a number of policy areas such as asylum and competition policy have continued and have brought Turkish legislation closer to the European Union (EU) acquis (Aydın & Kirişçi 2013).

Production factors are not still used in place or not implemented effectively (Burrell & Oskam 2005). Land property rights and rules for land transactions need to be better defined if they are to support the growth of land markets. Water use, water ownership rights and pricing rules, especially in the context of the Southeastern Anatolia Project, need to be improved considerably. Environmental safeguards need to be integrated into economic activities in all sectors, the Environmental Impact Assessment regulation should be enforced in practice.

Consequently, there are two sides for EU resistance to Turkey's membership regarding agricultural policies: costs and rivalry. If Turkey enters the EU in its present position, it will take the largest share of the EU's funds, and it will also enter the common market as a strong competitor to the existing players. For Europe it is best to force Turkey to solve its problems before it joins the union. They want Turkey to deal the problems of the agricultural population before coming to the negotiating table.

The EU legislation (*acquis communautaire*) is a kind of "quality standard" from the point of Turkey. Even though Turkey may not become a full member of the EU, Turkish people will have the opportunity to live under those standards. The prospective EU membership has provided strong incentive for adopting major political changes in Turkey, and one can confidently claim that without the EU incentive, those changes would have been much harder to adopt (Müftüler, 2005). This is an important reason for the preparation on the chapters related to agriculture and rural development. In this respect the Ministry of Food, Agriculture and Animal Husbandry deals with three chapters: 11, 12 and 13. The first deals with agriculture and rural development, the second with food safety, veterinary and phytosanitary policy, and the last with fisheries. With regard to these three chapters, 12 bills have already passed in Parliament. The majority of these were related to EU harmonization. In 2004 the Agriculture Strategy Document, and agricultural support policies were tied to this document.

For the harmonization of Turkey's legislation to the EU Turkey had several laws about food, seeds, organic agriculture and agriculture insurance. Agriculture Insurance Law was passed at the same time as France in the Parliament and protects farmers from natural calamities such as draught, frost, hail and fire.

Turkey has prepared Rural Development Strategy and founded an institution for the Rural Development Support Payments in order to benefit from EU funds. The Development Agency had to spend 750 million euros of the EU's rural development funds before 2013. The agency is in the accreditation process. These funds are used in 42 provinces. Provinces are determined according to objective standards that the EU provides.

Screening process has been completed on the three chapters related to agriculture. It took some time and was difficult. EU officials were informed about present situation of Turkey in terms of Turkish regulations, agriculture, production and support policies. For the time being the EU knows the position of Turkey.

Turkey has the means for the collection of the statistics EU wants. In fact the institutional infrastructure existed for a long time. In this connection The Ministry of Food, Agriculture and Animal Husbandry had offices in 81 provinces and more than 900 counties. In recent years, a system of close monitoring was established approximately in 10.000 villages by means of 2.500 agricultural engineers and veterinarians. Thus it was created sound source of information and important for both Turkey and the EU. Information obtained is used in the formulation and implementation of agricultural policies.

With reference to the number of animals in the country, Turkey has now Animal Record System and Farmer Record System. All agricultural support is based on this system. The farmer who is not recorded in this system cannot apply for state support. Almost 98 percent of all bovine animals in Turkey are recorded in the system.

Every year during the Feast of Animal Sacrifice one million animals (cattle and sheep) are slaughtered within three days. There are regulations about slaughtering which are announced in the media long before the feast. There are rules of transportation that make it impossible to have an animal slaughtered without the state knowing it; a veterinarian's health report, an ear tag, a vaccination document and a passport are needed. As soon as an animal is slaughtered, its ear tag goes to the central recording system and the animal is deducted from the list. Newborns are added within six months after birth.

The producers get financial support for the recording of their animals according to the number of ear tags. An animal without an ear tag cannot be transferred from one place to another. If a truck carries such an animal, the vehicle is forbidden from traffic for three months.

Following the screening process, certain opening criteria was given to Turkish agriculture. One of these was the establishment of an Agricultural Development Agency that would be accredited by EU institutions. The Ministry made a program for the organization of this agency, and it was accepted by the EU in February 2008. Now the Agency has started its activities regarding modernization of agriculture and rural development.

The second criterion was to use direct income and price support policies independent from production. In other words financial support of the state given to the farmers wouldn't be encouraging for increased productivity. This was already realized during the term of the previous government. But the present government cancelled direct income support and established alternative support mechanisms that was expected to increase productivity.

Turkish support system differs from EU in this respect and seems not to fit the EU criteria. Unfortunately, Agricultural Support Policies are not successful especially in the last decade due to the fact that agricultural imports reached to 8.6 billion US dollars while agricultural exports were 6.0 billion US dollars in 2014 (İnan, 2016:50). Turkey now imports most of rice, wheat, corn, soybean, oil plants, vegetable oils, even most of the pulses for human food. Therefore it is not easy to have quality standards in keeping with the EU harmonization process.

In the negotiation process there are problems the EU delays deliberately, and there are also problems Turkey wants to delay because of the current conditions. For example Cyprus problem was a criterion of the EU for negotiations on fishing.

It was stated that Turkey did not have a real land recording system. In 2003 land registry system was started by means of the Agricultural Reform Implementation Project (ARIP), and within the project, the Land Registry General Directorate was formed so as to achieve the land registry. The Minister stated that the land recording of Turkey has been completed over 99 percent.

The firms producing fishes on the sea were leading to environmental pollution on the Aegean coast. In the past there were no clear regulations for these firms. In 2006 a bill was passed in the Parliament that set regulations and today all fisheries are assumed operating according to these regulations. Of course all fisheries are not using latest technology, but they try to improve themselves. On the other hand technology develops as well.

The state determines places for tourism and fisheries on the shores. The firms which construct hotels and holiday villages close to the fish farms after a few years, start to complain about them. Whereas fish farms were established by means of the agricultural support program and thus production of fish increased from 60000 tons to 135000 tons. Today Turkey is among the top three producers of sea bass and sea bream in Europe. When fish farms became an issue of pollution in the media, The Ministry of Food, Agriculture and Animal Husbandry sent their experts to see the situation of the fish farms in other European countries. The situation of these farms in Spain, Italy and Greece is similar to Turkey.

Consequently, the present situation signals the start of a difficult and lengthy process of negotiations that will change both Turkey, Turkish agriculture and the EU. Turkey's potential membership to the EU is a matter of importance for the European Union and Turkey. Finally, adaptation of Turkish agriculture to EU agriculture will be realized within the rules and basic principles of Common Agricultural Policy (İnan and others, 2003:78).

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**Wide-Range Partnership Possibilities between The EU and Turkey** seeks for answer to the question of if it is possible to develop bilateral and multilateral co-operation in the field of economy between Turkey and European Union Member countries. Concentration of their relationship in the topics dealt with in the context of the book is also revealed in the book which will provide benefit to researches on Turkey and European countries for their own interests respectively.



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