COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Strengthening the Accession Strategy for Turkey

Proposal for a

COUNCIL DECISION

on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Turkey

(presented by the Commission)

COMMUNICATION FROM THE COMMISSION TO THE COUNCIL

Strengthening the Accession Strategy for Turkey

Introduction

In the Strategy Paper 'Towards the Enlarged Union', of 9 October 2002, the Commission recommended that "the European Union should enhance its support for Turkey's pre-accession preparations, in view of the next stage of its candidature". It also set out a number of more detailed recommendations to meet this objective, including the revision of the Accession Partnership for Turkey and an increase in financial assistance.

The decision of the Helsinki European Council in 1999 to recognise Turkey as a candidate for accession encouraged it to adopt a series of far reaching constitutional and legislative reforms. The European Councils of Laeken in 2001, Seville, Brussels and Copenhagen in 2002 recognised the progress made by Turkey towards complying with the political criteria. The Copenhagen European Council further concluded that if the European Council in December 2004, on the basis of a report and a recommendation from the Commission, decides that Turkey fulfils the Copenhagen political criteria, the European Union will open accession negotiations with Turkey without delay. It also endorsed the Commission's approach and announced that the "accession strategy for Turkey shall be strengthened". As part of this process, it invited the Commission to submit a proposal for a revised Accession Partnership and announced a significant increase in pre-accession financial assistance for Turkey.

This Communication presents the Commission's follow-up to the recommendations of the Strategy Paper and the Copenhagen conclusions.

Revised Accession Partnership

The Commission's proposal for a Council decision on a revised Accession Partnership for Turkey is annexed to this Communication. The Accession Partnership sets out in a single framework the priority areas for further work identified in the Commission's 2002 Regular Report on the progress made by Turkey towards accession, the financial means available to help Turkey implement these priorities and the conditions which will apply to that assistance. The Copenhagen European Council recognised that through recent legislative packages a large number of priorities specified in the 2001 Accession Partnership have been addressed. As compared to the Accession Partnership for Turkey adopted by Council in 2001, the Commission's proposal takes full account of developments during the past two years and focuses clearly on areas where priority action is still needed. It is expected that on the basis of this revised Accession Partnership Turkey will draw up a revised national programme for the adoption of the *acquis*, and adopt, implement and enforce the necessary measures.

Financial assistance

Until 2002 Turkey had received support under the MEDA programme and through two regulations to support the customs union and economic and social development. For the period to 1999 the key aim of assistance to Turkey had been to accompany the process of structural reform, as for other Mediterranean partners.

Following the Helsinki European Council, a pre-accession orientation was introduced to the financial assistance programmes with Turkey. Assistance continued to be available for structural adjustment, in co-ordination with the international financial institutions, but assistance also began to focus on institution building, investment, and supporting the participation of Turkey in Community programmes and agencies. The Council adopted on 17 December 2001 a regulation concerning pre-accession financial assistance for Turkey. The regulation reiterated the Commission's objective to establish pre-accession financial assistance, on average, at an annual level of €177 million.

In its Strategy Paper of 2002, the Commission envisaged that total assistance should be substantially increased, taking into account Turkey's needs and absorptive capacity. The Copenhagen conclusions confirmed that from 2004 this assistance would be financed under the "pre-accession expenditure" heading of the 2000-2006 financial perspectives. The Commission has adopted on 12 February 2003 a proposal to this effect in COM(2003)70 of 11.02.2003 and transmitted it to the Budget Authority.

During the period 2004-2006 pre-accession financial assistance will focus on supporting Turkey's efforts to meet the Copenhagen criteria, and in particular to strengthening institutional capacity and investment related to the adoption of the *acquis*. Assistance will also be available for improving the functioning of Turkey's economy and its capacity to cope with competitive pressure within the internal market. Cross-border co-operation with EU Member States and candidate countries will also be promoted.

As for all candidate countries, assistance will fall under two main headings: institution building and investment. Institution building will take the form of assistance to help Turkey to implement the *acquis* and to prepare for participation in EU policies such as economic and social cohesion. In this area support may be made available to public authorities at central, regional and local level. Institution building support will mainly be deployed and implemented with Member States through the instrument of twinning. Assistance will also be given to support organisations which will have an important role in helping prepare for accession and implement the *acquis* (e.g. organisations involved in the social dialogue such as employers' federations, and trades unions, as well as professional organisations such as chambers of commerce and agriculture, and other representative bodies). Non-governmental organisations could also benefit from assistance with a view to supporting initiatives aimed at the consolidation and further development of democratic practices, the rule of law, human rights, equality for women and men and the protection of minorities.

Investment will take two forms. First, there may be investment to establish or to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis* and direct, *acquis*-related investments. Investment in the regulatory infrastructure will only be made on the basis of a clear-cut government strategy supported as necessary by institution building. Second, part of the assistance programme will be directed towards investment in economic and social cohesion, taking into account the importance of regional disparities between Turkish regions as well as the gap between Turkey's national income and the EU average.

The revised Accession Partnership will provide the basis for programming pre-accession assistance; priorities for assistance will also be drawn from the Regular Reports and Turkey's national programme for the adoption of the acquis. In these reports, special attention will be drawn to the political criteria. A number of priority areas can already be identified, such as justice and home affairs including migration, maritime safety, the environment, health, agriculture and rural development. A significant increase in funding will also allow the EU to support socio-economic development in Turkey, as it relates to the goals of the accession

strategy. The existing instrument providing pre-accession financial assistance for Turkey[1] can support programmes in all these areas, including investment in transport and environmental infrastructure and in rural development programmes.

Turkey needs to further improve its capacity to manage and use these funds effectively. In order to facilitate the full devolution of implementation, Turkey will need to take further measures to ensure sound financial control. It is therefore expected that the Decentralised Implementation System will be operational from 1 June 2003.

The Commission considers that it would be useful at this stage to indicate the level of financial assistance for Turkey over the next three years. This will facilitate multi-annual planning in areas where it will take more than one year to address the objectives. The amounts concerned, which will need to be approved through the annual budgetary procedure, are set out in the following table:

	2004	2005	2006	Total
Pre-accession financial assistance for Turkey € million, current prices	250	300	500	1050

Enhancing co-operation in other areas

The Commission's 2002 Strategy Paper presented recommendations in a number of other areas for enhancing support for Turkey's pre-accession preparations. The Commission's actions and plans in these areas are summarised below:

– The *enhanced political dialogue* between the EU and Turkey covers political reforms, human rights, the Cyprus issue and the matter of the peaceful settlement of border disputes. It currently takes place in a wide range of meetings, both under the Association Agreement, the Helsinki European Council Conclusions, and covering Turkey's role as an ESDP partner. This offers a flexible framework which can be further intensified on any CFSP issue as required. As from 2003 the Commission is supplementing this dialogue with regular and detailed discussions with the Turkish authorities on the reforms and the progress in meeting the Copenhagen political criteria, with particular emphasis on effective implementation.

– The *enhanced economic dialogue* between the EU and Turkey covering issues of macroeconomic performance and stability and economic reforms is being pursued intensively.

– The process of *legislative scrutin*y, carried out in the framework of the sub-committees of the Association Agreement, is being supplemented by enhanced programmes of TAIEX seminars and technical meetings or workshops on specific subjects.

– Efforts are continuing to reinforce and extend the scope of the *customs union* to cover services and public procurement. Further efforts are being made to remove

[1] Regulation (EC) 2500 of 17 December 2001

obstacles to the free circulation of goods and strengthen co-operation in other areas related to the customs union.

– The deepening of *trade relations* with Turkey, both on a bilateral basis and in relations with third countries, is being pursued. In negotiating trade agreements with third countries, the EU is stepping up efforts to ensure that such countries agree similar arrangements with Turkey. The dialogue between the EU and Turkey on trade issues is being enhanced.

– In the area of *justice and home affairs*, the Commission is assisting Turkey in drawing up strategies and action plans on border management, and asylum and migration, in order to comply with the acquis. Co-operation will also include the fight against corruption. As from 2003 Turkey is eligible to participate in AGIS, the framework programme to help police, the judiciary and professionals from member states and candidate countries to co-operate in criminal matters and in the fight against crime.

– In the area of *maritime safety,* technical assistance to Turkey is being strengthened, and this will be a priority sector for enhancing co-operation.

– In the course of 2003 Turkey will start to participate in the following *Community programmes*: Enterprise and Entrepreneurship, Gender Equality, Combating Discrimination, Combating Social Exclusion, Public Health, Incentive Measures in the field of Employment, the Sixth Framework Programme on Research. The preparatory measures necessary for full participation in the Socrates, Leonardo da Vinci and Youth Programmes in 2004 will be implemented by Turkey with the technical and financial assistance of the Commission. In January 2003 Turkey became a member of the European Environment Agency. Participation in other programmes is being prepared.

FINANCIAL STATEMENT

[…]

DATE: […]

1. BUDGET HEADING:

B7-050 – Pre-accession financial assistance to Turkey

2. TITLE:

Revision of the Accession Partnership and Communication on Strengthening the Accession Strategy for Turkey.

3. LEGAL BASIS:

Council Regulation N° 2500/2001 of 17 December 2001.

4. AIMS:

The overall objective of pre-accession financial assistance to turkey is to help the country prepare for accession to the European Union on the basis of the priorities identified in the Accession Partnership for Turkey. Pre-accession financial assistance programming has also taken careful account of the findings of the Commission's Regular Report on Turkey's progress towards accession, the priorities identified in the Government of Turkey's National Programme for the Adoption of the Acquis, and the issues arising in Association Committee sub-committee discussions under the aegis of the EC-Turkey Association Agreement.

Programmes in 2004-2006 will cover the following main elements :

- The Copenhagen political criteria
- Economic reform and support to new regulatory bodies
- Strengthening public administration
- Justice and home affairs
- Economic and social cohesion

5. FINANCIAL IMPLICATIONS	2004 (EUR million)	2005 (EUR million)	2006 (EUR million)
5.0 EXPENDITURE - CHARGED TO THE EC BUDGET	250	300	500

6.0	CAN THE PROJECT BE FINANCED FROM APPROPRIATIONS ENTERED IN THE RELEVANT CHAPTER OF THE CURRENT BUDGET?	NO
6.1	CAN THE PROJECT BE FINANCED BY TRANSFER BETWEEN CHAPTERS OF THE CURRENT BUDGET?	NO
6.2	WILL A SUPPLEMENTARY BUDGET BE NECESSARY?	NO
6.3	WILL APPROPRIATIONS NEED TO BE ENTERED IN FUTURE BUDGETS?	YES

OBSERVATIONS:
Appropriations within the Heading 7 of the financial perspectives 2000-2006.

Proposal for a

COUNCIL DECISION

on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with Turkey

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 390/2001 of 26 February 2001 on assistance to Turkey in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships, [2] and in particular to Article 2 thereof,

Having regard to the proposal from the Commission,

Whereas:

(1) The Copenhagen European Council of Copenhagen "recalled its decision in 1999 in Helsinki that Turkey is a candidate state destined to join the Union on the basis of the same criteria as applied to the other candidate states. It strongly welcomes the important steps taken by Turkey towards meeting the Copenhagen criteria, in particular through the recent legislative packages and the subsequent legislative measures which cover a large number of key priorities specified in the Accession Partnership".

(2) The Copenhagen Council decided that "in order to assist Turkey towards EU membership, the accession strategy for Turkey shall be strengthened. The Commission is invited to submit a proposal for a revised Accession Partnership".

(3) Regulation (EC) No 390/2001 provides that the Council is to decide, by a qualified majority and following a proposal from the Commission, on the principles, priorities, intermediate objectives and conditions contained in the individual Accession Partnership, as it will be submitted to Turkey, as well as on subsequent significant adjustments applicable to it.

(4) Community assistance is conditional on the fulfilment of essential elements, and in particular on progress towards fulfilment of the Copenhagen criteria. Where an essential element is lacking, the Council, acting by a qualified majority on a proposal from the Commission, may take appropriate steps with regard to any pre-accession assistance.

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[2] OJ L 58, 28.2.2001, p. 1.

(5) The EC-Turkey Association Council decided that the implementation of the Accession Partnership for Turkey will be monitored by the Association Agreement bodies as appropriate.

(6) The Commission's 2002 regular report presented an objective analysis on Turkey's preparations for membership and identified a number of priority areas for further work.

(7) In order to prepare for membership, Turkey should prepare a national programme for the adoption of the acquis. This programme should set out a timetable for achieving the priorities and intermediate objectives established in the Accession Partnership,

HAS DECIDED AS FOLLOWS:

Article 1

In accordance with Article 2 of Regulation (EC) No 390/2001, the principles, priorities, intermediate objectives and conditions in the Accession Partnership for Turkey are set out in the Annex hereto, which forms an integral part of this Decision.

Article 2

The implementation of the Accession Partnership shall be examined and monitored in the Association Agreement bodies and by the appropriate Council bodies on the basis of the Regular Report by the Commission to the Council. .

Article 3

This Decision shall take effect on the third day following that of its publication in the *Official Journal of the European Union.*

Done at Brussels,

For the Council
The President

ANNEX

TURKEY: 2003 ACCESSION PARTNERSHIP

1. INTRODUCTION

At its meeting in Luxembourg in December 1997, the European Council decided that the Accession Partnership would be the key feature of the enhanced pre-accession strategy, mobilising all forms of assistance to the candidate countries within a single framework. In this manner, the Community targets its assistance towards the specific needs of each candidate so as to provide support for overcoming particular problems with a view to accession.

The first Accession Partnership for Turkey was decided in March 2001. In the Commission's Strategy Paper on enlargement of 9 October 2002, it was stated that the Commission would propose a revised Accession Partnership for Turkey.

2. OBJECTIVES

The purpose of the Accession Partnership is to set out in a single framework the priority areas for further work identified in the Commission's 2002 Regular Report on the progress made by Turkey towards accession, the financial means available to help Turkey implement these priorities and the conditions which will apply to that assistance. The Accession Partnership provides the basis for a number of policy instruments which will be used to help the candidate States in their preparations for membership. It is expected that Turkey on the basis of this revised Accession Partnership adopts a revised national programme for the adoption of the *acquis*.

3. PRINCIPLES

The main priority areas identified for each candidate State relate to their ability to take on the obligations of meeting the Copenhagen criteria which state that membership requires:

- that the candidate State has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;

- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union;

- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

At its meeting in Madrid in 1995, the European Council stressed the need for the candidate States to adjust their administrative structures to ensure harmonious operation of Community policies after accession and at Luxembourg, in 1997, it stressed that incorporation of the *acquis* into legislation is necessary, but not in itself sufficient; it is necessary to ensure that it is actually applied. The Feira and Gothenburg European Councils in 2000 and 2001 respectively confirmed the vital importance of the applicant countries' capacity to implement and enforce the *acquis*, and added that this required important efforts by the applicants in strengthening and reforming their administrative and judicial structures.

4. PRIORITIES

The Commission's regular reports have highlighted, besides the progress already made, the extent of the efforts which still have to be made in certain areas by the candidate States to prepare for accession. This situation requires the definition of intermediate stages in terms of priorities, each to be accompanied by precise objectives to be set in collaboration with the States concerned, the achievement of which will condition the degree of assistance granted and the progress of the negotiations under way with some countries and the opening of new negotiations with the others.

The priorities in the Accession Partnership are divided into two groups - short and medium term. Those under the short term have been selected on the basis that it is realistic to expect that Turkey can fulfil them in 2003/2004. The priorities listed under the medium term are expected to take more than one year to complete although work should be taken forward substantially in 2003/2004.

The Accession Partnership indicates the priority areas for Turkey's membership preparations. Turkey will nevertheless have to address all issues identified in the regular report. It is also important that Turkey fulfils the commitments of legislative approximation and implementation of the acquis in accordance with the commitments made under the Association Agreement, customs union and related decisions of the EC-Turkey Association Council for example on the trade regime for agricultural products. It should be recalled that incorporation of the acquis into legislation is not in itself sufficient; it will also be necessary to ensure that it is actually applied to the same standards as those which apply within the Union. In all of the areas listed below there is a need for credible and effective implementation and enforcement of the acquis.

Drawing on the analysis of the Commission's Regular Report, the following priorities have been identified for Turkey:

ENHANCED POLITICAL DIALOGUE AND POLITICAL CRITERIA

Priorities (2003/2004)

In the context of the political dialogue established by the Helsinki European Council, strongly support efforts to find a comprehensive settlement of the Cyprus problem, building on the initiatives of the United Nations Secretary General, which remain on the table.

In accordance with the Helsinki Conclusions, in the context of the political dialogue, under the principle of peaceful settlement of disputes in accordance with the UN Charter, make every effort to resolve any outstanding border disputes and other related issues, as referred to in point 4 of the Helsinki conclusions.

Ratify the International Covenant on Civil and Political Rights and its optional protocol and the International Covenant on Economic, Social and Cultural Rights. Ratify Protocol N° 6 of the European Convention on Human Rights. Comply with the European Convention for the Protection of Human Rights and Fundamental Freedoms, and in particular with the judgements of the European Court of Human Rights (section II of the Convention).

Implement measures to fight against torture and ill-treatment by law enforcement officials, in line with Article 3 of the European Convention on Human Rights and the Recommendations of the European Committee for the Prevention of Torture. Adopt further measures to ensure

that prosecutors conduct timely and effective investigations of alleged cases and that courts impose adequate punishments on those convicted of abuses.

Guarantee in practice the right for detained and imprisoned persons to access in private to a lawyer and to have relatives notified, from the outset of their custody, in line with the European Convention on Human Rights.

Guarantee in law and in practice the full enjoyment of human rights and fundamental freedoms by all individuals without discrimination and irrespective of language, race, colour, sex, political opinion, religion or belief in line with relevant international and European instruments to which Turkey is a party.

Pursue and implement reforms concerning freedom of expression including freedom of the press. Lift legal restrictions in line with the European Convention on Human Rights (Articles 10, 17 and 18). Remedy the situation of those persons prosecuted or sentenced for non-violent expression of opinion. Implement legal provisions on the right to re-trial following the relevant judgement of the European Court of Human Rights.

Pursue and implement reforms concerning freedom of association and peaceful assembly. Lift legal restrictions in line with the European Convention on Human Rights including for trade unions, (Articles 11, 17 and 18). Encourage the development of civil society.

Adapt and implement provisions concerning the exercise of freedom of thought, conscience and religion by all individuals and religious communities in line with Article 9 of the European Convention on Human Rights. Establish conditions for the functioning of these communities, in line with the practice of EU Member States. This includes legal and judicial protection of the communities, their members and their assets, teaching, appointing and training of clergy, and the enjoyment of property rights in line with Protocol No. 1 of the European Convention on Human Rights.

Ensure cultural diversity and guarantee cultural rights for all citizens irrespective of their origin. Ensure effective access to Radio/TV broadcasting and education in languages other than Turkish through implementation of existing measures and the removal of remaining restrictions that impede this access .

Adapt the functioning of the National Security Council in order to align civilian control of the military with practice in EU Member States.

Strengthen the independence and efficiency of the judiciary and promote consistent interpretation of legal provisions related to human rights and fundamental freedoms in line with the European Convention on Human Rights. Take measures with a view to ensuring that the obligation for all judicial authorities to take into account the case law of the European Court of Human Rights is respected. Align the functioning of State Security Courts with European standards. Prepare the establishment of intermediate courts of appeal.

Continue to bring conditions in prisons into line with standards in EU Member States.

Extend the training of law enforcement officials on human rights issues and modern investigation techniques, in particular as regards the fight against torture and ill-treatment. Extend the training of judges and prosecutors on the application of the European Convention on Human Rights and the case law of the European Court of Human Rights.

Continue efforts to develop a comprehensive approach to reduce regional disparities, and in particular to improve the situation in the south-east, with a view to enhancing economic, social and cultural opportunities for all citizens.

SHORT TERM

ECONOMIC CRITERIA

- Ensure the implementation of the current disinflation and structural reform programme agreed with the IMF and the World Bank, in particular, ensure the control of public expenditure.

- Continue the swift implementation of the financial sector reform, in particular the alignment of prudential and transparency regulations and their surveillance with international standards.

- Safeguard the independence of market regulatory authorities.

- Proceed with agricultural reforms.

- Accelerate the privatisation of state-owned entities, taking into account the social component.

- Continue with market liberalisation, in particular in the areas of tobacco and sugar.

- Facilitate and promote the inflow of foreign direct investments.

- Enhance the economic dialogue with the EU, in particular in the framework of the Pre-accession Fiscal Surveillance procedures, with emphasis on appropriate measures to achieve macroeconomic stability and predictability and on the implementation of structural reforms.

ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

Free movement of goods

- Remove technical and administrative barriers to trade. Accelerate alignment and application of European standards. Ensure effective in-market control and free movement of goods in line with internal market legislation.

- Start implementing certification and conformity assessment and marking in compliance with the New and Global Approach directives; reinforce existing market surveillance and conformity-assessment structures with equipment and training and create compatible administrative infrastructure; complete work relating to mutual recognition in sectors that are not harmonised;

- Complete work relating to mutual recognition and acquis alignment as regards non-harmonized areas (Articles 28-30 EC and related legislative instruments).

- Develop an effective metrology infrastructure and restructure the Turkish Standard Institute to allow for the separation of functions relating to standardisation, certification and market surveillance.

- Complete alignment of the public procurement legislation with the acquis.

- Increase the capacity of the Public Procurement Authority to implement and monitor the new Public Procurement Law.

Freedom to provide services

- Start identification and remove potential obstacles to EC Treaty provisions related to the right of establishment and the freedom to provide services.

- Align with the acquis as regards provision of services in the information society.

- Complete legislative alignment in financial services and strengthen the supervisory structures and enforcement record including maintaining the independence of regulatory bodies.

- Align fully with the EU banking and insurance legislation and establish an insurance supervisory authority.

- Align with the acquis on personal data protection.

Free movement of capital

- Remove all restrictions affecting foreign investments (originating from the EU) in all economic sectors in Turkey

Company Law

- Complete alignment with the acquis on company and accounting legislation.

- Complete alignment with the acquis on intellectual and industrial property rights including IPR legislation for pharmaceuticals and strengthen the fight against piracy and counterfeiting.

Competition

- Align with the acquis concerning State aids and establish a national state aid monitoring authority to ensure an effective state aid control based on EC criteria.

- Align legislation concerning monopolies and undertakings with special and exclusive rights, with the relevant acquis.

- Complete alignment in secondary legislation in the antitrust field.

- Strengthen the enforcement record in the anti-trust field, in particular against state-owned undertakings, or undertakings having special and exclusive rights.

- Reduce delays in finalising appeal applications concerning competition infringements.

Agriculture

- Complete the establishment of animal identification systems, which are a key element of the Integrated Administration and Control System. Also begin preparatory work on other elements such as the land parcel identification systems.

- Prepare a strategy for the introduction of the EC rural development policy and the forestry strategy .

- Adopt a veterinary framework law and acquis harmonised secondary legislation; strengthen the human, technical and information resources of the relevant administrative, scientific, testing and inspection; ensure enforcement of legislation; step up animal disease eradication efforts, contingency planning and monitoring capacity.

- Identify sites for the development and operation of an EC-compatible system of Border Inspection Posts with third countries.

- Adopt a programme for transposition of the veterinary and phytosanitary acquis; strengthen the administrative, scientific and technical structures enabling the efficient and effective implementation of the acquis on plant protection, in particular laboratory testing; strengthen inspection arrangements in respect of the domestic production as imports of plants and plant products and in food-processing establishments.

Fisheries

- Align fisheries management, control, marketing and structural adjustment legislation to the acquis.

Transport

- Adopt a programme for transposition and implementation of the transport acquis including air transport.

- Start aligning legislation on maritime safety as well as road and rail transport; improve implementation and enforcement of, in particular, maritime safety and road transport standards.

- Adopt an action plan for maritime transport on monitoring classification societies and improving the performance of the Turkish flag register.

- Strengthen maritime administration, particularly that of flag state control.

- Adopt a programme for adaptation of the Turkish road transport fleet to EU standards.

Taxation

- Continue alignment of excise duties and VAT, in particular in respect of applied rates, scope of exempt transactions, and tax structure and eliminate tax measures which may result in discriminatory treatments; ensure that new tax measures comply with the principles of the Code of Conduct for Business Taxation.

- Modernise and strengthen the Tax Administration with a view to increasing taxpayer's compliance and to improving the collection of tax revenues.

Statistics

- Ratify a new statistical law in line with EU standards.

- Adopt the pending basic Classifications (e.g. NACE, CPA, PRODCOM etc.) by SIS and by all public institutions of the Turkish statistical system.

- Fully adopt the relevant Statistical Units (e.g. KAU, LKAU, etc.).

- Revise the National Accounts methodology for the implementation of ESA 95.

- Reinforce the strategy for the development of statistics in particular in the following areas: demographic and Labour Force Survey statistics, regional statistics, business statistics (including Business Register) and agriculture statistics.

- Ensure adequate training of staff and improve the administrative capacity.

Social Policy and Employment

- Adopt a transposition programme of the acquis in the areas of labour law, equal treatment for women and men, health and safety at work, the fight against discrimination, and public health.

- Develop a yearly plan for financing investment, based on a realistic assessment of costs of alignment and of available public and private resources.

- Put in place conditions for an active and autonomous bipartite as well as tripartite social dialogue, inter alia by abolishing restrictive provisions on trade union activities and ensuring that trade union rights are respected.

- Support social partners' capacity building efforts, in particular with a view to their future role in the elaboration and implementation of employment and social policy notably through autonomous social dialogue.

- Continue efforts to tackle the problem of child labour.

- Review the capacity of all institutions involved in the transposition of the acquis in the field.

Energy

- Establish a programme for the adoption of the energy acquis, particularly that concerning issues other than the internal energy market.

- Ensure independence and effective functioning of the regulatory authority for the electricity and gas sectors; grant the authority the means to carry out its tasks effectively.

- Ensure the establishment of a competitive internal energy market, in compliance with the electricity and gas directives.

- Ensure further alignment with the energy efficiency acquis and enhance the implementation of energy conservation practices.

- Design and start to implement a programme to reduce the energy intensity of the Turkish economy and to increase the use of renewable energy sources.

Industrial policy

- Develop and implement a strategy for the promotion of foreign investment into Turkey.

Small and medium enterprises

- Develop and implement a national SME strategy in line with the European Charter for Small Enterprises and the Multiannual Programme for Enterprise and Entrepreneurship. This should include the improvement of the business environment for SMEs, particularly where access to finance is concerned.

- Align the SME definition with the EU definition.

Education, Training and Youth

- Take appropriate measures to set up a body able to perform the duties of a National Agency as well as all necessary mechanisms for the implementation and sound financial management of the Socrates, Leonardo da Vinci and Youth Programmes.

Telecommunications and information technology

- Adopt regulations in the areas of leased lines, data protection in electronic communications, interconnection and universal service, carrier selection and number portability.

- Ensure effective implementation of tariffing and licensing legislation.

- Prepare a schedule for the transposition of the new acquis 2002.

- Strengthen the capacity building and the enforcement powers of the regulatory authority.

- Start alignment with the acquis on postal services.

Culture and Audio-Visual policy

- Start alignment of legislation in the field of audio-visual policy, in particular with regard to the television-without-frontier Directive and ensure effective, predictable, and transparent implementation of the new regulatory framework.

Regional policy and co-ordination of structural instruments

- Start to develop a national policy for economic and social cohesion aimed at reducing regional disparities through a National Development Plan, and the establishment of regional development plans at NUTS 2 level.

- Adopt a legislative framework that would facilitate the implementation of the acquis under this chapter.

- Establish pluri-annual budgeting procedures setting out priority criteria for public investment in the regions.

- Strengthen the administrative structures for managing regional development.

Environment

- Adopt a programme for transposition of the acquis.

- Develop a plan for financing investment, based on the estimations of costs of alignment and realistic sources for public and private finance.

- Begin to transpose and implement the acquis related to the framework legislation, legislation on nature protection, water quality, Integrated Pollution Prevention Control and waste management.

- Implement and enforce the environmental impact assessment directive.

Consumer protection and Health

- Further align legislation with the acquis and develop infrastructure for effective implementation, in particular with regard to market surveillance.

- Further develop systems for notification of dangerous products on national level and exploit the possibilities to exchange such notifications on international level through TRAPEX or other relevant systems.

Co-operation in the field of Justice and home affairs

- Continue to strengthen the fight against illegal immigration and negotiate a readmission agreement with the European Community.

- Continue to strengthen the fight against organised crime, drugs, trafficking in persons, fraud, corruption and money-laundering, particularly through legislative alignment, improved administrative capacity and enhanced co-operation between different law-enforcement bodies, in line with EU standards.

- Further develop and strengthen all relevant institutions, with a view in particular to ensuring the accountability of the police. Improve co-operation between all law enforcement institutions, including the judiciary.

- Improve the capacity of public administration to develop an effective border management in line with the acquis and best practices with a view to prevent illegal migration.

- Strengthen efforts to develop information and awareness programmes on the legislation and best practices in the European Union in the field of JHA.

Customs Union

- Align legislation on free zones and ensure enforcement of the new Customs Code and its implementing provisions.

- Strengthen the administrative and operational capacity of the customs administration.

- Ensure full administrative co-operation concerning compliance with the acquis and the provisions of Decision 1/95 notably in anti-fraud investigations.

- Ensure that state monopolies of a commercial character are adjusted so as to ensure no discrimination in trade of goods between Turkey and EU Member States.

- Start a new round of negotiations on Services and Public Procurement.

- In parallel with the alignment of commercial policy with that of the Community, align rules of origin with those of EC preferential regimes, including GSP.

External relations

- Complete alignment with EC Common commercial Policy, by aligning with EC preferential regimes including GSP.

- Continue efforts to conclude outstanding Free Trade Agreements with third Countries as foreseen under the Customs Union Decision.

Financial control

- Adopt legislation on public internal financial control in accordance with EU practice and internationally agreed control and audit standards and ensure its effective implementation.

- Strengthen the administrative capacity for the treatment of irregularities and cases of suspected fraud affecting pre-accession assistance, including the effective communication of irregularities to the Commission.

Financial and Budgetary Provisions

- Establish decentralised implementation system for management of Community pre-accession funds.

- Apply the new budget code structure published by the Ministry of Finance to all public entities, including budgetary, extra-budgetary and revolving funds, for the 2004 budget.

MEDIUM TERM

ECONOMIC CRITERIA

- Complete the process of privatisation.

- Complete the reform of the financial sector and continue reform of the agricultural sector.

- Ensure the sustainability of the pension and social security system.

- Ensure the improvement of the general level of education and health, paying particular attention to the younger generation and disadvantaged regions.

ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

Free movement of goods

- Complete alignment with the acquis; complete strengthening of existing certification, market surveillance and conformity-assessment structures.

- Ensure the proper functioning of the Public Procurement Authority.

- Ensure effective implementation and control of the public procurement regime in line with the acquis.

Free movement of persons

- Achieve alignment with the acquis as regards recognition of professional qualifications.

Free movement of capital

- Remove all restrictions affecting the acquisition of real estate in Turkey by EU citizens and legal persons.

Freedom to provide services

- Complete and implement aligned legislation in this area and remove all obstacles to the right of establishment and freedom to provide services.

- Ensure effective application of personal data protection legislation

Company Law

- Ensure the effective application of the aligned intellectual and industrial property legislation through the strengthening of enforcement structures and mechanisms, including the judiciary.

Agriculture

- Complete the establishment of the Integrated Administration and Control System.

- Set up the administrative structures required for the implementation of EC rural development policy and the forestry strategy .

- Adopt the legal basis, administrative structures and implementation mechanisms for the establishment of common market organisations and effective monitoring of agricultural markets.

- Submit a plan and timetable for upgrading the system of Border Inspection Posts third countries in line with the acquis.

- Re-organise and strengthen the food safety and control system and upgrade its human, technical and financial resources to ensure that EC food safety standards are complied with.

- Establish an up-grading plan with timetables to modernise food-processing establishments to meet EC hygiene and public health standards, and further establishment of testing and diagnostic facilities.

Fisheries

- Re-organise and strengthen the institutional capacity of the fisheries administration; align fisheries management, control, marketing and structural adjustment practices to the acquis; develop and implement a computerised fisheries vessel registration and statistical information system in compliance with the acquis.

Transport

- Complete alignment on road transport legislation (market access, road safety as well as social, fiscal and technical rules), railways and air transport (particularly air safety and air traffic management).

- Ensure effective implementation and enforcement of transport legislation, particularly as regards maritime safety, road transport as well as air transport.

- Implement a programme of adaptation of the Turkish transport fleet, particularly maritime and road transport to EC technical norms.

- Adopt a programme with a view to identifying main transport infrastructures needs in Turkey and related transport network projects, in coherence with the European Community TEN-Transport Guidelines

Taxation

- Complete alignment of tax legislation further with the EU acquis with particular regard to VAT and excise duties.

- Continue strengthening and modernising the tax administration in order to increase compliance and improve collection of tax revenues.

Economic and monetary union

- Align legislation with the provisions of the acquis regarding central bank independence, the prohibition of privileged access of public sector authorities to financial institutions and the prohibition of direct financing of the public sector.

- Fully harmonize government finance statistics with the ESA 95 requirements

Statistics

- Bring the Business Register up to EU standards.

- Align macro-economic statistics further with the acquis, in particular as regards GDP estimates, harmonised consumer price indexes, short-term indicators, balance of payment, social statistics.

Social policy and Employment

- Transpose and implement EU legislation in the fields of labour law, equal treatment for women and men, occupational health and safety, public health including the communicable disease surveillance and control system and the fight against discrimination; strengthen the related administrative and enforcement structures, including the labour inspectorates.

- Take measures to promote access to and quality of health care and to improve the health status of the population.

- Ensure effective implementation and enforcement of the social policy and employment acquis.

- Prepare a national employment strategy with a view to later participation in the European Employment Strategy, including preparation and implementation of a Joint Employment Policy Review, and develop a capacity to monitor labour market and social developments.

- Prepare a national strategy on social inclusion, including data collection, in line with EU practice.

- Further develop social protection, notably by consolidating the reform of the social security and pension system with a view to making it financially sustainable, while strengthening the social safety net.

Energy

- Restructure energy utilities and open up energy markets in conformity with the acquis; further strengthen administrative and regulatory structures.

- Remove restrictions on the cross-border trade in energy.

- Complete alignment of national legislation with the acquis.

- Promote the implementation of projects in Turkey listed as projects of common interest in the European Community TEN-Energy Guidelines

Small and medium enterprises

- Continue simplifying the business environment for SMEs.

Telecommunications and information technology

- Prepare for full liberalisation of the markets.

- Complete the transposition of the acquis.

- Adopt a comprehensive policy for the development of the electronic communications sector.

Culture and Audio-Visual Policy

- Complete alignment of audio-visual legislation and strengthen the capabilities of the independent television/radio regulatory authority.

Regional policy and co-ordination of structural instruments

- Set up regional branches at NUTS 2 level to implement regional development plans.

Environment

- Complete the transposition of the acquis and strengthen the institutional, administrative and monitoring capacity to ensure environmental protection, including data collection.

- Integrate sustainable development principles into the definition and implementation of all other sectoral policies.

Consumer protection and Health

- Complete legislative alignment with the acquis

- Raise awareness for the new provisions among consumers and producers and reinforce consumer organisations.

Customs Union

- Complete alignment of legislation in particular on free zones, dual-use goods and technologies, precursors and counterfeited and pirated goods.

- Ensure interconnectivity of electronic systems with the Community electronic systems (Installation of CCN/CSI, developments required for NCTS, Integrated Tariff Management System)

Justice and home affairs (JHA)

- Strengthen efforts to develop sustainable training programmes on the acquis and its implementation in the field of JHA also with a view to increasing administrative capacity and improving inter-agency co-operation.

- Further develop the legal aid system to ensure that all citizens enjoy access to justice.

- Adopt the acquis in the field of data protection and exchange of personal data for law enforcement purposes and create the institutional capacity for its implementation including the creation of an independent supervisory authority so as to be able to fully participate in the Schengen Information System and Europol.

- Pursue alignment of visa legislation and practice with the acquis.

- Adopt and implement the acquis and best practices on migration (admission, readmission, expulsion) with a view to preventing illegal immigration.

- Continue alignment with the acquis and best practices concerning border management so as to prepare for full implementation of the Schengen acquis.

- Start with the alignment of the acquis in the field of asylum including lifting the geographical reservation to the 1951 Geneva Convention; strengthen the system for hearing and determining applications for asylum; develop accommodation facilities and social support for asylum seekers and refugees.

- Adopt and implement the acquis in the fields of the criminal law protection of the euro and of the Community's financial interests, corruption, fight against drugs, organised crime, money-laundering and judicial co-operation in criminal and civil matters; further increase administrative capacity, co-operation between the different law enforcement bodies and intensify international co-operation in these fields.

- Develop and start to implement a national drug strategy in line with the EU Drugs Strategy and Action Plan.

Financial control

- Prepare for the designation of an operationally independent anti-fraud co-ordinate service responsible for the co-ordination of all legislative, administrative and operational aspects of the protection of the Communities' financial interests.

- Adopt new legislation to reform the external audit function in accordance with INTOSAI rules, to ensure the independence of the Court of Accounts, to abolish the ex ante control functions of the Turkish Court of Accounts, and to develop the mechanisms of systems-based and performance audit.

Financial and Budgetary provisions

- Strengthen administrative capacity for the collection of VAT and customs duties and establish effective instruments to combat fraud

- Establish a co-ordination unit responsible for administrative preparations related to the own resources systems.

5. PROGRAMMING

Financial assistance for the priorities identified in the Accession Partnership will be made available through annual financing decisions taken by the Commission, following the procedure set out in article 8 of Council Regulation 2500/2001 on pre-accession financial assistance for Turkey. The financing decisions will be followed by a Financing Memorandum signed with Turkey.

During the period 2003-2006 pre-accession financial assistance will focus on two main priorities, institution building and investment. Institution building is the process of helping candidate countries to develop the structures, strategies, human resources and management skills needed to strengthen their economic, social, regulatory and administrative capacity. Pre-accession assistance will contribute to the financing of institution building in all sectors. Around 30% of the available resources will be allocated for this purpose and are mainly deployed and implemented with member states through the instrument of “twinning”.

The second priority, “investment” will take two forms:

- investment to establish or to strengthen the regulatory infrastructure needed (implementation bodies; enforcement and inspection capabilities) to ensure compliance with the acquis and direct, acquis-related investments;

- investment in economic and social cohesion, taking into account the importance of regional disparities between Turkish regions as well as the gap between Turkey's national income and the EU average. This will promote the functioning of the market economy and the capacity to cope with competitive pressure and market forces within the EU.

Around 70% of resources will be allocated for investment. Cross border co-operation, especially at the present external frontiers of the EU and also between adjacent candidate countries, is important in contributing to economic development in the border regions of these countries. As part of investment in economic and social cohesion, efforts will be made to promote participation by Turkey in cross border activities and to ensure consistency with the INTERREG approach on Turkey's borders with the EU.

Since 2000, the Commission has provided annual average assistance to Turkey of €177m. The conclusions of the Copenhagen European Council recommended that this amount be substantially increased from 2004. The Commission's Strategy Paper "Towards an Enlarged Union" envisaged at least doubling this level of assistance by 2006.

5.1. Role of international financial institutions

Turkey is a major beneficiary of assistance from the European Investment Bank (EIB). The country may benefit from up to five different mandates and facilities: the EuroMed II Lending Mandate for Mediterranean countries, the Mediterranean Partnership Facility, the Special Action Mandate for Turkey, the Turkey Earthquake Reconstruction and Rehabilitation Assistance Facility and the Pre-Accession Facility. In total Turkey received loan financing worth €445 million from 1992 to 1999. This has increased dramatically and over the period 2000-2002 EIB lending for projects in Turkey totalled €1500 million.

The Commission and the Turkish authorities have also sought a high degree of complementarity between the pre-accession financial assistance programme and the on-going reform programmes supported by the international financial institutions, particularly the World Bank, in such areas as education, regulatory reform and public procurement.

6. CONDITIONALITY

Community assistance for financing projects through the pre-accession instruments is conditional on the respect by Turkey of its commitments under the EC-Turkey Agreements, including the Customs Union Decision 1/95 and other decisions, further steps towards satisfying the Copenhagen criteria and in particular progress in meeting the specific priorities of this revised Accession Partnership. Failure to respect these general conditions could lead to a decision by the Council on the suspension of financial assistance on the basis of Article 5 of Regulation 2500/2001. Specific conditions are also included in individual annual programmes.

7. MONITORING

The implementation of the Accession Partnership is monitored in the framework of the Association Agreement. The Association Agreement sub-committees provide the possibility to review implementation of the Accession Partnership priorities as well as progress as regards legal approximation, implementation and enforcement. The Association Committee discusses overall developments, progress and problems in meeting the Accession Partnership's priorities as well as more specific issues referred to it from the sub-committees.

The monitoring of the pre-accession financial assistance programme shall be carried out jointly by Turkey and the European Commission through a Joint Monitoring Committee. In order to ensure the effectiveness of monitoring, projects being funded under each Financing Memorandum must incorporate verifiable and measurable indicators of achievements. Monitoring based on these indicators will assist the Commission, the PHARE Management Committee and Turkey in subsequently reorienting programmes where necessary and in the design of new programmes.

The PHARE Management Committee ensures that actions financed under the pre-accession programme are compatible with each other as well as with the Accession Partnership as laid down in Council Regulation (EC) No 2500/2001, OJ L 342, 27.12.2001, p. 1).

The Accession Partnership will continue to be amended as necessary in accordance with Article 2 of Regulation (EC) No 622/98.