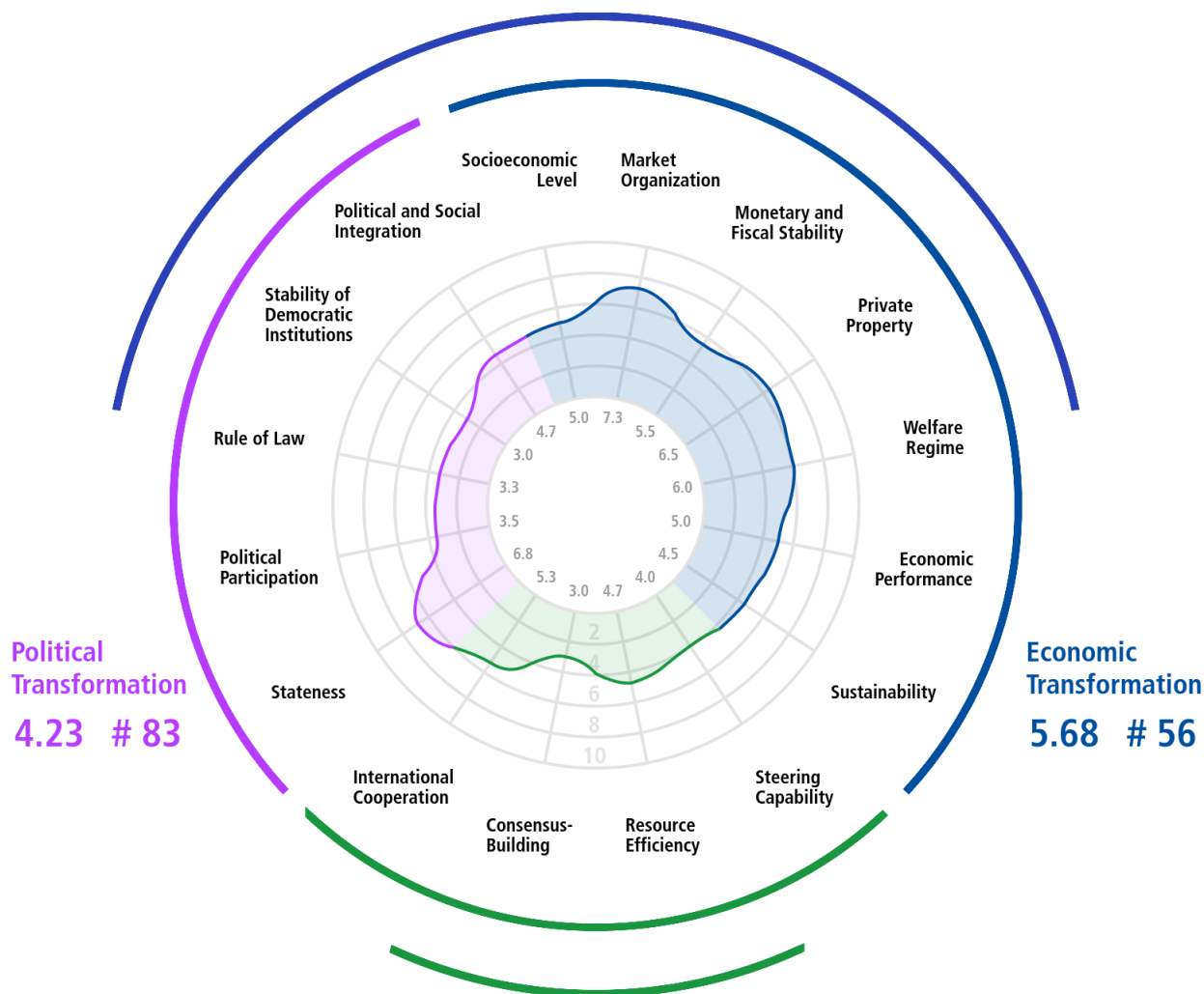


# Türkiye

## Status Index

**4.96 # 74**

on 1-10 scale out of 137



## Governance Index

**3.75 # 104**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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**Key Indicators**

Population	M	<b>85.3</b>	HDI	<b>0.838</b>	GDP p.c., PPP \$	<b>37274</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.7</b>	HDI rank of 189	<b>48</b>	Gini Index	<b>41.9</b>
Life expectancy	years	<b>76.0</b>	UN Education Index	<b>0.797</b>	Poverty <sup>3</sup>	<b>2.2</b>
Urban population	%	<b>77.0</b>	Gender inequality <sup>2</sup>	<b>0.272</b>	Aid per capita \$	<b>12.5</b>

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

## Executive Summary

As the Turkish Republic reaches its 100th year, it faces three significant challenges: the consolidation of autocratic rule, an overly centralized yet inefficient governance system and a fragile economy.

The process of autocratization in Türkiye has resulted in a repressive political environment. Although the state of emergency imposed following the 2016 coup attempt was lifted in July 2018, many restrictive measures have been incorporated into ordinary legislation. The deterioration of the rule of law, erosion of fundamental freedoms and shrinking media independence are evident. Amendments to the constitution and the shift to a presidential system have significantly undermined core democratic principles. The systematic suppression of dissenting voices persists, as evidenced by the Constitutional Court's decision in June 2021 to consider the dissolution of the Peoples' Democratic Party (HDP) and the special investigation into hundreds of Istanbul municipal government staff for alleged links to terrorist groups in December 2021. Istanbul mayor Ekrem İmamoğlu's prison sentence in December 2022 is further evidence of ongoing repression.

Despite growing dissatisfaction with the political system, as of January 2023, Türkiye's six-party opposition alliance failed to formulate a convincing program to address the country's substantial issues leading up to the May 2023 parliamentary and presidential elections. In this oppressive climate, elections – the primary means of holding the executive accountable – have become increasingly unfair and nontransparent. Polarization between pro-AKP and anti-Erdoğan camps persists, and the bleak outlook for Türkiye's political and economic future has led many citizens, particularly young and educated individuals, to emigrate.

The Turkish economy remains fragile, marked by structural issues, imbalances and institutional weakness. The erosion of the rule of law and the lack of independence in economic administration continue to negatively affect Türkiye's economic stability.

In terms of foreign policy, Türkiye faces multiple regional challenges. In October 2021, the Turkish Grand National Assembly extended the Turkish Armed Forces' mandate for anti-terrorism operations in Iraq and Syria by two years. Türkiye has played a significant role during Russia's invasion of Ukraine, while also withdrawing from the Council of Europe's Istanbul Convention on combating domestic violence and violence against women in March 2021. However, it ratified the Paris Agreement on climate protection in October 2021.

In December 2021, President Recep Tayyip Erdoğan officially established the "Republic of Türkiye" as the country's internationally recognized name, purportedly to avoid confusion with the gobbler bird. However, some observers considered it an "ineffective distraction" from the country's economic crisis leading up to the 2023 parliamentary and presidential elections. The United Nations accepted this name change in June 2022.

## History and Characteristics of Transformation

The proclamation of the Republic of Turkey (now officially referred to as the "Republic of Türkiye") in 1923 by Mustafa Kemal Atatürk initiated a far-reaching transformation of the former Ottoman society. It fused Western and pre-Islamic influences to forge a new "Turkish nation." After Atatürk's passing in 1938, the years that followed saw a series of substantial modernization reforms, including the introduction of multiparty democracy in 1946 and an initial phase of economic growth under İsmet İnönü's leadership. However, this period was later marred by political repression and economic decline, punctuated by military coups in 1960, 1971 and 1980.

The period from 1980 to 1983 witnessed military rule, leading to the dissolution of all political parties and strict military scrutiny over the formation of new parties. Efforts to stimulate rapid economic growth and reduce the country's persistent foreign currency deficit resulted in severe economic crises in 1994 and 2001.

Beginning in 2002, collaboration with the IMF and World Bank prompted a series of substantial reforms that stabilized the economy and bolstered the functionality of Türkiye's civilian government. Designated an EU accession candidate in 1999, Türkiye eventually initiated membership negotiations with the European Union in October 2005. These negotiations prompted a range of political changes, including civilian oversight of the military and the abolition of the death penalty in 2004. The reform process was spearheaded by Recep Tayyip Erdoğan, who established the AKP in 2001 and became prime minister in 2003. His ability to blend Islamic values with economic reforms earned him support from the burgeoning class of entrepreneurs in central Türkiye, often referred to as the "Anatolian tigers." Under AKP leadership, Türkiye was seen as a "model" for many Middle Eastern countries following the Arab Spring in 2011.

However, since 2011, a combination of domestic and international factors has led to a reversal of the reform process in Türkiye. Erdoğan's leadership has taken an increasingly authoritarian turn. In August 2014, a change in electoral law enabled Erdoğan to become Türkiye's first directly elected president, effectively transforming the formerly symbolic presidency into the country's primary seat of power.

A coup attempt in July 2016, allegedly orchestrated by the Gülen movement, accelerated Türkiye's move toward autocracy. This resulted in a widespread crackdown on regime critics and the purge of tens of thousands of public sector employees, including police officers, teachers and professors. A contentious referendum in April 2017 confirmed Erdoğan's constitutional changes and the establishment of a presidential republic, ending Türkiye's long-standing tradition of parliamentary democracy. In 2018, Erdoğan was elected as Türkiye's first executive president under the new presidential system. Since then, authoritarian tendencies have been entrenched in the "New Türkiye." The Presidential Palace has taken charge of virtually every aspect of Turkish politics and policy.

This concentration of power, devoid of effective checks and balances, has given rise to a highly inefficient system. In this governance model, decisions are made by the president or with explicit executive approval. This has led to delays in decision-making and a lack of coordination among state institutions, especially at the local level. Moreover, it has eroded the expertise and experience within the established state apparatus, making the entire system more susceptible to domestic political calculations. Additionally, this governance model has subjected every facet of Turkish politics to patronage and clientelism. As meritocracy wanes, public administration and institutions have been filled with underqualified pro-AKP personnel. As Türkiye approaches its 100th anniversary, these multiple challenges have become increasingly evident.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

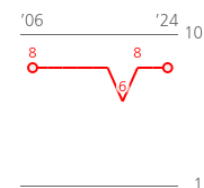
The state has a monopoly on the use of force over the entire territory of the country. While the PKK is still seen as a major security threat and military operations against its garrisons have continued, the Gülen movement seems to have been contained.

As for the PKK, military clashes continued between Turkish armed forces and the PKK in the southeast of the country. During the review period, the PKK committed several deadly attacks, including on civilians, and the Turkish government continued to undertake domestic and cross-border operations in Syria and Iraq to eradicate terrorist activities emanating from these two countries. Due to these cross-border operations, state control over Türkiye's border regions with Syria and Iraq has improved. Since 2019, Türkiye has begun conducting operations codenamed Claw, including Claw Eagle and Tiger in 2020 and Claw-Lighting and Thunderbolt in 2021. Türkiye's Operation Claw Lock, launched in April 2022, has been criticized by the international community and the Iraqi government for causing heavy civilian casualties in the region. Following a suicide terrorist attack in Istanbul's central Beyoğlu district in November 2022, where six civilians were killed, the Turkish government launched Operation Claw-Sword, targeting several critical points in Syria and Iraq. Although neither the PKK nor the Kurdish Syrian Democratic Forces (PYD) assumed responsibility, the Turkish government held the PKK responsible for these attacks and argued its cross-border operations were a legitimate act of self-defense under Article 51 of the U.N. Charter. Despite these operations, Türkiye has continued to maintain good relations with Iraq's Kurdistan Regional Government (KRG). In October 2021, the Turkish Grand National Assembly extended the Turkish Armed Forces' mandate to conduct anti-terror operations in Iraq and Syria for another two years.

Question  
Score

Monopoly on the  
use of force

8



Turkish nationality is based on modern constitutional citizenship and not on ethnicity. This is recognized under Article 66 of the Turkish constitution, which states that “everyone bound to the Turkish state through the bond of citizenship is a Turk.” However, despite the fact that all citizens are entitled to the same civil rights, and in spite of any discrimination based on cultural, religious or ethnic being outlawed, there remain widespread negative attitudes toward minority groups. Members of religious and ethnic minorities continue to be practically excluded from certain professional positions, such as civil servant and military officer.

The cultural rights of the Kurdish minority remain limited, including legal restrictions on the use of the Kurdish language in primary and secondary education. Public services are provided only in the Turkish language. The pressure on Kurdish-language media outlets, as well as cultural and language institutions, continues. Despite these and other forms of repression, and with the exception of terrorist Kurdish organizations, all citizens – including cultural, religious and ethnic minorities – accept the official concept of the Turkish nation-state.

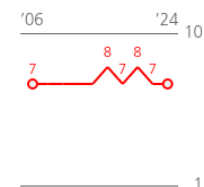
According to official data, Türkiye hosts over 3.7 million Syrian refugees. Most of these Syrian refugees are under “temporary protection” status and are prohibited from acquiring Turkish citizenship, some 108,000 Syrians have acquired legal residency and around 193,000 Syrians have obtained Turkish citizenship. However, the naturalization of Syrian refugees is a very divisive issue in Türkiye and has led to growing domestic unease. As a result, Syrian refugees encounter increasing bureaucratic and administrative difficulties in acquiring Turkish citizenship and are increasingly at risk of being forcibly deported or expelled from Türkiye.

Following Russia’s invasion of Ukraine, Türkiye’s government increased the minimum amount of property investment required to acquire Turkish nationality from \$250,000 to \$400,000. Furthermore, the government introduced a legal amendment that allowed foreigners to apply for citizenship by contributing at least \$500,000 to private pension funds in Türkiye, under the condition that they remain in this pension scheme for at least three years.

Under Erdoğan’s rule, attempts to convert Türkiye into an Islamic and more conservative nation have continued. This top-down Islamization of society affects every aspect of policies and politics in Türkiye. The AKP and its close ally the ultranationalist MHP embrace symbols and discursive references that encourage a more Islamic way of life in Türkiye. Furthermore, they actively pursue policies promoting religion and conservative “national moral” values and limit individual freedoms and rights. The increasing influence of Sunni Islam is felt in every aspect of social and cultural life, including in education, architecture, the further marginalization of non-Muslim religious minorities, high taxes on alcohol and the repression of gender issues.

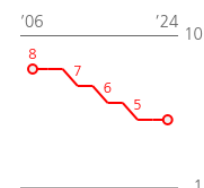
#### State identity

7



#### No interference of religious dogmas

5



The government's main tool for the Islamization of society is the Directorate for Religious Affairs (Diyanet). The Diyanet, which has received massive budget increases in recent years, pursues the government's cultural engineering objectives in line with the president's goal of constructing a homogeneous Islamic society. The Diyanet advances Islamization by issuing Fatwas (Islamic legal opinions), broadcasting via the 24/7 Diyanet TV channel, legalizing Quranic education starting from kindergartens, massively increasing the number of mosques, and promoting activities that increase Türkiye's influence in target regions such as western Europe, Africa and Asia.

The Diyanet's 24.04% increase in its 2022 budget compared to the previous year exceeds the total budget of seven key ministries, including the Ministry of Interior and Foreign Ministry.

Since 2006, the government has inaugurated a record number of mosques, with the number of mosques rising from 78,608 in 2006 to 89,817 in 2022, according to Diyanet. The number of mosques exceeds the number of schools in the compulsory education system in Türkiye (70,383 schools in 2020). As of 2022, there are over 10,000 private Quranic/Islamic education courses.

The Diyanet Law was amended in March 2022, allowing Türkiye's Religious Affairs Directorate to establish a new academy with extensive powers to train new personnel and "qualified religious officials" in Türkiye and abroad.

Another alarming trend is the Islamization of the Turkish army. President Erdoğan, under the guise of reconciling the Turkish army with religion, has taken steps to make the army more religious. These steps include opening mosques in military schools, recruiting and promoting religious army personnel, presenting Diyanet head Ali Erbaş at official military ceremonies and using his speeches to imbue army officers with religious values.

The administrative system, in particular e-government, works reasonably well. According to the World Bank (2020), 78% of the population use improved sanitation facilities that are not shared with other households. In addition, 99.2% of Turkish households have access to basic sanitation, 97% to at least one basic water source and 100% to electricity. Public transportation and education offerings are sufficiently elaborated, particularly in big cities.

However, the government's extensive purge since the July 2016 coup attempt has led to the deterioration in the quality of public administration. The partisanship, politicization, lack of meritocracy, lack of accountability and excessive presidential control at every level of the state machinery continue to affect the efficiency and quality of public administration.

A lack of transparency in and oversight over public spending and the excessive control of the executive over regulatory authorities (in particular over the central bank) are key causes of concern.

Basic  
administration

7



1



## 2 | Political Participation

During the review period, no elections took place, but the irregularities observed in previous elections since 2015 have raised concerns among several international observers. These irregularities include unequal media access for parties, limitations on fundamental freedoms, the misuse of state resources to support pro-government candidates and the Supreme Election Council's (Yüksek Seçim Kurulu, YSK) lack of independence. While no steps were taken to address these shortages, the political space for running fair and free elections has further narrowed down.

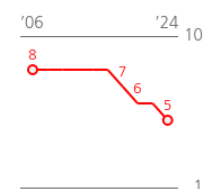
In April 2022, the Turkish parliament adopted a new electoral law, which was introduced by the AKP and MHP. The law was largely a strategic calculation intended to boost the vote share of the AKP-MHP coalition in the 2023 presidential and parliamentary elections. The law lowered the electoral threshold for parliamentary elections from 10% to 7% and changed the formula for calculating the distribution of parliamentary seats. The new law also changed the procedures for selecting the chair and members of the provincial election boards. In their June 2022 joint opinion, the Council of Europe's Venice Commission and the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) criticized the adoption of the law, saying that no thorough discussion had taken place with the participation of opposition parties and civil society organizations (CSOs). The joint opinion also criticized the 7% threshold, as it remains very high and continues to restrict the number of political parties that may enter parliament. In addition, the opinion, which was backed by the European Union, expressed concern that the selection of the chairs and members of the provincial and district election boards by lottery (instead of a merit-based appointment process) may endanger election security.

In June 2021, the Constitutional Court accepted a case concerning the dissolution of the Peoples' Democratic Party (HDP) on the grounds that HDP has links to terrorism. The HDP is the country's second-largest opposition party. As the Constitutional Court considers the dissolution of the HDP, the pressure on the party has further increased with the arrest of HDP officials and party members. Currently, some 5,000 HDP members and officials remain in prison.

The repression of local representatives continued during the review period. In December 2021, the Ministry of Interior launched a "special investigation" into hundreds of staff at the Istanbul municipal government for alleged links to terrorist groups. The mayor of Istanbul, Ekrem İmamoğlu, was put on trial in January 2022 for "insulting electoral officials." He was sentenced to two years, seven months and 15 days in prison, and banned from politics in December 2022. While the political ban must be enforced following the decisions of the Court of Appeals and the Court of Cassation, this highly political decision is seen as an obstacle to his nomination as the opposition bloc's (Altılı Masa) candidate for the presidential elections in summer 2023, despite his popularity within Turkish society.

Free and fair elections

5



Following the 2018 transition to a presidential system, the Turkish president has become the sole source of power in the Turkish political system. Through the absolute concentration of power in the presidency, the judiciary, military and bureaucracy are fully controlled by the executive. In addition, the parliament has been further marginalized and has become a symbolic institution.

A series of actions taken after the 2019 local elections by the executive have profoundly damaged local democracy. The 48 elected mayors who were forcibly replaced by government-appointed trustees in the southeast of the country have not been reinstated. Moreover, the removal from office of democratically elected mayors in Diyarbakır, Van, Mardin and Kars, their arbitrary replacement by unelected trustees appointed and controlled by the government, and the detention of HDP executives and party members have further suppressed Türkiye's Kurdish population.

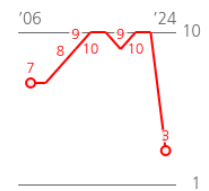
Türkiye's backsliding in association and assembly rights has continued. International observers highlight a disparity between legislation and its implementation, as well as a series of significant violations of Türkiye's constitution and international conventions to which Türkiye is a party. The European Commission observed an increase in repressive measures, the use of force and the number of interventions in peaceful demonstrations.

Organizing demonstrations has become almost impossible for opposition groups, with security forces regularly using disproportionate force to dispel "illegal" gatherings while pro-government rallies are allowed to take place. Several attempted demonstrations by opposition groups were prohibited or stopped by the police, including demonstrations against human rights violations, environmental harm and the dismissal of civil servants. Similarly, large protest gatherings have been banned, including those held on Peace Day in Istanbul, International Women's Day and Armenian Genocide Commemoration Day, as well as parades to mark Pride month. The police detained hundreds of people who gathered for the Istanbul Pride March in June 2022. The law on public assemblies and demonstrations has been enforced arbitrarily to prohibit large gatherings that might promote criticism of the government.

Regarding freedom of association, many human rights defenders have been detained or arrested and NGOs, especially in the southeast, have been subjected to police raids, including the Human Rights Association. The pressure on women's and LGBTIQ+ organizations has intensified, with an increase in detentions, investigations and arrests. Students of Boğaziçi University continue to be subjected to police violence, and their right to demonstrate peacefully has been undermined on various occasions. Overall, the criminalization of dissident voices has created a serious obstacle to association and assembly rights for any potentially oppositional group.

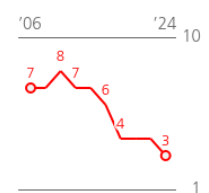
Effective power to govern

3



Association / assembly rights

3



A 2020 law aimed at preventing the financing and proliferation of weapons of mass destruction has been criticized by the Council of Europe Venice Commission due to its incompatibility with international standards and further restriction of CSO activities. The law was used by Turkish authorities, under the guise of a Ministry of Interior “risk analysis” of NGOs, to control and intimidate CSOs, particularly human rights organizations.

Türkiye’s backsliding on freedom of expression has continued. According to Reporters without Borders, more than 90% of Turkish media are under strict government control. Media outlets are either public, hence directly controlled by the government, or owned by businesspeople with close ties to President Erdoğan. These media outlets univocally reflect the government’s position and are used as the presidential palace’s main instrument for framing news.

The systematic intimidation of opposition media through detaining, arresting and prosecuting journalists has continued. This has led to further self-censorship among media professionals, government interference in editorial independence, bans on social media, pressure on Kurdish media and the fining of media outlets. According to the European Commission, as of September 2022, 69 journalists and media employees were in prison, either pending trial or serving a sentence. In 2021, at least 41 journalists were taken into custody (48 in 2020), with 35 journalists (23 in 2020) sentenced to a total of 92.5 years in prison (103 in 2020). In 2022, a journalist was killed for reporting on corruption.

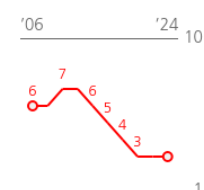
The High Council for Broadcasting (RTÜK), Türkiye’s broadcast regulator, whose members are appointed by the government-controlled parliament, has applied heavy fines to silence the few remaining independent media outlets. Media channels have been fined and journalists prosecuted for covering issues including criticisms of the Gezi trial, child abuse in private Quran courses, oppositional protests and violence against women.

The law on the internet adopted in July 2020, which gave the government extensive powers to further restrict and control social media content, continues to pose a major concern. Upon the approval of the law, all the major social media companies, including Facebook, Twitter and YouTube opened offices in Türkiye and had to comply with government’s content takedown demands. The government has continued to block access to websites that are critical of the government’s policies. According to Twitter’s transparency report, Türkiye leads in social media censorship. The Free Web Türkiye 2021 Annual Report shows that at least 11,050 URLs were blocked in Türkiye in 2021.

In January 2022, a presidential circular on press and broadcasting was issued, opening the door for further arbitrary and more restrictive control over the media, and leading to further self-censorship. Serious weaknesses in the judiciary system exacerbate these restrictive measures. An illustrative example of this is the case of Peace

Freedom of  
expression

3



Academics. The State of Emergency Commission has yet to examine any case relating to the Peace Academics since 2017, despite the Constitutional Court's acknowledgement in 2019 that a violation had occurred.

With university rectors directly appointed by the Turkish president, universities are under strict government control and self-censorship has become routine among academics. The government's extensive use of anti-terror legislation and very broad interpretation of "terrorism" have enabled it to restrict almost all forms of free expression.

Türkiye's position in the World Press Freedom Index seems to have improved from 154th out of 180 countries in 2020 to 153rd in 2021 to 148th in 2022. However, this is the result of other countries falling behind and the reduction in the number of imprisoned journalists.

### 3 | Rule of Law

Since Türkiye's transition to a presidential system, all authority is concentrated in one person, the president. Meanwhile, the legislature and judiciary have become rather symbolic and unimportant. The necessary checks and balances required to protect against an excessive concentration of power in one office and to ensure the independence of the judiciary are insufficient, according to the Venice Commission.

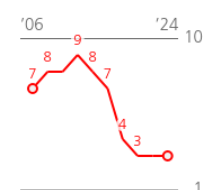
Although in theory there is a separation of powers, the actual functioning of the system does not reflect this, as the presidential system has extensively marginalized parliament's legislative and oversight functions. Under the new constitution, the president is granted legislative and decision-making powers on almost every dossier, including daily administrative issues. This hinders the parliament's legislative role since presidential decrees – which are increasingly addressing issues that were traditionally beyond the scope of presidential decrees – are not subject to parliamentary scrutiny. Parliamentary oversight of public spending needs to be significantly improved.

The president, who holds the combined offices of the head of state, head of government and head of the ruling party, remains unaccountable to parliament. Members of parliament have no right to ask oral questions, and written questions can only be addressed to the vice presidents and ministers but not the president. Furthermore, an impeachment procedure against the president requires the support of at least two-thirds of deputies (i.e., 400 or more out of 600 deputies) and is thus highly unlikely in a parliament controlled by the AKP-led bloc.

The systemic lack of independence of the judiciary is one of the most serious concerns in Türkiye. The executive exerts significant control over the judiciary and often interferes in judicial decisions, perpetuating a serious backsliding in the rule of law and the independence of the judiciary.

Separation of powers

3



The judiciary continues to be a key instrument of the executive, which it uses to silence opposition and imprison dissident voices. The Judicial Reform Strategy (2019 – 2023) and the March 2021 Human Rights Action Plan (HRAP) remain symbolic and fall short of restoring judicial independence and limiting the influence of the executive over the Council of Judges and Prosecutors (HSK). The pressure and control the presidential palace exerts on judges and prosecutors undermines the independence of the judiciary and the quality of its decisions.

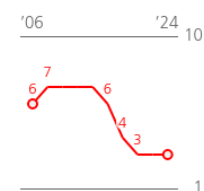
Another source of serious concern is the arbitrary and highly politicized recruitment and promotion of judges and prosecutors. Following the criticism of the Venice Commission regarding the institution of criminal judges of peace, the appeal system was changed in July 2021, which enabled their decisions to be appealed to a higher court. However, a key concern remains the structure of the Council of Judges and Prosecutors (HSK), its lack of independence from the executive, and the appointment process of its members. In accordance with the constitution, 11 out of the 13 members of the HSK are elected. Out of the 11 elected members, four are suggested by the president and seven are proposed by a qualified majority of the parliament – not one member is elected by their peers. The remaining two seats are attributed ex officio to the minister of justice and the deputy minister, who are also appointed by the president.

Criminal cases against, and intimidation and convictions of, lawyers have continued, especially lawyers who provide legal assistance to human rights activists and organizations. Another source of concern is Türkiye's non-compliance with the judgments of the European Court of Human Rights (ECtHR), despite Türkiye's obligation that derives from its membership in the Council of Europe, an obligation that is enshrined in its constitution. A case in point is the ruling by the 13th Heavy Penal Court of Istanbul imposing an aggravated life sentence on Osman Kavala after almost five years of unlawful and illegitimate detention. Given these irregularities, Kavala's case is evidence of how the judiciary is manipulated by the president for political purposes.

Constitutional Court appointments are also politicized. In January 2021, Erdoğan appointed a judge to the Constitutional Court, who had previously served as Istanbul's chief public prosecutor, where he was involved in several controversial cases that benefited the AKP, including the MIT truck case, the Sledgehammer and Gezi Park cases, as well as the cases against journalists Can Dündar and Erdem Gül and businessman Osman Kavala.

Independent  
judiciary

3



Corruption has become one of the main problems in the “New Türkiye,” affecting the proper functioning of the government apparatus. In particular, corruption charges involving high-level officials and politicians are not investigated at all. Civil servants and political circles close to the government are untouchable, and the executive-controlled judiciary creates a highly favorable environment for sustaining this corrupt system.

The allocation of funds, financing of local administrations, and, in particular, land administration and public procurement procedures are prone to serious corruption. The practice of granting large procurement contracts to Erdoğan’s allies has become commonplace, with severe consequences for the population at large. One example is the Isparta case, where a snowstorm in 2022 caused power cuts that lasted for weeks, resulting in numerous fatalities. In Isparta, the city’s utilities were run by companies with close ties to Erdoğan. These companies failed to implement any measures to ensure the resilience of city infrastructure to such disasters. None of the top political figures responsible for this corrupt system have been held accountable. On the contrary, with the transition to the presidential system, arbitrary rule has become a structural feature of the system – which lacks transparency and legal and administrative control – as the president directly appoints and nominates civil servants and high-level officials. Furthermore, journalists investigating corruption cases face direct attacks from the government, are targeted by judicial procedures and face intimidation. Moreover, the government immediately restricts news related to corruption allegations.

While the legal framework includes some basic provisions for the protection of civil and fundamental rights, the practice does not align with international standards, and human, fundamental and civil rights have further deteriorated. The failure and lack of political will to implement existing provisions for the protection of these rights is the main problem.

Organizations dealing with human rights, particularly Kurdish issues, continue to face increasing pressure. The ECtHR has found Türkiye guilty on numerous occasions of violating the European Convention on Human Rights (ECHR). Examples include the rulings by the 13th Heavy Penal Court of Istanbul that sentenced businessman and human rights defender Osman Kavala to life in prison and authorized the continued detention of Selahattin Demirtaş and Figen Yüksekdağ, the former co-chairs of the HDP, since November 2016.

The 152,000 civil servants who were arbitrarily dismissed and permanently banned from working in the public sector after the attempted coup in 2016 continue to be subject to social and professional stigmatization. Torture and ill-treatment are reportedly widespread in prisons and detention centers.

#### Prosecution of office abuse

4



#### Civil rights

3



Hate speech and hate crimes against Kurds, including pro-Kurdish HDP politicians, Christians, Protestants, Jews, Roma, Armenians and other ethnic or religious minorities, and violations of the rights of LGBTIQ+ persons remain serious concerns. Discriminatory legislative provisions regarding people with disabilities (e.g., restrictions on access to public professions, including diplomats, judges and governors) remain in place. Furthermore, discrimination on the grounds of sexual orientation and gender identity in the workplace is not prohibited by law.

#### 4 | Stability of Democratic Institutions

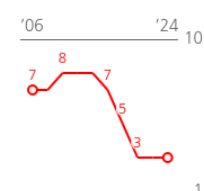
Türkiye's new presidential system has completely marginalized the parliament, including its legislative and oversight functions, and regulates the governance mechanisms of regional and local administrations. With the continued crackdown on opposition parties and dissident voices within society, especially at the local level, all democratic institutions, including the parliament, as well as public administration, are extensively controlled by the executive.

The president, meanwhile, has the authority to declare a state of emergency and rule by presidential decrees on matters outside the scope of the law. He can indirectly dissolve the parliament by calling for new parliamentary and presidential elections. He can also veto laws and controls the judiciary through the appointment of members of the Council of Judges and Prosecutors and Constitutional Court judges.

The president's excessive powers have resulted in a deeply divided society, which is split between two opposing camps, namely pro-Erdoğan supporters and those who contest his authoritarian rule. This polarization is both political (among political parties) and societal (ideological cleavages in society). While several dissident voices in the parliament, opposition parties, the judiciary and civil society do not accept the legitimacy of the current system and institutions created under the presidential system, these oppositional voices are silenced by the government's repressive measures. Nevertheless, these oppositional groups are committed to securing a change in government through elections. However, given the unfair and unfree nature of the electoral system, even the legitimacy of elections is increasingly being contested.

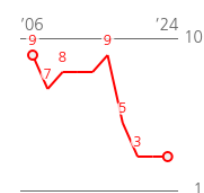
Performance of democratic institutions

3



Commitment to democratic institutions

3





## 5 | Political and Social Integration

Over the last decade, just four parties have dominated Turkish politics. These are the Republican People's Party (Cumhuriyet Halk Partisi, CHP), the country's oldest party, which is dedicated to upholding Atatürk's heritage and ideology; the Justice and Development Party (Adalet ve Kalkınma Partisi, AKP), an Islamist party that has held and increasingly consolidated its power since 2002; the extreme Nationalist Movement Party (Milliyetçi Hareket Partisi, MHP); and the pro-Kurdish People's Democratic Party (Halkların Demokratik Partisi, HDP).

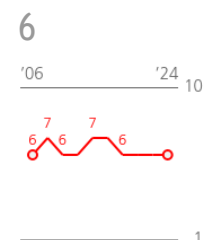
The İyi Parti (Good Party) emerged in October 2017, bringing together primarily MHP defectors who left the MHP after the party's support for a "yes" vote in the 2017 constitutional referendum. İyi has adopted a conservative, nationalist and secularist line, criticizing the AKP and its close ally MHP for pursuing an anti-democratic agenda.

In the run-up to the 2023 presidential elections, six opposition parties formed the electoral Nation Alliance (Millet Ittifaki) to compete against the People's Alliance, comprising the AKP and MHP. The Nation Alliance comprises the CHP; İyi; two breakaway parties from the AKP, namely the Future Party (GP) and Democracy and Progress Party (DEVA); the Islamist Felicity Party (Saadet Partisi, SP); and the liberal-conservative Democratic Party (DP). The Nation Alliance has agreed to nominate a joint candidate for the presidential elections. Although ideologically very distinct, the six parties are united on some essential priorities concerning Türkiye's "normalization process," including the return to a parliamentary system and democratization.

The HDP has been stigmatized and marginalized. Several democratically elected HDP municipal mayors have been replaced by AKP-appointed trustees, while several HDP members were deprived of their parliamentary seats and imprisoned for allegedly supporting terrorist activities. Judicial investigations were launched against the HDP co-chairs and other HDP and CHP members of parliament.

In Türkiye, political parties lack intraparty democracy. Party leaders dominate their parties' administrations, with political parties largely controlled by authoritarian leadership structures, which leaves no room for intraparty criticism or party leader succession. The nomination procedures for candidates tend to enhance the power of the party leaders. The leadership and personality of party leaders is more decisive in mobilizing people than party ideology. This authoritarian intraparty structure is an integral part of Turkish political culture.

Party system





More than 120,000 associations and several hundred unions and chambers are still active in Türkiye. In total, there are 184,000 CSOs. However, groups that criticize the government are increasingly securitized and criminalized. The anti-terror legislation has been instrumentalized to silence many NGOs and associations. Several human rights activists have been arrested, detained or intimidated. The Gezi trial and Osman Kavala's life sentence have acted as deterrents to civil society activism. Through emergency decrees, around 1,400 associations have been closed without legal recourse since the failed coup.

Administrative difficulties for national and international non-governmental organizations (NGOs) are restrictive. The Law on Preventing Financing of Proliferation of Weapons of Mass Destruction, which has been in force since December 2020, has been a further blow to Turkish CSOs, facilitating their control and closure by the Ministry of Interior.

Although NGOs are, in practice, excluded from genuine legislative consultation, pro-government organizations are visible and assume a greater role. More broadly, civil society culture remains weak and Türkiye's autocratization following the failed coup in 2016 has eradicated CSOs from Türkiye's political scene.

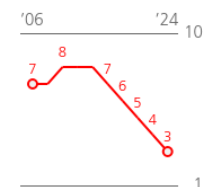
Despite increasing dissatisfaction with the functioning of the presidential system and the erosion of trust in the existing political institutions and political parties, Turkish citizens remain committed to democracy, as indicated by the World Values Survey in 2018.

A survey conducted by the Yöneylem Social Research Center in 2022 indicates that 64% of Turkish citizens would prefer a parliamentary system over a presidential system, with only 28.5% arguing the current system should be preserved. This confirms a trend among Turkish citizens with regard to the growing mistrust in the presidential system. A previous poll indicated that, as of December 2020, less than 35% of Turks supported the executive presidential system (compared to 56.5% in 2017 and 44.1% in 2018). While only 34.5% believed that Türkiye should continue with the current system, 58% would prefer to go back to the parliamentary system (2020 survey by Metropoll).

Polls conducted by Kadir Has University indicate that, as of January 2022, the three most trusted institutions among Turkish people remain the security institutions, specifically the police (65.4% in 2021), the gendarmerie (65.4%) and the armed forces (62.4%). The Grand National Assembly (57%) is the fourth-most trusted institution. The Turkish Medical Association, which was targeted by the authorities for allegedly "creating fear and panic among the public" related to the COVID-19 outbreak, is also among the most trusted institutions (56.7%). The least trusted institutions are those that are almost exclusively controlled by the executive, namely the central bank (46.6%), RTÜK (46.2%) and the media (42.6%). According to the poll, the least trusted institutions are the opposition parties (40.6%).

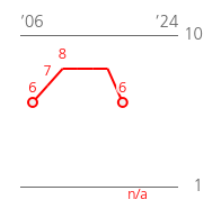
### Interest groups

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### Approval of democracy

n/a



According to Kadir Has University's polls, as of 2022, the electorate's main concerns are economic problems (22.7%), the number of refugees in Türkiye (17.9%) and the sanitary situation (e.g., COVID-19) (15.8%). These are followed by restrictions on fundamental rights and freedoms (7.3%), terrorism (7.2%), and education (5%). The most notable increases relate to the number of refugees in Türkiye (which only 6% considered the country's most serious problem in the previous year) and economic problems (which only 12.3% considered the country's most serious problem in the previous year).

Turkish society remains deeply divided along ethnic, political and religious fault lines. While the Kurdish issue is one of the divisive lines (Kurds v. Turks), Turks are also divided politically (conservative nationalists v. modernists) and religiously (Sunni Islamists v. secularists). In recent years, the political elite's divisive discourse has contributed to further divisions and deep polarization between the pro-Erdoğan camp and his opponents.

Polls conducted by Kadir Has University (January 2022) confirm that 40.6% of the population think that there is political polarization – compared to 55.9% in the previous year. The level of trust and tolerance has decreased vis-à-vis LGBTIQ+ groups, ethnic minorities and non-Muslims. Increasing hate speech and hate crimes against LGBTIQ+ individuals, Syrian refugees, Armenians and other non-Muslim ethnic groups are a source of concern, as reported by the European Commission (2022).

## II. Economic Transformation

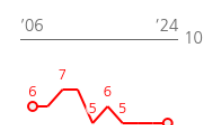
### 6 | Level of Socioeconomic Development

Türkiye's conflictual relations with the West, its politically unstable situation, its involvement in several regional conflicts, the erosion of state institutions, the influx of approximately four million refugees and the COVID-19 pandemic have further raised socioeconomic barriers for many Turks.

Positive developments since 2000 have elevated Türkiye to rank 48 in the UNDP's 2019 Human Development Index, establishing it as an upper-middle-income country with a score of 0.838. However, in recent years, significant and increasing levels of inflation have exacerbated the risks faced by the most vulnerable segments of the population. By 2021, the persistent poverty rate had reached 13.8%, according to surveys. On the other hand, the severe material deprivation rate had fallen to 27.2%. Türkiye's Gini coefficient, as reported by the World Bank, remained stable at 41.9 during 2018 and 2019.

Social capital

5



1

Question  
Score

Socioeconomic  
barriers

5



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According to the World Inequality Report (2022), income and wealth inequality in Türkiye has increased over recent years. The richest 10% of the population earn 23 times more income than the poorest 50% of the population. The report states that the richest 10% earn 54.5% of total income in the country. Longitudinal analysis shows that economic inequalities have increased over the last 15 years, with a decrease in income across all population groups due to the economic recession between 2018 and 2021 (Duvar English). Similarly, a report titled “Income Inequality and Poverty in the COVID-19 Period,” issued by the Confederation of Progressive Trade Union of Türkiye (DİSK) and the Public Services Employees Union (Genel-İş) in August 2021, reveals that Türkiye has the widest income gap between the richest and poorest quintiles of the population in all of Europe.

Ethnicity, gender and place of residence strongly influence access to education and well-paying jobs. Regional disparities in poverty rates remain high, and extreme income disparities between rural and urban regions persist, particularly in the east and southeast regions of the country, where the average household income is only one-third of certain western provinces. In the United Nations Development Programme’s Gender Inequality Index, Türkiye reduced gender inequality fairly remarkably, with the country’s score falling from 0.427 in 2010 to 0.272 in 2021. However, female participation in the labor force remains very low.

Child poverty is a serious concern. According to UNICEF, socioeconomic inequalities in income and wealth – along with gaps in the quality, adequacy and coverage of public services in social protection, education, employment, health care and family services – primarily affect children.

Economic indicators		2019	2020	2021	2022
GDP	\$ M	759934.8	720288.8	819034.5	<b>905987.8</b>
GDP growth	%	0.8	1.9	11.4	<b>5.6</b>
Inflation (CPI)	%	15.2	12.3	19.6	<b>72.3</b>
Unemployment	%	13.7	13.1	12.0	<b>10.0</b>
Foreign direct investment	% of GDP	1.3	1.1	1.6	<b>1.4</b>
Export growth	%	4.2	-14.4	24.9	<b>9.1</b>
Import growth	%	-5.0	6.7	2.4	<b>7.9</b>
Current account balance	\$ M	10796.0	-31888.0	-7232.0	<b>-48751.0</b>

Economic indicators		2019	2020	2021	2022
Public debt	% of GDP	32.6	39.6	41.8	<b>31.7</b>
External debt	\$ M	444540.1	441150.3	435450.9	-
Total debt service	\$ M	87010.5	87192.3	73479.5	-
Net lending/borrowing	% of GDP	-2.8	-4.7	-1.5	-
Tax revenue	% of GDP	16.5	17.7	17.9	-
Government consumption	% of GDP	15.4	15.2	13.1	<b>11.8</b>
Public education spending	% of GDP	4.5	4.0	2.8	-
Public health spending	% of GDP	3.4	3.6	-	-
R&D expenditure	% of GDP	1.1	1.1	-	-
Military expenditure	% of GDP	2.7	2.4	1.9	<b>1.2</b>

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

The transition to a strict presidential system, coupled with serious backsliding in the judicial system and the centralization of all decisions (especially those regarding state aid and procurement), continues to undermine the free functioning of a market economy in Türkiye.

Concerns about the government's commitment to the rule of law and its increasingly unpredictable economic policies, combined with the high levels of foreign exchange debt held by Turkish banks, continue to be the main factors behind the current historically low levels of foreign direct investment (FDI). Furthermore, unpredictable and frequent changes in tax rates have negatively affected foreign investment in the country.

The legislation on the acquisition of real estate by foreigners does not fully comply with EU legislation. Türkiye recently established new conditions for granting Turkish citizenship to foreign investors, subject to certain criteria, including buying real estate. However, the legislation on real estate acquisition by foreigners is ambiguous as it applies to EU nationals in a nondiscriminatory way. Some restrictions apply to the acquisition of properties by citizens of neighboring countries on the grounds of national security concerns. In key sectors, such as radio and TV broadcasting,

Market organization

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aviation and maritime transportation, education, and mining, foreign ownership continues to be restricted. A series of restrictions were introduced after the August 2018 currency crisis on capital movements for residents and non-banking corporations, with transactions denominated in foreign currencies still in place.

The state intervenes in price setting, especially in key sectors. In the food and energy sectors (natural gas and electricity), the government has undermined automatic pricing mechanisms. According to the European Commission, more than a quarter of the consumer basket is composed of goods for which prices are set or heavily influenced by public authorities. Since July 2021, the government has limited the annual increase in rent to 25%.

According to the European Commission's 2022 Türkiye Report, starting a business in Türkiye remains cumbersome, mainly due to the fragile regulatory and institutional environment. On the positive side, Türkiye took a number of steps to improve the business environment, including the establishment of specialized courts, ratification of the Singapore Convention for international commercial disputes, and the provision of online access to court decisions. The number of newly established businesses increased by 8.3% in 2021. In parallel, the number of liquidated companies increased significantly by 22.5%, while the number of dissolved businesses rose by 5.6%. Market exit conditions remain costly and time-consuming.

Despite the government's efforts to implement the Action Plan and Strategy for the Fight against the Informal Economy (2019 – 2021), the informal sector remains significant and larger than the OECD average.

Tied into the customs union with the European Union since 1996, Türkiye fulfilled its obligation to adopt the European Union's antitrust legislation. The Law on the Protection of Competition and the amendments made in June 2020 are in line with EU requirements. The Turkish Competition Authority (TCA) is tasked with monitoring the market and implementing antitrust rules where necessary. The TCA, despite its affiliation with the Ministry of Interior, has some administrative and budgetary autonomy and operates effectively with regard to privatizations, mergers and acquisitions. It has ensured that market positions are not abused. Although the TCA remains a largely independent institution, the direct appointment of its president and members by the president impairs its independence.

The executive controls and appoints the members of other key institutions, including the Economic Policies Council, which is responsible for implementing the law, and the Directorate-General of Economic Programs and Research, which is tasked with coordinating state aid. The persistent lack of implementation rules, enforcement, transparency and institutional structure around state aid is a concern. The European Union has criticized Türkiye for failing to implement state aid controls and establish a functional organizational structure.

#### Competition policy

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Based on the Customs Union Agreement, Türkiye's economy is well integrated into the EU market and is the European Union's sixth largest trading partner, while the European Union is Türkiye's largest trade bloc. During the review period, Türkiye's economic integration into the European Union declined, mainly due to Türkiye's increasing violation of customs union rules. Divergence from the EU Generalized Scheme of Preferences persisted, for instance. This is mainly due to the preferential free trade agreements (FTAs) the European Union has negotiated with third-party countries, which have had asymmetrical consequences for Türkiye. While Türkiye removed some of the duties imposed on products of non-EU origin, a large number of additional duties contravene Türkiye's obligations. According to the European Union, non-tariff barriers, including import surveillance and long, slow customs checks hinder trade flows.

Türkiye has 22 FTAs currently in effect, including with Lebanon, Sudan and Qatar, with more FTAs in the process of being ratified. Additionally, Türkiye is engaged in negotiations to expand the coverage of its existing FTAs with Serbia, Bosnia and Herzegovina, Montenegro, Georgia, and Malaysia. At present, there are 17 countries or country blocs with which Türkiye has initiated FTA negotiations, including Indonesia, Japan, Somalia, Thailand and Ukraine.

Türkiye has also continued to implement the FTA established with the United Kingdom following the enforcement of the EU-UK Trade and Cooperation Agreement.

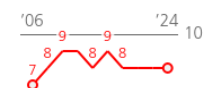
Türkiye has been a member of the World Trade Organization since 1995. Its simple average MFN applied tariff was 10.7% in 2021. Türkiye is also a member of the Economic Cooperation Organization, the United Nations Conference on Trade and Development, the Organization of the Black Sea Economic Cooperation, the World Customs Organization, and the International Chamber of Commerce. It is a founding member of the Developing-8 Organization for Economic Cooperation.

Türkiye's banking system is organized according to European standards, with functional supervision, minimum capital requirements and good market discipline. However, the presidential system has centralized fiscal policies. The central bank and many regulatory authorities have come under the direct control of the presidency, leading to the politicization of these institutions, which severely undermines their independence. The state president has the power to directly appoint the president and members of the Banking Regulation and Supervision Agency (BRSA), as well as of the Saving Deposit Insurance Fund (Tasarruf Mevduatı Sigorta Fonu, TMSF).

The banking sector has remained largely stable despite rising financial stability risks and capital adequacy above the regulatory requirements, according to the European Commission (2022). Non-performing loans decreased and profitability improved, but dollarization and financial stability risks increased.

#### Liberalization of foreign trade

8



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#### Banking system

8



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Commercial banks, which dominate the financial sector, continued to perform solidly. According to the European Union (2022), the banking sector remained well capitalized. Since September 2021, the regulatory capital adequacy ratio has increased by 0.7 PPS (purchasing power standards) to 18.0% and core capital by 1 PPS to 14% in summer 2022. The capital adequacy of state-owned banks improved following a large capital injection of TRY 51.5 billion by the Türkiye Wealth Fund (Varlık Fonu). Total bank assets increased from 121% of GDP in 2020 to 127% in 2021, while the share of total bank assets held by foreign-owned banks increased from 25.1% to 25.9%. Following a stable period in 2021, the U.S. dollar and Turkish lira interest rate spreads between commercial loans and deposits increased markedly toward the end of 2021.

The bank capital-to-assets ratio decreased from 11.7% in 2019 to 10.5% in 2020, having remained at roughly the same level throughout the previous decade. The non-performing loans ratio declined from 5.0% in 2019 to 3.9% in 2020. Then it declined further to 2.4% in July 2022 (1.7% in state-owned banks) and loan-loss provisioning went up to 82.5% for the banking system (88.3% in state-owned banks). Bank profitability improved and the average return on assets reached 2.0%, while the return on equity reached 25.2% in July 2022, but remained markedly lower in state-owned banks and negative in real terms.

According to the Banking Regulation and Supervision Agency (BRSA), as of early 2023, 52 banks are operating in Türkiye, including 35 deposit banks. The share of deposits in total bank assets was 87%, while the shares of development and investment banks and participation banks were 7% and 6%, respectively.

In December 2022, Türkiye's foreign exchange reserves were measured at \$75.4 billion, which indicates an increase compared to the previous period when reserves amounted to \$36.3 billion in September 2020. As of 2020, total assets reached \$823 billion, according to the European Banking Federation. Furthermore, the ratio of total assets to GDP experienced a 17-percentage point increase, reaching 121%. Within the banking sector, loans accounted for 59% of assets, while liquid assets represented 15%. Securities made up 17% of the total, while subsidiaries and fixed assets comprised 3%.

## 8 | Monetary and fiscal stability

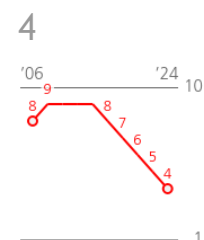
The Central Bank of the Republic of Türkiye (CBRT) and the country's main regulatory institutions remain directly linked to the presidency, which undermines their ability to pursue consistent, transparent and effective monetary policy. An illustrative example of this is the highly politicized appointments and frequent changes in the management team of the CBRT. In 2022, two deputy governors and one member of the monetary policy board were dismissed.

Highly politicized and inefficient monetary policy, coupled with the structural problems of the Turkish economy, has resulted in a weak lira and a two-decade-high inflation rate. As noted by the European Commission (2022), in 2021, the CBRT lowered its key policy rate by 500 basis points to 14% and further to 13% in August 2022, despite high and growing inflation. The authorities believe that this low-interest policy will stimulate the industry to borrow credits and invest in production, and the weak lira will lead to an increase in Türkiye's exports. Real interest rates turned deeply negative, triggering a strong depreciation in the value of the lira and market instability. The interventions by the CBRT provided a temporary slowdown for the lira, which further depreciated in the aftermath of Russia's invasion of Ukraine. Consumer inflation reached 80.2% in summer 2022, affecting primarily food and energy prices. Meanwhile, inflationary pressures affected most producer prices, rising to 144% in August. CPI inflation rose from 7.8% in 2016 to 19.6% in 2021. Overall, the monetary policy approach pursued by the executive has proved to be highly inefficient, particularly in the shadow of global instability following Russia's invasion of Ukraine.

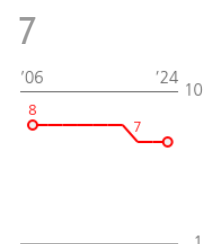
According to the Economist Intelligence Unit, despite accelerating inflation and the prospect of global monetary tightening, interest cuts since September 2021 have caused a sharp fall in the value of the Turkish lira. It fell from TRY 8.5 per U.S. dollar in September 2021 to TRY 18.6 per U.S. dollar in October 2021. International observers expect the lira to weaken further, given foreign investors' lack of confidence in Türkiye's economy and political system.

With a GDP of roughly \$720 billion, Türkiye is the 19th-largest economy in the world. However, as noted by the World Bank, productivity growth has slowed as reform momentum has waned over the past decade, and efforts have turned to supporting growth with credit booms and demand stimulus, intensifying internal and external vulnerabilities. Since 2018, high private sector debt, persistent current account deficits, high inflation and high unemployment have been exacerbated by macro-financial instability. Following the combined effect of the 2018 recession and the COVID-19 pandemic in 2019, Türkiye's economic growth has slowed, with GDP growing 0.9% in 2019 and 1.9% in 2020. With elections scheduled for May 2023, the executive took measures to support short-term growth. The CBRT's lending rate was

Monetary stability



Fiscal stability





very low as of early 2023 (9%), despite a weakening lira and particularly high inflation. The rise in demand following the pandemic stimulated GDP growth (11.4% in 2021, according to the World Bank).

The narrowing of the current account deficit to 1.7% of GDP in 2021, close to the average over the last five years, will be short lived, as the rise in international commodity prices, especially energy prices, reversed this trend at the end of the year. Türkiye recorded a current account deficit of \$48.8 billion in 2022 (about 6% of estimated GDP), according to the CBRT – the largest since 2013. The trade deficit soared to \$89.7 billion in 2022, due to high prices for energy, raw materials and other imported commodities, particularly after Russia’s invasion of Ukraine. Public debt continued to increase from 39.7% of GDP in 2020 to 41.8% in 2021.

International observers estimate that the current account deficit will remain wide at 4.3% of GDP due to high global energy prices and slow export growth. Türkiye’s budget balance in relation to GDP declined from -5.12% in 2020 to -3.86% in 2021. The 2022 budget targets a budget deficit of TRY 278.4 billion (3.5% of GDP). The European Union states that this target is based on unrealistic macroeconomic assumptions and was already outdated at the time of the budget’s adoption.

Despite the current account deficit, Türkiye’s foreign exchange reserves remain solid and have increased since the middle of 2022. The CBRT has been able to keep the lira relatively stable at TRY 18.50 to 18.80 per U.S. dollar. Total external debt decreased slightly from \$440.8 billion in 2019 to \$435.8 billion in 2020. Total debt servicing costs slightly increased from \$86.9 billion in 2019 to \$87.1 billion in 2020 (current U.S. dollars).

Türkiye’s structural problems and current account deficits mean that the country is reliant on financial flows from abroad, including foreign investment. Türkiye’s external balances are still fragile, and international observers anticipate significant current account deficits in the coming period due to increasing global prices, the presidency’s insistence on a highly low interest rate policy and the government’s pre-election policies.

## 9 | Private Property

Property rights and the regulation of the acquisition of private property are reasonably well defined and protected under the Turkish legal system. However, the erosion of the rule of law threatens to undermine private property rights.

Due to weaknesses in the enforcement mechanisms, the protection of intellectual property rights remains very weak. According to Europol, Türkiye is the second-largest source country of pirated products.

Under the country's state of emergency (July 2016 to July 2018), several infringements of private property rights occurred. Since then, the Inquiry Commission on the State of Emergency Measures has failed to provide an effective domestic remedy for confiscations.

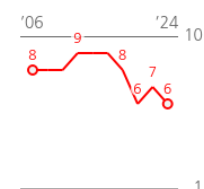
Following the conclusion of the peace process with the PKK in 2015, thousands of Kurds were forced out of their homes and a significant amount of property owned by Kurds was confiscated, particularly in Diyarbakır and Sur. The court cases are still ongoing. The European Union asserts that it is crucial to promptly revise the applicable legislation pertaining to property rights for non-Muslim minorities, as well as other legislation addressing all aspects of property rights, in order to establish a more inclusive framework.

Private companies remain essential components of the Turkish economy. However, the overall business environment has been adversely affected by a general erosion in the rule of law. The already substantial level of arbitrary rule has intensified due to state interference, and actions targeting companies, businessmen and political opponents persistently undermine the business environment.

Privatization receipts increased slightly to \$413 million in 2021. The Privatization Administration announced that electricity generation plants, ports and real assets would be privatized in 2022. The Turkish Wealth Fund (TWF) holds shares in major companies in various sectors, including finance (e.g., large-scale state-owned banks and Borsa İstanbul, consolidated public insurance companies), telecommunications, petrochemicals, real estate, mining, agriculture and transport. In March 2022, the TWF raised its stake to 61.68% in Turk Telekom, thereby becoming its majority shareholder and the leading player in the telecom market. According to the European Union, this transaction reversed the privatization progress and significantly hindered the liberalization of the telecommunications market. Corruption remains a concern in both privatization and government procurement, particularly in the energy sector.

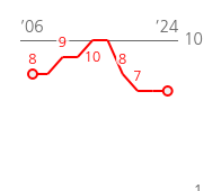
Property rights

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Private enterprise

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## 10 | Welfare Regime

The Social Security Institution (Sosyal Güvenlik Kurumu, SGK), established during the first years of the AKP, offers short- and long-term benefits. The benefits include support in case of workplace injuries, illness and maternity leave; old age insurance; disability insurance; survivors' insurance; and marriage and funeral benefits. The social security system is compulsory and funded by contributions from employers, employees and the state. The beneficiaries of the non-contributory component, made under a green card system, are people who cannot afford their medical expenses.

Türkiye's spending on public pensions amounts to 7.4% of GDP, while the OECD average is 7.7%. The retirement age depends on each individual's date of birth, date of labor market entry and contribution period. For individuals who have had a full career starting at 22 years old, the current retirement age is 48 for women and 51 for men, with a minimum of 5,500 days of contributions. Individuals who entered the pension system between September 1999 and October 2008 can retire at age 60 for men and 58 for women, with a minimum of 7,000 days of contributions or 25 years of coverage with 4,500 days of contributions. According to the law, there will be a gradual increase in the retirement age only after 2036. Workers in specific industries (e.g., mining) and people with disabilities can retire early, but other workers cannot claim their pension before reaching the relevant age threshold.

The health care system functions well and provides largely accessible and almost universal coverage, although regional differences persist. As the European Commission highlighted, a presidential decree adopted in August 2019 "brings the budgets of local authorities, professional organizations, foundations, and social security institutions under the control of a single account managed by the Ministry of Treasury and Finance that answers directly to the president." The Ministry of Health and its directorates implement health policies set by the president. Türkiye's spending on health as a percentage of GDP has decreased since 2009 and is lower than the WHO European Region average. In 2019, public expenditure on health represented 3.4% of GDP.

According to the European Union, Türkiye needs to improve its poverty reduction policy. During the review period, very high inflation levels particularly affected the country's most vulnerable groups. In 2021, social assistance payments amounted to TRY 97.8 billion or 1.74% of GDP.

The country lacks a long-term care system that covers children and people with disabilities. The welfare system is also burdened by significant debt, which the government has sought to alleviate through several reforms. The state provides coverage for general health insurance premiums for approximately 8.7 million individuals in need. A recent concern involves the scarcity of medical professionals, with doctors in particular emigrating due to political factors.

Social safety nets

7

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Turkish labor law needs improving, and legislation concerning workers' rights requires better enforcement and implementation. A significant portion of the working population lacks protection under the labor law. Although the rate of undeclared work in non-agricultural sectors has decreased in 2021 (below 17.5%), 29% of employment remains unreported. (This percentage is higher for women compared to men). The persistence of informal and unreported work undermines the social security system and social welfare, with Syrian refugees particularly affected.

Türkiye has a legislative and institutional framework on gender equality, attributable to the country's accession process to the European Union. However, an increasingly repressive political environment and government policies that emphasize conservative "family values" as a way of life have led to a deterioration in women's status and widespread discrimination against women. Government policies incentivizing marriage, childbirth and female part-time work have been counterproductive to women's empowerment.

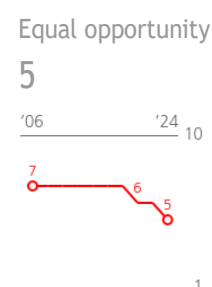
By presidential decree, Türkiye withdrew its membership in the Council of Europe's Convention on Preventing and Combating Violence Against Women and Domestic Violence (referred to as the Istanbul Convention) in March 2021. This action prompted domestic demonstrations and international condemnation. In 2022, Türkiye's top administrative court ruled that the president's decision was legal. This ruling is especially concerning considering the persistently high incidence of femicide and other acts of violence in the country, with 339 women losing their lives in 2021.

In terms of employment, there is a significant disparity between the labor force participation rates of men (70.7%) and women (34.9%) (TUIK 2022). The European Union has also expressed concern about the limited participation of women in decision-making, politics and employment. The representation of women in parliament stands at 17.6%, while their presence in senior managerial positions is only 9.05%.

Türkiye continues to score poorly in educational attainment in the Gender Gap Index, calculated by the World Economic Forum, ranking 101st out of 156 countries in 2021. The implementation of certain programs supporting the employment of mothers with children was terminated by the end of 2021.

The gender pay gap remains very high, according to the Research Center of the Confederation of Progressive Trade Unions of Türkiye (DİSK-AR). Men's annual labor income is 31.4% higher than women's.

School enrollment rates for girls need to be improved, especially in secondary education. Currently, 94.4% of women are literate, compared to 99.1% of men. The gross enrollment ratio stands at 97.1% for primary education, 104.1% for secondary education and 115% for tertiary education.



Progress has been made in combating discrimination on the basis of racial or ethnic origin, religion or belief, disability, age, and sexual orientation. However, there is still ample room for improvement. Although written anti-discrimination regulations do exist, members of religious and ethnic minorities continue to be excluded from positions in the civil service and army.

## 11 | Economic Performance

Global uncertainties related to the slowdown in global markets due to the COVID-19 pandemic, as well as Russia's invasion of Ukraine, have led to significant fluctuations in Türkiye's economy during the review period.

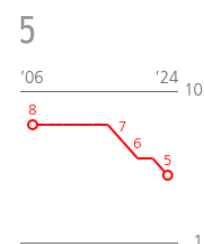
In 2020, annual real GDP growth was 1.9%, which abruptly increased to 11.4% in 2021. Total GDP increased from \$761.4 billion in 2019 to \$815.3 billion in 2021. GDP per capita (PPP) also increased from \$28,423 in 2019 to \$30,472 in 2021. Consequently, the GDP per capita growth rate abruptly increased from -0.4% in 2019 to 10.1% in 2021, according to the OECD. Unemployment slightly increased from 13.1% in 2020 to 13.4% in 2021.

The rapid depreciation of the Turkish lira during the review period led to an uptick in Türkiye's exports, which exceeded 30% of GDP in 2019 and continued to rise to 35.3% of GDP in 2021. According to the Turkish Statistical Institute and the Ministry of Trade, exports reached \$22.3 billion and imports reached \$29.7 billion in December 2021, representing increases of 24.9% and 29.9% compared to December 2020, respectively.

Capital flows to Türkiye have been volatile. Although foreign direct investment flows have been the most stable, they have continued to decrease. (The inflow of net foreign direct investment decreased from 1.6% of GDP in 2018 to 1.1% of GDP in 2020). Public debt-to-GDP has increased abruptly from 29.4% in 2018 to 42% in 2020. The narrowing of the current account deficit to 1.7% of GDP in 2021, close to the average for the last five years, did not last long as strong increases in international commodity prices, especially for energy, reversed this trend at the end of 2021. Ankara recorded a current account balance of -4.99% of GDP in 2020 and -1.7% of GDP in 2021, according to the World Bank.

After a relatively stable consumer price inflation (CPI) rate of around 8% for more than a decade, the CPI rate has been higher and more volatile since 2017. Extremely loose monetary policy and a lack of policy credibility have weakened the lira and driven inflation to a two-decade high (12.3% in 2020 and 19.6% in 2021). Despite high and growing inflation, real interest rates turned deeply negative, triggering a strong depreciation in the lira and market instability.

Output strength



## 12 | Sustainability

Türkiye faces critical environmental and climate challenges. The country needs ambitious and better-coordinated environmental and climate policies.

According to the European Union, the review of the status of protected areas continued in a nontransparent and non-participatory manner, resulting in changes in the status and boundaries of several potential Natura 2000 areas. Government construction projects on cultural, historical and religious heritage sites have had a destructive environmental impact. For example, the mining project in the Tunceli Mountains, which is part of a national park and a sacred site for Alevi, is causing significant harm. In March 2022, mining regulations were amended to allow mining activities in olive orchards. Similarly, the proposed Kanal İstanbul Project, an artificial sea-level waterway that would connect the Black Sea and the Sea of Marmara alongside the Bosphorus, is expected to result in serious environmental degradation. Furthermore, several large infrastructure projects, such as micro-hydropower plants and a third Bosphorus bridge, were intentionally exempted from national environmental impact assessment procedures.

Türkiye has aligned some of its legislation in environmental policy with the European Union, most recently with regard to waste management and wastewater treatment. However, enforcement and implementation mechanisms remain weak.

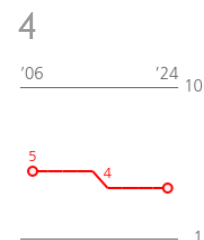
Air pollution remains a serious problem. The country has relied heavily on fossil fuels, particularly coal, to meet its increasing energy demands. Its CO<sub>2</sub> emissions increased by 190% between 1990 and 2020 and continue to increase from 4.81 tons per capita in 2019 to 5.26 tons per capita in 2021.

The erosion of the rule of law, particularly arbitrary court decisions, has also impacted environmental issues. The government generally prioritizes economic development over environmental protection.

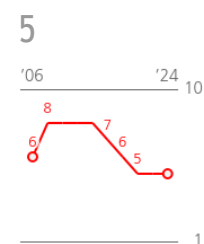
While access to education has been a long-standing structural problem in Türkiye, the decline in the quality of education is a relatively recent issue. The government's policy of prioritizing investment in religious education, specifically Sunni Islam, rather than focusing on high-quality education for all, along with the politicization of universities and the pressure on academic staff, as well as the significant brain drain experienced over the past decade, all raise serious concerns about Türkiye's future.

Although overall funding has increased over the past decade, public primary and secondary education is underfunded compared to other OECD countries. Public expenditure on primary to tertiary educational institutions per full-time student was \$4,149 in 2018, compared to the OECD average of \$10,000. According to the OECD (2021), Türkiye spent 5.1% of GDP on primary to tertiary educational institutions in

Environmental  
policy



Education policy /  
R&D



2018, 0.2 percentage points higher than the OECD average. Across the various education levels, Türkiye devoted a share of GDP similar to the OECD average to non-tertiary education and a share above the OECD average to tertiary education.

The literacy rate reached 96.7% in 2019 and Türkiye scored 0.797 in the U.N. Education Index. Tertiary education has expanded over recent decades, and, in 2020, women aged 25 to 34 (36%) were more likely than men (35%) to attain a tertiary education. The share of women among general upper secondary graduates is 52% (OECD average 55%). Men make up 53% of all vocational upper secondary graduates, slightly below the OECD average (55%). Gender differences in the distribution of tertiary entrants across fields of study are significant. According to the OECD (2021), women continue to be under-represented in certain fields of science, technology, engineering and mathematics (STEM) across most OECD countries. In Türkiye, women represented 28% of new entrants in engineering, manufacturing and construction programs, and 25% in information and communication technology programs. In contrast, they represented 79% of new entrants to the field of education, a sector traditionally dominated by women.

According to the European Commission (2022), the net enrollment rates in primary school (the first four years of school) slightly decreased from 93.62% in 2020 to 93.23% in 2021 and considerably decreased in lower secondary school (second four years) from 95.90% to 88.85% over the same period. In secondary education (third four years), the net enrollment rate increased from 85.01% to 87.93%. There was also an increase in the enrollment rates for higher education, from 43.37% to 44.41%. In 2020, 41% of three- to five-year-olds in Türkiye were enrolled in early childhood education programs, compared to an average of 83% across OECD countries. Türkiye continues to score very low in educational attainment in the Gender Gap Index, calculated by the World Economic Forum, ranking 101st out of 156 countries in 2021.

While the share of pupils in religious education remained stable in upper secondary education (11%), the number increased in lower secondary education to 13.7% (up from 10.1% in 2017). This is worrisome because the Islamization of education does not align with current job market requirements.

There are 208 universities in Türkiye with more than eight million students, which is the largest student population in the European Higher Education Area. However, there is a profound disparity in the quality of education offered by universities. While several high-quality academics have left the country, partisan academics have started to occupy top academic positions.

According to the European Commission (2022), investment in research and development (R&D) continues to increase. R&D expenditure has gradually risen from 0.8% of GDP in 2013 to around 1.1% in 2020. However, it remains below the government's target of 1.8% and the EU average of 2.3%, as of 2023. The private sector accounts for the largest share (65%) of R&D expenditure. In 2021, Türkiye

formally re-joined the Erasmus+ and European Solidarity Corps programs as an associated country for the period from 2021 to 2027. However, widespread restrictions on academic freedom continue to have a negative impact on research. In addition to the overall legislative framework, which includes the anti-terror law, universities have become highly politicized due to the president's direct and politicized appointments of rectors, making them direct targets of repressive measures. Students are often subjected to police violence.



## Governance

### I. Level of Difficulty

Türkiye's government faces several external and internal constraints. The country's geographic location in the conflict-ridden Middle East and Caucasus region poses security and humanitarian risks. Türkiye is home to approximately four million Syrian refugees (as of early 2023). Türkiye is also prone to devastating earthquakes and insufficient rainfall. Major forest fires, such as the one in summer 2021, pose additional challenges to the government.

Structural challenges and imbalances in Türkiye's economy and the dominance of consumption and construction over value-creating sectors constitute two of the main constraints on increasing prosperity. Furthermore, the rapid increase in the inflation rate during the review period has heightened the risks faced by the country's most vulnerable segments of the population. Türkiye's particular strength, its population size, might become a weakness given the high unemployment rate among young university graduates.

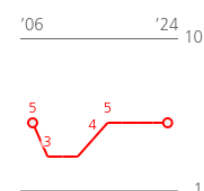
Türkiye's high dependence on tourism, which contributed 11% to GDP in 2019, makes the country prone to external shocks. Tourism revenue drastically fell in 2020 due to the COVID-19 pandemic, but rapidly recovered after the pandemic as Türkiye rose to become the fourth most-visited country in the world in 2021, according to the United Nations World Tourism Organization (UNWTO).

Regional disparities between east and west Türkiye remain another major concern, with deficient infrastructure found predominantly in southeastern and eastern Anatolia.

Turkish civil society has historically been weak for the main reason that the central government has always been very strong. In the early years of the republic, civil society was largely state-sponsored and was used as an instrument for diffusing state ideology. Since the 1980s, CSO activities have diversified and now address human rights, minority issues and women's rights. Türkiye's EU accession process in 1999 provided renewed impetus for the development of Turkish civil society and led to a change in social perceptions of civil society. This notwithstanding, the state apparatus continues to consider oppositional CSOs as a threat. The counter-terrorism law and subsequent legislative changes allow the executive to control and pressure these organizations. Furthermore, the current tax system undermines the functioning and

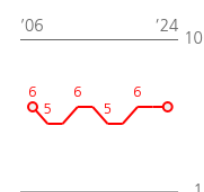
Structural  
constraints

5



Civil society  
traditions

6



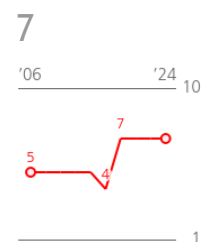
development of foundations and associations. Tax exemption for foundations remains ambiguous and is granted by the president. Moreover, the space for foreign civil society donors under current legislation continues to narrow.

As of 2022, the number of active associations in Türkiye is 122,155. According to 2022 data from the Ministry of Culture and Tourism, General Directorate of Foundations, the number of foundations operating in Türkiye is 6,010. This number is still low when compared to developed countries (per capita). Furthermore, 15% of foundations and associations are religious. CIVICUS Monitor 2022 continues to categorize Türkiye's civil society as "repressed."

Membership in social groups, such as religious or citizenship groups, remains highly important. However, this sentiment of belonging to an inner group ("us") feeds a low level of trust in social relations and tolerance of other groups ("them"), which leads to a low level of social capital.

Deep ethnic (Kurds v. Turks), political (conservative nationalists v. modernists) and religious (Sunni Islamists v. secularists) fault lines divide Turkish society. The Kurdish-Turkish fault line manifests itself in violent confrontations between Turkish security forces and the PKK, mostly in the southeast of Türkiye. However, PKK terrorist attacks also target big cities, such as Istanbul. The leaders and members of the pro-Kurdish HDP have experienced harassment and been arrested. Secular segments of Turkish society remain concerned about the constant undermining and weakening of democratic institutions and civil liberties and a parallel Islamization of Türkiye under AKP rule. Deep polarization is observed not only within society but also among the political elite, namely between the Nation Alliance (Millet Ittifaki), which is made up of six opposition parties, and the People's Alliance (Cumhur Ittifaki), which is made up of the AKP and the ultranationalist MHP.

Conflict intensity



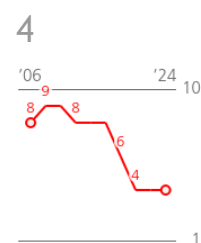
## II. Governance Performance

### 14 | Steering Capability

In the run-up to the presidential and parliamentary elections in 2023, the government's main priority has been preserving its electoral base, despite domestic turmoil and economic stagnation. This led to short-term strategic deliverables rather than concrete projects based on long-term political planning. For example, in November 2022, the executive embarked on the largest social housing project in the history of Türkiye, which aims to provide housing for low-income earners, young people who are about to marry, families of martyrs, veterans and people with special needs. The new project includes the construction of 500,000 apartments and the provision of 250,000 plots of land suitable for reconstruction.

Question  
Score

Prioritization



These populist promises follow in the shadow of undelivered promises for 2023. Many of the ambitious goals previously set for 2023 in the fields of economic policy (become a top 10 global economy), energy (establish operational nuclear power plants and reduce energy consumption), foreign policy (become an EU member state and an influential regional power), transport and tourism have become empty signifiers. Given the very high inflation rate and economic difficulties faced by Turkish citizens since the economic turbulence of 2018, Erdoğan’s references to a “prosperous Türkiye by 2023” have also become a failed objective.

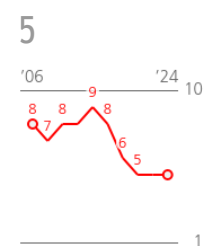
While Türkiye needs immediate long-term planning in key areas such as youth employment, education, economy, administrative reform and environmental protection, the executive limits its planning to short-term priorities. The numerous elections held since 2015 convert these short-term priorities into political benefit areas. In addition, Russia’s invasion of Ukraine, tensions with the United States and the economy’s dependency on FDI have further limited the government’s capacity to set strategic priorities and stick to them over extended periods of time.

Given the government’s prioritization of short-term political goals, many of the previously announced long-term targets have been abandoned. Although the implementation of the 2021 Human Rights Action Plan and the 2019 Judicial Reform Strategy continue to a limited extent, both documents largely fail to address essential challenges that undermine the adequate functioning of the country’s judicial system. Similarly, the Economic Reform Programme (2022 – 2024) largely fails to address key challenges such as the functional independence of the central bank, the lack of monetary policy credibility, volatile prices and high inflation.

In the same vein, although the executive remains rhetorically committed to the idea of EU membership, the AKP has completely abandoned those domestic reforms that were related to the EU accession process conditions. With the rising tide of nationalism, the executive has adopted a more overtly confrontational approach to the European Union.

With Türkiye’s increasing autocratization since 2011, the AKP’s initial willingness to learn and adjust its policies during its first two terms in power has faded. The new system revolves around a president who holds absolute decision-making power in domestic as well as foreign politics. This arbitrary and old-fashioned authoritarian system leaves no room for alternative views and criticisms and undermines the participation of high-level bureaucracy in decision-making. In the absence of critical media, pluralistic civil society and vivid opposition, there is no independent source of effective monitoring or evaluation of the executive. The president’s insistence on keeping inflation rates low, despite its severe economic consequences, attests to the executive’s inability to listen to alternative voices and learn from its mistakes.

#### Implementation



#### Policy learning



## 15 | Resource Efficiency

Türkiye's hyper-centralized presidential system has resulted in the highly inefficient utilization of human, organizational and financial resources. The massive purge of public sector employees following the 2016 coup weakened public administration. A situation that was compounded by the executive filling public sector vacancies and senior posts with like-minded but often incompetent civil servants. This restructuring of public administration has had a negative impact on policy development, the accountability of public administration and human resource management.

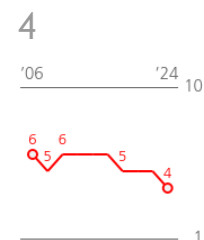
As noted by the European Commission, the civil service legal framework fails to guarantee neutrality or facilitate merit-based recruitment and promotion procedures. Recruitment procedures for the most senior civil service posts lack objective criteria and are usually marked by nepotism and political interference. This has led to the growing politicization of the civil service. The commission's 2022 Progress Report notes that the presidential system has introduced "strictly centralized lines of accountability to the Presidency." However, in the absence of internal control and audit systems, central government agencies remain unaccountable and open to political patronage. Overall, there is a lack of functional division of roles and responsibilities between different governmental institutions, leading to the over-centralization and inefficiency of public administration.

According to data gathered by the Presidency of Strategy and Budget (Strateji ve Bütçe Başkanlığı), the public sector employed 4,792,000 persons in Q4 2020, a 3.2% increase compared to the same period in the previous year. Türkiye's female public sector employment rate is the lowest within the OECD and well below the OECD average. While the rate of female employees in the public sector is 60% among OECD countries, it is only 25.31% in Türkiye, according to a new report by the Genel-İş Union.

As the European Commission states, Türkiye needs a comprehensive reform agenda for public administration and public finance management. For example, there is no accountability at higher levels of public administration, while policymaking lacks evidence-based methods and participatory mechanisms.

As for budget efficiency, according to the European Commission, no progress has been made in the development of an overarching public financial management reform program. Parliamentary engagement and oversight over the budget remain limited, rendering overall budget planning, implementation and auditing less transparent. Türkiye's government debt was equivalent to 42% of GDP in 2021, according to Türkiye's Undersecretariat of the Treasury, with government debt reaching \$254.5 billion in December 2022.

Efficient use of assets



Erdoğan argued Türkiye's transition to a presidential system in 2018 was necessary to improve governance and strengthen coordination across various executive portfolios. While decision-making across a broad range of issues is now concentrated in the presidential palace, this over-centralization has not led to better policy coordination. On the contrary, governance has become less transparent and more inefficient due to the need to secure presidential approval even on minor dossiers or local issues. On the other hand, the elimination of a consultation mechanism with opposition parties and senior bureaucrats regarding key decisions, including economic management and foreign policy, has resulted in an increase in arbitrary decision-making. This decision-making and governance model is easily affected by political priorities and conjectural changes and hinders coherent long-term policies. For example, in international relations, Türkiye has adopted a more assertive strategy for balancing relations with major powers such as the United States, the European Union and Russia, and Türkiye's external relations have been instrumentalized to pursue short-term interests in domestic politics. As a result, Turkish foreign policy has become more unpredictable, rendering Türkiye an unreliable partner for the West.

While corruption remains a widespread structural problem in Türkiye, the nontransparent presidential system and the lack of effective control mechanisms have made the whole system even more prone to corruption. The corruption allegations involving several members of Erdoğan's family and cabinet in 2013, and subsequent harsh measures to persecute investigators, have halted Türkiye's anti-corruption efforts.

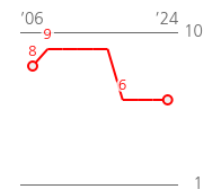
One fundamental problem is the lack of both an independent and preventive anti-corruption body and inter-institutional coordination for combating corruption. According to the European Commission, Türkiye has failed to establish anti-corruption bodies in line with its international obligations, and the country's legal framework and institutional architecture need to be improved to limit political and undue influence in the prosecution and adjudication of corruption cases.

Although Türkiye is a party to all international anti-corruption conventions, the lack of political will is the main impediment to the implementation of these conventions. In the same vein, Türkiye has failed to implement most of the Council of Europe's Group of States against Corruption's (GRECO) recommendations.

As the European Commission observed, in the area of public procurement, large gaps remain in Türkiye's alignment with the EU *acquis communautaire*. The increasing use and wide scope of exemptions in procurement procedures have been a major concern for the European Commission. The government controls procurement and awards large public-private partnership contracts for infrastructure projects to a small number of companies. Political financing, local administrations, land administration, zoning and construction remain particularly prone to corruption. Furthermore, in the absence of legislation on lobbying, control over political party financing remains largely ineffective.

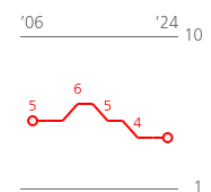
#### Policy coordination

6



#### Anti-corruption policy

4



## 16 | Consensus-Building

Although there is broad consensus on the importance of democracy, two opposing camps embrace different understandings of democracy. While the government and the ultra-nationalist MHP (the AKP's close ally since 2016) remain rhetorically committed to democracy but pursue a highly authoritarian political agenda, opposition parties advocate for Türkiye's return to a parliamentary system and democratization. These ideological cleavages and irreconcilable preferences have led to the polarization of society and the parliament. In the run-up to the elections in 2023, opposition parties remain committed to democracy and agree on the need to achieve a change in government via democratic elections. However, the executive's rhetoric and majoritarian governance model continue to aggravate societal fault lines.

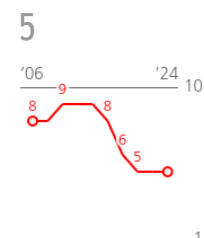
Meanwhile, broad consensus on the desirability of a market economy exists in Türkiye, although the terms of economic governance are a source of friction and subject to intense debate between the government and the opposition.

Overall, the concentration of power in the excessively powerful executive renders reconciliation and consensus-building difficult. Moreover, the presidential governance model continuously and increasingly sidelines opponents in the decision-making and strategic planning processes of both the economy and political system.

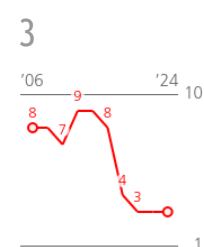
With Türkiye's transformation during the AKP's 20 years in power, traditional veto powers (e.g., the bureaucracy and judiciary) that hinder democratization have been eliminated. However, this has not led to Türkiye's democratization. On the contrary, the elimination of these veto players facilitated Türkiye's transition away from a parliamentary democracy, leaving the executive largely free to exercise uncontrolled and unchecked power. The transition to a presidential system in 2018 accelerated the country's autocratization. Today, the executive has become the largest anti-democratic actor. The few remaining liberal-democratic actors and reformers lack the power to reverse the autocratization of Türkiye, which is led by the country's "democratically" elected president.

In the run-up to the elections in summer 2023, AKP and MHP representatives have frequently used populist and divisive rhetoric, which has undermined inter-party dialogue and societal reconciliation. The president's rhetoric continues to frame the opposition and dissident groups and individuals as antagonists in a battle between "us" (those who relentlessly work for Türkiye's prosperity) and "them" (those who allegedly attempt to damage Türkiye's economy and international image). The executive continues to instrumentalize the country's broad anti-terrorism provisions to justify and suppress dissident voices.

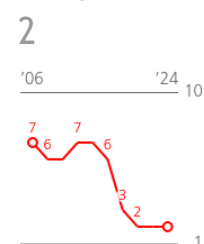
### Consensus on goals



### Anti-democratic actors



### Cleavage / conflict management



The peace process with the country's Kurdish minority has been completely abandoned. The pro-Kurdish HDP has been suppressed, with its top management, local governors and partisans either detained or placed under investigation. This has aggravated tensions between Turks and Kurds. Since 2015, numerous clashes between the army and the PKK have occurred, especially in the southeast of the country. In parallel, Türkiye has conducted several cross-border operations in Syria and Iraq to contain the activities of terrorist groups connected to the PKK.

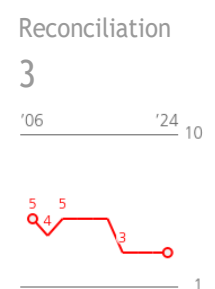
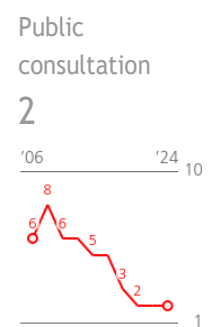
CSOs, especially human rights organizations and pro-democracy NGOs that are critical of the government, remain marginalized and are not included in any executive consultation processes, either in the formulation or implementation of policies. Meanwhile, the resources, activities and visibility of pro-government CSOs, particularly professional and economic interest groups, have continued to increase.

CSOs are far from holding Türkiye's authoritarian government accountable. The executive employs various means to suppress civil society and limit the space for civil society criticism. These means include changing the legislative framework, criminalizing activities, intimidating and stigmatizing activists, the use of aggressive rhetoric by senior government officials, and repeatedly banning demonstrations.

Türkiye has two long-standing conflicts that remain unresolved: the massacre of Armenians during World War I and the Kurdish issue. Regarding the first conflict, Türkiye and Armenia appointed special envoys who, in the spirit of a normalization process, held four rounds of talks during the review period. Türkiye and Armenia's foreign ministers met in March 2022 for the first time since 2009, with both state leaders joining for a phone conversation in July 2022. Furthermore, direct flights between the two countries started in February 2022. However, more critical issues have yet to be addressed. For example, Turkish nationalists remain reluctant to use the word "genocide" or admit guilt or responsibility. According to the European Commission's 2022 Progress Report, the case against public officials involved in the killing of Armenian journalist Hrant Dink in 2007 remains pending before the Court of Cassation. Meanwhile, the Armenian Genocide Commemoration Day, which had been allowed since 2010, was banned by the Istanbul governorate. These instances demonstrate the limited extent of a genuine reconciliation process.

No progress has been made in settling the conflict with Kurds inside or outside Türkiye. In 2009, the AKP government initiated a new process with a view to resolving Türkiye's Kurdish conflict. However, these attempts have yielded no results. Türkiye's cross-border operations in Syria, the government's harsh repression of the HDP and its supporters, and the continued suppression of the cultural rights of Kurds have negatively affected the prospect of any reconciliation in the medium term.

Challenges for Türkiye's non-Muslim and non-Sunni Muslim communities persist. Even though the Turkish constitution grants all Turkish citizens equal rights and duties, members of these minorities continue to face considerable discrimination. The





government has shown little inclination to reconcile with its opponents since the failed coup attempt of July 2016. Rather, it has responded with excessive severity. Most of the victims of the extensive purge during the state of emergency have not been re-instated or compensated for any harm caused.

## 17 | International Cooperation

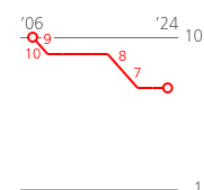
Türkiye's government has collaborated mainly with the European Union, which continues to fund most large-scale humanitarian projects in Türkiye. Since the beginning of the COVID-19 pandemic, the European Union has initiated several measures. For example, the European Union reallocated over €103 million in EU funding to help prevent and treat COVID-19 infections and mitigate the economic and social impact of COVID-19 (European Commission 2021). The main aim of this funding was to support vulnerable people through humanitarian projects. In 2022, Türkiye received €50 million in new funding as part of the €3 billion package announced by the European Commission in June 2021 to support refugees in Türkiye until 2024. This €50 million was directed – in addition to the €325 million humanitarian aid previously announced in December 2021 – to the Emergency Social Safety Net program in Türkiye and brought total EU humanitarian funding for Türkiye since 2012 to nearly €3.34 billion. Türkiye, meanwhile, provided medical assistance to 156 countries and pledged financial support for the development of a COVID-19 vaccine during the pandemic.

Türkiye is a member of the North Atlantic Treaty Organization (NATO), the Organization for Economic Cooperation and Development (OECD), the Council of Europe (CoE), the Organization for Security and Cooperation in Europe (OSCE) and the G-20. In addition, Türkiye is an EU membership candidate, despite major problems related to Türkiye's accession process. The country is also a member of the Organization of the Islamic Conference (OIC), the Black Sea Economic Cooperation, the Economic Cooperation Organization (ECO), the Developing-8 Organization for Economic Cooperation, the Cooperation Council of Turkic Speaking States (Turkic Council), the Asia Cooperation Dialogue (ACD) and MIKTA (Mexico, Indonesia, Korea, Türkiye and Australia). In theory, Türkiye could be an ideal connector between the OECD world and the Middle East and Islamic world. Its mediator role between the West (the United States and the European Union), Ukraine and Russia during Russia's invasion of Ukraine attests to Türkiye's privileged position between competing international countries.

It was seemingly for this reason that the European Union did not pressure Türkiye heavily to join the European Union's sanctions regime. Elsewhere, Türkiye's accession to the European Union remains unlikely, although dialogue and cooperation between the European Union and Türkiye continues in areas of joint interest, including energy, transport, economy and trade, counterterrorism, and refugees. However, Türkiye's transactional relationship with the European Union is far from sufficient to sustain Türkiye's reform process.

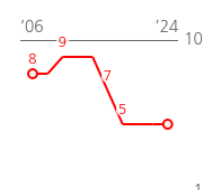
Effective use of support

7



Credibility

5





Türkiye remains a NATO ally, although a controversial ally. As highlighted by the European Commission, the government “refused to part with its investment in Russian S-400 air defense missiles despite being subject to the U.S. Countering America’s Adversaries Through Sanctions Act (CAATSA).” As of January 31, 2023, Türkiye continues to refuse to ratify the accession of Finland and Sweden to NATO. Furthermore, Türkiye has not closed its airspace to Russian planes and has openly invited Russian oligarchs to invest in Türkiye. Overall, as an EU candidate, Türkiye has a very low alignment rate (7%) with the European Union’s Common Foreign and Security Policy (CFSP).

Türkiye’s credibility in international relations is also questionable, as Turkish foreign policy under the new presidential system has become highly arbitrary and politicized. During the review period, several negative trends undermining Türkiye’s international credibility have consolidated, including the government’s unpredictable approach to balancing major global players and tendency to use force and intimidation (instead of diplomacy) to solve regional challenges (e.g., in northern Syria and Cyprus).

Türkiye continues to pursue conflictual and unpredictable relations with its neighbors. While Türkiye ceased to conduct unauthorized drilling activities in the eastern Mediterranean, its naval forces continue to undertake military exercises in the Cypriot Exclusive Economic Zone (EEZ), and military aircraft continue to violate the national airspace of the Republic of Cyprus and Greece. In addition, tensions in the Aegean resumed in April 2022. Despite positive signals in the run-up to the Greek prime minister’s meeting with Erdoğan in Istanbul in March 2022, the Turkish president refused to hold follow-up talks and even canceled the Greek-Turkish High Level Cooperation Council meeting scheduled for autumn 2022. Largely motivated by domestic politics, these actions have rendered Türkiye an unpredictable and unreliable actor in international relations.

During the review period, Türkiye maintained its foreign policy strategy of attempting to balance relations between competing global powers. For example, Türkiye pivoted between major actors (e.g., the European Union, the United States and Russia) with a view to obtaining concessions or negotiating more favorable agreements.

This balancing strategy has been pursued particularly keenly since the start of Russia’s invasion of Ukraine in February 2022. On the one hand, Türkiye stated that Russia’s invasion “is a grave violation of international law and poses a serious threat to the security of our region and the world.” However, it has hesitated to move beyond that declaration. After initially hesitating, Türkiye decided to apply Article 19 of the Montreux Convention and close the Turkish straits to Russian warships in accordance with Ukraine’s demands. However, Türkiye did not subscribe to EU sanctions, although candidate countries are encouraged to follow the course. Since the beginning of the war, Türkiye has continued to maintain its special relationship with Russia. Its good relations with both Ukraine and Russia enabled Türkiye to act as a mediator. Notably, Ankara hosted several rounds of Russia-Ukraine meetings and

Regional  
cooperation

4



facilitated the signing of a U.N.-backed deal, which enabled Ukrainian grain to be shipped across the Black Sea in 2022. In addition, Erdoğan coordinated a prisoner swap between the United States and Russia. Consequently, Erdoğan has tried to become a key diplomatic player and peacemaker in the conflict.

Türkiye has maintained good relations with all Western Balkan countries and continues to deepen economic and political ties with these countries. Some countries, however, have criticized the government's repression of the Gülen movement.

There have also been constructive steps in Türkiye's rapprochement with Armenia. The two countries decided to start bilateral discussions, appointed special representatives and resumed direct flights. However, it remains to be seen whether these initial steps will pave the way for a genuine reconciliation between the two countries. Elsewhere, Türkiye has taken steps to normalize its relations with several countries in the Middle East, especially Israel and Egypt.

Although to a lesser extent than in the previous review period, Türkiye's relations with Cyprus and Greece remain problematic. Regarding Türkiye's relations with these countries, "enhanced cooperation and dialogue on a number of issues have coexisted with regular conflicts and relations" (European Parliament, 2022). Türkiye continues to violate the airspace of Greece and Cyprus, contest Greece's sovereignty over some of its islands, and Turkish warships continue to harass research vessels performing surveys within the Republic of Cyprus's economic exclusive zone (EEZ). Nevertheless, exploratory talks between Türkiye and Greece continue, with a view to addressing the delimitation of the continental shelf and the EEZ in line with international law.

Concerning the settlement of the Cyprus issue, the government's position has shifted from supporting the reunification of the island on the basis of the solution backed by the United Nations to defending its own two-state solution in Cyprus. Against international condemnation, Türkiye continued its activities in the fenced-off area of Varosha and signed an economic and financial protocol with the non-government-controlled areas of Cyprus. Through this protocol, Türkiye will finance projects for the reconstruction of Varosha. According to the European Commission, Türkiye "has not fulfilled its obligation to ensure full and non-discriminatory implementation of the Additional Protocol to the EU Association Agreement and has not removed all obstacles to the free movement of goods, including restrictions on direct transport links with the Republic of Cyprus."

Türkiye continues to host the largest refugee population in the world (approximately four million), with most refugees having arrived from Syria. Despite Türkiye's diplomatic efforts to stabilize northern Syria and incentivize the refugees to return to their home country, Türkiye was not backed by the United States or EU member states. However, Türkiye continues to transfer Syrian refugees to northern Syria, a move that has been highly criticized by the international community on the grounds that this will change the demographic profile of the mainly Kurdish area in Syria. Türkiye's military presence in Iraqi territory continued during the review period.

## Strategic Outlook

In 2023, as Türkiye reaches its centennial milestone, the country faces a multifaceted crisis. There is a governance crisis precipitated by an overly centralized presidential system that is ill-equipped to effectively address the fundamental challenges facing society. “Turkish democracy” is in a state of crisis due to the erosion of the rule of law, basic freedoms and civil liberties under the new presidential system. Moreover, international observers anticipate an impending economic crisis, primarily driven by high inflation and structural imbalances within the Turkish economy.

If Türkiye is to be steered toward a more stable future, rapid and comprehensive reform and normalization are imperative. Policies aimed at nurturing a pluralistic society and fostering a culture of consensus should be prioritized. This includes reinstating competitive elections, ensuring an independent judiciary, safeguarding media freedoms and supporting a vibrant civil society. The release of political prisoners is a crucial step toward normalizing Türkiye’s political landscape. Additionally, the integration of Syrian refugees into Turkish society, potentially through citizenship, remains a significant challenge.

Another key challenge involves restoring an effective governance model that incorporates checks and balances, meritocracy, and administrative decentralization. This will involve reviving competitive, merit-based public sector recruitment and promotion procedures; ensuring transparency and accountability in public administration; establishing oversight mechanisms for public spending; and upholding the independence of regulatory bodies, particularly the central bank.

The Turkish economy is a source of concern. The central bank, which is subject to pressure from President Erdoğan, pursues ineffective policies, such as maintaining low interest rates in a context of high inflation and a weak Turkish lira. These policies will likely constrain economic activity and further limit consumer purchasing power. In addition to this, global trends are expected to amplify negative impacts on economic activity. Türkiye needs to implement measures that reduce dependence on short-term capital inflows and enact fiscal policies to prevent the further depreciation of the Turkish lira against the U.S. dollar.

Foreign policy is another area in which Türkiye needs to adopt a long-term strategy that accounts for the country’s geostrategic significance, its involvement in regional conflicts (including those in Armenia, Azerbaijan, Iraq, Libya and Syria) and its role in global initiatives. Türkiye will continue to play an important role in the region, not least with regard to Ukraine. While Türkiye may consider engaging with other authoritarian countries such as Russia and China, it should prioritize involvement in democratic and multilateral initiatives through platforms such as NATO and the European Union.