

LONG-TERM STRATEGY
AND
**EIGHT FIVE-YEAR
DEVELOPMENT PLAN
2001-2005**



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CHAPTER ONE

DEVELOPMENTS PRIOR TO THE 8th FIVE YEAR DEVELOPMENT PLAN

I. DEVELOPMENTS IN THE WORLD AND TURKEY

1. Human rights, supremacy of the law and democracy gain importance as common values in the world. The globalisation process that started with the liberalisation movements in the financial markets in late 1970s and developments in the communication technology, speeded up with liberalisation in foreign trade and developments in the technological progress which has gained impetus and influenced all the other fields in economy, has started to become a determining factor in the social and cultural fields in recent years.

2. Simpler and faster long distance dissemination of information as a result of rapid developments in computer and informatics has played an important role in the globalisation of supply and thus, of competition among firms. This process has led to radical changes in the international

competition rules. Demand has also globalised since consumers have gained rapid and easy access to the knowledge, causing uniformity in consumer preferences and lifestyles across different countries.

3. Segmentation of production processes and globalisation of corporate affairs as a result of technological developments in production led to significant increases in foreign direct investments as well.

4. Proliferation of production units cross-border through foreign direct investments were speeded up by progress in the field of management which as a result enabled the firms to acquire the capability to manage numerous production units in distant parts in the world. However, both the progress in informatics and micro-electronic technology and concomitant technical advancements in telecommunications sector played major

roles in the globalisation of production. The firms with the ability to transfer a large amount of information to remote places at lower costs gained the opportunity to organise diverse stages of production in various geographical areas without any loss in management efficiency. These developments together with advancements in biotechnology-genetics engineering and new material lead to an acceleration in building up information economy and society.

5. It is expected that formation of information society will create positive impacts as regards economic and social aspects and speed up economic growth, increase efficiency, create new fields of activity and employment, increase and enhance education opportunities, improve provision of other services in the fields of health and social security and enable easier access for individuals to cultural opportunities.

6. Progress in technology enabled substitution of not only simple labour power but also brainpower to a certain extent, thus knowledge-based production has gained great impetus leading to stable increases in technological innovation and efficiency.

7. Since knowledge is the most important production factor in building up information society, improvement of the labour force quality and establishment of developed communication infrastructure gains importance. So, the biggest contribution to the development in the 21st century shall be through investments in human resources and improvement of the infrastructure.

8. Taking into consideration the fact that technological capacity is mainly

concentrated in developed countries at present and that the developing countries are dependent upon the foreign resources as regards technology, it is obvious that globalisation of production provides significant possibilities to this group of countries. Production and R&D activities of transnational firms are effective means for spread of technology, capacity and skills. Globalisation of production is capable of providing great opportunities for the developing countries to improve their trade performances as well.

9. Regional economic integration movements develop as well in mutual interaction with globalisation.

10. Within the process of globalisation, new norms and standards are being developed in areas such as foreign trade, intellectual rights and environment, with an increasing impact of international institutions. In the European Union, especially regarding economic policies, supranational bodies are becoming more determinant and common initiatives are increasing in political and social fields.

11. Since many countries have liberalised their foreign capital regimes, the countries can increase inflows of foreign investment through provision of macroeconomic stability, sufficient infrastructure and quality in the work force.

12. Globalisation process, besides its significant opportunities, may also lead to some adverse effects.

13. Liberation financial markets to a great extent and the removal of barriers to capital movements strengthened the interdependence of finance markets of

economies, thus, restricting the countries' control on macroeconomic policy tools.

14. A series of financial crises which started in 1997 in the South-eastern Asian countries and influenced the global system, have displayed the drawbacks of short term intensive capital inflows from abroad and the significance of economic and financial reforms as regards the countries who could not attain macroeconomic stability and are without a healthy financial system.

15. Globalisation process also distorts income distribution among and across the countries.

16. One of the adverse effects of globalisation process is the phenomenon of cultural monotony due to globalisation of demand and uniformity of consumer preferences and life styles.

17. In an environment where globalisation gains accelerated, it is expected that attainment of economic development in countries, which are not capable of sufficient social progress, shall be increasingly difficult. In addition to improvement and institutionalisation of human rights and democracy, diffusion of education and health services, reduction of poverty and improvement of working conditions are also of great importance.

18. Countries adapting themselves to the rapid change in the world, furnishing their citizens with the capabilities required by this new medium, having access to, producing and using information shall be effective and successful in the 21st century.

19. Strengthening its social structure, ensuring stability, completing structural reforms and realising basic transformations

required by the information society, besides benefiting at the highest level from the opportunities created by globalisation and minimising its unfavourable aspects, shall also play a key role in preparing Turkey for the future and in attaining a more effective status within the world.

II. OVERALL ASSESSMENT

1. ECONOMIC DEVELOPMENTS

20 In the 7th Five-Year Development Plan (1996-00), introduction of structural reform projects, provision of sustainable growth environment, reduction in real interest rates by decreasing the burden of public sector on financial markets through an improvement in public finance balance, and encouraging private sector investments were envisaged. The aim is to sustain contribution of external demand to the growth throughout the Plan period by maintaining competitiveness of the real exchange rate and determining real wage increases in conformity with increase in the productivity. It was also envisaged in the 7th Plan that provision of factor market with an efficient, flexible and productive restructure, as well as the restructuring of private sector in business organisation, technology and management motivated by foreign competition which would increase following the customs union with the EU, would increase factor productivity and contribute to growth. It was estimated that the GDP average annual growth rate would be within the range of 5.0-6.6 percent, GNP average annual growth rate 5.5-7.1 percent in the Plan period.

21. Owing to differentiation of macroeconomic policies and developments, the 7th Plan period exhibits two distinct policy episodes it will be appropriate to

access the developments in the context of 1996-97 period and the 1998-99 period during which growth rate of the economy decreased.

22. The GNP average annual growth rate for the first two years of the 7th Plan was realised as 7.7 percent. However, this rapid growth could not be maintained in the following years and the GNP growth rate dropped to 3.9 percent in 1998. In 1999, 6,4 percent reduction was recorded in the GNP. Thus, in the period of 1996-99 the GNP average annual growth rate has increased to 3.1 percent.

23. The GNP per capita recorded as \$ 2841 in 1995 was \$ 3248 in 1998, but, however following the contraction in economy in 1999, it has declined to \$ 2913. Similarly, GNP per capita based on purchasing power parities was \$ 5745 in 1995, \$ 6708 in 1998 and dropped to \$ 6152 in 1999.

24. Macroeconomic imbalances reflected by high inflation rate and rapid growth of public deficits in the period of 1996-99, led to both lower growth rates in comparison with other emerging market economies, and instable pattern of growth. The major determinant in the fluctuation observed in growth was, besides external shocks such as the Asian and Russian crises, the fact that growth triggered by domestic demand supported by the expansionary macroeconomic policies which were unsustainable for a long time, rather than productivity in economy and increases in foreign demand. Following the liberalisation of capital movements in 1989, macroeconomic imbalances increased the instability of growth rate in an environment in which growth became highly sensitive towards foreign capital inflow.

25. In the period of 1996-97, the value added for industrial and service sectors increased at an average of 8.7 percent and 8.1 percent annually, respectively. Starting from the second quarter of 1998, domestic and foreign demand slowed down with the impact of Far East Asia crisis and the tight fiscal and income policies implemented. In August 1998, Russian Crisis led to a deeper reduction in foreign demand. As a result of changes in the expectations relating to this region, a rapid capital outflow in Turkey was observed causing a rapid rise in real interest rates. Furthermore, the environment of uncertainty arisen by the decision in July 1998 to have an early election negatively affected private sector consumption and investments decisions, leading to a contraction trend as from the last quarter of 1998. This trend has deepened more in the first quarter of 1999. With the second quarter of 1999, a relative recovery was observed, in economic activities, a limited increase in the industrial production was recorded. However, the earthquake disasters of 1999 stopped this slight improvement in production. Value added of industrial and service sectors increased slightly in 1998 but decreased by 5 percent in 1999.

26. Accordingly, average annual growth rate in the value added of industrial and service sectors greatly lagged behind the 7th Plan forecasts and were realised as 3.5 percent and 3.3 percent, respectively in the 1996-99 period.

27. The instable growth in agricultural output continued in the period after 1996 and average annual growth rate in the value added of agricultural sector has remained at 1.3 percent in the period of 1996-99.

28. In the 7th Plan, it was envisaged that the share of agricultural sector in GDP would fall down to 13 percent whereas the share of industrial sector would rise to 27 percent, and the share of services sector would remain at about 60 percent. However, the share of services sector in GDP at current prices, which was 58 percent in 1995 rose to 61.7 percent in 1999. Whereas the share of industrial sector fell down to 23.2 percent from 26.3 percent and share of agricultural sector fell down to 15,7 percent to 15 percent in the same period. Improvement of domestic terms of trade in favour of agricultural and services sectors were the determining factor of this development.

29. As regards demand, the rapid growth in 1996-97 period has stemmed from the increase in domestic demand. In just the same way, in 1996-97 period, GDP average annual growth rate increased 7.3 percent and average annual growth rate of domestic demand was 7.9 percent. During the same period, consumption and investment expenditures of the public and private sectors have increased considerably. Expansionist fiscal and income policies and monetary policy practices consistent with them have determined the increase in domestic demand. Within the scope of harmonisation process with the customs union, fuel up in technology renewal investments had an impact on the rapid growth of private sector investments.

30. With the implementation of tight fiscal and income policies in early 1998, a slowing down trend in domestic demand has started as from the second quarter of the year. Additionally, the real interests increased considerably following the Russian crisis and the prevailing uncertainty led to a

declining trend in domestic demand starting from the last quarter of 1998. This trend was deepened more due to the earthquake disasters and was resulted a decrease in domestic demand by 3.2 percent in 1999. The contraction during 1998-99 period has mostly affected the private sector fixed capital investments, which decreased by 5 percent in 1998 and 20.5 percent in 1999.

31. During 1996-99 period, the ratio of total investments to the GNP was realised by an average of 24.2 percent annually. In the same period, private savings have risen by an average of 8.5 percent annually and its share within the GNP was 23.4 percent. High real interest rates and developments in capital markets have contributed to the increases in private savings in this period. Despite increases in the ratios of tax revenues to the GNP during 1996-99 period, the public sector savings were negative except for 1997, due to increases in interest payments. If the entire period is considered, the ratio of public savings share to the GNP was -2.3 percent. As a result of these developments, only a limited increase was observed in total domestic savings, which remained at the level of 21.1 percent in the GNP in the course of 1996-99 period. In the same period, the share of foreign savings in the GNP was 3.1 percent.

32. With the impact of the increase in competitiveness in 1994 and the liveliness in world trade, exports have risen by an average of 10.2 percent annually in the 1996-97 period. However, in 1998 and 1999 exports were affected to a great extent by the negative environment created by Asian and Russian crises. Similarly, the export market growth rate of Turkey, which was 8 percent during 1996-98 period, decreased 1.6 percent in 1999. Relative deterioration

was observed in Turkey's international competitiveness after 1997. In this period, Turkish lira was devalued in parallel with the inflation. However, depreciation of the far-eastern countries' currencies in 1997 increased their relative competitiveness in the international markets. Additionally, in a period when production slowed down, persistence of wage increases in dollar terms in 1998 and 1999, affected Turkey's competitiveness negatively. As a result of these developments, exports growth rate fell down to 2.7 percent in 1998 and exports dropped 1.4 percent in 1999. Thus, in the course of 1996-99, average annual growth rate in exports has remained at 5.3 percent.

33. In the 1996-99 period, exports of agricultural products increased by an average of 2.9 percent annually whereas growth in exports of manufactured goods was 5.6 percent. In the post-1995 period, there was an increase in the share of automotive, electrical and non-electrical machinery in total exports. However, structural change in the composition of exports has not reached the expected level following the customs union.

34. European Union countries preserved their weights in our total exports in the 1996-99 period. The share of the Commonwealth of Independent States in our exports, which increased considerably after 1991, has declined seriously in 1998 and 1999 as a result of the Russian crisis. However, there was a relative increase in the share of African countries in Turkey's total exports in 1998-99 period.

35. Lowered protection rates following the customs union and the increasing domestic demand led to an increase in imports by an average of 16.6 percent annually in 1996-97 period. The significant

slow down in domestic demand and industrial production in 1998 and contraction in 1999 led to a reduction in imports which has decreased by 5.4 percent in 1998 and 11.4 percent in 1999. In 1996-99 period, average annual growth rate in imports was 3.3 percent. In the same period, increase in the imports of investment and intermediary goods were 1.8 percent and 1.5 percent respectively, whereas imports of consumption goods increased by 20.3 percent, which is a result of mainly the jump in 1996 with the impact of lowered protection rates after the customs union.

36. As a result of these developments, the ratio of foreign trade deficit (excluding shuttle trade) to GNP which was 10.7 percent in the period of 1996-97, fell down to 8.8 percent in 1998 and 6.7 percent in 1999.

37. Although foreign trade deficit have significantly increased in 1996-97 period, the ratio of current account deficit to the GNP has remained at 1.4 percent owing to high increase in tourism revenues and other service (public-private) revenues. Parallel to the decline in imports in 1998, current account balance had a surplus of 1 percent of the GNP. In 1999, despite the continuing reduction in foreign trade deficit, there was a deficit of 0.7 percent of the GNP in current account balance due to the decreases especially in tourism and other invisible revenues.

38. Capital inflows have increased considerably following US\$ 4.2 billion outflow, which occurred during 1994 economic crisis. Capital inflows were of US\$ 8.8 billion in 1996, and US\$ 8.7 billion in 1997, respectively. Following the Russian crisis and with the impact of significant decline in portfolio investments, net capital

inflow has decreased to the level of US\$ 448 million in 1998. In 1999, with the contribution of bonds issued by the Treasury especially in the last months of the year, a net capital inflow of US\$ 4.7 billion was provided.

39. Foreign direct investment granted in 1995-99 period has increased by 27.5 percent compared to 1990-94 period and rose to US\$ 11.8 billion from US\$ 9.3 billion. As of the same periods, net active inflows dropped by 26.2 percent and fell down to US\$ 2.5 billion from US\$ 3.4 billion.

40. In the course of 1996-97 period, there was a total increase of US\$ 7,9 billion in official reserves. In 1998, capital outflows as a result of Asian and Russian crises limited the increase in official reserves at US\$ 216 million. With the livening up of capital inflows again in 1999, an increase of US\$ 5,6 billion was recorded in official reserves.

41. The ratio of foreign debt stock to the GNP, which was 42,6 percent in 1995 rose to 59,3 percent in 1999. As of the end of 1999, the share of short-term debt within total foreign debt of US\$ 111,2 billion, was 26,3 percent and the share of medium- and long-term debt was 73,7 percent.

42. In the 7th Plan, the ratio of public sector borrowing requirement to the GNP was to be reduced to 3.0-3.2 percent by the end of the plan period. However, it was realised at an average of 8.6 percent in the period of 1996-98 and it increased to 14.8 percent in 1999. In the period of 1996-99, although the primary public sector balance gave an average annual surplus of 1.8 percent, the share of interest rates payment in the GNP continued to rise causing an increase in total public sector deficit.

43. The ratio of total public revenues to the GNP which was 20.9 percent in 1995, which rose to 25.4 percent in 1999. Higher factor revenues as well as continuous increases in the tax collections played an important role in this improvement in public revenues. The ratio of tax revenues to the GNP, which was 17.2 percent in 1995 exhibited a continuous increase and reached 21.9 percent in 1999.

44. The ratio of factor revenues to the GNP, which was estimated at an average of 0.8 percent was realised as 5 percent in the Plan period. In the 7th Plan period, factor revenues and tax revenues increased above the targeted levels, whereas non-tax normal revenues and net funds obtained from social security institutions could not reach the targeted level.

45. In the 7th Plan, it was envisaged that total public expenditures remain at 24 percent of GNP, the share of current expenditures within the GNP would be kept fixed whereas the share of transfer expenditures would be reduced and that of investments in total public expenditures would be increased.

46. Public expenditures increased continuously in the first three years of the Plan period and amounted to 34.2 percent of GNP in 1998 and 40.2 percent in 1999. High increases in transfer expenditures due to high increases in interest rates payments led to this development. The ratio of transfer expenditures to GNP which was 11.6 percent in 1995 rose to 19.1 percent in 1999. The ratio of the consolidated budget interest payment constitutes the largest component of the transfer expenditures, to the GNP rose to 13.7 percent from 7.3 percent in the same period. The current

expenditures, which were to remain at the level of 10 percent of the GNP in the 7th Plan, reached 13.3 percent of the GNP in 1999. Public fixed capital investment expenditures were realised in accordance with the Plan targets and their ratio to the GNP, which was 4.2 percent in 1995 rose to 6.6 percent in 1999.

47. When the developments in public sector financing balance are evaluated in terms of budget types, it is observed that the ratio of consolidated budget deficit to the GNP rose considerably in 1996-99 period. As regards SEEs' financing balance, which attained a surplus in 1996-97 period, a deficit was recorded in 1998-99 period.

48. With the impact of the stabilisation measures taken in 1994 and 1995, the ratio of consolidated budget deficit to the GNP dropped to about 4 percent but in the 1996-98 period it has risen to an average of 7.6 percent and in 1999, to 11.6 percent. The decrease in the ratio of non-interest budget surplus to the GNP, which was 3.3 percent in 1995, to 1.7 percent in 1996 and to 0.1 percent in 1997 was effective in this development. Although the ratio of non-interest rates budget surplus to the GNP rose to 4.6 percent in 1998, the increases in the interest rates, with the impact of foreign shocks especially in the second half of the year, prevented the decline in the ratio of total budget deficit to the GNP. In 1999, persistence of high interest rates and reduction in primary surplus was the determining factors in the considerable increase in total budget deficit.

49. In the course of 1996-99 period, persistent increase in budget deficit and being a net foreign debt payer in budget financing except in 1999, intensified the pressure upon domestic financial markets.

The ratio of net domestic debt utilisation to the GNP in budget financing which was 4.8 percent in 1995 rose to 12.4 percent in 1999.

50. As from 1996, the SEEs' balance were negatively affected mainly by agricultural support prices and high increases in the wages provided by collective bargaining agreements signed in 1997. Insufficient own funds of the SEEs making agricultural product support purchases and the low stock turnovers have necessitated external fund utilisation, and increased financial burden of these enterprises increased the inventory holding costs rapidly. With the influence of these developments, the non-financial SEEs balance, which attained a surplus of 0.6 percent of the GNP in 1995, has recorded 1.3 percent deficit in 1998 and 1.1 in 1999 respectively.

51. The income-expenditure balance of the social security institutions, which was in deficit in 1999 amounted to 1.5 percent of the GNP in 1995 and it rose to 3 percent in 1999 owing to the deterioration in their actuarial balances. The ratio of the transfers to social security institutions to the GNP, with a view to meeting their deficits, has risen from 0.9 percent to 2.8 percent in the same period.

52. As a result of social security reform introduced by the law no 4447, measures were taken towards preventing informal employment, increasing the limits subjected to premium payments, rising the minimum age level for retirement, indexing pensions to consumer prices index (CPI) increases, acceleration of premium collection and supervisory efficiency. Moreover, an unemployment insurance system was established.

53. Although, increasing the supervision of funds and downsizing the fund system, no systematic and effective steps could be taken, and thus the targeted decrease in the share of fund resources and expenditures in economy could not be ensured. The ratio of the fund revenues in public sectors consolidated balance to the GNP was dropped from 3.3 percent in 1995 to 3 percent in 1999; the ratio of fund expenditures to the GNP dropped from 3.9 percent to 3.6 percent respectively for the same years. Thus, the ratio of funds borrowing requirement to the GNP has maintained its 1995 level of 0.6 percent in 1999 as well.

54. Due to the fact that the increase in revenues of the local administrations were below the increase in their expenditures throughout the 7th Plan period, of local administrations 0.2 percent of the GNP in 1995 risen to 0.9 percent in 1999.

55. In the 7th Plan period, along with privatisation concerning ownership transfer, privatisation of high value added telecommunications services of, measures towards enabling the private sector to gain access to the energy sector through management right transfer, build-operate and build-operate-transfer methods have also continued. In this period, necessary legal arrangements concerning privatisation practices other than ownership transfer in telecommunications and energy sectors were enacted. With the amendment made in 1999, privatisation concept was incorporated in the Constitution for the first time, and an international arbitration institution was established.

56. In the 7th Plan period, attention was paid not to increase the number of the

products in the scope of agricultural support, and products other than grains, sugar beet and tobacco were excluded from the scope of State Support Purchases. Agricultural support purchase prices have increased by an average of 99.4 percent annually in the 1996-97 period and 50.3 percent in the 1998-99 period. In the financing of agricultural support purchases Support and Price Stability Fund resources as well as Budget resources were utilised.

57. Following the establishment of the legal infrastructure and markets necessary for liberalisation of the domestic financial markets and international capital inflows in 1980s, Turkish financial markets have rapidly experienced the integration process with the world in the 1990s. This situation increased the impact of developments in domestic and international markets on financial markets.

58. In the 7th Plan period, the Central Bank has paid attention not to permit sudden price changes in the financial system by reducing the uncertainties in the market through the policies that implemented. Within this framework, while trying to ensure that foreign exchange rates move parallel to the inflationary expectations, the Central Bank guided the reference interest rates by announcing minimum and maximum quotas the interest rates in the interbank money markets.

59. In the 7th Plan period, the Central Bank limited the increase in net domestic assets and took capital inflows as the basis for monetary expansion, and utilised the open market operations as a stabilising instrument. As a result of increase in capital inflows due to interest rates differentials, the international reserves increased considerably between the years 1995 and 1999, and thus

determined the direction of the expansion of monetary basis. The international reserves of the Central Bank, which were US\$ 12.4 billion at the end of 1995, rose to US\$ 23.2 billion in 1999. Therefore, net foreign assets of the Central Bank which were at a level of US\$ 2.2 billion at the end of 1995, reached US\$ 14.5 billion at the end of 1999.

60. Following the crisis in 1994, the fact that the Treasury Short-Term Advance Utilisation Rate was subjected to rules enabled the Central Bank to control its balance sheet. Following this development, the Treasury paid back its entire short-term advance account by reimbursement. In the first quarter of 1998, as a result of this, the net domestic assets of the Central Bank, which consists of credits extended to the public and banking system, continuously decreased. Similarly, the net domestic assets amounted to US\$ 8.3 billion at the end of 1995, realised as US\$ -2.8 billion at the end of 1999.

61. In the first two years of the 7th Plan period, the increase in the reserve money have increased in line with the increase rate of wholesale prices, real increase were recorded in the post-1998 period. With the impact of the high real interest rates during the 1996-99 period, especially Turkish Lira deposit accounts increased at a high rate. The share of Turkish Lira saving deposits in total deposits, which was 29.2 percent in 1995, reached 33.6 percent at the end of 1999. As a result of these developments, the broad definition of money supply M2 and M2Y have increased more rapidly compared to reserve money. Thus, the ratios of M2 and M2Y to the GNP which were 16 percent and 30.7 percent respectively, at the end of 1995 reached 28.9 percent and 51.3 percent respectively, at the end of 1999.

62. Besides high increases in deposits, Commercial Loans considerably increased in the first two years of the period, but decreased in the following two years. Similarly, except agricultural loans, the credit/deposit ratio, which was 45.7 percent in 1996 rose to 52.5 percent in 1997 and realised as 36.2 percent as of the end of 1999.

63. In the 7th Plan period, the banks were able to expand their balance sheets in real terms. The share of the consolidated balance sheet size of commercial banks in the GNP which was 48.4 percent at the end of 1995 rose to 87.8 percent at the end of 1999.

64. Inadequacy of resources, which is the main problem of Turkish banking system, persisted in the second half of the 1990s as well and the sum of share of the resources and profits of the commercial banks in the total resources, which was 9.1 percent at the end of 1995, fell down to 5.2 percent at the end of 1999. Ownership of Eight financially weakened banks handled over to the Savings Deposit Insurance Fund in the 7th Plan period.

65. During the 7th Plan period, the share of deposits in total bank resources was around 70 percent. The share of foreign currency deposit accounts within total resources, which was 38.6 percent in 1999 decreased to 34.9 percent in 1999. The share of foreign loans in total resources of commercial banks, which was 3.7 percent of in 1995, increased to 8.5 percent at the end of 1999.

66. The banks continued their short position operations in the 7th Plan period. The ratio of short position to total assets,

which was 3.3 percent in 1996, reached 10,5 percent at the end of 1999.

67. Whereas the share of commercial loans in total assets increased from 40.8 percent at the end of 1995 to 44.1 percent at the end of 1997. However, this ratio fell down to 28.3 percent by the end of 1999 due to the contraction of the real sector along with the impact of Russian crisis. Problems were encountered with loan repayments. Similarly, the share of the overdue loans in the total, which was 2.3 percent as of the end of 1995 rose to 11.7 percent in 1999. In the 7th Plan period, the tendency of the banks increased investing in public sector securities. The share of public sector securities to total assets which was 7.5 percent in 1995 rose to 12.0 percent as of the end of 1999.

68. During the 1996-99 period, criteria relating to the banks have been developed taking into account the financial crisis experienced in Turkey in 1994 and the global crisis observed in the far-eastern countries in 1997. At the end of period, serious steps were taken for applying these criteria. With a view to reducing the likely risk to be created by short positions of the banks, Net General Position of Foreign Currency / Standard Ratio of Capital Base were set down to 20 percent from 50 percent. Furthermore, for strengthening the financial structure of the banks, minimum amount of capital was increased, amendments have made to the procedures and principles relating to measurement and evaluation of the capital adequacy of the banks, a general fund was created for bank credits and arrangements were made concerning the funds for the credits for which repayment difficulties were experienced. In this 7th Plan period, the

banks were required to start preparing and announcing consolidated financial statements.

69. For an efficient regulation and supervision of the banking system and adaptation of the international standards to the financial system, legal arrangements were made in 1999. Accordingly Banking Regulation and Supervision Agency was established to supervise and audit the banking system. Likewise provisions addressing to other financial institutions were added to the Banking Law and finally serious steps were taken to gradually harmonise the banking system with the EU legislation.

70. Within the 7th Plan period, the high public sector borrowing requirement have increased the pressure on the financial markets and led to increases in real interest rates, while the term structure of financial instruments got shorter. In the period of 1996-98, average interest rates rate of the state domestic borrowing certificates were about 116.9 percent and average domestic borrowing maturity remained as one year. Average maturity in 1999 rose to 479 days but interest rates of domestic borrowing was over 100 percent.

71. In the 7th Plan period, legal arrangements to ensure the diversification of the instruments were made. The demand for instruments with constant return was intensified. Meanwhile the share of banking deposit and financial assets have intensified on bearing constant interest rates because of high real interest rates, and the share of deposit and state domestic borrowing certificates maintained high levels.

72. Pressure of the public sector on financial markets was persistent in crowding

out of the private sector borrowing from the capital markets in the 7th Plan period. The share of issued government bonds and bills within total securities issued increased from 90.3 percent in 1995 to 97.3 percent in 1999. The share of stock market continued to be smaller than the market for public securities and the share of stock market in total securities realised at an average of 3.2 percent in the period of 1996-99.

73. Due to heavy borrowing of Treasury and shortening of the term structure, the repurchasing agreements as an alternative short term financing resource of financial institutions, have rapidly developed especially for very short maturity. Total trading volume of repurchasing agreement which was US\$ 123.3 billion at the end of 1995, increased to US\$ 589.3 billion in 1999.

74. Certain steps were taken in the 7th Plan period to accelerate the development of capital markets. "The Clearing House" was assigned the status of an investment bank and started to operate in January 1996. Within the framework of integration with the international markets, public offering and sales of foreign securities have been enabled with a communique put into effect on 20 March 1996, a watch list has been established stocks in the İstanbul Stock Exchange Market, legal arrangements were made to realise future contracts on commodities, and amendments were made in Capital Market Law to meet the requirements of the capital markets for transparency and effective management. Similarly, recording of transactions in capital market, provision of services by the stock exchange concerning various investment instruments and introduction of future transactions were provided.

75. The law on prevention of money laundering of money was put into effect in 1996 and other legislative arrangements were initiated in 1997.

76. Persistent inflation entered an increasing trend in the late 1980s, continued to be the major issue of the Turkish economy in the 7th Plan period as well.

77. Increasing public sector deficits as a result of high increases in agricultural support prices and wages-salaries as well as prevailing high level of interest rates in the period of 1996-97 prevented breaking the inflationary expectations persisted. WPI increased by an average of 87.9 percent annually within the plan period.

78. Due to tight fiscal and income policies implemented and the reduction in international raw material prices, mainly crude oil prices, annual increase rate in WPI decreased to 54.3 percent.

79. Declining trend in inflation observed in 1998, continued in the first quarter of 1999. Persistent reduction in domestic demand and the fact that expansionary monetary and fiscal policies were not implemented despite general elections were influential in this development. However, as a result of the increase in international crude oil prices and the price increases in the public sector manufacturing industry, accelerated from April again and annual increase in WPI rose to 62.9 percent in 1999.

80. Turkish economy exhibited unstable picture with increasing public sector deficits, high inflation and fluctuating growth during 1996-99. In this period, real interest rates rapidly increased due to the pressure imposed by increasing public deficits on

domestic financial markets as well as external shocks. Increasing real interest rates contributed the worsening in public deficits and the vicious circle of debt-interest rates reached a dead end. The ratio of public sector total debt stock to GNP increased by 13.5 percentage points compared to the preceding year and rose to 58 percent in 1999.

81. The macro economic imbalances of the Turkish economy have necessitated implementation of comprehensive medium term stabilisation program. Within this framework, a Macroeconomic Program for the 2000-02 period was initialised in early 2000, supported by an IMF Stand-by Agreement for a 3-year period.

82. The main objectives of the Program are: to bring the inflation rate down to a single digits, to rapidly reduce real interest rates, to ensure a sound and sustainable structure in the public finance, to establish a sustainable growth in the economy and to implement structural reforms.

83. Implementation of financial policy within a framework that would decrease the share of public debt stock in GNP through a visible improvement in public sector primary balance, income policy shall be developed in harmony with the targeted inflation, monetary and exchange rate policies in a way to reduce uncertainties and provide a long term perspective for the economic units, and structural reforms for enabling a sustainable macroeconomic stability, are envisaged.

84. In the 7th Plan period, it is expected that, annual average increase in the agricultural production, exports and imports would be 1.8 percent, 4 percent and 3.9 percent, respectively. Stability could not be

ensured in producer incomes despite support policies in the agricultural sector. Agricultural support prices set above the world averages led to the expansion of plantations of some products, surplus production and high inventory costs because of over purchases by the state.

85. During the Plan period, total irrigable land was expected to reach 4.7 million hectares through irrigation investments addition of 472 thousand hectares.

86. During the 7th Plan period, manufacturing industry production was expected to increase by an average rate of 3.8 percent annually. Manufacturing industry exports and imports, which were US\$ 20.3 and 30.2 billion, respectively in 1995, have reached US\$ 25.2 and 35.4 billion, respectively in 1999.

87. The most significant development affected the manufacturing industry in the 7th Plan period was the customs union. Following this development towards membership in the EU, an increase in imports from the EU was observed and a leap forward was recorded in the opening up of industry to foreign competition.

88. The fact that private sector investors shifted to public sector domestic borrowing securities and deposits due to the high real interest rates adversely affected the investments in manufacturing industry. Inability to ensure macroeconomic stability, bottle necks in provision of inputs especially by the public sector, insufficiencies in marketing channels, lack of favourable conditions for encouraging entrepreneurship, incompatibility with the international standards in production, lack of qualified labour force required for efficient

production are the major issues that the industry faced.

89. In the 7th Plan period, primary energy consumption increased by an annual average of 4.5 percent. It is expected that the primary energy consumption, which was 63.1 million tons of oil equivalents in 1995, will reach 78.8 million in 2000. In the same period, primary energy output have increased by an annual average of 1.3 percent and rose from 26.3 million tons of oil equivalent to 28.1 million tons. During the plan period, about US\$ 11 billion expected to be invested in the energy sector.

90. In the electricity sector, in the first four years of the Plan period, the installed capacity of power plants increased by 5.165 MW and 34.3 billion kWh of extra generating capacity have been added. Including the power plants operating in the year 2000, the installed capacity of electricity power plants will reach 27.391 MW, production capacity 146.4 billion kWh and the total consumption of electricity 126.8 billion kWh, at the end of the Plan period.

91. In the transportation sector, the shares of maritime, railway and pipeline transport have decreased whereas the share of highway transportation increased in the last decade.

92. During the 7th Plan period, 570 km. of motorways, 5 conventional airports and 139 km. of railways were completed.

93. In the Plan period, fixed telephone switching capacity is expected to reach 21.2 and mobile telephone penetration rate to 12 million lines, respectively.

94. In 1999, 7.5 million tourists visited our country and tourism revenues reached US\$ 5.2 billion.

95. As regards public infrastructure investments, The size of project pipeline, insufficient resource allocation and, the ensuing delays in completion of significant projects are the existing major problems in the public infrastructure investments.

2. SOCIAL AND CULTURAL DEVELOPMENTS

96. Significant improvements were recorded in the quality and quantity of the population, which is the basic dynamics of the economic and social development. The population estimated to be 60.5 million in 1995 is expected to be 65.3 million as of 2000. The annual growth rate which was estimated as 1.57 percent in 1995, is expected to have dropped to 1.50 percent in 2000 and that total fertility rate have fell down to 2.53 from 2.69. It is estimated that life expectancy at birth has increased by 1.1 year and reached about 69.1 years, for the same period.

97. The number of Turkish citizens living abroad has exceeded 3.4 million, as of the end of 1999, 1.2 million of which is the working population. 90.5 percent of this amount live in Western European countries. The number of Turkish entrepreneurs residing in European Union member countries is more than 55.000. Our citizens abroad are gradually increasing their initiatives in the countries they reside, in Turkey and in other countries, as they are undertaking the role of promotional and cultural ambassadors.

98. Turkey has a young population structure. It is estimated that the share of 0-

14 age group fell down to 30.0 percent in 2000 from 32.8 percent in 1995 whereas the share of 15-64 and 65+ age groups have increased. The fertility level and mother and child health indicators vary according to places of settlement and regions. The infant and child mortality stemming from preventable causes are still prevailing.

99. As of 1999, the literacy rate of population over 12 years reached 85.7 percent. Literacy rate of male population is 94.2 percent whereas it is 77.4 percent for females.

100. In the 1999-00 academic year, schooling rates in pre-school education has reached 9.8 percent and in primary school education to 97.6 percent. In secondary education it was recorded as 59.4 percent, 22.8 percent of which is in vocational technical education and 36.6 percent in general lycee education. Schooling rate in higher education reached 27.8 percent, of which 18.7 percent is in formal education.

101. In the 1999-00 academic year, there were a total of 12.7 million students and 484.089 teachers in pre-school, primary and secondary schools. Of the students, 246.514 attended private formal education institutions. Nearly 3 million people were trained in 6.531 public and private apprenticeship and adult education institutions.

102. Double session teaching and over populated classes, mainly in large cities and joint classes in the rural areas continue to adversely affect the quality of the education.

103. With the enactment of the Law no 4306 in 1996, with a view to enhancing the educational level of the society, the duration

of the compulsory basic education was raised to 8 years.

104. Enduring insufficiencies in physical infrastructure and manpower at all levels of education negatively affect the quality of education and reveal the necessity of increasing the sources to be allocated to this field.

105. Utilisation and dissemination of new technologies in education have not been adequately achieved. It is important to provide computer enhanced education and internet access in every school at all levels of education starting from the primary education, and to prepare curricula in the form of software programs.

106. Plan targets could not be fully attained in vocational and technical education owing to reasons such as insufficient resources, failures in using the existing resources effectively and in developing cooperation with the industry sufficiently. Development of vocational training programs in the quality and type required by the labour market could not be achieved.

107. In the 7th Plan period, 15 new foundation universities were established making a total of 74 universities in Turkey, of which 21 are foundation universities. The number of faculties, institutes, higher schools and vocational higher schools, which was 1.137 in 1995 reached 1.492 in 1999. Number of students in higher education approached 1.5 million. In the 1999-00 academic year, the total number of teaching staff was 64.169.

108. As for the university entrance, a single stage examination system evaluating the diploma grades of students as well as

the grades of the schools (they have graduated) obtained in the Student Selection Examination was adopted in 1999.

109. In the youth services, despite some improvements in quality and quantity, the need to eliminate the problems of the youth especially of those who do not attend school still prevails.

110. Despite the developments observed in the education system, the need to improve, rapidly, the level of education and quality of the manpower, which are among the main elements of international competitiveness, still remains to be important. The necessity to ensure harmony between (the vocational and technical formal and non-formal) education and labour power requirements of the economy still exists.

111. Increasing the number, improving the quality and ensuring a balanced distribution of health and education personnel still remains as an important goal to be achieved. While supply insufficiencies are recorded in some rapidly developing fields as information technology, supply surplus is recorded in some others as agricultural and civil engineering.

112. In the period of 1995-00, it is expected that bed capacity of hospitals has risen from 150.565 beds to 170.000 beds, number of physicians from 69.349 to 80.900 and number of nurses from 64.243 to 71.000. As of 2000, there will be 807 people per physician and 384 patients per bed. In the same period, infant mortality rate has dropped from 43.1 to 35.3 per thousand.

13. In the European Union countries, the average rate of infant mortality is about

5-6 per thousand and number of patients per physician is 300.

114. Although considerable improvements were achieved in health infrastructure and health manpower, problems persist with regard to their country-wide distribution, lack of coordination and cooperation among the institutions and levels of services.

115. Preventive health care services could not be given adequate priority, and its widespread, continuous and effective provision along with basic health care services could not be achieved.

116. An effective patient referral system among levels of services could not be set up, family practitioner system could not be put into practice, and those people within a health insurance system could not be given the right to choose the physician and hospital they prefer. Hospitals could not be given administrative and financial autonomy and a structure in which they can offset their expenses by their revenues and their administration with a contemporary management approach could not be ensured.

117. Cooperation programs among the sectors aiming to reduce environmental risk factors could not be created and environmental health services could not be sufficiently strengthened. Traffic accidents are still among the important problems: in 440.149 traffic accidents in 1999, 4935 people were killed, 114.552 people were injured thereby resulting in significant health problems and economic losses.

118. As of 1999, literacy rate for female population was 77.4 percent. While the literacy rate of women in urban areas was

81.3 percent, it was 69.6 percent in rural areas.

119. In 1999, labour force participation rate of women was 31.1 percent, of which 16.9 percent was in urban areas and 49.6 percent in rural areas.

120. The importance of implementing institutional support policies towards the family, which has a strong function of providing social security, is gradually increasing due to the rapid change in the society.

121. Importance was attached to the strengthening of cultural infrastructure, expansion of cultural activities, improvement of cultural relations with the world countries, especially with Turkish Republics and Communities, activities towards determination, search, maintenance and repair of historical and cultural heritage abroad.

122. The Gini coefficient, which is the indicator of inequality in income distribution, rose from 0,43 in 1987 to 0,49 in 1994, displaying that the imbalances in individual income distribution in Turkey has been gradually increasing.

123. In considering household distribution in terms of income groups by quintiles, it is observed that the share of the income of the poorest quintile in Turkey has dropped from 5.24 percent in 1987 to 4.86 percent in 1994, while the share of the richest quintile rose from 49.9 percent to 54.9 percent in the same period. There was no significant change in income distribution of the rural households whereas the shares of the first four groups of urban households have decreased and the share of the richest

group has considerably increased, thereby reached 57.2 percent (from 50.9 percent).

124. The ratio of the income of the richest group to the poorest dropped from 9.2 to 8.5 in rural areas and rose from 9.4 to 11.9 in urban areas during the same period and it increased from 9.6 to 11.2 in Turkey on average.

125. Turkey's income distribution indicators differ considerably from those of the EU. The average Gini coefficient of the EU countries is 0.29. The share of the income of the poorest quintile is 8.3 whereas the share of the richest group is 38.8 that is, the ratio of the richest to the poorest is 4.7.

126. Absolute poverty level, which can be defined as the level at which the basic food expenditures necessary for a healthy life can not be afforded, is 8 percent as of 1994. Absolute poverty level for rural and urban areas is 11,8 percent and 4,6 percent, respectively. According to basic needs approach comprising all food and other consumption needs as a whole, the rate of the population under the risk of poverty is about 24 percent.

127. 95 percent of the population living in absolute poverty is composed of those whose education level is either primary school or below and illiterate people.

128. Persisting high inflation and the burden of interest rates payments on the budget have reduced the opportunities to implement policies towards improving the social welfare in general and income distribution in particular and reducing poverty. The social security and social assistance system could not adequately protect the poor effectively.

129. In 1999, total labour force and total employment reached 23.2 million and 21.5 million respectively. In the 7th Plan Period, average annual increase in employment was about 1.3 percent and concentrated especially on service sector.

130. Unemployment rate, which was at the level of 6 percent in recent years rose to 7.3 percent in 1999 as a result of the reflections of global crisis in the economy. Due to unemployment and underemployment, economically inactive labour force was 14.2 percent.

131. As of 1999, the share of agricultural employment within total employment was 45.1 percent whereas the share of industrial employment was 15.2 percent and the share of service sector 39.7 percent. The presence of a massive labour force in the agricultural sector where efficiency is very low limits the efficiency of the labour force market.

132. In 1999, labour force participation rate was 51.8 percent, 73.5 percent of which was male participation and 31.1 percent female.

133. The fact that the low level of education of those employed influences the production and efficiency negatively, indicates the necessity to raise the quality of labour force.

134. Studies were carried out to adapt ratified ILO Conventions to the Turkish legislation, with a view to harmonise the legislation concerning labour relations with the International Labour Organisation norms, taking into account the conditions of harmonisation with the EU.

135. The Economic and Social Council whose legal foundation is yet to be complemented has played an important role in improvement of the social dialogue among the sectors but its organisation law could not be enacted.

136. Despite the opportunities provided by various amendments made in the legislation concerned, unregistered activities in paid employment still continue to affect the industrial relations and undertakings negatively.

137. The practice of a central exam for recruiting state employees started in 1999. The government personnel regime reform, which would eliminate the disorder in public employment and the injustice in wages, could not be realised.

138. In 1999, the ratio of the population covered by the social insurance programs was 91.0 percent and the ratio of the population covered by social insurance programs as regards health care services was 86.4 percent. About half of the total civil employment is covered by the social insurance programs as active insured.

139. In order to ensure a sustainable actuarial structure in the social insurance system and solve the existing problems, arrangements were made by the Law 4447, in 1999, in some major issues such as the age of retirement, minimum period of premium payment, and the ratio for gaining right to pension. With the same Law, unemployment insurance, which is in practice in the EU countries and defined as one of the major nine social insurance risks by the ILO, was put into practice.

140. Despite the important arrangements made by the Law 4447, social

insurance institutions could not be restructured in line with the contemporary insurance principles. There are still considerable differences among the insurance programs of social insurance institutions.

141. The ratio of public social expenditures to the GNP, which was 7.6 percent in 1995, rose to 11.1 percent in 1997. The ratio varies between 18-32 percent in the EU countries.

142. Due to increasing urbanisation, the phenomenon of migration, high inflation, deterioration in income distribution, impoverishment and changes occurred in the family structure, the need for social services and assistance increases. Problems stemming from disorganised institutional and financial structures, lack of coordination and cooperation among institutions still prevail in the implementation of the social services.

143. As of 1999, the small and medium-scale enterprises (SMEs) constitute 99.2 percent of the total enterprises within the manufacturing industry in Turkey, while providing 55.9 percent of the total employment. Despite SMEs high total share in the sector and employment, the value added created is 24.2 percent as their share in total bank loans is about 5 percent.

144. In order to help the SMEs in solving their problems in financing, employment, quality and standards, they were given the opportunity to benefit from assistance programs such as loans for SME investments, tax exemptions, and investment allowances, VAT and energy support.

145. As of 1997, the ratio of Gross Domestic Expenditure on Research and Development (GERD) to GDP was 0.49 percent, and the number of R&D personnel (full time equivalent) and researchers per ten thousand labour force were 10.4 and 8.2 respectively.

146. Although it was envisaged in the 7th Plan, sufficient resources could not be allocated to R&D activities and the number of researchers could not be increased.

147. The need for harmonisation between the science-technology-industry policies and education-training and R&D policies persists.

148. The awareness about informatics technology has risen, and thus with the cooperation of the universities, public and private sectors, opportunities were created towards formulating and implementing more efficient and realistic policies concerning the sector.

149. The National Information Infrastructure Master Plan (TUENA) adopted by the Science and Technology Supreme Council and implemented by the Ministry of Transport were concluded, however, studies concerning the organisations envisaged in the Master Plan could not be started.

150. It is estimated that the urbanisation rate would be about an average of 4.7 percent annually in the period of 1995-00. It is expected that the urban population, which was estimated to be 34.4 million in 1995, would reach 43.3 million at the end of 2000 constituting 66.4 percent of the total population. Hence, increasing urban population will be accompanied by investment needs in the fields such as education, health, drinking

water, sewerage, solid waste, and urban transportation.

151. As of 2000, total number of housing units in Turkey is estimated to be about 14.8 million, 10.2 million of which are placed in regions having population of 20000 and more.

152. Due to population growth, migration and rapid urbanisation, housing demand increases continuously, and since this requirement can not be met in a planned manner it is tried to be met by unlicensed construction.

153. As a result of the Marmara and Düzce earthquakes, which caused great casualties and material losses in 1999, 18.373 people have lost their lives and 48.901 were injured. 93.010 houses, 15.165 places of employment were either destroyed or highly damaged. 104.440 houses and 16.120 places of employment were damaged at a medium level, and 113.283 houses and 14.656 places of employment were slightly damaged.

154. With the external credits provided after the Marmara and Düzce earthquakes, housing and infrastructure construction works have started. Within this context, construction of a total of 41.468 prefabricated houses, were completed jointly programmed by the Ministry of Housing and Settlement projects and private sector grants. Construction of 36.000 permanent houses was programmed and an assistance program was prepared for those who build their own houses.

155. Within the period of 1996-99, the number of provinces rose from 79 to 81, number of districts from 847 to 850, the number of municipalities from 2.802 to

3.227. In the same period, the ratio of the population living within municipal boundaries to total population was estimated to rise from 76.4 percent to 79.5 percent.

156. Within the framework of the principles of integrity of administration and decentralisation, balance between service and resources could not be established among central and local administrations, and the problem of the lack of coordination could not be eliminated. Local administrations could not be strengthened as regards task, authority, responsibility and resource apportionment.

157. All the villages and smaller settlements in the rural areas were provided electricity and road services. As of 1999, in 75 percent of these settlements there was sufficient drinking water. 11 percent had healthy but insufficient drinking water whereas 14 percent had no healthy drinking water at all. There were sewerage systems in 7.5 percent of the villages.

158. Progress was witnessed in legislation and creation of institutional structure as regards solution of the environmental problems, and a National Environment Strategy and an Action Plan were prepared. Social awareness towards a clean environment is gradually increasing.

159. No progress could be recorded towards enabling a lasting and economic development while protecting human health and natural balance, ensuring management of natural resources, leaving a more healthy natural, physical and social environment for the future generations, in line with sustainable development approach. Integration of the environment policies with the economic and social policies could not be ensured.

CHAPTER TWO

BASIC TARGETS AND STRATEGY FOR LONG-TERM DEVELOPMENT (2001-2023)

160. 8th Plan was prepared in a period of radical economic and social changes in the world. In order to ensure that Turkey can benefit, at the highest level, from the opportunities to be aroused from this change experienced throughout the world, a long-term development strategy is necessary.

161. The basic target of the long-term strategy for the period of 2001-2023 is: in line with Atatürk's target to surpass the contemporary civilisation level, to make Turkey an influential global power in the 21st century attaining the highest level in culture and civilisation, manufacturing products at world standards, sharing the income equitably, securing human rights and responsibilities, realising supremacy of the law, participatory democracy, secularism, freedom of religion and conscience. Other targets of the strategy includes getting higher shares from the world production by ensuring transformation into an information society, raising quality of life of the society,

contributing to science and civilisation, and becoming influential as regards regional and global decisions.

162. It is the country's economic and social structure has to be transformed through restructuring of the state, while preserving the unitary structure, raising the level of education and health in the society, improving the income distribution, strengthening scientific and technological capacity, developing new technologies, enhancing effectiveness in infrastructure services and protecting the environment.

163. An export-oriented, technology-intensive production structure with an emphasis on generating a high value added, consistent with the international standards and which would activate local resources is targeted.

164. The Long-term Development Strategy extending to the year 2023, the centennial of the Republic, taking into

account the comprehensive and rapid change taking place throughout the world, will guide the economic and social transformations. Plans will play important roles to the realisation of the targeted transformations through harmonised and effective use of resources, and to meeting the country's needs.

165. Turkey's candidate membership to the European Union create an important opportunity for harmonisation with the international norms and standards and meeting the conditions required by the information society. EU membership will assist Turkey having a millennium of historical and cultural heritage, to put forth its true potential and share it with the world. Turkey, its geo-strategic position is capable of making substantial contributions to the regional and world peace and welfare through increasing the economic, social, political and cultural interaction within the region.

166. Turkey having a pivotal positions in the Eurasia whose the strategic and economic role shall progressively increase in the 21st century. This Region provides a serious opportunity for Turkey to put forth its true economic growth potential and become a global power in the near future. Turkey's close historical and cultural ties with the Turkish Republics, including the Turkish Republic of Northern Cyprus, are among one of the most important advantages for Turkey. Within this framework, Turkey has to take new initiatives towards the countries in this Region and reach new phases in already-existing cooperation relations with these countries.

167. Turkey shall rapidly establish an efficient transport infrastructure that would

also contribute to the Region's development in the near future. The pipelines that will transport crude oil and natural gas produced within the Region supply the world, shall along with meeting domestic requirements, will make Turkey one of the major energy distribution centres of the world.

168. Its young and dynamic population, development consciousness, entrepreneurship skills, an institutionalised market economy, industrial structure open to international competition, regional potential activated by the South Eastern Anatolia Project, intercontinental transport networks, natural resources, historical values and touristic potential assist Turkey to realise social transformations at the threshold of the 21st century.

169. In the case of Turkey's successful implementation of the structural reformations, it is expected that the average annual growth rate will be about 7 percent 2001-23, 30 percent of this growth will stem from total factor productivity and that per capita income which was \$ 3.200 in 1998 will converge on the level of the European Union countries in 2023. It is envisaged that Turkey will be among the top ten economies of the world at the end of this period with a GNP level of about \$ 1.9 trillion.

170. It is expected that shares of agriculture, industry and service sectors in total value added will be 5, 30 and 65 percent, respectively, in 2023. The basic change in the structure of employment is envisaged to be in the agriculture and service sectors, and the share of agriculture at the end of the period is expected to decrease to 10 percent.

171. In the long term, it is estimated that the population growth rate will slow

down to an average annual rate of 1.1 percent and after the year 2020 will fall below 1 percent. Long-term major concerns in the long-term include population's capacity to replenish itself and maintain its dynamic structure, and attainment of stability in population growth and fertility rate. Population distribution for 0-14, 15-64 and 65-over age groups, which were 31, 64 and 5 percent respectively, in 1999, is expected to be 23, 69 and 8 percent respectively, in 2023.

172. The share of urban population, which was 60 percent according to the 1997 census, is expected to reach 90 percent at the end of the period.

173. The enrolment rate is envisaged to reach 100 percent in primary and secondary education and 50 percent in higher education in 2023.

174. Significant reduction in the poverty by the year 2010 is targeted.

175. It is estimated that the share of total investment expenditures in GNP, which is expected to be about 22 percent in 2000, shall reach approximately 27 percent in 2023.

176. It is envisaged that the share of public investments in total investments, which is 30 percent in 2000, will decrease to approximately 10 percent by the end of the period.

177. Public investments are planned to be intensified in the fields of education, health and R&D during the 2001-23 period. While the shares of energy, transport and communication sectors investments shall maintain their existing levels until 2010 and gradually decrease afterwards.

178. The shares of education, health, communication and energy investments in total private sector investments are estimated to increase during the period, especially after 2010, while no significant change is anticipated for the share of manufacturing industry investments.

179. It will be essential for the markets and the state to complement each other in attaining social targets. Within this framework, regulating, monitoring and supervising functions of the state shall be improved, local administrations shall be strengthened and non-governmental organisations shall be supported in line with national priorities.

180. Protection, development and increasing dissemination of national culture shall be continued, while interaction, promotion and information flow at the global level shall be ensured.

181. It is aimed that Turkey will increase its impact as a regional power in the 2010s and become a global one in the 2020s as a result of its geo-strategic position, cultural heritage and the economic and social developments. Turkey has the potential to realise these targets with its existing background.

CHAPTER THREE

BASIC TARGETS, PRINCIPLES AND POLICIES OF THE 8th FIVE-YEAR DEVELOPMENT PLAN (2001-2005)

182. The 8th Plan period shall be a period in which life quality of the society will be improved, a continuous and stable growth process will start, basic transformations shall be realised within the process of European Union membership, integration with the world will be ensured and Turkey will attain a more powerful, influential and respectful role both global and regional.

183. With a view to realising an uninterrupted growth process, efforts shall be resolutely continued to bring down inflation to a stable single digit level through attainment of public sector balance and use of appropriate income policies. In order to meet the Maastricht criteria, necessary measures shall be taken for the realisation of institutional and structural reforms that would increase economic efficiency.

184. The European Union shall be one of the focal points in Turkey`s globalisation process. In line with the Helsinki Summit

decisions where the candidate status of Turkey for membership was approved, necessary steps shall be taken towards realisation of the membership target. During the Plan period, efforts shall be accelerated for taking measures for meeting the Copenhagen criteria and adoption of the Community legislation (Acquis Communautaire). The National Program for the Adaptation of the European Union Acquis to be prepared shall be in accordance with the general targets and priorities of the 8th Plan.

185. With a view to ensuring the high living standards deserved by people, emphasis shall be given to the improvement of income distribution and reduction of poverty and interregional disparities.

186. The aim of education is to raise persons of the information age, who are devoted to the principles and reforms of Atatürk, who have assumed democratic values, have embodied the national culture

but capable of interpreting different cultures, and having developed thinking, perception and problem solving. Through the improvement of the educational system, the need for qualified labour power necessary for economic development shall be met and competitiveness shall be acquired.

187. Health services shall be structured with the principles of equality and justice to meet the needs and expectations of society.

188. Arrangements shall be continued necessary for ensuring concentration of the state on its main functions, withdrawal from the field of production and through privatisation, and considering the transformations in the world.

189. Turkish industrialisation policy aims a flexible structure in which it will enhance technology, with an emphasis on R&D also meeting the environmental norms, respecting consumer health and preferences, activating local resources, utilising qualified labour power, implementing contemporary management and production methods for taking advantage of the globalisation with an ability to make original designs, create trade marks, and shift to knowledge- and technology-intensive fields.

190. Necessary measures shall be taken for a reliable and sustainable meeting of the energy demand at a low cost.

191. Turkey shall strengthen its multi-lateral and bilateral economic relations in order to increase its global and regional impact in a balanced manner.

192. To expand the use of knowledge through access to knowledge at national and

international levels, necessary legal and institutional arrangements shall be made and information and communication technology infrastructure shall be rapidly developed.

193. To enable the society utilise its potential efficiently towards development, living conditions shall be eased with the help of ensuring efficiency in public administration and judicial services consistent with the requirements of contemporary society.

194. The 8th Five-Year Development Plan shall be a fundamental instrument guiding the national efforts towards providing our people with the requirements of information society, in a period in which globalisation affects economic and social life to a great extent

CHAPTER FOUR

MACROECONOMIC POLICIES, OBJECTIVES AND PROJECTIONS OF 8th FIVE YEAR DEVELOPMENT PLAN

I. MACROECONOMIC POLICIES

195. Basic objectives of macroeconomic policies during the 8th Plan period shall be to reducing inflation to the levels to be in harmony with the EU criteria, providing a sustainable growth environment and enhance its competitiveness and adaptive capability in economy along with the ultimate objective of EU membership.

196. Within these basic objectives, implementation of the fiscal policy shall be carried out so as to reduce public sector deficits persistently and to provide public sector debt stock turnover run within a sustainable structure.

197. Monetary and exchange rate policy shall be implemented in a framework to bring down inflation and give economic units a long- term perspective.

198. Income policy shall be carried out in a manner consistent with the objectives of increasing production and employment and of providing price stability, by taking into account the productivity.

199. In order to ensure continuous macroeconomic stability and an efficient, elastic and productive economic structure, structural reforms will be put into action soon. Within this framework, structural reforms with larger scope on the issues of agricultural subsidy, social security, public fiscal management and transparency, tax policy, control and supervision of banking system shall be put into implementation urgently.

1. FISCAL POLICY

200. Main objective of fiscal policy will be reducing public deficits in a persistent manner and ensuring the transition into a sustainable financing structure. Within this

framework, public expenditure, incomes and debt management policies shall be pursued consistently and efficiently.

201. Public expenditures, already placed in the field of public works and those expenditures that are to be associated with the budget according to their quality of the service shall be included in the budget.

202. For the purpose of increasing efficiency in public decision making process, to be established among policy formulation, planning and budgeting shall be ensured by preparing budgets, based on medium term expenditure perspective. Legal framework for budgeting shall be rearranged and such modern budgetary systems, as institutional and functional mechanisms shall be introduced to the system.

203. Mechanisms to extend fiscal transparency, which is an essential instrument in obtaining basic budgetary goals such as ensuring fiscal discipline, and, distribution and effective use of resources according to strategic priority, shall be developed. Accordingly, priority shall be given to set up the standards for accounting and fiscal reporting, and their introduction to the system. For assuring fiscal discipline public expenditure reform shall be realised.

204. In the process of providing public services political and administrative authorities and competencies shall be distinctly defined and the accountability shall be developed accordingly.

205. By strengthening the mechanisms providing the auditing system work independently, current legal arrangements and the structure restricts monitoring shall be eliminated.

206. Performance auditing shall be used as one of the basic tools to measure effectiveness.

207. Increase in public spending shall be kept under control and importance shall be attached to the establishment of close service-cost relation and sectoral priorities in resource allocation.

208. Tax system shall be made simple and perceivable; sufficient and efficient documentation and auto control mechanisms shall be introduced; tax losses and evasions shall be reduced; broadening of taxable basis shall be provided. Full automation project shall be attached importance and be completed rapidly with a view to consolidating administrative power in implementation and tax supervision.

209. Without prejudice to the collection of tax at source, unitary taxation shall be given emphasis, taking into consideration the principles of individuality of income tax and of taxation according to financial power.

210. Tax concessions like exemptions, allowances and deductions shall be rearranged in line with the economic and social policies pursued. The accounts of tax concessions shall be reported in detail within the scope of budget.

211. Expectations for any tax release shall be avoided through arrangements to this end.

212. Certain taxes and fees related to services provided by local authorities shall be transferred to these authorities.

213. Public debts shall regularly be reported and public debt stock shall be made transparent. For the purpose of

ensuring discipline envisaged in public fiscal system, a public borrowing program containing principles and limitations shall be published in the annex of the budget. Maastricht criteria shall be taken into account in the determination of principles and limitations concerning public borrowing.

214. Budgetary funds shall be totally abolished, non-budgetary funds not operating in line with the purpose of their establishment shall be eliminated and additional financial burden shall not be brought to these funds. Within this scope, no more funds shall be assigned. Efficient control of operating non-budgetary funds shall be provided.

215. The discrete accounts and services of pension and health insurance shall be provided. Efforts shall be given to the privatisation of health insurance and health services.

216. An efficient fund management policy shall be implemented in order to increase social security institutions' revenue. Within this scope, necessary measures shall be taken on profitable utilisation of the real estates of the Pension Fund. To this end, such tolls asset renting and investment fund shall be utilised.

217. In order to control health expenditures, effectiveness of sanctions towards those conducting improper actions shall be increased.

218. Activities of social security institutions other than insurance shall be abolished.

219. Incomes, which are not subject to premium by the Pension Fund, shall be made subject to premium.

2. MONETARY, EXCHANGE AND FISCAL SYSTEM POLICIES

220. In the 8th Plan Period monetary policy shall be implemented in a way to adjust inflation to European Monetary Union criteria and ensure to price stability.

221. For the first 18 months, forex policy shall be the crawling peg which depends on the daily announcement of the rate with a reference to targeted inflation rate, and for the second-18-month-period starting from July, 2001 the Turkish Lira will be gradually allowed to float that lead a more flexible net domestic asset policy. From the year 2003, monetary policy shall be implemented in line with the target of sustaining price stability while foreign exchange rates develop within a flexible framework.

222. In financial system necessary environment shall be set up for an effective distribution of resources and provide financial institutions with a more competitive and effective structure. To this end, efforts shall be made for providing transparency and efficiency in financial system, public banks shall be given autonomy while removing their structural problems and public sector shall gradually be withdrawn from banking sector. Moreover, in order to approximate fund costs to international levels, legal obligations like reserve ratio on deposits, minimum reserve requirements and Resource Utilisation Support Fund shall be revised.

223. Investment instruments shall be brought to an unbiased situation in terms of taxation.

224. The financial system shall be harmonised with EU norms.

225. In order to prevent gaps to be arisen from the fields of duty of separate regulatory institutions developed in the structure of fiscal system and provide homogeneity of implementations on effectiveness and transparency of financial markets, a Fiscal System Higher Regulatory and Control Board shall be formed. Arrangements shall be made to ensure that the said institution, which collected autonomous regulatory and controlling boards acting in fiscal system under one roof at the final stage, will be responsible to the parliament on its activities and will inform the public and organisations in the whole sector.

226. In the 8th Plan Period, in which transparency will be given priority, investors will be able to take decisions by taking a wider data set into consideration, grading institutions shall be operated and the scope of deposit insurance shall be constricted in an environment in which information on riskiness is available and accessible to everyone.

227. Accountancy Standards Board formed by the Law No. 4487 concerning the provision of transparency in financial markets shall be made effective. To this end, a uniform financial table and reporting standards to be benefited by all enterprises and all parties shall be formed.

228. For continuous surveillance and control of regulatory and control authorities, risk management and internal control systems consistent with requirements of institutions acting in financial system shall be established.

229. With the aim of strengthening capital structures of intermediary institutions

in financial markets, mergers and take-overs shall be supported.

230. In order to prevent systematic risks in banking sector, Banking Regulatory and Control Board shall take necessary measures, shall ensure transparency of the system and of its working consistent with international criteria.

231. Necessary arrangements shall be made to provide transactions in the banking sector be made by means of technological infrastructures and cards. The power given to the Ministry of Finance by the Law on Tax Procedures regarding taxpayers to make their payments through financial system shall be used.

232. Listing of the capital market instruments shall be strictly implemented.

233. While improving the capital market in terms of supply, measures shall be taken to deepen in these markets by means of institutional investors.

234. Regarding the protection of the rights of minority shares for spreading of ownership, Accumulated Voting System implementation shall be developed.

235. Issues of manipulation and insider trading distorting competition in the financial markets shall be given emphasis and studies shall be initiated to establish specialisation courts in this field.

236. For providing insurance sector a fund creating structure, private retirement insurances shall be improved; the present tax legislation in the field of life insurance and state aids in the form of tax concessions will be revised.

237. Loopholes of legislation on regulating and controlling of insurance sector shall be removed and transparency shall be ensured in placement of funds to realise secure investments.

238. Obligatory insurance implementations shall be extended.

3. SEEs AND PRIVATISATION POLICIES

239. Direct state intervention into the economy shall be reduced in the scope of privatisation policies, principles of efficiency and productivity shall ensured in services of public nature. Enterprises other than those to be privatised shall be restructured so as to carry out their activities autonomously.

240. Privatisation strategy shall be based on public support, reconciliation and transparent of process.

241. In order to attain the targets expected from privatisation, transportation-communication and energy sectors in which public capital is dominant shall be liberalised and arrangements shall continue for ensuring private sector participation. Financing models as built-operate-transfer, built-operate and operating right of transfer shall be revised and implementations of these models distorting competition shall be prevented. In sectors opened for participation of private sector such as communications and energy, all structural arrangements, mainly protecting the rights and interests of consumers and establishing competition, shall be provided through autonomous regulatory boards.

242. Spreading of capital ownership in implementation of privatisation shall be ensured through capital markets.

4. INVESTMENT POLICIES

a) Public Investments

243. High interest rates arising from persistent public deficits that increased borrowing requirements caused by public deficit affected investments adversely.

244. The massive volume of the project portfolio, rationed resources allocation, lack of compliance to technical, economic and social criteria and priorities in project selection, and prolongation in important projects prevail to be the main problems regarding public investments.

245. In 8th Plan Period, main consideration is to direct public and private sector resources into rational and complementary investment areas. In line with this policy, public sector investments will be intensified mainly on economic and social infrastructure fields. Private sector shall be encouraged to carry on its activities while increasingly investing in areas where public sector withdrawn. It is of great importance that private sector give emphasis to investments towards attaining productive power to create high value added, enhancing competitiveness of the economy, increasing employment, productivity and exports and development and/or transfer of appropriate technologies.

246. Public investments shall be materialised within the framework of the role of state in the economy and the priorities to be determined. Existing project portfolio shall be revised with respect to the economic and social feasibility criteria. Through a more comprehensive and effective project cycle management, a more efficient use of public resources and

enhanced discipline in implementation of public projects shall be attained.

247. Public investments in education, health, energy, irrigation, technology and urban infrastructure as well as transportation to overcome imbalances in its sub-sectors shall be given priority by taking regional development strategies into account.

248. Priorities of master plans shall be determinative in project planning and implementations in important public sectors.

249. In determination of public investment appropriations, emphasis shall be given to the projects already included in Investment Program for which foreign financing was provided, significant progressed has been recorded in the implementation, linked to and/or concurrently implemented with other projects and those that can be completed and partaken in the economy within the Plan period, within the framework of sectoral priorities. Moreover, efforts shall be made to finalise projects to recover earthquake damages of 1999 and 2000 in the first two years of the Plan period.

250. The issue of optimal size of public investment portfolio shall be influential on the inclusion of new projects in the investment program. Utmost attention shall be paid to the formation of technically, financially, economically, socially and environmentally feasible project portfolio.

251. Investment programs of enterprises to be privatised shall be consistent with privatisation policies implemented.

252. In provision of infrastructure services, implementation of built-operate-transfer and similar models shall be made effective while developing new financing models by taking into account the principles of public interest and efficiency.

253. Participation mechanisms shall be developed for major projects that are of interest to the majority of the society.

254. In line with the aim of transition to information society, production and extension of information shall be supported on the issue of investment areas.

b) State Aids in Investments

255. In 7th Plan Period, a decrease was observed in investments with incentive certificate. The number and the total value of incentive certificates issued in 1995, 1996, 1997, 1998 and 1999 were realised as 4.955 certificates corresponding to 48.9 billion dollars, 5.023 certificates corresponding to 24.6 billion dollars, 5.144 certificates corresponding to 21.5 billion dollars, 4291 certificates corresponding to 15.4 billion dollars and 2.967 certificates corresponding to 11.2 billion dollars, respectively. In sectoral basis, in the period of 1995-99, while the share of manufacturing industry in total investment value of incentive certificates given fell from 87.6 percent to 43.4 percent, the share of investments in energy, tourism, transportation and other services sectors increased. Excessively increasing investment trend in 1995, observed mainly in textile sector due to the preparation for Customs Union, was responsible for the decrease in the share of manufacturing sector. During this period, the share of new investments in total incentive certificates has maintained its 70-80 percent level, while the share of

capacity expansion and modernisation investments regarding incentive certificates increased.

256. In 7th Plan period, additional support was provided for SMEs, investments in the State of Emergency Regions, Development Priority Regions and also for very large- scale industrial investments. Financial resources allocated for incentives were put into budget, however, problems such as the insufficiency of resources, frequent changes in the legislation, excessive bureaucratic procedures and lack of coordination among institutions providing the state aids maintained their significance.

257. Main objective of investment incentive policies is to ensure integration with the world, to transform into the information society and to encourage foreign investments. To this end, investments and activities towards information technologies and mainly software, R&D and development of technology, projects carried out through Built-Operate-Transfer and similar models, protection of environment, improving small and medium size enterprises, provision of qualified labour, creating employment, acquiring foreign exchange, reducing regional disparities shall be supported.

258. In supporting investments, the main objectives shall be adapting to changing domestic and foreign market conditions, utilisation of more effective instruments, reduction of bureaucracy, establishing transparency, generality and impartiality while taking EU implementations into account.

259. In order to reduce the bureaucracy; amendments shall be made in financial legislation and incentive system to

enable the exemption of small size- projects from incentive certificate requirements. Moreover, in order to reduce the bureaucracy further and helping investors, certain procedures concerning investment incentive certificates shall be carried out in the provinces of the investment.

260. Region and area classification, which complicated the implementation of state aids, shall be re-defined to increase the effectiveness of the supports provided.

261. A map of distribution of industry shall be prepared. Investments integrated to other projects and projects contributing to regional development shall be supported.

262. Follow- up, control and assessment mechanisms shall be made effective in order to measure efficiency of supports provided by state aids and to monitor allocations in line with their purposes.

263. "Legislation on State Aids", which is complicated and numerous shall be made simple, understandable, and in form of a single framework decision. In connection with this, in order to simplify and make effective the investment incentive system, necessary amendments in existing legislation shall be made as soon as possible.

5. FOREIGN TRADE POLICIES AND BALANCE OF PAYMENTS

264. For the aim of realising continuous increase in export, importance shall be given to increasing competitive power and to realise a structural transformation in export structure in line with the trends in world trade.

265. For making new strides in export, policies ensuring transition in industrial structure producing consumer products and products based on the utilisation of intensive raw materials and labour into information and technology intensive industrial structure and increasing market share by creating new technologies in export shall be given importance.

266. Efficient use of subventions for R&D, protection of environment and regional development envisaged in the agreements of harmonisation to the EU and of the World Trade Organisation, to be applied within both transition process flexibility and the scope of subventions which are not prohibited.

267. Financing of export shall be supported, by providing sufficient resources into the credit, guarantee and insurance mechanisms of Eximbank. Moreover, Eximbank credits shall increasingly be allocated to export insurances, project credits and financing of projects abroad. Required studies and arrangements shall be made for domestic sales and deliveries, which are regarded as export, to benefit Eximbank credits.

268. In terms of supporting exports and direct investments abroad, a structure shall be formed to take the politic and other risks within the scope of guarantee and insurance programs, and for supporting the investments abroad through borrowing and borrowing guarantee.

269. Encouragement of Sectoral Foreign Trade Companies Model shall be continued in order to adjust SEEs into dense competition conditions in international markets and alleviate shortcomings concerning international marketing,

promotion and commercial information. Moreover, necessary counselling and support services shall be provided towards constituting marketing and export units within the organisational structure of SEEs.

270. In the implementations within the scope of Internal Processing Regime, by giving priority to the country resources, domestic stock shall be used. As a result of the operation of the GAP (Southeastern Anatolian Project) in particular, resulting production increase shall be channelled into unprocessed or processed exportable commodities.

271. In order to accrue the expected benefit from regional integrations other than the EU a Preferential Tariff Regime shall be formed in the first place. Efforts shall be made to develop commercial relations with Caucasia, Central Asia and the Middle East countries.

272. In order to make Free Trade Zones work more efficiently, sectoral grouping shall contain (shall be encouraged to contain) high technology and promotion activities shall be increased.

273. Priority shall be given to more efficient operation of existing free trade zones in full capacity and their possibilities of infrastructure and substructure shall be improved.

274. Up-to-date data on the basis of country, sector and product shall be formed, activities of market survey shall be arranged, data base on international trade and competition rules shall be constituted within the body of related institutions and exporters shall be provided to have easy access to these data.

275. Frequent changes encountered on the scope of support and aid for export and their methods of implementation shall be minimised. Problems of export-led producers concerning planning and payments shall be removed (alleviated).

276. By taking into consideration its increasing importance in the world, widespread use of electronic trade shall be accelerated within the country.

277. For the production of speedy and healthy data in line with the requirements of the information age and for reducing bureaucratic procedures, exporter unions dealing with foreign trade and data production shall be included in existing Project of Modernisation of Customs.

278. Arrangements consistent with international standards shall be continued to be implemented effectively to ensure that imports do not cause unfair competition, in line with the standards and health conditions of the country and do not harm the environment. New arrangements and amendments shall be made when required.

279. Efforts shall be made to provide necessary counselling services and technical assistance from related institutions searching unfair competition in imports.

280. In order to monitor and implement imports more effectively within the Internal Processing Regime, the permission given within the regime of internal processing shall be registered by coding at customs gates.

281. It shall be ensured that imports of border trade do not cause unfair competition beyond the needs of the province and the regions of border trade.

282. Importance shall be given to the contribution of direct foreign direct investments to production and technological capacity and competitiveness of the country. Export-led projects with a high value added shall be encouraged.

283. Legislation concerning foreign direct investments shall be harmonised with EU norms.

284. Laws regulating working rights of foreigners in Turkey and areas regarding property ownership of foreign investors shall be rearranged to meet the requirements of the day.

285. Conventions related to foreign direct investments signed by Turkey will be made operational.

286. Effective promotion campaigns shall be organised to channel foreign direct investments requiring high technology towards the fields of production.

II. MACROECONOMIC FORECASTS

1. INTRODUCTION

287. Economic crisis experienced in the South Eastern Asian countries during the second half of 1997 and Russian crisis in the following year, caused deficiency of foreign sources in Turkey, and caused more inclination towards domestic markets in public borrowing. Due to increasing domestic debt, interest payments of domestic debts have become one of the largest items in the budget. Indicatory feature of primary budget balance consisting of public income and non-interest expenditures in terms of public finance performance has fallen to the lowest. In 1998, the slowing economy, due to the

macroeconomic stability program, put into implementation with the aim of ensuring a sustainable balance in public sector, and (due to) insufficient foreign demand, has contracted by 6.4 percent in 1999, with further adverse effects of Marmara and Bolu-Düzce earthquakes.

288. As a result of these developments, a 3-Year Macroeconomic Program, backed by IMF Stand -By Agreement, covering 2000-02 period, was put into implementation with the aim of achieving economic stability again. The Program aims basically at reducing inflation to single digits by the end of 2000, through "pegged exchange rate policy". Within this context, it is estimated that annual growth rate of Wholesale Prices Index will fall into 20 percent as of the end of 2000, 10 percent by the end of 2001 and 5 percent by the end of 2002. Moreover, it was aimed that economic growth will be realised at about the level of 5 percent and public sector balance shall be given a sustainable structure again through envisaged structural reforms. Within this framework, it is planned that, outstanding domestic debt and interest burden on public sector will be reduced through foreign resources and privatisation revenues. Thus, utilisation (term structure) of domestic borrowing is expected to shift from short term to long term and real interests will also fall down. Program for reducing inflation is backed by incomes policy and tight fiscal policy consistent with inflation target.

289. In 2001-02 period of 8th Plan, macroeconomic stability shall be ensured. In 2003-05 period, where structural reforms shall continue, public income and expenditures shall be planned for the medium term, necessary policies shall be implemented in order to keep inflation at

single digits and growth shall be given a sustainable structure.

2. NATIONAL INCOME PROJECTIONS

290. In 8TH Plan period, it is estimated that the GDP will grow annually by 6.5 percent and the GNP will grow by 6.7 percent on average. As of sectors, it is estimated that annual average growth rate of the value added will be 2.1 percent in agriculture, 7 percent in industry and 7.5 percent in services. Accordingly, it is expected that, at the end of the Plan period, the share of agriculture in GDP will fall from 17.2 percent to 14.4 percent, while the share of industry will rise from 23.3 percent to 23.8 percent and the share of services from 59.5 percent to 62.2 percent.

291. In the plan period, the highest marginal contribution to the growth of GNP, is estimated to come from envisaged Total Factor Productivity (TFP). TFP increase is the part of production increase, which can not be explained by the changes in traditional factors of production like capital, labour. The main indicators of TFP, which is an important phenomenon in terms of sustainable growth are, education, R&D expenditures, foreign direct investments, outward orientation, organisational structure and infrastructure investments. It is expected that the contribution of TFP to growth in Turkish economy, which was about 15 percent annually in the last thirty year period and exceeding 20 percent level in recent years, will rise to 30 percent during the Plan period. In the Plan period, directing public sources to education, health, R&D, communication and energy investments will provide TFP increase by an increasing scale.

TABLE: 1- Development of Value Added by Main Sectors
(at 1998 Prices, Trillion TL.)

Sectors	2000(1)		2001-2005	2005
	Value Added	Share in GNP (%)	Average Annual Change (%)	Share in GNP (%)
1. Agriculture	9001,5	17,2	2,1	14,0
2. Industry	12178,8	23,3	7,0	23,8
3. Services	31090,1	59,5	7,5	62,2
GDP(at Factor Prices)	52270,5	100,0	6,5	100,0
N.F.I. From Abroad	587,4	1,1	-	2,2
GNP(at Factor Prices)	52857,9	101,1	6,7	102,2

(1) Estimation
Estimates and forecasts have been obtained through DPT MAKROM (SPO Macroeconomic Model)

TABLE: 2- Sectoral Developments in Production
(at 1998 Prices)

Sectors	2000 (1)	2001- 2005	2005
	Sectoral Shares (%)	Average Annual Increase (%)	Sectoral Shares (%)
Agriculture	14,8	3,8	13,9
Industry	34,2	4,4	33,0
Services	51,0	6,0	53,1
Total	100,0	5,2	100,0

(1) Estimation
Estimates and forecasts have been obtained through DPT MAKROM (SPO Macroeconomic Model) and from Input-Output Table.

292. In the Plan period, a significant increase was envisaged in capital stock and employment, which are traditional indicators of growth as regards production related growth. Due to the increase expected in public and private sector investments, it is predicted that the increase of total fixed capital investments will be about 7.1 percent annually. It will be ensured that employment structure shall be changed in favour of non-agricultural sectors, labour market shall be

made more effective and the contribution of qualified labour to growth shall be increased in line with the requirements of information age.

293. Falling trend of population growth rate is estimated to continue in the Plan period. In 2005, it is expected that GNP per capita, which is currently 3000 dollars in 2000, will rise to about 4.300 dollars.

3. DEMAND COMPONENTS OF GROWTH

294. During the implementation period of Macroeconomic Program (2000-02), it is expected that annual average GNP growth will be 6.3 percent. In the 8th Plan period, annual average GDP growth will be 6.5 percent in real terms and annual average GNP growth, with the effects of positive developments envisaged in N.F.I from abroad, will be 6.7 percent.

295. In the 8th Plan period, it is estimated that annual increase of total fixed capital investments in real terms will be 7.1 percent due to decreasing real interest

rates, at a large extent and its share in current GNP will realise as 21.5 percent as of 2005.

296. Average annual growth of public sectors fixed investments was planned as 8 percent in the Plan period. This ratio is estimated to be 6.5 percent for private fixed investments. The increase foreseen in private fixed investments originates particularly in machinery and equipment.

297. The ratio of private disposable income to GNP is expected to fall from 95.5 percent (the share of public sector disposable income in GNP is 4.5 percent, Table: 8) in 2000 to 83 percent (Table: 8) at the end of the Plan period with the reduction of transfers made from public sector to private sector which is largely due to significant decline in the ratio of interest payments on domestic borrowing to GNP. However, as a result of declining private sector savings, the average private consumption is not expected to show a significant change in the Plan period.

298. In 2000-2005 period, it is predicted that the ratio of private consumption expenditures to current GNP will fall from 68 percent to 66.4 percent and that for the ratio of public consumption expenditures will rise from 14 percent to 15 percent.

299. Under the assumption of favourable foreign demand conditions, increasing tourism income and implementation of policies to limit increase of consumption in the first two years of the Plan period, annual average of total exports of goods and services is estimated to increase by 8.4 percent. Whereas, imports of goods and services on the other hand is expected to increase 8.2 percent in the same period annually.

TABLE: 3- Percentage Increase in GNP by Expenditures

(at 1998 Prices, Trillion TL.)

	2000 (1)	2001-2005 Annual Average % Increase
Total Consumption Expenditures	43004,8	6,5
Private Sector Consumption Expenditures	36038,3	6,3
Private Sector Durable Consumer Goods Expenditures	11931,8	6,6
Private Sector Non-durable Consumer Goods Expenditures	24106,5	6,2
Public Sector Consumption Expenditures	6966,5	7,6
Total Investment Expenditures	12096,5	6,7
Fixed Capital Investments	11826,4	7,1
Private Sector	8140,8	6,5
Private Sector Machinery-Equipment Investments	4013,1	7,4
Private Sector Housing Investments	3055,1	5,5
Private Sector Investments for Buildings other than Housing Purposes	1072,6	6,0
Public Sector	3685,6	8,5
Change in Stocks	270,1	-
Exports of Goods and Services	12776,5	8,4
Imports of Goods and Services	15607,3	8,2
GDP	52270,5	6,5
N.F.I. FROM ABROAD	587,4	-
GNP	52857,9	6,7

Source: DİE (SIS)

(1) Estimation

Estimates and forecasts have been obtained through DPT MAKROM (SPO Macroeconomic Model)

TABLE: 4- Percentage Distribution of GNP by Expenditures		
(At Current Prices)		
	2000 (1)	2005
Total Consumption Expenditures	82,0	81,5
Private Sector Consumption Expenditures	68,0	66,4
Private Sector Durable Consumer Goods Expenditures	28,7	28,5
Private Sector Non-durable Consumer Goods Expenditures	39,3	38,0
Public Sector Consumption Expenditures	14,0	15,0
Total Investment Expenditures	22,0	21,5
Fixed Capital Investments	21,6	21,5
Private Sector	14,6	14,3
Private Sector Machinery-Equipment Investments	8,3	8,4
Private Sector Housing Investments	4,8	4,5
Private Sector Investments for Buildings other than Housing Purposes	1,5	1,4
Public Sector	7,0	7,2
Change in Stocks	0,5	0,0
Exports of Goods and Services	23,0	24,8
Imports of Goods and Services	28,2	29,8
GDP	98,9	98,0
N.F.I. FROM ABROAD	1,1	2,0
GNP	100,0	100,0
(1) Estimation Estimates and forecasts have been obtained through DPT MAKROM (SPO Macroeconomic Model)		

4. INVESTMENTS AND SAVINGS

300. It is predicted that the ratio of real public disposable income to GNP will rise from 4.5 percent in 2000 to 17.1 percent in 2005 contingent on the declining in interest expenditures in the Plan period. On the other hand, due to the conjuncture effects of the increasing in public interest expenditures on private disposable income,

it is expected that the ratio of private disposable income to GNP will decline from 95.5 percent to 83 percent in 2005.

301. In the Plan period, fixed capital investments will be realised at the level of TL 73 quadrillion at 1998 prices. It was expected that almost TL 50 quadrillion of this amount will be realised by private sector and TL 23 quadrillion by public sector.

302. Realisation of growth target expected in the plan period depends largely on the increase envisaged in total factor productivity (TFP) which is related to the efficient utilisation of public resources in such a way to increase TFP. In this framework, public investment expenditures will be concentrated on education, energy and health sectors. Public sectors' index of real fixed capital investment assumed as 100 in 7th Plan period is targeted to rise to 243.6 in education, 241.5 in energy and 181.4 in health sector in 8th Plan period.

303. Similarly, private sectors' index of real fixed capital investment, assumed as 100 in 7th Plan period, is targeted to rise in 8th Plan period to 223.5 in education, 117.4 in energy and 108.3 in health service. The corresponding index values for the manufacturing sector is estimated to fall to 95.5 and reach 185.3 and 115.8 levels in tourism and housing sectors, respectively.

304. The ratio of research expenditures of universities to total public fixed capital investments, essential for the envisaged TFP increase, is aimed to reach 1.8 percent at the end of the Plan period with an annual growth of 74.3 percent.

TABLE: 5- Fixed Capital Investments by Sectors

(At 1998 Prices, TL.)

	7 th Plan Period (1)			8 th Plan Period			8 th Plan Period Index 7 th Plan Period=100		
	Public	Private	Total	Public (2)	Private	Total	Public	Private	Total
Agriculture	1451,5	1990,0	3441,5	1744,4	1666,5	3410,9	120,2	83,7	99,1
Mining	244,8	572,8	817,6	325,1	399,8	724,9	132,8	69,8	88,7
Manufacturing	532,8	10613,9	11146,7	618,8	10136,8	10755,6	116,1	95,5	96,5
Energy	2242,6	1322,7	3565,2	5416,6	1552,2	6968,8	241,5	117,4	195,5
Transportations-Communication	5421,9	8717,1	14138,9	6340,4	7942,8	14283,2	116,9	91,1	101,0
Tourism	100,9	1690,7	1791,6	93,8	3133,1	3226,9	92,9	185,3	180,1
Housing	307,1	18423,3	18730,3	22,6	21328,1	21350,6	7,3	115,8	114,0
Education	1808,5	563,7	2372,2	4405,5	1259,9	5665,4	243,6	223,5	238,8
Health	706,5	1289,1	1995,6	1281,4	1395,9	2677,3	181,4	108,3	134,2
Other Services	3081,0	1912,6	4993,5	3244,0	643,8	3887,9	105,3	33,7	77,9
Total	15897,5	47095,8	62993,2	23492,6	49458,9	72951,5	147,8	105,0	115,8

(1) In 7th Plan period, the year 2000 has been taken as program estimation.
(2) In order to compare 7th and 8th Plan Fixed Capital Investments, Investment Workmanship in Public Investments and Investments of Local Administrations have been distributed proportionally.

TABLE: 6- Fixed Capital Investments by Sectors

	2000 (At 1998 Prices Trillion TL.)			2000-2005 Annual Average Change (%)			2001-2005 Period Sectoral Distribution (Current Prices, %)		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
Agriculture	179,1	275,7	454,8	11,5	5,8	8,2	5,3	3,2	3,9
Mining	41,1	99,1	140,2	0,2	-9,4	-6,2	1,1	0,8	0,9
Manufacturing	143,1	1504,1	1647,2	-19,8	10,2	8,7	1,8	20,4	14,3
Energy	542,1	187,6	729,6	10,5	16,4	12,1	18,0	2,9	7,8
Transportations-Communication	791,0	1138,8	1929,8	5,6	11,2	9,1	20,3	16,7	17,9
Tourism	12,2	417,9	430,1	2,3	12,9	12,7	0,2	6,8	4,6
Housing	29,4	3838,5	3867,8	-35,8	2,9	2,8	0,1	42,5	28,8
Education	422,7	122,8	545,5	14,6	23,5	16,9	15,0	2,6	6,6
Health	132,2	211,5	343,7	11,0	9,1	9,8	5,4	2,9	3,7
Other Services	370,9	344,8	715,7	10,2	-27,1	-1,2	6,5	1,3	3,0
Investment Workmanship	310,0	-	310,0	5,3	-	5,3	5,2	-	1,7
Local Administrations	877,0	-	877,0	5,3	-	5,3	21,0	-	6,8
Total	3850,8	8140,8	11991,5	7,5	6,5	6,8	100,0	100,0	100,0

305. In the Plan period, domestic savings rate in 1998 prices as to 2000 will not exhibit a significant change and an average of 17 percent level is expected to realise. However, it is estimated that the private savings ratio (private savings/private disposable income) will decline by an average of 8 points and the public savings ratio (public savings/public disposable income) will become positive as of 2002 and reach 16 percent in 2005.

5. BALANCE OF PAYMENTS

306. In 8th Plan period, with an annual average growth rate of 11 percent exports in current prices (FOB) are expected to amount to US \$ 46.5 billion as of the year 2005. In the same period, It is estimated that imports (CIF) will grow and increase to US \$ 79 billions at an annual rate of 10 percent in current prices by the end of 2005. Accordingly, the ratio of exports to imports will be 63 percent at the end of the Plan period.

307. As a result of the studies undertaken in order to fully utilise Turkey's tourism potential, tourism incomes are expected to increase throughout the Plan period. Tourism income is estimated to realise as US \$ 7.2 billion in the year 2000 and is expected to reach US \$ 11.6 billions in 2005.

308. In line with the expected increase in foreign resource utilisation within the framework of Macroeconomic Program, the interest payments on foreign debt will increase in the Plan period. The interest payments on foreign debt will be realised as approximately US \$ 6.9 billions in 2000 and expected to increase to US \$ 7.3 billions in 2005.

309. The ratio of foreign trade deficit to GNP expected to fall to 5.6 percent in 2000 is predicted to fall to 5 percent in the year 2005.

TABLE: 7-Balance of Payments

(At Current Prices, Million Dollars)

	2000(1)	2005
Merchandise Exports (Fob)	30730	48765
Export (Fob)	27597	46529
Trunk Trade	2650	1396
Transit Trade	483	840
Merchandise Imports (Fob)	47409	77372
Imports (Cif)	48516	79161
Gold (Cif)	1275	2071
Transit Trade	525	887
Import Insurance and Freight	2907	4746
Trade Balance	-16679	-28607
Other Goods, Services and Income(Credit)	23048	38500
Travel	7200	11627
Interest	2432	4097
Other	13416	22776
Other Goods, Services and Income (Debit)	17018	25009
Travel	1850	3690
Interest	6915	7256
Other	8253	14063
Other Goods, Services and Income	6030	13491
Total Goods, Services and Income	-10649	-15116
Workers' Remittances (Private)	4900	6440
Other	800	1000
Current Account Balance	-4949	-7675
Capital Movements (Excluding Reserves)	8091	11450
Direct Investment (Net)	2250	2650
Portfolio Investment Short-Long		
Term Capital Movements	5841	8800
Total Change in Reserves	-3142	-3775
(1) Estimation		
Estimates and forecasts have been obtained through DPT MAKROM (SPO Macroeconomic Model)		

310. Current account deficit, which is expected to be approximately US \$ 4.9 billions in 2000, is estimated to rise to US \$ 7.7 billions in 2005. However, the ratio of current account deficit to GNP will be 2.5 percent in 2005 maintaining its base year value.

311. With the effects of Macroeconomic Program and economic improvements, foreign direct investments are expected to reach US \$ 2.7 billions in 2005. In the Plan period, it is estimated that portfolio investments and other long and short-term capital flows will increase and reach US \$ 8.8 billions in 2005.

6. PUBLIC FINANCE

312. With the establishments of Macro economic balances, the opportunities for Turkish economy to utilise foreign resources will increase.

313. Primary surplus was used to balance public sector deficits, which become unsustainable due to high interest payments since 1994. Consequently it prevented the determination and implementation of medium-term public expenditures policies within the framework of productivity.

314. Public sector net foreign debt utilisation and privatisation revenues are crucial for making the structure of public sector balance sustainable. Due to the expected rapid fall in inflation rate in the first two years of the Plan, real interests rates realised will stay at the high levels. During 2000-02 period, the impact of domestic debt stock will keep its importance, even diminishing gradually, on the determination of market interest rates.

315. The ratio of public tax revenues to GNP is expected to fall by 0.5 percent at the end of the Plan period by the year 2000, after removal of the additional taxes and parafiscal instruments levied to alleviate impacts of the earthquakes. Factor incomes is expected to decrease in accordance with the privatisation program and the ratio of social security transfer expenditures to GNP will decline from 2.5 percent in 2000 to 1.7 percent at the end of the Plan period. The ratio of privatisation revenues to GNP, which is expected to realise as 1.7 percent at the end of the first two-year period, will gradually decrease and realise as 0.1 percent at the end of the Plan period

316. Within this framework, public sector balance and financing will be in compliance with Maastricht criteria, which is an important stage in the process of EU membership in 2005 and total public sector borrowing requirement will realise as 3.0 percent. It was foreseen that the ratio of primary budget surplus to GNP will be realised as 0.3 percent and that of privatisation revenues as 0.4 percent.

TABLE: 8- General Public Sector Balance				
(At Current Prices, Trillion TL.)				
	2000 (1)		2005	
	Total Public	Share in GNP (%)	Total Public	Share in GNP (%)
TAXES	27.966	22,7	53.046	22,2
Direct	10.992	8,9	21.482	9,0
Indirect	16.974	13,8	31.564	13,2
NON-TAX REVENUES	2.127	1,7	3.074	1,3
FACTOR INCOME	4.844	3,9	6.728	2,8
SOCIAL FUNDS	-3.128	-2,5	-4.102	-1,7
CURRENT TRANSFERS	-26.221	-21,3	-17.908	-7,5
Public Sector Disposable Income	5.588	4,5	40.837	17,1
Current Expenditures	-15.676	-12,7	-31.595	-13,2
Public Sector Savings	-10.088	-8,2	9.243	3,9
Investment	-8.373	-6,8	-16.426	-6,9
Fixed Capital	-8.054	-6,5	-16.202	-6,8
Change in Stocks	-319	-0,3	-224	-0,1
Saving-Investment Balance	-18.461	-15,0	-7.183	-3,0
Capital Transfers	2.807	2,3	433	0,2
Assets Tax	486	0,4	1.107	0,5
Other Transfers	2.864	2,3	107	0,0
Nationalisation and Fixed Value Increase	-543	-0,4	-781	-0,3
Stock Change Fund	-623	-0,5	-417	-0,2
BORROWING REQUIREMENT	16.279	13,2	7.166	3,0
Outstanding External Debt(Net)	3.965	3,2	2.713	1,1
Domestic Debt/Credit (Net)	12.313	10,0	4.453	1,9
(1) Estimation				
Estimates and forecasts have been obtained through DPT MAKROM (SPO Macroeconomic Model)				

CHAPTER FIVE

RELATIONS WITH THE EUROPEAN UNION

a) Present Situation

317. The relations between Turkey and the EU were developing within the framework of the association regime set out by the Ankara Agreement signed between the European Community and Turkey on 12 September 1963. The association regime entered its final stage with the establishment of the customs union on 1 January 1996 between Turkey and the EC. As it is expressed clearly in Article 28 of the Ankara Agreement, this relation, also comprising of the objective of full EC membership has gained new dimensions with the enlargement process of the EU and the adoption of Turkey's candidacy in Helsinki Summit.

318. Relations between Turkey and the EC based not only on the Ankara Agreement but also on the Additional Protocol entered into force on 1 January 1973, has gained impetus with the entry into force, on 1 January 1996, of Association Council

Documents dated 6 March 1995 establishing the customs union. Turkey has fulfilled a large part of its obligations defined in Association Council Decision No:1/95 and concluded customs union within 7th Plan period. Legal arrangements complying with the EC legislation have entered into force in the fields of foreign trade, customs, competition, intellectual and industrial rights, state aids, industrial legislation, protection of consumer, in the 7th Plan period.

319. Turkey has abolished customs duties and charges having equivalent effect imposed on imports of industrial products of EC and EFTA origin with the establishment of customs union and commenced the implementation of Common Customs Tariff, applied by the EC, to industrial products originated from third countries.

320. As a result of the establishment of customs union, Turkey's imports from EC and EFTA countries have increased

significantly and the share of the said countries in Turkey's total imports has also risen. With the application of common customs tariff, imports from third countries have also increased significantly.

321. Since 1996, with the customs union, Turkish industry has recorded a remarkable performance in competition. Except for automotive industry, no substantial complaint was recorded in industrial sector.

322. Turkey's objectives and efforts for EC membership have gained new dimensions both after the establishment of customs union and as a result of developments concerning enlargement process of the EU. While activities are continuing in line with our obligations within customs union process, initiatives were intensified towards taking part in the enlargement process.

323. At the Copenhagen Summit of EU Heads of States and Governments held on 25 June 1993, rules required from candidate states were defined.

324. At Luxembourg Summit held on 12-13 December 1997, the candidacy of the Central and Eastern countries and the Greek Cypriot was accepted. Accession negotiations were decided to initiate with Poland, Czech Republic, Hungary, Slovenia, Estonia and the Greek Cypriots.

325. At Luxembourg Summit, Turkey was discriminated from other candidate countries on the grounds of special political conditions. Turkish Government, then expressed that it would keep political issues, asserted by the EU, out of the agenda on bilateral relations and would not reflect such issues onto economic and commercial fields.

326. Cardiff Summit conclusions held on 15-16 June 1998 provided a proportional progress in Turkey's condition.

327. With the Helsinki Summit held on 10-11 December 1999, Turkey was accepted as EU candidate on equal footing with the other applicant countries. The Summit document indicates that a Pre-accession Strategy would be developed to introduce reforms required for Turkey's membership together with the declaration of Turkey's candidacy on the basis of the same criteria as applied to the other candidate countries. Moreover, it was expressed that Turkey would also have the opportunity to participate in Community programs and in meetings between the EU and candidate countries in accession process. The document also envisages a National Program to be prepared by Turkey concerning the adoption of the EU acquis.

328. At the Summit, the EU Commission was requested to conduct a study concerning EU legislation, which Turkey should adopt and prepare a framework with regard to the coordination of financial assistance to be provided in pre-accession period. Accession negotiations shall be initiated when Turkey meets Copenhagen political criteria.

329. The Summit Conclusions envisaged that the European Strategy for Turkey, prepared by the EU Commission on 4 March 1998, should be converted into a Pre-accession Strategy after widening, so as to comprise of the enlargement of customs union, the provision of free movement of agricultural products and services, Turkey's harmonisation to certain parts of the EU acquis and its participation to certain EU programs and institutions.

330. Pre-Accession Strategy for Turkey is expected to cover:

- an enhanced Political Pre-Accession Dialogue so as to contain Turkey's adaptation to Copenhagen political criteria,

- the priorities of adaptation,

- the adaptation monitoring mechanism,

- the participation of Turkey in all Community programs and institutions towards candidate countries,

- the participation of Turkey in all meetings held with the other candidate countries in accession process,

- a financial assistance to collect all Community resources related to the accession in a single framework in order to finance Pre-Accession Strategy.

331. According to the Summit Conclusions, just as the other candidate countries an Accession Partnership is to be drawn up by the EU Commission upon the consultations with Turkey. Accession Partnership, which is the basic implementing instrument of pre-accession strategy shall contain the requirements for adaptation to Copenhagen criteria, adaptation to the EU acquis, the financial assistance needed and short and medium term priorities for membership.

332. The following are expected to be placed in the National Program to be drawn up by Turkey:

- New legislation and amendments to the present legislation as of titles for the adaptation of the EU acquis,

- human and financial sources required for adaptation,

- Turkey's own priorities as well as priorities set out in Accession Partnership,

- Development of the administrative structure required for adaptation to the EU acquis, and

- A calendar of priorities.

333. The EU Commission shall constitute monitoring mechanisms for the implementation of the Accession Partnership and the National Program and initiate an Analytical Assessment Process of the Acquis.

334. Following these developments between the parties, after a three-year interval, the first decision taken on the 39th Turkey-EC Association Council meeting held in Luxembourg on 11 April 2000, has initiated negotiations in the fields of services and public procurements, on which studies were carried out since the customs union. The second important decision is the formation of 8 sub-committees for Analytical Examination with the quality of a preliminary preparation for screening process which is vital in adaptation stage to the EU acquis. Moreover, studies to be carried by these sub-committees were decided to initiate urgently. Thus, an important step was taken for the preparation of Accession Partnership Document and the National Program.

Works carried out for the Alignment of Turkish Legislation with the EU Acquis

335. Customs union established between Turkey and the EU and the developments arisen in EU's enlargement process caused modifications in the direction

and the scope of works for the harmonisation of Turkish legislation with the EU acquis, which were carried out since 1988 under the coordination of the State Planning Organisation.

TABLE: 9- Works for the Alignment of Turkish Legislation with the EU Acquis			
Heading No	Heading	EU Legislation (Quantity)	EU Legislation already Examined(Per cent)
Examined(First Evaluation)			
3	Free Movement of Services	103	95
4	Free Movement of Capital	4	100
5	Company Law	29	100
6	Competition & State Aids	53	98
7	Common Agricultural Policy	191	89
8	Common Fisheries Policy	270	100
9	Common Transport Policy	124	83
10	Taxation	140	93
11	Economic & Monetary Union	56	98
12	Statistics	170	91
13	Social Policies & Employment	114	99
15	Industrial Politics	14	100
16	SMEs	10	100
17	Science & Research	38	90
18	Education & Training	31	100
19	Telecommunication	86	86
20	Culture (Audio-Visual)	9	100
22	Environment	174	98
23	Consumer Protection & Health	18	100
Under Examination			
1	Free Movement of Goods	468	68
2	Free Movement of Persons	101	91
14	Energy	153	96
21	Regional Policy	31	36
24	Justice & Home Affairs	159	55
25	Customs Union	121	93
28	Financial Control	33	88
29	Financial & Budgetary Matters		
Examination Not Started			
26	External Relations	580	...
27	CFSP	250	...
30	Institutions
31	Others

TABLE: 10- Status of Harmonisation of Turkish Legislation with the EU Acquis (1)		
	EU Legislation(Quantity)	Share in Total (Percent)
-In Harmony	169	10
-Need Harmonisation	413	25
-No Corresponding Turkish Legislation in Force	447	27
-Legislation concerning only Member Countries	447	27
-Harmonisation in Progress	61	4
Total EU Acquis examined	1537	94
EU Acquis under Examination	97	6
Total	1634	
(1) 19 Headings of which the first evaluation have been completed by the concerned public institutions		

336. To this end, studies commenced on July 1998 concerning the determination of the situation on the level of harmonisation to EU acquis were carried on with the contributions of related public bodies.

337. The aim of the studies is to define the situation of compliance of the Turkish legislation with the EU acquis. Studies in this regard, contain such issues as the financial cost to be incurred, administrative restructuring and the duration required in terms of the priorities of Turkey and the EU as to form a basis to the preparations of the National Program.

Financial Cooperation

338. The National Program shall be updated every year according to the Accession Partnership Document and yearly progress reports.

339. Harmonisation studies cover not only the appropriate legislative arrangements in compliance with that of the EC but also legal and administrative structures to secure and reinforce its implementation at the same time.

340. The EU has provided Turkey with financial resources to in the form of grants and loans of ECU 830 million within the scope of three financial protocols, Additional Protocol and the Special Cooperation Fund in the period of 1963-95 within the framework of Turkey-EC Association Relation. The IV. Financial Protocol prepared in 1980 to provide financial assistance worth ECU 600 million to Turkey could not be made operational, yet.

341. The concurrent EU financial declaration with the customs union established by the Association Council Decision No: 1/95, provided financial assistance, a total of ECU 2.8 billion consisting of

- grants from EU budgetary sources (ECU 375 million),
- loans within the framework of Renovated Mediterranean Policy (RMP) (ECU 300-400 million),
- loans from The European Investment Bank (EIB) (ECU 750 million),

– loans and grants within the framework of Europe – Mediterranean Partnership Program (ECU 1.025 million),

– Macro-Economic Assistance, in connection with international financial institutions, in case of special requirement (ECU 200 million).

342. A loan of ECU 339.5 million for investments has been allocated under the RMP. Additionally, a sum of ECU 205 million EIB loan has also been allocated under the EUROMED, constituting the loan component of Europe - Mediterranean Partnership assistance that replaced the RMP.

343. Within MEDA-I framework, the grant component of Europe-Mediterranean Partnership, ECU 376.5 million was allocated to Turkey. Since, the relevant framework agreement could not be made, it could not be used.

344. Macro-economic assistance, the last item of financial declaration, has not been put into practice since the requisite conditions could not be reached.

345. Following the Marmara earthquake on 17 August 1999, a financing of a total sum of EURO 600 million from the EIB was allocated to Turkey in order to support reconstruction activities. A credit agreement for the part of EURO 450 million of this was signed.

346. It is expected that regulations containing a funding of EURO 150 million, prepared to back up European Strategy for Turkey, will be implemented in 2000.

347. The share to be spared for Turkey from MEDA II, replacing MEDA I, is expected to be higher than those of the past and the

other countries. It was expressed that within the framework of the Europe – Mediterranean Partnership assistance, a higher share of loan from the EIB shall be provided.

348. Given the declaration of Turkey's candidacy in Helsinki Summit, it is considered that a financial assistance similar to those provided to other partners prior to accession, within the framework of Accession Partnership arrangements shall also be provided to Turkey. The PHARE is the main assistance program provided to candidate countries. Likewise, EU has designed two new programs to be operational in 2000, namely ISPA (The Instrument for Structural Policies for Pre-accession) Program that is to serve for structural support to candidate countries in the field of environment and transportations infrastructure and SAPARD (Special Accession Program for Agriculture and Rural Development) Program for adjustment in agriculture. Beginning from 2000, these programs shall be budgeted annually with EURO 1.560 million, 1040 million and 520 million, respectively. With the mechanism of special pre-accession financing an additional EIB loan of EURO 8.5 billion, which is to be operational as of 2000, has been designated for the candidate countries. Other possibilities for funding from international financial institutions may also be provided.

349. The EU shall make arrangements to collect all financial assistance within a single framework as in other candidate countries.

b) Objectives, Principles and Policies

350. The EU shall be one of the important reference points for Turkey to be able to keep pace with globalisation process.

In 8th Plan period, Turkey, as it adapts to the EU's legislation, shall make progress in the path of approximation its structure to international norms and standards. Accordingly, Turkey shall exert efforts to attain the objective of full membership by taking into account the national rights and interests in particular. Reforms required by integration process in political, economic and social fields shall be realised in time.

351. Turkey shall realise arrangements and reforms for adaptation to membership criteria in line with the objective of membership.

352. Given the fact that the opening of membership negotiations is dependent on the fulfilment of Copenhagen political criteria, priority shall be given to the removal the deficiencies in democratisation process and enhancement of human rights.

353. In the Plan period, in line with the objective of EU membership, together with the fulfilment of Copenhagen criteria in economic and social fields, it was aimed to record a significant progress in adjustment to the EU acquis and improve administrative capacity to ensure the implementation of the acquis.

354. To this end, Turkey shall prepare the National Program containing policies and measures to accelerate Turkey's EU membership process and put into force urgently.

355. Amendments to the Turkish legislation and establishment of new institutions required for the adjustment to EU acquis and the staff and funding required by these arrangements shall be defined in the National Program. The program, accession priorities envisaged by the

European Union and Turkey's own priorities and the calendar will detail the related to these priorities.

356. Following the preparation of the National Program, one of the most important steps to be taken towards membership is the adoption of the EU acquis. In the process towards membership, the EU legislation will be transferred to the national legislation, this legislation shall be implemented effectively and necessary administrative and judicial arrangements shall be made.

357. Harmonisation shall be ensured between the issues in the National Program and those in the 8th Plan. Accordingly, basic macroeconomic and sectoral priorities envisaged in the Development Plan shall be taken into account in the National Plan. Likewise, development plans and programs shall be in line with the National Program.

358. In the Plan period, in services sector, restrictions on freedom of settlement and provision of services shall be removed and full access to the public procurement field by domestic and EU parties shall be provided bilaterally. Steps to be taken in this direction shall provide significant benefits on the issue of Turkey's EU membership.

359. Provision of required economic and social transformation in EU membership process shall cause an important financial cost. By taking into consideration the approach of collecting all financial sources which EU direct to Turkey within a single framework and providing coordination in this field, Turkey shall first initiate the required studies on financing of pre-accession preparations. Given the fact that Turkey's membership shall also be in favour of the EU, emphasis shall be given the fact that the

financial contribution of the EU to Turkey's efforts in membership process shall be at the same level as provided to the other candidate countries.

360. In order to keep up the tidy work, an effective coordination between the Turkish public authorities is required.

361. For a swift realisation of Turkey's preparatory work for membership in political, economic and legal fields, activities for the public awareness shall be developed with the contributions from universities, private sector and non-governmental organisations.

c) Legal and Institutional Arrangements

362. Taking into account that the fulfilment of Copenhagen political criteria is the preliminary condition to the opening up of accession negotiation to the EU, legal arrangements securing the protection of democracy, human rights and supremacy of law shall be put into force together with the reinforcement of relevant institutional bodies. Additionally, participation in international conventions required by the adjustment shall be ensured.

363. As a requirement for membership, Turkish legislation, mainly the provisions of the Constitution concerning economic, social and political rights shall be revised.

364. In the Plan period, The National Program containing policies and measures to facilitate Turkey's membership process to the EU shall be put into implementation after being prepared by the State Planning Organisation. The National Program shall be in line with the targets and principles envisaged in the Plans and Annual Programs

and the Accession Partnership Document, prepared for Turkey by the EU.

365. The National Program shall be updated for compatibility with Accession Partnership Documents and Progress Reports. To ensure an effective coordination for the implementation of the National Program, measures and information concerning legal, administrative and institutional arrangements in the Program shall be evaluated through regular follow-up reports from all related bodies.

366. The National Program shall also contain measures to provide the development of the structure required by Copenhagen economic criteria.

367. Regarding the adjustment of Turkish legislation to the EU acquis, the National Program shall include short and medium term objectives and priorities, required administrative arrangements for the implementation of the legislation and necessary information and objectives related to financing of the adaptation.

368. For the adjustment of Turkish legislation to the EU legislation, studies carried out by related public institutions and organisations shall continue under the coordination of the State Planning Organisation.

369. In the Plan period, legislation studies carried out by public institutions in political, economic and social fields covered by 31 subject-titles shall be in compliance with the principles, policies and legal and institutional arrangements in the 8th Plan, Programs and the National Program.

370. Studies regarding the removal of barriers to the freedom of settlement and

provision of services in the field of services between Turkey and the EU shall be concluded.

371. Administrative capacity shall be improved so as to provide the transfer of the EU acquis to our national legislation and its effective implementation.

372. In integration process with the EU, with a view to improving qualified work force to be required and on-the-job training of existing public personnel, subjects related to the EU shall be given emphasis mainly at higher education programs.

373. Taking the priorities of Turkey in the National Program into account, arrangements shall be made to provide effective participation in EU Programs and Institutions available to candidate countries.

374. For the implementation of the National Program and provide economic and social transformation in the process of integration with the EU, requisite funding shall be provided from the EU and international financial institutions together with the national sources.

375. Legal arrangements which were required by the customs union and but could not be realised within the 7th Plan period shall be concluded.

376. Infrastructure needed for translation services in the EU issues shall be constructed with the contribution of EU assistance.

CHAPTER SIX

TURKEY'S ECONOMIC RELATIONS WITH COUNTRIES IN THE REGION AND WITH OTHER COUNTRIES

I. BILATERAL RELATIONS WITH THE TURKISH REPUBLICS

a) Present Situation

377. Turkey, as a democratic and secular country, which adopted market economy continues to possess the qualities of a model for the Turkish Republics and at the same time supports these countries in the process of transition to democratic system and in institutionalisation of market economy agencies

378. After the dissolution of the Soviet Union, Turkey was the first country to recognise the newly independent Turkish Republics. Diplomatic, commercial and economic missions were established in the region and an extensive loan and assistance program was initiated. Furthermore, intensive cooperation in culture and arts, religion, education, science and technology, health, agriculture and rural infrastructure,

environment, labour and social security and statistics fields have begun.

379. Trade volume between Turkey and the Turkish Republics has steadily increased in the 7th Plan period reaching 1.3 billion dollars in 1998 corresponding to a share of 1.7 per cent within our total foreign trade volume.

380. In 1990-99 period, the share of the International Contractors Union members' contracts in The Turkish Republics constituted 19 percent of total contracts.

381. The Turkish Eximbank has allocated 1.123 million dollars of credit to Turkish Republics in 1992-99 period, 847.7 million dollars of which were used by the end of the said period.

382. The Turkish Petroleum Enterprises continues with purchases of petroleum and gas concessions and the formation of joint

venture in Azerbaijan, Kazakhstan and Turkmenistan. Studies have reached the final stage in the realisation of Baku-Ceyhan Petroleum Pipeline project carried out in order to transport Caspian oils to world markets through our country.

383. The number of students educated under the Grand Project for Students implemented since the 1992-93 academic year has reached 13.000 by the 1999-00. The number of students currently in Turkey is over 5000.

384. At Hoca Ahmet Yesevi University established in Turkistan town of Kazakhstan in 1991, education is provided in three languages as Kazakh, Turkish Republic Turkish and Russian. The joint University of Kirghiz Republic- Turkey Manas was established in 1995.

385. Activities of the Turkish Cooperation and Development Agency (TİKA) in order to restore Turkish heritage in Mongolia and introduce Kazakh carpets to Kazakhstan national culture continue.

386. Agreement concerning the establishment of an Associate Council between Turkey and the Turkish Republic of Northern Cyprus (TRNC) was signed on 8 August 1997. Legislative harmonisation is under way between two countries while loans together with technical assistance are granted to the TRNC with the decisions of the Council.

b) Objectives, Principles and Policies

387. In the 8th Plan period, activities concerning the improvement of economic, commercial, social, cultural, scientific and technical relations with the Turkish Republics shall be accelerated.

388. Studies for resolving the problems encountered among agencies and institutions concerning coordination and cooperation as well as of our bilateral relations with the Turkish Republics shall be continued.

389. Necessary studies shall be made to improve trade with the Turkish Republics and to increase investments of Turkish entrepreneurs in these countries and required information and infrastructure support shall be given to enable small and medium size entrepreneurs to establish businesses in these countries.

390. Implementation of the Grand Project for Students shall be continued. Efforts shall be made for removing difficulties in the equivalence of diplomas obtained in these countries.

391. Importance shall be attached to the cooperation projects in the fields of transportation, telecommunication and energy. The Baku-Ceyhan Petroleum Pipeline Project and Trans-Caspian Pipeline Project concerning the transportation of Turkmen Natural Gas to European countries across Turkey will transform Turkey into a country at the crossroads of the most important energy transmitting lines of the region. Priority shall be given to projects providing highway and railway links between our country and the region.

392. Importance shall be attached to cooperation projects in the fields of banking, the contractor services, agriculture and industry.

393. Technical assistance in the field of statistics shall be continued.

394. The Eastern Mediterranean Regional Development Plan shall be made so as to take the TRNC potential into consideration and be implemented rapidly.

395. Cooperation with the TRNC shall be continued in the fields of education, health, agriculture, transportation, energy, water, loan and housing.

II. REGIONAL AND GLOBAL COOPERATION

396. Turkey besides its relations with the EU, is an important centre of attraction in its periphery, the Turkish Republics, in particular, in historical, economic, social and cultural respects.

397. Turkey has been actively participating in many regional and global cooperation initiatives due to its central location. Within this framework, together with the candidacy for the EU membership, the Standing Committee for Economic and Commercial Cooperation of the Organisation of Islamic Conference (COMCEC), the Economic Cooperation Organisation (ECO), the Black Sea Economic Cooperation and D-8 are the important cooperation initiatives in which Turkey has taken a lead. The membership to G-20 will provide Turkey with better opportunities to follow global developments.

1. THE ORGANISATION OF ISLAMIC CONFERENCE STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)

a) Present Situation

398. COMCEC constitutes an important basis for Turkey to improve bilateral and multilateral relations with Islamic countries.

399. Projects and subjects taken up by the COMCEC concerning economic and commercial cooperation include mainly; Export Financing Mechanism, Islamic Countries Investment and Export Credit Insurance Institution, OIC Trade Preferences System, Trade Information Network, Harmonisation of Standards among Islamic countries, issues related with the WTO, Exchange of View Sessions on up-to-date economic and commercial developments in the world and Private Sector Meetings.

400. In recent years, subjects of permanent nature have gained importance on COMCEC agenda such as Exchange of View Sessions, Implementation Situation of the New Action Plan, Private Sector Meetings and the World Trade Organisations. As the content of the agenda changes, COMCEC Meetings are transformed into the nature of consultative forum.

b) Objectives, Principles and Policies

401. Turkey will actively participate in the COMCEC activities developed by its own leadership. Importance shall be given to private sector meetings and commercial fairs carried out within the scope of the COMCEC and participation of more representatives of private sector or companies will be encouraged. Recommendations constituted on these platforms shall be brought to the COMCEC and cooperation efforts of the private sector will be supported.

402. Efforts shall be made to carry COMCEC conclusions, including results obtained in exchange of view sessions of annual COMCEC meetings during which

economic developments and problems of the world are dealt with, to various international platforms which Turkey is a member.

2. THE ECONOMIC COOPERATION ORGANISATION (ECO)

a) Present Situation

403. In 1992, Afganistan, Azerbaijan and the Central Asian Turkish Republics also joined the Economic Cooperation Organisation (ECO) which has become operational in 1985. The Turkish Republic of Northern Cyprus also participates in the meetings without membership status.

404. Activities of cooperation in the fields of trade and investment, transport and telecommunication, energy, mining and environment, economic research and statistics, education, science, culture and narcotic control are under way. Trade, transportations and telecommunications and energy are defined as priority areas for cooperation.

405. The activities for the establishment of a Trade and Development Bank in İstanbul and a Reassurance Company in Pakistan have reached the final stage. A Transit Transportation Framework Agreement was signed within the efforts of the establishment of a strong transportation infrastructure in the ECO region and ECO Ten Year Action Plan (1998-2007) was adopted. In order to enhance trade in the region, a Commercial Cooperation Framework Agreement was signed. Trade fairs are arranged regularly in order to increase the effectiveness of the private sector in trade of the region. Studies are under way in energy sector to assess the rich natural sources of the region in the most rational way. Moreover, studies are

conducted for the interconnection of the electricity system of member countries.

406. The Economic Cooperation Organisation has been progressively improving its relations with international and regional institutions. The ECO has an observer status in the UN and the Islamic Conference Organisation.

b) Objectives, Principles and Policies

407. The Economic Cooperation Organisation shall continue to play an important role in orientation of Turkish Republics into the world, and Turkey shall participate in the activities of the Organisation effectively.

408. Studies shall continue in order to increase trade within the Economic Cooperation Organisation region and to constitute more convenient environment for the private sector within this framework.

3. THE BLACK SEA ECONOMIC COOPERATION (BSEC)

a) Present Situation

409. The BSEC, which started operating after the signing of the Summit Declaration dated 25 June 1992, became an international organisation with the approval of the Constitutional Agreement of the BSEC Organisation by all countries.

410. The Black Sea Economic Cooperation carries out its activities through a multilateral and multi-sectoral cooperation model in order to improve and diversify the economic and commercial relations among the member countries.

411. The Black Sea Trade and Development Bank has become operational

in 1999. ITUR and KAFOS Projects were concluded in the field of telecommunications.

b) Objectives, Principles and Policies

412. The implementation of the agreement concluded with BSEC countries, on the fight with organised crime shall be given importance.

413. In relations with the BSEC countries, the private sector shall be given emphasis and private entrepreneurship shall be encouraged. Necessary measures shall be taken to improve business environment among the BSEC countries, to take required precautions for individual and collective initiatives of related enterprises and companies, to facilitate visa formalities for businessmen, to support small and medium size enterprises, to gradually remove barriers to trade and to cooperate in free trade zones.

414. In financing of joint projects, the facilities of the BSEC Development Bank shall be used effectively.

415. Cooperation shall be improved in the field of trade, transportation, telecommunication and the exchange of economic and commercial information.

416. Joint activities shall be encouraged in order to protect the environment, the Black Sea, in particular, and to protect, operate and improve the bio-production potential.

4. G – 20

a) Present Situation

417. G – 20 is a platform consisting of the USA, Turkey, India, Japan, Brazil,

Russia, Germany, Argentina, France, S. Arabia, Mexico, S. Africa, England, S. Korea, Italy, China, Canada, Australia, the World Bank and the IMF, where the issues concerning the world economy are discussed and policies proposed with the aim of achieving a more stabilised structure for the international financial system.

418. It is expected that Turkey will increase its efficiency on this platform. Thus, participating in the G-20, Turkey will find the opportunity to express its views and arguments on the global platform more effectively.

b) Objectives, Principles and Policies

419. Necessary measures shall be taken with respect to global economic developments by providing active participation of our country to the activities on G-20 platform.

5. D – 8

a) Present Situation

420. D-8 Platform was initiated on 15 June 1997 during the Heads of States and Governments Summit held in İstanbul with the participation of Iran, Pakistan, Bangladesh, Malaysia, Indonesia, Egypt and Nigeria on the invitation of Turkey.

421. The basic objectives of D-8 are strengthening the role of developing countries in the world economy, providing new openings in the field of trade, more effective participation in international decision making mechanisms and raising living standards in member countries.

422. During the Summit meeting held in İstanbul, ten sectors were determined for cooperation and project development and

fields of cooperation among member countries were defined.

423. The priority project of Industry Study Group that Turkey has undertaken is the design, development, production and marketing of an Agricultural Aircraft.

b) Objectives, Principles and Policies

424. Turkey's leading role in D-8 will continue.

III. RELATIONS WITH OTHER COUNTRIES

a) Present Situation

425. The World Trade Organisation Agreement and the Customs Union with the EU, which went into force concurrently with the 7th Plan, were the two main factors shaping bilateral economic relations of the said Plan period.

426. In the period 1996-00 (the first three months), 477 bilateral agreements on various issues, made with 87 countries entered into force following their publication in the Official Gazette, of which 54 were related to Joint Economic Commission and 39 to technical cooperation

427. In the period 1996-99, Turkey's share in world exports was 0.50 per cent while its share in the world imports was 0.7 per cent.

428. As regards bilateral trade relations, Germany has maintained its traditionally number one partner status in both exports and imports; the USA, Russian Federation (except in 1999), England, France and Italy have respectively been the next five most important trading partners.

429. In terms of country groupings, the member countries of the OECD, the EU and Islamic Conference Organisation have maintained their places in the first three row in our foreign trade in 1996-1999 period.

430. As for the other regions, relatively significant increases were recorded in exports to the countries in Africa, Latin America, the Balkans and the Central and Eastern Europe, 1996-99 period, although their share in total exports are low. Regarding imports, the highest increases were recorded in those made from the Turkish Republics and the countries in Far East Asia.

431. While significant increases were recorded in exports and imports from the free trade zones, in the said period, anticipated developments in trade with neighbouring countries did not materialise.

432. Turkey is among the first 15 countries in the foreign trade of Ukraine, Algeria, Egypt, Russia and Italy; among the first 10 exporting countries in the world for 14 products and among the first 10 importing countries in the world for 9 products.

433. Of the short-term credit extended by Turkish Eximbank which accumulated to 3.298 million dollars by 1999 was used for exports to the EU and 19 per cent was used for exports to North America and Japan.

434. In the 1996-99 period, Free Trade Agreements were signed with 12 countries.

435. The annual average of the amount of foreign capital permits in 1996-99 period was 2.122 million dollars while actual capital inflow averaged around 947 million dollars per annum. Foreign capital permits granted

to companies based in France, Germany, the Netherlands and the USA amounted to 68.4 percent of the total. Turkey's share in the total world direct foreign capital investments is about 0.13 per cent.

436. As of January 2000, the Agreement on the Mutual Encouragement and Protection of Investments with 37 countries has entered into force while negotiations continued with 32 countries.

437. As of 1999, capital outflows amounting to 2.057 million US dollars were realised to over 50 countries (excluding Turkish Republics) by 638 companies. The first five capital outflow destinations were England, Germany, the Netherlands, Luxembourg and the Russian Federation respectively.

438. The contractor companies operating abroad with an estimated share of 2 per cent of the world contract business volume continued their contracting services in many countries including Turkish Republics.

439. As of May 2000, Prevention of Double Taxation Agreement was signed with 43 countries.

440. The Southeastern Europe Stability Pact, of which Turkey is a founding member was established on 10 June 1999. Turkey, as of 1 July 2000 has undertaken, together with Macedonia and Albania, the co-chairmanship of the Reconstruction, Development and Cooperation Desk having approximately Euro 2.000 million budget with an obligation to conduct economic and technical cooperation activities.

441. As of 1 January 2000, the Union of Turkish Chambers of Commerce and

Commodity Exchanges (TOBB) took over the term Presidency of the Union of the Balkan Chambers of Commerce, to which it is a founding member. TOBB has been carrying out the term presidency of the Council formed within the body of the Stability Pact. TOBB has organised joint seminars, training programs and conferences with many foreign institutions for the promotion of exports.

442. The External Economic Relations Board (DEİK) has carried out its activities through 56 Business Councils of which 7 were established in 1996-99 period. The activities of the Councils usually consist of meetings held in Turkey and in the partner country at least once a year on a rotational basis.

b) Objectives, Principles and Policies

443. Turkey shall attach importance to strengthen its multilateral and bilateral economic relations with other countries and country groups in order to increase its effectiveness at global and regional level in a balanced manner.

IV. INTERNATIONAL TECHNICAL COOPERATION

a) Present Situation

444. In 1996-98 period, development assistance of OECD/DAC member countries continued its declining trend that started in 1992.

445. Technical assistance is provided as far as the resources permit to assist developing countries in the region particularly, the Turkish Republics and the member countries of the Organisation of Islamic Conference in their development

efforts. The need for an effective coordination in the provision of technical assistance continues.

446. In the period 1997-98, Turkey's development assistance was approximately 0.05 per cent of its GNP. The OECD/DAC average for the same ratio was 0.39 per cent in 1998 whereas the UN target for 2000 is 0.7 per cent.

447. Technical assistance received by our country was evaluated in terms of our priority needs and was directed towards advanced technology projects.

b) Objectives, Principles and Policies

448. The State Planning Organisation shall coordinate the implementation of multilateral and bilateral technological cooperation activities, and projects shall be directed by taking the country's priorities into account.

449. Turkey shall, with an effective coordination, use her increasing economic and technical assistance potential with the aim of assisting the development efforts and increasing relations with the countries throughout the world, and the countries in its region, particularly the Turkish Republics.

450. The participation of non-governmental organisations and the private sector in international technical cooperation activities shall be encouraged.

451. Opportunities will be searched for the employment of Turkish experts at international institutions and in international projects at certain periods in order to benefiting from their knowledge and skills.

452. For OECD/DAC membership, necessary initiatives shall be taken to

increase the amount of existing assistance and subsequently maintain it at certain levels.

c) Legal and Institutional Arrangements

453. Legal arrangements shall be made to provide the implementation of the assistance in kind or in cash, particularly the technical assistance provided to developing countries by public institutions and organisations, within the direction of identified strategies and objectives.

454. Necessary arrangements shall be made to provide a framework for the implementation of international technical cooperation.

455. Necessary legislative arrangements shall be made regarding temporary recruitment of both public and private sector personnel abroad within the scope of technical cooperation.

CHAPTER SEVEN

REGIONAL DEVELOPMENT OBJECTIVES AND POLICIES

I. REGIONAL DEVELOPMENT TRENDS AND POLICIES IN THE WORLD

456. During the globalisation process, important phenomena such as adaptation to changing conditions, competition, development of human resources, dynamic surveillance of global market, flexibility in organisation structures and control of cost have constituted, while changing traditional regional approach to a new one. In the new-world order, the importance of local dynamics has increased in economic and regional development process.

457. The globalisation process has ensured that urban and local economies are placed in global economy as an actor. Competition among local economies defines development performance of local economies in the world. Strategies and policies developed by local economies in

global competition form the basis of the regional development policies.

458. Increasing centrality of finance sector has resulted an increase in the power of this sector over production sector. Depending on the centralisation of the capital, production is dispersed to periphery while control and management is concentrated in the World Cities. For this reason, the importance of cities has increased relatively, and competition among cities/city networks/regions was accelerated. Within this context, restructuring in global economy is developing together with spatial restructuring.

459. The process of global competition accelerates the local specialisation process on the basis of comparative advantages. Regions having the capacity to specialise in certain sectors may obtain comparative advantages within the world economy depending on local entrepreneurship,

activation of local sources, accumulation of knowledge and skills and other local potential.

460. In this process, policies to remove economic and social disparities, in the EU and the OECD in particular, were put into implementation with the aim to get rid of development disparities among countries, regions and sub-regions within the countries.

461. In the European Union, in the 1995-97 period, average per capita income is 100 according to the purchasing power parity, while it is 174 in Luxembourg, 120 in Denmark, 66 in Greece, 80 in Spain, 73 in Portugal as member countries and it is 33 in Turkey.

462. Regional disparities are also present in EU countries. In order to remove regional disparities in EU member countries, the Regional Development Fund constituting approximately half of the Structural Funds is being used with the aim of supporting the development of underdeveloped regions and the SME`s.

463. Social, economic and territorial integration, protection of the environment, strengthening of local administrations, connection of surrounding regions of the Union to central regions by establishing a Trans-European network in transportation, telecommunication and energy, the establishment of an integrated socio-economic and geographic information system, creating development axis to strengthen functional ties among medium size cities and giving emphasis to the problems and potential of sub-regions are the basic regional objectives and policies of the EU.

464. The regional development policies in the OECD countries include the provision of an effective institutionalisation, the strengthening of state-private sector link, the provision of sustainable land use by taking the protection of environment into consideration, supporting local entrepreneurship and ensuring the social balance.

465. Regional planning is believed to be successful as far as it integrates various action programs. Past implementations indicate that regional development is an indispensable instrument to reach the national and local objectives.

466. In the world and Turkey, Local Industrial Districts have arisen as products of changes occurring in global economy and competition approach. The importance of the small and medium size cities with SMEs specialised in certain sectors and integrated among themselves increases in the world economy while local institutions organise in line with common objectives.

II. REGIONAL DEVELOPMENT IN TURKEY

a) Present Situation

467. Although Turkey has made great strides in regional development, disparities among regions are still creating a problem.

468. According to the results of regional socio-economic development index made in 1996, Marmara (1,69), Aegean (0,5), Central Anatolia (0,46), and Mediterranean (0,06) regions are above Turkey average and the Black Sea (-0,54), South Eastern Anatolia (-1,03) and the Eastern Anatolia (-1,13) regions are below the average.

TABLE: 11- Sectoral GDP by Regions

REGIONS		GDP by Sectors, 1987 (Percentage Share)				Annual Average Growth Rate (1987-1997) (Percentage Change)			
		Agricult.	Ind.	Services	Total	Agricult.	Ind.	Services	Total
1	Marmara	13,6	51,8	36,9	38,1	-0,3	6,3	4,8	5,0
2	S.E.Anatolia	11,7	4,1	4,5	5,3	5,3	5,0	3,6	4,4
3	Mediterranean	18,0	8,7	12,5	12,1	2,5	3,6	5,3	4,3
4	Aegean	20,4	15,2	16,7	16,8	1,2	4,6	5,2	4,3
5	Cent. Anatolia	15,6	10,6	17,7	15,3	-0,2	6,1	3,3	3,2
6	Black Sea	14,5	7,3	8,6	9,0	0,1	4,4	4,1	3,2
7	E.Anatolia	6,3	2,2	3,1	3,3	0,7	3,1	2,1	1,9
	Turkey	100	100	100	100	1,2	5,5	4,4	4,2

Source: SIS

469. In fact, while GNP index value per head as of regions, is 100 for Turkey, it was above Turkey's value in Marmara (156) and Aegean (125) regions, and below in the Black Sea (68), the South Eastern Anatolia (56) and Eastern Anatolia (41) regions. The Mediterranean and Central Anatolia regions have the nearest index value to Turkey average.

470. While GNP of 1997 is examined as of sectors, it is observed that regional economies have different sectoral structures.

471. In the 1987-97 period, the Marmara, South Eastern Anatolia, Mediterranean and Aegean regions have experienced development above Turkey average and Central Anatolia, the Black Sea and the Eastern Anatolia regions have recorded below Turkey average in enumeration according to the annual average growth rate of the value added.

472. The Marmara region provides 51.8 and 36.9 per cent of Turkey's total industry and services value added respectively. The share of the Eastern and South Eastern

Anatolia and the Black Sea region is quite low.

473. According to the General Census results of 1997, 25.8 percent of the country population live in the Marmara region, 16.8 percent in the Central Anatolia, 13.4 percent in Aegean region, 12.8 percent in the Mediterranean, 12.5 percent in the Black Sea, 9.8 percent in the South Eastern Anatolia and 8.9 percent in the Eastern Anatolia.

474. In Turkey, the basic trend concerning spatial distribution of the industry has arisen in the form of the reduction in relative significance of traditional regional centres in which industry intensifies. While the share of provinces such as İstanbul, İzmir, Adana and Ankara reduced within Turkey's manufacturing industry production, their share in GNP has increased. The main reason of this is the increase in characteristics of being the centre at regional level through intensification of service functions of finance, banking, marketing, trade and tourism together with the expansion of their industrial activities to surrounding provinces. As a result of this, new industrial centres

were created such as İçel, Kırklareli, Sakarya and Tekirdağ.

475. Another development is the increase occurred in contribution to the production in Turkey's total manufacturing industry and in contributions to GNP by certain provinces. Gaziantep, Denizli, Afyon, Çorum, Kayseri Kahramanmaraş and Karaman are the foremost provinces that have recorded development by using their own potential.

476. Marmara and Bolu-Düzce earthquakes caused major damages due to wrong land use and pseudo urbanisation and have proved that regional development policies should be implemented effectively.

477. Regional development continues to be affected adversely, because, infrastructure investments, which are important in reducing interregional development disparities and in provision of development of underdeveloped regions, could not be concluded on time due to reasons like cash inflow and insufficient appropriations. Therefore, the private sector experience delays in benefiting from the externality created by public investments.

478. Economic developments are expected to gain new impetus in the Eastern and South Eastern Anatolia regions following the provision of secure environment and the realisation of macroeconomic stability. However, problems of qualified labour, insufficient entrepreneurship and marketing problems are the main bottlenecks in economic development in these regions.

479. Interregional migration is still a problem. Besides, migration from rural regions to urban areas is another problem within the region. Adverse effects of

migration are felt heavily in Ankara, Bursa, İstanbul, İzmir, Adıyaman, Antalya, Diyarbakır, Batman and İçel.

480. Interregional migration has made cities, which are already insufficient in housing existing population, encounter heavy socio-economic problems such as urban infrastructure, unemployment, housing, education and health.

481. Mass migration occurred due to terrorism from rural areas to urban centres particularly in Adıyaman, Diyarbakır, Van, Şanlıurfa in the Eastern and South Eastern Anatolia regions after 1990, caused the population of these cities increase significantly.

482. High growth rate of population causes public services and employment opportunities become insufficient while making the living conditions difficult. For this reason, in the 7th Plan period, an Action Plan and Emergency Support Program were implemented in the Eastern and South Eastern Anatolia regions in order to meet certain requirements rapidly.

483. The provision of peace and security in the region by removing terrorism affecting regional development enabled the implementation of projects to accelerate regional development by eliminating socio-economic imbalances in the region.

484. The low level of education in the Eastern and South Eastern Anatolia regions compared to the country average, ineffective activities of family planning, mother and child health problems and failure in improving the status of women are the causes for concern.

485. In 7th Plan period, regional development projects and regional planning studies were accelerated. The Zonguldak-Bartın-Karabük Regional Development Project was put into implementation and DOKAP (Eastern Black Sea) and DAP (Eastern Anatolia) Regional Development Plan studies are under way. Preliminary studies of the Eastern Mediterranean Regional Development Project and the Marmara Regional Plan are also under way.

486. Physical and social infrastructure project investments envisaged in the South Eastern Anatolia Project continue.

487. The metropolitan municipalities and administrative district municipalities in metropolitan areas could not realise infrastructure services on time due to insufficiency of resources, failure in effective utilisation of resources, failure in determination of long-term objectives, failure in employment of sufficient qualified personnel and lack of coordination although cities grow physically. Pseudo urbanisation, energy and water inadequacies, environmental pollution, transportation and employment problems are major problems in metropolises.

488. In Turkey, there are 43 Organised Industrial Estates, 10 are in the Aegean, 9 in the Central Anatolia, 6 in the Marmara, 6 in the Black Sea, 5 in the Mediterranean, 4 in the South Eastern Anatolia and 3 in the Eastern Anatolia regions. Of Organised Industrial Estate projects, which are currently preliminary study-project, expropriation and construction stage, 46 are in the Marmara, 36 in Aegean, 18 in the Mediterranean, 31 in the Central Anatolia, 37 in the Black Sea, 18 in the Eastern Anatolia and 6 in the South Eastern Anatolia regions.

489. Of total 74 universities, 29 are in the Marmara, 16 in the Central Anatolia, 9 in the Aegean, 7 in the Mediterranean, 5 in the Eastern Anatolia, 5 in the Black Sea, and 3 in the South Eastern Anatolia regions. However, universities in our underdeveloped regions, which have important functions in regional development, have insufficient lecturers, physical infrastructure and equipment.

b) Objectives, Principles and Policies

490. Improving national resources so as to ensure the highest economic and social benefit and reducing interregional imbalances to the minimum are the basic objectives.

491. In implementation of regional development policies, the principles of sustainability, interregional integration, provision of social and economic balances, improving life quality, equal opportunities, cultural development and participation shall be taken as basis.

492. Studies shall be accelerated for adjustment of our regional development policies to that of the EU. Studies initiated towards cooperation in regional policies shall be intensified.

493. In terms of facilitating implementations regarding the regional development and ensuring consistency of economic decisions and to define plan objectives in a good manner, planning regions shall be constituted by updating the Study on Hierarchy of Settlement Centres.

494. In line with national preferences, necessary studies shall be conducted towards specialisation of the regions in both

existing sectors and those to be developed probably.

495. In defining the State Aids policies for investments, socio-economic structures and potential of the regions shall be taken into account.

496. It is aimed to reduce development disparities among regions, raise welfare level of the population in underdeveloped regions, give a stabilised dynamism to migration tendencies, which brought a heavy burden to metropolises. Within this framework, regional planning studies towards the definition of regional characteristics, disparities, development levels, basic problems and their potentials shall continue. Planning studies shall also be initiated for the Central Anatolia, the Mediterranean and Aegean regions together with the ongoing projects.

497. Studies for Provincial Development Plans, consistent with regional plans and having significance in terms of reducing imbalances of income distribution, acceleration of regional development and rational resource distribution, shall be initiated. Within this framework, Provincial Planning and Coordination units shall be reinforced and the participation of all related sectors shall be ensured in the preparation and implementation of provincial development plans.

498. The Provincial Inventory Modelling Project to provide the updating of provincial inventory and statistical reports to constitute the database in preparation of provincial development plan and the joint utilisation of information shall be completed.

499. Under the coordination of local administrations, small scale local projects

towards increasing income and implementation in underdeveloped regions having potential shall be created by providing the participation of public institutions and non-governmental organisations and implementations shall be expanded.

500. In formation of new industrial zones and acceleration of sectoral specialisation process, emphasis shall be given to industrial support activities towards education and counselling services, R&D and technology support, formation of cooperation and partnerships, improving entrepreneurship and towards acceleration of institutionalisation and specialisation. Supporting units to provide these services shall be reinforced in terms of institution and finance.

501. In addition to the Organised Industrial Estates and Small Industrial Sites implementations introduced to entrepreneurs, having important functions in the formation of new industrial zones and introduced to entrepreneurs with their ready made infrastructures, Model Industrial Sites implementations shall be initiated in order to expand medium size enterprises.

502. The migration shall be directed towards functional regional centres, instead of metropolises, with high development potential and strong commercial and social ties with their hinterland, able to create multiplier effect with respect to income and employment in the region and infrastructure investments shall be given priority in these centres.

503. In order to ensure the adaptation and integration of unemployed population coming from the rural areas and living in improper buildings in the suburbs of urban

cities, Vocation Gaining studies concerning the solving of employment problems shall be accelerated. Moreover, the priority shall be given for financing of housing requirements by the Mass Housing Administration.

504. Local radio and televisions shall be encouraged to produce and broadcast programs to help training of the public.

505. Mainly in the Eastern and South Eastern Anatolia Regions, courses for improving knowledge and skills of women shall be accelerated.

506. Metropolises having problems of wrong and improper construction, insufficiencies of energy and water resources, environmental pollution, transportation, unemployment in serious dimension and social infrastructure shall be taken up within the framework of regional plans so as to cover the surrounding provinces.

507. A modern and effective type of administration towards the requirements of metropolises shall be put into implementation.

508. Efforts to make İstanbul an international trade, finance, tourism, culture and art metropolis shall continue.

III. REGIONAL PLANNING

a) Present Situation

509. In order to attain the objectives of reducing development disparities among regions, raising welfare level of population living in underdeveloped regions and giving a stable dynamics to migration tendencies, regional planning studies was continuing.

510. \$ 14 billion was spent for the South Eastern Anatolia Project (GAP) whose total investment value is \$ 32 billion, until today. The ratio of investment realisation is around 44 per cent. The major part of these expenditures was provided from the national resources.

511. Within the scope of the GAP, 10 irrigation and energy projects (Atatürk Dam and the Hydro-Electric Power Plant (HPP), Karakaya Dam and HPP, Kralkızı Dam and HPP, Dicle Dam and HPP, Çağ Çağ HPP, Hancağız, Derik-Dumluca, Hacıhıdır, Devegeçidi, Çınar-Göksu and 8 irrigation projects Silvan Part I and II, Silopi-Nerdüş, Akçakale Groundwater Irrigation (GWI), Ceylanpınar (GWI), certain part of Şanlıurfa-Harran Plain irrigation, Nusaybin, Suruç (GWI), Garzan-Kozluk) were completed until today.

512. 186 thousand hectares of land was irrigated in the Fırat Basin and 26 thousand hectares of land in the Dicle Basin, a total amount of 212 thousand hectares of land, today. Targeted irrigation land including individual projects is 1.8 million hectares of land, only 12 per cent of this were irrigated. 9 per cent of irrigation projects are currently under construction.

513. 62 per cent of GAP energy projects is in operation, 12 per cent is on investment stage. 19 per cent of projects is ready and 7 per cent is on planning stage.

514. As of 15 January 2000, KWH 161.194 million energy was obtained cumulatively from the HPPs of Atatürk, Karakaya, Kralkızı and Karkamış Dams.

515. Birecik Dam (Build-Operate-Transfer Model) and Karkamış Dam turnkey projects within the GAP are under way.

516. In the GAP Master Plan, an annual average of 6.8 per cent GNP growth was targeted for the 1987-2005 period, however, in the 1987-98 period, annual average growth rate was realised as 4.2 per cent.

517. Annual average GNP growth per head was targeted in the 1987-2005 period, as 3.7 per cent, however, in the 1997-98 period, it was realised as 1.4 per cent.

518. In the 1987-97 period, while annual average growth rate was realised as 5.5 per cent in industry and 1.2 per cent in agriculture in Turkey general, it was 5.0 per cent in industry and 5.3 per cent in agriculture in the South Eastern Anatolia region. The growth rate of the region in agricultural sector is rather above Turkey average.

519. The GAP Social Action Plan towards sustainable development to solve problems of social structure in the region was prepared.

520. Within the framework of the Social Action Plan, Centres for Supporting and Directing Entrepreneurs (GIDEM) to provide counselling services for both domestic and foreign investors wishing to invest in the region, and the Multi Purpose Social Centres (ÇATOM) to raise the status of women and integrating them into the development process were established in Adıyaman, Diyarbakır, Gaziantep, Mardin and Şanlıurfa.

521. Studies shall be accelerated for the completion of the GAP until the year 2010.

522. Concerning the Eastern Anatolia Region, in order to give new impetus to the development of the region, The Eastern Anatolia Project Master Plan (DAP) is being prepared covering all economic and social

sectors mainly the agriculture and animal husbandry, giving importance to the territorial dimension to plan phenomenon, placing emphasis to more benefiting more from development potential of the region, envisaging development of the private sector in the region and aiming to form an appropriate investment environment for the private sector.

523. The Master Plan covers 14 provinces in the Eastern Anatolia Region (Ağrı, Ardahan, Bingöl, Bitlis, Elazığ, Erzincan, Erzurum, Hakkari, Iğdır, Kars, Malatya, Muş, Tunceli, Van) and also Gümüşhane and Bayburt showing homogeneity with this region. The Master Plan area is 158.972 square kilometres and the population is 5.9 million as of 1997.

524. Determination and analysis of the present situation in sectoral basis, definition of regional potential, determination of the state of the region in Turkey comparing to other regions, formation of regional development strategies and scenarios, preparation of medium and long term regional development master plan, revision of the interaction of the Eastern Anatolia Region with other regions and neighbouring countries are the issues placed within the scope of the Master Plan study. Plan studies are programmed to be completed at the end of 2000.

525. The studies of the Eastern Black Sea Regional Development Plan (DOKAP) carried out by the Japanese International Cooperation Agency (JICA) under the coordination and surveillance of the State Planning Organisation (SPO), have reached the final stage with the aim to realise sustainable development through activating the potential of the Black Sea Region and

reducing development disparities between the region and other regions of the country.

526. There are seven provinces, Artvin, Bayburt, Giresun, Gümüşhane, Ordu, Rize and Trabzon in the DOKAP. The Plan area is 39.203 square kilometres and the total population, as of 1997, is 2.9 million.

527. During the Plan preparations, The Social Structure Survey, Natural Structure Survey, Urban Impact Fields Survey, Industrial Survey, DOKAP Promotion Program and Geographical Information System (GIS) studies were realised.

528. In the DOKAP Master Plan, there are 10 programs related to different sectors and 53 projects. It is aimed to improve

transportation, telecommunication and urban infrastructure, accelerate the development of less developed inner regions and enhance the soil productivity and environmental quality through these programs.

529. In order to ensure regional development successfully and rapidly, outer resources should be activated in both public and private sector. For this reason, DOKAP Identity Formation Special Program was defined. The program aims at encouraging entrepreneurship in industrial fields requiring high technology, together with tourism, industry and trade, creating new employment opportunities and bringing domestic and foreign public and private sector investments to DOKAP region, primarily the Black Sea Region.

TABLE: 12- Comparison of Plan Regions by Selected Indicators

Indicators	Unit	GAP	Zonguldak Bartın Karabük	DAP	DOKAP	Turkey
Area	km ²	75.561	9.493	158.972	39.361	779.452
Population (1997)	Per head	6.128.973	1.027.208	5.868.535	2.911.108	62.865.574
Population density	Per head/km ²	81	108	37	74	81
Population Growth Rate (1990-97)	Per thousand	24,2	-10,3	6,9	-2,4	15,1
Urbanisation Rate ⁽¹⁾	Per cent	64,1	43,3	53,5	48,6	65,0
GDP per head(1998) ⁽²⁾	Thousand TL	990	1.838	674	1.103	1.830
GDP per head (1998) ⁽²⁾	Index value	54,1	100,5	36,9	60,3	100,0
GRP ⁽³⁾ / GDP (1998) ⁽²⁾	Per cent	5,3	1,6	3,4	2,8	

Source: SIS, GAP Administration, Zonguldak-Bartın-Karabük Regional Development Plan (SPO), DAP and DOKAP Intermediary Reports (SPO).

(1) City population covers the population within municipal borders of province and administrative districts

(2) At 1987 prices

(3) GRP: Gross Regional Product

530. With Yeşilirmak Basin Development Project, problems on the issues of appropriate and economic utilisation of the land without destroying ecological balance in the Yeşilirmak Basin, provision of up to date monitoring and management of natural

resources, prevention of erosion in this scope, determination of water pollution and improvement of pasture, determination and monitoring of forest area, monitoring and planned development of urbanisation and industrialisation shall be solved.

Establishment studies of a Geographical Information System Infrastructure within the scope of the project are carried out by the TÜBİTAK Marmara Research Centre. Importance shall be placed on necessary investments to accelerate agricultural potential utilisation of plains in the Kızılırmak and Yeşilirmak deltas having an important place in the Yeşilirmak Basin Development Project and develop organised industrial estates and transportation infrastructure in the region.

531. The Eastern Mediterranean Development Project was initiated by the State Planning Organisation and the Northern Cyprus State Planning Organisation.

532. Marmara and Bolu-Düzce earthquakes occurred in 1999 affected the most concentrated region of the country regarding population and economic activity and caused heavy casualties and material losses particularly in Kocaeli, Sakarya and Yalova provinces.

533. The preliminary studies of the Marmara Regional Plan so as to give priority to Kocaeli, Sakarya and Yalova provinces were initiated.

b) Objectives, Principles and Policies

534. Basic objectives of the regional planning studies are spatial reflection of national priorities so as to response local needs by establishing vertical and horizontal relations between socio-economic plans on country level and detailed physical plans on local level and the determination of the work to be conducted regarding public and private sector in order to activate local and regional resources.

535. Regional planning shall be evaluated with a comprehensive and participatory approach taking into consideration the reality of the regions having different opportunities, characteristics and problems. Regional plans shall establish ties among sectors by reflecting national priorities and local demands, develop strategic vision for the region and have a dynamic structure.

536. Regional planning studies shall be accelerated and continue during 8th Plan period.

537. With the revision and updating study of the GAP Master Plan, new objectives and strategies envisaged for 2010 perspective shall be put forward by considering changing demographic, social, environmental and economic conditions of the Eastern Anatolia Region.

538. Irrigation projects within the GAP shall be given priority.

539. The main objective of the DAP is to bring up policies and implementations to accelerate socio-economic development of the region which is rather behind compared to other regions, to provide the development of private sector in the region and form appropriate investment atmosphere. The DAP shall be put into implementation in line with determined objectives and strategies in the 8th Plan period.

540. Primary objectives are defined as the strengthening economic structure of the region and thus creating new employment opportunities, increasing the welfare level and constituting capital accumulation in the region, encouraging social solidarity by reducing migration from the region and disparities within the region and activating

resources of the region. In the Eastern Black Sea Regional Development Project.

541. Regional development policy defined with these objectives consists of five components which are the strengthening of transport and communications infrastructure, improving and management of multi purpose water resources, improving land ownership and land use, reinforcing local administrations and improving human resources.

542. The 8th Plan period consists of the First Period of the DOKAP Master Plan and the projects envisaged in the Master Plan for this period is aimed to be put into implementation.

543. Within the scope of the Yeşilirmak Basin Development Project, a Regional Development Master Plan study to define basic strategies to solve important problems and cover all sectoral objectives shall be initiated.

544. With the Eastern Mediterranean Regional Development Plan, it is aimed to strengthen economic, social and cultural relations with the Turkish Republic of Northern Cyprus as well as the development of the region.

545. With the Marmara Region Plan, it is aimed to remove the adverse effects of the earthquake, give the migration towards urban areas a stabilised structure, direct settlement plans concerning the issues of agriculture, industry, trade, housing, tourism, etc, according to a land use plan to be prepared by taking disaster risks into account, keep urban growth under control by preserving the quality of environment and place and define the medium term socio-economic development model.

c) Legal and Institutional Arrangements

546. Arrangements shall be made for the formation of units in centres required by the State Planning Organisation in order to increase the efficiency of preparation, implementation, coordination and monitoring stages of the Plans, Programs and Regional Plans.

IV. THE DEVELOPMENT OF PRIORITY REGIONS FOR DEVELOPMENT

a) Present Situation

547. As of 2000, First Degree Priority Regions for Development cover 49 provinces and 2 administrative districts. The area of these regions is 55 per cent of the country area and the population is 36 per cent of the country population.

548. Although favourable improvements were recorded in development of underdeveloped regions and reducing development of regional disparities during the Plan period, imbalances among regions could not be removed at the extent targeted.

549. Although secure atmosphere was provided in the Eastern and South Eastern Anatolia regions covering a major part of the Priority Regions for Development, adverse effects of the political problems in neighbouring countries on economic activities of these regions and the low levels of GNP per capita have reduced the domestic demand and new investment initiatives and also caused the existing establishments work at a low capacity. Moreover, problems related to meadow and the pasture for grazing animals, continuity

of inner migration in the region and increasing tendency of unemployment are regarded as significant obstacles in social and economic development in these regions.

550. In the Priority Regions for Development, insufficiencies of qualified labour force and the capital and also marketing difficulties limit private entrepreneurs' request to invest. For the same reasons, 187 public establishments and 3,170 private sector establishments were working at the low capacity.

551. In 7th Five-Year Development Plan period, investment and personnel policies were given emphasis in order to ensure more rapid development of these regions constituting relatively less developed regions of the country.

552. Incentive Certificated Investments in Priority Regions for Development are benefited from incentive instruments such as Exemption from Customs and Fund, Value Added Tax Exemption and Investment Reduction within the State Aids Decision. Additionally, SMEs in these regions are supported by investment and operation credits.

553. Support for projects in agriculture, manufacturing industry, tourism and other public services in Priority Regions for Development, projects of Provincial Administrations and municipalities are continuing.

554. Within the framework of the Law No: 4325 on the Creation of Employment and the Encouragement of Investments in the State of Emergency Regions and in Priority Regions for Development, in order to be implemented in 22 provinces including the provinces in the State of Emergency

Regions; the implementation of additional incentive instruments like Income and Corporation Tax Exemption, Postponement of Taxes paid by the employees, Exemption of tax, charge and duty on transactions, meeting employer's shares of insurance premium by the state and appropriation of free of charge investment area continue.

555. In Turkey, 5 of the 17 free trade zones; providing service located at the Priority Regions for Development throughout the country.

556. All over Turkey, 13 of the 43 Organised Industrial Estates, which are completed at the end of 1999, are located at Priority Regions for Development.

557. As of the end of 1999, a total of 304 Small Industry Sites were completed covering approximately 73 thousand places of employment, throughout the country. In Priority Regions for development, 133 Small Industry Sites were completed in this period. The contribution of Small Industry Sites to employment consisting of 28.048 places of employment is estimated around 168 thousand.

558. As of 1998-1999 academic year, of 171 boarding schools (Primary Education Regional Schools), 151 are in the Priority Regions throughout the country.

559. In 1998-1999 academic year, of total 53 State Universities in Turkey, 13 are in the Priority Regions.

b) Objectives, Principles and Policies

560. In economic and social development, disparities among regions shall be reduced and development of the Priority Regions for Development, mainly the

Eastern and South Eastern Anatolia Regions shall be accelerated.

561. In order to reduce interregional development disparities and define development opportunities, physical planning studies shall be carried on by related institutions in areas where regional planning is being done.

562. For the provision of qualified personnel, studies shall be initiated to take additional measures to encourage the public officials working in education, training, health, publication and technical services to reside in these regions for a long time.

563. Improvement of family entrepreneurship and continuity of projects increasing employment in Priority Regions for Development, particularly in the Eastern and the South Eastern Anatolia shall be accelerated and investments for physical and social infrastructures shall continue to be given priority.

564. Implementation of additional incentive instruments in provinces within the framework of the Law No: 4325 on the Creation of Employment and the Encouragement of Investments in the State of Emergency Regions and Priority Regions for Development shall continue.

565. In 26 provinces in the scope of Priority Regions for Development, provision of the opportunity of investment and operational loan shall be continued, within the framework of the decision concerning the return to the economy of the investments which are incomplete, have not been put into implementation due to insufficiency of capital or were put into operation partially.

566. Studies shall be given importance for pasture improvement and management in provinces in which animal husbandry is the priority branch.

567. Support shall continue for the activation of labour force resources, the reinforcement of central villages and the industries based on agriculture and animal husbandry.

568. The extension of the Primary Education Regional Boarding Schools and Vocational Technical Schools shall continue.

569. Skill and vocation gaining courses shall be extended.

V. RURAL DEVELOPMENT

a) Present Situation

570. For reducing regional development disparities and development studies in rural areas in the 7TH Plan period, implementation of the Bingöl-Muş and Yozgat Rural Development Projects have continued and Ordu-Giresun Rural Development Project was initiated.

571. As of the end of 1999, within the scope of Bingöl-Muş Rural Development Project; 1,187 hectares of land was opened for irrigation, drinking water facilities were installed for 50 units of villages, 226 km. of village road was flattened and 222 km of stabilised road was made, 308 hectares of land was afforested, energy forest was established in 6,935 hectares of land, 3,707 farmers were trained, 44 apiculture and 228 carpet-rug units were established.

572. As of the end of 1999, within the scope of Yozgat Rural Development Project, 3919 hectares of land was opened for

irrigation, drinking water establishments were made in 25 village units, 3485 hectares of land was afforested, energy forest was established in 900 hectares of land, 64.452 farmers were trained, 105.962 natural and artificial insemination and 2.4 million cattle and livestock vaccination were realised.

573. Ordu-Giresun Rural Development Project was accelerated as from 1998 and 40 farmers training courses and 50.000 natural and artificial insemination activities were realised together with publication services.

574. Sivas-Erzincan and Gümüşhane-Bayburt-Rize Rural Development Projects are now at preliminary survey stage.

575. It is observed that rural area organisation in Turkey, is made as provincial institutions of central administration, local administrations, unions, cooperatives, partnerships, charity, and non-governmental organisations.

576. Administrative organisation in rural areas to accelerate the extension of rural development could not be realised at the desired level. The need to restructure the existing structure according to the requirements of the era continues.

577. Due to the inadequate agricultural publication and training services, unconscious fertilising and the use of chemicals, burning stubble, fallowing and land cultivation inappropriate for topographic structure affect the productivity adversely.

578. Regarding the arrangement of inner forest settlements, preservation and improvement of forests, the need for support and effective orientation provided

by the state in implementations arranging forest-villagers relations continues.

b) Objectives, Principles and Policies

579. Within the framework of the principle of sustainable development, increasing income and employment by the activation of local potential is the basic objective.

580. Increasing employment in rural area, development of human capital resources, supporting economic activities to increase income of rural population, improving life quality, effective organisation, participating at all levels are important. Arrangements shall be made to increase the participation of non-governmental organisations in the development process.

581. Central public organisations, local administrations and non-governmental organisations shall work in coordination for intensifying expansion and efficiency of rural infrastructure services.

582. Necessary technical support shall be given for packaging, preservation and marketing methods through improving agricultural industry.

583. Emphasis shall be placed on irrigation projects together with the services of land consolidation and in-field improving services.

584. In order to increase income of rural population and reduce unemployment, entrepreneurs shall be supported in the fields having local potential such as tourism, handcrafts, animal husbandry, weaving. In line with the efforts for eliminating terrorism in the Eastern and South Eastern Anatolia regions, economic and social infrastructure

shall be provided for citizens to return who were obliged to migrate from their villages and presently wishing to return.

585. Improving economic and social lives of the population living in rural areas and in settlement areas, which are occupied by the lake of dam due to expropriation regions, shall be attached importance in new settlement areas.

CHAPTER EIGHT

DEVELOPMENT OBJECTIVES AND POLICIES RELATED TO SOCIAL AND ECONOMIC SECTORS

I. INTRODUCTION

586. In line with globalisation and rapid technological developments in the world, significant developments have also been experienced in our country regarding consumer demands and preferences, competition environment, communication and information possibilities, employment and quality of labour force and the role of public sector, in recent years. This situation affects the formulation of policies in economic and social sectors.

587. Another component effective in formulation of countries' economic and social policies, together with globalisation, is rapid development and expansion of communication technologies.

588. Development of globalisation phenomenon is quite complicated as of its economic, social and cultural results. With globalisation, dimensions of time and place

transform, distance concept disappears, the contact of national culture with other cultures increases, goods and services produced domestically are presented to the customer with products having the characteristics of international movement in competitive atmosphere, production and productivity on technological basis increases, living standards of societies are affected from these developments.

589. Rapid developments in globalisation and information technologies accentuate the needs for bringing about a labour force having high educational level and following scientific research and development as well as increased efficiency and utilisation of advanced technology in production, and present opportunities for greater share in welfare.

590. In the world in which financial markets are integrated, developing countries

are affected to a large degree from financial crisis emerged in other countries.

591. Following the crisis arisen in the South East Asian countries in 1997 and in Russia in 1998 and gained global characteristics, 1999 earthquakes in Turkey have affected both economic sectors and social life deeply.

592. As of 2000, the country population is expected to be 65.3 million, the annual population growth rate as 1.50 per cent, total fertility rate as 2.53 and the life expectancy at birth as 69.1 years. Although the population growth rate has entered into a declining tendency, 37.3 million are between 0-24 years of age corresponding 57 per cent of the population. The child and young population having important share in total population makes clear the need to increase services and opportunities provided for them.

593. In 1999-2000 academic year, schooling rates have realised as 9.8 per cent in pre-school education, 97.6 per cent in primary education, 59.4 per cent in secondary education (22.8 per cent in vocational technical education, 36.6 per cent lycee), 27.8 per cent in higher education (18.7 per cent in extended education). There are 14.2 million students, 484.089 teachers and 64.169 lecturers in pre-school, primary, secondary and higher education in total.

594. With the aim to raise the general education level of the society, compulsory basic education duration was raised to 8 years and nearly all population was included in the system by provision of additional financial resources through legal arrangements.

595. Deficiencies of manpower and physical infrastructure in all levels of education maintain its importance. Despite improvements in education, Turkey is still behind the European Union countries with respect to compulsory basic education duration, schooling rates in vocational, secondary and higher education, educational level and quality of labour force. Overpopulated class problem, double session education, insufficiencies and imbalances in the number of teachers and lecturers and accumulation in front of universities persists.

596. Reaching the welfare level of developed countries depends largely on increasing Turkey's capacity of science and technology. Therefore, increasing the number of researchers and resources allocated for R&D, and supporting these activities in line with the policies of education-training and industry are important for augmenting the capacity of science and technology.

597. Information technologies are related directly with the qualified labour force level of the countries. In countries which are not able to activate this potential, the provision of expected benefit from information technologies could not be possible. For this reason, education has vital importance in transformation of societies into information society.

598. Global crisis and 1999 earthquake disasters affected the economy and caused increase in unemployment. Workers who work part-time and underemployed with low wages in the informal sector have encountered the risk of unemployment.

599. Decrease was recorded in infant mortality rate and life expectancy at birth

rose to 69.1 in 2000. The population per physician was realised as 807 and per bed as 384. The need for improving manpower and infrastructure in health services, and balancing their distribution and developing coordination and cooperation among institutions and service departments remain.

600. The population within the scope of social security reached 91 per cent and of health insurance to 86.4 per cent. Green card implementation for the poor with no health insurance continued and 8.7 million people were given the opportunity to benefit from health services free of charge.

601. With the legal arrangements made in order to give the social insurance system a sustainable structure, the age of retirement, the amount of minimum and maximum premium based wages were raised and the principle of increasing the retirement pension at the rate of monthly consumer prices increase was introduced. Major differences among social security institutions, with respect to insurance programs, conditions of members' gaining the right to pension, the minimum and maximum limits of pensions, premium rates, the rights and obligations provided, continue.

602. Unemployment benefit system was introduced in 1999 in order to prevent the risk of income for those losing their jobs.

603. On the other hand, active labour force policies were followed, skill-enhancing training courses for the unemployed were organised and professional standards in 250 professions were brought in line with career counselling system and the requirement of labour force market. New incentives were introduced by legal arrangements with the aim to increase employment opportunities.

Due to migration from rural areas to urban centres employment is being affected adversely.

604. For increasing the level of employment, activating local economic potential, increasing productive investments towards employment, supporting employment creating capacities of the SMEs and raising the level of general education and skill of labour force are important as well as the realisation of stabilised economic growth.

605. Transformation occurred in family structure as a result of increasing urbanisation due to migration to urban areas and the developments in economic and social structure increases the need for social assistance and services. The lack of coordination among institutions providing social aids and services and insufficient resources cause problems in reaching groups in need. It is important to provide social aids and services to those who are in need within an effective system.

606. As of 1994, the poorest households (10 %) received 1.8 per cent of the household income while the richest (10 %) received 40.5 per cent. The absolute rate of poverty was approximately 8 per cent. This rate was 11.8 per cent and 4.6 per cent for rural and urban areas respectively. According to the basic needs approach taking food and other consumption needs into consideration as a whole, the share of population being under the risk of falling into poverty was around 24 per cent.

607. The 95 per cent of population living in absolute poverty consists of people whose educational level is primary school or under and those who are illiterate.

608. Social protection programs aiming poverty alleviation have not been efficiently implemented. Persistence of high inflation and the burden of interest payments on the budget have restricted the social welfare in general and also the possibilities of implementing policies to improve income distribution and reduce poverty in particular. Imbalanced income distribution makes alleviating effects of economic growth on poverty difficult.

609. In eliminating poverty; it is important to ensure macro-economic stability, to improve employment by increasing productive investments, to activate social security programs, to solve problems of education, health, nutrition and housing, to implement economic and social policies in harmony, to remove imbalances in income distribution, to transfer skills required by new economy and to develop cooperation among public, private sector and non-governmental organisations.

610. Due to migration and rapid urbanisation, infrastructure requirements such as education, health, drinking water, sewerage, housing, urban transportation and environmental pollution have increased. Therefore, the need for resources particularly in metropolises has increased significantly.

611. Active management of natural resources could not have been realised and satisfactory environmental development to leave healthier natural, physical and social environment to next generations could not have been ensured. For this reason, the need for integration of environmental policies into economic and social policies is continuing.

612. To ensure a sustainable growth in economy for the year 2000 and after and a development level in social and economic infrastructure, which is needed. Solving structural problems in these fields is of importance.

613. It has been observed that yield in crop and livestock production has stayed at low level, soil and water resources have not been utilised efficiently, and stability in producers' income through support policies could not have been ensured. Intervention prices given above the world prices has made plantations for certain products enlarge thus, causing surplus in production and high stock costs because of over purchases by the state.

614. Following an agricultural policy appropriate for EC Common Agricultural Policy and international developments is important while entering the full EU membership process and with the obligations envisaged by the World Trade Organisation Agriculture Agreement by operating political means into direct production appropriate for demand on market conditions instead of state interventions on crop prices with adverse effects on market prices through input subsidy. Moreover, formation and supporting of organised farmers, development of crop stock exchange and accelerating initiatives for restructuring public institutions and organisations concerning agriculture should be given emphasis.

615. In mining sector, emphasis has been placed on diversification and improvement of supply resources in recent years with a view to meet raw material and energy requirement of industry safely.

616. Significant developments have been recorded in manufacturing sector regarding the opening up to foreign competition as a result of customs union with the EU. However, global crisis and earthquake disasters have affected the industry in recent years from the aspect of both demand and supply. Thus, production has entered into a regression period and stagnation in economy has been experienced. Development of information and technology intensive sectors, increasing competitive power of traditional sectors, improving SMEs and extending entrepreneurship in the coming period, by taking into account of the progress in the physical infrastructure, the advantages like Turkey's candidacy to the EU and young and dynamic labour force potential, are important.

617. In the 7th Plan period, primary energy consumption has increased by an average 4.5 percent annually and reached 78.8 million tons of oil equivalents at the end of the plan period. Electricity consumption shall increase by an average 8.2 percent annually, and reach 126.8 billion kWh.

618. Thus, as of the end of 2000, primary energy consumption shall reach 1.206 kilogram petroleum equivalent (kep) per head and electricity supply to 11.940 kWh. per head. These figures are still below the world primary energy and electricity consumption average recorded as 1500 kep and 2.200 kWh per head respectively.

619. Due to the lack of Transportation Master Plan to provide the evaluation of the system as a whole for the development of infrastructure to supplement each other and for meeting the requirements of economic and social life on time and at the most

economic and safe way in transportations sector, all sub-sectors inclined towards short term solutions independent from each other.

620. Investing and operating organisations in the transportation sector are organised under different ministries and undersecretaries. This created significant coordination problems.

621. Privatization strategies appropriate for the qualities of transportation sub-sectors could not be developed and regulatory boards could not be constituted in the sector. Therefore, privatization could not be implemented in favour of public and at the desired level.

622. Formation of project stocks over resources caused the loss of project priority. The lack of adequate cash flow prevented the completion of projects on time bringing about delays in economic and social benefits of the projects and this made the project costs rise.

623. In the 7th Plan period, total motorway network reached 1.853 km. after the completion of 570km motorway and connection roads, 5 new airports at conventional dimensions have been put into service and the tonnage of Turkish merchant Fleet reached 10.444 DWT. Regarding railways, 139km new railways, 820 km. electrification and 779 km signalization works have been completed.

624. Information and communication technologies have become the most important instrument for the countries to gain the superiority of competition with the developments realised starting from the second half of the 20th century.

625. Developments removing traditional definitions called convergence have engendered interaction of information technologies, telecommunication and broadcasting fields and resulting applications.

626. A strategy has been worked out with the aim to privatise the Turkish Telecom, but, its implementation has been delayed. The General Directorate of Wireless has transformed into the Telecommunications Institute by the Law No: 4502. The monopoly right of Turkish Telecom has ended on 31 December 2003.

627. Problems in Internet access such as high cost and low speed continue despite the new infrastructure that has been put into operation and improvement works.

628. As a result of consumer demand sliding to mobile telecom services, rapid developments experienced in this market shall continue increasingly with the impact of technological developments and also falls realised in costs. In the next period, mobile networks shall be used generally in many telecommunications services mainly the Internet access and electronic trade practices.

629. In the 7th Plan period, capacity of telephone switchboard and subscriber density is expected to reach 21.2 million and 30 % level, respectively. The rate of numeration shall also reach % 85. The number of mobile telephone subscribers is predicted to reach 12 million with % 17 density by the end of 2000.

630. In 7th Plan period, accommodation investments in tourism sector were slowed down, and maintaining and improvement of service quality in tourism sector through

encouraging infrastructure, marketing and renovating investments have been given priority. The number of tourists coming has risen from 7.7 million in 1995 to 9.7 million in 1998 and the income received from tourism from 4.9 billion to 7.2 billion dollars. In 1999, due to earthquake disaster and reasons related to conjuncture, 7.5 million tourists have come to Turkey and tourism income was realised as 5.2 billion dollars.

II. THE DEVELOPMENT OF HUMAN RESOURCES

1. POPULATION

a) Present Situation

631. Gradual fall in annual population growth rate and total fertility rate continues and population estimated as 60.5 million in 1995 is expected to reach 65.3 million as of 2000.

632. Annual rate of population growth estimated as 1.57 percent in 1995 fell 1.50 percent in 2000 and total fertility rate is estimated to decrease from 2.69 percent to 2.53 percent in the same period. Expectation of life at birth has increased approximately 1.1 years and reached 69.1 years.

633. With the young population structure of the country, the share of 0-14 age group population decreased from 32.8 percent in 1995 to 30.0 percent in 2000, in contrast, the share of 15-64 and over 65 age group is estimated to increase.

634. The need to take into account the balance between population dynamics and natural resources, economic activities, technological, social and cultural developments, in planning and policy

formulation processes at all levels, in order to ensure a sustainable development continues.

635. Due to extension of inter-censal period to 10 years in 1990 and also the insufficiencies of existing registration system, monitoring and evaluation of the changes in population structure can not be made at sufficient level. The need to collect data concerning vital events, conducting, monitoring and evaluation studies effectively, strengthening information flow, cooperation and coordination among concerned institutions by introducing a centralised population registration system country-wide, maintains its importance.

636. With a view to ensuring updated and reliable registration of local birth and death records, arrangements are required to introduce practices in order to enable mobile population officials as envisaged in the Population Law No: 1587, population registration of citizens in the smallest units of settlement.

637. Due to the reason that an adequate registration system could not have been constituted for immigrants, refugees and illegal workers, determination and following up of the demographic and socio-economic characteristics of the people in question are impossible.

638. Regarding reproductive health and family planning (RH/FP), disparities among settlements and regions maintain their importance. An effective registration system enabling continual monitoring of developments could not have been formed. The need for increasing accessibility to continuous, expanded and quality RH/FP services, informing the young on these issues, raising demand for services by

increasing the awareness of the society, providing required training for service personnel before and after graduation and employment of those who are given training in their own fields, improving cooperation between related sectors and organisations maintain their importance.

639. Regarding mother and child health, despite improvements in services for pre-natal and post-natal care, post delivery post delivery increases in the use of modern family planning methods disparities among settlements still exists. According to the results of 1998 Population and Health Survey, the rate of pregnant women who did not receive pre-natal care was 21.7 percent in cities, however it rises up to 47.9 percent in rural areas. The shares of those who give birth at places other than hospitals are 19.8 percent in urban areas, whereas it is 40.3 percent in rural areas.

b) Objectives, Principles and Policies

640. The basic objective for constituting a population structure in compliance with the objective of a balanced and sustainable development is to improve the quality of population from the aspect of education, health and manpower, to raise the life quality and to alleviate disparities among regions and settlement areas.

641. The balance between population dynamics and natural resources, economic activities, technological, social and cultural developments will be taken into account in planning and policy formulation processes at all levels.

642. It is estimated that the falling trend of population growth rate shall continue and reach 1.33 percent at the end of the plan period. Total fertility rate shall go

down to 2.3 percent and total population shall be 70.2 million. The share of 0-14 age group shall continue to fall until the year 2005 and the share of 15-64 age group and over 65 group shall increase within total population.

643. Infant mortality is expected to decrease to the level of 28.8 per thousand by the end of the 8th Plan period.

644. Country-wide vital data registration system so as to be used by all sectors and structural arrangements to ensure coordination, cooperation and flow of information among concerning institutions shall be concluded within the Plan period. Research towards monitoring of developments in population structure shall be encouraged.

645. An effective registration system enabling determination and following up of demographic and socio-economic characteristics of immigrants, refugees and illegal workers shall be developed.

646. Reproductive health and family planning services shall be integrated within basic health services and provided in a quality manner within a life long approach and without gender discrimination.

647. With regard to reproductive health and family planning services, differences of demographic indicators of settlements and regions and trends related to population shall be taken into consideration in defining the target groups and priority service fields and in providing services.

648. Accessibility, continuity and prevalence of reproductive health and family planning services for the target groups shall be enhanced, demand towards services shall

be raised by increasing the awareness of the society, cooperation among related sectors and institutions shall be strengthened and an effective registration system enabling continual monitoring of developments in this field shall be established.

TABLE: 13- Estimates of Demographic Indicators

(Mid-Year)

Demographic Indicators	Thousand	1995	2000 ⁽¹⁾	2005 ⁽¹⁾
Total Population (End of the year)	Thousand	60.963	65.757	70.668
Total Population (Mid Year)	Thousand	60.500	65.300	70.222
Annual Population Growth Rate(%)	Percentage	1,57	1,50	1,33
Crude Birth Rate	Per/Thousand	22,6	21,8	19,9
Crude Death Rate	Per/Thousand	6,9	6,7	6,6
Total Fertility Rate	Number of Children	2,69	2,53	2,3
Infant Mortality Rate	Per/Thousand	43,1	35,3	28,8
Expectation of Life at Birth				
Total	Years	68,0	69,1	70,3
Male	Years	65,7	66,9	68,0
Female	Years	70,3	71,5	72,7
Distribution of Population by Three Main Age Groups				
0-14 Age	Percentage	32,84	30,04	28,27
15-64 Age	Percentage	62,13	64,39	65,84
65 + Age	Percentage	5,02	5,57	5,89
Distribution of Population by School Ages				
3-5 Age	Percentage	6,36	5,89	5,89
6-13 Age	Percentage	17,98	15,85	14,63
14-16 Age	Percentage	6,60	6,29	5,53
17-20 Age	Percentage	8,15	8,28	7,68
Source: SIS, SPO. (1) Estimation. (2) External migration is not included.				

c) Legal and Institutional Arrangements

649. In order to follow population movements and enhance efficiency of public services, necessary legal and institutional

arrangements shall be concluded rapidly to implement MERNIS (Central Population Management System) to enable the exchange of information among concerning public institutions at country level.

650. Arrangements shall be made to materialise new models to remove the difficulties in existing system with a view to keeping updated and reliable records of population.

651. Arrangements shall be made for development of effective registration system with a view to enhance effectiveness and follow up reproductive health and family planning services enabling up to date and reliable flow of information among concerning public institutions.

2. EDUCATION

a) Present situation

652. As of 1999, 94.2 percent of male and 77.4 percent of female population at the age of 12 and over are literate. Literacy rate has reached 85.7 percent.

653. In 1999-00 academic year, there are 12.7 million students and 484.089 teachers in 59.374 public and private schools (primary education and high school). 246.514 of these students are in private schools. 3 million people have been trained at 6.531 public and private apprenticeship and adult education schools. The need to increase the share of private education institutions at all levels maintains its significance.

654. With 15 new universities established in 7th plan period, the number of foundation universities rose to 21 and the total number of universities rose to 74. On

the other hand, the number of faculties, institutions, higher schools and vocational higher schools has been raised from 1.137 in 1995 to 1.492 in 1999. The number of students in higher education reached 1.5 million.

655. Enrolment rates in the 1999-00 academic year are 9.8 percent in pre-school education, 97.6 percent in primary education, 59.4 percent in secondary education. Of this, 22.8 percent are in vocational technical schools and 36.6 percent in general lycees. This ratio is 27.8 percent in higher education 18.7 percent of which belongs to formal higher education.

656. Schooling rate was realised as 22.8 percent in vocational and technical schools in the 1999-00 academic year, while it was 23.4 percent in the 1995-96 academic year.

657. Practices of double-session teaching and overpopulated classes mainly in large cities together with the practices of joint classes remain to affect the quality of education adversely.

658. In line with the aim to raise the educational level of the society, the duration of compulsory basic education was raised to 8 years with the Law No: 4306 which entered into force in 1997. Arrangements have been made with the same Law concerning the provision of required additional resources. Basic Education Project has been operated with the funds provided from the World Bank.

659. Persistence of physical infrastructure and manpower deficiencies has adverse effects on the quality of education.

660. The norm cadre regulation issued for the purpose of obviating deficiencies in the number of teachers and imbalances in distribution has been put into effect.

661. Satisfactory developments in utilisation and extension of new technologies in education could not have been ensured. Initiating computerised education at all levels of education with a special emphasis on primary education, providing internet access for every school and producing curriculums as software programs bear great importance.

662. Arrangements aiming to provide education and training opportunities to everyone, preventing the queuing for access to higher education, providing equal opportunity in education, and establishing an effective guidance system, have been inadequate.

663. Due to the lack of an effective guidance system and particularly, the weak cooperation between vocational-technical education and the industry, queuing for success to higher education institutions still persists.

664. The need to increase private education institutions at all levels has continued and the share of students at private education has remained at the level of 1.7 percent within total number of students.

665. Despite improvements in meeting the need for infrastructure and teacher at all levels of education, development could not be achieved at desired level. The lack of coordination among public and private institutions and organisations providing services of education still exists.

666. The number of schools for special education could not be increased and sufficient developments in transition to joint education in existing schools could not be provided. Additionally, insufficiency of educational institutions for mentally gifted children continues.

667. Subject and credit system of secondary education has been abolished in 1995-96 academic year and the system of promotion has been readapted.

668. Due to the reasons such as insufficiency of resources, ineffective use of existing resources and inadequate cooperation with the industry, objectives of the Plan concerning vocational and technical education could not be achieved, and vocational education programs in required type and quality by business market could not be developed sufficiently.

669. Within the framework of Full Time Full Year Education Project initiated in vocational and technical education institutions and apprenticeship centres, a total of 118.128 students have been provided with the access to education in 1996-99 period.

670. All children who are out of educational system could not be included in the scope of apprenticeship education. Children who are out of formal and adult education system work under inconvenient conditions both economically and socially, and their mental and physical health is affected adversely. Therefore, the use of human resources has been unproductive. Religious knowledge and information which is the basic right and need for the human being shall be continued to be given at formal and non-formal institutes.

671. In 1999-00 academic year, the total number of teaching staff in higher education is 64.169. There are 35 students per lecturer in Turkey while this figure is 15 in EU countries. Particularly, new universities are having difficulties in providing lecturer. In 1999-00 academic year, despite 26 percent of students are at the universities in İstanbul, Ankara and İzmir, and for the reason that 50 percent of lecturers are in these cities, the average number of student per lecturer in new universities could not be reduced.

672. In the 6th Plan period, 2.006 research assistants were sent abroad for post-graduate studies, this number was reduced to 416 in the 7th Plan period.

673. Higher education institutes could not be freed from bureaucratic and centralised structure; competitiveness within and among universities could not be established; the powers of faculty and university administration could not be increased; participation of lecturers and research assistants in the administration, scientific autonomy and university-industry cooperation could not be ensured.

674. OSYM (Centre for Selecting and Placing Students) should be restructured concerning its duties and responsibilities related to examinations, which it shall undertake for public and private sector.

b) Objectives, Principles and Policies

675. Main objective of the education system is to raise individuals of the information age who are devoted to the principles and reforms of Atatürk, whose thinking, perceiving and problem solving capabilities have developed, who are democratic, partisan of freedom and faithful

to moral values, are open-minded, well aware of their personal duties and responsibilities, who have adopted the national culture, able to comment on different cultures and can contribute to contemporary civilisation, inclined to science and technology production, and highly skilled, productive and creative.

676. National education shall be restructured within a unique system instructing ways and methods of reaching information for everyone with an approach of life- long learning, containing an effective counselling service, enabling opportunities for horizontal and vertical transitions at all stages of education, appropriate for professional standards of the market, giving emphasis on production oriented education, taking the transfer of power as basis, providing equal opportunity for all students without exception.

677. Studies on extending pre-school education shall be accelerated, because, social, psychological and mental development form at early ages.

678. In order to extend compulsory basic education to 12 years in the long term, necessary infrastructure shall be prepared.

679. Technological facilities, particularly computer technology shall be utilised at the utmost level; open university education and new educational methods using high technology shall be put into practise at all levels of education.

Education Levels	1995-1996		1999-2000		2000-2005 (1)	
	Number of Student ('000)	Schooling Rate (%)	Number of Student ('000)	Schooling Rate (%)	Number of Student ('000)	Schooling Rate (%)
Pre-School Education	199	7,7	252	9,8	690	25,0
Eight Years Basic Education	9.564	89,8	10.053	97,6	10.328	100,0
High Schools	2.223	55,0	2.444	59,4	2.886	75,0
- General High Schools	1.277	31,6	1.506	36,6	1.539	40,0
- Vocational and Technical Schools	946	23,4	938	22,8	1.346	35,0
Higher Education*	1.226	23,8	1.492	27,8	2.002	37,3
- Formal Education	766	14,9	1.006	18,7	1.519	28,3
- Open University	460	8,9	486	9,1	483	9,0
(*) MA students included (1) Target						

680. Starting from intermediary classes of basic education, an efficient counselling system based on the methods to acknowledge and capacity evaluation of students through Computer Enhanced Counselling shall be established at all levels of education.

681. The profession of teaching shall be made attractive, a balanced distribution of teachers shall be ensured at country level and their in-service training shall be reflected to their personnel rights. With the aim of meeting requirements of teachers and lecturers at all levels of education, studies to employ teaching staff on contract basis shall be initiated.

682. Instead of education with foreign language studies to teach a foreign language in the most effective way shall be taken up at all levels of education.

683. A model taking total quality management for success evaluation of educational institutions into consideration and based on performance measurement

shall be developed and interregional imbalances shall be removed.

684. Financial means shall be improved in order to bring educational institutions to a sufficient level from the aspect of physical infrastructure, equipment, curriculum, employment of teaching personnel.

685. In extension of education, contribution of local administrations, non-governmental organisations and private sector shall be provided.

686. In the Plan period, the number of students in overpopulated classes shall be reduced and the application of double-session teaching shall be decreased.

687. At all levels of education, joint programs for the purpose of education and culture shall be developed with Turkish Republics and Communities.

688. Standards shall be formed for the purpose of removing differences among institutions providing pre- school services. In pre-school period, in order to provide society

based national education, faithful to ethical and moral values, written, oral and visual educational programs shall be encouraged.

689. Cohesive schools for the children in need of special education together with those who show normal development shall be given elasticity from the aspect of place, equipment, personnel and program so as to service all students; mentally gifted children and ability shall be given counselling and guidance services in pre-school and basic education period; the preparation of appropriate environment for education shall be attached importance and private sector initiatives on this field shall be encouraged.

690. Secondary education shall be given a structure so as to take program type as basis instead of school type and vocational education shall be initiated with a wide ranged basic education program.

691. Emphasis shall be placed on formal and non-formal vocational-technical education, the share of vocational-technical education within secondary education shall be enhanced. Extension of vocational-technical education shall be encouraged by eliminating the current assessments criteria of university entrance exam results favouring the graduates of normal high schools. Vocational-technical education programs shall be re-arranged on professional standards and functional cooperation shall be made with work life.

692. Cooperation and coordination on program integrity shall be established between vocational higher schools and vocational and technical high schools; students of vocational higher schools shall be provided with applied education.

693. The possibility of all sorts of extended education based on the approach of life long learning shall be developed, training activities shall be increased for young people who are not able to enter into any higher education programs so as to gain skills and professions, activities of local administrations, non-governmental organisations and the private sector on the issue shall be encouraged.

694. The Higher Education Council shall be freed from its bureaucratic and centralised structure, arrangements will be made to develop competition within the system, administrative, financial and scientific autonomies of universities shall be strengthened.

695. The Higher Education entrance system shall be rearranged so as to place students in programs according to their interests and capacities in line with the equal opportunity principle.

696. The Centre for Selecting and Placing Students (ÖSYM) will be restructured concerning exams to be undertaken for public and private sector.

697. The establishment of new universities and affiliated units shall be dependent upon objective criteria and wide based decision-making process.

698. Financial means of higher education institutions shall be improved, the share of contribution for the cost of education taken from students according to their economic situation shall constitute one of the resources in financing higher education by establishing an effective tuition-scholarship-loan system.

699. Difficulties in taking scientific merit as basis concerning academic promotions shall be eliminated, and lack of cadre will not be a preventive factor in academic promotion.

c) Legal and Institutional Arrangements

700. Arrangements shall be made in the Law No: 3797 establishing the Ministry of Education with a view to restructuring a central organisation and decentralising authority and responsibility to provincial units of the Ministry.

701. Arrangements shall be made with the aim of carrying out pre-school education activities with an integral approach given by the Ministry of Education and other public institutions.

702. The Law on Private Educational Institutions shall be rearranged as to contain various incentive measures.

703. Necessary arrangements shall be made in the Law No: 3308, so that apprenticeship and vocational and technical education meet the expectations of business world, relationship between vocational and technical education and industry increase and difficulties in practice be removed.

704. Necessary legal and institutional arrangements shall be made with a view to reflecting in-service training of teaching staff to their personnel rights and salaries and employing teaching staff on contract basis.

705. Necessary arrangements shall be made to restructure the higher education system in such a way as to be responsible for long term planning and coordination by removing its bureaucratic and centralised

structure, to develop competition within the system and to strengthen administrative, financial and scientific autonomy.

706. Necessary legal arrangements shall be made for the establishment of new universities and affiliated units dependent upon objective criteria and wide based decision making process.

707. Necessary arrangements shall be made with the aim of restructuring ÖSYM concerning exams to be undertaken for public and private sector.

3. HEALTH

a) Present Situation

708. In the period of 1995-00 infant mortality rate dropped from 43.1 per thousand to 35.3 per thousand and life expectancy at birth rose from 68 years to 69.1 years in that period.

709. As of the end of 2000, it is expected that the number of hospitals will reach to 1.220, the number of public health units in urban areas to 5.700 and the number of public health units in rural areas to 13.500. It is estimated that the number of population per physician will be 807 and the number of population per bed will be 384. As of 1999, 38 percent of total beds and 40 percent of physicians are in three metropolises constituting 25.6 percent of total population. Utility rate of the existing beds is 59 percent, in country general. Bed utility rate, in district hospitals remain under 25 percent and the flow of patients to hospitals in big cities continues.

710. The unbalanced distribution of health personnel and infrastructure in country general and the lack of coordination

and cooperation among institutions and their service units persist.

711. The rate of population covered by health insurance reached 86.4 percent as of the end of 1999. With the implementation of Green Card System, 8.7 million people have been provided the opportunity of in-patient treatment services.

712. Preventive health care services could not be given due priority and continual and effective provision of these services together with basic health services could not be ensured.

TABLE: 15- Number of Hospitals and Patient Beds by Type of Institution (2000)		
(Number)		
Institutions	Number of Hospitals⁽¹⁾	Number of Beds⁽¹⁾
Ministry of Health	742	84.200
Ministry of National Defence	42	15.900
Social Insurance Organisation	116	27.300
State Economic Enterprises	10	2.217
Other Ministries	2	680
Medical Schools (University)	43	24.200
Municipalities	8	1.313
Foreign	4	320
Minorities	5	934
NGOs	18	1.436
Private	230	11.500
TOTAL	1.220	170.000
Source: Ministry of Health, SPO (1) Estimation		

713. An effective model to meet primary health care of urban population gradually increasing in line with rapid urbanisation could not be developed and the implementation of family physician system

(general practitioners) could not be materialised.

714. An effective patient referral system among service levels could not be set up and the right to choose physician and hospital for the insured could not be given.

715. Hospitals could not be converted into institutions having administrative and financial autonomy and offsetting their expenses by their own income and could not be reinforced with an understanding of modern management.

716. Issues such as allocating more resources for health, the use of existing resources more effectively and efficiently and giving priority to preventive health services in directing these resources maintain its importance.

717. Cooperation programs among sectors for reducing environmental risk factors could not be developed and environmental health services could not be improved sufficiently.

718. Economic losses and health problems caused by traffic accidents still have importance.

719. The need to extend emergency and first aid services country wide, to improve mobile health services and to establish a management and coordination centre persists.

720. For better utilisation of manpower and infrastructure of the hospitals belonging to the Ministry of Health, the implementation of working in shifts has been initiated at 23 hospitals of 13 provinces.

721. Due to part-time working at public hospitals, manpower and infrastructure could not be utilised sufficiently thus, causing adverse effects on the education of medicine.

722. Between the academic years of 1994-1995 and 1998-1999 the number of medical schools rose from 25 to 46 and the number of students enrolled fell from 5.087 to 4514 respectively, in the same period due to the reduction in admission quotas. It is necessary to reinforce existing medical schools in view of education, research, manpower and infrastructure instead of establishing new medical schools, to prevent reduction in the number of students to be enrolled and to make an effective manpower planning.

723. The share of private sector within total number of beds is 6.8 percent as of the end of 1999. Private sector mostly provides outpatients, laboratory and diagnosis services.

b) Objectives, Principles and Policies

724. As the basic component of social development, the fundamental principle is to raise a healthy society by ensuring the state of full goodness for individuals from physical, intellectual, social and mental aspects and rising the life span and quality.

725. Health care services shall be provided within equality and fairness, in accordance with the needs and expectations of the society. The service provided shall be in high quality, accessible, efficient, of a nature reducing disparities between regions and socioeconomic groups, in harmony with the requirements of modern living and respectable for the rights of patients.

726. Efforts of individuals and families for protecting and improving their health and social and cultural values encouraging the protection and improvement of health shall be supported.

727. In planning, provision and allocating resources, cost-effective services shall be given priority. Provision of preventive health care services shall be made effective by integrating with primary health service units. Health education programs shall be developed at all levels starting from primary schools.

728. Adequate means shall be provided for infants and children to start their lives in a healthy way; for young people to have the knowledge and ability to protect and improve their own health; for individuals to increase their life-span and quality far from disability and illness and for the aged particularly, to continue their living activities without help and thereby contributing the society.

729. A more effective cooperation and coordination among sectors shall be secured for the purpose of protecting and improving health of society.

730. Provision and financing of health services shall be separated from each other. Everyone shall be given the right to benefit from the health care service within the framework of health insurance.

731. A more effective patient management system among the steps of health services shall be developed.

732. Primary health care service capability shall be improved in urban areas, practice of district out-patient clinics shall be restructured, facilities of private health

organisations providing service in market conditions shall be utilised and family practitioner practice shall be initiated. In rural areas health centres will be restructured by improving, the possibilities of manpower and infrastructure, and mobile health service practice shall be made effective.

733. Studies related to the training of the public and also to services for mother and child care, reproductive health, mouth and dental care, nutrition, environmental health, safety at work, sportsman health, the aged and health services in cases of disaster shall be attached importance.

734. A home-care service model in connection with outpatient clinics and hospitals, shall be developed.

735. Hospitals shall be given administrative and financial autonomy, operated with an understanding of modern management and administration and converted so as to operate by offsetting their expenses with their own income.

736. In planning of the capacity of hospital beds, priority shall be accorded to branches in which needs are intensified and services inadequate.

737. It shall be ensured that research, education and reference hospitals shall provide service within the scope of their original purposes.

738. Emergency health services shall be extended and improved countrywide.

739. Manpower, technology and management capabilities shall be enhanced by taking into consideration the load of work in public health care service units, the grade

and specification of the service and international norms and standards. Maximum use of infrastructure and manpower shall be ensured and full time work shall be encouraged.

TABLE: 16- Developments in Health Indicators

	1995	2000 (1)	2005 (2)
Number of Beds (Number)	150.565	170.000	200.000
Population per Bed	402	384	351
Bed Occupancy Rate	58	60	75
Number of Health Centres	4.927	5.700	6.300
Number of Physicians	69.349	80.900	89.000
Population per Physician	872	807	789
Number of Dentists	11.717	14.200	16.000
Population per Dentists	5.163	4.599	4.389
Number of Nurses	64.243	71.000	77.100
Population per Nurse	942	919	910
Life Expectancy at Birth (Years)	68,0	69,1	70,3
Infant Mortality Rate	43,1	35,3	28,8

Source: Ministry of Health, SPO.
(1) Estimation
(2) Target

740. The number of students to be enrolled in medical schools shall be redefined by taking into account structure of the health system, infrastructure of the educational institutions and the European Union manpower norms.

741. Provision of all level of health service shall be improved regarding manpower, infrastructure, management and technology and a health information system shall be formed.

742. Implementations of diagnosis and treatment methods based on scientific evidence and rational use of medicines shall be extended.

743. Capacity of vaccine production shall be enhanced. Refik Saydam Hygiene Centre shall be converted into a national reference institute for the purpose of providing laboratory and control services towards vaccine, medicine, food and environment.

744. Services of food health and safety shall be improved and effective control shall be provided. To raise nutritional awareness, public training shall be given with a view to ensure sufficient and balanced nutrition.

745. Private sector health investments and services of non-governmental organisations shall be encouraged.

c) Legal and Institutional Arrangements

746. The task and organisational structure of the Ministry of Health shall be rearranged.

747. Arrangements of adaptation to EU norms shall be completed.

748. Legislation shall be arranged in order to provide efficiency in preventive health care services.

749. Necessary arrangements shall be realised for the implementation of integrated family general practitioners system together with primary health care services.

750. Legislative arrangements shall be made concerning the conversion of hospitals to competitive and autonomous enterprises.

751. Arrangements encouraging for full time work of health personnel working at public hospitals shall be realised.

752. Legislative arrangements shall be made in order to convert Refik Saydam Hygiene Centre into a national reference institute.

753. Legislative arrangements shall be made for nurses and midwives.

754. Legislation concerning to health related professions and their implementations shall be updated.

755. Legislative arrangements on separation of the provision and financing of health care services shall be made.

756. Current structure of the Supreme Health Council shall be revised and given a structure so as to be represented by related parties.

757. Arrangements shall be made in the legislation to increase control on food health and safety.

4. MANPOWER

a) Present Situation

758. It is important to develop rapidly the quality of manpower, the main component of international competitiveness.

759. Despite developments in education system, the educational level of working population is rather inadequate when compared with those in developed countries.

760. The ratio of labour force who are higher education graduates to total labour force reached from 5.7 percent in 1995 to 7.3 in 1999 and the ratio of labour force

who are graduates of high school and their equivalent to total labour force also reached from 12.6 percent to 13.2 as of the same years. An accelerated and continued increase in the educational level of manpower is essential.

761. It is required that the number and quality of health and training personnel should be improved and distributed in a balanced manner. While supply is insufficient in some rapidly developing fields like information technology, there is a surplus in certain fields particularly in agricultural and civil engineering.

762. The need to develop harmonisation between formal and non-formal vocational-technical education and manpower requirements of economy persists.

763. The raising of manpower in fields required by economy has been continued at vocational high schools and vocational higher schools. In spite of policies envisaged in Five-Year Plans for improving these schools without excessive diversification, implementation was not realised parallel to this. Inefficiencies in developing and implementing educational programs according to the requirements of business life exist.

b) Objectives, Principles and Policies

764. The main objective is to raise manpower equipped with information and skills required by information society, to be utilised productively and to be given an improved quality of life.

765. Education system shall be improved to meet the need of qualified

manpower of economy in required number and quality.

766. The educational level of labour force shall be improved as to increase international competitiveness and opportunities of continuing training parallel with business life shall be strengthened.

767. Vocational technical education shall be improved within formal and adult education in a flexible and dynamic manner and in close relation with business life.

768. New organisational models shall be developed to enable functional cooperation with business life in order to attain more effective and productive vocational and technical education.

769. In provision of educational opportunities, programs shall be developed to extend education to a wider mass of people by the effective use of information and communications technologies without being limited with traditional methods. Applications and opportunities for open university programs shall be extended.

770. Starting from primary education, programs shall be developed for the purpose of equipping teachers and students with technological literacy within education process.

771. A reliable examination and certificate system in defining the occupational competences of individuals shall be developed.

772. National and local level studies taking employment and education dimension of new occupations into account shall be supported.

773. Emphasis shall be placed on increasing and effective utilisation of resources allocated for developing qualified manpower.

TABLE: 17- Supply Projection of Higher Educated Manpower		
(Thousand Persons)		
Branch of Study	2000 ⁽¹⁾	2005 ⁽¹⁾
Language and Literature	48,1	66,5
Mathematics and Natural Sciences	94,7	129,7
Health Sciences	196,1	218,5
Social Sciences	368,9	458,7
Law	52,9	63,0
Primary Education Teaching	334,2	394,8
Secondary Education Teaching	155,7	210,1
Technical Sciences	245,8	303,8
Agriculture and Forestry	62,2	73,0
Fine Arts	18,8	24,0
(1) Estimation		

774. In public sector, emphasis shall be placed on raising the quality of manpower and productive employment in consideration with modern management techniques.

775. Education and health personnel shall be improved in number and quality and their balanced distribution shall be provided.

TABLE: 18- Supply and Requirement Projections of Personnel in the Fields of Health and Education				
(Thousand Persons)				
	Supply(1)	Requirement(1)	Supply (1)	Requirement(1)
Physician	80,9	97,6	89,0	121,7
Dentist	14,2	21,5	16,0	28,3
Pharmacist	21,8	21,6	21,3	26,2
Nurse	71,0	172,8	77,1	212,8
Veterinary Surgeons	11,8	11,6	14,3	15,0
Primary Education Teacher	334,2	376,0	394,8	413,0
Secondary Education Teacher	155,7	133,0	210,1	180,0
Higher Education Teaching Staff	64,0	83,0	85,0	119,5
(1) Estimation				

TABLE: 19- Supply and Requirement Projections of Technical Personnel				
(Thousand Persons)				
	2000		2005	
	Supply(1)	Requirement(1)	Supply (1)	Requirement(1)
Architect	28,8	25,1	33,1	32,4
Civil Engineer	43,9	37,1	50,2	45,9
Mechanical Engineer	44,3	44,7	52,1	56,3
Industrial Engineer	12,4	12,4	17,6	18,8
Electric-Electronics Engineer	32,4	30,9	39,7	43,0
Computer Engineer	6,8	9,2	12,6	16,6
Chemical Engineer	19,1	17,4	20,5	21,5
Mining and Petroleum Engineer	8,7	7,4	10,6	9,8
Metallurgical Engineer	4,6	2,9	5,9	3,8
Geological and Geological Engineer	14,0	10,0	17,5	13,3
Geodesical Engineer	6,7	6,2	8,3	8,4
Environmental Engineer	5,5	5,5	9,1	9,5
Other Engineer	18,6	15,2	26,5	21,8
Agriculture and Forestry Engineer	62,2	38,1	73,0	49,1
(1) Estimation				

5. YOUTH, PHYSICAL TRAINING AND SPORT

A) YOUTH

a) Present Situation

776. It is estimated that the population of 19-24 age group shall reach 7.7 million and its share within total population shall be 11.8 percent in 2000.

777. Although certain improvements have been provided in numbers and qualities of services towards the youth, insufficiencies continue. It is essential to obviate the problems of the young who are out of education.

778. Drug addiction constitutes a serious threat for the youth, especially in big cities.

b) Objectives, Principles and Policies

779. The main objective is to bring up a self-confident youth who has the sense of responsibility, are open-minded, has embodied cultural values, are aware of the objectives and opportunities of the country and having the ability to assume them, are keen to inquire, are able to act critically and democratically and contribute to the society and the development process while improving their personality.

780. Research studies shall be carried out to enable the determination of the problems on the issues of education, health, working life, social security, employment and utilisation of free time and proposals to solve them shall be developed.

781. The principle of equal opportunity shall be respected in improving the service quality for the youth. Intellectual, cultural,

artistic and sportive activities shall be encouraged in order to ensure their personal, psychological and physical development.

782. Developing cooperation among institutions shall be accelerated in order to carry out action plans and research studies to protect the youth from harmful habits, to take dissuasive measures and to eliminate elements creating an atmosphere for crime. Effective studies shall also be carried out in order to make the youth and the public aware particularly of drug addiction, AIDS and similar diseases.

783. Local administrations shall prepare and arrange programs to encourage mainly sportive, cultural and artistic activities, traditional sports towards young people, games for mental development, chess, folklore, activities to make them gain the habit of reading and research and they will contribute to studies of extending youth centres country wide. Private sector shall also be encouraged to invest in this sector and qualified experts shall be employed at these centres.

c) Legal and Institutional Arrangements

784. Follow-Up and Directing Sub and Supreme Committees for combating Drug Use shall be given a legal status as monitoring, supervising and coordination units and shall be made work efficiently.

785. The General Directorate of the Youth and Sports shall be restructured with a view to provide effective services for the youth.

B) PHYSICAL TRAINING AND SPORT

a) Present Situation

786. As of the end of 1999, 328 stadiums, 365 sport halls, 31 in-door swimming pools, 25 out-door swimming pools and 757 soccer fields have been put into service. There are 178.448 sportsmen, 15.391 trainers, 20.277 referees and 5.437 sports clubs as of the end of the same year.

787. Initiatives for 2000 and 2004 Olympic Games to be held in İstanbul were not successful. However, infrastructure investments have started with the intention of next Olympic Games to be held in İstanbul. Turkey has undertaken 2000 World Chess Qlympics and studies are under way.

788. International GAP (South-eastern Anatolian Project) Water Sports Festival has been arranged to enable people of the region to enhance their interest to various branches of sports.

789. The Turkish Doping Control Centre has been furnished with modern equipment so as to be fully accredited by the International Olympics Committee.

790. Services of written and audio-visual media, one of the important elements of exercising sports on scientific bases have been increased and extended. Translation of scientific sports publication into Turkish and their printing have been continued.

791. In order to provide healthy personality development policies regarding sport training and legal arrangements are required towards understanding of extended sport and performance sports developing human relations and creativeness.

b) Objectives, Principles and Policies

792. The main objective is to make physical training and sport a life style having the service infrastructure to be reached by all population.

793. The basic element of raising physically and mentally healthy society is regarded as sports. Therefore, it shall be extended to all levels of the society making them gain regular habit of sporting. Balanced distribution of sportive activities and sports infrastructure shall be provided as of all branches in country general. Training and employment problems of sportsmen and sport personnel shall be solved and the number of sport establishments be increased and utilised rationally.

794. Managing or operation of sportive activities and facilities and in-service training of their personnel shall be provided by financially and administratively independent sports clubs and federations as well as private enterprise and local administrations. The public sector shall control, direct, encourage these activities and follow technological innovations in this field.

795. Studies regarding formation of necessary infrastructure for Olympic Games shall be continued.

796. Emphasis will be given for increasing and extending touristic sportive activities, and programs will be implemented to raise staff to be employed in this field.

797. Clubs and federations shall be institutionalised and they will be made self-sufficient financially.

798. Employment of sports teacher at each school, qualified sports manager at each sports club and adequate qualified trainers at each sports branch and increasing the number of sports fields will be encouraged.

799. Sportive infrastructure facilities of schools shall be improved and in planning new schools sports infrastructure shall be taken into consideration.

800. State owned sports facilities including schools shall be opened to the use of public at non-working hours.

c) Legal and Institutional Arrangements

801. For the restructuring of sports system, necessary legal arrangements will be made.

802. For the purpose of increasing resources allocated to sports, sponsorship system shall be extended and necessary legislative arrangements will be made.

803. Existing legislation shall be amended in order to remove deficiencies in the field of sportsman health and to provide effective control.

6. WOMEN, FAMILY AND CHILDREN

A) WOMEN

a) Present Situation

804. As of 1999, literacy rate in women is 77.4 percent. Literacy rate of women living in cities is 82.2 percent while it is 67.8 percent for woman living in rural areas.

805. Female labour force participation rate is 31.1 percent in 1999. This rate has

been realised as 16.9 percent in urban and 49.6 percent in rural areas.

806. Extending the period of primary compulsory education to 8 years is regarded as an important development for raising the level of education of women. Reading and writing courses have been arranged in order to increase the literacy rate of women.

807. The Turkish Employment Agency has conducted studies to increase employment possibilities for women under Employment Training Project and courses have been arranged to make them gain skills.

808. Article 153 of the Civil Code No: 4248 was amended in 1997, thereby woman has been given the right to use her maiden name.

809. The Law No: 193 on Income Tax has been amended giving woman to become an individual taxpayer.

810. With a view to improve woman's health level a National Strategy Plan was prepared in 1998.

811. For the purpose of directing women to income creating activities, encouraging their entrepreneurship and handicraft productions, a centre has been established by the General Directorate of Status and Problems of Woman.

812. Woman's Statute Units have been established within the body of 13 governorship with the aim of increasing efficiency of services for women and providing these services for wider masses.

b) Objectives, Principles and Policies

813. In order to strengthen social status of women, widen their fields of involvement and benefit them from equal opportunities and possibilities, their level of education shall be raised and their participation in development process, working life and decision making mechanisms shall be increased.

814. Projects shall be developed for increasing their rate of literacy.

815. With the aim of providing effective participation of women in education and removing gender prejudices in society, written and visual means of communication shall be used in conjunction together with formal and adult education.

c) Legal and Institutional Arrangements

816. Amendments in line with the current economic and social conditions shall be made in the Turkish Civil Code.

B) FAMILY

a) Present Situation

817. The importance of conducting studies at institutional level in order to support family, which has a strong social security function, is being increased due to rapid changes in society.

818. With a view to prevent domestic violence, Law No: 4320 on Protection of Family entered into force in 1998.

819. Marital status section of identity cards has been adopted to indicate only the married or single status.

820. Restructuring service institutions for family, meeting their requirements concerning organisation, personnel and legislation, and ensuring coordination among institutions maintain its importance.

b) Objectives, Principles and Policies

821. In protection and development of national and moral values, in reinforcing national unity and integrity, strengthening family institution is essential.

822. Measures to help the family adjust to social and economic changes shall be taken and policies to strengthen ties and to try devotion among members of family shall be given emphasis.

823. Necessary arrangements shall be made in order to provide continuity of income, to meet the requirements of health care and education services and to provide social security and social assistance for the family.

824. Support shall be given to families by training on the subjects of child, aged and disabled care and coordination shall be provided among related institutions.

825. With a view to reduce the burden of education expenditures on family budget, necessary arrangements shall be made for assisting poor families.

c) Legal and Institutional Arrangements

826. Studies concerning legislative arrangements of institutions related to family shall be concluded.

827. Necessary legal arrangements shall be made for providing education aid to families in need.

C) CHILDREN

a) Present Situation

828. Child population in 0-18 years of age group is estimated to be 25.1 million and its share within total population as 38.4 percent in the year 2000.

829. Reflection of principles and standards, envisaged on the United Nations Convention on the Rights of the Child ratified and entered into force in 1995, into internal law, implementation, monitoring and coordination of the Convention efficiently and formation of a data base to collect all data and an information network for children are required.

830. Disparities exist among regions, urban-rural and inner city areas concerning child health.

831. Preventable diseases are the most important reason for the child mortality.

832. Pre-natal care services for pregnant, delivery in healthy conditions under the supervision of health personnel and an integrated approach to child health maintain its importance.

833. As of 1999, it is estimated that there are 3 million handicapped children. Most of them are born as disabled because of preventable reasons or carry the risk to become handicapped. Services of education are provided for 32.542 handicapped children at 904 schools.

834. The problem of child workers, street children and those working on street is still important.

835. It is important to develop alternative care models for children who

have no family or are at risk while living with their families and in their close environment. A total of 16.595 children who are in need of protection are being given services at 76 nurseries and 97 orphanages within the body of the General Directorate of Social Services and Child Protection Agency (SHÇEK). Moreover, 421 children are living with protective families and 1.730 children have been adopted.

836. Child Protection Departments have been established in 25 provinces and Child Protection Offices in other provinces within the body of the General Directorate of Security. There are six child courts and 2 child correction institutions have been put into operation to separate them from adults while they are under arrest or sentenced.

837. The problem of children who are in conflict with law maintains its importance. Formation of policies with a view to prevent children to commit crime, establishment of a police department for children, construction of correction institutions and reformatories for children in sufficient number and quality, employment of qualified staff in the field of child within the body of child correction institutions, reformatories, Security and Gendarmerie units, increasing the number of child courts by restructuring as envisaged on the Law No: 2253 and development of programs in order to regain children into the society are required.

838. In media, publications and programs containing violence, sexuality and abuse, encouraging drug use, cigarette smoking and consumption are continuing to affect children adversely.

b) Objectives, Principles and Policies

839. It is fundamental to attain the principles and objectives of the Convention on the Rights of the Child.

840. A Child Information Network containing all types of data related to children shall be formed.

841. With a view to improve life quality of children, reasons preventing children benefit from health care services shall be removed.

842. Acting from the principle that family is the ideal and priority environment in caring and raising a child, in order to protect and raise disabled children in need of protection within their family environment, social support programs towards family shall be given emphasis.

843. Causes directing children towards crime, streets, working and drug addiction shall be eliminated; starting from the regions in which child crime is intense, new child courts shall be established; the number of child correction institutions and reformatories shall be increased to enable them stay in separate environments from adults while they are under arrest or sentenced.

844. In order to prevent children from working, impediments before the educational opportunities shall be eliminated, child population at the age of compulsory education ensured to be embraced by the education system and an education system to increase demand for vocational technical education shall be constituted. In the long term, children shall be eliminated from working life entirely.

845. Expert personnel in this field shall be employed at concerning organisations in sufficient number and quality.

846. Local administrations shall prepare cultural, artistic, sportive and folkloric programs to make them gain the habit of reading and research by establishing centres for children. Private sector shall be encouraged to invest in this field and experts shall be employed for this purpose.

847. Children shall be protected from harmful effects of the means of media; programs containing violence, sexuality and abuse and causing to drug use and cigarette smoking shall be broadcasted in late hours of the night.

c) Legal and Institutional Arrangements

848. Turkish legal legislation shall be harmonised with the Convention on the Rights of the Child.

849. Amendment shall be made on the Law No: 2253 and everyone up to 18 years old shall be regarded as child. According to this law, existing child courts shall be restructured and child observation centres shall be established.

850. Principles and methods related to working children shall be arranged in line with the international principles and standards.

7. LEISURE TIME ACTIVITIES

a) Present Situation

851. Recreational activities are being carried out through central and local administrations, universities, non-governmental organisations and individuals

themselves. Problems of coordination, field, establishment, expert personnel and financing insufficiencies persist.

852. Efforts to train the youth for reaching the information in their spare time and for acquiring skills and occupations, and to integrate homeless and disabled children into society are inadequate. Problems related to activities to improve skills and to gain occupation in squatter housing areas and rural regions could not be removed.

b) Objectives, Principles and Policies

853. Main objective is to make leisure time, which should be thought together with time management as part of life used in a productive and participatory way and thereby not wasting leisure time.

854. State owned fields and establishments shall be opened for the use of public for leisure time activities. Infrastructure and manpower capacities of central and local administrations as well as universities shall be improved for spare time activities for all sections of the society particularly children, the young, the aged, housewives, those who are living alone and the disabled, in a productive and participatory way. Non-governmental organisations and the private sector shall be supported on this subject.

855. With a view to improving the culture of leisure time activities, formal and non-formal education programs shall be used. In order to make children encounter arts and traditional handicrafts at early ages, projects shall be developed and implemented under the coordination of the Ministry of Culture.

856. Common public places shall be established for leisure time activities in settlements of the suburbs of large cities.

III. CULTURE

a) Present Situation

857. Importance has been given on activities such as strengthening the cultural infrastructure, disseminating cultural activities, improving cultural relations with countries throughout the world and especially with the Turkish Republics, defining, exploring and restoration of historical and cultural merits of the country abroad.

858. Insufficiencies in raising qualified manpower in the field of culture, meeting financing requirements and ensuring the necessary coordination still prevail.

859. Terror and high inflation that plagued the country for many years has caused great damages on our cultural structure which are hard to compensate and has thoroughly weakened the feelings of solidarity, moral values, beliefs and moralities as a whole.

860. Works on evaluating the cultural treasures efficiently within our country and abroad have been continued. An extensive study on the determination, maintenance and restoration of these historical works has been conducted in the year 1999 with the collaboration of related institutions.

861. Works have been carried out, in order to render library services more rational and spread them throughout the country. As a result of these works, along with the libraries, opened with the contribution of local governments, the number of libraries

increased to 1.368 in the year 1999, that of mobile libraries to 68. The number of listed items on the other hand, amounted to more than 13 million in the year 1998. However, the necessity to endow the libraries with a modern structure still persists.

862. By the year 1998, the number of museums with altogether 2.6 million exhibits was 168, historical sites with ancient ruins open to visitors was 525. The need to ensure the safety of museums and the necessity to strengthen their technical and administrative structure, in order to convert them into institutions in accordance with modern museology concepts, still prevails.

863. Within the year 1999, the number of actively operating cultural centres has been 40, but problems related with management and staff recruitment.

864. In the year 1999, the number of established theatres was 29. Efforts towards extending them throughout the country and increasing the number of Turkish works of drama remained insufficient. Government subsidy, granted to private theatres on the other hand, is still continuing.

865. By the year 1999, the number the Directories of State Opera and Ballet reached 9. With the approach of making more use of the national culture built up of the country in this field, an increase in the number of domestic works has been achieved in line with the number of staged works

866. Due to insufficient legislation and auditing in the field of copyright, intellectual property rights could not be protected sufficiently.

b) Objectives, Principles and Policies

867. In the area of culture, the essential issue is to preserve cultural merits and heritages, enrich and pass them on to next generations. Within this framework, necessary studies on the classification and arrangement of the State Ottoman Archives and the inclusion thereof into the technical literature shall be expedited up within the Plan period.

868. In order to strengthen national values and pass them on to next generations, arrangements shall be made in the curricula at each level of education with a view to improve the awareness of our historical and cultural heritage as well as our heritages in art.

869. Starting from the pre-school level, at all educational levels, the curricula shall be designed in a way to promote the correct usage of the Turkish language.

870. Priority and importance shall be given to research on the Turkish language. Provisions shall be made to develop Turkish as a language, spoken in the fields of science, art, trade, telecommunication and international relations. The growing impact of the use of foreign words in our daily life constitutes a threat to the Turkish language. Effective legal arrangements shall be made to prevent this process, the impact and damage of which is still continuing in the fields of media and trade.

871. Studies on composing an etymological dictionary on the Turkish language shall be launched.

872. In order to determine and classify the Turkish language and culture in its entirety, importance shall be given to

research on Turkish speaking countries and societies. In line with the objective to improve economic and cultural cooperation with these countries, studies on the Turkish language shall be carried out, predominantly in order to make Turkish, along with its dialects, easy to understand and speak.

873. Turkish Culture Centres shall be opened abroad, foremost at Turkish Republics and EU countries. Furthermore, necessary facilities shall be established for teaching contemporary Turkish spoken in Turkey.

874. The Turkish culture shall be made attractive for the neighbouring cultures. Within this framework, importance shall be attached to studies on speeding up cultural collaboration between Turkish Republics and societies.

875. A research shall be initiated with the objective of highlighting the history of Turkish science, culture and thought.

876. In the field of culture, the support of funds and non-profit institutions and associations shall be further enhanced and contribution of the private sector ensured.

877. Projects shall be drawn up, aiming at evaluating models in order to preserve local arts and handicrafts that are about to vanish and make them socially and economically profitable by producing and marketing them without degenerating the same. These projects shall also contain issues to guide local initiatives in this regard.

878. In order to protect cultural assets of the country, educational facilities shall be made widespread, aiming at raising the awareness of the population and public

servants and thus preventing the smuggling of historical items.

879. In order to preserve and sustain natural and cultural assets as a whole, information, documents and visual materials on cultural assets that are subject to protection and are owned by various individuals and institutions shall be brought together and conserved and thus made available to users.

880. The Turkish film industry shall be given a contemporary structure in compliance with the conditions of the time. The support of the private sector shall be sought and film directors, scenarists and players required in this field shall be brought up.

881. Preservation, development and promotion of traditional Turkish handicrafts and lore shall be continued and all art activities supported.

882. Original ideas in culture and art and writings shall be encouraged. Artists and those who contribute to cultural life of the society shall be supported.

883. A program for the production of children's books and animated cartoons shall be devised and put into implementation.

c) Legal and Institutional Arrangements

884. Legal and institutional arrangements shall be made in order to establish an Archive and Documentation Centre for Turkish Heritages that shall bring together information, documents and visual materials on cultural assets that are subject to protection.

885. Establishment and Duties of the Ministry of Culture within the Decree Having the Force of Law, institutional arrangements shall be made on the reorganisation of the General Directorate of Copyrights and Cinema and on the establishment of Culture Centres.

886. The Law on the Protection of Cultural and Natural Assets shall be updated.

887. Legal and institutional arrangements related with the maintenance and restoration of historical Turkish works of art abroad shall be made.

888. Legal, administrative and financial arrangements shall be made to ensure the maintenance, restoration and utilisation of works of art of funds within the country and abroad.

IV. ENHANCEMENT OF WELFARE

1. IMPROVEMENT OF INCOME DISTRIBUTION AND ALLEVIATION OF POVERTY

a) Present Situation

889. In the year of 1987, the Gini coefficient, which is among the foremost criteria for depicting the grade of inequality in the distribution of income, was 0,43. The fact that this figure rose to 0,49 in the year 1994 explicitly displays that inequalities have continued in an increasing manner.

890. The adverse development in the income distribution throughout Turkey stems mainly from its deterioration in the urban area. Between the years 1987 and 1994 no important changes could be witnessed in the income distribution of the

rural area. In the urban area, the Gini coefficient rose from 0,44 to 0,51.

891. When considering the household breakdown quintile income groups across Turkey, it can be seen that the income share of the poorest quintile household group has been 5.24 percent in 1987, whereas it dropped to 4.86 percent in 1994. The share of the wealthiest quintile of the households group at the same period increased from 49.9 percent to 54.9 percent. While the income shares of the households in rural areas remained unchanged, the income share of the first four groups in urban areas decreased. Only the income share of the wealthiest quintile household group displayed a serious increase and rose from 50.9 percent to 57.2 percent.

892. With regard to changes, in regional Gini coefficients, it could be observed that in the Marmara-Aegian, Blacksea and Mediterranean Regions, inequalities in income distribution increased. In the Eastern and Southeastern Anatolian regions inequalities decreased but remained unchanged in the Central Anatolian Region.

893. In rural areas, the income ratio of the richest quintile household group to the poorest dropped from 9.2 to 8.5, whereas it rose from 9.4 to 11.9 in urban area. Throughout Turkey this ratio rose from 9.6 to 11.2.

894. Along with the deteriorations in income distribution, in urban areas, the discrepancies in the per capita income between urban and rural areas increased. As of the mentioned period, the ratio of per capita income in urban areas to rural increased from 1.61 to 1.92.

895. When examining the factor income breakdown, it can be depicted that the share of wages of 22.2 percent in 1995 increased to 25.5 percent in 1998. The share of agricultural income whereas, increased from 12.1 percent to 14.3 percent in the same year. The share of other incomes consisting of the total of profit, interest and rental incomes on the other hand, dropped from 49.5 percent to 43.4 percent. The increase in the share of wages stems from the share of the waged group within employment in the same period, which increased from 39.5 percent to 43.6 percent and from real increases in the wage income. The increase observed in the share of the agricultural income on the other hand, has been the consequence of the impact of real increases in the prices the farmer obtained, in spite of the fact that the share of agricultural labour force within total employment dropped from 46.8 percent to 42.3 percent.

896. Within the years of 1995-98, the highest per capita income rate has been witnessed in the Marmara Region whereas, the Eastern Anatolian Region had the lowest rate. When the income share of provinces within GDP is considered, total share of the five cities namely Istanbul, Ankara, Izmir, Kocaeli and Bursa, which gained the highest share of income throughout the period, has been 45 percent, whereas their population constitutes 31 percent of the total.

897. As of the year 1998, the province with the highest per capita income was Kocaeli with 7.9501 dollars; the province with the lowest per capita income on the other hand was Ağrı with 827 dollars, thereby the average per capita income in Turkey amounted to 3.176 dollars.

898. As of the year 1999, the income share of the agricultural sector in GDP was 15 percent, while its share within total employment, was 45.1 percent. A significant portion of agricultural worker is working with an extremely low productivity either on his or her own account or as unpaid family workers.

899. The absolute poverty ratio, which can be defined as the level at which basic food expenditures, necessary for a healthy life cannot be afforded, has been 8 percent in Turkey by the year 1994. According to the basic needs approach which considers food and other consumption needs as a whole, the ratio of the population under risk of poverty is about 24 percent. The absolute poverty ratio of rural and urban areas has been 11.8 percent and 4.6 percent respectively, whereas the ratio of the population under risk of poverty by basic consumption needs is 25.4 percent for rural areas and 21.7 percent for urban areas.

900. 95 percent of the population living in absolute poverty consists of those whose educational level is either primary school or below and of illiterate people.

901. With a share of 50 percent within the working group, unpaid family workers constitute the biggest poor group. This group is followed by the self-employed with 24.7 percent and wage earners with 16.6 percent.

902. According to economic activity fields, the highest group living in poverty consists of those engaged in agriculture and forestry activities with a share of 73.5 percent.

903. According to the Human Development Index (HDI), introduced by the

United Nations, Turkey was ranked number 69 on the UN HDI scale in the year 1995, but regressed to number 86 in the year 1999. Thus, Turkey occupies a place within countries with a medium-level human development.

904. Inflation is one of the most important factors that deteriorate income distribution.

905. The fact that especially the share of domestic debt interest payments progressively reached immense dimensions within the budget, has narrowed the possibilities to implement policies towards increasing social welfare in general and improving income distribution and alleviating poverty in particular.

906. The poor groups do not sufficiently benefit from the increase in income resulting from economic growth.

907. Social security and social assistance systems have been insufficient in protecting the poor population.

908. The adoption of the Law on Unemployment Insurance that will secure redundancy compensation for those who have lost their jobs is a positive development.

909. In spite of the fact that the tax burden on the workers has been alleviated relatively by the modification of the income tax tariff, no progress could be achieved towards exempting minimum wages from taxes.

b) Objectives, Principles and Policies

910. To reduce inequalities in income distribution and thus alleviate poverty and

enable each segment of the society to gain a fair share from the welfare increase, are the main objectives.

911. The main principle will be to implement economic and social policies in harmony, which are aimed at increasing economic growth, eliminating absolute poverty, alleviating relative poverty and approximating the income of the poor segments to an average welfare level.

912. The transfer system will be restructured with a view to ensuring a more effective redistribution of income to the poor or those who are at the poverty line.

913. By focusing on vocational guidance programs and projects that will increase the productivity of the population in the rural area and diversify agricultural production pattern, the participation of the local people shall be urged.

914. Special importance shall be attached on supporting up small and medium sized enterprises and encouraging new entrepreneurs.

915. Emphasis shall be put on measures that will facilitate entrance into the labour market and increase labour force mobility among sectors.

916. In order to alleviate discrepancies among regions, along with economic investments, investments on education, health and social services shall be increased.

917. Social service and social assistance systems shall be made more accessible to the poor population. Local administrations, private sector, and NGO's shall be encouraged to be more efficient in programs

combating with poverty in collaboration with public institutions.

918. Education, health care and social services shall be made accessible for those in need. Projects towards meeting the housing requirement of these groups shall be encouraged.

919. A system, providing food security for the poor, shall be developed. With the aim of preventing impoverishment of the masses in times of economic crises or natural disasters and preventing the population in poverty from becoming poorer, a system shall be established.

c) Legal and Institutional Arrangements

920. Necessary arrangements shall be made in order to enable that surveys on income distribution and poverty shall be carried out within short intervals and regularly.

2. EMPLOYMENT

a) Present Situation

921. In 1999, total labour force reached the figure of 23.2 million whereas total employment was 21.5 million. In the Seventh Plan Period, average annual increase in employment has been about 1.3 percent, and has concentrated especially on the service sector.

922. Unemployment rate, which was at the level of 6 percent in recent years rose to 7.3 percent in 1999 as a result of the reflections of global crisis on the economy. Due to unemployment and underemployment, idle labour force has been increased to 14.2 percent.

	1999	1999 ¹	2005
Civilian Labour Force	21.907	23.247	25.689
Civilian Employment	20.394	21.546	24.242
Agriculture	9.538	9.709	8.727
Industry	3.111	3.284	4.322
Services	7.745	8.553	11.183
Unemployed	1.513	1.701	1.447
Unemployment rate (percent)	6.9	7.3	5.6
Underemployment	1.474	1.601	1.672
Underemployment rate (percent)	6.7	6.9	6.5
Unemployment + Rate of Idle Labour Force due to Underemployment (percent)	13.6	14.2	12.1
Source: SIS, SPO			
¹ SIS, Household Labour Force Survey, April 1999			

923. As of 1999, the share of agricultural employment within total employment was 45.1 percent, whereas the share of industrial employment was 15.2 and the share of services sector 39.7 percent. The presence of a massive labour force in the agricultural sector, where productivity is very low, restricts the efficiency of the labour force market. The high level of agricultural employment in Turkey, which is around 5 percent in developed countries, has a negative impact on the labour market.

924. The abundance of unpaid family workers within the labour market continues to form an important problem area. Throughout the country, the ratio of unpaid family workers to total employment was

28.4 percent, women workers represent a share of 64.2 percent and male workers 12.4 percent. In the agricultural sector on the other hand, 57.8 percent of the workers are unpaid family workers.

925. In the year 1999, the unemployment rate was 11.7 percent in urban and 3.4 percent in rural areas. The low unemployment rate in the rural areas stems from high rates of unpaid family workers and self-employed persons. As an effect of the constant migration from the rural to the urban areas, unskilled and unpaid family workers either have limited chance to enter the labour market and find a job or have to work in marginal jobs and thus increase unregistered employment. The unemployment of the young people still preserves its importance. The rate of educated unemployed young people has reached 30 percent in urban.

926. The labour force participation rate in 1999 has been realised as 51.8 percent. This rate has been 73.5 percent for men and 31.1 percent for women. In the urban areas, these figures have been 69.4 percent for men and 16.9 percent for women; in rural areas the same figures have been 79.0 percent and 49.6 percent respectively. One of the main factors for women's low rate of participation to the general labour market stems from their low rate of participation in the urban labour market, due to socio-cultural reasons.

927. 79.1 percent of total employment consists of both primary and secondary school graduates or of people who have not attended any school or are illiterate. This situation reveals the necessity to raise the quality of labour force in order to increase production and productivity.

928. The main target is to implement active labour policies. Within this context, the implementation of the employment and training project has been further carried on, with the aim of increasing efficiency in employment services, enabling functioning of private employment agencies, raising qualities of unemployed and unskilled workers so as to encourage them to work in a productive manner, establishing a testing and certification system on professional standards, setting up a vocational guiding system and increasing efficiency in the formation of labour market decisions.

929. Within the framework of the employment and education project, the staff of the Employment has been subject to in-service training. Courses for acquiring skills with job guarantee, covering 81 thousand unemployed people, have been organised and studies on establishing a vocational consultancy system, updating the Turkish glossary on professions and developing a labour force information system have been carried on. Besides, professional standards have been specified for 250 professions and a data bank for vocational tests have been developed.

930. The need to restructure the Employment Agency in line with the requirements of the market, so that it can function in a more efficient way and the need to institutionalise occupational standardisation, testing and certification system still persists.

b) Objectives, Principles and Policies

931. Employment rate shall be increased and unemployment reduced, by way of increasing the rate of productive investments and achieving a stabile economic growth.

932. The employment structure shall be converted in favour of non-agricultural sectors. Training labour force as needed by the economy, raising their qualifications in line with the requirements of the information age and increasing the efficiency of the labour market shall be realised.

933. The employment creating potential of the Small and Medium-Size Enterprises that bear importance in increasing employment and that back up the development of the industrial sector by providing input, shall be utilised at utmost level. For that reason, support of Small and Medium-Size Enterprises and individual undertakings shall be increased by contributions in the fields of education, projects, financing, organisation, marketing and technology.

934. In order to prevent brain drain, measures shall be taken to employ and keep qualified manpower within the country.

935. Measures shall be taken to reduce unemployment, in particular that of the youth, women and disabled persons. Active and passive employment policies that will prevent redundancy of unqualified people working at a low wage level and that will develop their skills shall be implemented.

936. An eshall be established in order to enhance efficiency of the labour force.

937. Value-added creating projects towards unpaid family workers in the agricultural sector, housewives and young people in the cities shall be developed.

938. Incorporating new and other non-standard working types into legal arrangements that conform to the domestic

conditions and international conditions shall ensure increase in the employment rate.

939. The development potential of employment shall be enhanced by upgrading labour force quality within the framework of harmonisation with the EU and in line with technological developments.

940. It is estimated that the total labour force shall reach 25.7 million people, and the total employment 24.2 million people. The unemployment rate is estimated to be about 5.6 percent in the year 2005.

c) Legal and Institutional Arrangements

941. Legal arrangements concerning the restructuring of the Turkish Employment and Recruitment Agency, which is necessary for providing modern employment services and legal arrangements on the establishment of private employment agencies shall be completed.

942. Legal arrangements on the establishment of an Occupational Standardisation Testing and Certification Institution shall be made.

3. LABOUR MATTERS

a) Present Situation

943. Studies have been continued for adapting ratified ILO Conventions to the Turkish Labour Legislation in conformity with the norms of International Labour Organisation (ILO), by taking into account the conditions of harmonisation with the EU. By the end of the year 1999, the number of ratified ILO Conventions reached 39. Studies on ratifying further 11 ILO Conventions are continuing. Amendments in the Turkish

Constitution and the Law 2821 on Trade Unions constitute the most important issues within the studies on reflecting approved conventions to the national legislation.

944. Law on Trade Unions of Civil Servants could not be enacted.

945. The Economic and Social Council played a major role in developing a social dialogue among the social partners, but its law could not be enacted.

946. The need to set up legislation in conformity with the conditions of the country as well as with international conditions that should increase flexibility in the labour market and arrange widespread new types of work still prevails.

947. In spite of the fact that the number of trade union members rose by 13 percent, there is a descending trend in the number of working places and number of workers covered by the collective bargaining system. Regulating of the new types of work is also required from point of view of enlarging the basis of industrial relations infrastructure.

948. With the Laws No 4325 and 4369, the tax burdens on the wage earners has been lessened and labour cost reduced. With the Law No 4447, new measures preventing unregistered employment have been taken and with Law 4421, pecuniary fines have been redefined, according to an annual re-evaluation system. Despite all these laws, unregistered employment continues to have an adverse effect on industrial relations and enterprises.

TABLE: 21 – Indexes of Real Increases in Labour Costs and Net Wages

Waged Group	1999 (1995=100)	
	Labour Cost	Net Wage
Workers in the Public Sector	141	127
Workers in the Private Sector	149	130
Civil Servants	151	129
Minimum Wage ¹	182	166
Source: SPO ¹ Annual average minimum wage for workers at the age of 16 and over in industry and services		

949. As a result of industrial relations based on social dialogues among social partners, the number working days to be lost due to strikes and lockouts are at a low level. Compulsory arbitration has been implemented at a limited extent. The practise of extension needs to be widely utilised in a way preventing unjust competition and rendering the collective bargaining system prevalent.

950. An intense concentration regarding collective agreements in the public sector in those years ending with a single digit still prevails.

951. With the tax reform in the year 1998, the tax burden on the wage earners has been decreased. Within the Macro-Economic Program, it has been envisaged that the wage increase system shall be converted into a forward oriented indexing system instead of a backward oriented one. This method has been implemented in the increase of civil servant wages and determination of the minimum wages. In the 1995-99 period, the real average

monthly net wage of a worker in the public sector has been increased by 27 percent; that of the workers in private sector by 30 percent and the monthly net salary of the civil servants by 29 percent.

952. The implementation of a central exam for becoming a civil servant has been launched in the year 1999.

953. Considerable developments in norm cadre studies have been achieved at the Ministry of National Education and Ministry of Health, which are quite important regarding public employment. However, the need to extend these studies to the whole public sector still persists.

954. The Reform on the State Personnel Regime, geared to eliminate the confusion in public employment and wage disparities could not be realised.

955. The issues of eliminating wage disparities among wage earners, developing employment, determining wages according to work, merit, efficiency, seniority and career by considering growth policies and new working types within an equitable system, making widespread use of job analysis and evaluations and to further develop it, preserve its importance.

956. A separate Labour Law covering workers in agriculture and forestry could not be enacted.

957. Trade unions have been enabled to establish vocational training sites and to build housings, health and training centres at regions stricken by natural disasters without considering membership.

958. The legislation on health and safety at work could not be endowed with a

flexible structure and services in this field could not be restructured.

959. Restructuring of those institutions related with labour market and labour matters including the Ministry of Labour and Social Security, seem to be inevitable.

960. The need to enhance the labour market information system and database, to eliminate deficiencies in the institutionalisation and to produce a Wage Earners Consumer Price Index still prevails.

961. Legislation on employment is still an area awaiting effective organisations. Adjustment of the existing legislation in line with the changing condition is still to be realised.

b) Objectives, Principles and Policies

962. The fundamental principle is to develop the relationship between economic growth and contemporary working and living standards of the employees in a sound way.

963. Labour Legislation shall be harmonised with international norms and standards, particularly with the norms and standards of ILO and EU.

964. Necessary attention shall be given to those groups in working life, which need a special interest, especially to women, children and disabled persons.

965. Participatory social dialogues and multilateral consultation mechanisms shall be reinforced.

966. The flexibility, required by the labour market shall be provided unregistered employment within the labour market prevented and legislation on new types of works set up.

967. In the field of wages, policies towards determining the basic wage/fringe benefit ratio by weighting in favour of the basic wage shall be further pursued and implementations of the wage system based on productivity shall be strengthened.

968. Measures on health and safety at work shall be enhanced. Services like detecting occupational diseases, medical care at working places, counselling, training facilities, hospitals for occupational diseases, inspection etc. shall be restructured and improved.

969. Training and research activities of trade unions shall be supported.

970. Institutionalisation and restructuring in the labour market shall be realised.

971. Database on labour market and labour matters shall be strengthened. Public institutions and establishments and NGO's producing data that consisted with national database shall be supported.

c) Legal and Institutional Arrangements

972. Legal arrangements on new types of work shall be made.

973. Agricultural Labour Law shall be enacted.

974. Labour legislation and legislation on unionisation rights, in peculiar the Laws No 2821 and No 2822, shall be revised under the light of current developments. Legal arrangements on trade union rights of civil servants shall be accomplished.

975. A law regarding the organisation and functions of the Economic and Social Council shall be enacted

976. Legislation on social dialogues and multilateral consultation mechanisms shall be rearranged.

977. Legislation on health and safety at work shall be revised by taking into consideration EU and ILO norms and Council of Health and Safety at Work shall be established with the participation of social partners.

978. The Ministry of Labour and Social Security shall be restructured within the framework of developments in the public administration and labour market.

979. The Advisory Committee on Labour Market Information Advisory Council shall be given a sustainable structure.

980. Studies on norm cadre listing and the reform of the state personnel regime shall be accomplished.

981. Rules and procedure on the employment of foreigners shall be arranged.

4. SOCIAL INSURANCE SYSTEMS

a) Present Situation

982. By the year 1999, the proportion of the population covered by social insurance systems was 91.0 percent; of those covered by social insurance programs regarding health care services was 86.4 percent. Any social insurance program as active insured covers approximately half of the overall civilian employment.

983. The balance between active and passive insured continued to display a

negative tendency. In the 1995-1999 period, the number of active insured paying premiums to any social insurance system increased by 19 percent and the number of passive insured increased by 33.6 percent. In the year 1999, the ratio of active to passive insured was 2.16. The number of active insured per passive insured was 1.69 in the Pension Fund, 2.60 in Bağ-Kur, 2.21 in Social Insurance Institution (SSK). Excluding voluntary insured, the number of active insured per passive insured amounts to 1.92 in SSK.

984. By the year 1999, the premium appropriation rate was 84.5 percent for SSK, 56.0 percent for Bağ-Kur. For nearly 35 percent of the active insured in SSK, premium is being paid from the lower limit of the essential income. The share of workers within total insured, for which premium is paid from the upper level of the income amounts to nearly 15 percent.

985. Within the 1995-1999 period, the pensions obtained from the Pension Fund have displayed an average increase of 28.4 in real terms, that of SSK 29.5 percent and that of Bağ-Kur 91.0 percent.

986. The transfers which have been made to social insurance institutions with distorted actuarial balances by the Budget in 1999, amounted to 2.219 trillion in total of which 504 trillion TL has been transferred to the Pension Fund, excluding invoiced payments and additional paid amounts, 1.105 trillion to SSK and 610 trillion to Bağ-Kur. The share of the overall transfers within GNP amounts to 2.8 percent.

987. In September 1999, the Law No 4447 has been put into effect, in order to give the social insurance systems a sustainable structure by taking into

consideration actuarial balances and to solve current problems. By this Law, within a certain transition period, minimum retirement age has been elevated to 52 for females and 56 for males, for those who are already within the system. For those who are newly entering the system, the retirement age for females has been elevated to 58 years and 60 years for males. Furthermore, the minimum premium payment period required to gain the right of retirement has been prolonged, the average ratio of granting pensions has been pulled down and the reference period considered for calculating pension has been designated as the whole working period. The level of the increase in pensions, paid by SSK and Bağ-Kur has been decided to be adjusted according to Consumer Price Indexes (TÜFE) and the upper limit of income due for premium have been elevated.

988. With the Law No 4447, an unemployment insurance program has been established, which envisages to grant unemployment payments in case of redundancy, to pay sickness and maternity insurance premiums, to help finding a new job, to provide educational facilities such as vocational training, vocational courses and retraining, to be financed by the premiums paid by the workers, employers and the state to those insured who are included within the 2. Article of the Social Insurance Law No 506, to insured workers subject to the provisional Article 20 of the same Law and to foreign workers who are working according to agreements concluded on reciprocal basis.

TABLE: 22-The Population Covered By Social Insurance Programs		
(in thousand person)		
INSTITUTIONS	1995	1999
I. THE PENSION FUND (EMEKLİ SANDIĞI) IN TOTAL	7.185	8.434
1. Active insured	1.880	2.118
2. Pensioners	952	1.257
3. Dependants ¹	4.352	5.059
4. Active Insured/ Passive Insured (1/2)	1,97	1,69
5. Dependency ratio(3+2)/(1)	2,82	2,98
II. THE SOCIAL INSURANCE INSTITUTION (SSK) IN TOTAL	28.726	36.367
1. Active insured	4.411	5.858
2. Voluntary active insured ²	981	901
3. Active insured in Agriculture	253	194
4. Pensioners	2.338	3.149
5. Dependants ¹	20.743	26.266
6. Active insured/Passive insured (1+2+3)/(4)	2,41	2,21
7. Dependency ratio (5+4)/(3+2+1)	4,09	4,23
III. THE SOCIAL SECURITY ORGANIZATION OF CRAFTSMEN, TRADESMEN AND OTHER SELF EMPLOYED (BAĞKUR) IN TOTAL	11,833	13.876
1. Active insured	1.791	1.940
2. Voluntary active insured	82	264
3. Active insured in Agriculture	796	861
4. Pensioners	881	1.180
5. Dependants ¹	8.283	9.632
6. Active insured/Passive insured (1+2+3)/(4)	3,03	2,60
7. Dependency ratio (5+4)/(3+2+1)	3,43	3,53
IV. THE PRIVATE FUNDS IN TOTAL	291	333
1. Active insured	71	79
2. Pensioners	52	59
3. Dependants ¹	168	195
4. Active Insured/ Passive Insured (1/2)	1,36	1,35
5. Dependency ratio(3+2)/(1)	3,11	3,22
V. GENERAL TOTAL	48.035	59.010
1. Active insured	8.153	9.994
2. Voluntary active insured ³	1.063	1.166
3. Active insured in Agriculture	1.049	1.055
4. Pensioners	4.223	5.644
5. Dependants ¹	33.546	41.153
6. Active insured/Passive insured (1+2+3)/(4)	2,43	2,16
7. Dependency ratio (5+4)/(3+2+1)	3,68	3,83
VI. SOCIAL INSURANCE COVERAGE WITH RESPECT TO HEALTH SERVICES³	41.668	56.017
VII. GENERAL POPULATION IN TOTAL⁴	61.075	64.851
VIII RATIO OF INSURED POPULATION (Percent)	78,8	91,0
IX. RATIO OF INSURED POPULATION WITH RESPECT TO HEALTH PENSION (Percent)	68,3	86,4

Source: The Pension Fund, SSK, Bağ-Kur, SPO

¹ Estimation.

² Dependents of voluntary active insured have been considered within the insurance coverage.

³ Active and passive insured, subject to Laws No 1479 and 2926 and their departments have been considered within health insurance.

⁴ Provisional population estimates, according to results obtained in the year 1997.

989. Although the Law No 4447 has brought forth-important arrangements, the restructuring process of social insurance institutions in accordance with modern insurance principles could not be completed. Important discrepancies among social insurance institutions considering insurance programs are still remaining.

990. Problems regarding legal infrastructure, lack of sufficient statistical information, inefficient auditing and problems on taxation encountered by supplementary social security funds set up by certain public institutions and private companies could not yet be eliminated.

b) Objectives, Principles and Policies

991. The fundamental aim is to extend public insurance programs that meet social insurance contingencies at minimum level so as to cover the whole population.

992. The ratio of active insured population within the social insurance scheme shall be increased and unregistered employment prohibited. Within this framework, the ratio of active insured population within employment to the civilian employment shall reach 65 percent.

993. The administrative and financial efficiency of social insurance institutions shall be increased. Fundamental principles shall be set up in order to provide norm and standard uniformity. Besides, arrangements towards increasing revenues and decreasing expenses shall be made.

994. The fund management areas and principles of social insurance institutions, laid down by law, shall be rearranged in accordance with actual portfolio administration conditions.

995. Insurance services shall be met by own financing capacities of the social insurance institutions within the principle of a contribution-benefit balance, without distorting their actuarial structure. Additional obligations for which no premium is envisaged shall be avoided.

996. Unpaid premiums shall not be tolerated. Penalty payment remises regarding unpaid premium and taking into account uninsured service periods by way of indebtedment, shall not be practised.

997. Long term insurance programs and short term insurance programs and health insurance programs and provision of health services shall be separated from each other.

998. The Pension Fund (Emekli Sandığı) shall be restructured according to insurance principles. Duties, other than insurance activities on the other hand, shall be transferred to relevant institutions.

999. Actual and nominal service periods for retirement shall be rearranged in line with economic and technological developments.

1000. The unemployment insurance program shall be implemented in an efficient way; hereby generated funds shall be turned to account within the principles of the fund management.

1001. The technological level and human resource qualifications of social insurance institutions shall be upgraded. The 'smart card' application that will be valid for all social insurance institutions shall be initiated to enable the orderly follow up of rights and obligations of the insured person.

1002. An efficient auditing system shall be instituted to ensure that those establishments and institutions having foundation status, providing social security rights, which have been set up according to the provisional Article 20 of the Social Insurance Law, work within insurance principles.

1003. The private pension insurance program shall be implemented within the scope of long-term social security policies. This program shall be of a voluntary nature and function under the supervision of the state. It shall have an autonomous structure and be organised within the financial sector, equipped with incentive systems and implemented towards preventing unregistered employment. This program shall also support compulsory insurance systems and have a complementary function.

1004. Private health and life insurance systems shall be supported as a system supplementary to the current social insurance system at a voluntary basis.

c) Legal and Institutional Arrangements

1005. Necessary legal and institutional arrangements shall be made in order to ensure norm and standards uniformity by reorganisation of the administration and financing structure of the Pension Fund, SSK and Bağ-Kur.

1006. Legal arrangements shall be made in order to enable the smooth implementation of the unemployment insurance program and to utilise the hereby-generated funds within the principles of the fund management.

1007. Necessary arrangements shall be made to enable funds, subject to the provisional Article 20 of the Social Insurance Law and establishments and institutions of a foundation status that provide social security rights, to pursue their activities within insurance principles and an efficient auditing system.

1008. Studies on legislation, related with supplementary private pension insurance programs that should support social insurance systems within the scope of an extensive social security policy, shall be concluded.

5. SOCIAL SERVICES AND SOCIAL ASSISTANCE

a) Present Situation

1009. Due to reasons such as constantly growing urbanisation, migration, high inflation, deterioration of income distribution, poverty and changes in the cultural structure of families, the need for social assistance and social services is permanently increasing. But there are important problems stemming from disorganised institutional and financial structures, lack of coordination and collaboration among institutions, which constitute hindrances in the smooth implementation of social services.

1010. In the year 1999, 11.300 people have benefited from social assistance, provided by the General Directorate of Child Protection and Social Services.

1011. In the same year, 1.4 million people, including those who were affected by earthquake, have benefited from social aids, consisting of health, education services

and, provided by Social Aid and Solidarity Encouragement Fund.

1012. By the year 1999, 937.878 people have benefited from social assistance under the category of elderly, invalids and disabled, in accordance with the Law No.2022 on Granting Pensions for Indigent People Over 65 years old, for those requiring special care and who are helpless.

1013. In the year 1999, 10.175 needy people have benefited from meals served by 38 soup kitchens attached to the General Directory of Foundations; 1.200 needy and handicapped persons have got monthly social aids in the amount of 30.800 thousand TL and 12.394 students have been lodged at 62 student hostels.

1014. By the year 1999, the number of community centres reached 28.

1015. The Marmara, Bolu and Düzce earthquakes that happened in the year 1999, clearly displayed the urgent need more effective of social services, social assistance institutions and their related services. The potential of the current social assistance and social service institutions proved quite inefficient when facing the disaster.

1016. By the year 1999, the number of 'Green Cards', issued for those citizens who are not covered by any insurance program and are not capable of paying health expenses, has amounted of 8,7 million.

1017. A common criterion and service standard among establishments and institutions which grant poor and needy groups aids in kind or in cash or submit service, could not be established.

1018. Services, related with children who are in need of protection, there is a trend towards care within a family, rather than institutional care. Nevertheless, the inefficiencies in this field, especially in big cities, still prevail.

1019. Studies on establishing a database, in order to fulfil the need for information on population groups that are to benefit from social services and assistance are carried on.

1020. In the year 1999, the ILO Convention No 159 on Vocational Rehabilitation and Employment of Disabled People has been ratified and put into force.

1021. With the Decree Having the Force of Law No 571, Administration for the Disabled, has been established in the year 1997, and new arrangements on the employment and training of the disabled have been made with the Decree Having the Force of Law No 572 and 573.

1022. In line with socio-economic developments in our country, changes in industrialisation, urbanisation and the structure of the family, and the gradual increase in the population over the age of 60 years, made it indispensable that more rest homes and geriatric information centres are opened and that care and rehabilitation services are increased.

1023. The efficiency in directing charities and grants remained limited.

b) Objectives, Principles and Policies

1024. The main objective is to alleviate poverty and provide efficient social care for needy persons and groups, whereby social

services shall be given in a prevalent, efficient and prevailing manner.

1025. A sound collaboration among public establishments and institutions providing social aid and social services, local administrations and charity establishments shall be ensured.

1026. The social aid and social services shall be endowed with a new system in order to provide the target groups with more efficient services.

1027. Aid shall be granted to poor families within the framework of the criteria to be determined. Within this framework, current practices shall be reviewed.

1028. A social care information system shall be established whereby the groups that should benefit from social aid and services shall be determined objectively and the implementation results shall be monitored.

1029. A Social Services Master Plan shall be drawn up.

1030. Activities of the private sector and voluntary organisations related with social services shall be supported.

1031. Necessary works shall be carried out in order to consider family allowances within a social assistance program.

1032. It will be ensured that the groups living in poverty shall have easier access to education, health and social services.

c) Legal and Institutional Arrangements

1033. In order to enhance social assistance and social services to be provided for children, elderly, disabled, those

requiring special care, poor and other groups under risk, a new institutional structure shall be established. This new structure should be responsible of the arrangements, administration and coordination of all kinds of social services and assistance given by the public sector.

1034. A common criterion and a standard on social services and assistance shall be established and studies on legislation shall be carried out in order to enable efficient utilisation of resources.

1035. A Social Assistance Law that shall arrange the framework of social assistance programs and set out the fundamental principles shall be issued.

1036. Arrangements on legislation regarding the establishment of a database, enabling the determination of individuals and families, which are to benefit from social services and aids, shall be made.

6. SERVICES PROVIDED FOR TRADESMEN AND CRAFTSMEN

a) Present Situation

1037. By the year 2000, the number of small enterprises registered at the Tradesmen and Craftsmen Register has been 3.5 million. Together with those enterprises not registered, the number is estimated to be over 4 million. This group has been organised by way of 11 vocational federations, 80 chamber unions and 3.971 chambers within the Confederation of Turkish Craftsmen and Tradesman.

1038. Tradesman and Craftsmen Council has been held in the year 1998. The implementations of the decisions taken at the Council are being monitored by the

follow-up committee under the coordination of the Ministry of Industry and Trade.

1039. General Directorate for Tradesmen, Craftsmen and Small Enterprises has been established in the year 2000, under the Ministry of Industry and Trade.

1040. People's Bank of Turkey (Halkbank) provides concessional credits for tradesmen and craftsmen and for those trade men and craftsmen activell within the scope of SMEs can benefit from SMEs credits. This group can benefit from tax exemptions. The placement amount of Tradesmen and Craftsmen Credit and Guarantee Cooperatives has been increased to 325 trillion TL as of October 1999. This figure corresponds to 43 percent of the credits made available to the SMEs by HalkBank. In the Decree on State Aids for Small and Medium Scale Enterprise Investments, No 99/12474, it is set out that at least 20 percent of the resources to be allocated from the Investment Encouragement Fund shall be given to those enterprises, registered in the Chambers of Tradesmen and Craftsmen.

1041. The smooth collaboration of institutions and establishments serving this group, aiming at eliminating problems, that hinder the development of sectoral activities of tradesman and craftsmen and hamper the increase of competitiveness, could not be achieved within the 7TH. Plan Period. Limited progress has been achieved in the merging of legislation related with trade and craftsmen.

b) Objectives, Principles and Policies

1042. The main objective is to endow tradesman and craftsmen with a structure

that is able to follow national and international developments, develop business potential and increase the social and economic level of welfare.

1043. Local administrations shall support the establishment of business centres by organised tradesman and craftsmen, which due to the nature of their business are obliged to establish in the city centres.

1044. Services given by the municipalities, which interfere those services provided by Tradesman and Craftsmen, shall be revised and the relevant legislation rearranged.

1045. The setting up of great shopping centres outside the city limits shall be ensured.

1046. Organisation of small trade and craftsmen shall be supported for their protection against unfair competition. The financing problem of small trade and craftsmen shall be solved.

1047. A master plan related with Trade and Craftsmen shall be worked out.

c) Legal and Institutional Arrangements

1048. The Law on Tradesman and Craftsmen No 507 shall be rearranged according to the requirements of the day.

7) EXPATRIATE TURKISH CITIZENS

a) Present Situation

1049. By the year 1999, the number of expatriate Turkish citizens has been far over 3.4 million, 1.2 million of which consists of the working population. 90.5 percent of our citizens resident abroad are living in Western

European Countries. It is estimated that the number of Turkish entrepreneurs living in EU member countries amounts to more than 55.000.

1050. Regarding the labour flow to abroad in line with globalisation, those countries with which Turkey cultivates good relations due to dynamic businessmen, who opened up to the world, were especially determinant. The diversification of new migration movements brought about new problem areas. Urgent need to handle the problems of qualified labour and labour working in the construction sector abroad still continues.

1051. It is estimated that more than two million Turkish people are living in Germany, more than 47.000 of whom have established small and medium size enterprises with a total investment of approximately 10 billion DM and a total annual turnover of about 41 billion DM. The employment potential of these enterprises is estimated to be more than 200.000 people. The entrepreneurs are providing important opportunities with their experience and the possibilities they have as a well-trained labour force possess by constituting a link between Turkey and the outer world, helping to improve trade and contributing to the promotion of the country.

1052. Issues such as being exposed to discrimination in the field of education and working life, lack of equal opportunities, socio-cultural and psychological problems stemming from cultural discrepancies, xenophobia, work permits and self-employment are the major problems of our citizens abroad. In spite of considerable

success in the education of children and young people, compared with the past, entrance of our citizens living in Western Europe, to the labour market of these countries and their competitiveness in that market in the 2000s, depends on the advancements in education and vocational training.

1053. In 1998, A High Council on Expatriate Nationals and an Advisory Committee on Expatriate Nationals, presided by the Prime Minister have been established in order to formulate policies aiming at finding solutions to political, social and economic problems our expatriate citizens confront in the countries they reside.

b) Objectives, Principles and Policies

1054. Our expatriate citizens should be considered within a wider perspective rather than being only an immigrant labour force.

1055. Solving social, psychological and cultural problems of our expatriate citizens and enhancing their level of education shall be the main objective. Preserving their original cultural values shall support integration with the society they are living in.

1056. Training and guiding projects aiming at improving vocational qualifications of our citizens who are living in European countries and who are mostly affected by unemployment among foreign workers, within the labour market that is constantly changing in line with the advanced technologies of the country they reside, shall be effectively implemented.

1057. An effective consultative mechanism shall be instituted with the aim of supporting national and international business initiatives of our expatriate citizens who have a high economic potential. With the help of this mechanism economical savings of our expatriate citizens shall be utilised so as to contribute to the national economy and they will be protected from abuses and losses. The technical and legal problems in this sphere shall be eliminated.

1058. The Turkish Radio and Television (TRT) shall continue broadcasting educational TV programs to help solving the problems of our expatriate citizens by providing information on education, health, culture, social security and by raising the awareness of our citizens regarding the rights they have in the countries they are living.

1059. Certain groups shall develop programs in collaboration with the Religious Affairs Authority and the TRT, in order to prevent the exploitation of our expatriate citizens.

1060. Cooperation with all kinds of private and public institutions and bodies at each level shall be instituted in order to solve the problem of our expatriate citizens.

1061. Measures shall be developed with the aim of solving problems created by new migration trends such as temporary qualified labour force migration.

TABLO: 23 – Citizens Living and Working Abroad				
COUNTRIES	Citizens Living Abroad		Citizens Working Abroad	
	1995	1999	1995	1999
EUROPEAN COUNTRIES				
GERMANY	1.965.577	2.110.223	742.566	740.530
FRANCE	268.000	287.343	102.900	78.965
NETHERLANDS	264.763	*279.786	84.500	*48.000
AUSTRIA	150.000	138.860	51.297	54.711
BELGIUM	85.303	73.818	26.764	26.855
SWEDEN	35.948	35.943	24.800	5.300
UNITED KINGDOM	51.390	66.000	15.746	37.600
DENMARK	34.967	38.055	14.445	13.639
ITALY	15.000	8.500	5.000	-
FINLAND	1.800	2.000	1.400	-
SPAIN	848	904	500	-
SWITZERLAND	78.615	79.478	35.828	32.944
NORWAY	10.000	10.000	6.000	6.000
LUXEMBOURG	-	220	-	60
LICHTENSTEIN	-	809	-	339
TOTAL	2.962.211	3.131.939	1.111.746	1.044.943
MIDDLE EAST AND NORTH AFRICA				
SAUDI ARABIA	130.000	120.000	120.000	115.000
LIBYA	6.236	3.000	5.802	2.600
KUWAIT	3.500	3.500	3.300	3.300
IRAQ	-	-	-	-
ISRAEL	4.114	5.000	4.114	-
JORDAN	1.591	1.600	200	200
TOTAL	145.441	133.100	133.416	121.100
COUNTRIES	1995	1999	1995	1999
COMMONWEALTH OF INDEPENDENT STATES (CIS)	40.000		40.000	
RUSSIAN FEDERATION		13.000		10.514
TURKISH REPUBLICS		26.300		13.381
AUSTRALIA	49.375	49.342	31.000	12.890
USA	135.000	85.505	-	-
CANADA	35.000	18.130		-
JAPAN		1.729		1.729
OTHER COUNTRIES	1.648	3.170	7.324	1.504
GENERAL TOTAL	3.368.675	3.462.215	1.323.486	1.206.061
Source: Ministry of Labour and Social Security				
* Citizens carrying double citizenship are included within the numbers				

1062. Necessary measures shall be implemented efficiently in order to ensure that those Turkish expatriates who have left the Turkish citizenship by permission and whose rights and interests in Turkey have been safeguarded within the law No 4112 can enjoy all the rights of a Turkish citizen.

1063. Cultural activities such as cultural shows, concerts, exhibitions, theatre performances, book fairs, organised by the Ministry of Culture abroad, shall be realised more frequently and at a larger scope.

c) Legal and Institutional Arrangements

1064. Arrangements on the establishment of Info-Centres shall be made. These Info-Centres shall guide and inform parents of students at regions, where our citizens are concentrated and shall, if need be, contact relevant educational institutions.

8. PROTECTION OF THE CONSUMER

a) Present Situation

1065. Alongside with the globalisation process, issues like the increase of world trade marks the progressive spreading of electronic commerce without any boundaries, the necessity to take into account demands and preferences of the consumer, enhance the need of consumer protection.

1066. The Consumer Council, Advertisement Council and Arbitration Board for Consumer Problems have been established as envisaged in Law No 4077 on the Protection of the Consumer. Consumer Courts, on the other hand, could yet not be set up.

1067. The need for activities to be carried out by the Advertisement Council towards the protection of the consumer against seduction and misleading promotion still persists alongside with the need for information on decisions taken by the Council and on penalties imposed by the same institution.

1068. The fact that the Arbitration Board for Consumer Problems has no power to impose sanctions, renders the Board inefficient, and increases the burden of the courts.

1069. Studies on arrangements to be made in standard contracts, issued in the fields of public services, banking, sales on credit and transports are carried on in order to protect the consumer against unjust clauses set out in those agreements and to provide a balance between the producer/seller and the consumer.

1070. Arrangements, which are in harmony with international rules and standards and aiming at improving electronic commerce that is progressively growing parallel to technological developments and providing data security could not be made.

1071. Raising the awareness of the consumer, regarding food additives, food with hormonal and antibiotic additives, pests, trans-genetic food and food packages and the setting up of an efficient supervisory mechanism on protecting health of the consumer, are concerns of major importance.

1072. Training activities aiming at informing and awareness raising of the consumer have been continued. Because of inefficiencies in the training activities, lack of

organisation and loopholes in the legislation, awareness raising of the consumer could not be realised at the desired level. The need to give information on the rights and obligations of the consumer and utilisation of commodities and services, as well as adverse impacts on the environment and human health and on the recycling of waste and utilisation of recycled packaging still prevails.

b) Objectives, Principles and Policies

1073. As regards protection of the consumer, the essential objective is to provide a smooth competition environment, raise the awareness of the consumer, increase quality of life and provide quality products to prevent economic losses.

1074. Consumer Courts shall be established and the efficient functioning of the Arbitration Board for Consumer Problems and the Advertisement Council shall be provided.

1075. Training activities shall be increased in order to set up and enhance environmental awareness of the consumer. By establishing a fair balance between consumer and producer/vendor, the availability of products shall be facilitated.

1076. Organisation of Consumers shall be supported in order to protect rights of the consumer.

1077. In order to provide the consumer with commodities and services in a healthier, safer and environment friendly manner, enterprises shall be encouraged to utilise clean, environmentally friendly as well as energy, water and raw material saving technologies.

1078. In order to protect health and safety of the consumer, markets shall be inspected more effectively and access of the consumer to information on food shall be provided.

1079. In the field of consumer protection, EU standards will be essential.

1080. Arrangements, aiming at ensuring consumer confidence as regards e-commerce and enhancing the utilisation thereof shall be completed.

c) Legal and Institutional Arrangements

1081. Consumer Courts shall be established as envisaged in the Law on Protecting the Consumer.

1082. The Law on Protecting the Consumer shall be revised and updated according to the requirements of the time.

1083. Arrangements shall be made in the fields of banking, sales on credit, transportation and the like and on standard agreements worked out for public services, the work on the protection of the consumer against unfair terms of transaction set out in those agreements shall be completed.

1084. In the field of electronic commerce, legal arrangements that observe consumer rights, assure trust and also cover the issue of digital signature shall be made.

1085. Arrangements towards protecting rights and economic interests of the consumer in respect of tourism services package tours and shared ownership of summerhouses shall be made.

1086. Arrangements aiming at eliminating the disorganised nature of the

legislation and the confusion on authorities regarding seductive and misleading commercials shall be made and efficiency of the Advertisement Board shall be enhanced.

1087. Legal arrangements shall also be made on general product safety in order to provide the production of commodities, bearing minimum risk regarding human health and safety.

1088. In order to increase the efficiency of the Arbitration Board for Consumer Problems, arrangements shall be made that envisage specialisation of the Boards on sectoral basis and provide them with authority to take decisions on certain disputes within defined limits.

V. INDUSTRIALISATION

1. MINING

a) Present Situation

1089. The main targets of the 7th Plan, consisted of diversifying mining resources, increasing the mining production, processing raw materials within the country and producing final products, meeting raw material and energy needs of the industry in an economic and safe manner. However, the economic indicators of the sector remained far behind the expected figures and the annual average production rate is expected to be around 2.7 percent within the plan period.

1090. Within the 7th Plan period the export figures of the sector are anticipated to grow at an annual average rate of 2,2 percent. Export figures reached its highest level in the year 1997 with 404 million dollars. The most important items of mining

exports had been borax, chromite, magnesite and marble.

1091. While the imports of the sector within the 7th Plan period, are expected to grow at an annual average rate of 4.5 percent, crude oil and natural gas maintained their dominance in mining exports.

1092. In recent years, projects on the diversification and improvement of resources of the mining sector have gained importance in order to meet the raw material and energy needs of the industry safely. Within this scope, the main projects that have gained progress are the Trona Project carried on by ETİ Holding A.Ş, the natural gas exploration and production project carried out by the General Directorate of TPAO in northern Marmara and petroleum exploration and production activities carried out together with the Turkish Republics at the Caspian Region and Central Asia.

1093. The project on Improving Safety at work, implemented by the General Directorate of TTK in collaboration with Japan, aiming at preventing accidents in underground mines, is expected to be finalised within the year 2000.

1094. The fact that public institutions engaged in the mining sector are attached to different Ministries causes inefficient coordination within the sector. This situation also makes it difficult to generate sectoral policies and to solve the problems of the sector.

1095. The rearrangement of the Mining Law No 3213, by including issues arranged by the Regulation on Quarries and the Salt Law, in order to provide unity of the legislation, could not yet been finalised.

Furthermore, the obligation to carry out mining activities at mine sites and to comply with other legislation covering these sites causes problems in this sector.

1096. Studies on restructuring the General Directorate of MTA (Mineral Research and Exploration) could not be finalised within the 7th Plan period.

1097. In the field of privatisation no important progress could be attained within the Plan period.

b) Objectives, Principles and Policies

1098. The main objective of the mining sector is to provide raw material requirements of the industry economically and safely and to increase the value added to the country's economy by processing mining products within the country.

1099. Within the 8th Plan period, works towards eliminating the lack of coordination within the sector shall be carried out and a single ministry shall be charged to guide the determination and introduction of sectoral policies. Within this scope arrangements shall be made for technical requirements in the field of exploration and exploitation activities regarding mining in general and precious metal mining in particular.

1100. Importance shall be given to exploration activities and high technology applications in these explorations. Works on improving current mining resources in our country shall be further carried on. In order to make these works more efficient, restructuring of the General Directorate of MTA started in the 7th Plan period with the aim of turning it into an institution, which will be small from physical point of view but

of a high technical capacity, shall be finalised.

1101. Works on the privatisation of public institutions that are engaged in the sector shall be carried on.

1102. Exploration and exploitation activities of domestic mining firms carried out abroad shall be encouraged in order to provide the raw material requirement of the country economically and safely.

1103. Works on exploration of nuclear energy raw materials in Turkey shall be carried on.

1104. Furthermore, works on determining crude oil and natural gas potential in our seas by using new technologies shall be carried on. Besides, exploration and production activities abroad, carried out in the recent years by the General Directorate of TPAO in partnership with foreign firms, shall be continued within the Plan period

1105. Studies, on distinguishing geological and geo-physical peculiarities of the seas in Turkey that are included in the National Maritime Geology and Geo-Physics Project shall be carried on within the Plan period.

1106. Necessary studies regarding harmonisation with EU legislation shall be completed.

1107. Necessary measures shall be taken in order to solve problems arising in the field of training in mining and to enhance the quality of training. Furthermore, University-Industry Collaboration shall be improved.

c) Legal and Institutional Arrangements

1108. In order to eliminate lack of coordination within the sector and to carry out works related with determining and introducing sectoral policies, necessary arrangements shall be made in the 8th Plan period to ensure that a single ministry guides public institutions engaged in the mining sector.

1109. The Mining Law No 3213 shall be rearranged by including issues to be found in the Salt Law and Regulation on Quarries in order to ensure legislation uniformity in the mining sector and to endow mining practises with a more efficient legal structure.

1110. Works on designing a Draft Law on the amendment of the Law No 2804 on the Establishment of MTA, aiming at converting MTA into an institution which will be small from physical point of view, but of a high technical capacity, shall be finalised.

1111. Works concerning the Law on Geo-Thermal Energy Resources, which has been drawn up in order to fill the legal gap related to the exploration, production and exploitation of geo-thermal energy and to utilise resources more efficiently, shall be finalised.

1112. Legal and institutional arrangements shall be made to ensure smooth data inflow from the related institutions to the Drilling Karot Data Bank, established within the General Directorate of MTA.

2. MANUFACTURING INDUSTRY

a) Present Situation

1113. Between the years 1990-98 the annual average growth rate of the manufacturing industry production within the world was 3.3 percent. Countries, while belonging to the medium-upper income group, including Turkey, exhibited an average growth rate of 4.4 percent. Turkey whereas, realised a growth rate of 5.9 percent. On the other hand, the value added of the world manufacturing industry constituted 25 percent of the world production in the year 1980, but this ratio decreased to 21 percent in 1998.

1114. In Turkey the share of manufacturing industry by current prices within GDP was 22.6 percent in 1995, but decreased to 19.2 percent in 1999. Within the civilian employment this ratio was 14.1 percent in 1995 and reached a level of 15.9 percent in 1998, but decreased to 14.1 percent in 1999.

1115. The rapid growth tendency in the manufacturing industry that could be observed straight after the economic crisis our country faced in 1994, lasted until the second quarter of the year 1998. As a result of the crises that plagued Southeastern Asia countries in 1997 and the Russian Crisis in 1998, the growth rate of manufacturing industry production slowed down. Alongside with the affects of the global crisis in 1999 and lasting financing troubles, the damage caused by the earthquake, happened in the Marmara region, where a major part of industrial establishments had been settled, had an adverse impact on the manufacturing industry. The impact of the earthquake on the manufacturing industry establishments mainly manifested itself both

as losses in buildings, machinery equipment, final products and semi-finished products and labour. At the same time it had adverse effects in terms of production losses and decrease of exports due to the standstill of production plants. An upward trend in the growth of the manufacturing industry production has been observed in the year 2000 resulting from the efforts towards eliminating economic impacts of the Marmara earthquake and the state of stability achieved in general.

1116. As a consequence of these developments, the manufacturing industry production, which rose by 9 percent between the years 1996-97 in average and 0.9 percent in the year 1998, regressed by 4 percent in 1999. In the year 2000, this figure is expected to increase 4.9 percent, As a result, the production is expected to rise by 3.8 percent within the Plan period.

1117. According to the second revision of the International Standards Industry Classification (ISIC), the manufacture industry exports at current prices amounted to 20.3 billion dollars in 1995. The manufacture industry exports, which rose by 7.7 percent in 1996, amounting to 21.9 billion dollars, also rose by 13.4 percent and achieved an amount of 24.8 billion dollars in 1997, despite the adverse impacts of the Asia Crises. However the Russian crises that came out in 1998 slowed down the growth rate of exports and the manufacture industry export rate rose by only 2.4 percent to an amount of 25.4 billion dollars in that year. In 1999 when the impacts of the crises could still be felt and external prices dropped, exports of the manufacture industry decreased by 0.8 percent and regressed to 25.2 billion dollars because of the impacts of the earthquake also.

1118. Food, textiles and clothing products and iron-steel products maintain their dominance within the exports of Turkey.

1119. In 1996, due to the reduction of taxes and funds imposed on imports, a revival in the domestic consumption and an accelerated growth in fixed capital investments and import of consumption goods and investment goods rose enormously, so that imports of manufacturing industry products at current prices increased by 22.1 percent and reached 36.9 billion dollars and this trend continued in 1997. In 1998 and 1999 whereas, imports displayed a downward trend and decreased to 35.4 billion dollars because of the downward tendency in the spending for consumption goods and regression in investments.

1120. High financing costs resulting from the continuing pressure of increasing public deficit on domestic interest rates and the tendency of private sector funds towards money markets had an adverse impact on the manufacturing industry within the 7th Plan period. Within this framework, while private sector manufacturing industry investments was rising in 1996, stagnated in 1997, and exhibited a severe decrease during the years 1998 and 1999.

1121. The most outstanding development that affected the manufacturing industry within the 7th Plan period, was the realisation of the Customs Union between EU and Turkey in January 1, 1996 and in line with this event, the signing of a free trade agreement with the European Coal and Steel Community (ECSC) including the products falling within its competence. Within this scope, tax and funds imposed on imports have been reduced and various

arrangements on measures regarding monitoring and safeguarding the imports, on restrictions, on internal and external processing regime, on unfair trade practices and on the imports of textile products have been made.

1122. After this step, which had been taken within the process of membership to the EU, a rise in the imports from the EU has been witnessed and great progress has been achieved in the outward orientation of the industry.

1123. Starting with the enforcement of the Customs Union in 1996, within a five-year-period by undertaking preferential regimes, that EU imposes on third countries, Turkey has signed Free Trade Agreements with various countries that also include industrial goods. On the other hand, for ensuring the smooth running of the Customs Union and for the preparation of membership, works on harmonising with EU legislation on industry maintains its importance.

1124. In recent years, due to accelerating technological developments and globalisation, the concept of competition has gained a new dimension: instead of a competition approach based on cheap labour and natural resources, in international markets the approach of opening up to the world markets within the framework of specialisation and of improving production technologies has gained importance. In line with these general changes, the market economy policies which are being pursued, developments achieved in the field of physical infrastructure in particular telecommunications, Turkey's geographical closeness to the Middle East, Turkish Republics and Russia alongside with a well developed market, such as that of the

EU, Customs Union between EU and TR, the status of a candidate country, an available young and dynamic labour force potential, a gradually growing domestic market and developments in the integration of the industry, especially sub-industries to abroad, are all constituting the advantages of the competitiveness of the Turkish industry.

1125. The main problems, which affected the industry, were the fact that macro economic stability could not be restored, Instabilities in the input supply especially provided by the public sector, inefficiencies in establishing marketing channels, deficiencies regarding production at international standards and lack of qualified labour required for high productivity. Furthermore, Turkey's lack of technology generating capacity, lack of importance given to the contribution of designs and trade marks to competitiveness and understanding of the importance of collaboration and merging among firms within the framework of specialisation in international markets, are the important subjects which have adverse impact on competitiveness.

1126. The utilisation of information technologies, biotechnology and advanced material technologies in the industrial sector has been widespread throughout the world and with the usage of computer enhanced design and production processes in the industry, flexible production systems have gained importance. On the other hand, factors like inefficient R&D activities in industry, inadequacy of qualified labour, and high financing requirements still constitute an important hindrance in utilising information technologies and advanced technologies in Turkish industry. As a consequence, instead of new technologies,

prevalently used technologies are being adopted and thus opportunities attained from new technologies cannot be taken into account.

1127. Deductions reflected on electricity and communication prices, imposes additional burden on production costs of industry.

1128. Through specialisation, efforts on improving the competitive market structure have been carried on by lessening the role of the public sector within the manufacturing industry. Within the 7th Plan period, Meat and Fish Products Corp., ÇITOSAN, certain plants of SUMERBANK and PETLAS, Sivas Iron-Steal and ORUS have been privatised. Within the process of integration with the world, importance shall further be attached on finding solutions to the structural problems in the industrial sector and privatisation of the SEEs.

1129. In the 7th plan period, within the scope of protecting manufacturing industry against unfair foreign competition in imports, studies on transposing specialised customs into efficient institutions aiming at providing an effective auditing on certain import products by considering value, tariff, origin and standards in order to prevent unqualified and non-standard commodity imports, have been carried on.

1130. In the field of industry, support for the investments, contributing to employment, having the peculiarity of eliminating discrepancies among regions, having a high value added, using advanced and convenient technologies, being oriented towards gaining foreign currency and providing international competitiveness has been carried on. However, in the sphere of supporting industry, the importance of

problems like insufficiency of allocated resources, constant changes in the legislation to be applied, the abundance of bureaucratic proceedings and lack of coordination still prevails.

1131. The organisation of the private sector in the issues such as the promotion of export oriented industrial commodities abroad and developing markets has been encouraged. State aids on exports, have been diversified with aids considering education, employment, patent, utility model certificates and industrial design registers, trademarks and images. Financing opportunities of export has developed by increasing EXIMBANK resources.

1132. Studies on the integration of the defence industry into the domestic industry and on increasing domestic input share are still carried on. Regarding defence industry products, however, the dependency to abroad persists to a great extent.

1133. High taxes imposed on automobiles have an adverse impact on the competitiveness and development of the sector.

b) Objectives, Principles and Policies

1134. Increasing competitiveness of the manufacturing industry within an outward oriented structure is targeted.

1135. The industrial sector shall be given a structure, in which it will utilise domestic resources, produce in compliance with environmental norms, consider consumer health and preferences, use high quality labour, apply a modern management approach, give importance to R&D, generate technology, create original designs and

trademarks and thus take its place within international markets.

1136. Within the Plan period, harmonisation of the industrial legislation shall be completed in line with the target of membership to the EU, cooperation opportunities in the fields of capital, technology and commerce shall be improved.

1137. Developing information and technology intense industries in the fields of defence and aviation, machinery, chemistry electronics and software industry, ensuring prevalent use of advanced technologies in industry and enhancing competitiveness of traditional industries will be set as objectives.

1138. In order to enhance the technological potential of industry, efforts will be made to provide support for a university-industry collaboration within an integration, for the establishment of technological back up and improvement centres, new technoparks and for technology institutes. Furthermore, increase in R&D supports shall be provided.

1139. The State will enhance its role of supporting industry, regulating and monitoring the market within the framework of international rules. Whereas, excluding certain strategically important fields, the State will continue its withdrawal from the industrial sector.

1140. Considering the manufacturing industry, supporting investments on R&D, whereby information and communication technologies take the first place, innovative production and technology generation, protection of the environment, improvement of small and medium size enterprises

(SMEs), creation of employment and diminishing discrepancies among regions, shall be further pursued.

1141. The national quality infrastructure shall be completed and the Turkish Accreditation Institute shall be made operational as soon as possible to ensure the enhancement of the competitiveness of industry and the free movement of Turkish goods in the EU market.

1142. Importance shall be attached to the improvement of administrative and financial structures of companies to the prevalent utilisation of new technologies, information technologies, flexible production and supply planning systems in the production process and to the intercompany collaboration at national and international level.

1143. Importance shall also be given to economic and safe provision of raw materials and inputs that the industry requires.

1144. In the field of public procurements, in line with our international commitments importance shall be given to the provision of a competitive environment and to the improvement of the domestic industry.

1145. Considering the defence industry, in order to meet requirements in a stable and safe manner, it is envisaged to enhance domestic production within a structure that is open to competition having export generating potential and integrated with the industry of the country. Furthermore it is envisaged to set up the necessary technological base for the realisation of these issues.

1146. With regard to industries using agricultural inputs, it is targeted to improve agriculture-industry cooperation and integration under the leadership of the private sector in order to increase high value added productions and to establish a competitive structure.

1147. In order to ensure food safety, the supervisory infrastructure and utilities of the public sector shall be improved. Within the same scope, it will be essential that, being in harmony with EU legislation and provisions set out by the WTO, starting from the stage of raw material supply to the marketing stage, quality and hygiene systems, are prevalently used by the industry.

1148. In the textile sector, special importance shall be given to design, collection type production, promotion and marketing activities, in order to gain a greater share from the world markets by protecting competitiveness, utilising idle capacities and diversification of the market in an environment where competition will further increase with the liberalisation of the world textiles and clothing trade by the year 2005. Taking into account that creating trademarks within a short time has its difficulties, it is of utmost importance to create an image of high quality Turkish goods at first.

1149. With a view to harmonisation with the EU, especially in drug industry, an independent administrative structure that is guiding and monitoring will be realised.

1150. Necessary investments for gasoline and diesel fuel production, in accordance with the EU norms, shall be further pursued within the plan period.

1151. In order to meet petroleum product requirements safely, the construction of a new refinery plant within the country will be encouraged.

1152. Taking into consideration the supply surplus in long iron-steel products, investments regarding increase of steel capacity will be oriented towards flat and qualified steel products.

1153. By enhancing supports on developing new products having high value added generating capacity in the fields having priority, it will be enabled that the electronics and software sectors gain a greater share from the global markets.

1154. In the field of automotive industry, it is of utmost importance to set up a structure which enables a production of economic scale, where new technologies are used and export - based and sustainable competitiveness is restored.

1155. Studies on opening up the railway vehicles industry, which is still operated by public plants, to the private sector will be introduced. Furthermore, a structure, which keeps track of technological developments and adopts them, able to make designs, meets domestic demands including intercity railway systems and is oriented towards exports, shall be established.

1156. The instant need of the Turkish maritime trade fleet to be rejuvenated and renovated will urge the domestic demand. Thus, special importance shall be attached to the building of coaster in order to meet the domestic demand and gain a greater share from the international ship building markets.

c) Legal and Institutional Arrangements

1157. The Law No 2886 shall be rearranged in order to ensure that public procurements will be settled within the framework of a single legislation.

1158. In order to establish a standardisation system in Turkey in accordance with that of the EU, relevant laws and legislation on preparing and implementing technical legislation regarding products shall be issued.

1159. Legal arrangements shall be made with a view to establishing an environment of mutual benefit and trust between the main and component industry. Furthermore, with these arrangements, it is aimed at establishing a long lasting and collaboration based relation between the main and components industry, which shall also, increase competitiveness of these two industries as a whole.

1160. Decree Having the Force of Law No 560 on the Production, Consumption and Control of Foodstuffs shall be reviewed and issued as a new law. At the present stage, arrangements towards improving coordination and cooperation among responsible ministries shall be made, in order to ensure efficient food control and surveillance systems.

1161. With a view to include the private sector into the issue of food control alongside with the public sector, a regulation on the establishment and functioning of Private Food Control Laboratories shall be issued.

1162. Notifications to be prepared on product basis, based on the Turkish Food

Codex, shall be completed and put into force.

1163. With a view to separate tobacco support and tobacco processing activities and the other related activities in the production stages of TEKEL (State Monopoly) and in order to improve the implementation of policies on tobacco support purchases necessary legal and institutional arrangements shall be made.

1164. Arrangements shall be made for the establishment of a Turkish Drug Institution that shall be responsible for authorisation, testing and auditing activities related with human and veterinary drugs, natural drugs, plasma products, vaccines, cosmetics, parenteral nutrition products and medicals which are currently carried by various institutions.

1165. Necessary arrangements shall be made in order to keep the utilisation of LPG as a fuel for automobiles under control.

3. DEVELOPMENT OF SMEs

a) Present Situation

1166. Small industry enterprises are facing problems such as low productivity, shortcomings regarding quality, marketing, technical knowledge and financing, which are stemming from their small size and disorganised structure. Besides, unregistered working is prevalent, which as a consequence, causing the establishment of an unfair competition environment.

1167. By the year 1999, 72.850 working places exist at 306 small industrial estates. In average, 1500 persons are employed in each small industrial estates, which makes up a total figure of 437.000. There are 251

Apprenticeship Training Schools or Training Centres in 251 of the small industrial estates.

1168. The satisfactory progress, regarding small scale industrial estates could not be achieved, due to decreased share of small industrial estate investment within the overall public investments, highly expanded volume of project packages, inefficient use of resources, public financing of infrastructure along with the superstructure.

1169. In order to help SMEs solve their problems on financing, employment, quality and standards, incentive instruments for SME investment like credits, tax exemptions, investment deductions, VAT support and low price energy have been made available.

1170. According to notifications, of the Council of Ministers issued within the scope of the Decision on Export Oriented State Aids, SMEs are granted state aids for their activities in the fields of export, promotion and R&D.

1171. SME Investments Partnership Company for (KOBİ A.Ş.) has been established under the leadership of TOBB, aiming at providing financial support and consultative services for SMEs at stages of start up, development and enlargement.

1172. Within the activities carried out by Small and Medium Size Industries Development and Support Administration (KOSGEB), consultancy services have been provided for SMEs in the fields of investment, production, administration and marketing. By way of common facility workshops and laboratory services, especially firms in the manufacturing sector had the opportunity to get acquainted with advanced technologies. With the help of the

Small and Medium Size Enterprises Information Network Project (KOBİ-NET), SMEs and their products have been introduced to foreign markets and first steps taken for the encouragement of electronic commerce.

1173. By the year 1999, the SMEs constitute 99.2 percent of the enterprises engaged in the manufacturing industry and 55.9 percent of the employment in this sector. Despite their overall share in the sector and the important ratio they have achieved in employment, SMEs have created only 24.2 percent of the value added. However, the share of credits, the SME's obtained from all banks is around 4-5 percent.

1174. As of April 2000, the number of SMEs to which the Credit Guarantee Fund gave out guarantees amounted to 816 and the guarantee support reached 7.553 billion TL. The need to improve resources of the Credit Guarantee Fund and to overcome problems related to collateral still persists.

1175. The need to enhance the services provided to SMEs, both from qualitative and quantitative point of view and to ensure a smooth coordination among institutions, still persist.

b) Objectives, Principles and Policies

1176. It is essential objective in this field is to improve the productivity of the SMEs, to increase their share within total value added and to enhance their international competitiveness.

1177. Necessary opportunities shall be provided in order to increase the share of the SMEs within the overall credit volume of the banking system.

1178. Legislation related with the provision of credits to small scale industrial estates constructions and credit repayment systems shall be revised and the completion of the constructions in due time shall be ensured.

1179. The establishment of Specialised Small Scale Industrial Estates shall be encouraged. Within these estates the establishment of sectoral foreign trade companies shall be supported.

1180. The SMEs will be backed up by modern financing instruments and institutions within an environment, which is in harmony with the capital and financial markets. The utilisation of financing facilities such as credit guarantee funds, risk capital, financing investment partnerships, asset investment partnerships shall be made prevalent.

1181. The number of KOSGEB centres will be increased, a more efficient utilisation of fund resources ensured, producer relations strengthened and the product pattern extended. in line with the industrial policies.

1182. Within the context of SMEs, support will be provided for enhancing the level of technology and raising product quality, increasing productivity, facilitating access to information, guidance and consultancy services, integrating main and sub industry, improving cooperation among enterprises and increasing electronic commerce facilities. The management of the SMEs according to modern management approaches shall be ensured. The SMEs shall be motivated to be the initiator of mobilising local resources.

1183. Information shall be provided to SMEs in order to orient them towards exports. Besides, it Enterprises operate in the same fields will be supported to, form export oriented alliances. Partnerships with foreign companies shall be encouraged.

1184. The SMEs shall be oriented towards R&D activities and their collaboration with Universities within techno-parks will be ensured.

1185. Enterprises based on traditional handicrafts production shall be supported at investment and marketing stages.

c) Legal and Institutional Arrangements

1186. Legal arrangements shall be made in order to enable SMEs to offer stocks and bonds within the capital market. Besides, necessary legal arrangements shall be made to strengthen the credit guarantee fund and urge its widespread use and increase contribution of the state.

1187. Studies on increasing the share of the SMEs within public procurement shall be carried out.

1188. Legislation on SMEs shall be harmonised with EU standards.

1189. Arrangements, providing the improvement of the risk capital system shall be made.

VI. IMPROVEMENT OF THE SCIENTIFIC AND TECHNOLOGICAL CAPACITY

a) Present Situation

1190. The advancements in science and technology achieved within the 7th Plan

period remained below the desired level. Despite it was envisaged in the Plan, sufficient resources could not be set aside for R&D activities and the number of research staff could not be increased.

1191. As of 1997, the ratio of Gross Domestic Expenditure on Research and Development (GERD) to Gross Domestic Production (GDP) was 0.49 percent, the number of R&D personnel (full-time equivalent) per ten thousand labour force and researchers were 10,4 and 8,2 respectively.

1192. The need to establish harmonisation between policies set up for science-technology-industry and those for education-training and R&D still persist.

1193. Important steps have been taken towards establishing a national R&D network, comprising public and private R&D institutions as well as universities while a National Academic Network has been established.

1194. The physical infrastructure required for the betterment of employment and working conditions of R&D personnel could not be developed efficiently and necessary arrangements in the legislation could not be made.

1195. Works on harmonising the Defence Supply Systems based on R&D with the purchasing policy of the state, aiming at improving the national defence industry, are being carried on.

1196. Law on the Establishment and duties of the Turkish Accreditation Institute (TÜRKAK) has been enacted.

1197. Venture capital implementations aimed at converting technological knowledge obtained from R&D activities into commercial goods could not be realised.

1198. With the DHFL (Decree Having The Force of Law) No 544, the Turkish Patent Institute has been established, with DHFL No 551 patent rights, with DHFL No 554 industrial designs, with DHFL No 555 geographic signs and with DHFL No 556 trade marks have been given protection. Notification on Subsidising Registration Expenses of Patents, Utility Model Certificates and Industrial Designs has been published.

b) Objectives, Principles and Policies

1199. The main objective is to achieve competitiveness at international level by scientific and technological developments with the aim of becoming an information society.

1200. In order to enhance the scientific and technological research level, which has impact on economic and social development and growth, the required physical, human and legal infrastructure shall be restored. It is targeted to raise the proportion of GDP, set aside for R&D activities to 1.5 percent and to increase the number of the full time – equivalent R&D personnel per 10 thousand economically active people to 20, until the end of the plan period.

1201. Local information networks shall be improved and integrated with international network structures.

1202. The National Innovation System shall be completed and efficiently operated with a view to gain a sound scientific base and a certain innovative potential.

1203. Manpower shall be considered as a strategic resource whereby education policies shall be geared to adjusting to constantly changing technologies, training manpower with trouble shooting abilities and creative qualities.

1204. Special importance shall be given to training qualified teachers, academics, engineers and intermediary staff. Importance shall also be attached to train academicians in the field of engineering towards acquiring applied engineering experiences. Duties of higher education institutions shall be redetermined and attention shall be paid to impart engineering training with an equipment infrastructure at international standards.

1205. Scientific research activities, innovations and contributions to technological developments in the fields of positive and social sciences and culture, carried out by universities, institutes and research institutions shall be supported.

1206. Taking into consideration that Universities are initiators of R&D activities, joint R&D activities within a university-public-private sector cooperation shall be encouraged and supported.

1207. R&D activities in the fields of advanced applications such as, information and communication technologies, new materials, aerospace and space technologies, nuclear technologies, oceanography, technologies on utilising and exploiting sea and underwater riches, mega science and clean energy technologies, whereby the fields of biotechnology, gene engineering, and software have predominance, shall be supported.

1208. Science and Technology Centres that will have supporting impacts on formal education, aiming at approximating the society by science and technology and providing learning by doing, living and having fun, shall be established and developed.

1209. At each level of education, scientific and technological activities that motivate the intelligence and that give priority on creativity shall be encouraged.

1210. Essential principles regarding state aids, granted on R&D activities, shall be redetermined.

1211. In the field of planning and meeting the requirements of the national defence industry, the technological capacity of the country shall be utilised at the greatest extent.

1212. The purchasing policy of the state shall be oriented towards improving the scientific, technological and industrial potential of the country.

1213. The venture capital implementation in the field of converting technological knowledge obtained from R&D activities into tradeable goods, shall be further improved and applied widespread.

1214. The establishment of Industrial Parks in the advanced technology fields such as biotechnology and gene engineering, software generation, information and communication technologies, new material technologies, environmentally friendly energy technologies, shall be supported.

1215. Direct foreign capital investments contributing to technological development, shall be encouraged.

1216. Technological cooperation opportunities with EU shall be utilised at the utmost level.

1217. Action Plans shall be devised by taking into account current studies on transition to information economy and society.

c) Legal and Institutional Arrangements

1218. Legal arrangements shall be made, aiming at encouraging the establishment of venture capital investment partnerships, the entrepreneurs engaged in the fields bearing technological risks can make use of which.

1219. Necessary arrangements in the public procurement policies and in the Law No 2886 shall be made in order to enable domestic supply based on R&D.

1220. The scope of the current legislation on state aids granted to R&D will be extended.

1221. The essentials of the university-industry cooperation shall be arranged so as to include research companies.

1222. Legal and institutional arrangements on the establishment of Technoparks and Technological Development Zones shall be made.

1223. Necessary arrangements in the legislation shall be made in order to meet the deficit in the number R&D personnel and to make work of research attractive.

1224. Legal arrangements on the establishment of a Turkish Metrology Institute shall be made.

1225. Law on TUBİTAK shall be revised according to the requirements of the day.

1226. A National Aviation and Space Organisation will be established in order to provide coordination among activities in the field of aviation and space.

1227. A High Biotechnology Council will be established.

1228. Legal and institutional arrangements required for the smooth functioning of the National Innovation System shall be made.

VII. INFORMATION AND COMMUNICATION TECHNOLOGIES

a) Present Situation

1229. Along with the developments, starting from the second half of the twentieth century, information and communication technologies constitute the most important instruments utilised by countries and companies to raise their competitiveness.

1230. In line with the rise of performance and reduction in the cost of products of information technology, the number of users has increased. Due to the fact that computers have been made prevalently available for personal use, rapid progress regarding hardware, software and content has been achieved.

1231. Developments, which are defined as convergence and which render the traditional definitions as no longer valid, engendered the interactions in the fields of information technologies,

telecommunications and broadcasting along with the resulting implementations.

1232. Within the 7th Plan period, the switching capacity reached a number of 21.2 million with the addition of 6.6 million new lines. The telephone penetration rate is expected to reach 30 percent. Besides, the level of digitalisation is envisaged to reach 85 percent. Regarding mobile phones, the number of subscribers is estimated to reach the number of 12 million, the rate of penetration, on the other hand 17 percent.

1233. By the year 1997, the number of installed main computer systems in Turkey has been estimated to 16,000 and the number of personal computers to 1.142.000. The number of personal computers per every 1000 person is 18 accordingly. But the number of personal computers is rapidly growing, considering that in the years 1998 and 1999 the sale thereof amounted to 950,000. In the cities, 40 percent of the upper income group owns 77.5 percent of the total number of computers, whereas the remaining 60 percent, owns the remaining 22.5 percent.

1234. It is estimated that the size of the information and communication technologies market in Turkey reached 11.3 billion US dollars by the end of 1999. Within this market, the share of information technologies (IT hardware, software, service and consumption material) is about 27 percent.

1235. The number of internet users in Turkey has been estimated to be 900,000 by the year 1999 and 1.650.000 by the year 2000.

1236. With the Telecommunications Law, an independent regulatory authority

has been established within the sector, thus regulatory activities towards ensuring competitiveness have been launched. Under this new structure, the Ministry of Transport will formulate general policies and grant licenses. The Communication Board, on the other hand, will be charged with the duty to audit the licenses granted and necessary technical, administrative and financial proceedings related with all telecommunication utilities. The Turk Telecom has been given an independent status by law, so that it can pursue its activities within competition conditions where the public sector is only represented as shareholder within this establishment.

1237. Along with the granting of two new licenses, it is targeted to increase competitiveness and consequently the quality of service within the mobile phone market by the year 2000. Due to the fact that the structure of revenue sharing has been preferred, instead of granting licenses in the field of value added telecommunication services the expected benefit could not be achieved.

1238. Works on establishing the necessary technical and legal infrastructure, for the development of electronic commerce, are being continued.

1239. Great advances have been achieved in the data transmission infrastructure. Nevertheless, issues like high cost and low speed encountered at the access to the internet still continue to be a problem, despite the introduction of new infrastructures and improvement studies.

1240. Regarding the restructuring of the PTT, preliminary works have been completed but not concluded yet. The target of ending state monopoly in the postal

utilities and liberating the market could not be achieved.

1241. Studies on changing over to digital broadcasting are carried on under the coordination of RTÜK (Radio Television Supreme Board). No developments have been achieved in the field of granting licenses to private radio and television establishments.

b) Objectives, Principles and Policies

1242. In the plan period, priority shall be given to increasing competitiveness of information and communication technologies sector that will be considered as one of the strategic sectors. The software sector shall be considered as a strategic field and convenient incentives shall be issued as such.

1243. The main target of the telecommunications policies is to enhance the telecommunication service capacities up to a global level and thus to contribute to the efforts of increasing social welfare. In this sector, the role of the state to regulate and provide a competitive environment will gain significance.

1244. R&D activities in the field of information technologies will be supported.

1245. Studies on the use of the Turkish language in software products used in Turkey shall be carried on.

1246. In the field of information and communication technologies, legal, administrative and technical arrangements that shall ease the access to the services provided by technological developments and the convergence of the sub-sectors shall be

concluded rapidly by taking into consideration the demands of the users.

1247. Regarding all the institutional restructuring models to be developed in the field of information and communication technologies, while fulfilling the duties of state related to public services, models that are suitable for the realisation of the principle of downsizing the organisational structure of the state but rendering it more functional, shall be considered essential. Institutional restructuring models, appropriate for Turkey, shall be determined with the qualities of operating efficiently, putting to the fore specialist work, fulfilling the coordination function informing the public opinion and reflecting the opinions of the private sector and those of the non governmental organisations to the decision making bodies.

1248. Applications, ensuring that the telecommunication utilities be available for everybody at reasonable prices, shall be essential. Consumer rights will be protected by transparent and equal rules for all operators.

1249. Taking into consideration that the telecommunication market is going to be opened up to competition fully and in order to enable the Turk Telecom to compete within market conditions, necessary arrangements shall be made towards decreasing the shares that public sector owns until the end of the year 2003.

1250. As regards value added services, importance shall be given on authorising the private sector to issue permission and licenses. Thus, to offer the facilities enabled by technological progress within a competitive environment shall be targeted.

1251. The rapid development in mobile telecommunication sector, as a consequence of the shift of consumer demands to mobile telecommunication services, will further continue in an accelerating manner, partly due to advancements in technology and the dropping in cost prices. In the coming period, in most of the telecommunication utilities, in particular in the field of access to the Internet and electronic commerce practises, mobile network will be used predominantly. Third and post-third generation mobile systems, which enable high-speed data transfer, will further strengthen the overruling mobile structure of telecommunication.

1252. For licenses to be issued towards new generation mobile telecommunication services that shall be launched within the plan period, an efficient competitive environment and interests of users will be taken into consideration.

1253. National policies will be formulated, in order to ensure the development of internet services by considering the demands of the private sector and the users. Legal and technical arrangements shall be made so as to enable the utilisation of alternative infrastructures to be established by the private sector for the provision of internet services with high quality and enhanced information security.

1254. Regarding the enhancement of electronic commerce, the share of which is growing constantly within the global economy, the role of the public sector will be establishing the necessary technical and legal infrastructure. With the arrangements to be made, importance shall be attached on providing secure environment for the users and the consumers and on protecting

private information and consumer rights within the electronic environment.

1255. In order to monitor the development of electronic commerce, compiling, processing and reporting of the necessary statistical data shall be provided.

1256. In order to ensure data security, studies shall be completed within the framework of international rules and standards and measures in particular those facilitating electronic commerce shall be taken.

1257. The establishment of an information system in the public sector and the formulation of related policies shall be considered within an approach that is relevant to the new role of the public sector in the information age. Information, owned by the public sector shall be transmitted to the society according to the principles of openness and transparency.

1258. The information and communication technologies infrastructure of universities, and national and international network connections shall be enhanced.

1259. Within the 8th Plan period, digital broadcasting shall be introduced by keeping track of technological developments in the world. Transparent arrangements shall be generated, aiming at spreading the use of these technologies that should not controvert to the principle of equality among broadcasting establishments.

1260. Necessary studies towards granting licenses to private radio and television establishments shall be completed. The TRT shall be restructured and its broadcasting content shall be

enriched endowed with a sound financial structure.

services. The restructuring process of PTT shall be completed and thus quality of postal services enhanced.

1261. Required legal arrangements shall be realised by taking into account liberation studies of EU countries relating to postal

TABLE: 24 – Developments in the Communication Services						
	1995	1999	2000	2005	Annual Average Percentage	
			(1)	(2)	7th Plan Period	Plan Period
Switching capacity (Thousand Lines)	14.550	19.679	21.129	28.220	7,7	6,0
Number of Telephone Subscribers (Thousand)	13.227	18.054	19.510	26.000	8,1	5,9
Telephone Subscribers Density (subs/100 Person)	21,8	28,0	29,9	37,0	6,5	4,4
Telephone Traffic (Million)	64.057	115.318	120.000	205.000	13,4	11,3
Rural Telephone connections (number)	46.500	51.381	60.529	76.000	5,4	4,7
Number of Pay Phones with card	58.125	78.086	101.166	190.863	11,7	13,5
Local Telephone Plants (thousand pair line)						
- Principal network	22.392	30.050	32.173	39.700	7,5	4,3
- Local network	30.886	42.740	46.054	58.650	8,3	5,0
Fibre Optic Cable Length (km)	28.300	58.770	76.656	103.000	22,1	6,1
Mobile Telephone Subscriber						
- Analog (NMT 450)	103.833	121.517	126.000	149.000	3,9	3,4
- Digital (GSM)	332.000	7.500.000	12.000.000	30.500.000	104,9	20,5
Number of Cable TV Subscriber	403.958	750.290	1.300.000	4.600.000	26,3	28,8
Number of Internet Subscriber	30.000	900.000	1.650.000	15.000.000	122,9	55,5
(1) Realisation Estimate						
(2) Estimation						

1262. At the end of the 8th Plan period, the switching capacity is envisaged to reach 26 million and penetration rate to 37 percent. The number of mobile phone subscribers on

the other hand is estimated to reach 30.5 million, the penetration rate to reach 44 percent. Furthermore, the number of Internet users is expected to be 15 million, those of cable TV subscribers 4.6 million. Fibre optic cable

length is expected to reach 103 thousand km.

c) Legal and Institutional Arrangements

1263. In the realm of information security and utilisation of information, importance will be given to the improvement of electronic commerce and preservation of individual information and information related to national security by considering technological developments. A legal infrastructure shall be set up to establish an institutional restructuring model that enables the information generated by the private and public sectors to be opened to the public through the internet, which also facilitates the coordination among related institutions.

1264. Studies concerning basic legal arrangements on electronic commerce shall be finalised and necessary studies related with the monitoring of developments shall be launched.

1265. Legal arrangements shall be devised in order to provide restructuring of the postal utilities market according to the conditions of the day.

1266. Necessary legal arrangements shall be made within the scope of restructuring TRT and giving it a sound financial structure.

1267. Legal and institutional arrangements, required for the introduction of digital broadcasting and for the digital broadcasting period shall be made.

1268. In the field of telecommunications, necessary legal

arrangements shall be made within the scope of harmonising with the EU.

VIII. AGRICULTURAL DEVELOPMENT

1. GENERAL AGRICULTURAL POLICIES

a) Current Situation

1269. In spite of the fact that the share of the agricultural sector within GDP has been 15 percent in 1999, the share of agricultural employment within total civilian employment amounts to 45.1 percent. While the importance of agriculture within the national income decreases, a great part of the population is still earning its living from agriculture.

1270. According to the General Agricultural Census of the year 1991, there are 4,1 million agricultural holdings in our country. Around 3.6 percent of these holdings deal with husbandry and 96.4 percent with crop production along with livestock. Approximately 35 percent of the mentioned agricultural holdings own 0-2 hectares of land, 32 percent 2-5 hectares of land, 28 percent 5-20 hectares of land and 5 percent own 20 hectares and more land. However, the arable land of the farms with 0-2 hectares of land is about 6 percent, that of 2-5 hectares 16 percent, that of 5-20 hectares around 41 percent and that of 20 hectares and more have been determined as 37 percent. The average size of the holdings is around 5.9 hectares. According to the same census 71.9 percent of agricultural holdings dealing with cattle-breeding are owning less than five animals and 31.6 percent of sheep-goat breeding holdings on the other hand, are owning less than 20 animals.

1271. In comparison with other sectors, the income of those employed in the agricultural sector remained extremely low. Furthermore, there are also discrepancies in income distribution among groups within this sector.

1272. Within the 7th Plan period, the agricultural production is expected to increase at an annual average of 1.8 percent, exports at a rate of 4 percent and imports at a rate of 3.9 percent.

1273. Current support policies could not restore stability in the income of the producers. Furthermore, intervention prices, higher than world market prices have led to excessive extension of the arable land with regard to certain crops and hence surplus production, in turn leading to excessive purchases by the government with high cost of stocks.

1274. In order to remove these shortcomings, a pilot project on Direct Income Support for Farmers has been launched in the year 2000 as a new agricultural support tool. Depending on the results, this project will be implemented throughout the country in the year 2001.

1275. Within the framework of the provisions laid down in the Agricultural Agreement of the GATT Uruguay Round, Turkey has continued to fulfil its commitments. Moreover, by considering developments in the aftermath of the Uruguay Round, Turkey has established a new preferential trade regime with EU.

1276. Within the 7th Plan period, the Law No 4342 on Meadows has been issued and a Board for Agricultural Restructuring and Support has been established. Besides, the chance of realising futures at Commodity

Exchange Markets has been given with the Law No 4487. Furthermore, a Decree Having the Force of Law on Rearranging Fresh Vegetable and Fruit Trade No 552 has been issued. With the Law No 4367, certain articles of the mentioned Decree Having the Force of Law have been amended and relevant legislation made. On the other hand, Law No 4272, on Agricultural Sales Cooperatives and Unions has been adopted by the Parliament in June 1, 2000.

1277. But Laws on the Rearrangement of Tobacco Farming, on Crop Insurance, on Union of Turkish Agricultural Chambers and on Reorganisation of the Ministry of Agriculture and Rural Affairs, as envisaged within the framework of the Structural Change Project related with Agricultural Policies, could not be issued within the 7th Plan period. Works on the Draft Law on Producers' Organisations on the other hand, are about to be concluded.

b) Objectives, Principles and Policies

1278. The basic target is to establish an organised, highly competitive and sustainable agricultural sector, which considers the dimensions of economic, social, environmental and international development as a whole, within the framework of the principle of efficient resources utilisation as a whole. Furthermore, balanced and adequate nutrition of the growing population will be the essential objective, within the framework of the principle regarding food safety.

1279. Instead of government intervention to agricultural commodity prices, which have negative impact on market prices by issuing political instruments that orient production towards the demand-driven market conditions increasing and

keeping the income levels of producers stable shall be considered essential. Measures that decrease production cost and accelerate technological developments shall be put into implementation.

1280. The fundamentals of the agricultural policies shall be determined within the framework of commitments, envisaged in the Agricultural Agreement of the World Trade Organisation and developments in international trade and on the path to the membership, developments in the Common Agricultural Policy of the EU.

1281. Utmost importance shall be given to the more efficient use of production factors, foremost that of human resources, increase of productivity, strengthening of institutional capacities of organisations related with agriculture, elimination of problems observed within the flow of institutional services, the provision of efficiency and efficient use of intra sectoral resource allocation, the strengthening of producer organisations, the increase of competitiveness of agricultural enterprises and development of marketing networks.

1282. The development of a Farmer Registration System, Cadastral System, Geographical Information System and Farm Accountancy Data Network shall be provided. An Agricultural Knowledge System that utilises the agricultural database shall be set up.

1283. In order to protect producer and the level of production from contingencies, Risk Management instruments shall be developed. Within this framework, development, introduction and efficient implementation of crop insurance system, a futures market, contracted agricultural

production and stock management instruments, shall be provided.

1284. Considering the importance of programs of a regional nature within the agricultural development, special regional programs shall be devised within the framework of works on the designation of Agricultural Zones Having Priority and Problems.

1285. Considering all kinds of subjects, related with agriculture at all stages and levels, a participatory project planning and management shall be considered.

1286. Rural development projects that take into consideration the participation and responsibility of the producer and that directly provide financing facilities to the producer shall be set up and implemented.

1287. Efforts shall be made to ensure that non-agricultural sectors at rural areas are backed up and rural industries made prevalent. Furthermore, projects creating new employment opportunities for those who have drawn back from the agricultural sector shall be developed.

1288. Agricultural research organisations shall be given an efficient structure. Coordination among research activities, carried out by various institutions, establishments and universities, shall be ensured.

1289. In setting priorities in the field of agricultural research, farmers' demands shall be taken into account and in developing and implementing applied research projects, the participation and contribution of the producer shall be essential.

1290. The improvement of agriculture-industry integration, supply of quality raw material having the nature of enhancing competitiveness of the processing industry and the widespread use of contract based production, oriented towards agricultural industry shall be provided.

1291. The Board of Soil Products (TMO), Directorate General for the Tea Industry (ÇAYKUR) and Turkish Sugar Factories Inc. shall be restructured in order to function efficiently. After the necessary infrastructure has been established and arrangements made, depending on developments in the private sector and producers' organisation, activities of the mentioned enterprises shall be restricted. These enterprises shall be charged with the duty of intervention in the markets if necessary.

1292. In case of restructuring of Agricultural Sales Cooperatives and Unions, necessary measures and policies shall be implemented for the provision of sustainability, while giving those organisations an autonomous structure within the principles of the cooperatives system.

1293. Certain duties, which are incumbent on the public sector, shall be transferred to the producers' organisations.

1294. Planning and administration of basin based participatory projects shall be favoured in the use of natural resources. The sustainable use of natural resources and the establishment of a system that should protect and preserve gene sources shall be ensured.

1295. In order to ensure a balanced agricultural development that is in harmony

with the environment in accordance with agricultural policies, all kinds of contributions of those who benefit from the investment at each level of the agricultural infrastructure investments shall be welcomed. Considering efficient utilisation of the current infrastructure and realisation of new investments, the rational utilisation of resources shall be provided.

1296. A Land Use Plan shall be prepared by issuing a law on detailed soil studies, soil maps, as well as on use and preservation of soil, by accomplishing cadastral works and by ensuring the establishment of a soil data base.

1297. The optimal cultivable land size of holdings, which are not deemed to further fragmentation, shall be determined by regions and incentive measures shall be directed towards the economically viable holding sizes to be determined.

1298. The production of animal products shall be developed and increased. In order to ensure a balanced and adequate animal protein based nutrition of the population, emphasis shall be accorded to animal breeding improvement, control activities on animal diseases and parasites, improvement of pasture and meadows utilisation, increase of production of feeds and fodder crops and extension services.

1299. In order to increase sustainable production in fishery products, natural resources shall be used rationally, aquaculture activities and open sea fishery shall be improved and importance shall be attached to research and improvement activities. Besides, necessary arrangements shall be made in order to establish an effective institutional structure in the public sector.

1300. Forests shall be managed, operated and protected within the framework of economic, social, environmental and ergonomic criteria, in line with the needs of the society for forestry products and services and the principles of sustainable forestry, biological diversity and protection and multi-purpose use of the wild life.

1301. In order to prevent natural disasters such as desertification, soil erosion, flood, landslide and avalanche in our country, afforestation, erosion control, range improvement, social forestry activities shall be improved; afforestation activities of real and legal persons shall be encouraged.

c) Legal and Institutional Arrangements

1302. A basic Law on Agricultural, considering issues related with the agricultural sector as a whole, shall be adopted.

1303. Rearrangements shall be made so that Union of Turkish Agricultural Chambers can carry on and improve their activities in an efficient way.

1304. A Law on Producer Unions shall be adopted, in order to establish non-profit and non-governmental organisations that provide services in the stages from production to marketing. Organised farmers shall be supported and measures towards the implementation of this support shall be put into practise. Rearrangements shall be made to ensure the autonomy of monitoring in the mentioned organisations.

1305. The Ministry of Agriculture and Rural Affairs and State Economic Enterprises of agricultural nature shall be restructured.

1306. Works on adopting a Law on Crop Insurance and preparations for the related action plan shall be completed.

1307. The Board for Agricultural Restructuring and Support, which does not include representatives of the private sector and farmer organisations at an adequate level, shall be extended by the participation of new members.

2. CROP PRODUCTION

a) Present Situation

1308. Crop production preserves its importance within the agricultural sector production with a share of 65 percent. However, because of the fact that the crop production potential, which is to a great extent dependent on climate conditions, could not be utilised at an adequate level and productivity remained low.

1309. In the sphere of seedling production, the private sector took up a share of 3,2 percent regarding wheat, 3,8 percent regarding barley, 99 percent regarding hybrid sunflower and potato, 1,3 percent regarding cotton and 11 percent regarding fodder crops in the year 1995 within the total seed production. In the year 1999 whereas, as a result of the encouragement of the private sector to orient towards seedling production, these figures displayed a rise at 8 percent for wheat, 17 percent for barley, 100 percent for hybrid sunflower, 99,7 percent for potato, 13,5 percent for cotton and 41 percent for fodder crops within the total seedling production.

1310. In the implementation area for the Project on the Reduction of Fallowlands, the arable land for pulse and fodder crops,

which amounted to 114.321 hectares in the year 1995 and reached 237.589 hectares in total in the year 1999.

1311. The implementation area for the project on Double Cropping Research and Extension, on the other hand, amounted to 13.665 hectares in the year 1995, but increased to 34.994 hectares in the year 1999, due to the enlargement of the cultivation areas for especially corn, sesame, sunflower, husked rice and soybean.

1312. The program on controlling of plant diseases and parasites, conducted by the public sector, has been especially pursued against cereal bug, sunn pest and olive fly.

1313. It is expected that within the 7th Plan period, the crop production shall be increased by 2.9 percent. Furthermore, it is expected that the figures of export and import shall rise at 6.6 percent and 9.2 percent respectively.

b) Objectives, Principles and Policies

1314. The main objective is to increase production, productivity, quality and export of the crop products.

1315. In order to ensure increase of productivity and quality of crop production, use of certified seedlings will be made widespread. Regarding arrangements related with the seedling sector, international principles, norms and practises, especially those of the EC, shall be considered essential. Moreover, arrangements on trans-genetic plants shall be made.

1316. Activities of the seedling sector within the market conditions shall be

enabled in order to ensure the increase of productivity and international competitiveness. Besides, the private sector shall be encouraged to take an active role in the R&D stages as well as in the production, processing and marketing.

1317. To diminish negative impacts of agricultural production to the environment shall be one of the main concerns. In addition to measures to be taken within this scope, in the utilisation of fertilisers, pesticides and irrigation inputs in accordance with natural resources and environment friendly remedies shall be taken into consideration. Besides, within input supports, the support on fertiliser and pesticides shall be decreased and gradually abolished and the production of ecological products encouraged.

1318. Alternative combat methods shall be given priority, especially in the field of integrated pest control and biological combat. Within this framework, in the field of agricultural pest control, international commitments, a modern plant protection approach, food safety, ecological balance and the environmental dimension shall be taken into consideration.

1319. As regards the marketing infrastructure, the Project on Developing Commodity Exchanges shall be completed, development of futures markets and efficient functioning of wholesale market places provided and steps towards widening the storage capacity of farmer/private sector encouraged.

1320. Agricultural publication, farmers' training and restructuring of agricultural education institutions according to new developments shall be provided. The current education and publication system shall be

re-evaluated, the role of the public sector in the field of publication reviewed. Special attention shall be attached on private publication activities. The fundamental approach shall be to provide certified training to young farmers and training on demand to senior farmers.

1321. Necessary institutional structure and marketing infrastructure related crops such as sunflower, soybean and cotton shall be improved and production increase ensured by implementing incentive payment system. Furthermore, in order to provide the increase of corn production, the construction of crop drying plants shall be encouraged.

1322. Within the framework of stock management, the practise of determining a certain price gap between the purchasing price and the sale price and of proclaiming it simultaneously shall be further pursued.

1323. Scheduled years of crop rotation shall be prolonged and the practice of imposing restrictions on sugar beet production shall be carried on in order to establish a balance between sugar supply and demand and to diminish the burden of sugar beet purchases and surplus sugar stocks on the budget.

1324. Measures towards restricting the hazelnut production area shall be taken and the extension of tea plantation areas shall be prevented, whereby pruning practices shall be further pursued in order to ensure the supply of quality tea plants.

1325. In respect of areas of hazelnut and tea cultivation, where there exists a surplus in supply, projects towards generating alternative crops and new employment opportunities in that region shall be implemented.

1326. In the field of tobacco production, market prices will be considered essential. Within this framework, a tobacco auction system will be established.

c) Legal and Institutional Arrangements

1327. Law No 1177 on Tobacco Monopoly and Law No 196 on Support of Tobacco Producers' and Sales Markets shall be updated.

1328. Necessary arrangements shall be made in the Law No 6747 on Sugar, in order to render the private sector more efficient in the sugar industry by taking into consideration supply and demand balance of sugar.

1329. A law on the production of crops and livestock by ecological methods shall be launched and a Regulation on transgenic plants shall be drawn out.

3. LIVESTOCK

a) Present Situation

1330. The livestock sector has a great importance, not only because the need in animal products is being met, but also because it creates a constant employment and provides raw material for the meat, milk, feeds silk and woollen textile and leather industries.

1331. Although the number of livestock in our country is much higher than in most countries, having a rather developed livestock sector, productivity per animal is considerably low. In countries with a developed livestock, the carcass weight per animal is about 250 kg in average, but in our country this figure is about 160-170 kg.

The milk production per cow amounts to 5000-6000 kg/lactation in those countries, in our country on the other hand, milk production is about 1400-1500 kg/lactation.

1332. According to statistics on livestock, of year 1998, native low yield breeds occupied a share of 41.7 percent within the total cattle stocks and 97 percent of the total sheep stock.

1333. In order to develop and improve the livestock sector, artificial insemination activities have been carried on. Within this framework, in the year 1995, 898 000 animals, in the year 1996, 962 000, in 1997, 1 million, in 1998 1,1 million and in the year 1999, 1,2 million cows have been artificially inseminated. In the year 2000, this figure is expected to reach 1,3 million.

1334. Within a certain program between the years 1987-99, totally 342.608 high yield animals for animal husbandry have been imported and made available for the producers. Among this number, 51 585 animals have been imported between the years 1996-99.

1335. The number of imported animals fit for slaughtering and fattening had reached up to 350.000 in 1995, and 119.000 in 1996. Because the import of livestock had been stopped in the year 1997, no animals for slaughtering purposes had been imported in the years 1997, 1998 and 1999.

1336. Within the 7th Plan period, it is expected that the production of livestock sector will display a decrease of 0.2 percent, imports 22.5 percent and exports of 16.8 percent.

b) Objectives, Principles and Policies

1337. In the field of livestock sector, the main objective within the 8th Plan period, is to ensure production increase in order to provide a balanced, protein based and adequate nutrition of the population. For this reason, improvement of genetic strains of animals, increase of quality feeds and fodder crops production, control activities against animal diseases and parasites and publication services shall be further developed. In the livestock sector, a special importance shall be attached to not only to meet the domestic demand, but also to achieve an export oriented production level. Industries based on meat and milk shall be made widespread throughout the country.

1338. In order to render the policies on improvement of genetic strains of animals more functional, a Committee on Improvement of Genetic Strains of Animals, consisting of members of the relevant establishments and institutions and members of NGOs shall be established. The present advisory committees shall be developed and made widespread.

1339. In order to obtain reliable statistical data on livestock sector, a General Animal Census, which hasn't been pursued since 1984, shall be carried out. Furthermore, studies shall be conducted on determining the optimal size of holdings engaged in breeding of all kinds of animals.

1340. The formation of producers' cooperatives, companies and producer unions shall be encouraged.

1341. The spreading of high yield breeding holdings shall be ensured. At the stages of breeding, distribution and marketing of the animals obtained by these

holdings, including breeder on contract basis, all kinds of technical information and aids shall be efficiently provided by the public sector. In particular contribution of the private sector shall be encouraged.

1342. Priority shall be given on the provision of the breeding and slaughtering animals, required by the breeders, from the domestic market. If need be, breeding bulls, sperms, and embryos or breeding heifers shall be imported with priority.

1343. Alongside cattle breeding, importance shall be attached to sheep and goats breeding, in order to meet the high quality rawmaterial requirement of the industry and to increase at the same time red meat and milk production.

1344. In order to improve apiculture, importance shall be given on mapping works on flora varieties, flora seasons and capacities in the country. The Apiculture Research Institute shall be restructured so as to cover the whole country.

1345. Special importance shall be given to the training of artificial insemination technicians, milking men and shepherds.

1346. Poultry production shall be increased and the consumption and exportation of chicken, turkey and goose meat and eggs shall be encouraged.

1347. Native breeds shall be preserved as genotypes. For this purpose, an Animal Gene Bank shall be established.

1348. Quality coarse-grained fodder crop cultivation areas, which constitute 3-3.5 percent of the total arable land, shall be expanded.

1349. Studies on weakening the impacts of animal diseases and parasites shall be deepened. Besides, production and quality of vaccines, animal drugs and serum shall be enhanced and the control of imported items shall be taken seriously.

4. FISHERY PRODUCTS

a) Present Situation

1350. Despite the great potential of fishery products in our country, its contribution to the economy remains rather low.

1351. The fisheries production amounted to 649.2 thousand tons in the year 1995, 549,6 thousand tons in 1996, 500,3 tons in 1997 and 543,9 thousand tons in the year 1998. It is expected that the total fisheries production will decrease by 2.2 percent in average per year within the 7th Plan period.

1352. High seas fishery in our seas has been diminished considerably due to pollution, ecological changes and irrational utilisation of resources. Since the required infrastructure could not be accomplished, open sea fishery could not be launched. Production by aquaculture has increased and thus reached a share of 10 percent within total production of fisheries.

1353. The fact that studies, required for determining the amount of stocks, the factors affecting them and the annual catching amount, have not been pursued along with R&D activities towards implementation within coordination is constituting a handicap for sustainable production.

1354. Studies on completing the necessary sectoral infrastructure with a view to utilise the water resources of the GAP Region, which constitute approximately 17 percent of the inland waters of our country, are further carried on.

1355. Within the 7th Plan period, 18 fishermen shelters, which constitute one of the most important infrastructures affecting the fishery sector production, have been completed. Thus, in total 248 cost facilities including 145 fishermen shelters, 44 shelters and 59 hards, will be available for the use of our fishermen by the end of the Plan period.

1356. Due to inefficient sanitary conditions at processing and production places, the EC prohibited the import of fresh fish and double crustaceous molluscs of Turkish origin, which occupied a share of 80 percent within our total exports in the year 1998. After the betterment studies provided, this prohibition has been lifted in 1999. Arrangements in this field are being carried on within the framework of the studies on strengthening of protection and control activities.

1357. Within the 7th Plan period, it is expected that fishery products will decrease at an annual average rate of 2.2 percent and exports in this field will decrease by 3.5 percent. Although a great rise in imports could be observed in 1995, an annual decrease of 1 percent is being expected in the 1997-00 period.

b) Objectives, Principles and Policies

1358. Protecting water resources within the framework of sustainable utilisation principle shall increase the fishery production.

1359. In order to increase production, the natural environment of our seas and inland waters shall be protected, controlled and improved. Within this framework, in order to preserve and improve fishery at the Blacksea, which is the main production area, studies carried under the coordination of our country shall be concluded. Necessary infrastructure shall be completed in order to proceed to high seas fishery, and negotiations shall be made to conclude international agreements of this field. Importance shall be attached on improving and spreading cultivation activities, by taking into account interactions among environment, tourism, forestry, transport and other related sectors.

1360. In order to provide rational utilisation of inland waters, ecological and limnological features shall be determined. Furthermore, fishery activities shall be oriented towards cultivating species that having high economic value and appropriate to the environment. Especially, the fishery potential of the GAP Region shall be taken into consideration.

1361. Research activities, aiming at determining the stock sizes and annual fishing amounts shall be carried out continuously and towards implementation, in order to prevent decreasing trend in the production obtained from our seas and to increase production by preserving the resources.

1362. Exports shall be increased by eliminating the deficiencies in the marketing infrastructure of the sector and by realising the arrangements required by the market conditions.

1363. Harmonisation with the EC Common Fishery Policies shall be considered essential.

5. FORESTRY

a) Present Situation

1364. The forests contributing greatly to the socio-economic development of the country, 77 percent of whose cadastral and demarcation works is expected to be completed by the end of 2000, have been destroyed and eroded as regards structure, growing stock and genetics within the process of historical development. Of the 20.7 million hectares of forests nearly half of which is productive, 1.8 percent is allocated for protecting biological diversity within a total of 17.5 percent ecosystem set aside as Protected Areas.

1365. Within the 7th Plan period it is expected that sector production on the average shall decrease 0.1 percent, export and import figures shall increase 4.2 percent and 7.4 percent respectively annually.

1366. In order to develop and utilise resources more efficiently, works for afforestation of 1739 thousand hectares including 120 thousand hectares of green belt, 388 thousand hectares of soil protection, 546 thousand hectares of energy forest establishments and 92 thousand hectares of range improvement have been materialised in the planned period as of the end of 1999. Despite these developments, a total of 451 thousand hectares of forestland have been destroyed by fires, and 444 thousand hectares of woodland were excluded from the forest regime with the implementation of various laws.

1367. Incomplete cadastral works, deficiency in specialised technical staff and workers, lack of comprehensive site inventory, uncertainties in management targets, failure to pay proper attention to ergonomic activities, lagging behind the plans in regeneration works, deficiency in protected areas and insufficient annual afforestation due to inadequate financing constitute the fundamental problems in the sector.

b) Objectives, Principles and Policies

1368. Within the ecosystem approach and in line with the principles of sustainability, multi-purpose utilisation, participation, specialisation, biological diversity, protection of water and wild life and development of social stability, forests shall be exploited, protected and improved by taking into consideration the realities of forest site conditions, interdependence among sectors, production and carrying capacity, forest health, landscape, eco-tourism, productivity, pollution, fire-insects-landslide-snow-avalanche-flood-frost and drought and ergonomic factors.

1369. In order to ensure safety of areas, effectiveness in protection, observance of public interest and efficiency of investments within the forest regime, cadastral demarcation works shall be intensified by taking into consideration protection of the integrity of forest areas, giving priority to the regeneration and afforestation areas.

1370. Nature Protection Areas, National Parks and similar Protected Areas shall be improved and expanded with a view to protecting biological diversity, water and wild life, cultural and aesthetic values, enabling studies on undiscovered benefits of the forests, preventing soil erosion, landslide

and avalanche, and improving eco-tourism. Within these activities, It will be the main principle that ecosystems shall have adequate size for protecting the values of ecosystem.

1371. Forest, pasture and water management plans shall be rearranged in line with sustainable forest management principles by taking into account the social requirements, various functions of the ecosystem, site inventory including wood and non-wood products and services, management purposes, protected areas, endangered wild life and flora. Regeneration activities shall be carried out regularly in accordance with silviculture plans by taking into consideration natural tree species.

1372. Protection of the soil, fauna and flora and the quality of water shall be the main principle in all the activities such as buildings, facilities, roads, mining, installation of electricity mains and similar construction works and wood production to be carried out by various organisations. Moreover, necessary rearrangements shall be carried out, by improving standards.

1373. In order to protect the environment in forest regions and to prevent unfeasible investments and sink-cost, importance shall be attached to road constructions at technical standards, whereby the improvement of current roads shall have priority. Within the 8th Plan period new roads of 5 thousand km-length will be constructed. Besides, in order to decrease loss of wood and to enable provision of wood in winter gravel roads of 10 thousand km-length, will be constructed especially at the beach forests of the Western Black Sea Region.

1374. It is expected that within the Plan period afforestation works covering an area of 300 thousand hectares, as well as 175 thousand hectares of soil protection and 30 thousand hectares of pasture improvement works will be carried out in a manner not to create biologically deserted environment and in order to prevent such natural disasters as deforestation, desertification, soil erosion, flood, landslide and avalanche, to contribute to improvement of the global carbon balance, to meet wood requirement and to improve the socio-economic condition of the villagers. As regards these works, special importance shall be given to fast growing tree species and forest maintenance works shall not be neglected and delayed.

1375. The establishment of city forests in the shape of green belts and parks and memorial forests shall be encouraged and expanded because of social, cultural and environmental reasons and in order to diminish social pressure on the natural forests.

1376. Social and agricultural forestry activities, consisting of raising oaks, acacia and pines and other species providing multi faceted benefits and the production of medical, aromatic and decoration plants shall be improved with the aim of improving the prosperity of the forest villagers. The intentions of legal and real persons to establish private forests shall be encouraged.

1377. As regards prevention of and combating against forest fires, alongside with taking silvicultural measures, establishing fire safety roads and fire breaks and implementing such measures as controlled burning, activities on the employment of fire teams equipped with modern tools, the increase of using

helicopters and aeroplanes and especially water sprinkler truck, improvement of early warning and transport systems, education and enlightenment of the public shall be made more efficient. Regarding the control of harmful insects and diseases, emphasis shall be given on biological methods.

1378. In order to ensure that forestry activities be carried out in a sound, safe environment and conditions, necessary ergonomic arrangements related with the man-work-environment system from preventive clothes to mechanisation and working environment, shall be realised. Furthermore, standards shall be improved, statistics collected, training activities pursued and on the job inspection carried out.

1379. Forestry research units and studies shall be organised, within the framework of global integration, including land utilisation, biological diversity, environmental functions, social forestry, pollution, green house effects, acid rains, endangered aquatic and wild life, production and carrying capacity of the area, and producing the value added and other economic data. In this connection, cooperation among the researchers, implementing units, non-governmental organisations and forest villagers shall be sought.

1380. The activities of the NGOs, vocational chambers and scientists making efforts for the establishment of the necessary social will towards creating a green and healthy environment and preventing forest fires, shall be supported.

1381. Regarding all forestry activities, especially preparing management plans, controlling forest fires, pests, insects and

diseases and cadastral works, importance shall be given on the utilisation of remote control methods from the aspect of health and efficiency.

1382. In line with the studies on harmonisation with the EC, it is considered necessary that legislation, strategy, organisation, activity programs and product standards be reviewed and measures preventing the vanishing of herbal resources, medical plants and natural fungus for domestic consumption and foreign trade be taken. Moreover, it is necessary to establish principles and criterion for the implementation of the Green Certificate or Green Label practise in the country, testifying the production of forest products with the understanding of environmental and social responsibility.

c) Legal and Institutional Arrangements

1383. The Forest Law No 6831 shall be rearranged by considering environmental protection, public interest, integrity of the ecosystem and protection of wild life.

1384. An ergonomic unit, equipped with laboratory and extension instruments shall be established within the Ministry of Forestry, in order to improve job security, health and working conditions of the workers, to establish standards and statistics related to these issues and to carry out training and inspectoral activities.

IX. ENERGY

a) Present Situation

1385. Within the planned development period, primary energy consumption in Turkey has displayed a considerable rise,

depending on the increase in economic growth, development of versatile industrial activities and changing demographic structures. By the end of the year 1999, energy consumption per capita has been 1.158 kg of oil equivalent (kep), electricity supply per capita on the other hand has reached 1.840 kWh. Yet, these figures are below the average of the world primary energy and electricity consumption averages, which are at the level of 1.500 kep and 2.200 kWh per capita, respectively.

1386. Energy constitutes one of the main inputs for economic and social development. In line with the increasing population, urbanisation, industrialisation, spreading of technology and rising of wealth, energy consumption is inevitably increasing. Despite this fact, it is quite necessary to keep energy consumption at the utmost low level and to consume it at the most economical and rational way, because the energy sector is stricken with these problems:

- The cost of production and supply of energy resources is high. Energy projects are investments, which require long planning, development and investment periods, high financing and advanced technologies.

- While quality fossil fuel such as petroleum and natural gas will run short with time, the strategical importance of these resources will increase. As long as new energy resources will not replace these resources, the prices will have an increasing tendency.

- Hence Turkey is not rich regarding energy resources, its dependency to external resources, which accounts to 62

percent currently, will further increase alongside with increasing consumption.

- Energy resources are of a nature of having negative impact on the environment both, at production and consumption stages. To eliminate environmental problems on the other hand, is another important concern of cost. Global pollution is an issue, which requires common policies at an international platform.

1387. Because of these reasons, energy consumption and consequently energy supply at minimum amount and cost shall be the main objective, within the approach of a sustainable development that shall support economic and social development and that shall have destructive impact on the environment at the minimum level.

1388. Nowadays, energy consumption per capita is no longer an indicator of being developed. The aim is not to increase energy consumption per capita, but to create the greatest production level and wealth with a minimum of energy consumption.

1389. It is considered quite useful, to restructure and develop the energy sector within this approach, to formulate energy policies within this direction, to make arrangements under the light of these general policies when the free market order is being adopted by the energy sub-sector.

1390. Energy consumption and consequently energy supply at minimum amount and cost shall be the main objective, within the approach of a sustainable development that shall support economic and social development and that shall have destructive impact on the environment at the minimum level.

1391. Since 1984 arrangements are being made for private sector activities in the electricity sub-sector which is in need of a more specific planning approach, because in the electricity sub-sector;

- Electricity demands are displaying discrepancies due to regions, season, days and hours. Sometimes there may be a twofold discrepancy between the highest and the lowest load. Because of the specific nature of the demand and because of the fact that electric energy cannot be stored, it is necessary to establish a power plant system which responds to the load-demand curve at best.

- For generating electric power, there are alternative production resources and technologies such as thermal, hydraulic, nuclear, renewable energies. The investment and operation costs of all these power plants, as well as their periods and times for readiness of operation and input and output peculiarities are displaying great discrepancies. For this reason, each type of power plant responds to a different section of the load-demand curve that is changing according to seasons and days.

- When planning electricity generation systems, the different peculiarities of the plants and regional developments of the demand shall be taken into consideration. Furthermore, attention shall be given to optimal production and transmission plans that will meet the demand at minimum cost with minimum losses by the most suitable set of power plants.

1392. Within this framework, it is necessary that the energy and electricity sector be planned after thorough and sound studies have been carried out and that decisions on project selection, investment

and policies are taken according to these studies.

1393. Despite this necessity, in contrast to the planned projects a sound restructuring of the sector could not be achieved for long years and investments could not be implemented in a sound way. Due to instabilities in energy investments, in some periods excessive idle production capacities have occurred, in other periods whereas, severe energy shortcomings have been faced.

1394. The main reason for energy shortages, which started in the last years of the 7th Plan period and are expected to last until the first years of the 8th Plan period, is stemming from the investment implementations of the past ten years. This is because power plants are being constructed within a period of 3-8 years according to their types. Together with project decision and evaluating periods, this period may last much longer.

1395. Despite the fact that 12 billion dollars had been envisaged as Plan target for the 6th Plan period, an energy investment of only 8 billion dollars could be realised. As regards the 7th Plan period whereas, an investment of 18 billion dollars was envisaged, but it is expected that an investment of 11 billion dollars will be realised by the end of the said period. Thus, only 60-70 percent of the investments, envisaged in the last two Plans, has been realised. The fact that expected private sector investments were not realised was the fundamental reason for this low level.

1396. In the middle of the 1980s, in line with the developments in the world, in our country too it has been considered necessary that the electricity sector be

opened up to the private sector, in order to increase energy investments. For this reason, to improve the investments and activities of the private sector, new models were put into practise and restructuring of the sector was put on the agenda. But the envisaged arrangements could not be made in due time and the private sector could not realise the expected investments and contributions. Because certain projects were expected to be realised by private sector companies, the public sector could not evaluate public project packages and was also inefficient as regards public investments.

1397. In spite of the fact that the completion of works on the establishment of a restructuring and regulatory board within 1996 had been envisaged in the 7TH Plan, the mentioned works could not be accomplished until now.

1398. The electricity consumption of the country increased at a high level of 10 percent per annum in average during the past four decades. This rate of increase regressed to a level of 8,5 percent during the last two decades. Despite this falling tendency, the electricity demand of the country will last for a long time until satisfaction regarding consumption has been achieved.

1399. Studies made in this field, manifest that the electricity consumption of 118,5 billion kWh in the year 1999 will reach 195 billion kWh in 2005 and 285 billion kWh in 2010.

1400. The realisation of production systems, designed to meet the demand, alongside with transmission and distribution systems, deems it compulsory to make investments beyond public financing

opportunities. For this reason, the need to direct the attraction of domestic and/or foreign private investments towards the electricity sector remains to be an important concern.

1401. Privatisation activities, which are being conducted until now within the Law No 3096, adopted towards the end of 1984, have not achieved the desired results due to various reasons. New power plant projects, which came on the agenda with different models such as the Build-Operate (BO) and Build-Operate-Transfer (BOT) models, could not be implemented as it was planned initially. Works on transferring current thermal plants and electricity distribution establishments to private companies are still continuing.

1402. A stable and reliable system could not be established for the private sector, thus the State had to incur extreme liabilities such as electricity purchase-payment guarantees at considerable high tariffs, fuel supply guarantees, Treasury Guarantees and international arbitration in order to attract the private sector companies.

1403. However, because these projects have not been the outcomes of a system planning study, companies were not designated according to a sound evaluation system. Thus, extremely high project packages and tariffs had been faced. Because TEAŞ was not able to reflect its high BOT electricity costs to its tariffs, a financial bottleneck was inevitable. This on the other hand urged them to orient towards finding new solutions.

1404. The aim of establishing a sectoral market, which is open to competition in the long run, started to contradict with the implemented long run termed high-tariff-

projects with purchasing-payment guarantees. Besides, because there was no competition in establishing the tariffs, it started to turn into a high cost system, which would have adverse impact on the industry and the general economy in the long run.

1405. In the natural gas sector problems occurred in parallel to those of the electricity sector, too. Natural gas import negotiations and projects are not based on sound demand studies. At the application stage, a great number of natural gas power plant projects have been accepted as potential demand resources. As a consequence, excessive gas negotiations have been made for the recent period.

1406. The need to refer natural gas import negotiations and pipeline routes to realistic demand studies remains to be an important concern.

1407. No satisfactory results could be obtained from projects that had been implemented in order to diminish losses faced by electricity distribution systems and city networks. The illicit use of electricity, especially in certain cities of Southeast and Eastern Anatolia has reached great dimensions. This situation severely affects the electricity sector and establishments.

1408. The fact that in contrast to developed countries, the economy and the industry of the country has an extremely high-energy intensity displays the dimension of the energy saving potential. But policies, measures and methods towards utilisation of this potential could not be put into practice adequately.

1409. Within the 7th Plan period, primary energy consumption displayed an

annual growth of 4,5 percent in average. The primary energy consumption that had been 63,1 Mtoe in 1995 is expected to reach 78,8 Mtoe towards the end of the year 2000.

1410. Despite this fact, in the field of primary energy generation an annual increase of only 1,3 percent in average could be achieved. The primary energy generation, which had been 26,3 Mtoe in 1995, persevered in the level of 28,1 Mtoe in the year 2000. As a consequence, the rate of meeting the demand by domestic resources dropped.

1411. While the share of hydraulic energy and natural gas within primary energy consumption displayed an increase, the shares of petroleum products and non-commercial energy displayed a downward trend. By the year 1999, the share of commercial resources within overall primary energy consumption exceeded 90 percent.

1412. Important variations could be observed in the sectoral shares within the primary energy consumption. Within the 1995-99 period, while the share of the residential and servicing sector retracted from 24 percent to 20 percent and the share of the transport sector from 17 percent to 15 percent; the share of the industrial sector rose from 31 percent to 32 percent and the share of the electricity sector from 25 percent to 30 percent.

1413. As regards the electricity sub-sector, within the first four years of the 7th Plan period, 5.165 MW had been added to the installed capacity of power plants and 34,3 billion kWh to the production capacity. But investments remained inadequate and because adequate reserve margins could not be established within the system,

interruptions in the dissemination of electricity had to be made in the year 1999. The fact that normal production of hydraulic power plants could not be pursued due to the sinking of the water level at the dam reserves to critical levels, alongside the fact that fuel requirements of the natural gas power plants could not be met fully, played also a role in electricity interruptions.

1414. Together with the power plants, the investments of which are ongoing and which will be put into operation within the year 2000, the installed capacity will reach 27.391 MW, the production capacity 146,4 billion kWh, current production 124,2 billion kWh and the total electricity consumption with net imported 2 billion kWh will reach 126,8 billion kWh towards the end of the 7th Plan period. Although an adequate level of reserve margin, as regards installed capacity, has been achieved, the fact that only 70 percent of the energy level can be obtained from hydraulic power plants, constitutes a current problem.

1415. In contrast to inefficiencies in the production system, no great problems have occurred in the transmission and distribution systems. Investments on transmission have been procured as programmed. On the other hand, despite measures, which have been taken, losses and illicit utilisations in the distribution systems and networks, which are displaying a rate of over 20 percent, could not be prevented.

b) Objectives, Principles and Policies

1416. The basic principle in the energy sector is to meet a continuous and uninterrupted energy demand of the increasing population and the developing economy within a reliable supply system at the lowest cost as much as possible.

1417. Regarding the electricity sub-sector, in line with the changing economic conjuncture and increasing privatisation activities, it is aimed to convert its structure so that the private sector can play a more active role. In this respect, predominantly in the electricity and natural gas sub-sector, necessary legal and institutional arrangements shall be made in order to enable the private sector to participate in the investment and operation activities at the highest level, at each stage, starting from the production of energy resources to the consumption.

1418. With these arrangements, it is aimed that investments be realised in a sustainable and continuous way, by meeting the requirements of the country at most convenient costs, in an adequate and safe manner.

1419. To improve the electricity sector within an optimal system approach is essential. New projects shall be designated according to detailed studies, by considering type (such as hydraulic, gas, coal, nuclear and wind), capacity and place.

1420. The orientation of the private sector towards energy investment shall not be carried out by promising extreme guaranties, but related with the nominating, evaluating and operation of projects within a sound working approach. Only in this way it will be possible that the sector arouses the attraction of the big and financially strong companies.

1421. In the electricity sector, long term purchasing agreements, which have hindering effects on the establishment of the designed competition based system, shall be evaded.

1422. Companies will be able to carry out their activities at lower costs and within purchasing guarantees in a safe manner by an electricity production system, developed according to projects, which do not allow electricity shortages or surplus and which are nominated at a size and type that is convenient to the load requirement of the system. In this way, the opening up of the sector to the private sector will be carried out in a more sound way.

1423. Within the resources of the sector, the natural gas occupies a special place. Considering its advantages regarding price, productivity and environment, it is aimed at increasing the share of natural gas within overall consumption. But this development has to be pursued in a planned and sound way.

1424. Negotiations regarding long-term gas purchases shall be held in accordance with the optimal system development plans in the electricity sector and residential and industrial development plans and policies.

1425. Necessary measures shall be taken in order to prevent any breakdowns in the investment, production and operation activities during the transformation procedure to be encountered at the restructuring process.

1426. When making arrangements in the electricity generation sub-sector, utmost importance shall be given on the programming of the powerplants within an optimal development plan. Furthermore, competition shall be ensured in order to achieve investment, operation and sales stages of energy at the lowest cost. Besides, importance shall be given on the competence of the companies that shall carry out these activities and on establishing

a creditable and self-financing structure for the system.

1427. As regards restructuring of the electricity distribution sub-sector, issues such as, giving big consumer the freedom to choose their own electricity producer in order to ensure competition, granting distribution companies the right to obtain electricity directly from the producer and reflection of the energy cost that could be obtained at lower prices according to competition to the small consumer by the distribution company, shall be taken into consideration.

1428. In the restructuring stage of the natural gas sector, the attention shall be focused on the establishment of regional private gas distribution companies and thus spreading natural gas utilisation throughout the country.

1429. It is expected that within the 8th Plan period, primary energy demand will display a rise of 6,1 percent in line with the targeted economic growth. Thus, towards the end of the period, the overall primary energy consumption will reach 106 million tep and the primary energy consumption per capita will reach 1.506 kep. But nevertheless, because of the expected low increase in the primary energy production, the share of the imported resources within the overall consumption will continue to rise.

1430. The greatest rise, in terms of resources within the consumption shall be displayed by natural gas. By the end of the Plan period, natural gas demand is expected to reach the level of 35 billion cubic meters. 50 percent of the natural gas will be utilised in electricity generation, 30 percent in the industry and 20 percent at residents.

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TABLE: 25- Developments of Primary Energy and the Production and Consumption of Electricity							
	Unit	1995 Realisation	1999 Realisation	2000 Estimation	2005 Estimation	Annual Average Increase (%)	
						7 th Plan	8 th Plan
PRIMARY ENERGY							
PRODUCTION	BTEP	26.320	28.133	28.134	29.825	1,3	1,2
CONSUMPTION	BTEP	63.148	74.560	78.780	105.970	4,5	6,1
Per capita consumption	KEP	1.045	1.158	1.206	1.506	2,9	4,5
ELECTRICITY							
INSTALLED CAPACITY	MW	20.952	26.117	27.391	42.783	5,5	9,3
Thermal	MW	11.074	15.546	16.219	27.311	7,9	11,0
Hydraulic and Others	MW	9.878	10.571	11.172	15.473	2,5	6,7
PRODUCTION	GWh	86.247	116.440	124.200	193.900	7,6	9,3
Thermal	GWh	50.620	81.646	92.860	145.250	12,9	9,4
Hydraulic and Others	GWh	35.627	34.794	31.340	48.650	(2,5)	9,2
IMPORT	GWh	-	2330	3000	2200		
EXPORT	GWh	696	285	400	1000		
CONSUMPTION	GWh	85.645	118.485	126.800	195.100	8,2	9,0
Per capita consumption	kWh	1.417	1.840	1.941	2.773	6,5	7,4

BTEP: Thousand tons of petroleum equivalent KEP:Kilogram petroleum equivalent Gwh: Million kilowatt-hour

TABLE: 26 –Ratios of Primary Energy Consumption and Resources										
	1995 Realisation		1999 Realisation		2000 Realisation Estimate		2005 Estimate		Annual Average Increase(%)	
	Amount	%	Amount	%	Amount	%	Amount	%	7 th Plan	8 th Plan
	(Amount: Thousand TEP)									
COMMERCIAL ENERGY										
Hardcoal	6.690	10,6	9.186	12,3	8.855	11,2	9.245	8,7	5,8	0,9
Lignite	10.634	16,8	12.954	17,4	13.485	17,1	13.775	13,0	4,9	0,4
Fuel-Oil Products	29.323	46,4	31.292	42,0	33.876	43,0	43.875	41,4	2,9	5,3
Natural Gas	6.313	10,0	11.354	15,2	13.076	16,6	29.105	27,5	15,7	17,4
HYDRAULIC ENERGY	3.057	4,8	2.982	4,0	2.675	3,4	4.007	3,8	(2,6)	8,4
RENEWABLE ENERGY	123	0,2	159	0,2	185	0,2	475	0,4	8,5	20,7
ELECTRICITY IMPORT (EXPORT)	(60)	-0,1	176	0,2	224	0,3	103	0,1	(230,2)	-14,3
NON-COMMERCIAL ENERGY										
WOOD (T)	5.512	8,7	5.082	6,8	5.070	6,4	4.350	4,1	(1,7)	-3,0
ANIMAL AND PLANT RESIDUES (T)	1.556	2,5	1.375	1,8	1.334	1,7	1.035	1,0	(3,0)	-4,9
TOTAL	63.148	100,0	74.560	100,0	78.780	100,0	105.970	100,0	4,5	6,1
PER CAPITA CONSUMPTION (KEP)	1.045		1.158		1.206		1.506			

(T) Estimation

TABLE: 27 – Sectoral Distribution of Primary Energy Consumption by Resources

	(Amount: Thousand TEP)											
	1995					1999						
	Housing and Services	Transport	Agriculture	Electricity	Industry And Others	Total	Housing and Services	Transport	Agriculture	Electricity	Industry And Others	Total
COMMERCIAL ENERGY												
Hardcoal	7.747	11.024	2.425	15.494	19.390	56.080	8.143	11.083	2.863	22.331	23.683	68.103
Lignite	876	2		568	5.244	6.690	471	4		756	7.955	9.186
Fuel-Oil Products	1.918			6.841	1.875	10.634	2.085			9.158	1.711	12.954
Natural Gas	3.933	11.021	2.425	1.803	10.141	29.323	3.282	11.075	2.863	2.440	11.632	31.292
Hydraulic Energy	904	1		3.278	2.130	6.313	2.155	4		6.810	2.385	11.354
Renewable Energy				3.057		3.057				2.982		2.982
Electricity Import	116			7		123	150			9		159
NON-COMMERCIAL ENERGY				(60)		(60)				176		176
Wood (T)	7.068					7.068	6.387			70		6.457
Animal and Plant Residues (T)	5.512					5.512	5.082			70		5.082
TOTAL	14.815	11.024	2.425	15.494	19.390	63.148	14.530	11.083	2.863	22.401	23.683	74.560
PERCENTAGE DISTRIBUTION	23,5	17,5	3,8	24,5	30,7	100,0	19,5	14,9	3,8	30,0	31,8	100,0
	2000											
COMMERCIAL ENERGY												
Hardcoal	8.366	11.660	3.000	24.500	24.850	72.376	10.800	15.020	3.600	37.065	34.100	100.585
Lignite	300	5		750	7.800	8.855	200	5		2.540	6.500	9.245
Petroleum Products	1.900			9.885	1.700	13.485	1.200			11.775	800	13.775
Natural Gas	3.650	11.650	3.000	2.676	12.900	33.876	3.300	15.000	3.600	3.775	18.200	43.875
Hydraulic Energy	2.350	5		8.271	2.450	13.076	5.800	15		14.690	8.600	29.105
Renewable Energy				2.675		2.675				4.007		4.007
Electricity Import	166			19		185	300			175		475
NON-COMMERCIAL ENERGY				224		224				103		103
Wood (T)	6.334			70		6.404	5.315			70		5.385
Animal and Plant Residues(T)	5.070			70		5.070	4.350			70		4.350
TOTAL	14.700	11.660	3.000	24.570	24.850	78.780	16.115	15.020	3.600	37.135	34.100	105.970
PERCENTAGE DISTRIBUTION	18,7	14,8	3,8	31,2	31,5	100,0	15,2	14,2	3,4	35,0	32,2	100,0
(T) Estimation												

	INSTALLED CAPACITY (MW)				P R O D U C T I O N (GWh)				S U P P L Y G R O S S C O N S U M P T I O N (GWh)				
	Thermal	Hydraulic	TOTAL	% Annual Increase	Thermal	Hydraulic	TOTAL	Annual Increase	% Annual Increase	Import (Export)	TOTAL	Annual Increase	% Increase
1990	9.551	6.764	16.315	3,2	34.395	23.148	57.543	5.500	10,6	(731)	56.812	4.210	8,0
1991	10.093	7.114	17.207	8,2	37.563	22.683	60.246	2.703	4,7	253	60.499	3.687	6,5
1992	10.335	8.379	18.714	1,5	40.774	26.568	67.342	7.096	11,8	(125)	67.217	6.718	11,1
1993	10.653	9.682	20.335	1,6	39.857	33.951	73.808	6.466	9,6	(376)	73.432	6.215	9,2
1994	10.993	9.864	20.857	2,6	47.736	30.586	78.322	4.514	6,1	(539)	77.783	4.351	5,9
1995	11.089	9.863	20.952	0,5	50.706	35.541	86.247	7.925	10,1	(696)	85.551	7.768	10,0
1996	11.312	9.935	21.247	1,4	54.387	40.475	94.862	8.615	10,0	(73)	94.789	9.238	10,8
1997	11.787	10.103	21.890	3,0	63.480	39.816	103.296	8.434	8,9	2.221	105.517	10.728	11,3
1998	13.036	10.316	23.352	6,7	68.793	42.229	111.022	16.160	7,5	3.000	114.022	8.505	8,1
1999	15.561	10.556	26.117	11,8	81.727	34.713	116.440	13.144	4,9	2.045	118.485	4.463	3,9
2000	16.219	11.172	27.391	4,9	92.860	31.340	124.200	13.178	6,7	2.600	126.800	8.315	7,0
2005	27.351	15.432	42.783	9,3	145.485	48.415	193.900	15.492	9,3	1.200	195.100	15.323	9,0

Note: Geothermal thermal, wind, biogas, biomass have been included within the hydraulic values

TABLE: 29 – Installed Capacity, Production Capacity and Production Values in Electricity According to Fuel Types												
Power: MW, Production: GWh												
	1995			1999			2000			2005		
	Installed Capacity	Average Production	Current Production	Installed Capacity	Average Production	Current Production	Installed Capacity	Average Production	Current Production	Installed Capacity	Average Production	Current Production
Hardcoal	326	2.118	2.232	335	2.178	3.123	335	2.178	3.100	1.545	10.678	10.500
Lignite	6.048	36.444	25.815	6.352	41.430	33.908	6.669	43.649	36.600	8.514	55.629	43.600
Fuel-Oil	1.149	8.738	5.498	1.207	7.185	6.472	1.287	7.575	7.260	1.287	7.575	6.000
Motorin,LPG,Nafta	204	330	274	335	1.904	1.607	335	1.904	1.600	1.182	8.316	6.500
Natural Gas	2.884	18.843	16.579	6.150	42.328	36.346	6.411	44.155	44.140	13.929	90.938	78.400
Others	14	70	222	14	76	190	14	76	160	54	316	250
Multi fuel (*)	449	2.693		1.153	6.920		1153	6.920		800	5.200	
Thermal	11.074	69.236	50.620	15.546	102.020	81.646	16.204	106.456	92.860	27.311	178.652	145.250
Hydraulic	9.863	36.414	35.541	10.537	37.834	34.677	11.115	39.652	31.100	14.780	52.831	46.600
Geothermal	15	90	86	15	90	81	15	90	80	40	277	235
Wind				9	26	21	48	157	145	643	1.926	1.800
Biogas-waste				10	30	15	10	30	15	10	30	15
TOTAL	20.952	105.740	86.247	26.117	140.000	116.440	27.391	146.385	124.200	42.783	233.716	193.900

(*) Current production has been distributed according to fuel ratios

TABLE: 30- Electricity Consumption by User Groups											
	1995 Realisation		1999 Realisation		2000 Realisation		2005 Realisation		Annual Average Increase (%)		
	GWh	Share (%)	GWh	Share (%)	GWh	Share (%)	GWh	Share (%)	7 th Plan	8 th Plan	
Households	14493	16,9	21800	18,4	24000	18,9	40600	20,8	10,6	11,1	
Commercial Places	4195	4,9	8700	7,3	9400	7,4	16000	8,2	17,5	11,2	
Official Departments	3012	3,5	4700	4,0	5100	4,0	6400	3,3	11,1	4,6	
General Lighting	3106	3,6	4100	3,5	4400	3,5	7400	3,8	7,2	11,0	
Industry	38007	44,4	46000	38,8	50000	39,4	77000	39,5	5,6	9,0	
Others	4581	5,4	6100	5,1	6500	5,1	11500	5,9	7,2	12,1	
NET TOTAL	67394	78,8	91400	77,1	99400	78,4	158900	81,4	8,1	9,8	
Domestic Consumption and Losses	18157	21,2	27085	22,9	27400	21,6	36200	18,6	8,6	5,7	
GROSS TOTAL	85551	100,0	118485	100,0	126800	100,0	195100	100,0	8,2	9,0	
Per Capita Net Consumption (kWh)	1115		1420		1522		2258		6,4	8,2	
Per Capita Brut Consumption (kWh)	1416		1840		1941		2773		6,5	7,4	

1431. The most striking development could be observed in the electricity sector in line with the high increase in the demand of electricity. The share of the sector within the total primary energy sector will reach 35 percent.

1432. Within the 8th Plan period it is expected that the electricity demand of the country will display an annual increase of 9 percent in average, the overall electricity consumption on the other hand, is expected to reach 195,1 billion kWh, electricity consumption per capita whereas, 2.773 kWh toward the end of the period.

1433. Towards the end of the period, it is expected that the installed capacity of the electricity power plants will reach 42.783 MW with an increase of 15.392 MW, the production capacity of the power plants on the other hand, is expected to reach 234 billion kWh. Thus, towards the end of the Plan period, the reserve margin of the installed capacity of the system will be around 37 percent, reserve margin of the production capacity whereas 20 percent.

1434. In line with the transferring of the electricity production and distribution system to the private sector, it is targeted to give a more efficient utility service. In this respect, lessening of losses and illicit uses within the electricity distribution system and increases in revenues are targeted. Electricity consumption will gain a more efficient consumption structure that will encourage savings by way of the reflection of the electricity cost to the tariff and by prevention of illicit uses.

1435. Alongside with the electricity sector, in each field of activity of the energy sector, utmost importance and priority shall be given to production, transport and

consumption technologies, which are working more productive, economical and clean.

1436. Measures shall be taken towards developing and spreading new and renewable energy sources and ensuring that they occupy a greater place within the consumption, by taking into consideration the objective of protecting nature. Thus, it will be provided that the country's energy potential is used at the utmost degree, by the utilisation of renewable energy sources, alongside the use of domestic fossil resources.

1437. Importance shall be attached to long term nuclear energy development plans.

c) Legal and Institutional Arrangements

1438. In order to meet fuel and energy demands without any interruption, in a safe way and at reasonable prices, energy investments shall be pursued in a planned and stable manner.

1439. Within this framework, necessary legal arrangements shall be made, by regulating private and public sector activities in the electricity and natural gas sectors, in order to establish a sound, efficient and working market that is open to competition and is aiming at establishing an efficient and productive supply system, alongside with the issue of protecting consumer rights.

X. TRANSPORTATION

1. GENERAL TRANSPORT POLICIES

a) Present Situation

1440. A Master Plan on Transportation, which considers the system as a whole, in order to enable development of the sub-sectors within a complementary structure and to meet the requirements of the economic and social life in an economic and safe manner, in due time and at the right place, is not existing. Thus, due to the lack of a Master Plan on Transportation, problems regarding nearly all sub-sectors of transportation are being tackled in an unplanned way, without any correlation and on short-term basis.

1441. Furthermore, the anticipated advancements in the fundamental issues such as realising structural arrangements towards increasing productivity in the sector, utilising current capacities in an efficient manner, programming new capacities within a coordination by determining them correctly and providing the necessary cooperation and collaboration among transportation sub-sectors, could not be achieved.

1442. The fact that the investing and operating agencies in the transportation sector are organised within different ministries and undersecretaries creates crucial cooperation problems. This situation affects the establishment of an unproductive investment and management platform within the sector.

1443. Because privatisation strategies, in accordance with the peculiarities of the transportation sub-sectors could not be developed and regulatory boards could not

be established in the sector, privatisation practises could not be realised in favour of the public interest and at the desired level.

1444. Factors such as the inefficiencies in the data collecting system, difficulties in obtaining private sector transportation information, the fact that starting point and end station of passenger and freight transportations are unknown, have a negative impact on establishing a sound database.

1445. The shortage of qualified staff at various branches of the transportation sector in Turkey constitutes one of the main problems of the sector. The pre-license, graduate or postgraduate education in our universities remains inefficient from point of view of quality and quantity or does not respond to the requirements. The small number of qualified personnel on the other hand, cannot be employed at the required places, most of the time.

1446. It can be observed that the share of maritime, railway and pipeline transportation, as regards domestic freight transport within overall transportation has decreased in the period of 1990-99, while the share of highway transport exhibited an increase. The fact that the share of highway transportation within total domestic freight, which was at the level of 75,6 percent in 1990, achieved a level of 89 percent in 1999 demonstrates that as in the field of passenger transportation, in freight transportation too services are provided by a single sector. The highway passenger transportation preserves its course that attained in the past plan periods.

1447. It can be seen that highway and highway investments, which occupied an important share within the overall

investments in the years between 1990-95, have entered a decreasing trend in the aftermath of 1996. The share of airway transport investments on the other hand, which hold a small share within the domestic passenger transports, rose at a considerable extend and achieved a level of 19,7 percent in average within the 1996-99 period. This situation has increased imbalances in investments among sub-sectors of transportation.

1448. The allocation of funds to be used in the sector, for certain special projects such as projects on the construction of highways and certain airports, instead distributing them among types of transportation according to the envisaged amounts, causes loss of priorities of the plan. Furthermore, the fact that cash inflow cannot be provided adequately impedes the accomplishment of the projects in due time which causes the delay of expected economic and social benefits and the increase of project cost.

b. Objectives, Principles and Policies

1449. The 8th Plan period will be a period of generating necessary policies required for the efficient functioning of the sub-sectors of transport.

1450. The fundamental objective in this field is to meet economic and safe transport services, required in respect of economic and social development. Furthermore, to provide an equilibrium considering types of transportation that are convenient to the requirements of the country, to diminish hazardous impacts on the environment, alongside with safety of life and property and to take utmost benefit from information and communication technologies are among the objectives.

1451. A Master Plan on Transportation shall be worked out in order to restore balance among types of transportation means with a view to establish a transportation infrastructure, convenient to the expectations of the country's economy and social life.

1452. In order to prepare a Master Plan on Transportation within the Plan period, necessary arrangements shall be made to ensure efficient participation of the related establishments under the coordination of the Ministry of Transportation.

1453. International transportation networks on sub-sector basis shall be designated. Moreover, considering negative impacts in case only the highway is used in the transit transport between Europe-Asia, Turkey, which constitutes a bridge, shall be turned into a combined transport terminal, covering the whole transportation sectors for the Europe-Asia traffic.

1454. Studies on institutional structures and legal arrangements regarding privatisation in the sub-sectors of transportation shall be carried out and adequate auditing instruments shall be established by considering public interest.

1455. Studies, launched within the framework of the decision, taken by the European Council of Transport Ministers, shall be accomplished, with a view to taking into account the concept of social cost (externality), which is gaining importance in line with the increasing environmental consciousness and reflecting externalities on the cost within the planning and projection stages in the transport sector.

1456. Policies towards diminishing greenhouse gas emissions within the sector

that cause climatic changes shall be formulated and emission inventories of the transportation sector shall be worked out.

1457. In designating project stocks, constructions with priority shall be taken into consideration. Construction works without a project will not be launched. Nationalisation costs will be considered within the project. In the field of planning works and selecting projects, an economic assessment that includes technical and financial assessments as well as externality costs, shall be considered essential.

1458. In order to establish fair competition conditions among transportation types, financial obligations, regarding construction, maintenance and utilisation of infrastructure shall be imposed on an equal basis.

1459. Importance shall be given on the efficient utilisation and preservation of the current transportation infrastructure. Maintenance activities shall be carried out regularly and in due time.

1460. An information system, considering the whole sub-sectors of transportation shall be set up.

1461. Technical support shall be given to the enhancement of the transportation systems of Caucasia and Central Asia.

1462. Relations with international institutions, as well as activities of the decision-making mechanisms of these institutions shall be followed up regularly. Thus, it shall be provided that studies on signing international agreements, which will be to the benefit of our country, are accelerated and concluded.

2. RAILWAY TRANSPORT

a) Present Situation

1463. Throughout the world, in order to keep up with the system, created by globalisation, railways are undergoing an important structural change process. Within this process, the structure of railways and their relations with the state are being reassessed and arranged. Nowadays, efforts are made to create an inter-sectoral competition by enabling more than one administrator to be active in the sector under the current structure, alongside with efforts on increasing competitiveness of railways vis-a-vis the other types of transport.

1464. In Turkey too, a project has been worked with the target of restructuring the General Directorate of the State Railway Administration of Turkey (TCDD) with a view to make up a legal framework and generate policies that ensure redetermination of the role of railway transportation within the transportation sector and to ensure provision of services by railways in an efficient, commercial manner and in harmony with market conditions. But this project could not be put into practice. The fact that restructuring could not be realised and that the railway administration is lagging behind developing technologies and management techniques, remains to be a fundamental problem. This situation has in peculiar adverse impacts on freight transportation and deteriorates the financial structures of the Institution.

1465. Within the 7th Plan period, internal freight transportation by railways had been targeted to increase by 10,9 percent in average per annum. However, freight transport by railways decreased by

4,0 per thousand in average per annum and occupied a share of 4,7 percent within the total transportation between the years 1995-99. Passenger transport by railways on the other hand, increased by 3,7 percent in average per annum at the same period, but its share within total internal passenger transport, which was 2,3 percent in 1995, retracted to 2,1 percent in 1999.

1466. Regarding the railway infrastructure, the need to improve physical and geometric standards and to increase availability, still persists. By the end of the year 1999, including second lines, new railways of 139 km have been put into operation within the 7th Plan period. In addition, 820 km of electrification works (sub-lines included 972), 779 km of signalling works have been completed and railways of 891 km have been renewed. Furthermore, railway renewal of 400 km, has been scheduled for the year 2000.

1467. Financing of the Bosphorus Tunnel Railway Passage, which alongside its importance for the passenger transport traffic within Istanbul, also bears importance regarding our national and international railroad system because it will provide uninterrupted railway transport between Europe and Asia and the Improvement Project of the Gebze-Halkalı Suburban Train Line, an agreement has been concluded with the Japanese Credit Institute. In respect of finding credit for the Turkey- Georgia (Kars-Tiflis) Railway Project, which is expected to contribute to the strengthening of economic relations of Turkey with Central Asia Countries, no development could be achieved.

b) Objectives, Principles and Policies

1468. The main objective in this field is to strengthen its role within the transport system of the country by converting the railway management structure into a state of providing commercially oriented and efficient services that are in harmony with the market. For this reason, in addition to infrastructure improvement works, downsizing of the General Directorate of TCDD, the operating establishment, which has a structure of vertical integration and thus restructuring it on the unit of work basis shall be provided. In this respect, fundamental work units for freight and passenger transportation and supporting work units for infrastructure and workshops shall be established.

1469. In order to increase efficiency in providing services and to establish a convenient environment for the participation of the private sector, infrastructure management and transport utilities shall be separated. All functions related with railway infrastructure shall be gathered at the infrastructure unit to be established.

1470. Local Administrations shall be charged with suburban services. Whereby infrastructure services shall be implemented by the unit to be established, in order to provide concentration of the operating establishment to the national transportation system and to ensure that services are provided in harmony with the transportation demand of the city and within integration with the other transport systems. New suburb demands that local administrations don't undertake to provide passenger transport services and/or financial obligations arising thereof, will not be met.

1471. Within the process of preparing for the membership to the EU, restructuring of the operating establishments and sectors shall be realised in harmony with the structural, technical norms and policies of the EU.

1472. The Turkey-Georgia (Kars-Tiflis) Railway Project shall be launched within the Plan period. Alongside with this project, the Bosphoros Railway Tunnel Passage, which will provide uninterrupted railway transport between Europe and Central Asia and the Project on Improving the Gebze-Halkali Suburban Track, shall be handled with top priority, whereby the position of Turkey regarding transit transport will be strengthened.

1473. In addition to the Samsun-Iskenderun Railway Studies, which are implemented in order to extend the railway network to the north-south axle, alternative projects towards extending the network to the western axle and projects towards improving transportation among DOKAP-DAP-GAP Plan regions as well as improving international transport, shall be handled within an integrity in the investment program. Efficiency shall be ensured in resource utilisation by giving priority to the projects, which are in harmony with the long-term improvement perspective of railways.

1474. Works on setting up container land terminals that render the system attainable for the freight at important production centres and that make the creation of a strong railway-port integration, shall be speeded up.

1475. Importance and priority shall be attached on management information system, which is essential from point of view

of establishing an efficient decision taking mechanism.

1476. In order to make utmost use of the present railway network, emphasis shall be given to investments on betterment and modernisation of the infrastructure. Furthermore, it is scheduled within the Plan period to set up new tracks of 85 km, renew railway tracks of 1.800 km, and complete signalling works of 180 km and electrification works of 160 km.

c) Legal and Institutional Arrangements

1477. Legal arrangements shall be made in order to redetermine the obligations of state and operating institutions especially on the services having a public nature to supply financial and administrative autonomy and to provide an adequate environment for the contribution of the private. Within this framework, fundamental issues for the utilisation of the railway infrastructure shall be determined and for ensuring conformity with these fundamental issues, regulatory establishment shall be set up.

1478. The General Directory of TCDD shall be restructured in order to improve railway operation by solving problems stemming from inefficiencies and deficiencies of the institutional structure.

3. MARITIME TRANSPORT

a) Present Situation

1479. By the year 1995, the total freight, handled in our ports had been 119 million tonnes, number of container whereas, 765 thousand TEU (Twenty Feet Equivalent Unit). By the year 1999, on the other hand, these figures were 155,5 million

tonnes and 1.400.000 TEU respectively. To ensure that port development decisions be based on sound information and data, Nationwide Port Development Master Plan that was initiated in 1999 shall be completed within the 7th Plan period.

1480. Within this period, the operation rights of seven public ports, operated by the General Directorate of the Turkish Maritime Administration, have been transferred to the private sector. However, no progress has been achieved in the field of administration of the ports by autonomous port administrations that will provide an efficient and productive management considering the implementations throughout the world.

1481. The tonnage of the Turkish merchant fleet had been 9.552 thousand DWT for vessels over 300 GRT in 1995, reached 12 million DWT in 1997, but retracted to 10.444 thousand DWT in 1999. Although there had been an orientation towards specialised vessels, such as RO-ROs, vessels for chemical materials and containers, the renewal and rejuvenation of the fleet with vessels convenient to international technical developments could not be achieved.

1482. The share of the Turkish merchant fleet within external commercial maritime transport had been 42 percent in 1995, but dropped to 30 percent in 1999. This figure is expected to be 32 percent in 2000. International RO-RO transportation is carried on by 22 vessels.

1483. The Law on Turkish International Flag Registration has been put into effect in the year 1999. Legal arrangements for the implementation are expected to be accomplished by the year 2000.

b) Objectives Principles and Policies

1484. Combined transportation, which is on the way to become the transport type of the 21st Century will also have impact on Turkey, which is a transit country as regards ports and other transport infrastructure within the 8th Plan period. It is aimed to improve, modernise and increase the capacity of our ports, considering the results of the Nationwide Port Development Master Plan to be accomplished by the year 2000, so that they will be convenient as regards quality and quantity to handle import and export freight and so that they will be the passage corridors regarding transit transportation traffic. Our ports shall be restructured regarding criteria such as dimension, administration style, and service approach so as to constitute a focal point/artery within the world transportation network.

1485. Within this restructuring, which is aiming at converting Turkey into a transportation corridor and transit resort on the east-west, north-south axes, importance shall be given on providing the Turkish Maritime Fleet with a structure that is in harmony with transportation demands from quantitative and qualitative point of view and that is in congruence with world standards and technological developments.

1486. In our maritime merchant fleet, there is a lack of vessels for scheduled transportation services. Utmost benefit shall be taken from supporting facilities by also utilising inter-sectoral opportunities in order to purchase, renew or get built by local shipbuilders of commercial vessels in the type of RO-RO, container, combined liner, ferry, cruiser, passenger vessel, petroleum tanker and LPG/LNG vessels within the 8th Plan period. At the end of the period, the

tonnage of the merchant fleet is expected to reach 13 million DWT, including 2,5 million DWT renewals. The share of vessels under Turkish flag within international maritime transport shall be increased and reach the level of 40 percent.

1487. In case of membership to the EU, Turkey will have to terminate the monopoly of cabotage. With the required steering as regards cabotage the period of candidacy, necessary measures shall be taken to support freight and passenger vessels which are engaged in cabotage, in terms of port services and fuel in order to encourage the shift from highway transport to maritime transport. The coaster fleet, on the other hand, shall be strengthened in order to be ready for a probable EC competition.

1488. Our ports shall be operated according to modern management principles which are fitting to developments in the field of legislation and technology and which are based on competition with regional ports by pursuing a management policy in harmony with EU and other international port management strategies.

1489. By the end of the period, the handling of container in our ports is expected to reach 1.900.000 TEU. In line with the increase in the container traffic, the Marmara Port Project and the Project on Skimming and Enlargement of the Izmir Port shall be realised, the construction of the Derince Container Port shall be launched and studies on the North Aegian Port shall be concluded within the BOT model.

1490. The maritime legislation shall be made in harmony with the international legislation. Importance shall be given to sign bilateral agreements with EU countries as well as with other countries in order to

reduce operation cost of the Turkish Maritime Merchant Fleet and to create new working areas. Regarding all bilateral maritime agreements and international conventions, relevant public and private institutions shall be consulted, to ensure participation.

1491. In the field of maritime and shipmen training, which has gained a universal dimension, importance shall be given on the training of seamen as envisaged in the STCW (Shipmen Training Certification and Watching) Convention.

c) Legal and Institutional Arrangements

1492. In addition to conventions on controls of port state we are a party of, the ratification of amendments and protocols to be furnished later on in due time shall be provided. Thus an efficient control and supervision instrument shall be established.

1493. By following up the arrangements of international conventions and by an effective participation to them, national benefits will be reflected on these arrangements. To realise this, the way of representation of standing groups, which will ensure a smooth, efficient and necessary coordination among international institutions such as IMO, ILO, UNCTAD will be defined and the translation of necessary international documents into Turkish in due time shall be provided.

1494. Amendments will be made in the maritime legislation, especially in the financial leasing legislation with a view to facilitate ship ownership and management of entrepreneurs.

1495. Necessary amendments shall be made in the legislation in order to implement indirect supports, which are being practised throughout the international arena in the field of new shipbuilding.

1496. The port management shall be made ready for international competition giving an autonomous structure.

4. AIR TRANSPORT

a) Present Situation

1497. The number of airports, operated by the General Directorate of the State Airports Enterprise (DHMI), which was 24 by the end of the year 1995, reached 38, 20 of which having international status, with the completion of the Isparta-Süleyman Demirel, Bodrum/Milas, Samsun-Çarşamba, Nevşehir Kapadokya and Istanbul-Sabiha Gökçen airports at the end of the year 1999.

1498. The number of passenger arrivals and departures, which in line with the liveliness in the tourism sector in the year 1995, reached the figure of total 27,8 million, whereby 17,4 million consisted of international lines, remained at 29,9 million in total, 17,0 million of which being international lines, due to the negative era in the tourism sector in the year 1999.

1499. By the year 2000, passenger arrivals and departures are expected to reach a total of 32 million.

1500. It can be observed that the traffic in our airports is concentrated on Atatürk, Antalya, Esenboğa, Adnan Menderes, Dalaman, Bodrum/Milas, Adana and Trabzon airports. Consequently, investments on increasing the capacities of these airports

and raising service standards preserve their significance for the sector.

1501. Within the 7th Plan period, the BOT Model has been successfully implemented at two important projects. The new international lines terminal buildings of the Antalya and Atatürk Airport have been completed by this Model and put into service.

1502. By the end of the year 1995, the Turkish Airlines (THY), owned 64 planes with 99.860 seat capacity, by the end of 1999 on the other hand the number of planes reached 75 with a seat capacity of 11.620. For the year 2000, the purchase of 8 planes has been scheduled.

1503. By the end of the year 1999, the number of air planes owned by the private sector airline enterprises, engaged in transporting passengers at internal and external lines with air planes of a medium or large size fuselage, reached 47 with 8.910 seat capacity.

1504. One of the most important developments observed in the sector, was the increase in the share of the private sector airlines enterprises gained from the international arrival-departure passenger traffic. In the year 1995 domestic airlines companies carried 55,4 percent of the external line passengers. By the year 1999 whereas, 42 percent of the international line passengers had been carried by foreign companies, 32 percent by private sector airlines enterprises and 26 percent by the Turkish Airlines (THY).

1505. In spite of these developments in the sector, civil aviation authority could not be provided with a structure to enhance

efficiency in view of decision making, execution and control

b. Objectives, Principles and Policies

1506. Because of the fact that 94 percent of the transportation in this sector is being realised at 8 Airports (Atatürk, Antalya, Esenboğa, Adnan Menderes, Dalaman, Bodrum/Milas, Adana and Trabzon), the priority in investments shall be given to raise the service capacity and standards of these airports rather than building new ones. Cargo transportation by airways shall be improved.

1507. Within the Plan period, the third runway of the Atatürk Airport, the second runway of the Antalya Airport, GAP International Airport, Gökçeada Airport, Survey Development on Infrastructure and Superstructure of the Gaziantep Airport, construction of the Terminal Buildings of Bursa, Denizli and Erzurum Airports, construction of New International Lines Terminal Buildings of Bodrum/Milas, Adnan Menderes and Dalaman Airports by the BOT Model, Projects on the Improvement and Modernisation of the Radar Systems, shall be completed. It is envisaged that towards the end of the period, the number of passenger arrival/departure at airports shall reach 43,7 million in international lines and 69,0 million in total.

1508. In order to increase the utilisation capacity of the STOL Airports, which have been constructed within the framework of the policy of 'an airport for each province', implemented in the past years, a feeder line system shall be developed.

1509. Within the process of entering the European Joint Aviation Authority, the General Directorate of Aviation shall be

given an autonomous identity that is able to meet the requirements of the sector in our country. All establishments and institutions working in this sector especially the Civil Aviation Authority shall adopt the European Joint Aviation Regulations, set up by the European Joint Aviation Authority.

1510. Air traffic controller at international standards, needed by the sector, shall be trained in collaboration with DHMİ (State Airport Enterprises) and Anatolian University.

c) Legal and Institutional Arrangements

1511. The Directorate of Civil Aviation, attached to the Ministry of Transport, shall be provided with an autonomous structure that is able to impose sanctions and staff shall be raised in necessary quality and quantity.

1512. Necessary legal arrangements shall be made in order to determine the establishment that will be responsible of the construction, ownership, operation, and preservation of STOL Airports.

5. HIGHWAY TRANSPORT

a) Present Situation

1513. The concept of sustainability, which deals with the environmental aspects of the sector alongside economic and social impacts of transportation throughout the world, , has become one of the most important dimension within transportation policies. In developed countries, emphasis has been given on works towards enhancing a harmonious interrelation between highway transport and environment and securing environmental sensitivity in the field of

highway transport. In the fields of traffic management, road user information and manipulation of transportations, technological developments and smart information systems are being utilised to a great extend.

1514. The increasingly highway-concentrated structure of internal transportations of our country continued to persist in the 7th Plan period. Within this period, as in the previous plan periods, 96 percent of the passenger transportations has been performed by highway. Also in the field of domestic freight transport, an increasing tendency to highway transportation has been observed with an annual increase of 7,6 percent. The share of highway transportation, which was 85 percent by the year 1995, rose to 89 percent in the year 1999.

1515. Within the period, the Draft Law on Highway Transportation, which lays the groundwork for ensuring institutionalisation of domestic transport activities, developing an insurance system for freight and passenger transport that is fitting to contemporary conditions and creating a sound competition environment for the transportation sector, has been prepared, but could not be codified and put into effect alongside with necessary arrangements.

1516. Within the 7th Plan period, studies on rearranging the highway network from institutional and functional point of view, have reached a certain stage. Within this scope, it is aimed to charge the Provincial Administration with the duty of constructing and maintaining village roads according to the Draft Law on Local Administrations, which envisages that certain services are realised at place. The codification of the

Draft is expected to be done in the Plan period.

1517. Within the 7th Plan period, the construction of highways and connection roads which were mainly awarded in the years 1986 and 1989 has been continued. Alongside the 570 km-long highway, completed in this period, the total highway network will reach 1853 km towards the end of the year 2000.

1518. Furthermore, in this period, the construction of new highways and connection roads of totally 871 km length, including Gaziantep-Şanlıurfa, Ankara-Pozanti, Aydın-Denizli highways and Bursa roundabout roads, have been adjudicated to be constructed by foreign credits to be ensured by the contractor himself. Because of the difficulties encountered in providing the necessary financing, three highway projects, excluding the Aydın-Denizli Highway projects, could only be started towards the end of the period.

1519. No development could be achieved in the field of encumbering the private sector with the construction and operation of highways. The tender procedures for the construction of Anadolu Highway-Dilovası Crossing-Orhangazi Highway (Gulf of İzmit Passage included) by the BOT Model have been concluded and accomplished, but the project could not be initiated yet.

1520. The construction of service facilities, located on the roads, which have been put into service by the BOT Model, has been continued. The setting up of automatic transit systems at highway ticket windows to be located at those sections where there is a congestion of traffic as mentioned above is being continued.

Besides, works have been started to establish information systems at these sections, aiming at informing the drivers on the state of the highways and on traffic conditions.

1521. The facts that in spite of increasing highway vehicle parking and traffic accidents, the highway infrastructure could not be developed by divided roads, designed to provide a safe flow of the traffic and a constant maintenance of the current roads by giving them a supra-structure, proper to the traffic they are bearing, could not be realised, are considered to be the main problems of the highway infrastructure. In addition, the present structure is still exposed to an excessive wear, because of increasing freight transports on highways and loadings, which are beyond the standards. In spite of this, the erection of weight control wards throughout the country could not be realised within the plan period.

1522. Within the 7th Plan period, emphasis has been given to the construction of State and Provincial Roads and to investments related with capacity increasing. The desired development could not be achieved in the field of renewal and betterment of the road supra-structures. The length of the asphalt paved road, which was 50.684 km towards the end of 1995, is expected to reach 54.938 by the end of 2000. The asphaltic concrete road whereas, reached a length of 5.872 km by the end of 1999. As a consequence of the inefficiency in the production of asphaltic concrete, maintenance and repair costs of highways are realised at much higher levels than initially expected. Besides, there is no possibility to allocate sufficient resources out of current facilities.

1523. Within the period, the Baladız-Isparta-(Antalya-Manavgat) Crossing has been constructed in 1995, the Bursa-Yalova separated road and Manavgat-Alanya Crossing-Akseki road improvement works have been realised in 1996 and Ankara-Polatlı-Sivrihisar and Bolu Mountain Passage separated road construction works have been completed in 1999. In order to ensure that the East Blacksea Coastal Road Project, the construction of which as a separated road is still continuing, is completed earlier, the Piraziz-Espiye (Giresun Passage excluded), Bolaman-Perşembe and Araklı-Hopa sections have been tendered on foreign credit conditions.

1524. From the total village road network of 319.218 km, 61.920 km are servicing as asphalt, 1.236 km as concrete, 143.455 km as gravel road and the remaining roads as earthen roads.

b) Objectives, Principles and Policies

1525. The main objectives in this sector are to ensure safe and economical transport of passengers and freight, to develop measures that shall decrease hazards to the environment, to the minimum level and to raise the infrastructure up to the geometrical and physical standards the traffic requires.

1526. The Highway Transport Law, which shall set out the fundamentals of transportation by stipulating that highway road and freight transport should be carried out according to vocational proficiency, shall be put into effect by necessary legislation and arrangements.

1527. The institutionalisation of highway transportation, transportation of passenger and freight under guarantee and shall be

provided and an insurance system for freight transports according to contemporary conditions shall be set up.

1528. Excessive loads, affecting the highway traffic safety and causing unfair competition conditions regarding the other transportation systems shall be prevented.

1529. Organisational activities in the field of transportation shall be encouraged and the necessary infrastructure, to provide that vocational organisations contribute to the training of specialised staff, who are dominant over national and international rules and are equipped with current information in collaboration with universities, shall be established.

1530. Because international bilateral and multilateral relations are constituting a platform, where important decisions, towards determining the future of the highway transport sector are taken, the future requirements of the sector shall be targeted and the institutional infra-structure strengthened to render gathering information and persistent participation to these platforms.

1531. The highway infrastructure shall be improved at sections required by the traffic by highways and separated ways. Importance shall be given on converting great city passages into circular ways within a program. Furthermore, north-south connections at main routes shall be improved and works towards eliminating those spots at the highway network, where accidents are concentrated, shall be completed within the Plan period.

1532. Highway projects shall be made dependent on extensive, economic and financial feasibility studies, which take into

account alternative transportation types. Moreover, financing models to be used at highway construction and running projects, realised by the private sector, shall be developed.

1533. Together with the completion of the remaining 75 km long highway and connection ways, which are in the state of being completed within the highways and connection ways, which had been called out for tender in the 7th Plan period, shall be handled with priority and thus 535 km thereof shall be completed within the 8th Plan period. Thus, within the Plan period, highways of a total length of 484 km and connection roads of 126 km will be opened to traffic.

1534. Developments in the information technologies shall be utilised, in order to increase safety and productivity at the utilisation of the current highways. In the field of determining transit fees, an approach that is based on studies, setting out highway utilisation flexibility at each section and manipulating user preferences according to a rational traffic distribution, shall be developed.

1535. Within the plan period, the ratio of asphalt paved roads shall be increased so as to cover the whole state ways and 90 percent of the provincial ways. The length of asphaltic concrete ways, on the other hand, which are convenient to heavy vehicle traffic, shall reach 8.200 km by the end of the period. With the investments to be completed at state and provincial roads, improvement of geometrical standards of roads of approximately 1.000 km shall be provided.

1536. The Antalya-Alanya (135 km), Bozüyük-Bilecik-Mekece (85 km), Bornova-

Turgutlu-Salihli (100 km), Bursa-Karacabey-Balıkesir (153 km), Afyon City Passage (19 km), Kınalı-Tekirdağ (56 km) and Samsun City Passage (12 km), Samsun-Ünye (82 km), Çarşıbaşı-Araklı (68 km), Trabzon City Passage (7 km), Araklı-Çayeli (60 km) and Hopa-Kemalpaşa-Sarp (19 km) within the Eastern Blacksea Coastal Road Projects, shall be completed.

1537. In respect of village roads, the construction of grouped village roads shall be continued. Furthermore, the re-determination of village roads of first grade priority and betterment of standards according to the range of priority shall be provided. Road construction on project basis shall be launched so as to form a village road of first grade priority for each unit (village and village districts, hamlets, meadows, fields, sheltered places and all kinds of settlements of official nature).

1538. Within the Plan period, 20.000 km of asphalt paved roads, 40.000 km of gravel roads and 2.000 km of concrete village roads shall be realised.

1539. An approach of encouraging the private sector that is qualified to carry out maintenance works shall be developed by bringing forth necessary arrangements, enabling that maintenance and repair services can be realised by public contracts.

1540. The economic cost of vehicle users at highways shall be redetermined by taking into account social costs and by considering types of vehicles.

c) Legal and Institutional Arrangements

1541. The Highway Transport Law shall be put into effect by the necessary legislative and institutional arrangements.

1542. Arrangements shall be made, which provide that maintenance, repair or snow control works of village roads are carried out by the participation of the villages, which take benefit from these works or are carried out by cooperatives, unions or other organisations established by these villages.

1543. Necessary amendments shall be made in the law on the establishment and duties of the General Directorate of Highways, in order to enable that maintenance services can be carried out by the private sector. Furthermore, in order to strengthen supervision, structural arrangements shall be made.

6. PIPELINE TRANSPORT

a) Present Situation

1544. The programming of pipeline investments in relation with the energy planning could not be realised up to now. The fact that pipeline investments should be based on extensive studies, which define the place thereof within the general energy balance of Turkey in the long run, preserves its importance.

1545. A progress, concerning underground storing facilities, necessary for the sound spreading of the use of natural gas in housings and commercial sectors, could not be achieved.

1546. Investments towards utilisation of natural gas throughout the country have been continued. Within this scope, works on natural gas transmission lines of Eastern Anatolia, Samsun-Ankara, Karacabey-Izmir, Çan-Çanakkale have been further carried on. The Bursa-Çan Natural Gas Transmission Line, which constitutes the first stage of the Aegian Transmission Line Project, has been completed in 1996 and put into effect. The contract of the Karacabey-İzmir Natural Gas Transmission Line Project, on the other hand, has been let in 1998.

1547. Within the policies of diversification of natural gas supply resources, construction of main transmission lines, for the import of 10-billion m³ gas within the scope of the natural gas agreement signed with Iran in 1996, has been started. Besides, a purchasing-selling agreement, which envisages that 16 billion m³ of natural gas, to be provided by Russia, reaches Ankara by crossing the Blacksea through Samsun, has been signed in 1997. Within this scope, the construction works on the Samsun-Ankara Natural Gas Transmission Lines have been started. Moreover, an agreement on the importation of natural gas from Turkmenistan has been signed in 1999 and bilateral negotiations on providing natural gas from other countries are continued.

1548. In the year 1995, 5,6 billion m³ of natural gas has been transported by pipelines. The pipeline transportation of natural gas, which had been scheduled as 10,5 billion m³ in the year 2000, is expected to reach 43,7 billion m³ by the year 2005.

1549. Domestic crude oil transportation by pipelines has been realised as 3.020 million ton-km in the year 1995. In the year 2005, whereas 3.073 million ton-km crude

oil is expected to be transported by pipelines.

1550. Because of the embargo imposed by the United Nations on Iraq, transportation by transit crude oil pipelines could not be realised until 1996. Alongside with the starting of delivering crude oil through the Iraq-Turkey Crude Oil Pipeline at a restricted amount, the transit crude oil transportation, which had been scheduled as 22.358 million ton-km in the year 2000, is envisaged to reach 39.215 million ton-km in 2005, with the running of the Baku-Tiflis-Ceyhan Main Discharge Pipeline project.

1551. The Iraq-Turkey Crude Oil Pipeline, which had been closed in August 1990, because of the Gulf Crises, has been provisionally opened in 1996, according to an agreement concluded between Iraq and the United Nations, to service partly. But transportation activities at this line are at a minimum level and the negative impact of this situation on the financing of natural gas pipeline investments, which has a gradually growing role in the sector, is still continuing.

1552. The Izmit (İPRAS)-Istanbul (HARAMİDERE) Fuel-oil Pipeline Plant project of a length of 127 km, which has been worked out in order to transport petroleum products from the Izmit Refinery to the Marmara Region, could not be completed.

1553. An important development within the 7th Plan period in this field has been the intergovernmental agreement, signed by Turkey, Azerbaijan and Georgia, aiming at realising the Baku-Tiflis-Ceyhan Main Discharge Pipeline project at the OSCE summit in November 1999.

b) Objectives, Principles and Policies

1554. Importance shall be given on international crude oil and natural gas pipeline investments, which will turn our country into one of the main important energy distributing centres.

1555. Priority shall be given on the completion of the Bakü-Tiflis-Ceyhan Main Discharge Pipeline project, within the 8th Plan period. With this project crude oil, produced in the Caspian Basin, Kazakhstan, Turkmenistan and Azerbaijan shall be transported via pipeline to the Mediterranean Sea, and from here to the world markets.

1556. According to agreements in effect, the natural gas supply is expected to reach 43,7 billion m³ in the year 2005. In order to spread natural gas utilisation throughout the country, arrangements shall be made to facilitate the establishment of natural gas distribution network operating companies.

1557. Within the policy of spreading natural gas utilisation throughout the country, the construction of Eastern Anatolia Natural Gas Main Transmission Line, Natural Gas Southern Transmission Line and Konya-Izmir Natural Gas Transmission Lines projects, which shall transmit 10 billion m³ of natural gas, to be purchased by Iran to the consumption destinations and the Samsun-Ankara Natural Gas Transmission Line project, aiming at transporting 16 billion m³ of natural gas from Russia to Ankara through Samsun by crossing the Blacksea, shall be completed within the Plan period. The completion of the Karacabey-Izmir Natural Gas Transmission Line Project, the credit negotiations of which are still continuing, is expected to be completed in the year 2001.

1558. New natural gas pipeline distribution networks and connection line investments shall be based on extensive studies, which define the place of natural gas within the general energy balance of Turkey in long run.

1559. New natural gas pipeline investments shall be considered with priority, on diversification of supply resources. Furthermore, these investments shall be programmed towards meeting the requirements at regions where the utilisation potential by the industry and environmental problems are high. In order to ensure a stable supply, priority shall be given to the investments on natural gas storing facilities.

c) Legal and Institutional Arrangements

1560. Priority shall be given on arrangements regarding the efficient utilisation of current pipeline systems, in order to provide the safe and economical transportation of refinery products.

1561. Restrictions on natural gas activities, envisaged in the Authority Law No 3378, shall be lifted and thus the liberalisation of the natural gas market ensured.

1562. In order to spread natural gas utilisation throughout the country, legal and institutional arrangements shall be made, with a view to restructuring the natural gas sector and within this framework, enabling the establishment of gas distribution companies.

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TABLE: 31 - Developments in Inter-city Passenger Transport within the Transport Sector
(Million Passenger -km)

Sub-sector	1995	1999	2000	2005	Annual Average Increase (%)	
	Realisation	Realisation	Estimation	Estimation	7 th Plan Period	8 th Plan Period
Domestic						
Highway	155.202	189.882	201.300	270.000	5,3	6,0
Railway	3.661	4.233	4.400	5.000	3,7	2,6
Maritime (1)	61	34	50	63	-3,9	4,7
Airline (1)	2.692	3.371	4.126	6.645	8,9	10,0
TOTAL	161.616	197.520	209.876	281.708	5,4	6,1
INTERNATIONAL						
Maritime (1)	100	103	110	130	1,9	3,4
Airline (1)	8.140	10.532	12.379	18.207	8,7	8,0

(1) Transport realised by public sector only

TABLE: 32 - Developments in Inter-city Freight Transport within the Transport Sector
(Million ton -km)

Sub-sector	1995	1999	2000	2005	Annual Average Increase (%)	
	Realisation	Realisation	Estimation	Estimation	VII. Plan Period	VIII. Plan Period
Domestic						
Highway	112.515	155.254	162.000	212.000	7,6	5,5
Railway	8.288	8.160	8.250	10.000	-0,1	3,9
Maritime (1)	7.500	8.200	8.400	9.700	2,3	2,9
Airline						
Including Passenger (2a)	235	275	337	543	7,5	10,0
Cargo+Post+Excess Baggage (2b)	16	18	19	19	3,5	0,0
Pipeline						
Crude oil	3.020	2.780	2.773	3.073	-1,7	2,1
Natural gas (Million Nm ³)(3)	5.560	8.702	10.500	43.745	13,6	33,0
TOTAL	131.558	174.669	181.760	235.316	6,7	5,3
INTERNATIONAL						
Railway	228	286	350	400	8,9	2,7
Maritime (1)	484.935	485.000	510.000	560.000	1,0	1,9
Airline						
Including Passenger (2a)	984	979	1.150	1.692	3,2	8,0
Cargo+Post+Excess Baggage (2b)	207	306	324	439	9,4	6,3
Pipeline						
Crude oil (Transit)	0	26.494	22.358	39.215	-	11,9

(1) Includes all international maritime shipments.
(2a) Transportation realised by the public sector.
(2b) Includes only passenger weight and baggage (up to 20 kg/passenger) (not included in the total)
(3) Natural gas transport between the Russian Federation and Turkey DGBH (not included in the total)

XI. TOURISM AND PROMOTION

1. TOURISM

a) Present Situation

1563. Since the second half of the 1980s, Turkey has become a famous and well-known holiday and travel resort following a rapid leap forward. In the 1995-98 period, the share of Turkish tourism within the international tourism revenues has risen from 1.4 percent to 1.6 percent, and the number of foreign tourists from 7.7 million to 9.7 million. It was observed that the number of tourists has increased by 26.2 percent and the tourism revenues by 45 percent in the same period. With these improvements, Turkey has become the 12th among the tourist attracting countries in the world and 8th among the tourism revenues. In 1998, the number of tourists visiting Turkey was 9.7 million and tourism revenues US\$ 7.2 billions. In 1999, due to the earthquake and reasons resulted from conjuncture, the number of tourists dropped to 7.5 million and the tourism revenues dropped by 27.8 percent to US\$ 5.2 billions. It is estimated that number of tourists will reach 9 million and tourism revenues US\$ 7.2 billions in 2000.

1564. As of the end of 1999, the number of beds certified by the Ministry of Tourism was 312 thousand. It is estimated that the total bed capacity in Turkey is over one million with the second homes and 254 thousand beds at the stage of investment, as well as 354 thousand beds of the hotels certified by the municipalities. It is estimated that the number of beds certified by the Ministry of Tourism will reach 350 thousand and number of beds certified by the municipalities 360 thousand in 2000. There are 4030 active travel agencies in the sector.

1565. Despite the rapid increase in bed capacity and the important developments recorded in the recent years, a reform is required in promotion and marketing.

1566. Recently, some foreign tour operators have grown significantly with horizontal and vertical integrations and determine the prices and conditions unilaterally, affecting tourism in our country adversely.

1567. It is still of great importance to develop transportation infrastructure, especially the airports, in some major centres of tourism.

1568. The lack of vocational certification system in tourism training affects the quality of the service negatively.

1569. Owing to the inability to create a new financing model, no significant progress could be recorded in the implementation of the Mediterranean-Aegean Tourism Infrastructure and Coastal Management Project (ATAK), started for eliminating the environmental pollution and infrastructure deficiencies emerged as an important problem in tourism regions.

1570. The Law on Gelibolu Peninsula Historical National Park has been put into effect.

b) Objectives, Principles and Policies

1571. Tourism is one of the most competitive sectors of Turkey in foreign markets. It will be ensured that tourism sector shall have a sound structure that could survive in the periods of crisis, have the capacity to create its own resources and have auto control, especially through

measures for increasing the strength of the sector.

1572. Measures shall be taken for expanding tourism season throughout the year by creating new areas of tourism considering the changing consumer preferences, and to the regions with potential but not taken into consideration sufficiently up to date.

1573. Maximum attention will be paid to ensure that all the investments related to this sector shall have an approach for protecting and developing natural, historical and social environment.

1574. The share taken from the world tourism revenues shall be increased. It is expected that tourism revenues shall reach US\$ 11.6 billion in 2005.

1575. It is estimated that the number of tourists visiting Turkey shall reach 13.6 million and the citizens going abroad 8.5 million in the 8th Plan period.

1576. The accommodations for travellers and tourists certified by the Ministry of Tourism and the bed capacity certified by municipalities are expected to reach 751 thousand. So, the total bed capacity, together with the beds provided by the public recreation facilities and second homes and with the completion of the facilities under construction and at the stage of project, are expected to reach 1.2 million at the end of the 8th Plan period.

1577. In tourism incentives, priority shall be given to marketing, air transport and total quality improvement until available capacities shall be used.

1578. The local administrations and people will be encouraged to take part in making decisions on tourism related issues in the regions where tourism activities are concentrated.

1579. According to 'users and polluters shall pay' principle, in the financing of physical infrastructure to be realised by the public participation of users shall be ensured.

1580. In the implementation of the projects eligible to be covered within the ATAK project, solution of administrative and financial problems and acceleration of the project implementation within the framework of a model in which Treasury warranty shall not be needed, shall be ensured.

1581. Depending upon the new trends in demand structure, development of the small size enterprises shall be given priority in the sector and they shall be evaluated within SME status.

1582. A certification system shall be introduced which will ensure standardisation in tourism training and quality, efficiency and development in labour quality, and determination of the levels of necessary skills for employment.

1583. A legal arrangement shall be made to redefine the process of making, approving land utilisation plans for tourism and to specify the authority and to bring about an effective control system.

1584. A dynamic and strategic Tourism Sector Master Plan (TUSAP) will be put into practice to provide sound and long run development of the tourism sector.

1585. In order to strengthen the power of the sector against potential reduction in demand to be brought about by the single market practice of the EU and other fluctuations out of conjuncture, optimum demand allocation shall be created in foreign markets.

1586. With a view to improving seasonal and geographical dispersion of tourism and according to the changing consumer preferences in foreign markets, creating new potential areas and guiding activities related with golf, winter, mountain, thermal, health, yachting, congress tourism and eco-tourism shall be continued.

1587. Necessary arrangements shall be made for sustainable tourism development in ecologically sensitive National Parks.

c) Legal and Institutional Arrangements

1588. Studies on the Draft Law on Organisation and Duties of the Ministry of Tourism so as to conform the Ministry of Tourism to the social, cultural and technological changes shall be completed.

1589. In order to put tourism agencies in one occupational discipline and establish an auto control mechanism, the Law on Turkish Travel Agencies and Travel Agencies Union shall be updated.

1590. Studies on the Law on Hotels and Tourism Entrepreneurs Union for establishing a structure competitive in the international market shall be completed.

1591. Studies on the Draft Law on Sea Tourism Union shall be completed for coordinated and sound structure of the activities related with sea tourism.

1592. Studies on the Draft Law on Turkish Tourist Guides Union and Tourist Guides Chamber shall be completed with a view to increase tourist guides' vocational efficiency and ensure their organisation within a vocational discipline.

1593. Studies on the Draft Law on Pension Managership and Turkish Pension Managers Union shall be completed for efficient use of local resources, provision of occupational cooperation and auto control among the members of the profession

TABLE: 33- Developments in Tourism Sector						
	1995	1999 (1)	2000 (2)	2005 (2)	Annual Average Increase (%)	
					7 th Plan Period	8 th Plan Period
Number of Foreigner Coming to Turkey (thousand people)	7.727	7.484	9.000	13.600	3,1	8,6
Number of Turkish Citizen going Abroad (thousand people)	3.981	4.756	5.000	8.500	4,7	11,2
Tourism Revenues (Million \$)	4.957	5.203	7.200	11.627	7,8	10,1
Tourism Expenditure (Million \$)	911	1.471	1.850	3.690	15,2	14,8
(1) Expectation to be realised						
(2) Expectation						

1594. Yachting Tourism Regulation shall be rearranged.

2. PROMOTION

a) Present Situation

1595. Lack of attitudinal and behavioural orientation at the level of individuals communities and institutions towards promotion of the country, leads to the waste of resource and human power in the sector.

1596. Desired effectives can not be ensured in promotion activities carried out primarily by public bodies and institutions.

1597. Coordinated activities of the public and private sectors within a joint plan and program, especially on promotion abroad, could not be ensured.

b) Objectives, Principles and Policies

1598. The principle objectives are to coordinate the promotion activities continuously so as to unite citizens within the framework of national principles and targets, to ensure free, correct and bilateral information flow within the country and to promote Turkey's cultural and historical richness abroad on a wide scale in order to eliminate Turkey's negative and wrong images. Finally to accomplish all these in coordination so as to promote Turkey abroad while taking economic advantage out of this.

1599. It is envisaged that all the public and private sector bodies and professional and non-governmental organisations shall participate, in coordination, in the efforts for developing international political, cultural, economic, commercial and tourism relations

to provide positive consciousness and information about Turkey.

1600. Our citizens shall be trained on the country's values and promotion elements within non-formal education and they will be made voluntary promotion envoy in the country and abroad.

1601. Citizens living abroad will be ensured to be helpful as regards promotion of our country in the countries they reside.

1602. Technological facilities shall be multilaterally utilised in the promotion of Turkey.

1603. With a view to ensuring that the promotion activities shall be carried out in line with a certain target and within an effective coordination and efficiency, a Board shall be established consisting of the public institutions concerned, private bodies, professional chambers, associations and foundations.

c) Legal and Institutional Arrangements

1604. The Promotion Fund Board under the Prime Ministry shall be restructured to become a Board consisting of public and private institutions, professional chambers and foundations concerned.

XII. URBAN AND RURAL INFRASTRUCTURE

1. SETTLEMENT AND URBANISATION

a) Present Situation

1605. It is estimated that average annual urbanisation rate between 1995-00 is 4.7 percent. The urban population, which

was estimated to be 34.4 million in 1995, is expected to reach 43.3 million at the end of 2000 and constitutes 66.4 percent of the total population.

1606. That the urban settlement units which were 254 in 1995, is estimated to reach 309 in 2000 and the population growth in these settlements to be about 8.9 million.

1607. The urbanisation phenomenon that started to accelerate in 1950s has led to accumulation of population crowds in big cities hampering a balanced urban distribution. This situation led to significant problems related to change in social and economic structures, and rapidly increasing urban investment needs.

1608. Unlike the case in developed countries, the urbanisation process in Turkey has occurred as a migration phenomenon in which urban poverty is preferred to rural. At the end of 2000, 44 percent of the urban population, 23 percent of which is in İstanbul is expected to be settled in cities whose population is over one million.

1609. Insufficiency in employment, infrastructure and social services and limited individuals' capacities in terms of skills, knowledge and economic activities cause depreciation of rules and value of judgements in urban areas.

1610. In the context of physical planning, a holistic approach could not be ensured partial approaches on the other hand could not mostly be implemented as required.

1611. As of the end of 1999, construction of the infrastructure of 48

organised industrial estates having the total capacity of 5425 units based on 11.839 hectares of land, has been completed and opened to service. In a total of 48 estates, occupancy rate of which is 62 percent and in which 3.383 units are operative, 270.800 people are employed.

b) Objectives, Principles and Policies

1612. In the 8th Plan period, it is expected that the rate of urbanisation will be realised by an average of 4.75 percent annually. Urban population that was estimated to be 43.3 million in 2000 is expected to reach 54.7 million by the end of 2005 constituting 78 percent of the total population.

1613. The urban settlement units are expected to reach 345 in 2005 and the additional population in these settlements to be about 11.4 million in the same period.

1614. In the plan period in which rapid urbanisation and social changes are to be experienced, studies shall be carried out for creating urban and city dwellers' culture within the framework of the basic characteristics of the national culture with a view to prevent cultural degeneration and deterioration in value judgements.

1615. Trade and finance centres having sufficient infrastructure at international level shall be established.

1616. Characteristic cultural structures and tourism potential of the cities shall be preserved while developing urban infrastructure.

TABLE: 34- Urban Population Developments

	1995	2000 ⁽¹⁾	2005 ⁽¹⁾	Annual Average Increase (%)	
				1995-2000	2000-2005
Total Population (thousand people)	60.500	65.300	70.222	1,53	1,46
Urban Population (thousand people)	34.447	43.352	54.703	4,70	4,75
Urban Population to Total Population (%)	56,9	66,4	78,0		
Number of Cities	254	309	345		

Source: SPO
(1) Estimation

established where medium and large-scale industries shall be integrated.

1623. The facilities to be established in organised industrial estates to recycle wastes and eliminate environmental damages shall be supported.

1617. Qualified personnel will support implementation units and restructuring and strengthening of the control mechanisms shall be ensured.

1618. Coordination shall be ensured among the institutions and bodies realising social and technical infrastructure investments in cities.

1619. Determination and planning procedures of the areas at the disposal of the state shall be accelerated.

1620. Attention shall be paid to stimulating local entrepreneurship and expanding the organised industrial estates having importance in terms of employment to the entire country. Industrial zones, having infrastructure will be developed, in medium size cities in order to ensure the positive impacts of industrialisation urban developments.

1621. In organised industrial estates, fields shall be released and made available for medium size industry.

1622. Advanced Technology Organised Industrial Estates and Techno-cities shall be

c) Legal and Institutional Arrangements

1624. Legislation regarding physical planning as a whole shall be developed.

1625. Studies shall be carried out for determining principles and procedures for coordination among investing institutions and bodies operating in the field of physical planning.

1626. Studies shall be carried out for preparing necessary legislation for arranging functioning of the Law on Organised Industrial Regions no 4562.

2. HOUSING

a) Present Situation

1627. As of 2000, it is estimated that there is a total of about 14.8 million houses, 10.2 million of which are placed in regions having a population of 20.000 or more.

1628. The housing problem being the major indicator of disordered urbanisation that emerged as a result of population growth migration and urbanisation rate during the planned period still maintain its

significance as regards economic and social policies.

1629. It is estimated that the number of houses built in the 8th Plan Period is about 1.3 million, which is rather below the needed amount of 2.540.000. It is estimated that illegally built houses and the squatters fill the gap. Construction of 185.379 houses with the loans granted by the Mass Housing Administration (MHA) in 1995-99 period has been completed. This amount constitutes 14 percent of the houses built.

1630. It was envisaged in the 7th Plan period that, the share of housing sector in the total fixed capital investments at current prices, which was 37.3 percent in 1995, would be 31.1 percent in 2000. Moreover, the share of housing sector in total public fixed capital investments at current prices, which was 1.4 percent in 1995, was envisaged to be 2.1 percent in 2000, its share in total private sector fixed capital investments, which was 45.1 percent in 1995, to be 43.0 percent in 2000.

1631. The construction of 43.131 houses started by the Mass Housing Administration (MHA) as from the early 1990s is estimated to be completed in 2000. MHA resources have been generally allocated to housing financing up to date, so the need for directing the resources towards vacant lot production with infrastructure prevails.

1632. The unfulfillment of the housing requirements leads to unauthorised construction for bridging the gap. Due to the lack of data on number of buildings since 1984, information about building and illegal building stock is limited.

1633. It is estimated that illegal building stock in the biggest three cities is about 2

million and such a trend of building throughout the country spoils the building and environment quality of the cities. Uncontrolled building stock makes it harder to take measures against disasters especially against flood, earthquake and fire.

1634. The Marmara and Bolu-Düzce earthquakes in 1999 led to great casualties and material losses. As a result of these two earthquakes, 18.373 people lost their lives and 48.901 were injured. 93.010 houses and 15.165 work places were either destroyed or severely damaged. 104.440 houses, 16.120 work places were damaged at medium level. 113.283 houses and 14.656 work places slightly damaged.

1635. The Decree Law on Construction Control no.595, entered into force on 10 April 2000.

1636. The works for construction of houses and infrastructure have been started together with the foreign credit possibilities provided after the Marmara and Bolu-Düzce earthquakes. As a result of studies concerning right holders, 42.761 permanent houses were estimated to be built, however exact figure is not determined yet. It is intended that 5.867 people shall be given TL 2 billion each under the aid program for those who build their own houses and 9.729 people shall be granted TL 6 billion each for being right holders. With the projects of the Ministry of Public Works and Settlement and the private sector grants, a total of 41.813 prefabricated houses were being programmed as of May 2000, 39.693 of them were completed and 38.431 were handed over to the victims of the disaster. 2.120 prefabricated houses are still under construction.

TABLE: 35- Housing Requirements				
				(Number)
Years	Annual Increase of Urban Population ⁽¹⁾ (person)	Demographic Housing Requirements of Cities	Requirement of Renewals and Disaster Housing	Total Housing Requirements of Cities
2001	2.100.000	496.400	72.200	568.600
2002	2.200.000	521.300	72.200	593.500
2003	2.221.000	527.500	72.200	599.700
2004	2.358.000	561.400	72.200	633.600
2005	2.545.000	607.400	72.200	679.600
Total		2.714.000	361.000	3.075.000

Source: SPO
(1) Regions having population of 20.000 and over.

b) Objectives, Principles and Policies

1637. In the 8th Plan period, additional housing requirement in settlements with a population of 20.000 or more, will be 2.714.000 due to demographic developments. Additionally, 72.200 houses per year, a total of 361.000 in five years, will be needed for some other reasons like renewals and natural disasters, including former needs caused by disasters. Consequently, the total housing requirement in the plan period, stemming from urbanisation, population growth, renewal and natural disasters, is 3.075.000.

1638. Financing models having alternative solutions shall be developed to encourage housing production and ownership, and to cope with the housing problems of low-income groups.

1639. Methods, effective control and administration ways and means shall be developed in urban areas in order to supply building plots and regular settlements, according to plans based on scientific rules.

1640. Public resources shall be directed towards provision of lands with infrastructure in order to provide a healthy solution to the problem of sheltering in cities.

1641. Measures shall be taken to prevent illegal buildings and squatters.

1642. Construction materials used in constructing buildings shall effectively be controlled during the production process as to whether they are in conformance with the standards. Quality control methods in the process of housing construction will be developed and its implementation will be widened.

1643. With a view to ensure quality in various stages of housing construction, adult education possibilities shall be developed to raise qualified personnel.

1644. The quality of building and environment shall be improved in housing construction. Building and environment standards shall be developed with a view to conserve historical and natural structure, to protect social and cultural values, to create

healthy, safe, high quality and affordable housing and environment.

1645. A database shall be created on the basis of geographical information systems on housing and urbanisation.

c) Legal and Institutional Arrangements

1646. Institutions that would operate within capital market to provide sufficient resources for housing demand and supply shall be established for granting housing loans, and the banking system shall be rearranged to this end.

1647. The Housing Law, no.3194, shall be amended to cover effective dissuasive and preventive measures against squatter building. Responsibility, control, and the criteria and processes for sanctions in the reconstruction planning and implementation shall be harmonised with the EU standards.

1648. Local administrations are the major responsible bodies in urbanisation and accompanying problems. However, some arrangements shall be made for the preparation of necessary institutional and legal infrastructure in the central administration, and the establishment of control mechanisms. To this end, a ministry responsible for the urbanisation and housing shall be established.

1649. Law on Flat Ownership shall be amended to include administration of residential sites.

3. MUNICIPAL WATER, SEWERAGE, WASTE-WATER TREATMENT AND WASTE MANAGEMENT

A. Municipal Water, Sewerage and Waste- water Treatment

a) Present Situation

1650. The fact that the living standards are improving with the social and economic development brings forth the requirement for water for drinking and daily use per head.

1651. Rapid population growth and migration from rural to urban areas lead to unplanned construction, make construction of infrastructure facilities harder and increase costs.

1652. Since coordination can not be ensured between the institutions, water resources can not be utilised efficiently. The fact that infrastructure investments are made by institutions whose major task is not the construction of municipal water facilities and sewerage raises the costs.

1653. Illegal water consumption, damages done to the facilities and wrong techniques in sewerage network links and discharges hinder effective use of municipal water facilities and sewerage.

1654. Quantitative insufficiency in municipalities' technical personnel lead to troubles in the operation of infrastructure facilities, accomplishment of repair, maintenance and renewal works.

1655. Owing to the facts that water revenues of some municipalities, are insufficient for new investment expenditures, because they sell water at low

prices, and that the share of infrastructure in the general budget is gradually decreasing, have increased the external credit demands of these municipalities. The financing, tools and equipment provided from abroad are more expensive than in domestic market and this raises the costs of projects with foreign credits.

1656. In the period of 1995-2000, water leak throughout Turkey fell down to 32 percent from 40 percent.

1657. During the same period, 918 municipal water and 35 sewerage projects were completed by the General Directorate of Bank of Provinces. 1.785 hm³ municipal water was supplied through 10 drinking water projects of the Directorate General for State Hydraulic Works and a project realised by (Built Operate Transfer) model. Manavgat Municipal water project enables exports of water and supply of water to the TRNC.

1658. Turkey cannot be evaluated as a water rich country considering the fact that there would be serious water problems in countries where as per capita expendable water reserves are below 1000 m³.

Total Population (million)	62,81
Municipal Population (million)	48,84
Rate of Population Increase (%)	1,55
Rate of Municipal Population Increase (%)	2,92
Rate of Village Population Increase (%)	-0,73
Ratio of Municipal Population to Total Pop. (%)	78,72
Ratio of Village Population to Total Pop. (%)	22,28
Annual Drinking Water Per head (m ³)	1.042
Source: SIS	

	1995	2000 ⁽¹⁾
Municipal Water, Sewerage and Treatment Facilities		
Municipalities (number)	2.802	3.227
Municipalities having drinking water network (number)	1.695	2.359
Municipalities having drinking water treatment facility (number)	126	143
Municipalities having sewerage systems (number)	279	314
Municipalities having wastewater treatment facility (number)	115	129
Total Available Drinking Water		
Surface water (hm ³)	1.274	1.759
Underground water (hm ³)	1.936	2.533
Ratio of average illegal use in Municipalities (%)	47	37 ⁽²⁾
Ratio of average illegal use in all Municipalities (%)	40	32 ⁽²⁾
Source: Electricity, Gas and water Statistics of SIS		
(1) Expectation		
(2) year 1997		

b) Objectives, Principles and Policies

1659. It is a necessity to construct the lacking wastewater infrastructure for the supply of sufficient and healthy drinking water.

1660. The underground and surface water resources shall be protected against pollution, and use of treated wastewater in agriculture and industry shall be encouraged.

1661. The society shall be informed on effective use of water and protection of infrastructure and water resources; the press, both audio-visual and written, shall be encouraged to include training programs on prevention of waste of water.

1662. Continuous and sufficient provision of municipal water services on the

condition that its cost is paid regularly shall be ensured and emphasis shall be given for the protection of consumers..

1663. Effective coordination shall be ensured among the institutions operating in utilities sector.

1664. As regards infrastructure facilities, suitable technology for settlement conditions shall be sought and used effectively, and the material and equipment requirements shall be met primarily from the domestic market.

1665. The municipalities shall develop action plans for immediate supply of drinking water and disposal of wastes in case of likely damages in infrastructure networks to be caused by natural disasters.

1666. Rehabilitation of streams shall be given priority to prevent floods. Buildings on natural beds of stream will not be allowed in the reconstruction plans.

1667. An effective control shall be carried out to prevent illegal use of water, maps shall be prepared to reduce network leakages and Supervisory Control and Data Acquisition Systems shall be introduced in metropolitan municipalities.

1668. Implementation of a tariff system complying with contemporary management principles shall be ensured.

1669. In line with urbanisation and improving living quality, resources allocated to the urban infrastructure investments shall be increased. Introduction of Build-Operate or Build-Operate-Transfer models in new investments shall be encouraged with a view to ensure rational distribution of available resources to the facilities which already exist or under construction continues.

1670. Privatisation of water and sewerage facilities shall be encouraged and the municipalities shall be restructured as supervisory mechanisms.

c) Legal and Institutional Arrangements

1671. Necessary legal arrangements shall be made as regards the improvement, use and preservation of water resources.

1672. Water and wastewater standards shall be re-identified according to the EU standards.

1673. The Law on Underground Water, no.167, shall be updated as to include deterrent measures against illegal uses, for protecting underground waters.

1674. General Directorate of Bank of Provinces shall be restructured.

1675. In the municipalities with population over 100 thousand, arrangements shall be made towards establishment of water and sewerage administration.

1676. Necessary arrangements shall be made for expanding the implementation of privatisation, build-operate and BOT models in local administrations.

1677. As regards projects of infrastructure investments and their construction in settlement units where there is the risk of natural disasters, necessary legislative amendments shall be made pursuant to earthquake regulation.

B) Solid Waste Management

a) Present Situation

1678. Economic and technological development, population growth, rapid urbanisation and consumption of natural resources lead to gradual increase in the solid waste amount.

1679. It is estimated that daily domestic waste per capita is approximately 0.7-1.0 kg. However, since some of the data used in projects on the amount and quality of the solid waste are incomplete and wrong, irrational preferences and implementations are being made in the solid waste management, especially in the issues of recycling and disposal of wastes.

1680. As regards solid waste management, a policy could not be adopted at national level. This situation leads municipalities to choose expensive and unsuitable technologies.

b) Objectives, Principles and Policies

1681. Concerning the disposal of domestic wastes, the most appropriate method shall be preferred taking into account the investment and managements costs.

1682. In order to economic benefits of utilising the recyclable articles within the domestic solid wastes, the method of sorting on the spot shall be implemented and households are informed.

1683. The stages of sorting on the spot, collection, transport, recycling and disposal of domestic solid waste management shall be assessed as a whole with respect to technical and financial aspects.

1684. In the metropolitan municipalities, solid waste management services shall be planned and implemented by a single authority.

1685. Waste Collection Tax shall be determined according to the real cost of the service and necessary attention will be paid to its collection.

1686. Financial support provided for solid waste projects by the General Directorate of Bank of Provinces shall be increased.

1687. Medical and hazardous wastes and special wastes such as used grease, tires and batteries shall be collected, transported, disposed and supervised safely.

1688. Regardless the purpose, entrance of any waste and residues to the country shall be prevented.

c) Legal and Institutional Arrangements

1689. The legislation concerning the solid waste management shall be rearranged.

1690. In order to ensure planning and implementation of the solid waste management services by a single authority in the metropolitan municipalities, necessary amendments shall be made in the Metropolitan Municipality Law.

1691. Necessary legal arrangements shall be made regarding the determination of the Waste Collection Tax according to the real cost of the service.

1692. The legislation regarding secure collection, transport, disposal and supervision of medical and hazardous

wastes and special wastes such as used grease, tires and batteries shall be rearranged.

4. URBAN TRANSPORTATION

a) Present Situation

1693. When trip generation rate per capita is considered to be about 0.7 for 1999, it is estimated that the number of daily urban trips are about 29 million.

1694. The pack of integrated urban land use and transportation plans and insufficient technical criteria and standards hinder enhancement of the level of the services.

1695. Taking into account the deaths and loss of material caused by traffic accidents, there is a need for implementing of an effective, extended, continuous and intensive training program on safety in urban transportation.

1696. Urban transportation problems related to authority, responsibility, organisation, financing and legislation are gradually increasing. Satisfactory improvement could not be achieved concerning the national standards and policies.

1697. Large scale urban transportation investments could not be effectively evaluated and controlled.

1698. Failure to integrate urban developments with mass transport systems leads to increasing use of private motor vehicles.

b) Objectives, Principles and Policies

1699. Urban transportation problems relating to authority, responsibility,

organisation and legislation shall be eliminated.

1700. Realisation of an urban transport structure compatible with the planned development of the city shall be ensured.

1701. Financing models for realisation of urban transportation projects shall be developed.

1702. Extensive training programs for ensuring safety in urban transport shall be prepared.

1703. Accessibility to and quality of the mass transport services shall be enhanced.

1704. Transport and traffic plans shall be prepared over a certain population in cities.

1705. As for urban transport infrastructure, principles and standards to be implemented in line with the level of services, shall be identified in accordance with the scientific criteria.

1706. Rail transit projects shall be realised in lines where travel demand is high especially in cities with a population over a million.

1707. Urban transport services shall be arranged so as to take the handicapped into consideration.

1708. Planning and management capacities of the bus firms shall be improved. Lack of control on the private mass transport services and service providers shall be dealt with, semi-public transport means shall be rationally utilised.

1709. The level of provided for the pedestrians and cyclists shall be improved.

1710. Uncertainties in the methods and procedures concerning the planning, design, construction and operation of the urban rail transit systems shall be removed; authority and responsibilities as well as technical criteria and standards shall be identified.

1711. Integration of suburban rail operated by the General Directorate of Turkish State Railways, with urban transport system shall be ensured and the quality of services shall be enhanced.

1712. Necessary measures shall be taken to get effective use of maritime transport means in urban transportation.

1713. Measures shall be taken towards shifting the transit traffic out of the settlement areas and/or reducing its negative impacts.

c) Legal and Institutional Arrangements

1714. Legal arrangements shall be made concerning the authority, responsibility and organisation in urban transportation.

1715. Necessary legal arrangements shall be made for the preparation of urban transport and traffic plans differing from each other as for their scope and methods according to the characteristics and population of cities.

1716. Legal arrangements shall be made concerning the terms of reference and control of the management of private mass transit means and personnel transit services of the institutions.

1717. Regulation on car parks shall be revised and arranged in accordance with the

parking lots along the roads and collective parking lots.

1718. Taxi management shall be rearranged in a way not to hamper urban transport.

1719. Legal arrangements defining authority and responsibilities as well as technical criteria and standards, shall be made in order to remove the uncertainties in the method and procedures concerning the planning, design, construction and operation of the urban rail transit systems.

1720. Necessary arrangements shall be made for transferring the operation of suburban trains from TCDD to local administrations.

1721. Necessary legal arrangements shall be made to determine the standards and technical design principles of urban highways.

5. CONSTRUCTION, ENGINEERING, ARCHITECTURE, TECHNICAL CONSULTANCY AND CONTRACTING SERVICES

a) Present Situation

Construction

1722. The share of the construction sector within the GNP was 5.6 percent in 1999.

1723. In building constructions, building permits and occupancy permits in terms of m² have dropped by 6.9 and 7.6 percent, respectively, in 1998 compared to 1997. In 1999, these permits dropped by 24.2 and 14.9 percent, respectively, compared to 1998.

TABLE: 38- Building Permits and Occupancy Permits in Constructions

(Thousand m²)

	Realised					Percentage Change			
	1995	1996	1997	1998	1999	96/95	97/96	98/97	99/98
Building permits	80.960	75.341	74.376	71.137	56.351	-6,9	-6,1	-6,9	-24,2
Occupancy permit	36.521	40.599	44.066	40.710	34.625	11,2	6,8	-7,6	-14,9

Source: SIS

1724. It is expected that the houses to be built by using the World Bank credit to meet the urgent requirements emerged as a result of earthquakes in 1999, will bring forth a significant vitality to the construction sector as from the second half of 2000.

1725. Harmonisation of the product and service supply in the sector with the international standards is progressively improving owing to increasing variety and amount of imported inputs and developments in the exports. Furthermore, in public procurements, use of products with Turkish Standards Institute certificate as well as the precondition for the institutions having TS-ISO 9000 certificate are the effective factors in speeding up this harmonisation.

1726. According to the Household Labour Force Surveys of the State Institute of Statistics in April 1999, 1.2 million people constituting 5.4 percent of employment, are employed in the construction sector.

1727. Despite all improvement studies, the quality of employees is still below the requested level compared to developments observed in the sector and new technologies.

Engineering, Architecture, Technical Consultancy and Contracting Services

1728. The devastating consequences of the earthquake disaster occurred in 1999 have displayed the significance of location selection and technical control and supervision of buildings once more.

1729. Selection of location is the first and foremost step of safe and economic construction regarding the natural disasters. However, negative impacts of natural disasters, mostly earthquakes, display the fact that legislation on this issue can not effectively be implemented.

1730. Decree Law no 595, on technical control and supervision of buildings drawn up in 1999 covering the needs arisen as a result of the earthquake was put into effect on 10 April 2000. This Decree Law envisages necessary arrangements for more effective engineering-architecture and technical consultancy services. Moreover, the Decree Law no.587, issued on 27 December 1999 laid down the procedures and principles on compulsory earthquake insurance for compensation of pecuniary damage of the flat owners or owners usufructuary in the flats or buildings to be caused by the earthquake. Studies on State Procurement

Law are under way and expected to be concluded in 2000.

1731. Efforts are being made to improve organisation structures and the technologies utilised, to diversify services, and to this end, to increase cooperation with foreign bodies having advanced standards, both in domestic and foreign activities in order to meet the competitive conditions arisen in line with globalisation in the market as regards engineering-architecture and technical consultancy services in the sector, development of the technologies utilised and expansion of flexible working methods.

1732. In contracting services, contrary to decreasing domestic market conditions, a 13 percent increase have been realised in the contracting services given to external market with respect the works undertaken in 1999, compared to the previous year. The total value of the works committed in external contracting services during 1972-99 period, have been approximately \$ 47 billion. About 50.000 people is employed in external contracting services being provided 39 countries in total. It is estimated that total volume of international contracting services for the year 2000, is about \$ 200 billion. Turkey is the tenth country in this market with nearly 2 percent.

1733. The aim is to ensure harmonisation with international standards and EU legislation in the sector and to increase the quality and effectiveness of external contracting and technical consultancy services within the country and their share in the world markets.

TABLE: 39- Amounts of Work Committed by Contractors Abroad(1)

(Billion \$)			
Country Name	1997	1998	1972-1998
Azerbaijan	48,05	6,60	284,35
United Arab Emirates	18,00	32,00	65,30
Belarus	1,17		344,42
Bosnia-Herzegovina		7,54	7,54
Ethiopia	40,65		40,65
Philippines	4,86		4,86
Ghana	10,00		10,00
Georgia	22,93		75,37
Kazakhstan	654,88	127,20	1398,44
Libya	248,21		9435,11
Mexico	2,63		2,63
Egypt	11,51		86,04
Moldova		17,70	18,49
Uzbekistan	71,52	53,00	686,54
Pakistan	236,58	498,90	1198,48
Romania	15,50		64,27
Russian Federation	350,97	440,72	6125,94
Saudi Arabia	217,33	49,60	3403,60
Tajikistan	2,30		2,30
Turkmenistan	44,42	39,90	620,40
Ukraine	29,14		290,35
Jordan		30,91	242,92
Others	5,76	0,08	2230,93
Total	2036,41	1304,87	26828,39

Source: Union of Turkish Contractors (TMB), Union of International Contractors (UMB)

(1) amounts given by member firms to the Union of Turkish Contractors

b) Objectives, Principles and Policies

1734. Within the framework of these objectives and principles, main policies of the sector shall be: revision of the legislation structure concerned, elimination of the existing disorganisation in legislation, removal of the differences from the EU legislation, increasing of competitiveness and efficiency of the sector and the improvement of quality of services produced according to the international standards.

1735. Vocational and technical training studies carried out to meet the intermediate manpower needs of the sector, shall be supported. To this end, in-service training shall be emphasised, training and education shall be re-structured according to the requirements and vocational certification system shall be made operative.

1736. Lack of sufficient control owing to lack of implementation reduces earthquake safety of buildings. Decree Law on Technical Control and Supervision of Buildings shall be fully implemented through necessary arrangements to be made in related regulations of this law and the related legislation.

c) Legal and Institutional Arrangements

1737. Aiming at preventing natural events to turn into disasters and thus ensuring more safer, regular and healthy environment for people within economic criteria, available legislation on selection of location and control shall be revised and collected under a single legal arrangement.

1738. Regulation on Building Control Implementation belonging to Decree Law on Technical Control and Supervision of Buildings, No. 595, shall be put into practice.

1739. Legislation studies for meeting the requirements for qualified and experienced engineers and architectures for an effective and efficient building control as stated in the Decree Law no 595, shall be concluded.

1740. Turkish Procurement Legislation shall be harmonised with the related EU standards and the legislation of the World Trade Organisation.

1741. With respect to Reconstruction Law no 3194 on public works and related regulations, revision studies including a new building control system and technical measures ensuring building solidity against disasters, shall be done.

1742. A data bank concerning the construction, engineering and contracting services, and a Chamber of Contractors shall be established.

6. MAP, LAND REGISTRATION AND CADASTRAL SURVEY, GEOGRAPHICAL INFORMATION SYSTEMS AND GLOBAL POSITIONING SYSTEMS

a) Present Situation

1743. 90 percent of the countrywide preparation of a standard topographic map of 1/5.000 scale has been completed. However, the level of numerical system needed to meet the map requests of the map user bodies, institutions and persons, could not be attained yet. Country third level densification studies of surface network have been concluded jointly by General Command of Map and General Directorate for Land Registration and Cadastral Survey. There is no significant problem concerning 1/1.000-scale municipal map studies carried out by the General Directorate of Bank of Provinces.

1744. Since automation could not be ensured in land registration services, procedures are carried out slowly. As regards time and quality, insufficiencies are observed in services provided by the central and local units of the Directorate General for Land Registration and Cadastral Survey, to the other public institutions and bodies and private and legal persons. Land registration

procedures commenced through computers and positive results have been received in the pilot zone, Çankaya district. This practice is effective in 602 out of 1001 land registration directorates.

1745. There are significant bottlenecks and insufficiencies in cadastral survey studies. The cadastral registration maps drawn up in the previous years can not meet today's requirements as of quality. Difficulties faced in finding expert witness and personnel to be employed in some areas of special importance as well as land surface formation and flora adversely affect cadastral survey efforts. To start Land Registration and Cadastral Information System (TAKBİS) Project for an automated cadastral survey system studies are under way.

1746. As the end of 1999, area-based realisation rate in city cadastral survey is 99.97 percent. At present, cadastral surveys of a total of 794 districts, 127 of which are central districts, have been completed and surveys in 2 central districts and 150 districts are under way. Cadastral surveys of 24.416 villages have been completed. According to the targets specified in village cadastral surveys, 82.3 percent on area-basis have been realised.

1747. The Geographical Information System Technology (CBS) which is widely used and has unlimited applications is being effectively utilised for various purposes in various private or public institutions. Since CBS provides a variety of opportunities, many bodies and institutions have formed the infrastructure for utilising it and started to benefit from the CBS hardware and software in their works in which they were using traditional methods in recent past. However, all the studies on this issue are

carried out within an independent organisational structure and the institutions have to finance hardware, software, personnel recruitment and training of these personnel by themselves. Thus, institutions, which adopt and utilise this technology, are faced with some problems in practice.

1748. Parallel with the technological developments in the world, practices relating to global positioning systems in public institutions and the private sector are gradually increasing. General Command of Map continues to utilise global positioning data for topographic maps. Especially, through the use of numerical photographic surveying devices and image processing systems provided within the scope of Modernisation Project in 1997, the possibilities and capacities in this field were upgraded. System works are being carried out towards establishment of surface stations in various universities. Through these systems, it will be possible to obtain data from the satellites, at the time and in every format requested.

b) Objectives, Principles and Policies

1749. Determination of immovables of the Treasury shall be possible through determination and collection of revenues of taxes and charges relating to immovables, submission to the judicial units, to be used in judicial services, of land and city information systems to be established by the municipalities and the information on immovables on time and in a reliable manner, realisation of the policies requested to be implemented in significant issues such as land consolidation, establishment of map, land registration and cadastral information system in public institutions authorised to provide these services.

1750. National numerical geographical information and mapping-amendment standards shall be prepared and computer software, hardware and networks shall be compatible with developing technologies with a view to ensuring continuity in numerical mapping and geographical information systems. Active faults those can lead to earthquakes shall be mapped in detail.

1751. Modern techniques shall be utilised in existing geodesic control networks, all photographic surveying productions shall be realised in numerical systems and the products thereof shall be ensured to be the basis for vector and raster mapping and geographical information systems.

1752. Studies towards transfer of analogous air photos to numerical medium and formation of photo-archive data base as well as mapping and map revision studies through satellite images with high grading power shall be continued while expanding.

1753. With a view to providing land registration services in a contemporary and regular manner and within short time, efforts shall be made to utilise computer and other technological hardware more intensively in all the land registration directorates. Land registration procedures shall be transferred to computers and communications network shall be completed.

1754. Efforts shall be made to complete facility cadastral surveys and cadastral registration maps shall be made numerical. Cadastral surveys of a great part of Turkey have been completed. However, since cadastral registration maps could not be prepared in country coordinates system in

many fields, bordering problems are being experienced. The size of these problems can not be known and great problems are observed in determination of the non-registered fields. So, cadastral registration maps shall be made numerical in the country coordinate system and will be transferred to computers together with land registration information.

1755. Efforts shall be made to intensify national global positioning network in line with cadastral purposes and within the framework of budgetary possibilities. Cadastral survey, measurement and calculations for transformations with similarly purposed geodesic point determination shall be realised.

1756. Moreover, through formation of Turkish National Geographic Information System (TUCBS) which would be the basic input of planning, implementation, monitoring and control activities in various fields, by converting the information produced in our country for use to the computer environment, it will be possible to easily and rapidly access and update information in mapping, land registration and cadastral survey services, as well as in many other fields.

1757. With a view to establishing and expanding Geographical Information Systems through out the country, all the central, regional and local organisations of the public institutions, universities and the private sector shall study in a coordinated division of labour. Existing data and user requirements shall be accurately identified and integrated with the National Geographical Information System.

1758. In order to improve and maintain the country's basic geodesic networks,

revision measurements shall be implemented for three or five year periods. Moreover, with a view to establishing a geodesic data base, identifying tension parameters in regions with high earthquake risks, and displaying tectonic mechanisms more clearly, efforts shall be made to realise Global Positioning studies and to make, in these regions, recurring measurements and calculations within the scope of global positioning studies at horizontal control network points utilised in preparation of existing maps.

1759. With the cooperation of universities, public institutions and the private sector, training of the personnel who would utilise global positioning technologies shall be attached importance.

c) Legal and Institutional Arrangements

1760. Necessary legal arrangements shall be made for renewing old land registration and cadastral registration maps, and registering surface area and borders of unregistered Treasury lands to the cadastral registration maps.

1761. Studies for rearranging the administrative organisation of the Directorate General for Land Registration and Cadastral Survey shall be continued.

1762. Necessary arrangements shall be made to sufficiently benefit from the technical capacity of private sector in the map, land registration and cadastral survey services.

7. RURAL INFRASTRUCTURE

a) Present Situation

1763. Within the scope of formation of rural infrastructure, efforts concerning the expansion of agricultural infrastructure towards improvement of soil and water resources and their management and effective use of resources themselves maintain importance.

1764. By the end of 2000, it is expected that cumulative area of public irrigation schemes shall reach 3.7 million hectares. Together with the farmer-developed schemes, 4.7 million hectares of the 8.5 million hectares of arable land is expected to be irrigated.

1765. Due to the level attained in irrigation investments, studies towards ensuring participation of the users of irrigation facilities, in the services provided by the public, gained importance in the second half of the Sixth Plan period and continued in the 7th Plan period as well. Within this scope, transfer of the operation and maintenance services of the irrigation facilities built by the General Directorate of State Hydraulic Works (DSI), to the organisations formed by users have been speeded up in the 7th Plan period and by the end of 1999, transfer of 1.530 hectares of land has been realised. During this period, it proved necessary for related units of the General Directorate to provide support for the organisations which took over the operation and maintenance responsibility of the facilities, in providing service as necessary, as well as helping them as regards machinery-equipment and training. Additionally, efforts on monitoring and evaluation of irrigation in transferred schemes are required. A project developed

to meet the requirements in this field has been put into practice by the financial support of the World Bank. Within the scope of the said project, contracts concerning participation in the project and benefiting from the loans have been made with 234 water user organisations, State Hydraulic Works that make up 84 percent of the total organisations, schemes of which 155 have benefited from the project, as of the end of 1999.

1766. Priority has been given to investments on land consolidation and on-farm development services within the scope of activities regarding the provision of yield increase, and by the end of 1999, services were provided in a total of 944 thousand hectares of land, 277 thousand hectares of which were also consolidated. However, need for countrywide provision of consolidation services, in an accelerated manner under a comprehensive program, in coordination with other agricultural infrastructure investments, in an effective and harmonised way is still prevailing. It is important to ensure sufficient allocation of funds to, and coordination of, consolidation and on-farm development services, necessary for irrigation investments made and to be made, especially in the South Eastern Anatolia Project.

1767. As of the end of 1999, 196 dams and hydro-electrical power plants have been built for irrigation, energy, and municipal water supply and flood control purposes. Of these 146 are multi-purpose dams for irrigation and 16 were completed in the first four years of the VII. Plan.

1768. As of the end of 1999, 212 thousand hectares of 1.8 million hectares of land within the scope of South Eastern Anatolia Project irrigation schemes, has

been availed irrigation. A total of 754 thousand hectares, 153 thousand hectares of which were put in bids, have been included in the Investment Program whereas 819 thousand hectares have not been contained in the program, yet.

1769. Lack of sufficient legislation concerning allocation, use and management of limited land and water resources leads to waste of natural and economic resources.

1770. Considering the size of the project package laid down in the Investment Program and the pipeline projects, it is observed that fulfilment of the agricultural infrastructure requirement with the existing investment possibilities, throughout the country at the desired level and duration, is impossible. This situation makes the projects invested within the framework of budget possibilities, uneconomic, and negatively affects Plan targets as well as preventing expected benefits of the projects on time.

1771. Preliminary surveys have been carried out as regards determination of soil potential. However, these surveys should be in detail and form the basis for the preparation of land use plans.

1772. Due to the lack of land use plans, increasing non-agricultural use of agricultural lands and division of existing lands through inheritance and sales, agricultural lands and production decreases. Moreover, land consolidation services, on which further legal arrangements are needed, can not be realised at desired levels.

1773. In agricultural infrastructure services, deficiencies of the method followed in the repayment of investments realised by

State Hydraulic Works (DSI) and absence of repayment practice of the General Directorate of Rural Services (KHGS) investments, prevent rational use of the resources.

1774. In rural settlements, 14.1 million people live in a total of 75.631 settlements, 35.014 of which are villages and 40.617 surrounding settlements.

1775. The fact that most of the villages are located on high, sloped and rough areas prevents their development.

1776. Cadastral surveys could not be completed in the rural areas.

1777. All the villages and smaller settlements in rural areas have been provided with electricity and road services. There is healthy and sufficient drinking water in 75 percent of these settlements whereas in 11 percent there is healthy but insufficient drinking water. 14 percent does not have healthy drinking water at all. In 43 percent of the rural settlements having healthy drinking water there is an organised distribution network system. 7.5 percent of the villages have sewerage system.

1778. 5.349 families out of those whose lands were expropriated as a result of implementation of the investment projects and those migrant and nomadic families could not be settled due to lack of appropriate land. A total of 1.369 families, 1.063 rural and 306 urban, are to be urgently settled.

1779. Studies were continued for supporting agricultural cooperatives technically and financially; however, no sufficient development could be ensured in

the social and economic strengthening of the rural sector.

b) Objectives, Principles and Policies

1780. Within the framework of a participatory approach, developing an agricultural infrastructure towards provision of a balanced and sustainable agricultural development in line with agricultural policies and in harmony with the environment is the main objective.

1781. In the 7th Plan period, it is envisaged that new irrigation network shall be installed on a total of 475 thousand hectares and in order to obtain maximum benefit from irrigation, on-farm development activities shall be accelerated and extended to 310 thousand hectares.

TABLE: 40- Development of Soil and Water Resources in the Public Sector

(Hectares)

	Irrigation	On-farm Development Services
End of 6 th .Plan cumulative	3.134.438	802.623
1995 (mid-year)	100.828	20.732
End of 1999 cumulative	3.643.145	944.089
2000 (1)	64.040	36.500
7 th Plan period	471.919	157.234
End of 7 th Plan cumulative	3.707.185	980.589
8 th Plan period expectation	475.000	310.000
End of 8 th Plan cumulative	4.182.185	1.290.589
(1) Program		

1782. With the establishment of necessary technical and institutional structure and the use of new technologies, studies shall be started for determining land potential on the basis of basic soil surveys and subsequently land use plans shall be developed.

1783. Division of agricultural lands, especially use of irrigated agricultural lands for non-agricultural purposes and agriculture on lands unsuitable for intensive agriculture shall be prevented and land consolidation services shall be accelerated.

1784. In realisation and management of agricultural infrastructure investments, resources shall be created for new investments and effective utilisation of existing infrastructure shall be assured by ensuring conceptual, physical and financial contributions of the users. Thus, the burden on public sector shall be reduced in this field.

1785. Transfer of irrigation instalments built by the government to the organisations established by the users shall be expanded. Institutionalisation of these organisations and sustainability of participatory irrigation management shall be ensured.

1786. Within the South Eastern Anatolia Project, ongoing pipeline irrigation projects shall be expedited through international loans in harmony with general public investment balances. By this way, their contribution to the agricultural production in the short term shall be provided. Coordination shall be realised among the institutions carrying out land consolidation and on farm development services necessary for irrigation investments, especially those, which will be realised through loans and necessary flow of funds shall be ensured.

1787. Drinking water shall be provided for the villages without sufficient and healthy drinking water. Rural sewage systems shall be expanded in regions having environmental risks and in tourism sites.

1788. Studies to settle families affected by nationalisation, and migrant and nomad families shall be accelerated.

1789. With a view to moving the villages having inconvenient locations to more suitable places within their own boundaries and unite those which were separated, centres with reconstruction plan and infrastructure shall be established.

1790. In order to develop forest villages, their productivity shall be increased through supports in kind and cash and their social and economic welfare levels shall be raised.

1791. In order to strengthen the rural sector economically, efforts shall be made to organise them within the framework of cooperatives, and cooperatives shall be supported in technical and financial aspects.

c) Legal and Institutional Arrangements

1792. In parallel with population growth, urbanisation and development in our country, demand for water is increasing considerably. Scarcity and uneven distribution of water resources geographically and throughout the year, have complicated management of the resources. Lack of legislation on the allocation and use of particularly surface water resources result in the waste of natural and economic resources. For this reason, a Water Law of framework nature shall be enacted in order to fill all legal loopholes like allocation, conservation and planning of sectoral and inter-sectoral use of surface waters.

1793. A Law on Land Use and Soil Conservation of framework nature shall be enacted with a view to eliminating all the

shortcomings like allocation, conservation (against erosion, desegregation, pollution, salinisation and non-purpose use), classification, sectoral and inter-sectoral use, planning for production and covering all loopholes.

1794. A Law on Land Consolidation shall be enacted to provide land consolidation services within a single structure throughout the country, effectively and in compliance with the equality principle, and also in coordination with irrigation investments, especially in the South Eastern Anatolia Project region. Its integrity with the Law on Land Use and Soil Conservation will be provided.

1795. Amendments shall be made on the Laws of Establishment of DSI, no. 6200 and KHGS, no 3202 in order to provide the users participate at every stage, to create resources for investments, and to update systems and to eliminate difficulties arising in the determination and collection of expenditures of operation-maintenance-repair in irrigation investments. With a view to developing and sustaining participatory irrigation management, a Law on Water User Associations shall be enacted. In this context, the law no. 2032 contradictory with the participatory approach shall be abolished.

1796. With a view to providing the carrying out of agricultural infrastructure activities more effectively, a new General Directorate shall be constituted so as to realise irrigation, soil conservation, land consolidation, on-farm development and drainage services currently carried out within the body of KHGS. Draft Law on Local Administrations shall be harmonised with this institutional arrangement.

1797. Necessary amendments shall be made in Settlement Law, no. 2510, for arranging scattered settlements in the rural areas and providing houses for the migrants, nomads and those, whose lands were nationalised.

1798. Necessary legal arrangements shall be made to ensure that the users shall provide maintenance and repair services of the drinking water, sewerage and multi-purpose social facilities in rural area management.

XIII. ENVIRONMENT

a) Present Situation

1799. There has been a progress pertaining to legislation and formation of institutional structure towards solving environmental problems, and a National Environment Action Plan (NEAP) has been prepared. Public sensitivity towards a clean environment is increasing.

1800. Despite the positive developments, environmental management systems could not be realised at a desired level of effectiveness. Rapid urbanisation has increased the pressure upon natural resources, the amount of the wastes and other environmental problems especially on coastal areas and seas.

1801. The deficiencies in education, participation in decision-making processes and decentralisation create severe obstacles for the sustainable management of the natural resources and solution of the environmental problems.

1802. In line with sustainable development approach, a desired progress so as to enable an economic development

protecting human health and natural balance, to ensure management of natural resources, to pass down to the future generations a more healthy natural, physical and social environment, could not be attained. Environment policies could not be integrated with economic and social policies while economic means could not be sufficiently used.

1803. The need for re-defining authority and responsibilities of the Ministry of Environment, other related ministries and the local administrations continues. In line with the integration principle between environment and development policies, no significant improvement could be attained concerning the establishment of an efficient and coordinated environmental monitoring system.

1804. Data and information access systems, environmental monitoring and measuring infrastructure, environment inventories, statistics and standards concerning the environment and development could not be sufficiently improved.

1805. Desired success has not been achieved in implementing the Regulation on Environmental Impact Assessment (EIA).

1806. Turkey has become a party to the UN Biological Diversity Convention in 1996, to UN Convention to Combat Desertification in Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, in 1998. Efforts to become a party to the UN Framework Convention on Climate Change are under way.

1807. Studies on harmonisation of the policy implementations and the decisions made on the solution of the environmental

problems with the EU norms and international standards are under way.

b) Objectives, Principles and Policies

1808. The main aim is to ensure economic and social development by protecting human health, ecological balance and cultural, historical and aesthetical values.

1809. Basic action categories and priority areas defined within the NEAP shall be overviewed while ensuring coordination and participation among main stakeholders. Mechanisms for ensuring coordination and cooperation among the bodies and institutions directly and indirectly concerned with the solution of environmental problems will be improved. Public reconciliation and participation towards solution of environmental problems shall be attached importance.

1810. NEAP shall be revised, and updated based on a legal framework. Sustainable development indicators shall be developed which will also serve for a better monitoring implementation of NEAP.

1811. Environmental management capacity shall be improved and use of environmental management means shall be made effective.

1812. In the integration of environmental policies with the economic and social policies, economic means shall be utilised.

1813. Long term policies and strategies implemented for the solution of environmental problems shall be aligned with the EU norms and international

standards by considering the needs of the country.

1814. A system ensuring access to data and information on environment and development shall be established, environmental monitoring and measurement infrastructure shall be improved, necessary arrangements for the environmental inventories, statistics and standards shall be made.

1815. Sustainable use of the natural resources shall be encouraged and environmental risks shall be minimised. The National Action Plan for Biological Diversity prepared for protecting and sustainable usage of bio-diversity shall be put into force. For Special Protection Areas, management and action plans will be drawn up.

1816. With the aim of combating desertification and erosion effectively, a National Desertification Action Plan integrating forestry, agriculture, stockbreeding, settlement, industry, water resources, alternative subsistence resources and development of rural infrastructure shall be prepared.

1817. Studies shall be continued for increasing environmental sensitivity and preventing pollution in all sectors, with a special emphasis on public institutions.

1818. In prevention of air pollution, emission factors shall be determined in all sectors and an emission inventory shall be drawn up.

1819. Environmentally friendly technologies shall be given priority in determination of industrial policies and new industrial investments. Local manufacturers

shall be informed about these and encouraged to use them.

1820. Arrangements shall be made towards making EIA process more effective.

1821. In order to minimise bio-safety risks, which may result from biotechnological practices, legal, institutional and practical arrangements shall be made with a holistic approach.

1822. Within the context of protection of global climate system and within the framework of our country's responsibilities thereon, efforts shall be continued to take part in the Framework Convention on Climate Change in line with the principle of common but differentiated responsibilities by considering the requirements of the increasing population.

1823. With a view to control and reduce the greenhouse gas emissions originating from transport, energy, industry and settlements, arrangements shall be made towards increasing energy efficiency and ensuring energy saving.

c) Legal and Institutional Arrangements

1824. The Environment Law, no.2872 and the Government Decree no. 443 in Force of Law on Establishment and Duties of the Ministry of Environment, shall be updated.

1825. Law on Bio-safety shall be enacted and a National Bio-safety Board shall be established.

1826. Legal and institutional arrangements necessary for ensuring sustainable use of natural resources shall be

completed. In this context, relevant arrangements shall be made in the Law on Forests no 6831, The Reconstruction Law no 3194, The Law of Coasts no 3621, Law on Protection of Cultural and Natural Entities no 2863, the Law on Encouraging Tourism no.2634 and in related environmental regulations.

CHAPTER NINE

ENHANCEMENT OF EFFICIENCY IN PUBLIC SERVICES

I. IMPROVEMENT AND RESTRUCTURING OF THE PUBLIC ADMINISTRATION

a) Present Situation

1827. The need for a holistic, radical and lasting change including human resources, administrative principles and functioning in the public administration continues. Accordingly, elimination of existing deficiencies and breakdowns in the objectives of public institutions, their duties, distribution of the duties, structure of the organization, personnel system, resources and the way they are used, present public relations system are the priority issues.

1828. Rapid developments in science and technology require reforms in central and local organization and functioning of the public administration established for meeting the needs of the society.

1829. Proportional increase observed in the duties of the central administration leads

to congestion and functional difficulties in several stages of the system. Tasks can not be distributed in a balanced manner among the central, provincial and local administrations.

1830. It is still important to adopt a people-oriented administration understanding and to make the organizational structure of the state more functional. The fact that the task, authority and responsibility balance in the public bodies and institutions could not be ensured properly, has weakened organizational effectiveness.

1831. Imbalances in wages in the public sector mainly arise from deterioration of the ratio between real wages and additional payments against the real wages component of total wages, occurrence of various types of payments and the fact that not all of the wage factors are included in the taxable values. Application of similar payment factors under different title and forms led to a chaotic structure in wage system and loss of the connections between payment

factors. The fact that financial and social rights and aids are not covered under a single and common law, that Civil Servants Law and discreet laws for individual institutions include different arrangements concerning wages and that the special arrangements for certain class and status, increase the complexity in the wage regime.

1832. Existing structure makes it difficult for the public institutions to adapt to changing conditions. Public services can not sufficiently meet the requirements and expectations of the people; inefficiency and extravagancy in the public institutions lead to distrust towards these institutions. Complexity and excessive red-tapes in administrative procedures cripples effective functioning of public institutions and make it difficult for the private sector and the people to benefit from the public services.

1833. In the public sector, fields of tasks, organization of the institutions, authorities and responsibilities of public administrators and employees and internal control mechanisms have been arranged by laws and regulations. For this reason, field of action and right of discretion of the public administrators are limited. Since public administrators' fields of action, duties and responsibilities are not clearly identified, public officials can not properly use their initiatives.

1834. When supplying pay-services, some public bodies and institutions take some amount of the payments as a charity for their own foundations, which creates a reduction in public revenues. This situation leads to complexity on the service costs and creates dissatisfaction among the people.

b) Objectives, Principles and Policies

1835. Under the principles of democratic, secular and social state; the main objectives are the creation of a functional public administration structure that cherishes democratic state, social justice, improvement and development, a flexible and faster functioning structure in line with the needs, and adoption of effective methods for the provision of quality goods and services.

1836. It will be the basic aim to ensure effectiveness and reliability of the public administration by taking satisfaction of people into account and emphasizing the service quality and its outcomes.

1837. In restructuring of the public administration, increasing efficiency, effectiveness and thriftiness and thus performance; ensuring harmony between tasks and organization structure of public bodies and institutions, employing personnel in required amount and quality, training of the personnel in the light of scientific and technological developments, providing an effective performance appraisal system, strengthening devolution, flexibility, responsibility and administrative transparency; developing policy and strategy formulation capacity of public administrators and employees, and embedding quality concept in the provision of public services and quality-oriented administrative methods are the main objectives.

1838. As for the personnel regime, monitoring an employment system based on norm cadres and objective selection criteria, taking career and competence as the basis, leaving the complex wage system with a plenty of payment items aside and adopting a common system based on equal pay for

equal work principle, and improving unionist rights will be the main principles.

1839. Norm cadres of all the public institutions shall be determined and assignment of cadres or positions shall be made accordingly. The cadres of the provincial or regional departments of the organizations having provincial units shall also be determined according to these criteria. Crowding in certain regions shall be avoided and cadres shall be assigned in accordance with the services provided. Without making any discrimination among institutions, all the cadres and positions shall be assigned pursuant to the law and the norm cadre number previously determined shall not be increased unless there will be an extraordinary service expansion. To this end, the Decree Law on General Cadre and Procedure, no 190, shall be reviewed and rearranged according to the above mentioned criteria.

1840. Descriptions of "Civil servants" and "other public officials" set out by Article 128 of the Constitution shall be clarified, this Article shall be rearranged and wage system shall be reviewed according to this arrangement. Definitions of civil servants, public officials and public workers shall be clarified and the wage inequality among public institutions and bodies shall be eliminated.

1841. Local administration shall be organized on the basis of provincial system and the principle of devolution of wider powers laid down by the Law on Provincial Administrations, no 5442. Regional organizations other than the ones necessary for service provision shall be closed down, and planning and coordination mechanisms shall be established to eliminate the problems among the remaining regional

organizations and the provincial administration.

1842. Public agencies in foreign countries shall be rearranged, non-functional units shall be closed down and the unnecessary cadres in the remaining units will be cancelled. For the recruitment of the personnel to be assigned to the units abroad, a general set of qualification requirements such as foreign language, professional sufficiency and ability to represent that might be including an examination shall be applied.

1843. Research-Planning-Coordination units to be equipped with updated technology and personnel with high technical capacity shall be restructured and strengthened in a way that they would effectively perform their tasks and responsibilities in line with legal arrangements, prepare periodic performance reports to be relied upon for the preparation of management improvement, plan and programs concerning their fields of duty, make researches, future-oriented programs and projects, improve management and the system through analytical methods.

1844. Electronic Information management shall be attached importance in every institution with a view to providing proper and rapid information flow and simplicity in procedures within the institution, introducing substantial solutions to filing and archive problems and avoiding red tape.

1845. For the provision of high quality public services, efforts shall be made to utilise various contemporary administration techniques such as performance management and total quality management in all the public institutions, and thus Total

Administration Quality in public administration shall be raised through the use of new techniques.

1846. The foundations established by the public officials will not be allowed to interfere the provision of public services. The personnel foundations established by the public institutions or personnel shall be examined and those which take place in the service process of the institution and receive revenues by this way and are not identified as foundation, shall be liquidated.

c) Legal and Institutional Arrangements

1847. The Institutional Framework Law for Prime Ministry, no 3056 and the Law on the Establishment and the Principles of Duties of the Ministries, no.3046 will be amended to the effect to enhance the Prime Ministry's cooperative and coordinating power between the ministries, to change its line ministry status and appearance, and to reduce the number of the state ministers.

1848. With the aim of reducing the load of work of the Council of Ministers, a law will be drafted to set out the legal framework for decision-making process of the Council.

1849. An Administrative Procedure Law of general nature and an Administrative Application law shall be drafted, in order to rearrange procedures and principles concerning the citizens' receiving information and seeking their rights, responsibility of the administration to pay damages and elimination of loopholes in administrative processes in the laws on duties, authorities, prescriptions and interruptions and cease of lapse of time.

1850. For an effective and fast dispute settlement mechanism between public administration and the citizens, a Public-Supervisory (Ombudsman) System that would be an independent body to supervise the administration, to deal with the public complaints, shall be established. Accordingly, importance shall be attached to the establishment of the necessary infrastructure, and the system will comprise all the administrative procedures and activities without exception.

1851. With a view to reform the public personnel regime, all provisions pertaining to financial and social rights and benefits existing in the Civil Servants Law, no 657, the Turkish Armed Forces Personnel Law, no 926, Law on Judges and Public Prosecutors, no 2802, Law on Academics and University Assistants, no 2914, Decree Law on State Economic Enterprises no. 233 and 399 and other establishment laws shall be transferred to a single and common law where wage regime and employment issues of all public bodies and institutions shall be gathered.

1852. Civil servants and the other public officials shall be clearly described in order to identify the difference between the civil servants supplying the basic and regular services of the state on the basis of general administrative principles and the other public officials.

1853. Necessary legal arrangements shall be made for the civil servants to benefit effectively from the right of union.

1854. To adapt to the principle of decentralization, a legal arrangement shall be made with a view to transferring the authority and responsibility in certain services to local administrations and

provincial units starting with special provincial administrations.

II. EFFICIENCY IN JUDICIAL SERVICES

a) Present Situation

1855. Insufficiency of public resources allocated for judicial services, court delays, failure to monitoring the modern developments in the formation of legal rules, failure to reach the required standard in legal education, insufficiency of arrangements towards recruiting and maintaining well-trained human power in judicial services and the fact that technical infrastructure deficiencies hinder to receive effective results in judicial services.

1856. Since there are no appellate courts in between the courts of first instance and the Supreme Court of Appeals, physical facts are to be re-evaluated in the Supreme Court of Appeals and thus the task of jurisprudence cannot be fully accomplished.

1857. The fact that Forensic Medicine Institute is not instituted in accordance with modern developments hinders an effective provision of legal medicine services.

1858. The problems with the enforcement of sentences are persistent. The facts that the fundamental rights of those under arrest and those who are convicted of an offence, have not been arranged by law, lack of execution methods other than punishment, dual administration as regards the security of prisons and jails and the ward system cause major problems. The present system of the enforcement of sentences is to be revised as a whole.

1859. Auxiliary personnel employed in judicial services cause problems in smooth functioning of judicial services.

1860. Insufficiency and inefficiency are observed in the operation of apprenticeship of the lawyers.

1861. Non-protection of the aggrieved party's rights is against contemporary developments. In addition, it is unjust that those unfairly arrested are given compensation whereas those who are acquitted through new trial are not.

1862. For those who serve prison sentence and thus pay back to the society, deprivation of some rights due to criminal convictions and the criminal records contradicts to the fact of re-adaptation of them to the society.

1863. Lack of a separate trial procedure in ex parte judicial proceeding creates a case load for the courts.

b) Objectives, Principles and Policies

1864. In order to attain fair and real justice, fundamental arrangements shall be made to receive faster and effective results in judicial services. While making judicial arrangements, main aim shall be to attain real justice without damaging legal guarantees provided for people. The principle of the rule of law shall be fully exercised.

1865. It will be ensured that legal rules shall serve as a tool for not only social protection but also for improving and developing social order.

1866. Revision of the laws in force, particularly the basic laws on judiciary, in

accordance with the contemporary developments shall be proceeded.

1867. Full compliance with the court judgements shall be ensured. Judicial system shall be enhanced so as to encourage those who fight for rights, satisfy those who insist on their rights and dissuade those who lead unjust conflicts.

1868. Administrative judiciary procedure shall be exercised through institutions and rules of the administrative judiciary.

1869. Since the judges should have sufficient professional skills, work shall be carried out to ensure that judges employed in the courts shall be graduates of the law faculty.

1870. Modern developments shall be followed in enforcement services and importance shall be attached to readapting the convicted to the society and making the enforcement effective. To this end, the present system of the enforcement of sentences system shall be revised. Ward system shall be replaced by room system.

1871. Deprivation of the rights because of criminal records shall be avoided and deprivation of public rights shall only be possible through the court judgements.

1872. Problems such as violation of personal rights occurring as a result of the developments in information and communications technology, shall be solved pursuant to basic legal principles.

1873. Allocations to judicial services shall be increased in the VIII. Plan period.

1874. Judiciary system shall be supported by modern technology. Developments in medicine and technology shall be utilized to a great extent in judicial services, hence the quality of the services shall also be improved.

c) Legal and Institutional Arrangements

1875. Legal arrangements shall be made to establish appellate courts between the court of first instance and the Supreme Court of Appeals.

1876. With a view to restructuring the Institution of Legal Forensic in line with modern developments, amendments shall be made to the Law on Institution of Legal Forensic No. 2659, dated 14.4.1982.

1877. The Law on Abolition of Islamic Law Courts and Amending the Provisions concerning the Courts, no 469 dated 8.4.1924, shall be abolished and a new legislation shall be drafted. Present territorial system for the establishment of the courts shall be amended so as to adopt the principle that judicial system shall be established in provincial centers and in districts with certain population intensity.

1878. A new Enforcement Law shall be drafted where minimum rights of the arrested and convicted shall be drawn-up and alternative enforcement methods shall be introduced.

1879. Legal arrangements shall be made to ensure that internal and external security of jails and prisons shall be provided only by the Ministry of Justice.

1880. Legal arrangements shall be made to protect the rights of victims.

1881. Office of the public prosecutor and the security forces shall be restructured and made effective to attain the level of modern countries. These institutions shall be strengthened to benefit from scientific and technological improvements.

1882. A separate law shall be drafted for ex parte judicial proceeding.

III. EFFICIENCY IN SECURITY SERVICES

a) Present Situation

1883. Attenuation of the terrorist activities and thus restoration of peace and security to a great extent, have proven the superiority of the state's power and increased the belief and confidence of both the society and the individuals in the state. The resulting optimism induced an obvious vitality in economic and social life. To sustain the situation, priority is given to the technology-intensive investment projects that would ensure an effective and continuous operation of institutions that supply services and to the education and training of the personnel concerned.

b) Objectives, Principles and Policies

1884. Including organization, personnel, tasks, authorities and the personnel policies, a comprehensive restructuring shall be started in security institutions to meet the requirements for membership to the EU, globalization, integration with the world and the new conditions.

1885. Security forces should be equipped with the state of art technologies and should have the ability to prevent any crime by controlling every place every time and/or to take the accused and the

evidences to the judicial organs as soon as possible.

1886. An intelligence system that would prevent commitment of offences as well as monitor offenders in time, and provide effective, faster and reliable results and also analyze them, should be established.

1887. The system aiming at reaching the evidence through the offender should be replaced by a contemporary system that would reach the offender by the evidence.

1888. All personnel to be employed in every branch should effectively specialize for reaching the best solutions in their tasks they have undertaken. A technology-intensive operation and organization should be adopted, the number of the personnel should be reduced to minimum and thus an effective working order should be established to obtain more efficient and accurate results.

1889. Taking the alternative launching systems (construction with foundation, prefabricated construction, caravan) in security facilities into account, launching costs shall be reduced and effective service provision shall be ensured through rational use of vacant lots.

1890. At present, operative system of security forces is stationary. Efforts shall be made to make these stations mobile where necessary.

1891. In order to refurbish personnel with up-to-date knowledge, in-service training and special training programs with psychological and social content shall be, in cooperation with the related departments of the universities, implemented continuously and expanded to cover all the personnel.

1892. Service capacities of criminal laboratories of the General Directorate of Security shall be kept sufficient to operate efficiently in regions to meet the requirements of the rural events. As regards the implementation of new systems, comprehensive and long term training and research projects shall be carried out in cooperation with the universities.

1893. Protection projects for some public and private sector facilities of particular economic, social, political and military importance, shall be made together with the construction and assembly projects in cooperation with the security organizations.

1894. Importance shall be given to raise the public awareness by the General Directorate of Security through the media on important issues such as use of drugs, drug addiction, juvenile delinquency.

1895. Malfunctions in effective provision of public security in rural and urban areas shall be worked out under the coordination of territorial governors.

1896. Public relations shall be effectively and continuously implemented to ensure a lasting and creative dialogue with the society. The principle of transparency shall apply not only outwardly but also inwardly.

1897. Emergency line phones of the institutions shall be converted into a multi task, joint-purpose, central 123 Hello Help call system with health services and fire department, in which institutions concerned will also contribute under the supervision of territorial governors.

1898. Efforts shall be exerted to reform Police Academy into a multi-dimensional and

multi-stage academic institution where: personnel to be promoted shall be given specialization training as regards their working fields (such as intelligence, narcotics, public peace); researches concerning legislation drafting and important decisions shall be made; statistical data on security and public peace in Turkey and in the world shall be collected and assessed and conclusions shall be reached thereon; special research projects shall be implemented when necessary.

1899. A Turkish criminal statistics system in line with the widely used systems in the world shall be established through a joint study where all the related institutions are to participate, and a map of public security shall be drawn up on the basis of regions, seasons, months, topics, crimes and criminals in Turkey.

c) Legal and Institutional Arrangements

1900. Tasks of security institutions such as liability of notification which are in conflict with their goals of service and principles of personnel employment, shall no longer be considered as among their tasks.

1901. Security Services Cadres at the General Directorate of Security shall be redefined to cover all the personnel.

IV. LOCAL ADMINISTRATIONS

a) Present Situation

1902. In the period of 1996-99, number of provinces have risen from 79 to 81, number of districts from 847 to 850 and number of municipalities from 2.802 to 3.227. During the same period, the ratio of population living within municipal

boundaries to total population is estimated to reach 79,5 percent from 76,4 percent.

1903. Under the principle of the unity of administration and decentralization, balance of service and resources could not be sufficiently established between central and local administrations, and the lack of coordination persisted. Local administrations could not be reinforced regarding tasks, authorities, responsibilities and resources.

1904. It is expected that the ratio of total resources allocated to the local administrations out of General Budget to the GNP, which was realized as 1,54 percent in 1996, will rise to 1,93 percent in 2000.

1905. It is estimated that the share of the revenues of municipalities and special provincial administrations in the GNP which was 3,17 percent in 1996, will rise to 4,18 percent in 2000; and that the share of the expenditures which was 3,25 percent to 4,35 percent.

1906. Despite the increase in the demand for urban services with the population increase, resources of the local administrations, in particular the municipalities, have not increased sufficiently. Therefore, municipalities resorted to utilize foreign loans to fund investment projects.

1907. Foreign debt stocks of the municipalities was \$ 2.026 million as of 1999. The municipalities financed 25,64 percent of their total expenditures by foreign loans.

1908. The problems led by faster urbanization and a highly centralized administrative structure requires

improvement and strengthening of local administrations.

1909. Legal arrangements are still needed to set out the principles which are to serve for an effective distribution of tasks, authorities, responsibilities and resources between the central and local administrations

b) Objectives, Principles and Policies

1910. It is estimated that the ratio of the population living within municipal boundaries to total population will reach 87,2 percent and the ratio of population living within metropolitan municipalities to total municipal population to 40,1 percent in the year 2005.

1911. For a more effective service provision and rational use of resources, public services should be supplied locally.

1912. Pursuant to the principle of unity of administration, central and the local administrations shall be restructured on the basis of division of labor and coordination, Distribution of tasks, authorities, responsibilities and resources among these administrations, and the organization, finance and personnel structures of the local administrations shall be revised.

1913. Central administration shall identify the policies and standards relating to local services and carry out effective control.

1914. Public services for the common local needs shall be provided by the local administrations and these services shall become effective, efficient and fast.

1915. Local administrations shall enjoy a revenue structure required for their tasks, so that their revenue sources shall be regular and continuous to enable them to supply local public services and to make financial planning; hence they will become less dependent to the central administration.

1916. Local administrations shall primarily carry out the duties they have been charged by laws and shall be authorized to perform local public services not prohibited nor delegated to other administrations by laws.

1917. The services to be provided by the central administration due to service integrity, service areas and technological reasons, shall be provided by the provincial authorities on the basis of de-concentration.

1918. Special Provincial Administration shall be restructured to enable it to plan needed services and resources of the province, to provide cooperation and coordination between local administration units within the province and carry out public service regularly. And a District Local Management Model to organise these duties at district level shall be drawn-up.

1919. Present local administration system consisting of a number of small-scale units, thus adversely affecting efficiency by wasting resources shall be reformed.

1920. A new set of criteria for establishing the administrative units as province, district and municipality shall be designated by taking into account economic potential, structure of population, historical, geographical and cultural specifications of settlements.

1921. Uniform municipal model shall be left aside and different principles for establishment, revenue, duties and operation shall be set out for cities, districts, provinces and tourism site municipalities.

1922. Metropolitan Municipality model shall be revised as for resources and division of tasks.

1923. The functions of headmanship (muhtarlık) of the neighborhoods shall be increased within the scope of developing settlement order and the headmen shall be made members of the municipal council in turns.

1924. Local administration unions shall be developed to provide more efficient services through strengthening of their financial and administrative structures.

1925. The areas to which local management firms shall provide services shall be restricted, and general principles shall be specified as regards their organization and control.

1926. Local administration councils shall be given a qualified, functional and active structure where a wider range of locals, including civil servants, are represented.

1927. Within the framework of human power planning, studies shall be made concerning norm cadres to ensure employment of qualified personnel as required by the local administrations.

1928. As regards construction and use of buildings, tasks, duties and responsibilities of the central and local administrations shall be rearranged to be clear and practicable.

1929. It will be ensured that local administrations shall provide cost-effective services and that these services shall be priced on the basis of their costs and the amount of service needed. Beneficiaries of these services shall be made to pay for these services.

1930. The shares of local administrations within the total General Budget tax revenues shall be increased and local councils shall be conferred the authority in determination of the rates and amounts of the taxes and charges to be collected, on condition that minimum-maximum figures shall be quoted by central administration.

1931. Provincial profits obtained by various activities of central and local administrations to be used in financing of the construction and infrastructure activities of the local administrations shall be taxed.

1932. Research and development activities to study on technologies concerning local services and to specify the most suitable technology types, shall be supported.

1933. It will be ensured that the citizens shall be regularly informed by local administrations and that by ensuring easy access to public documents, their opinions on important local projects shall be requested.

1934. An effective control shall be ensured in the local administrations including the unions and the firms.

1935. Local administration services provided by the private sector shall be effectively controlled.

1936. With a view to benefiting from the globalization process in favor of national interests to the maximum extent, central and local administrations shall be restructured according to the principle of integrity of the administration. Competitiveness of local administrations, as an important market because of their high investment requirements, against world companies shall be augmented by the support of central administration.

1937. Local Administrations shall use foreign loans, grants and technical aids within the framework of the procedures and principles to be specified by the central administration.

1938. Emergency management capacities of the local administrations shall be developed and they shall operate in cooperation with voluntary bodies.

1939. In the planning, design and implementation stages of the services of local administrations, measures taking into consideration the needs of the disabled, elderly people, children and the youth shall be developed.

c) Legal and Institutional Arrangements

1940. Pursuant to the principle of administrative unity central and the local administrations shall be restructured on the basis of division of labor and coordination. Distribution of tasks, authorities, responsibilities and resources among central and local administrations and the organization, finance and personnel structures of the local administrations shall be rearranged.

1941. Necessary legal arrangements shall be made to provide regular revenue resources for local administrations.

1942. Legal arrangements shall be made for Special Provincial Administration and District Local Management Model.

1943. A new set criteria for the establishment of province, district and municipality shall be designated by a legal arrangement.

1944. Municipality and Metropolitan Municipality models shall be redesigned.

1945. Legal framework concerning local administration unions and companies shall be redefined.

1946. Legislation shall be made on taxation of provincial profits.

1947. The procedures and principles concerning the use of foreign credits for projects by the local administrations and companies shall be laid down by a legal arrangement.

1948. The General Directorate of İller Bank shall be re-organized in the form of a real local administration partnership in order to lead local administrations in issues such as projects and financing of local investments, use of domestic and foreign credits, technology selection, management of human sources and to manage source flow between central and local administrations; the sources it utilizes in financing of investments shall be increased parallel to its tasks.

1949. Arrangements shall be made in the local administrations towards ensuring

participation of the people in planning, implementation and control processes.

1950. Tasks and responsibilities of local administrations in the legislation in force for natural disasters shall be re-determined.

1951. A national Regulation on Fire Protection shall be prepared.

V. EFFICIENCY IN PLANNING AND IN IMPLEMENTATION OF PUBLIC INVESTMENTS

a) Present Situation

1952. The main problem of the Public Investment Program is that it consists of too many projects relative to the limited amount of public resources and that priorities of the projects have not been well determined. As a result, priority projects can not be allocated sufficient resources, realization periods extend, cost increases are incurred and benefits to be obtained are delayed. On the other hand, even completed promptly, they may not yield the anticipated benefits due to the insufficiencies in feasibility projects.

1953. With a view to ensuring a more effective structure for the public investment portfolio, a Project Cycle Management approach adopted by all the parties should be developed. This approach serves to define tasks, authorities and responsibilities among institutions and departments, on the development of project ideas, preparation of feasibility studies, analysis, selection and implementation of the projects. To this end, project developing, preparing and effective implementing capacities of the public institutions should be improved.

1954. Projects included in the investment program can not be properly allocated in accordance with the timetables envisaged in feasibility reports. Thus, modern project management understanding can not be practiced and tasks, authorities and responsibilities of the project managers can not be accurately defined. This situation causes cost increase in projects and delays in production.

1955. It is observed that public institutions do not sufficiently comply with the priorities and principles laid down in the Communiqué for Public Investment Program Preparation Procedures. Furthermore, additional allocation practices within the program year may program discipline and sectoral balances.

1956. Insufficiencies in monitoring as well as evaluation both restrain timely determination and elimination of breakdowns and curtail coordination among projects. An ex-post evaluation practice could not be established either.

b) Objectives, Principles and Policies

1957. Basic objective is to secure the highest contribution of the projects to economic growth and to social welfare through efficient planning and implementation of the public investments.

1958. To this end, during the decision-making process on large-scale public investment projects, cost-benefit analysis technique shall be taken as a basis within the framework of VIII. Plan objectives and strategies.

1959. An institutionalized, effective project management comprising the stages of project design, preparation, analysis,

selection, provision of finance and ex-post evaluation shall be developed.

1960. Feasibility studies shall be conducted according to international standards and include the information necessary for decision making.

1961. The quality of the Environmental Impact Assessment reports shall be improved and annexed to feasibility studies.

1962. The projects, other than natural disasters and similar exceptional situations, shall not be proposed for Investment Programs without feasibility reports and Environmental Impact Assessment approval certificate.

1963. Foreign credit transactions shall not be launched without affirmative comment from the SPO for projects in the Investment Program.

1964. Existing project portfolio shall be reviewed and enhanced into more rational and manageable structure. The priority shall be given to incomplete investments and those, which could be put into service through little support and be completed in a short period. Thus, investments shall be fuelled up.

1965. On the basis of projects, use of additional allocation shall be restricted and the institutions shall prepare annual working programs with initial allocations.

1966. Units of the public institutions related with investment projects shall be strengthened. The person (project manager) and the team directly responsible from the implementation of the project shall be clearly specified, their authorities and

responsibilities shall be described and goal oriented performances shall be controlled.

1967. An effective monitoring and evaluation system at project level as well as national level shall be established for a prompt identification of changing conditions and bottlenecks incurred.

1968. Projects shall be re-evaluated some time after the completion or when they are operational.

c) Legal and Institutional Arrangements

1969. A Project Cycle Management Regulation shall be drafted for supervision of project planning and implementation process.

VI. NON-GOVERNMENTAL ORGANISATIONS (NGOs)

a) Present Situation

1970. The role and importance of the non-governmental organizations (NGOs) is gradually increasing as a third sector beside the public and the private sectors in the development efforts of the countries. And their roles in activating national and international sources and encouraging participation are becoming increasingly widespread.

1971. International aid bodies request that the aids given shall be utilized through organizations in the form of NGOs.

1972. The fact that international grant and technical aid agencies impose certain conditions to release assistance and make efforts to guide and control the management of the aid, requires the NGOs to take their own initiatives. This situation

requires democratic structuring and administrative and financial transparency of the NGOs as regards their activities in line with the country's interests and the objectives of national policies.

b) Objectives, Principles and Policies

1973. Basic objectives are the development of the democracy and effective participation of all the sectors of the society in the economic, social and cultural development.

1974. With a view to support the development efforts through activation of the national and international sources, the NGOs shall be imposed to act towards national policy targets.

1975. Internal and external capabilities of the NGOs, such as resource management, service provision, revenue generation and undertaking responsibilities as well as problem solving shall be strengthened.

1976. Central administration shall have a guiding and leading role in the elimination of weaknesses and technical inadequacies in the administrative and financial structure of the NGOs.

1977. NGOs shall be made to act in cooperation with the local administrations and the private sector in such projects as education, health, social services and sport.

1978. NGOs shall be made to act with the principles of democracy, transparency and responsibility in their relations with their own members, with the social segments that they serve for and with their country.

c) Legal and Institutional Arrangements

1979. Necessary legal arrangements shall be made concerning the Non-governmental organizations.

VII. NATURAL DISASTERS

a) Present Situation

1980. The urbanization and construction problems encountered as a result of the Adana-Ceyhan earthquake, the Flood Disaster in Western Black Sea Region, Marmara and Bolu-Düzce earthquakes, emphasized the need for a natural disaster plan with systemic integrity and the revision of the related legislation.

1981. The earthquakes occurred within fifty years following the 1939 Erzincan earthquake, except 1967 Adapazarı and 1970 Gediz earthquakes have affected the rural areas to a great extent. During this period, earthquakes and other disasters were not paid necessary attention, works to recover the earthquake damages were not fulfilled as satisfactorily and the works carried out were limited to removal of the damages occurred in the disaster. However, earthquakes happened in the last decade, 1992 Erzincan, 1995 Dinar, 1998 Ceyhan and especially 1999 Marmara and Bolu-Düzce earthquakes damaged directly the cities and industrial regions and adversely affected the country's economy to a great extent. When city earthquakes, floods and other disasters, such as landslides, of the last decade are considered, it is observed that the buildings had more damage than experienced in developed countries and that they caused plenty of casualty and material losses. Among the major reasons of these excessive damages are engineering and

construction defects, insufficient control and lack of conscious.

1982. Major failures are observed especially in construction planning, location selection and ground engineering, superstructure design and construction, even in buildings having projects. Engineers usually ignore the possibility of disasters in their projects.

1983. Pardon codes for construction enacted from time to time lead improper construction and construction of buildings not resistant to disasters.

1984. As a result of the Marmara earthquake, some amendments were made to the Law on Disasters no 7269, but there is a need for additional legislation to secure planning-implementation-supervision coordination concerning the works to be done before disaster, during disaster and after disaster, and to limit public liability to the damaged technical and social infrastructure.

1985. Despite the fact that construction control mechanisms are laid down in the legislation, these mechanisms can not be properly operated. Besides the insufficiency of technical qualifications of the officials carrying out examination and approval procedures, they are hardly aware of the importance of work they carry out and the responsibility they undertake. There is a natural disaster regulation in force for 25 years, however it can not be properly implemented owing to the insufficient control system and unconscious officials.

1986. The fact that there is no effective demand by the public for secure settlements and buildings against disasters leads to

violation of the rules by the constructors and increase in damages of the natural disasters.

1987. There is a need for a comprehensive and effective disaster management system which would secure readiness to the disasters, provide fast and efficient rescue, first aid, temporary sheltering operations during the disaster, reconstruction works to be accurately and orderly carried out following the disaster, proper guiding and rational use of the resources during all these operations, with a view to cope with natural events before they turn out to become disasters and reduce damages. Instead, so far an approach to alleviate the effects of the disaster was adopted. As a result of their understanding, neither the economic, social and psychological damages nor the casualties and material losses have been reduced.

1988. The citizens do not know their duties, rights and facilities in the context of readiness to the disasters and thus expect the state to solve all the problems. They either do not know or do not care about the facts that the buildings they reside could be secure against disaster that they are entitled to make inquiries and ask for security from the constructor. Similarly, they are not aware of the fact that it is their duty to examine the security of their buildings, to take necessary measures, to have insurance against disasters if necessary. Instead, they simply expect the state to compensate all their damages. Moreover, the training does not suffice on how to act and what to do during a disaster that leads to various faults causing higher casualties and material losses.

1989. A Turkish Emergency Management Institution has been

established to ensure central coordination on disasters.

b) Objectives, Principles and Policies

1990. The main objective is to establish the social, legal, institutional and technical structure for reducing the damages of disaster to the minimum through measures to be taken. Central coordination in the establishment of this structure is the main principle.

1991. Through continuous and systematic training efforts, measures shall be taken against earthquakes and other disasters, and it shall be ensured that these disasters shall be perceived as common natural events. Training efforts for people shall be continued to include the social ethical rules.

1992. Necessary efforts shall be made to guarantee sufficient security for all the existing or future infra and superstructures.

1993. A small part of the large resources which were utilized after the disasters but proved not to be efficient, shall be utilized under a plan before the disaster to take measures for reducing the damages of a possible disaster.

1994. Since design of the disaster-proof buildings requires specialisation, emphasis shall be given to earthquakes and other issues on disasters in engineering graduate programs. Furthermore, programs improving the sense of responsibility of the engineers and laying down a professional ethic shall be emphasized. Earthquake Engineering post graduate programs shall be introduced by the technically eligible universities and existing programs shall be improved. Efforts

shall be made to reduce deficiencies of engineering in practice.

1995. Since most of the building stock is not secure against earthquakes, these buildings shall be examined and strengthened systematically against earthquakes, starting, first of all, from the places where earthquake occurrence possibility is high.

1996. Establishment of Building Assessment Centers where competent engineers shall work for assessment and strengthening of the existing buildings against earthquakes, shall be supported.

1997. With a view to making the principles and methods of the field use and construction plans sensitive against disasters, related legislation shall be reviewed and effective mechanisms shall be introduced for strict implementation. Liabilities and relevant sanctions of those who will act against the rules shall be revised.

1998. A disaster management system, in harmony with the existing legal and institutional structure and including the studies for National Extraordinary Situation Plan shall be made. This system shall cover a fast, effective and comprehensive rescue and first aid operation in order to reduce the damages of the disasters before and during the disaster and accomplish the functions towards eliminating the economic, social and psychological damages of the disaster.

c) Legal and Institutional Arrangements

1999. Necessary arrangements shall be made in the legislation to make the Turkish

Emergency Management Institution operative.

2000. The Law on Engineers and Architectures laying down the duties, authorities and responsibilities of the engineers and the Law concerning the Turkish Engineers and Architectures Chamber Union setting out the duties and authorities of the professional chambers shall be revised to introduce a concept of Competent Engineering.

2001. Construction Law shall be amended to introduce a sound construction control system and revised to include the liabilities of those acting against the rules and the sanctions to be applied to them.

2002. The Law on Municipalities and the Metropolitan Municipalities Law shall be amended to bring about a sound construction control system and revised to arrange the duties, authorities and responsibilities of the local administrations on the determination of natural disaster threats and risks and reduction of their likely damages.

2003. Full and accurate implementation of the provisions of the Natural Disaster Regulation is considered adequate for ensuring earthquake-proof building design in the future. Legislation for other disasters need to be updated and accurately implemented.

2004. Related provisions of the Civil Code, Law of Obligations and Trade Law shall be reviewed as regards construction controls, responsibilities and insurances, and necessary legal arrangements shall be made to this end.

2005. The Law on the Measures and Assistance in Natural Disasters Affecting Life which considers the state as a natural insurer covering all damages incurred shall be amended to cover only the cases which are impossible to be insured, thus public liability shall be limited.

2006. A national disaster information system shall be established through which cooperation with institutions in the other countries and international bodies shall be possible.

2007. A national disaster communication system that would provide continuous service during the disaster shall be established.

VIII. TRAFFIC AND LIFE SAFETY

a) Present Situation

2008. Traffic safety in the highways can be ensured by establishing a balance among infrastructure, vehicles, drivers, pedestrians and control services. In our country, transport is realized by highways, the accident and casualty ratio per passenger/km and ton/km of which is high. This causes plenty of casualties and material losses every year.

2009. During the plan period, the number traffic accidents increased due to the increasing number of motor vehicles. The number of the vehicles registered was about 5,7 million in 1995, reached 8,8 million by the end of 1999, and the number of accidents rose to 456 thousand from 280 thousand. The number of the people who have lost their lives in accidents have dropped from 6000 to 5.400. An increase has been observed in the number of the wounded. In this period, economic losses as

well as casualties and material losses persisted.

2010. Establishment of balances among the transport sub-systems, in line with the requirements of the country, is being considered as an important factor to reduce the traffic problem in the highways.

2011. With a view to enhancing traffic safety in the highways, Highways Traffic Law, no 2918, has been revised and boards at the level of ministers and institutions were established for the coordination of traffic services provided under the responsibility of various bodies. The units of the General Directorate of the Security Department related with traffic controls have been restructured, and significant decisions were taken on issues such as driver and pedestrian training, effective punishments, dissuasion and first aid.

2012. Within the scope of the project on Traffic Safety on Highways implemented by the financing of the World Bank, studies have been started to activate controls through advanced technical methods and to establish first aid stations on a 4.200 kilometer route where accidents are intensive, to supervise driving courses throughout the country, to improve pedestrian training starting from the schools and to prepare campaigns for consciousness-raising on traffic.

2013. Despite the increasing number of highway vehicles and accidents, failure to develop a highway infrastructure by divided roads to provide safe traffic flow and failure to ensure continuous maintenance of highways are the main problems. Moreover, increased freight transport and overloaded vehicles on highways cause excessive

wearing out which, as a result, mar the traffic safety.

2014. An appropriate institutional framework for vehicle control stations to carry out technical controls with advanced methods that serves to enhance traffic safety and reduce negative impacts of the vehicles on the environment, could not be introduced during the plan period.

2015. With a view to meeting the treatment expenses of those injured in the accidents from Traffic Insurance, the Traffic Services Revolving Fund Management Regulation drawn up by the Ministry of Health, has been put into practice.

2016. A Regulation for Children Training Parks has been introduced for giving traffic information and the habit of obeying the rules to the pre-school and primary school children. Appropriate amendments to the Regulation on Driving Courses have been also made.

2017. Traffic and first aid courses have become compulsory in the 6th and 8th classes of the primary education schools as from the 1997-1998 academic year, and studies were started to enlarge this practice as to cover the secondary education.

b) Objectives, Principles and Policies

2018. Basic aims are to protect, primarily, life and material safety in each transport type by balancing the transport sub-systems appropriate with the country's requirements and to establish relevant legal and institutional framework. It is also necessary to raise public awareness and participation.

2019. Institutionalization of highway transport and the safe transport of passengers and freights shall be secured. The Law on Highway Transport, with related legislation and institutional arrangements, which will determine the fundamentals for transport by stipulating professional sufficiency in passenger and freight transport shall be put into force.

2020. Highway infrastructure shall be improved through motorways and divided highways system where it will be necessary, large city transits shall be transformed into orbitals, studies for the removal of black holes where the accident frequency high shall be given priority and completed in the Plan period.

2021. Major Transport Plans shall be made for big cities through which measures shall be taken to favor primarily mass transport vehicles in city transport, to transfer transit traffic within settlements to the outer city or to reduce negative impacts of the traffic.

2022. Overlapping duties and authorities of the provincial traffic commissions established by the Highways Traffic Law and the Transportation Coordination Centers established pursuant to the Metropolitan Municipalities Law, no 3030, shall be clarified through amendments to the related legislation.

2023. Efforts shall be made to secure the support of the public and the non-governmental organizations to the campaigns and target programs for traffic safety on highways, and to encourage the private sector to participate in traffic safety projects and to expand this implementation.

2024. Sentences for traffic crimes shall be made more applicable, dissuasive and satisfactory for the common sense. And traffic controls shall be carried out in busy traffic by technically well-equipped vehicles. Training of the police and gendarme in-charge of control shall be improved and importance shall be given to specialization on the issue.

2025. The technical personnel in-charge of the design, construction and maintenance of highway infrastructure shall be trained on traffic engineering. And the traffic safety will be considered as an integral component of infrastructure projects.

2026. Through the traffic accident analyses by scientific methods, the major reasons for accidents shall be found out.

2027. All training possibilities shall be utilized for traffic training of all citizens starting from the pre-school stage.

2028. Equipment of speed limitations shall be gradually made compulsory for all motor vehicles, starting primarily with the commercial ones.

c) Legal and Institutional Arrangements

2029. An up-to-date system for vehicle examination shall be developed and appropriate legal and institutional arrangements shall be made for providing the service by technically equipped units throughout the country.

2030. In order to provide effective emergency and rescue services by modern methods in traffic accidents, arrangements shall be made for establishment of an appropriate institutional structure in which

non-governmental organizations and local administrations would participate.

2031. A new structure shall be established where universities also participate to carry out researches for traffic safety, analyses for traffic accidents and provide consultancy services with appropriate solutions for the related institutions.

CHAPTER TEN

ENHANCEMENT OF EFFICIENCY IN ECONOMY

I. COMPETITION LAW AND POLICIES

a) Present Situation

2032. Distribution, by the market mechanism, of the economic resources in a manner to attain the highest possible social welfare level is dependent, to a great extent, upon the existence of competition conditions in the markets. Within this context, the Law on Protection of Competition, no 4054, was put into force on 13.12.1994.

2033. Establishment of the Competition Board and relevant secondary legislation has been realized during the VII. Plan period.

2034. The law consists of transactions restricting competition, of all the undertakings or associations of undertakings in all markets for goods and services without any exception.

b) Objectives, Principles and Policies

2035. The objectives of the competition policies are to prevent agreements, decisions and practices which hinder, distort or restrict competition within markets for goods and services and abuse of dominant position by undertakings and to protect competition through necessary arrangements and controls.

2036. Although competition legislation is one of the main factors regulating the competitive structure of the markets, it should be reinforced by an established competition culture within the society. For this reason, efforts shall be made in the VIII. Plan period, to ensure effective implementation of the Law on Competition as well as to inform the society on competition rules for creating a competition culture.

2037. With a view to increasing the efficiency in the markets, competition

policies shall be taken into consideration not only within the context of the Law on Protection of Competition but also the other administrative and legal arrangements affecting the functioning of the markets.

2038. Provisions of the legislation in effect which are in conflict with the Law no 4054 should be amended. Furthermore, studies to harmonize the competition legislation with that of the EU shall be continued.

2039. Studies shall be carried out to establish a separate department specialized on competition policies within the Council of State for implementing judicial control of the Competition Board decisions.

2040. During the decision-making process of the Competition Board, especially company mergers and acquisitions shall be assessed with the consideration of economic efficiency in mind and in the light of globalization of the world markets.

2041. Importance shall be attached to competition in privatization practices. To secure the competitiveness, the market competition rules during and after the stage of ownership transfer for the undertakings to operate in the market should be set out. However, with a view to providing competition environment in sectors where public sector presence prevail, arrangements shall be made to enable operation of new firms on equal terms with the public undertakings. As for the sectors of natural monopoly which are not to be opened up to competition, a regulatory and institutional framework is needed prior to the privatization process.

2042. Legislation on public procurements which is one of the activities

of the public sector affecting the economic life shall be reviewed and amendments shall be made for the provision of full competition. In the public procurements, horizontal agreements among the bidders which would distort the competition or abuse of dominant position by the bidders shall be effectively monitored and investigated.

2043. In the VIII. Plan period, competition policies shall be taken into consideration when drafting the state aids legislation.

2044. In order to inform the society on competition, publications and programs shall be presented through audio-visual media and the press. Furthermore, competition law and policies shall be effectively studied in the related programs of the universities.

c) Legal and Institutional Arrangements

2045. With a view to making necessary amendments to the legislation conflicting the Law on Protection of Competition, such provisions of the legislation in force, hindering the functioning of competition rules on the goods and services markets shall be determined by the Competition Authority to amend.

2046. For an effective judicial control on the Competition Board decisions concerning the implementation of the Law on Protection of Competition, a separate department shall be established in the Council of State.

II. PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

a) Present Situation

2047. Although it is almost completed as regards legal and institutional aspects, the intellectual property rights system which conceptually includes both the copyright and the rights of inventors should be updated within the framework of continuously changing and developing national and international conditions. Training in the field of intellectual property rights is not sufficiently attached importance and priority. Moreover, failure to fully create social awareness in this field leads to loss of intellectual rights and unfair practices within the system. As a result, individual creativity, the driving force of economic, social and cultural development, can not be guided towards new and original works, innovations and inventions, thus the country potential in this field can not be sufficiently evaluated.

2048. The fast developments observed recently in information and communication technologies and increased interdependence in the world have also led to innovations and changes as regards the protection of intellectual property rights.

2049. In the field of copyrights and related rights, the legal arrangements which, introduced in the Seventh Plan period to ensure harmonization with the said developments have reached the final stage. The Draft Law amending the Law on Intellectual and Artistic Works, no 5846, some provisions of which was amended by the Law no 4110 in 1995 has been submitted to the TGNA. However, it is observed that there still are problems stemming from the insufficiency in

institutional infrastructure and practices in this field.

2050. Pursuant to the provisions of the "Regulation on Professional Unions and Federations of Owners of Intellectual and Artistic Works and Neighboring Rights Holders" put into effect in 1999, three new professional unions have been established for musical works, performers and owners of scientific and literary works. Moreover, studies have been continued for harmonization of present unions into the new structure.

2051. Although obligation to use banderols on the non-periodicals recorded on any kind of medium has been introduced in the Seventh Plan period, difficulties have been observed in its implementation.

2052. In the field of industrial property rights, legal and institutional framework have been completed to a great extent and implemented in the VII. Plan period. In the same period, Turkish Patent Institute was established, and legal arrangements for protection of patents, useful models, trademarks, industrial designs and geographical indications have been made. Patent protection for pharmaceutical processes and products was introduced in harmony with the Turkey-EU Association Council Decision on 1 January 1999. Moreover, studies concerning the legal protection of integrated circuit topographies have reached final stage.

2053. No conclusions have been reached in the studies on establishment of special courts envisaged in the legislation on industrial property rights.

2054. The patent and trademark agent system, an important element for structural

framework of industrial property rights, has been arranged. However, a patent and trademark agent union could not be established yet.

2055. Participation in international agreements on industrial property rights was provided in 1996, Turkey became a party to Patent Cooperation Treaty, Strasbourg Agreement, Nice and Vienna Agreements. Furthermore, in 1998 Turkey became a party to Budapest Agreement and Lucarno Agreement and in 1999 to the Protocol to Madrid Agreement. Participation in the European Patent Convention has been ratified in early 2000. The efforts to participate in Trademark Law Treaty and the Hague Agreement are under way.

b) Objectives, Principles and Policies

2056. A system of intellectual property rights, being in harmony with international rules and considering the conditions and requirements of the country, shall be made fully operative with its all legislative and institutional framework. Arrangements shall be made to evaluate the potential of the country in new technologies and rapidly developing fields.

2057. An effective co-ordination between the public institutions and non-governmental organizations performing the basic functions of the system of intellectual property rights shall be provided.

2058. Education and information in protection of intellectual property rights shall be given priority, formation of public awareness and culture shall be ensured, programs shall be arranged especially for children and youngsters.

2059. In the field of intellectual property rights, arrangements shall be made to meet personnel requirement in terms of trainers, judiciary personnel, supervisors and controllers in the medium and longer term.

2060. Within the system of intellectual property rights, database shall be established to provide easy and direct access to information.

2061. Protection and promotion of intellectual property rights shall be evaluated together with other policies namely, the policies of industrialisation, foreign trade, science and technology. These policies shall be planned and implemented in coordination and cooperation with the intellectual property rights policy.

c) Legal and Institutional Arrangements

2062. The relevant department of the Ministry of Culture shall be restructured to ensure more effective protection of the rights of owners of copyright and related rights.

2063. The Turkish Patent Institute shall be restructured to secure more effective protection of the rights of industrial property holders and specialization in new kinds of rights.

2064. Special courts to deal with dispute settlement in the field of intellectual property rights shall be established.

2065. A legislation shall be made to set out the rules for organization of the patent and trademark agents and to determine professional ethic rules of international standards.

III. LEGALISATION OF UNRECORDED ECONOMIC ACTIVITIES

a) Present Situation

2066. Unrecorded economy is related to many fields such as taxation, employment and other activities.

2067. A faster population increase and migration and some phenomena emerging during the process of production created a suitable environment for the development of unrecorded economy in Turkey.

2068. The fact that small enterprises are widespread and it is difficult to monitor and control them, enables these enterprises to operate illegally.

2069. Tax losses and tax evasion are important factors of illegal economy. Excessive exemptions and exceptions in the Turkish taxation system, resultant bureaucracy, failure of the tax administration to attain effectiveness and limited tax controls are among the major reasons to the formation of unrecorded economy.

2070. Larger share of fiscal liabilities within the total cost of labor force induces the off-the-record employment. Unrecorded economy causes losses in public revenues since tax and social security liabilities of those employed are not met. Increase in illegal employment of foreign workers reduces the bargaining power of the workers while contributing to illegal employment.

2071. Another aspect of the unrecorded economy is other illegal activities. The Law on Prevention of Money Laundering, no

4208, put into effect in 1996, aims at combating with these offences in connection with international developments.

b) Objectives, Principles and Policies

2072. Measures to combat with the unrecorded economy with its adverse economic and social aspects, are among pre-requisites of a modern state. Major objective is the removal of the factors underlying the unrecorded economy.

2073. Expansion of unrecorded economy discourages those in legal economy thus creating unfair competition. Therefore, legalization of the unrecorded economy shall create positive influences on economy in general.

2074. For a close monitoring of economic activities and a realistic use of economic policy tools, an accurate inflow of economic information is needed. Thus, studies shall be carried out to include the unrecorded economy in national income accounts statistically.

2075. Legalisation of unrecorded economy is also important as regards increasing the tax revenues. Necessary measures shall be taken to ensure accurate functioning of the document and record order.

2076. Reduction of the legal liabilities concerning employment shall reduce total cost of labor force, contributing to legal employment and efficiency in economy.

2077. For a combat against unrecorded economy, co-ordination is needed among all public bodies. Information and the records should be easily accessed and used by

investigators and information flow should be ensured.

2078. Since the strategies to combat against corruption and criminal economy which lead to degeneration in the society are parallel and intercepting, their implementations should be combined.

c) Legal and Institutional Arrangements

2079. With a view to including hidden economy in national income accounts, a statistics structure shall be developed to serve for harmonization of the statistical data, collected by various institutions, to the nationally and internationally adopted definitions and classifications.

2080. To deal with the problems to be caused by e-commerce on the documentation of trade, appropriate legislation shall be made in co-operation with the institutions concerned.

2081. In the VIII. Plan period, realization of these planned measures in various fields such as taxation, employment and agriculture is expected to greatly contribute to the legalisation of unrecorded economy.

IV. PRODUCTIVITY AND QUALITY CONTROL

a) Present Situation

2082. Scientific practices of productivity measurement at national, sectoral and enterprise levels in our country have commenced with the establishment of the National Center for Productivity. From 1998 on, the Center have introduced such projects for productivity improvement as

training, consultancy and research studies to promote productivity consciousness, techniques in the SMEs. Quality Association, providing training especially in quality management besides quality concepts and the practices, has also greatly contributed to the development of National Quality Award. During the VII. Plan period, besides the efforts for promotion and expansion of use of the productivity improvement techniques such as Total Quality Management in every field including the public services especially in the industry, studies towards improvement of the national quality infrastructure have been carried out by various institutions in various platforms.

2083. The Law on establishment of the Turkish Accreditation Institute no 4457 was put into effect after publication in the Official Journal on 27 October 1999. The goals of this institution are to accredit the institutions in and out of the country by providing laboratory certification and examination services, ensure operation of these institutions according to the specified national and international standards, thus to secure the recognition of product/service, system, personnel and laboratory certificates nationally and internationally.

b) Objectives, Principles and Policies

2084. In the competitive environment, success are possible only through efficiency and improvement in quality. The guidance of productivity principles plays a great part in manipulating the investments towards increase in production and employment. Public and private sector enterprises in Turkey, a candidate country for membership to the European Union, shall enter an intensive competitive environment in both domestic and foreign markets under the influence of globalization.

2085. Expansion of quality and efficiency consciousness in both the producers and the consumers and creation of a national quality image in the provision of goods and services abroad are important as regards meeting the changing consumer demands and access to various markets in the world.

2086. Productivity and quality improvement at national level shall be ensured through the participation of public and private sector and non-governmental organizations. To this end, training and consciousness-raising efforts shall be expanded, implementation of total quality management practices based on programming and co-ordination of activities concerning production of every kind of goods and services shall be attached importance.

2087. Studies shall be carried out by institutions in various platforms for the widespread use of techniques aiming at productivity improvement in production of goods and services in every field. Quality guaranty certification, total quality management and research-development activities as regards their contribution to the increase in efficiency and competitiveness shall be supported by state aids in line with international liabilities.

c) Legal and Institutional Arrangements

2088. The Turkish Accreditation Institution, legislative arrangement of which has been finalized, shall be operative as soon as possible.

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BASIC TARGETS AND STRATEGY OF TURKEY'S LONG-TERM DEVELOPMENT (2001-2023) AND 8th FIVE YEAR DEVELOPMENT PLAN (2001-2005)

I. DEVELOPMENTS IN THE WORLD

1. Nowadays, where human rights, supremacy of law and democratisation are gaining importance as common values, the distinctive nature of globalization in the economic, social and cultural fields is progressively increasing.

2. Technological developments that have gained great momentum towards the 2000s, have created a fascinating affect on the processes of internationalisation of the economies and expansion of the market economy, and have become one of the main elements of the economic and social change. Advancements in areas such as information and communication

technologies, genetics, new materials have brought about a rapid transformation where new goods and services are being offered for use.

3. In this formation, defined as knowledge economy, technologies rapidly responding to the various preferences of individuals and information-intensive production of goods and services with high added value and the original designs are gaining importance. Information and production networks gathering undertakings of various sizes, research and development units, experts, public institutions and similar various elements within national and international electronic media are becoming

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widespread. In this growing competitive environment, mergers of large companies are fashionable and small ones are busy searching for new market niches.

4. New rules and standards are being introduced in such fields as foreign trade, competition, intellectual property rights and environment, and the impact of international institutions on these fields are gradually increasing. Within the European Union, especially in economic policies, supranational bodies are progressively becoming a determining factor, and joint ventures in political and social fields are also increasing.

5. Countries adapting themselves to the faster change in the world, equipping their individuals with the capabilities required by this new environment, having access to, producing and using information shall have an impact and will be successful in the 21st century.

6. This new medium creates great opportunities in the economic and social fields, whereas, liberalization in international trade and the growing flow of capital strengthen the development potential of countries. However, globalisation may lead to uncertainties, especially in the financial field, to income inequalities among and within countries and cultural monotony.

7. In an environment where globalisation gains speed, it is expected that attainment of economic development in countries that cannot ensure sufficient social progress shall be increasingly difficult. In addition to the improvement and institutionalisation of human rights and democracy, expansion of education and

health services, reduction of poverty and improvement of working conditions are also of great importance.

8. Failures to realise the legal and institutional adjustments which have gained significance with the globalisation process, to strengthen the social structure, and the macro economic imbalances cause the countries to be more affected by the crisis.

9. In order to ensure that Turkey can benefit the most from the opportunities, created by globalisation and minimise the unfavourable aspects, it should strengthen her social structure, ensure stability, complete structural reforms and realise basic transformations required by the information society, all of which would play a key role in preparing for the future and in attaining a more effective role in the world.

II. TURKEY'S EXPERIENCE AND MAIN PROBLEM AREAS

10. Turkey has recorded significant progress in economic and social development and integration with the world within a democratic system before the 21st century and is the 22nd economy of the world with a national income of \$ 206 billion in 1998.

11. However, this does not mean that Turkey has attained the level, targeted in economic and social development. Macroeconomic instability; inability to sufficiently improve education and health services; low productivity in economy; lack of qualified labour force; inactive labour force in agriculture; inequitable income distribution; dominance of traditional sectors in

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production, investment and exports; insufficiency in production, use and expansion of technology; deficiency in information and communication infrastructure; problems in energy and other infrastructure services; low efficiency in public services and scarcity in direct foreign capital investments are the main problem areas. Economic and social problems which have continued for years have adversely affected the social structure.

12. However, Turkey's candidacy for full membership in the European Union, cultural heritage, young and dynamic population, national development consciousness, entrepreneurship skills, a developed market economy leading to institutionalisation, industrial structure open to international competition, regional potential activated by the Southeast Anatolia Project, geostrategical location, intercontinental transport networks, natural location as regards transport of the Eurasian oil and natural gas to the world, natural resources, history and tourism resources altogether create Turkey's power on the threshold of the 21st century.

13. Turkey, in the medium and long-term, has to overcome the existing problems by utilising her rich experience and strong potential, and speed up studies for transition to the information society within the framework of a plan.

**III. BASIC TARGETS AND
STRATEGY OF LONG-TERM
DEVELOPMENT (2001 – 2023)**

14. Turkey is determined in its development efforts and to carry it to even

further stages in line with Atatürk's target to surpass the contemporary civilisation level. Turkey shall become a world state influential at the global level in the 21st century attaining the highest level in culture and civilisation, manufacturing products at world standards, sharing the income equitably, securing human rights and responsibilities, realising supremacy of the law, participatory democracy, secularism, freedom of religion and conscience to the maximum extent. Turkey has the potential to realise these targets with its existing experience.

15. The long-term targets and strategies extending to the year 2023, the centennial of the Republic, and the 8th Five Year Development Plan shall have a significant role as regards guidance to the social transformations in a period when a comprehensive and rapid change is taking place throughout the world. Plans will significantly contribute to the realisation of the targeted transformation through harmonised and effective use of resources, and to meet the country's needs.

16. Since Turkey is in the process of full membership to the European Union, an important opportunity for harmonisation with the international norms and standards and meeting the conditions required by the information society will arise. Full membership will help our country which has a thousand year old historical and cultural heritage to put forth its true potential and share its past with the world. With its important geo-strategic location, Turkey can contribute greatly to the regional and world peace and welfare by increasing the

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economic, social, political and cultural interaction in the region.

17. Ensuring transition to information society and raising the quality of life of the society by protecting our basic values and identity are our basic long-term targets. Within this scope, it is important to transform the country's economic and social structure through restructuring of the state while preserving the unitary structure, raising the level of education and health in the society, improving the income distribution, strengthening scientific and technological capacity, developing new technologies, enhancing effectiveness in infrastructure services and protecting the environment.

18. If Turkey realises the necessary structural transformations, it is expected that the annual average growth rate will be about 7 % during the period of 2001-23, 30 % of this growth will stem from total factor productivity and that per capita income which was \$ 3,200 in 1998 will approach to the level of the European Union countries in 2023. It is envisaged that Turkey will be among the top ten economies of the world at the end of this period with a GNP level of about \$ 1.9 trillion.

19. It is expected that shares of agriculture, industry and services sectors in total value added will be 5 %, 30 % and 65 %, respectively, in 2023. The basic change in the structure of employment is envisaged to be in the agriculture and services sectors, and the share of agriculture at the end of the period is expected to drop to 10 %.

20. In the long term, it is estimated that the population growth rate will slow down and reach an annual average of 1.1 % and after the year 2020 will drop below 1 %. The issues of major concern in the long-term, include population's capacity to reproduce itself and its dynamic structure, and attainment of stability in population growth rate and fertility rate. Population distribution for 0-14, 15-64 and 65-over age groups, which were 31 %, 64 % and 5 %, respectively, in 1999, is expected to be 23 %, 69 % and 8 %, respectively, in 2023.

21. The share of urban population which was 60 % according to the population head count in 1997 is expected to reach 90 % at the end of the period.

22. The schooling rate is envisaged to reach 100 % in primary and secondary education and 50 % in university education in 2023.

23. Raising the standard of living of the poor to above the poverty line by the year 2010 is targeted.

24. It is estimated that the share of total investment expenditures in GNP, which is expected to be about 22 % in 2000, shall gradually increase and reach approximately 27 % in 2023.

It is envisaged that the share of public investments in total investments, which is 30 % in 2000, will gradually decrease to approximately 10 % by the end of the period.

Public investments shall be intensified in the fields of education, health and

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technological research during the 2001-23 period. Investment shares of energy, transport and communication sectors shall maintain their existing levels until 2010 and gradually decrease as of that period.

The shares of education, health, communication and energy investments in total private sector investments are estimated to increase during the period, especially after 2010. However, no significant change is expected concerning the share of manufacturing industry investments.

25. It will be important for the markets and the state to complement each other in attaining social targets. Accordingly, regulation, monitoring and supervision functions of the state shall be improved, local administrations strengthened and non-governmental organisations shall be supported in line with national priorities.

26. Protection, development and increasing dissemination of national culture to the masses shall be continued, and interaction, promotion and information flow throughout the world shall be ensured.

27. Our country has a central location in the Eurasia Region, the strategic and economic weight of which shall progressively increase in the world in the 21st century. This Region gives an important opportunity for Turkey to introduce its true economic growth potential and become an important power in the coming future. Our close historical and cultural ties with the Turkish Republics, including the Turkish Republic of Northern Cyprus, are among one of the most important advantages for Turkey. It is

of importance to take new initiatives towards the countries in this Region and reach new stages in already-existing cooperation relations with these countries.

28. Turkey shall establish an efficient transport infrastructure that would also contribute to the Region's development, in the very near future. The pipelines that will transport crude oil and natural gas produced in the countries in the Region to the world, along with meeting our country's requirements, will make Turkey one of the major energy distribution centres of the world.

29. It is aimed that Turkey will increase its impact as a regional power in the 2010s and a global one in the 2020s as a result of its geo-strategic location, cultural heritage and the economic and social developments it will realise.

**IV. BASIC TARGETS, PRINCIPLES
AND POLICIES OF THE 8th FIVE-
YEAR DEVELOPMENT PLAN
(2001 – 2005)**

30. The main objectives of the 8th Five-Year Development Plan covering the first five-year period of the long-term development strategy which foresees social transformation are: raising life quality of the society, getting more share of the world production, accelerating integration with the world within the perspective of European Union membership and becoming a more important power both in the world and the region.

In this connection, the Plan shall aim at:

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- ensuring macro-economic stability,
 - achieving sustainable development through improvement of the competitive economic structure,
 - raising technological capacity,
 - developing human resources,
 - increasing employment, alleviating poverty and improving income distribution,
 - reducing interregional development level differences,
 - expanding social security system,
 - improving public administration and justice system,
 - preventing corruption,
 - protecting cultural and historical heritage,
 - ensuring sufficient energy procurement,
 - developing other infrastructure services and protecting the ecological balance.
31. In line with these targets, the following shall be given priority:
- reduction of public deficits and accelerating privatisation,
 - realisation of necessary structural transformations in the education system and increasing efficiency in health services,
 - development of industrial and services sectors having high value added,
 - improvement of information and communication networks,
 - increasing research and development expenditures,
 - support of entrepreneurship, small and medium size enterprises,
 - development of a competitive environment,
 - increasing foreign direct investments,
 - establishment of an effective agricultural structure,
 - development of employment through productive investments,
 - reduction of unregistered/illegal economy,
 - consideration of cost-benefit balance in social insurance services,
 - assessment of regional resources and opportunities with a view to reducing interregional development disparities,
 - sufficient provision of infra structure services and meeting energy demand in a reliable and lasting manner and with low costs,
 - increasing efficiency in justice services and public administration.

**1. THE PROCESS OF ACCESSION TO
THE EUROPEAN UNION AND
FOREIGN ECONOMIC
RELATIONS**

32. The objective of the foreign economic relations policy is to secure an influential role in the regional and global decision-making processes.

The European Union shall be one of the important reference points in the globalisation movement. In line with the Helsinki Summit decisions when Turkey's candidacy for full membership was approved, necessary steps shall be taken towards realisation of the membership target.

During the Plan period, measures shall be taken for harmonisation with the Copenhagen criteria and the Community legislation. In this connection, within the framework of the targets and principles laid down in the 8th Five-Year Development Plan, the National Program to be prepared by the State Planning Organisation shall be implemented.

In this National Program, amendments to the Turkish legislation for harmonisation with that of the Community, changes and new institutions to be established as well as the financing requirements shall be specified. In the program, besides Turkey's priorities, participation priorities to be identified by the European Union and a calendar concerning these priorities shall be given in detail.

33. Turkey, with a view to increasing its global and regional impact in a balanced

manner, shall attach importance to strengthening its multi-lateral and bilateral economic relations with other countries and groups of countries.

For this purpose, while taking due care to enhance its effectiveness in multi-lateral economic cooperation initiatives such as the Black Sea Economic Co-operation (BSEC), the Economic Co-operation Organisation (ECO), and the Standing Committee for Economic and Commercial Co-operation of the Organisation of Islamic Conference (COMCEC), in harmony with its bilateral relations, Turkey shall seize, at the highest level, opportunities availed by other regional co-operation initiatives and international institutions.

Turkey shall utilise its increasing economic and technical assistance potential, in an effectively coordinated manner for helping the development efforts world-wide as well as in its region, in particular, in the Turkish Republics.

**2. MACRO-ECONOMIC TARGETS,
FORECASTS AND POLICIES**

34. With a view to bring down inflation to the single digit level, financial harmonisation and appropriate income policies shall be continued and the privatisation program accelerated until a sustainable public sector balance can be reached. The foreign exchange rate targeting policy utilised for bringing down inflation by the end of 2002 shall be substituted with a monetary policy starting from the year 2003, in which price stability is a priority.

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Structural harmonisation policies introduced for the realisation of sustainable macro-economic balance shall definitely be implemented within the Plan period, especially in the fields of agricultural support, increasing efficiency in regulatory bodies and public finance. It is envisaged that within the Plan period the Maastricht criteria shall be attained.

35. GNP growth shall be increasingly based upon investment and foreign demand, and contribution of factor productivity to growth shall be increased. It is estimated that average annual growth rate will be 6.5 % in the Plan period.

36. Allocation of public resources according to the Plan priorities, effective management and supervision of the resources, inclusion in the Budget of all expenditures concerning the budget comprised in the scope of public activities, ensuring financial discipline in expenditures by increasing transparency, and rapid reduction of the public deficit shall be targeted.

In order to enhance the efficiency of the public decision making process by strengthening the interrelationship between the Plan, Program and the Budget, budgets shall be drawn up with a medium-term perspective.

The tax system shall be simplified and made more comprehensible, an adequate and efficient documentation system and auto-control mechanism shall be developed, tax losses and evasion of taxes shall be reduced in order to ensure broadening of the tax base.

Intra- budgetary funds shall be abolished entirely, those extra -budgetary funds which are not utilised according to their initial objectives shall be abolished, no other additional financial obligations shall be imposed on funds and no other new fund shall be established.

37. Monetary policy shall be pursued in harmony with the target of combating inflation.

Necessary arrangements shall be made for strengthening the financial system, financial institutions shall be endowed with a powerful structure, transparency shall be ensured, an efficient auditing and monitoring system shall be established, international norms and standards shall be taken into account, financial intermediation shall be made effective.

The capital market shall be endowed with a structure enabling long-term fund supplies and emphasis shall be put upon the arrangements ensuring the development of the market as regards to the offering of instruments.

As regards companies, transparency shall be ensured; necessary arrangements shall be made towards increasing efficiency of company management and gaining competitiveness within the global environment.

Insurance sector shall become more wide-spread, whereby generating funds to a great extent shall be ensured; legal arrangements towards the functioning and auditing of the sector shall be prepared.

38. In the realm of exports, the fundamental idea will be to ensure that Turkey gains a greater deal from world

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trade by way of improving competitiveness in line with productivity and quality increase and structural change in parallel to the trends in world trade.

Furthermore, utmost attention will be accorded in implementing policies towards improving commodity and market diversity, setting up a well -established image of Turkish goods throughout the world, increasing the share of high technology, knowledge intensive and value added goods within exports and, furthermore, in encouraging enterprises in this respect within the framework of international laws and regulations, especially considering their R&D activities.

Legal arrangements made within the framework of international rules shall be implemented in order to prevent unfair competition in imports, to ensure compliance with national health standards and to avoid endangering the environment.

The contribution of direct foreign investments to the production and technological capacity of our country and to her competitiveness will be considered of utmost importance. Projects that are export oriented and capable of creating a high value added shall be encouraged.

The commitments to be made within the Service Trade Agreement in the framework of the World Trade Organisation and the process of liberating service trade, to be realised at the beginning of the year 2001 with the EU shall be taken into consideration and measures shall be taken to ensure establishment of conditions for competitiveness of the service sector.

39. By way of privatisation, the concentration of the state on its main

functions instead of direct production of goods and services, and efficient utilisation of resources shall be ensured. In the privatisation process, alongside block sales, importance shall be placed on spreading capital ownership throughout the society by public offerings and increasing the deepening of capital markets.

Public institutions, not within the scope of privatisation, shall be operated in a productive way. To this end, their institutional structure will be reorganised and an administration and management approach based on performance will be developed.

40. With regard to public investments, education, health, technical infrastructure, energy, irrigation investments, investments shall take precedence with a balancing role among urban infrastructure and transport sub-sectors, in accordance with regional development strategies. The current project portfolios will be revised and rationalised within the scope of technical, economic and social feasibility criteria. Enhanced discipline in public project implementation will be achieved through extensive and efficient commitment to project cycle management.

Public benefit and efficiency principles, shall constitute the basis in providing infrastructure services. While developing new funding models, for the purpose of the Build-Operate-Transfer and similar models shall also be implemented in a more effective way.

Regarding public investments, collaboration with the involved institutions shall be ensured, in order to enhance mechanisms at the project level shall be developed and generation and dissemination

of information on investment areas shall be supported.

Investment policies shall be based on integration with the world, establishing an information economy and encouraging foreign direct investment. Within this framework, starting with information and communication technologies, activities and investments related with R&D and technological development, of the environmental protection, increasing the competitiveness of small and medium-sized enterprises, providing qualified manpower, creating employment and alleviating disparities between regions, shall be supported considering harmonisation with the EU and other international obligations.

3. DEVELOPMENT OF HUMAN RESOURCES

41. It is estimated that the falling trend of population growth will continue. In order to achieve a population structure in line with the target of sustainable development, the qualities of the population at each age group shall be developed.

Family planning services shall be provided in an integrated way with primary health care services. The population data registration system will be put into practice.

42. The fundamental aim of education is to raise persons of the information age with high qualifications who are devoted to the principles and reforms of Atatürk, who have a highly developed capability of thinking, perception and problem solving, who have assumed democratic values, are open-minded, are well aware of their personal duties and responsibilities, have embodied national culture, who are able to interpret different cultures and contribute to

contemporary civilisation. In this respect, resources allocated to the education system shall be increased and curricula updated in order to enable structural revisions.

Improvement of the educational system shall be carried out with the aim of meeting the qualified manpower requirements of the economy and enhancing Turkey's international competitiveness. The educational system shall be restructured in an integral way on the basis of the life-long learning approach. This new structure shall consist of effective counselling services, enabling opportunities for horizontal and vertical transition, decentralisation and equality of opportunity, and emphasising an education geared towards production. Restructuring studies that have been started in the field of primary education within this scope will also be pursued in an accelerated way in secondary school, high school and adult education.

At each level of education, technological facilities will be utilised at the utmost level; distance learning and new education methods utilising high technologies will be put into practice.

Studies on extending pre-school education shall be accelerated.

Preparations will be made to extend compulsory basic education to 12 years.

At each level of education, instead of teaching in a foreign language, the environment necessary for teaching a foreign language in the best way shall be created.

Priority shall be placed on formal and adult vocational technical education at the secondary and higher education level.

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Higher education shall be freed from its bureaucratic and centralised structure and arrangements shall be made to increase competitiveness within the system; administrative, financial and scientific autonomy of universities shall be enhanced. As for the higher education entrance exams, studies for making arrangements towards placing students to programs commensurate with their interests and capabilities shall be completed.

In order to enable an efficient and productive interrelation between the education system and labour markets an Examination and Certification System on Professional Standards shall be established.

The private sector shall be encouraged to engage in education services to a greater extent.

43. Health services shall be provided within equality and justice, in accordance with the needs and expectations of the population. Furthermore, health services shall be accessible, efficient, of a nature which reduces disparities between regions as well as between socio-economic groups, in harmony with the requirements of modern living and respectful of the rights of patients. Basic health services shall be given together with preventive health services, whereby priority shall be given to preventive health services. Moreover, the practice of a family practitioner system shall be put into effect. An effective patient referral system shall be set up.

Every stage of health services shall be improved with regard to manpower, infrastructure, administration and technology. The provision of health services and its financing shall be separated and efficiency of hospital administration shall be

increased. Everyone shall be given the right to use health services and the right to choose a hospital and physician within a health insurance system.

Infrastructure and manpower capacity of public health units shall be utilised at the highest level possible.

44. In order to expand the role of women in society and to ensure that women can benefit from equal chance and equal opportunity, measures shall be taken to improve status of women in the fields of education and enable greater participation in the development process, working life and decision making process.

45. The family, which constitutes the fundamental building block in maintaining and developing national and cultural riches of the society, shall be reinforced from all aspects. Furthermore, measures shall be taken to enable the family to adjust to the changing world and developments of economic and social nature.

With regard to children, who are the security of the future, necessary measures shall be taken to ensure good mental and physical health standard of living.

46. The quality of services provided to the youth shall be raised, equal of opportunities given, activities in the fields of culture, arts and sports aimed at developing their personality and their mental and physical development shall be promoted.

47. Different recreational activity options shall be developed.

48. The infrastructure of sports facilities shall be improved throughout the country, all areas of sports shall be taken into

account and efficient utilisation shall be planned. Furthermore, an increasing role will be given within the system to sportsmen and sports clubs, federations, private sector and local administrations.

4. CULTURE AND ARTS

49. In the area of culture and arts, the essential issue is the preservation of cultural values, its enrichment and passing them on to the further generations.

At all educational levels, the curricula shall be designed in a way to promote the correct usage of the Turkish language. Priority will be given to research on the Turkish language and importance shall be given to developing Turkish as a scientific language.

The Turkish culture will be made attractive for the neighbouring cultures. Within this framework, importance will be given to studies on strengthening cultural ties between the Turkic Republics and Turkic societies.

In order to determine and classify the Turkish language and Turkish culture in its entirety, special importance shall be attached to research in countries and societies speaking Turkish. Furthermore, studies will be conducted in order to make Turkish, together with its dialects, easy to understand and speak.

Preservation, development and promotion of traditional Turkish handicrafts and folklore shall continue and all art activities shall be supported.

5. ENHANCEMENT OF SOCIAL WELFARE

50. For a more fair income distribution and, thus, to alleviate poverty and enable each segment of the society to gain a fair share from the welfare increase, are the main objectives.

Economic and social policies, which will bring low-income level and poverty level people to an average welfare level and alleviate poverty, shall be planned.

The transfer system will be restructured with a view to ensuring redistribution of income to the poor or those who are at the poverty level.

51. The aim is to improve employment by increasing productive investments.

Furthermore, conversion of the employment structure in favour of non-agriculture sectors, training qualified manpower as needed by the economy, raising their quality in line with the requirements of the information age and increasing the efficiency of the manpower market shall be realised.

In order to prevent brain drain, measures shall be taken to employ and keep qualified manpower within the country.

Measures will be taken towards reducing unemployment, especially for the youth, women and disabled persons.

Small and medium- sized enterprises will be backed and their employment creating capacity utilised.

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52. The tie between economic growth and modern working and living conditions will be strengthened.

As regards working life, the labour market will be given a flexible structure; participatory social dialogue instruments shall be set up, norms and standards of the International Labour Organisation and the European Union will be taken into consideration.

In the field of wages, policies towards determining the basic wage/fringe benefit ratio by mainly considering the basic wage shall be pursued and the wage-productivity interrelation shall be strengthened.

53. The main objective will be to spread social security system so that it covers the entire population. The actively insured population within the scope of social insurance shall be increased; an effective auditing mechanism on the other hand shall decrease unregistered employment.

Insurance services shall be covered within a cost-benefit balance, by considering the actuarial structure of institutions; additional obligations other than premium-based obligations will not be imposed.

The efficient implementation of the unemployment insurance program will be planned; furthermore, the financial resources to be established shall be utilised within the framework of fund administration principles.

Unity in norms and standards among social security institutions shall be ensured. By separating long and short-term insurance programs from each other, restructuring shall be completed.

Complementary personal pension insurance programs shall be implemented so as to increase unregistered employment and support compulsory insurance systems. Moreover, private health and pension insurance systems shall be supported.

In order to alleviate poverty and provide efficient social insurance for those people and groups who are in need, the social service and social aid system shall be restructured. There will be collaboration between public institutions and establishments engaged in providing social services and social aid and local administrations as well as charity establishments.

54. Legislation on consumer protection shall be harmonised with the European Union legislation; new bodies aimed at protecting the consumer will be supported.

55. With regard to our citizens working abroad, their integration with the society they are living in while preserving their own cultural values shall be sought. Moreover, workers abroad who are entrepreneurs at national and international level shall be supported and necessary consultancy services shall be given.

6. INDUSTRIALISATION

56. The main objective of industrialisation is to increase competitiveness within an outward oriented structure.

The industrial sector shall be endowed with a structure that is able to produce technology, attach importance to R&D activities, produce according to environmental norms, consider consumer health and preferences, mobilise local

resources, utilise qualified manpower, pursue modern management approaches and has the capacity to create original designs and trademarks.

In industry, the main objectives will be to develop information and technology intensive industries in the fields of defence and aviation, machinery, chemistry and electronics; to spread utilisation of advanced technologies in industry; while increasing competitiveness of traditional industries and thereby creating an export oriented structure.

The state will continue its role of supporting industry within the framework of international rules, and regulating and monitoring the market. However excluding certain strategically important fields, the state will withdraw from the industrial sector.

Turkish legislation for industries shall be harmonised with the European Union; and cooperation in the fields of capital, technology and trade shall be improved.

57. Great importance shall be given to improving the well -known mining potential of the country, meeting the raw material requirements of the industry safely and economically, converting minerals into value added products and increasing exports.

58. In order to raise competitiveness of small and medium- sized enterprises, activities aimed at increasing the level of technology and product quality, increasing productivity, facilitating access to information, providing advisory and consultancy services, developing new financial resources and instruments, integrating main and sub industries, expanding mutual marketing organisations,

increasing collaboration between enterprises and electronic trade opportunities will be supported.

7. DEVELOPMENT OF SCIENCE AND TECHNOLOGICAL CAPACITY

59. The basic aim is to provide technological development to improve Turkey's competitiveness and accelerate its transformation into information society.

Within the target of achieving information society, scientific and technological developments shall be supported. Physical, human and legislative infrastructure necessary for technological development shall be developed and national innovation system shall be strengthened. State aids towards R&D shall be increased, techno -parks supported and venture capital implementations shall be extended.

At the end of the Plan period, it is aimed that the share of R&D activities within GDP shall reach 1.5 percent and the number of researchers per 10.000 economically active persons shall reach 20 percent within the framework of a program.

There will be a gradual change from selection, adaptation and transformation process of appropriate technologies to the production of its own technologies.

In planning and meeting the requirements of national defence industry, Turkey's technological capacity shall be utilised at the highest level.

Necessary studies in order to ensure progress in genetic-biotechnology, new materials technologies, nuclear energy

technology, space technologies shall be conducted.

Universities' contribution to scientific research activities, including research in social fields, to innovative inventions and technological developments shall be supported by gradually increasing investment allocations and joint university-public-private sector R&D initiatives shall be encouraged.

60. International technical cooperation activities shall be planned, coordinated and directed by taking country priorities into consideration.

8. INFORMATION AND COMMUNICATION TECHNOLOGIES

61. Rapid advancements in the fields of information and communication technology, areas that have gained a key characteristic from an economic and social point in the world shall be aimed. Within this context, importance shall be attached to increasing competitive power in information and communication technology, developing legal and institutional framework, training of manpower and R&D. Software sector shall be encouraged by preparing the necessary conditions to provide the improvement of service, content and hardware.

Access to information shall be facilitated by improving national information infrastructure. Internet access capacity shall be raised to the level required by international developments. New legislation and structural changes shall be made in order to improve electronic trade and information security within the framework of international rules and standards.

Development of telecommunication service capacity at global level shall be aimed. In structuring the sector, telecommunication services and infrastructure shall be provided at reasonable prices, by taking into account the agreements made with the European Union and the World Trade Organisation and other country commitments. Furthermore, within the framework of transparency and equality principles, consumer rights shall be protected and an efficient competitive atmosphere shall be ensured.

9. AGRICULTURAL DEVELOPMENTS

62. The main objective is to constitute a highly competitive agricultural structure that provides balanced and sufficient nutrition to the population, protects social and environmental concerns and considers food safety as the most important issue.

Importance shall be accorded to enhancing productivity by ensuring the utilisation of high quality seed and seedlings, training farmers, strengthening producers organisations, supporting R&D activities, increasing competitiveness of agricultural holdings and improving the marketing framework.

While directing production as appropriate for the market demand instead of government interventions in commodity prices, it shall be the basic aim to prevent large stocks and keep and stabilise producer income level. In determining agricultural policies, the World Trade Organisation Agreement, the Common Agricultural Policy of the European Union and other international obligations shall be taken into account in determining agricultural policies.

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63. With a view to improving livestock production, emphasis shall be accorded to improve the genetic strains of animals, combat animal diseases and parasites, improve pasture utilisation, increase production of fodder crops and extension services.

64. Forests shall be managed, operated, protected and improved in line with the principles of sustainment, biologic variety, preservation of wild life as well as multilateral benefit within the framework of economic, social, environmental and ergonomic criteria.

65. In order to develop a sustainable fishery production, resources of inland waters and the seas shall be used efficiently and aquaculture production shall be encouraged.

10. ENERGY

66. The main objective is to meet energy demand reliably and continuously with the lowest cost possible, evaluate energy resources rationally at all levels from production until consumption and utilise the resources efficiently and economically.

There is still a need to plan electric power projects with an optimum system approach owing to long investment periods, high financing requirements and unique production and consumption structure of the sector. Within this framework, constitution of a secure structure shall be aimed through the utilisation of present energy resources economically at the highest level, development of renewable energy resources and increasing the variety in imports in terms of country and resources.

Regulatory committees shall be formed with a new structure in which public and private sector shall be able to function together. Efforts shall be made to direct private sector towards energy investments through an optimum system planning approach to ensure continuity in energy investments and to realise a production and distribution system open to competition.

Emphasis shall be placed on long-term development plans for nuclear energy. The utilisation of natural gas shall be expanded in a rational way

Special importance shall be attached to keeping the cost of electric power at the average level of European Union countries.

11. TRANSPORTATION

67. The basic aim is to provide transportation services required by economic and social development economically and safely, to ensure convenient balance among modes of transportation according to the requirements of the country by placing emphasis both on railways and maritime transportation, to provide security of life and goods while reducing the harm to the environment to the lowest level and to benefit fully from information and **communications technologies**.

Within this framework, a dynamic Transportation Master Plan covering all transportation sub-sectors shall be prepared in order to constitute an effective system.

Institutionalisation in highway transportation shall be ensured. The structure required for the economic operation of railways shall be developed along with regulatory and supervisory bodies

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and mechanisms in the transportation sector.

Railway and port investments shall be accelerated and quality of service and capacity of existing airports shall be improved by reducing infrastructure and superstructure deficiencies. Superstructure of state and provincial roads shall be built in line with the traffic. Investments and measures towards increasing traffic security in transportation shall be given priority.

Participation in Euro-Asia transportation systems with the most suitable transportation infrastructure shall be realised and harmonisation with the European Union in transportation policies and legislation shall be achieved.

12. TOURISM AND PROMOTION

68. The basic objective is to increase the share received from the world tourism revenues. Measures shall be taken towards expansion of the tourism season throughout the year and to potential regions while creating new tourism areas by taking into account the changing consumer preferences.

All investments related to this sector shall be evaluated with an approach to protect and develop the natural, historical and social environment. Improving the quality of the labour force quality and harmonisation with international standards at tourism enterprises shall be given priority.

69. The principle objective is to continuously coordinate the promotion activities so as to unite citizens within the framework of national principles and targets and to ensure free, correct and bilateral information flow within the country and to

promote Turkey's cultural heritage and history abroad on a wide scale in order to promote Turkey's image.

13. REGIONAL DEVELOPMENT

70. In the development process which encompasses economic, social and cultural aspects as a whole implementation of policies to reduce regional disparities shall be accelerated.

In structuring regional development policies, principles of sustainment, interregional integration, quality of life, social and economic balance, cultural development and participation shall be given priority. Importance shall be placed on adaptation of regional policies to the policies of the European Union in this field.

Along with the development of the Organised Industry Regions and the Small Industry Sites having an important role in establishing new industrial areas, Model Industry Sites shall be initiated in order to increase the number of medium -size enterprises.

Migration shall be directed from metropolises to functional regional centres which have high development potential strong commercial and social ties within its own geography, create income and employment in the region. Infrastructure investments shall be given priority in these centres.

In order to develop spatial dimension of the Plans, Plan Regions shall be formed by updating the Settlements Grading Survey.

Regional studies, mainly Southeastern and Eastern Anatolia, Eastern Black Sea, Marmara and Eastern Mediterranean

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regional development plans, shall be accelerated so as to take into consideration the neighbouring countries potential.

City Planning and Coordination units shall be strengthened.

In rural development projects, priority shall be given to activating local resources. Contribution of non-governmental organisations shall be provided through participation in the projects. Activities to increase productive employment, develop human resources and spread cooperatives and non agricultural economic activities shall continue to be supported.

In rural regions, infrastructure of central settlement regions shall be improved.

With the aim of developing forest villagers in their own settlement regions, their productivity shall be increased by spreading the use of in kind credits and thereby raising their welfare levels.

Problems of metropolises shall be considered within the framework of regional development plans as to cover surrounding provinces. By transforming single centred urban structure of metropolises into multi-centred structures. Density of population shall be balanced.

**14. SETTLEMENT, URBANISATION,
MUNICIPAL AND RURAL
INFRASTRUCTURE**

71. With the aim of raising the living standard, rural and urban infrastructure shall be improved with a new and integral approach, and the cultural characteristics of cities shall be preserved.

Through methods, developed to ensure appropriate land provision and regular urbanisation, effective methods and instruments of supervision and management shall be developed.

In order to meet housing requirements of rapid urbanisation and population growth, housing construction and ownership shall be encouraged.

In housing construction, the quality of building and environment shall be improved. In the urbanisation process, building and environment standards shall be developed with a view to protect historical, natural, social and cultural values and to form a healthy, safe, quality, affordable housing and environment.

A data base regarding housing and urbanisation shall be constituted based on geographic information systems.

72. Necessary restructuring legislation shall be enacted in order to have construction, engineering, architecture, consultancy and construction services meet national and international quality standards as well as harmonise with the European Union legislation. Construction services outside the country shall be encouraged.

73. Beneficiaries of investments in agricultural infrastructure investments shall participate in every stage of investment. Effective utilisation of present infrastructure and resources shall be ensured.

15. ENVIRONMENT

74. Along with the realisation of economic and social development, it is important to protect human health,

ecological balance, historical and aesthetic values.

Areas and activities of priority in the field of environment shall be determined, related groups shall cooperate in implementation and social reconciliation shall be given importance in solving problems.

Policies and strategies, to be implemented and developed in the medium and long-term, in order to resolve problems regarding the environment shall be in compliance with to the European Union norms and international standards and country capability and capacity shall also be taken into account.

Environmental management capacity and management instruments shall be made effective.

16. NATURAL DISASTERS

75. Introduction of social, legal, organisational, technical structure towards bringing damages from disasters to the lowest level shall be the main objective.

In order to remove the adverse effects of the Marmara and Bolu - Düzce earthquakes; construction and repair of permanent housing, infrastructure of provinces, roads, education, health, communication and public buildings shall be completed rapidly.

In order to make all segments of the society conscious and knowledgeable about disasters, continuous and systematic training shall be given. Additionally, vocational training in this area shall be given the necessary emphasis.

An effective disaster management system to provide balanced expertise distribution and effective coordination among central and local administrations and private sector and non - governmental organisations shall be developed.

Disaster sensitive settlement plans shall be made for the country as a whole, by preparing integrated disaster maps. An effective construction supervision system shall be designed.

17. ENHANCEMENT OF EFFICIENCY IN PUBLIC SERVICES

76. In restructuring public administration; the main objectives shall be to re-evaluate public services, to ensure balance between the duties and management, to enhance service efficiency, to provide quality goods and services in public services based on public demand, to employ the required number of qualified personnel, to participate and establish a public – oriented management approach.

Increasing performance in public administration, clear definition of authority, division of labour and responsibilities, strengthening accountability and administrative transparency together with the transfer of authority and flexibility, improving the quality of public administrators and workers and benefiting extensively from information and communication technologies in providing the public services shall be planned.

An employment policy based on norm cadres and objective selection criteria shall be followed, career and merit shall be taken as a basis and a system based on the principle of equal pay for equal work shall be introduced.

Central and local administrations shall be designed to have a structure based on division of labour and coordination, be in compliance with the principle of administrative wholeness within a unitary structure. Efficiency of the services of local administrations shall be increased and provided with strong income resources.

77. Efforts shall be made to increase quality in operation and elements to enhance quality and ensure harmonisation with modern criteria. While making arrangements to accelerate the judiciary process people's legal safety shall not be affected.

Studies conducted with a view to harmonise Turkish legislation with international norms and contemporary developments shall continue.

78. As for security services, preventive and monitory services of municipal police shall be developed in a harmonised manner and intelligence and criminal services shall be strengthened. Public relations aimed at improving, accelerating and providing transparency in services shall be conducted.

In order to enhance efficiency in public services and to be successful in both preventive and monitory services of municipal police, emphasis shall be placed on technology intensive investments, which provide personnel savings.

79. In line with the objective of becoming a member of the European Union, administrative capacity shall be developed to undertake and implement the EU acquis.

18. ENHANCEMENT OF EFFICIENCY IN ECONOMY

80. Within the framework of fighting corruption, which bears a high economic and social cost, the public administration and justice system shall be improved and competitive market structure developed.

81. New regulatory bodies shall be established in sectors with a monopolistic character and emphasis shall be given to privatisation and providing competition to companies entering the sector.

In addition to the Competition Law, actions preventing, restricting and distorting competition shall be prevented through changes made in the legislation related to trade and investments.

82. An intellectual property rights system which is in harmony with international standards shall be formed comprising organisations and its rules. Social awareness in this field shall be raised by giving priority to training and information in the area of protection of intellectual property rights.

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