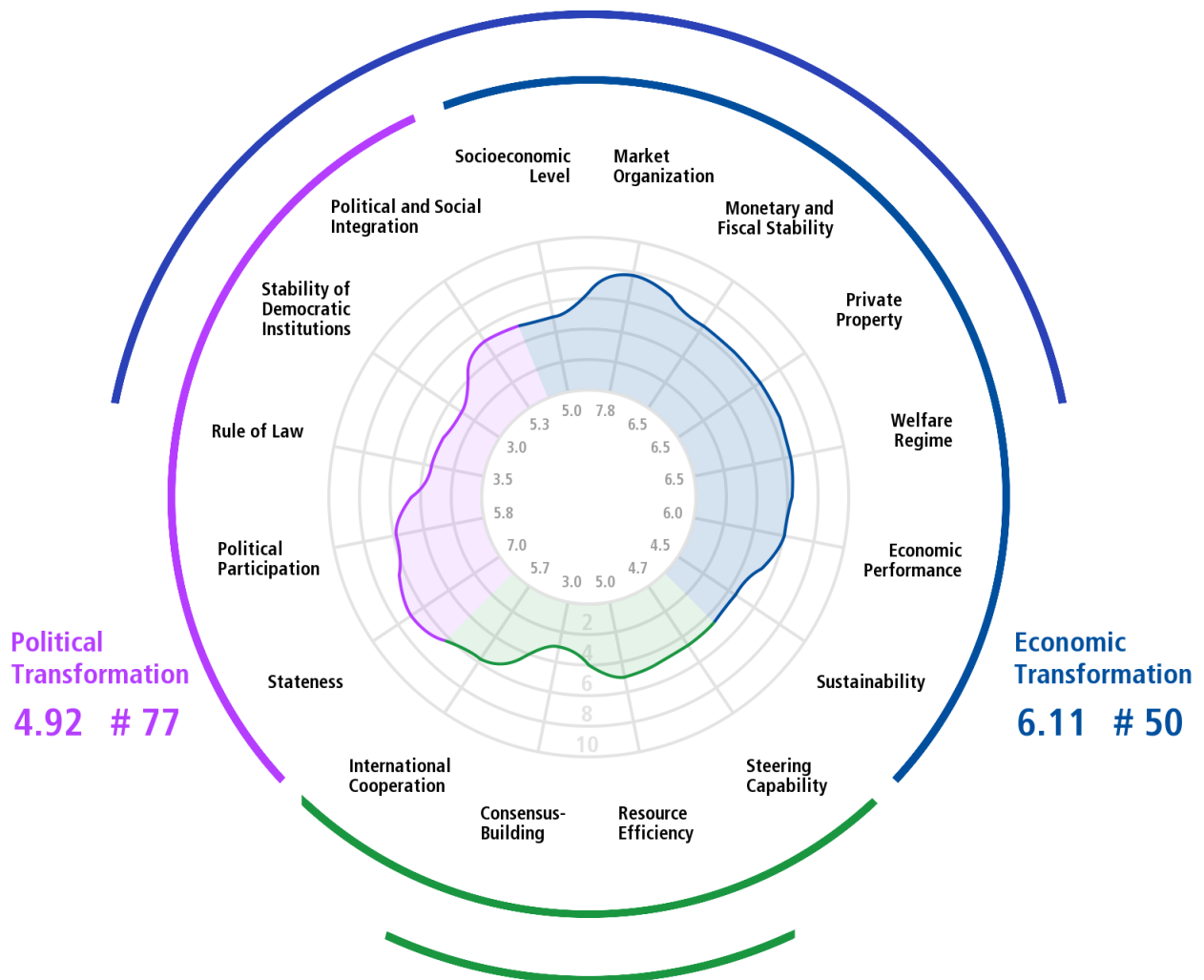


Turkey

Status Index

5.51 # 62

on 1-10 scale out of 137



Political Transformation
4.92 # 77

Economic Transformation
6.11 # 50

Governance Index

4.05 # 95

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2020**. It covers the period from February 1, 2017 to January 31, 2019. 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	82.3	HDI	0.807	GDP p.c., PPP \$	27893
Pop. growth ¹	% p.a.	1.5	HDI rank of 189	59	Gini Index	41.9
Life expectancy	years	77.2	UN Education Index	0.712	Poverty ³	% 1.8
Urban population	%	75.1	Gender inequality ²	0.305	Aid per capita \$	38.7

Sources (as of December 2019): The World Bank, World Development Indicators 2019 | UNDP, Human Development Report 2019. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The review period saw the emerging outline of a “new Turkey.” The country saw a radical transformation in domestic politics and in its international relations. Concerning domestic politics, Turkey has become increasingly shaped by nationalist, Islamist and authoritarian forces. In a presidential reform referendum held in April 2017, Turkish citizens approved (51.41% in favor) a series of constitutional changes that introduced a new presidential system. Despite concerns raised by the international community and the EU in particular, the ruling Justice and Development Party (AKP) moved ahead with its plan to increasingly concentrate power in the president.

Under the new system, President Recep Tayyip Erdoğan was re-elected in a snap presidential election in June 2018. This election effectively brought an end to Turkey’s parliamentary system, which had been in place since the foundation of the modern Republic of Turkey in 1923: Erdoğan’s AKP secured a majority bloc in the Grand National Assembly with the support of the right-wing Nationalist Movement Party (Milliyetçi Hareket Partisi/MHP) through a general election held on the same day as the presidential election. International observers voiced criticism of the election process, with many stating that “the election process was free, but largely unfair.”

The new presidential system grants excessive powers to an unaccountable president and undermines the fundamental aspects of a democratic system. The rule of law has been eroded and fundamental freedoms have been further restricted. This marks an acceleration of the process of autocratization that was already underway in the country. Despite the fact that the state of emergency imposed after the failed coup attempt in July 2016 was lifted in July 2018, Turkey is nevertheless becoming increasingly authoritarian.

The polarization of Turkish society into two opposing camps has continued unabated. Erdoğan appears to pursue a non-inclusive governance model embedded in a majoritarian understanding of democracy.

The domestic process of autocratization has had far-reaching consequences for Turkey’s international relations. The country’s relations with the EU and the United States have rapidly

deteriorated. Turkey's EU accession negotiations have stalled, and its bilateral relations with several individual EU member states (in particular Austria, Germany and the Netherlands) have worsened, in part relating to the constitutional referendum. Due to diverging interests and approaches to some key issues (e.g., Syria, Iran, perceived terrorist threats from the Fetullah Gülen movement and the primarily Kurdish People's Protection Units, Yekîneyên Parastina Gel, YPG), relations with the United States remain tense. At the same time, Turkey's rapprochement with Russia was a source of concern for Turkey's Western allies. In particular, the Turkish decision to buy S-400 missile defense systems from Russia has raised interoperability problems with NATO.

In August 2018, Turkey's economy was hit by a currency crisis that slowed economic growth and caused an increase in inflation. A series of measures taken by the new economics minister, Berat Albayrak, have failed to remedy the serious weaknesses in the economy. On the contrary, his nomination raised concerns about the efficiency and independence of economic administration in the country, as Albayrak is Erdoğan's son-in-law.

As of January 2019, Turkey's three major problems are the worsening economic situation, rising authoritarianism, and a deep polarization of society.

History and Characteristics of Transformation

The 1923 proclamation of the Republic of Turkey by Mustafa Kemal Atatürk triggered a comprehensive restructuring of the former Ottoman society, amalgamating Western and pre-Islamic cultures to create a new "Turkish nation." Atatürk succeeded in many of his modernizing reforms. The period after his death in 1938 was marked by the introduction of multiparty democracy in 1946 and an initial period of economic growth under the leadership of İsmet İnönü. The period from 1960 onward saw political repression and economic deterioration, accompanied by military coups in 1960, 1971 and 1980. The signing of an association agreement with the European Economic Community in 1963 (Ankara Agreement) was somewhat thwarted by the invasion of Cyprus in 1974. A resulting U.S. embargo hit the country hard economically.

After the army had assumed power from 1980 until 1983, with all political parties dissolved and new parties allowed to form only after initial screening by the military, the next civilian government was led by Turgut Özal. He pursued a different economic policy, aiming to end the hitherto dependence on import substitution and agricultural produce, and to instead create an export-oriented industry. These new liberal economic policies led to an acceleration of economic growth and a reduction in the size of the chronic foreign currency deficit. However, these policies also led to serious budget deficits, which resulted in two severe economic crises in 1994 and 2001.

Cooperation with the IMF and World Bank since 2002 has led to a significant number of reforms. These reforms managed to stabilize the economy and enhance the functionality of the Turkish state under civilian leadership.

Following a remarkable political reform process and rapid democratization, Turkey eventually began accession negotiations with the EU in October 2005. Through subsequent (mainly EU-induced) reforms, the Turkish military was brought under firm civilian control, and a series of political alterations initiated, such as the banning of the death penalty in 2004.

This primarily happened under the leadership of Recep Tayyip Erdoğan, who founded the AKP party in 2001 and was elected prime minister in 2003. With his blending of Islamic values and economic reforms, he won the support of the growing middle class of entrepreneurs in central Turkey, the “Anatolian tigers,” and during AKP’s first term, Turkey was promoted as a success story of the marrying of moderate Islam and democracy. In fact, Turkey under AKP leadership was seen as “model” for many of the Middle Eastern countries after the outbreak of the “Arab Spring” in 2011.

However, from 2011 a combination of international and domestic factors has resulted in the reversal of the reform process in Turkey. Erdoğan has become increasingly authoritarian, as more moderate members of the AKP government, like former president, Abdullah Gül (2007-2014), and former foreign minister (2009-2014) and prime minister (2014-2016), Ahmet Davutoğlu, left their offices. In August 2014, after a change to the electoral law, Erdoğan became Turkey’s first directly elected president, transforming this formerly mere representative office into the country’s real seat of power.

The coup attempt in July 2016, allegedly masterminded by the Gülen movement, provoked an acceleration of Turkey’s autocratization process, leading to an unprecedented crackdown on regime critics. Tens of thousands of public employees, among them police staff, school teachers and university professors were also dismissed. A controversial referendum in April 2017 that confirmed Erdoğan’s constitutional changes and the establishment of a presidential republic, eventually ended Turkey’s long tradition as a parliamentary democracy.

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 physical territory of the country. However, military clashes continue to take place between Turkish armed forces and the Kurdistan Workers' Party (PKK) in the south-east of the country. Mainly due to the war in Syria, which altered the nature of Turkey's Kurdish problem, PKK have conducted several terrorist attacks in Turkey's large cities in 2016. Although clashes with the PKK have shifted from urban to rural areas, causing fewer civilian casualties, the situation in the south-east continues to pose the greatest security challenge to Turkey. The security risks emanating from the PKK remain high, and the government has intensified its fight against it.

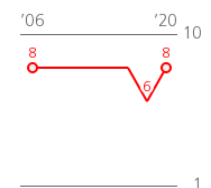
Turkey's borders with Iraq and especially Syria remain causes of concern for the Turkish government. State control in these border regions is limited and continues to be contested, primarily by Kurdish PKK militants. In order to secure the control of the porous borders with Syria and Iraq, to fight against the Islamic State (IS) as well as terrorist threats emanating from the Kurdish regions in Syria and Iraq, the Turkish government conducted airstrikes against camps run by the PKK in the Kurdish region of Iraq and has undertaken cross-border operations in Syria, including in Idlib (October 2017) and Operation Olive Branch (January 2018). The Operation Olive Branch was launched in cooperation with the Free Syrian Army in northern Syrian (Afrin), and aimed to root out the Democratic Union Party/People's Protection Units (PYD/YPG), considered by the Turkish government to be a terrorist organization linked to the PKK.

Following the failed coup in July 2016, the government's primary focus has been purging the Gülen movement from state structures, especially the army and intelligence service. Under the state of emergency, through the extensive purge since July 2016, the government has established full control over the entire country. This accomplished, the government lifted the state of emergency on 18 July 2018.

Question
Score

Monopoly on the
use of force

8



According to article 66 of the Turkish constitution, “everyone bound to the Turkish state through the bond of citizenship is a Turk.” Turkish nationality is thus based on a modern constitutional citizenship and not on ethnicity. 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. Hate speeches and threats targeting religious or ethnic minorities remain a serious problem. Cultural rights of Kurdish minority remain limited, including legal restrictions on mother tongue education in primary and secondary schools (European Commission). Emergency decrees under the state of emergency curtailed the cultural rights of Kurds. However, with the exception of militant Kurdish organizations, all Turkish citizens, including cultural, religious and ethnic minorities, accept the official concept of the Turkish nation-state.

The approximately four million Syrian refugees under “temporary protection” are prohibited from acquiring Turkish citizenship. After an amendment to the law on citizenship in 2017, acquiring Turkish citizenship has been made easier for foreigners. As a result, more than 30,000 Syrian individuals were naturalized.

Although AKP had raised hopes that it would align democratic and individual rights with Islam, it failed to meet these expectations. Instead, the government has pursued policies that furthered the Islamization of the country, promoting religion, conservative “national moral” values, and limiting individual freedoms and rights.

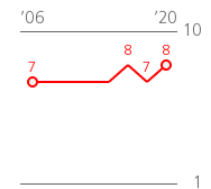
In September 2017, the government introduced a new curriculum for schools, putting more emphasis on Sunni religious values and reducing teaching time on secular, republican values. Alongside the elimination of evolution from the high school curriculum and the inclusion of Islamic concepts such as jihad, the government expanded the number of religious schools (İmam Hatip), abandoning to a great extent secular, scientific and contemporary education.

Since 2006, the Turkish government has inaugurated a record number of mosques: from 78,608 mosques in 2006 to 90,000 in 2018. The number of mosques exceeds the number of schools in compulsory education in Turkey (65,568 schools in 2018). Furthermore, Diyanet, Turkey’s directorate of religious affairs, now occupies a central role in Turkish politics. Since 2017, provincial and district muftis may conclude civil marriages, undermining the secular civil code.

The increasing influence of Sunni Islam is felt in every aspect of social and cultural life in Turkey, from the education system to architecture, high taxes on alcohol and the repressive climate toward gender issues.

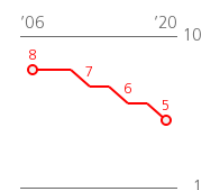
State identity

8



No interference of religious dogmas

5



The administrative system works reasonably well. Numerous administrative reforms have been introduced since 2003. Most notably, exceptionally good progress has been made on the introduction and establishment of e-government. However, the government's extensive purge since the July 2016 coup attempt has resulted in serious backsliding in the area of public service and human resources management. In particular, the impact of extensive dismissals as well as the politicization of the administration both pose a risk to an effective administrative system.

There is an urgent need to ensure a fair, effective and transparent administrative process for individuals dismissed from public service positions, as well as overall accountability of the administration. The consolidation of extensive executive powers in the presidency has resulted in Turkey moving away from a meritocratic administration system.

2 | Political Participation

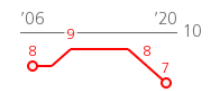
The majority of analysts agree that the public referendum and parliamentary/presidential elections, held in April 2017 and June 2018 respectively, were to a great extent free but not fair.

Events during the run-up to the referendum raised serious concerns. Under the state of emergency, the ruling party controlled the majority of media and communication channels, and the government widely bypassed parliament with its decrees, even on issues related to the campaign process. For example, an emergency decree removed the authority of the supreme election council to penalize private media channels for making one-sided broadcasts during election and referendum campaigns. This was a move criticized by the European Commission. The Organization for Security and Cooperation in Europe's (OSCE) international referendum observation mission highlighted serious irregularities in the election campaigns, particularly in relation to unfair media coverage, including self-censorship and the limitations on fundamental freedoms and misuse of state resources to support Erdoğan. Furthermore, the OSCE observed that the instructions issued on referendum day that related to the validity criteria for ballots not only removed a key safeguard, but also breached the existing law.

Similar irregularities were observed during the 2018 parliamentary and presidential elections, through which Erdoğan was re-elected for a second term in the first round of a snap presidential election. According to the OSCE, the restrictive legal framework and exceptional powers granted under the state of emergency limited fundamental freedoms of assembly and expression. Opposition candidates were disadvantaged in several ways. Several members of the People's Democratic Party (HDP), including its two co-chairs Selahattin Demirtaş and Figen Yüksekdağ, remained in pre-trial detention and could not campaign freely. A parliamentarian from the main opposition party CHP (Cumhuriyet Halk Partisi, Republican People's

Basic
administration

7



1

Free and fair
elections

6



1

Party), was arrested and initially sentenced to 25 years imprisonment. There were several legal amendments such as replacing political party representatives with civil servants as chairpersons of the ballot box committees, allowing the relocation of polling stations on security grounds, increasing the authority of law enforcement at polling stations and validating unstamped ballots. These all served to undermine the integrity of the elections (OSCE). According to the OSCE, at least 1,090 polling stations were relocated and merged based on security considerations.

Despite the case law of the European Court of Human Rights (ECHR), previous recommendations by the Office for Democratic Institutions and Human Rights, the Council of Europe and the EU, the 10% threshold (share of the vote, to be allocated seats in parliament, one of the highest thresholds in the world) continues to severely restrict the number of political parties able to enter parliament and represents a serious hurdle to political pluralism.

The elected government has the effective power to govern, and the reforms of the past have effectively removed all the traditional veto players that previously included the military, bureaucracy and the judiciary. The extensive purge against the alleged 2016 coup plotters ensured the government's absolute control over the military and judiciary.

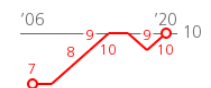
As noted by Gürkan (2018), the transition to the presidential system in June 2018 consolidated the concentration of power in the president's office. The dominance of a one-person executive is ensured through the president's unrestrained powers to appoint and remove vice-presidents and other high state officials, as well as his enhanced veto over legislation, supplemented with the authority to issue legislative decrees and discretionary emergency powers. The introduction of presidential decrees under the new system in effect results in legislative powers being partially transferred from parliament to the president.

Although the Turkish legal framework concerning freedom of assembly includes general guarantees of respect for human and fundamental rights, these rights have been undermined by a number of emergency decrees issued since July 2016. The European Commission has criticized these developments, and observers note a serious backsliding in the area of freedoms of assembly and association in Turkey, moving them further away from EU standards.

Notwithstanding the lifting of the state of emergency in July 2018, freedom of assembly and association continue to be severely restricted since the failed coup, in law and in practice. Organizing demonstrations has become almost impossible, with security forces regularly using disproportionate force to dispel "illegal" gatherings. Several attempted demonstrations, including May Day celebrations by leftist and labor groups, LGBT events, and marches by purge victims and opposition party meetings have been dispersed by police, usually with force.

Effective power to govern

10



1

Association / assembly rights

4



1

The right to freedom of expression has been significantly eroded since the Gezi events in 2013 and at an accelerated pace since the 2016 coup attempt. The few remaining independent newspapers and dissident voices face political pressure, criminal charges and are routinely targeted by the executive and the dominant partisan media. As of November 2018, Reporters Without Borders have documented more than 160 imprisoned journalists in Turkey. 189 media outlets have been shut down since July 2016. Turkey's position in the World Press Freedom Index has progressively decreased from 151 in 2016 to 155 in 2017 and 157 in 2018 (out of 180 countries).

Despite the lifting of the state of emergency in July 2018, systematic intimidation and harassment of journalists, self-censorship, and restrictive measures against media outlets continue. This is primarily due to the provisions concerning national security and the proclaimed fight against terrorism, leaving no room for the expression of alternative views. As the European Commission concluded in a 2018 progress report, "criminal cases against journalists, human rights defenders, writers, or social media users, the withdrawal of press cards, and the closure of numerous media outlets or the appointment by the government of trustees to administer them" have become widespread. Similarly, universities are under strict control and self-censorship has become quite a routine.

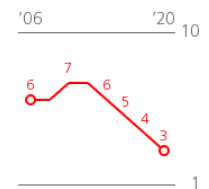
Legal stipulations allow the government to block websites without a court order. Several online information sources, including Wikipedia, remain blocked.

3 | Rule of Law

Through the 2017 constitutional amendments and Turkey's transition to a presidential system, checks and balances between parliament, the president and high courts have been eroded. This loss of control, which must be seen as a grave danger to Turkish democracy, is embedded in several controversial articles in the amended constitution. For example, the amended constitution abolished parliament's right to interpellation of the president and its right to audit the government. The president, who holds the combined offices of head of state, head of government and head of the ruling party, remains accountable with five-year intervals to the electorate, but not to parliament in its daily business. Furthermore, the new system has made the impeachment procedure against the president highly unlikely to be effective, as it now requires at least two-thirds of deputies (400 deputies out of 600) to vote in favor of any action.

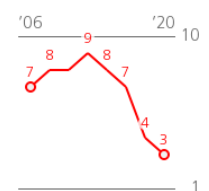
Freedom of expression

3



Separation of powers

3



Already severely damaged by the 2010 constitutional reforms and the December 2013 corruption investigations, the independence of the judiciary has been eroded further since the 2016 coup attempt. The purge that followed the failed 2016 coup affected many lawyers and judges. According to Turkey Purge, a group of journalists who monitor human rights abuses in Turkey, 4,463 judges and prosecutors (more than one-fifth of the pre-purge number) have been dismissed.

The new system poses further serious challenges to judicial independence since the president acquired the authority to directly appoint 12 out of 15 judges of the Constitutional Court, as well as six members (out of 13) of the council of judges and prosecutors. The latter is the key institution responsible for the appointment, transfer and evaluation of performances and promotions of judges and prosecutors. It will now be entirely controlled by the executive.

From 2015 to 2018, Turkey fell from 80 (out of 102 countries) to 101 (out of 113 countries) in the World Justice Project's rule of law index. In April 2017, in light of concerns over respect for human rights, democracy and the rule of law in Turkey, the parliamentary assembly of the Council of Europe (PACE) decided to reinstate its full monitoring of Turkey. This had been stopped in 2005.

In general, state and society hold civil servants accountable and conflicts of interest are resolved, although high-level officials and politicians enjoy different treatment. For example, corruption charges against members of the government and their families which emerged in December 2013 were not properly investigated; police and judicial officials faced considerable harassment by the government.

Since the 2016 attempted coup, however, mass arrests and dismissals have become tools in the government's fight against the Gülen movement. International analysts see a lack of proportionality, suspecting that the government's actions simply serve to consolidate the president's power.

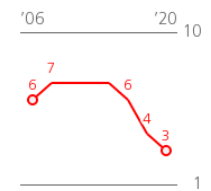
Under the amended constitution, the system has become more prone to arbitrary rule. It lacks transparency and legal/administrative control, since the president directly appoints and nominates civil servants and high-level officials.

Under the state of emergency (July 2016 – July 2018), the council of ministers issued more than 30 decrees. Through these decrees, civil liberties were restricted, while police powers and those of prosecutors were expanded for investigations and prosecutions. The arrests and widespread dismissals of civil servants, academics, military officers, judges and prosecutors severely restricted fundamental freedoms and civil rights. Many detainees have not been informed of the charges against them and have had to wait a considerable time before stand trial. The reinstatement of the death penalty is currently under discussion.

The European Commission, the Office of the United Nations High Commissioner for Human Rights and PACE's Committee on Legal Affairs and Human Rights have

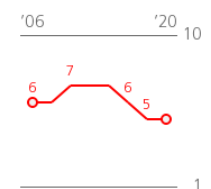
Independent judiciary

3



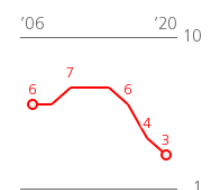
Prosecution of office abuse

5



Civil rights

3



identified a number of serious shortcomings regarding fundamental freedoms, the rule of law and civil rights.

In recent years, the ECHR has ruled in numerous judgments that Turkey has been guilty of violating the European Convention on Human Rights. Human rights institutions continue to suffer a lack of resources, independence and efficacy. Some human rights defenders even face criminal proceedings. While civilian oversight of the army and security forces remains stable, judicial control of intelligence has weakened.

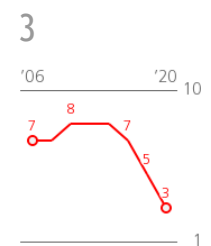
4 | Stability of Democratic Institutions

The 2017 constitutional amendments limit checks and balances and undermine the separation of powers in favor of the president. They abolished the prime minister's office and curtailed the legislative powers of the Grand National Assembly. The president acquired absolute authority over the appointment and dismissal of senior government officials. He now has the authority to declare a state of emergency and rule by presidential decrees on executive matters outside the scope of the law. He can indirectly dissolve parliament by calling for new parliamentary and presidential elections. The president can also veto laws and control the judiciary through the appointment of members of the council of judges and prosecutors, and the judges of the Constitutional Court.

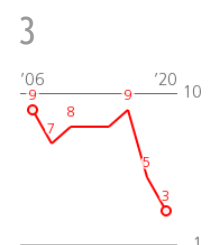
With regard to these changes, the Venice Commission concluded in 2017 that “by removing necessary checks and balances, the [constitutional] amendments would not follow the model of a democratic presidential system based on the separation of powers, and instead would risk degeneration into an authoritarian presidential system.”

All relevant political and social players, with the exception of the PKK and its successor organizations, used to accept the democratic institutions as legitimate. However, Recep Tayyip Erdoğan's narrow victory in the June 2018 snap elections (52.5%) points to the crystallization of Turkish society's deep polarization between two opposing camps: pro and contra Erdoğan, as described by Gürkan (2018). On the evening of the elections, Erdoğan promised to embrace all the segments of society, but under the new system, he has pursued policies resembling the majoritarian understanding of democracy. He has not pursued pro-reconciliation policies. In light of Erdoğan's performance during the review period, it is possible to conclude that rather than being committed to democracy and democratic institutions, his policies are intended to consolidate his power by altering the rules of a functioning democratic system (through constitutional changes in 2017) and by silencing the opposition (through restrictions on the media, civil society and opposition parties). While curbing the power of democratic institutions (mainly the parliament and political parties), the president claims to draw his authority directly from the people. This

Performance of democratic institutions



Commitment to democratic institutions



claim excludes those who did not vote for him, hence leading to further polarization in society and contestation of the new system by a sizeable segment of the population. In the new Turkey, the president has emerged as the main agent eroding democracy.

5 | Political and Social Integration

Due to the high 10% electoral threshold, just four parties have dominated Turkish politics. While the Republican People's Party (CHP) is the country's oldest party, founded by Mustafa Kemal Atatürk and thus dedicated to upholding the Kemalist nationalist ideology, it was AKP (Justice and Development Party) as an Islamist party that has been in power since 2002 and has increasingly consolidated its power. At the extreme nationalist end of the party spectrum stands the Nationalist Movement Party (MHP). The People's Democratic Party (HDP) is a pro-Kurdish party, advocating the transformation of Turkey into a more democratic, tolerant, and multicultural country.

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

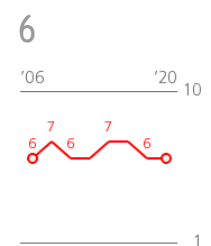
In the first parliament under the new presidential system, AKP (which held 290 out of 600 seats) formed an alliance with MHP (50 seats). CHP, HDP and İYİ were in opposition, securing 142, 65 and 35 seats respectively. MHP and AKP established an electoral alliance for the 2018 presidential election (People's Alliance) in order to secure Erdoğan's re-election. This large conservative and nationalist alliance reflects the rising tide of conservative nationalism in Turkey. Following the deep polarization in the country, the possibility for inter-party dialog in parliament remains very limited. In particular the HDP has been stigmatized and marginalized: several HDP members were deprived of their seats and imprisoned for allegedly supporting terrorist activities.

All parties in Turkey lack democratic intraparty structures.

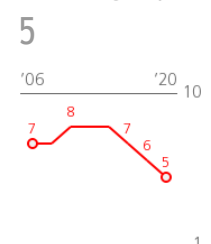
More than 115,000 associations and several hundred unions and chambers are still active in Turkey. However, as a result of the state of emergency and the Turkish government's anti-terror measures, several activists came under increasing pressure, including being subject to arrest and detainment. In particular, those NGOs that receive foreign funding risk being accused of spying and collaborating with foreign enemies. Through emergency decrees, around 1,400 associations have been closed without any legal recourse.

Despite this serious backsliding, civil society organizations are still active. However, it is clear that pro-government organizations are assuming a greater role and are more

Party system



Interest groups



visible. In Turkey's increasingly repressive political environment, the legal, political, financial and administrative burdens imposed on civil society organizations prevent the emergence of a vibrant civil society.

Turkish citizens remain committed to democracy despite low level of trust in existing democratic institutions and political parties. The widespread overall support for democracy among Turks was reflected in the reaction to the coup attempt, as civilians took to the streets in protest. However, most Turks are dissatisfied with the functioning of the democratic system in Turkey; thus, general trust in democratic institutions is decreasing.

While the gendarmerie is the most trusted institution in Turkey, trust in all the other democratic institutions is low (below 55%). With Turkey's transformation into a presidential system, citizens' trust in the presidency fell from 56.5% in 2017 to 44.1% in 2018. Trust in the armed forces decreased from 60% to 51.2%, yet the army remains the second most trusted institution in Turkey (as of January 2019). Unsurprisingly, the least trusted institution is once again the media (31.9% in January 2019), as it has been for the last three years.

Polls conducted by Kadir Has university in January 2019 found that despite decreasing level of confidence in the presidency, 46.7% of Turkish citizens support the presidential system. As with the results of the April 2017 referendum on the constitutional amendments (51.41% in favor) and the 2018 presidential elections (52.59% voting for Erdoğan), this indicates the country's division between Erdoğan supporters and his opponents. The anti-Erdoğan bloc is comprised of several parties bringing together different segments of society, united in their opposition to Erdoğan and in their demand for democracy.

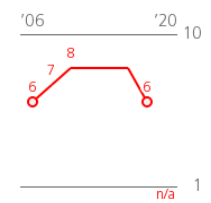
Democracy is not listed among the most important problems for Turkish citizens. The main concerns of the electorate are unemployment, increasing food prices, and the fight against terrorism, in particular the Gülen movement, which the Turkish government consistently refers to as "FETÖ terrorist organization" (Fetullahçı Terör Örgütü).

Autonomous, self-organized groups and voluntary associations are traditionally well-developed and well-organized. They work and cooperate well with each other. They enjoy a high level of trust among the population. However, the legal framework and repressive government policies have negatively affected civil society organizations in recent years.

Turkish society is deeply divided along ethnic, political and religious fault lines. While the Kurdish issue is one of the divisive lines (Kurds vs Turks), Turkish society is also divided politically (conservative nationalists vs modernists) and religiously (Sunni Islamists versus secularists). In recent years, the political elite's divisive discourse has further aggravated these fault lines. The turbulent political context and

Approval of
democracy

n/a



Social capital

5



successive elections have contributed to a polarization and division of society into two opposing camps: supporters of Recep Tayyip Erdoğan and his opponents.

Surveys point to a high level of tolerance and solidarity among Turkish population. However, high level of trust and tolerance among the population decreases considerably vis-à-vis LGBT+ groups, ethnic minorities and non-Muslims. 53.8% of society is unwilling to live in the same neighborhood as an LGBT+ person. Syrians (refugees), Armenians and other non-Muslim ethnic groups are also among the least trusted neighbors.

II. Economic Transformation

6 | Level of Socioeconomic Development

Despite the economic turbulence resulting from the 2016 coup attempt, war in neighboring countries, and a massive influx of approximately 4 million refugees, the Turkish economy continues to thrive. Since 2000, rapid growth and increasing levels of FDI have led to increased employment and higher incomes, turning Turkey into an upper-middle-income country in World Bank terms, at rank 64 in the UNDP's 2017 Human Development Index (scoring 0.79). Laudably, the poverty rate has continued to decline (1.6% of the population according to the World Bank Development Indicators, 2015). Although incidences of poverty more than halved over the period 2002 to 2015, and extreme poverty fell even faster, the European Commission identified the overall risk of poverty as increasing slightly in recent years. Unemployment numbers have been on the rise since 2012.

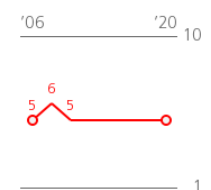
Turkey continues to be a country in which ethnicity, gender, and place of residence strongly influence access to education and well-paying jobs. Income inequality remains comparatively high, with a Gini coefficient of 0.404 in 2016. Extreme income disparities between rural and urban regions continue, particularly in the east and southeast regions of the country, where the average household income is only one-third of certain western provinces. Gender inequality has slightly declined, but considerable disadvantages for female workers continue to exist in the labor market. Overall, the reduction of gender inequality is fairly remarkable: according to UNDP's Gender Inequality Index, Turkey reduced gender inequality from 0.419 in 2010 to 0.317 in 2017; this notwithstanding, women's participation in the labor force remains very low.

Severe inequalities of income, access to education and well-paying jobs continue in the country despite recent minor improvements, and the gap between poorer and wealthier segments of Turkish society has not been reduced.

Question
Score

Socioeconomic
barriers

5



Economic indicators		2015	2016	2017	2018
GDP	\$ M	859796.9	863721.6	851549.2	766509.1
GDP growth	%	6.1	3.2	7.4	2.6
Inflation (CPI)	%	7.7	7.8	11.1	16.3
Unemployment	%	10.2	10.8	10.8	10.9
Foreign direct investment	% of GDP	2.2	1.6	1.4	1.7
Export growth	%	4.3	-1.9	11.9	7.5
Import growth	%	1.7	3.7	10.3	-7.9
Current account balance	\$ M	-32145.0	-33139.0	-47347.0	-27252.0
Public debt	% of GDP	27.6	28.3	28.2	30.2
External debt	\$ M	399948.9	409420.9	456174.1	445139.1
Total debt service	\$ M	55834.2	76094.9	86540.5	84161.7
Net lending/borrowing	% of GDP	0.5	-1.4	-2.4	-2.2
Tax revenue	% of GDP	18.2	18.3	17.9	18.0
Government consumption	% of GDP	13.9	14.8	14.5	14.4
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	3.2	3.4	-	-
R&D expenditure	% of GDP	0.9	0.9	1.0	-
Military expenditure	% of GDP	1.8	2.1	2.1	2.5

Sources (as of December 2019): 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

Turkey's economy is considered to be a functioning market economy, and in principle the state fully guarantees and maintains market competition. However, in the aftermath of the 2016 coup attempt and then again after the August 2018 currency crisis, the state has tended to increasingly control the economic sphere through actions targeting companies, businesspeople and political opponents. Several companies have been transferred under the trusteeship of the Savings Deposit Insurance Fund (Tasarruf Mevduatı Sigorta Fonu, TMSF).

In July 2018, President Erdoğan appointed his son-in-law, Berat Albayrak, as the minister of finance and treasury, raising suspicion over executive control over the economy in general. Consequently, the European Commission observed in its 2018 country report a “backsliding in Turkey’s commitment to market-oriented approaches, with a deteriorating business environment and widening macroeconomic imbalances.”

The state is still very active in price setting, especially in key sectors, a practice mainly stemming from a politically driven desire to appeal to voters. Especially in the food and energy sectors (natural gas and electricity), the government has controlled the market and undermined automatic pricing mechanisms.

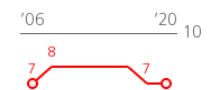
Although Turkey’s informal economy has decreased in size in recent years (from 32.2% of GDP in 2003, to 27.2% of GDP in 2014), as of 2018, unregistered work still comprises 34.8% of the total work force. Turkey is ranked fourth among OECD countries in terms of the size of its shadow economy.

The EU has requested that Turkey improve the transparency of state aid and align its legislation on state aid schemes. However, this is yet to happen.

The procedures for starting a business have been simplified. The number of newly created businesses decreased by 4.5% in 2016, but increased by 14.4% in 2017 and this upward trend has continued in 2018. According to the World Bank’s 2019 Doing Business report, it takes seven procedures, seven days and costs 10.6% of GNI per capita to establish a business in Turkey, placing the country at a mediocre rank of 78 out of 190 in the sub-index “Starting a Business.” The conditions for market entry remained costly and time-consuming in Turkey.

Market
organization

7



1

Tied into the customs union with the EU since 1996, Turkey fulfilled its obligation to adopt the EU's antitrust legislation and established an independent body (Turkish competition authority, TCA) with a mission to monitor the market and implement antitrust rules where necessary. TCA operates effectively with regard to privatizations, mergers, and acquisitions and has ensured that market positions are not abused. For instance, TCA fined Google \$17.38 million in September 2018 for violating competition law in relation to the sales of its mobile software and launched investigations into whether Google's use of search engines and advertisements violated competition law.

As noted by the European Commission in 2018, "state aid legislation, which was supposed to come into effect in September 2011, has not been adopted. Instead, in December 2017, the set of previously defined deadlines in the Law on Monitoring and Supervision of the State Aid were repealed, empowering the Council of Ministers to delay the enforcement of the law indefinitely. Turkey has therefore not yet aligned its State Aid legislation and its enforcement with the related EU acquis."

During the EU's negotiations of the Transatlantic Trade and Investment Partnership (TTIP) with the U.S., Turkey requested an updating of its customs union with the EU and has repeated this request in context of the United Kingdom's withdrawal from the EU. Given the current political situation in Turkey, negotiations have stalled. However, trade with the EU operates relatively unhindered, with the notable exception of some specific goods, which are partly dealt with in the risk-based electronic import control system "TAREKS."

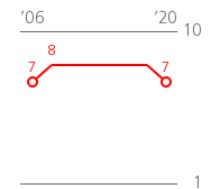
Turkey has signed free trade agreements (FTA) with more than 25 countries, among them Chile, Israel, Malaysia and South Korea. Turkey has been a member of the World Trade Organization (WTO) since 1995. Its simple average MFN applied tariff was 10.9% in 2017. Turkey is also a member of the Economic Cooperation Organization (ECO), the United Nations Conference on Trade and Development (UNCTAD), the Organization of the Black Sea Economic Cooperation (BSEC), the World Customs Organization (WCO), and the International Chamber of Commerce (ICC). The D-8 Organization for Economic Cooperation, headquartered in Istanbul, was founded in 1997 at Turkey's initiative.

Turkey's banking system is organized according to European standards, with functional supervision, minimum capital requirements and good market discipline. According to the central bank of Turkey (CBT), all banks operate according to the profit/loss-sharing principle. The banking regulation and supervision agency (BRSA) further improved its supervisory and enforcement capacity and was accepted in 2009 as a member of the Basel committee on banking supervision and financial stability board.

According to the BRSA, at the end of 2018 there were 52 banks operating in Turkey, among them 34 deposit banks and 13 development and investment banks. Bank of

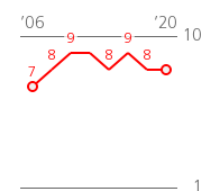
Competition policy

7



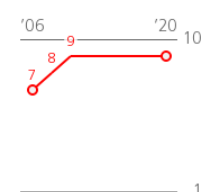
Liberalization of foreign trade

8



Banking system

9



China Turkey began operations in December 2017. Banks have maintained an 82% share of the financial sector's total assets (December 2017). According to CBT data, total foreign currency assets of Turkey's banking sector were \$289.8 billion in 2018, a decrease of 1.6% compared to 2017. The non-banking sector's total foreign currency assets decreased by 0.2% to \$181.8 billion in 2018.

The banking sector total foreign exchange liabilities were \$327.0 billion in 2018, a decrease of 7% from 2017. Non-bank foreign exchange liabilities were \$215.5 billion, a decrease of 5.3% from 2017. The value of the banking sector's assets as a ratio of GDP fell from 121% in 2015 to 105% in 2016. The banks' loans-to-deposits ratio gradually increased over the same period, to 126% in 2017. The banking sector's capital adequacy ratio was 16.9% in 2017, an increase from 15.6% in 2016.

Basel II standards in capital adequacy calculations have been implemented since 2012 and the legislation necessary for the implementation of Basel III standards was passed in late 2013. Turkey has continued to make amendments to a range of banking-related regulations with a view to harmonizing domestic law with Basel III provisions. According to the European Commission "the proportion of non-performing loans of total banking sector loans slightly increased, from 3.1% in 2015 to 3.2% in 2016, but declined in 2017 to 2.9% in December 2017." The European Commission concluded that since the "liquidity ratio of Turkish banks is below 100% for maturities between 7 days and 3 months and funded for half by derivatives," Turkish banks may be exposed to "counterparty risks, in particular in the case of exceptional events." However, despite the currency crisis in 2018, the Turkish banking system has so far demonstrated resilience.

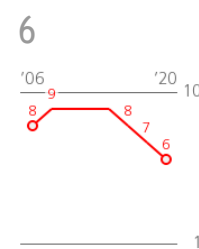
8 | Monetary and fiscal stability

While inflation in early 2016 stood at 7.6% – well above the central bank's target of 5% – it increased to double-digit figures in 2017 and 2018 (11.1% and 16.4% respectively). This was primarily driven by rises in food and energy prices, coupled with the steady depreciation of the Turkish lira. International observers expect a similar inflation rate in 2019, before a more moderate increase from 2020 onward.

CBT has adopted several policies to dampen inflation, ensure macro-financial stability and control exchange rate fluctuation. The executive, especially President Erdoğan and his son-in-law, minister of treasury and finance, Berat Albayrak, put considerable pressure on the central bank to lower interest rates and increasingly interfered in monetary policy. This interference marked a decrease in the central bank's transparency and predictability, as well as its credibility, by reducing its operational and institutional independence.

In 2018, the Turkish lira depreciated by 24.5% against the dollar and reached an historic low in August 2018. However, after a substantial recovery in September

Monetary stability



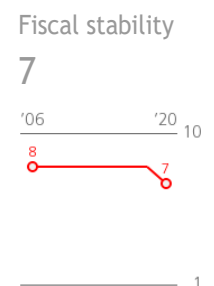
2018, it has remained at a relatively stable level. Several factors contributed to this recovery, including government's attempts to lower the political tension between Turkey and the U.S., (as a result of currency depreciation) a reduction in the current-account deficit, as well as measures taken by CBT in view of the upcoming local elections in 2019. It remains to be seen whether the government measures will have long-term consequences for the economy in terms of redressing structural imbalances. The measures may otherwise have simply served to temporarily delay the tackling of these problems until after local elections.

Following an average growth rate of 7.4% from 2010 to 2015, several factors, including a turbulent domestic political climate, geopolitical conflicts, and security concerns, slowed Turkey's economy considerably in 2015. With a more favorable international (especially European) economic context, coupled with a series of government-led measures and incentives, Turkey's economic growth accelerated again in 2017 to 7.3% (from 3.3% in 2016). However, the European Commission's noted in its 2018 progress report that Turkey's economy remained vulnerable, and long-term growth (by addressing macroeconomic imbalances through the promotion of domestic savings) and the improvement of the business environment (by strengthening the rule of law and the judiciary) were key to enhancing economic stability and resilience.

However, internal and external economic imbalances, especially the worsening political context within Turkey (a rising trend of authoritarianism and the erosion of the rule of law), but also political tensions with the U.S. and rising interest rates in advanced economies, all led to a record depreciation of the Turkish lira in summer 2018 (the lira lost 40% of its value against the dollar). Following the currency crisis, the Turkish economy stagnated in the second half of 2018. The 2018 annual growth rate was 3.3%, and the OECD forecasts negative growth (-0.40%) for 2019.

Turkey's current account deficit widened to 4.5% of GDP in 2017. It was 3.7% in 2016, and 7.7% in 2013. This trend continued in 2018. The budget balance remained relatively stable (-2.45% of GDP in 2017, - 2.99% in 2016), after being recorded at 0.5% in 2015 (World Bank). Political turmoil after the attempted coup, combined with international and bilateral crises (war in Syria and political tensions with the U.S. and Russia) have negatively affected trade revenues, tourism and FDI. A high current account deficit and large public debt have left the economy vulnerable to sudden changes.

Inflation is high in Turkey and rose to 16.4% in 2018, up from 11.1% in 2017. The current account balance stood at -\$33,137 million in 2016 and fell to -\$47,378 million in 2017. Public debt was 27.9% of GDP in 2017. Total debt service in 2017 was \$75,952.6 million. In 2015, the figure was \$21,873.7 million. Total external debt increased to \$405,656.1 million in 2016 (from \$396,664.9 million in 2015). Total



reserves have continued to fall from their all-time high of \$110,926.7 million in 2013, to \$84,115.1 million in 2017.

9 | Private Property

Property rights and the regulation of the acquisition of private property are reasonably well-defined under the Turkish legal system. According to the European Commission, “Turkey has a good level of preparation in the legal protection of intellectual property rights and of copyright and related rights.” Since 2017, Turkey has made good progress in terms of legal alignment with the EU acquis, partly achieved via a new industrial property law (2017). The legislation on the acquisition of real estate by foreigners, however, does not fully comply with EU legislation. Through a recent regulation, Turkey established new conditions for granting Turkish citizenship to foreign investors subject to certain criteria including buying real estate.

Under the state of emergency declared from July 2016 to July 2018, several infringements to the right of private property occurred. State confiscation of property belonging to institutions and companies went unchallenged and is a source of concern. There were widespread expropriations from persons alleged to be adherents of Fetullah Gülen, whom the government accused of masterminding the failed putsch. In a March 2018 report, the United Nations High Commissioner for Human Rights highlighted the consequences of the arbitrary expropriation of private property for human rights. On the grounds that these confiscations are politically motivated and unlawful, Turkey is subject to several ongoing international legal proceedings.

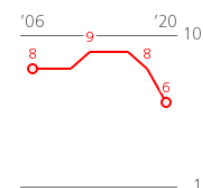
Following the end of the peace process with the Kurdish PKK, thousands of Kurds were expelled from their homes and a large proportion of their property was expropriated, especially in Diyarbakır and Sur district. Appeals against expropriations were rejected in court.

Private companies continue to comprise the most important component of the Turkish economy. Starting a business in Turkey has been made easier through recent legislation. According to the World Bank Report on Doing Business 2019, Turkey has taken steps to substantially ease the launching of a business, and now ranks among the 10 top improvers globally (January 2019). Several reforms involved institutional changes. The government’s reform efforts focused on improving the digitalization and electronic processing of documents. Starting a company now takes less time and has become easier.

Despite these positive trends, the overall business environment in Turkey has been negatively affected by the state of emergency and the erosion of the rule of law. Since July 2016, Turkey’s economy continued to be characterized by a high level of arbitrary rule. Pre-2016, private companies were granted broad legal and institutional safeguards. However, politically motivated expropriations of firms and businesses belonging to alleged supporters of the coup attempt has cast a shadow over the business climate. According to a European Commission progress report (2018), “the

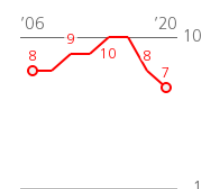
Property rights

6



Private enterprise

7



tendency to increase state control in the economic sphere and the actions targeting companies, businessmen and political opponents and their businesses harmed the business environment.”

10 | Welfare Regime

The social security institution (sosyal güvenlik kurumu), established in 2006, offers short-term and long-term benefits such as support in case of workplace injuries, illness and maternity leave, old age insurance, disability insurance, survivors' insurance, and marriage and funeral benefits. The health care system in general functions well, providing largely accessible and almost universal coverage; yet differences exist between different regions of the country.

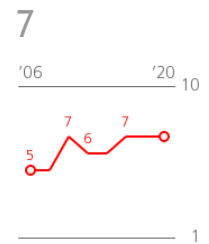
The country lacks a long-term care system that covers children and people with disabilities. The welfare system is also beset by heavy debt, which the government has attempted to reduce through various reforms. In 2016, social protection expenditure represented 12.8% of GDP. Half of this amount is spent on old age pensions. The state covers general health insurance premiums for around 8.7 million people in need.

Turkish labor law has yet to be aligned with EU standards. In a 2018 report, the European Commission noted a backsliding on workers' rights, manifested in mass dismissals and suspensions in the public sector. Furthermore, a high percentage of the working population is not protected by the labor law, in particular domestic maids, agricultural workers, and those working for forestry companies with fewer than 50 employees. There are high numbers of people in unregistered work in Turkey, which seriously weakens the sustainability of the social security system and is a source of concern.

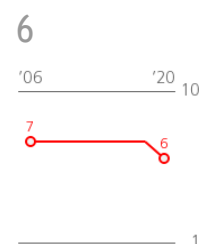
According to the Turkish statistical institute, the ratio of persons working without any social security relating to their main job was 32.4%, marking a 0.7% decrease compared with the previous year's figure. In the non-agricultural sector, the rate of unregistered employment was 21.9%, a 0.1% decrease from the previous year's figure. Subcontracted workers frequently experience poor working conditions, unjustified dismissals and face difficulties in joining trade unions. Health and safety regulations are often poorly implemented.

Turkey has a legislative and institutional framework on gender equality, attributable to the country's accession process to the EU. However, conservative rhetoric and government policies which emphasize motherhood instead of gender equality has led to the deterioration of women's status and to widespread discrimination against women. There is a lack of strong political commitment to gender equality. Government policies that have incentivized marriages, childbirth and women's part-time work have been counterproductive to women's empowerment. In terms of employment, there is a large difference between men (75.5%) and women (33.2%).

Social safety nets



Equal opportunity



A gender pay gap is observed at all levels of educational attainment. The lack of daycare services for pre-school children and adequate institutional framework for providing care to sick and elderly people prevent women's participation in the workforce. Turkey is an increasingly conservative society and women's role is increasingly defined in relation to the family. There is a need for improvement concerning school enrollment for girls, especially in secondary education. Early and forced marriage for women continues to be a major concern. A recent government decision to grant the authority to conduct civil marriages to provincial and district muftis risks augmenting the number of early and forced marriages.

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. The Kurds especially, are discriminated in socioeconomic terms, and have less access to education and the labor market.

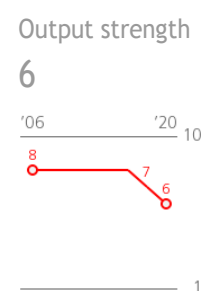
11 | Economic Performance

Turkey's economy underwent substantial fluctuations over the review period. In 2015 annual real GDP growth was 6.1%. This fell to 3.18% in 2016 (mainly due to domestic turmoil), before increasing to 7.4% in 2017. However, 2018 saw a substantial fall to 2.6%, its lowest level for several years. Total GDP fell from \$863,721.6 million in 2016 to \$851,102.4 million in 2017. GDP per capita (PPP) increased moderately from \$25,247 in 2016 to \$26,505 in 2017.

The domestic political turbulence coupled with bilateral tensions with the U.S. and rising interest rates in advanced economies contributed to a record devaluation of the Turkish lira in the first half of 2018. This led to higher import costs and accelerated consumer price inflation (16.4% in 2018, up from 11.1% in 2017). Turkey's total exports in 2017 were \$156.9 million. Imports were \$233.8 million, leading to a negative trade balance of -\$76.8 million. The issues described above also affected FDI. Net FDI inflows to Turkey declined sharply by 30.5% to approximately 1.5% of GDP in 2016, from 2.1% in 2015. It declined further to 1.3% in 2017. According to a European Commission report in 2018, Turkey's dependence on capital inflows makes its currency and the economy "volatile to a sudden loss of investors' confidence."

Public debt/GDP has fallen consistently since 2009. In 2009, it stood at 43.9%, but fell to 27.9% in 2017.

The current account deficit was narrowing until 2016, when it rose sharply to -\$33,137 million and -\$47,378 million in 2017. Despite government measures such as increased taxes, higher spending on defense, mega infrastructure investments, public



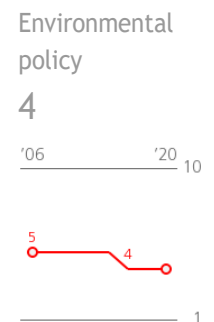
employment and social benefits are forecasted to further increase the budget deficit in 2018 (to an estimated 1.9% of GDP, from 1.5% in 2017 according to the EIU 2019 Turkey Report).

Turkey's earlier rapid economic growth was due to the favorable international financial context for developing countries. The prospect of becoming a member state of the EU formed the main anchor for the Turkish economy. However, as EU membership appears no longer a viable option for Turkey, and the low level of confidence of international investors in the Turkish political and economic system, it remains to be seen how quickly Turkey's economy will recover from the economic turmoil that followed the August 2018 currency crisis.

12 | Sustainability

Although Turkey has some environmental policies, the country needs to make progress in several areas, especially waste management and industrial pollution. Air pollution is a serious problem in Turkey. The country has relied heavily on fossil fuels, particularly coal, to meet its increasing energy demands. Its CO₂ emissions increased by 135.4% between 1990 and 2016. In the area of water quality, despite some moderate alignment with the EU acquis, no substantial progress has been made. The EU has urged Turkey to adopt the “framework legislation on nature protection and the national biodiversity strategy and action plan.” In 2017, Turkey adopted the implementing legislation on the registration, evaluation, authorization and restriction of chemicals (REACH).

While Turkey signed the Paris Agreement on Climate Change in 2016, the country has taken no further steps to ratify the agreement. Turkey lacks a consistent national climate change strategy and action plan for its energy sector. Several large infrastructure projects, such as micro hydropower plants and the third Bosphorus bridge, were deliberately excluded from national environmental impact assessment procedures. The government generally prioritizes economic development over environmental protection. Taking advantage of the state of emergency declared after the July 2016 coup attempt, the government passed a law in August 2016 allowing the fast-tracking of large infrastructure projects, mostly in the energy sector. The new mega airport north of Istanbul is an illustration of the government's complete disregard of environmental concerns: over 2.5 million trees were destroyed during its construction.



The quality of education in Turkey is inadequate. Turkey ranks at the bottom of the table in the latest PISA rankings. Despite some improvements in PISA maths and science assessments in the latest PISA rankings, Turkey's achievements remain well below the OECD average. According to the OECD, "Turkey has a higher-than-average proportion of underperforming students," especially among students from lower socioeconomic backgrounds.

Turkey spends less per student on primary to tertiary educational institutions than any other OECD country: \$4,652 per student, which is less than half the OECD average of \$10,391. Secondary education institutions are particularly underfunded, receiving \$3,511 per student, approximately one-third of the OECD average (\$9,868).

Participation rates in early childhood education and care are low compared to the OECD average (52% for pre-school education). In the academic year 2016/17, the enrollment rate was 91% for primary, 96% for lower secondary and 83% for upper secondary education, according to a European Commission progress report (2018). Students leaving school early (34%) is a major concern.

Turkey has improved to 1.0 on the gender parity index in recent years. However, gender differences in literacy remain a challenge: in 2016, the World Bank reported an overall adult literacy rate of 96.167%, with men (98.776%) outperforming women (93.563%).

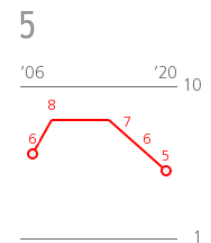
Turkey has 180 universities, but there is a profound disparity in the quality of education offered by them.

Regarding research and innovation policy, a 2018 report by the European Commission noted that "Turkey's overall research capacity is still limited in terms of the number of researchers (reaching only one-third of the European average)" and that "the proportion of overall GDP provided by R&D expenditure remained only at 1%."

In 2014, Turkey joined the EU's Erasmus Programme. Turkey is also involved in the EU's Horizon 2020 program, but participation by Turkish researchers needs to be improved. As noted by the European Commission, "Turkey is still below the EU average in almost all indicators of the European Innovation scoreboard."

After the coup attempt of July 2016, thousands of educators from schools and universities were dismissed. Some schools and universities were closed altogether. These dismissals and closures will have long-term negative impacts on Turkey's education system. Furthermore, under the state of emergency, several academics, researchers and PhD students have left the country. Although the government recently enacted several incentives to stop the brain drain, some 113,000 Turks emigrated in 2018, according to the Turkish institute of statistics, a sharp increase over the previous year (when more than 69,000 left the country). This number includes students, academics, businesspeople and well-educated upper middle-class citizens. The flight of educated and talented people is expected to negatively affect Turkish education system in the medium- to long-term.

Education policy /
R&D



Governance

I. Level of Difficulty

Turkey's government faces several external constraints. However, it is also partly responsible for some of them. Turkey's geographic location in the conflict-ridden Middle East, adjacent to two unstable neighbors (Syria and Iraq), not only represents a danger to Turkish security, but also poses humanitarian challenges. Turkey is now home to approximately 4 million Syrian refugees (as of 2018). Turkey is also prone to earthquakes and insufficient rainfall. Tourism, important to Turkey's economy, is nevertheless a highly volatile source of income.

Turkey's particular strengths, namely its population size and relatively young and well-educated labor force, may become a weakness if the looming youth unemployment is left unaddressed, especially in the context of the economic stagnation Turkey has experienced since mid-2018. Turkey's politically induced brain drain also poses a great challenge for the future.

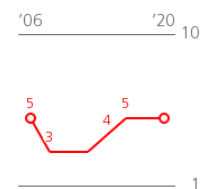
There are difficulties in reconciling elements of traditional and modern Turkish society. Especially in recent years, rising societal polarization between secularists and conservatives, as well as fault lines between Sunni Turks and ethnic/religious minorities, both represent a challenge for governance. Further challenges are regional disparities between west and east Turkey, with deficient infrastructure found predominantly in southeastern and eastern Anatolia.

Deficiencies exist in Turkey's administrative and legal systems. The government's extensive purge of (real and perceived) opponents within the judiciary, military and administration, and subsequent politicized appointments by the executive is a source of concern for the state's future competences.

Turkey has a moderately well-developed tradition of civil society. While civil society institutions have existed in the past, they were always controlled by the state. They have served most often to facilitate administration in remote areas where the state was weak and have also formed important elements of the urban administration. The attitude of the state and its institutions to civil society is ambiguous. When civil society organizations are regarded as beneficial, they enjoy considerable attention from the state and are consulted frequently. However, institutions considered to be critical of the state or government policies are regarded as a threat, and frequently face serious legal and financial obstruction.

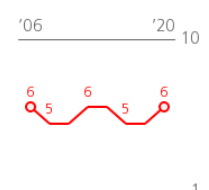
Structural constraints

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Civil society traditions

6



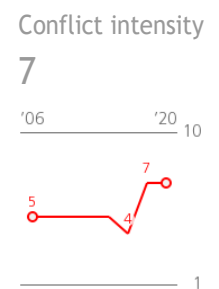
Turkey's authoritarian turn in recent years has precipitated a serious backsliding on civil society issues. Under the state of emergency, mass arrests of activists, including prominent civil society representatives, and the recurrent use of bans on demonstrations put enormous pressure on civil society. Many rights-based organizations were closed by the government under the state of emergency.

Despite these repressive measures, civil society has demonstrated resilience. However, as noted by the European Commission in a 2018 report, "the map of civil society organizations has started to change significantly, with a more visible role given to the pro-government organizations." Furthermore, administrative burdens limit civil society activities. An increasingly repressive political environment and the erosion of fundamental freedoms have further restricted the development of a genuine civil society.

Turkish society is deeply divided along ethnic (Kurds vs. Turks), political (conservative nationalists vs. modernists) and religious (Sunni Islamists vs. secularists) fault lines. In the conflict based on the Kurdish-Turkish axis, a renewed full-scale, violent confrontation erupted in July 2015. South-eastern Turkey has seen numerous clashes between Turkish security forces and the PKK. The leaders and members of the pro-Kurdish HDP party have experienced harassment and arrests.

Secular segments of Turkish society remain concerned over the constant undermining and weakening of democratic institutions and civil liberties, and a parallel Islamization of Turkey under AKP rule. AKP's increasingly authoritarian policies attest to a political climate marked by high tension and antagonism, aggravated by heavy-handed policies that followed the failed coup and the introduction of the new presidential system based on a majoritarian understanding of democracy. The flow of capital and wealth to AKP's voters is an additional source of concern for anti-AKP groups.

The dimensions of polarization in Turkey surveys conducted by Istanbul Bilgi University (in 2015 and 2017) identified a number of causes of conflict in Turkish society. These include historical cleavages between the center and the periphery, the secular and the religious, Kurdish and Turkish, and an intensification of these by divisive rhetoric from populist leaders and a lack of intraparty democracy and diversity of opinion.



II. Governance Performance

14 | Steering Capability

The high frequency of critical elections in recent years (local and presidential elections in 2014, general elections in June and November 2015, constitutional referendum in 2017, parliamentary and presidential elections in 2018, upcoming local elections in 2019) has meant short-term electoral promises trump long-term political planning. In its rhetoric, the government insists that it remains committed to democracy and to the ideal of EU membership, but recent actions strongly contradict these claims.

The change in the government's approach first became obvious in the harsh reaction to the 2013 Gezi Park protests, and then again after the 2016 coup attempt. Domestic reforms, enacted to a large extent in response to the EU's political conditions during the accession process, have been completely abandoned. With the rising tide of nationalism, the executive has overtly confronted the EU. While mass arrests and infringements on fundamental rights under the state of emergency (2016 - 2018) were a serious blow to Turkish democracy, the transition to the presidential system has accelerated Turkey's authoritarian turn.

The country's economic success has been the government's strongest argument for support and for its actions in silencing opponents. However, since the 2013 corruption allegations involving several ministers and family members of Recep Tayyip Erdoğan, the government and the president have adopted a more nationalistic rhetoric, putting the accent on Turkey's external and internal enemies. The main argument in this rhetoric is the need for strong leadership to defend Turkey from foreign enemies and their domestic collaborators.

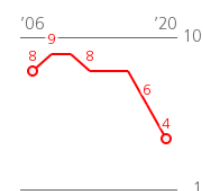
In recent years, Turkey's strategic priorities have been heavily affected by the external context. Syrian civil war, tension with Russia and the U.S., and economic dependency on FDI limit the government's capacity to set strategic priorities and maintain them over extended periods of time.

The government's main priority is to preserve its electoral base, despite domestic turmoil, economic stagnation and corruption probes. AKP's former reform agenda, mainly driven by its strategic priority of joining the EU, has been replaced by short-term priorities dictated by electoral concerns. Partly attributable to the lack of commitment from the EU, reforms related to the accession process first stagnated between 2011 and 2014 and were then started to reverse since 2015. Turkey-EU relations have soured. This was originally due to the divergent attitudes toward

Question
Score

Prioritization

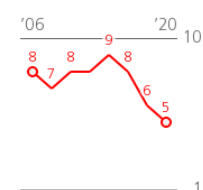
4



1

Implementation

5



1

Cyprus. However, complying with EU criteria has also become politically costly for an increasingly authoritarian government: under the new presidential system, an excessively powerful president has almost unlimited authority to achieve its priorities, taking Turkey further away from its previous aspiration to join the EU and the accompanying reform agenda.

The government has remained successful in inaugurating large infrastructural projects, such as the (partial) opening of Istanbul's new mega airport in 2018, and the further extension of high-speed rail lines.

In the past, Turkish decision-makers have shown considerable readiness to learn. This learning influenced leading Turkish politicians' plans for the future of the country, as well as the AKP's manifestos in general and local elections. However, Turkey's transition to its new presidential system marks a new era in its politics. The new system revolves around a president who holds almost absolute decision-making power in domestic as well as foreign politics. While the system is presented by the government as a new and more effective governance model, the "à la Turca" presidential system represents all the features of an arbitrary and old-fashioned authoritarian system, leaving little room for alternative views or criticisms. In the absence of a critical media, pluralistic civil society and vivid opposition, there is no independent source of effective monitoring or evaluation of the executive.

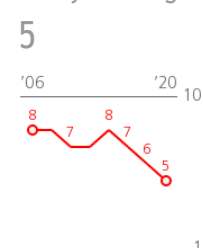
15 | Resource Efficiency

The allocation of resources and their efficient use remains one of the fundamental shortcomings of the public sector in Turkey. People employed in the public sector (as a share of total employment) increased marginally from 13.5% in 2015 to 13.8% in 2016. According to a 2018 European Commission progress report on Turkey, women's participation in public service – approximately 37% – must be improved. The employment rate of staff with disabilities has not yet met the official target of 3%.

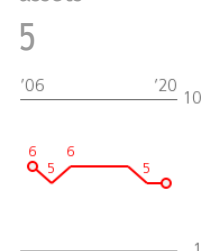
Many employees have insufficient qualifications and capabilities for their jobs. It is generally believed that political considerations, rather than merit, are responsible for securing employment as well as promotion in the public sector. While there are some attempts or discussions on modernizing the administrative capacity of the state, no comprehensive reform or decentralization has been planned.

In the aftermath of the July 2016 failed coup, tens of thousands of public employees were dismissed from their positions, charged with being behind the coup attempt against the government. As of early 2019, 150,348 state officials, including teachers, bureaucrats and academics, had been dismissed. According to the European Commission, the impact on Turkey's institutional capacity has been significant in some critical public institutions, including the judiciary, the security forces and key

Policy learning



Efficient use of assets



regulatory bodies in the areas of public finance, energy, banking and capital markets. Many of these dismissed employees have been replaced with staff seen as more loyal to the government, irrespective of their qualifications.

The government clampdown has also led to the emigration of hundreds of intellectuals as well as the dismissal of vast numbers of teaching personnel from institutions of higher education. Both constitute a brain drain from the country and thus the loss of important assets.

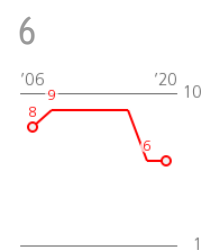
The successive electoral victories of the AKP since 2002 attest to the strength of the ruling elite. Depending on the circumstances, AKP has successfully formed flexible coalitions (with Fetullah Gülen, Kurds or, since 2015, the nationalist extreme right MHP) and eliminated political rivals and opponents. Former top governmental representatives with opposing viewpoints have apparently been successfully silenced, including former president, Abdullah Gül, and former foreign minister, prime minister, and AKP chairman, Ahmet Davutoğlu.

With the concentration of power in the presidency, decision-making on a range of matters takes place in the presidential palace. These decisions cover every sphere of domestic politics, including economic management and foreign policy. For its supporters, this excessive concentration of power is beneficial for fast and efficient decision-making as well as better policy coordination. In the run-up to the 2018 presidential elections, Recep Tayyip Erdoğan and prominent figures from AKP defended the new system as a necessary instrument for dealing with several complex security challenges (such as terrorism, the civil war in Syria, and coup plotters). On the other hand, opponents of the presidential system point to the deficiencies of the system, and the acceleration of Turkey's autocratization.

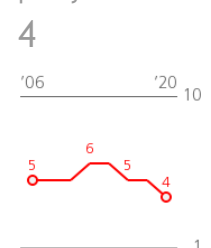
Corruption remains a widespread structural problem in Turkey. Although during its early years in power the AKP prioritized anti-corruption efforts and adopted a series of measures to eradicate the problem, there has been little tangible progress to date. The corruption allegations involving several members of Erdoğan's family and cabinet in 2013, and subsequent harsh measures to persecute investigators, dealt a serious blow to Turkey's anti-corruption efforts. Subsequent measures to curb the independence of the judiciary raised suspicion over the government's true commitment to a genuine anti-corruption agenda.

One fundamental problem is the lack of an independent anti-corruption body. There is also no inter-institutional coordination for preventing or combating corruption. According to the European Commission, Turkey has failed to implement the majority of measures envisaged in the transparency and anti-corruption action plan announced in 2016. Turkey has also failed to implement the United Nations' anti-corruption convention.

Policy coordination



Anti-corruption policy



Although there was some progress in the implementation of the recommendations made by the Council of Europe's group of states against corruption (GRECO), Turkey has failed to implement the majority of GRECO's recommendations on preventing corruption among parliamentarians, judges and prosecutors. The centralization of the administration into the hands of the president has created a system in which there is less transparency in the overall management of state affairs, and an absence of a healthy system of checks and balances over the executive. This latter situation was compounded by the abolishment of parliament's right to interpellation and its auditing power over the president.

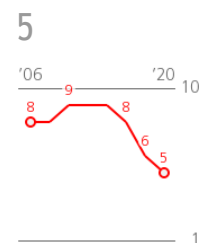
16 | Consensus-Building

Formally, all major actors in Turkey agree on the desirability of democracy. However, there are different conceptualizations of democracy among different segments of society as well as among political parties. While the government and the ultra-nationalist MHP (since 2016, AKP's close ally) advocate a majoritarian understanding of democracy, the opposition subscribes to a more pluralistic version. These contested and contrasted understandings of democracy became very pronounced in the run-up to the referendum on the constitutional amendments in April 2017, as well as during the campaign for the presidency in 2018. While the AKP-led bloc campaigned for a strong executive representing the will of the majority, the opposition – although divided between several parties – opposed the new presidential system on the grounds that it would lead to a dictatorship at the expense of the parliamentary system. Although the referendum was approved by 52.59%, President Erdoğan's legitimacy is questioned by his opponents.

The government's abandonment of democratic principles is also visible in its approach toward the Kurdish minority: the reconciliation process has been replaced by armed conflict and violence.

There is consensus on the desirability of a market economy. However, considerable conflict exists over the details of economic organization. Privatizations and neoliberal labor laws have meant that Turkey's economic boom has come at a considerable social cost. A significant proportion of the Turkish labor force still works for relatively low wages and remains unable to partake in the advantages brought about by economic growth.

Consensus on goals



After the military was brought under firm civilian control following the coup attempt in 2016, there is no longer any anti-democratic veto power. However, during the period under review, Turkey's divergence from parliamentary democracy, and its transition to the presidential system, accelerated the country's autocratization process. It appears that remaining liberal-democratic actors and reformers in Turkey lack sufficient power to reverse the current autocratization of Turkey, which is led by a democratically elected president.

The government has failed to serve as an effective mediator in a number of recent conflicts. Worse still, the government has become party to ethnic, religious and ideological conflicts and has exacerbated them. This was particularly observable during the 2013 Gezi Park protests in Istanbul. The country's political climate has become highly antagonistic since then, with supporters of the government pitted against defenders of the "old" Kemalist system, and groups advocating an expansion of democracy and civil liberties. Since the 2013 Gezi Park protests, the government has pursued a successful securitization policy and labeled any form of opposition an attempt to destroy Turkish Republic's achievements.

The coup attempt of July 2016 provoked new conflicts. The government initiated an extensive purge against partisans of the Fetullah Gülen movement. Consequently, it suspended, removed, dismissed and even imprisoned numerous followers, all on charges that they were conspiring to topple the government.

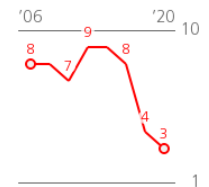
The transition to the presidential system constituted another divisive issue in the society.

Despite President Erdoğan's promises to embrace all segments of society in his immediate post-election speeches, during the review period he adopted an extremely divisive rhetoric. His discourses frequently presented the opposition and dissident groups or individuals as antagonists in a battle between "us" (the democratically elected government and those who vote AKP) and "them" (those who attempt to damage Turkish economy, its international image and democracy).

In addition, the peace process with the Kurdish minority (which had seen tangible progress) has been abandoned. Since 2015, the south-east of the country has experienced numerous clashes between Turkish security forces and PKK. Furthermore, Turkey has conducted several cross-border operations in Syria to contain the activities of the Kurdish People's Protection Units (Yekîneyên Parastina Gel, YPG), which is perceived by the Turkish government as a sister terrorist organization of PKK. These activities have aggravated tensions between Turks and Kurds in Turkey.

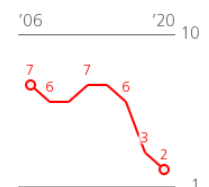
Anti-democratic actors

3



Cleavage / conflict management

2



During the two-year state of emergency following the failed coup attempt of July 2016, civil society faced serious challenges. The fate of civil society institutions, particularly professional and economic interest associations, often depend on whether they are considered by the government to be useful. Legislation affecting civil society became increasingly restrictive in recent years, reducing civil society's capacity to hold an increasingly authoritarian government to account.

The government's large-scale purges have also targeted important civil society institutions. Many NGOs have been shut down completely, charged with endangering national security. While pro-government NGOs have become more visible and have started to assume a greater role in society, those that remain critical of the government - especially human rights organizations and pro-democracy NGOs - face systematic intimidation, closure and arrest of their members. A case in point is Osman Kavala, chairman of the Anadolu Kültür Foundation, who was arrested in October 2017 on charges of having contacts to the Gülen movement and for being responsible for the organization of the Gezi Park protests in 2013.

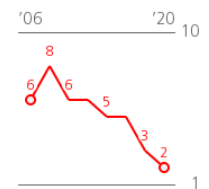
There has been little practical progress in resolving two long-standing conflicts. The AKP government has been unable to deal satisfactorily with the issue of the massacre committed against the Armenians during World War I, although – due to changes in public opinion and frequent calls for the issue to be directly addressed – it has displayed greater openness than its predecessors. However, the 2009 protocols on the normalization of relations with Armenia were not ratified and were renounced by Armenia in February 2018. Although there some progress has been made, Turkish nationalists are still reluctant to use the word “genocide,” and to admit guilt or responsibility.

As noted by an EU report on Turkey, in February 2018 the court of cassation accepted the case filed by the Armenian patriarchate regarding the restitution of the Sanasaryan Han, an education center which was seized by the state. With this decision, the legal personality of the patriarchate of the Armenians of Turkey has been de jure recognized for the first time. However, given the rising nationalist tide in Turkey and AKP's close collaboration with ultra-nationalist MHP, any significant progress in this area is highly unlikely.

Little progress has been made in settling the conflict with the Kurds both within and outside Turkey. In 2009, as then prime minister, Erdoğan embarked upon a new initiative to reach a settlement. Few tangible acts have followed this announcement, though the Turkish government has been more open to the use of the Kurdish language in education, broadcast and publishing. The end of the peace process in 2015 triggered a new period of confrontation between Turkish armed forces and PKK militia. Turkey's cross border operations in Syria, especially the threat it perceives from PYD/YPG forces has negatively affected the prospect of any reconciliation in the medium term.

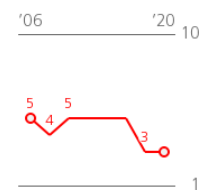
Civil society participation

2



Reconciliation

3



To a minor extent challenges for the non-Muslim and non-Sunni Muslim communities within Turkey continue. Even though the Turkish constitution accords all Turkish citizens equal rights and duties, members of these minorities continue to face considerable discrimination. The Gülen movement was declared a terrorist organization in December 2015 and its adherents have faced the brunt of government repression. 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.

17 | International Cooperation

Turkey pursues a multilateral and multidimensional foreign diplomacy and actively cooperates with key international and regional organizations. It is a member of the United Nations, the Council of Europe, North Atlantic Treaty Organization (NATO), Organization for Economic Cooperation and Development (OECD), Organization for Security and Cooperation in Europe (OSCE), World Trade Organization (WTO), Organization of the Islamic Conference (OIC), Black Sea Economic Cooperation (BSEC), Economic Cooperation Organization (ECO), the G20 and the Developing-8 Organization for Economic (D-8).

Turkey has developed an extensive network of international cooperation. It has high level cooperation councils with 25 countries, as well as 20 free trade agreements. Turkey has deepened its African partnership policy as well as actively collaborated with several regions, including Latin America, the Caribbean and Asia-Pacific. Through this web of relations, Turkey aspires to bolster its security and economic development.

Relations with the EU, however, have cooled, especially over divergent assessments of the purge that followed the 2016 attempted coup. As of January 2019, while Turkey's accession to the EU seems unlikely, the EU and Turkey continue their dialog and cooperation in areas of joint interest, including energy, transport and economy and trade, counter-terrorism and refugees, supported by high-level discussions. In March 2016, Erdoğan agreed to the EU-Turkey statement on migration, which would grant Turkey €6 billion in return for improved cooperation over migration. During the review period there were a number of high-level visits between the EU and Turkey. However, Erdoğan seriously provoked Western governments with repeated accusations of "Nazi methods" in response to criticism of his increasingly authoritarian rule.

Effective use of support

7



1

The Turkish government's image has been severely tarnished during the review period. The authoritarian policies pursued by the government since the failed coup of July 2016, the establishment of a new presidential system with an excessively powerful president and the rapprochement with Russia have given rise to grave concerns in the transatlantic hemisphere as to whether Turkey can still be considered a reliable partner.

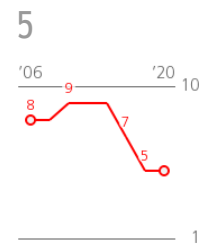
Bilateral relations with several individual EU member states, including with Austria, Germany and the Netherlands are tense, and there have been diplomatic incidents including the use of offensive rhetoric by both sides. In early 2018, Turkey engaged at the highest level in diplomatic efforts to normalize its strained relations with EU capitals, notably through presidential and ministerial visits. However, relations remain strained. Turkey's authoritarian turn, and its efforts to eradicate the network of Gülen (which the government considers a terror organization), have channeled the country's domestic troubles into its foreign relations, and consequently raised suspicions about Turkey's reliability in Western capitals. These tensions have begun to undermine military cooperation with some NATO allies. The continued detention of the American pastor Andrew Brunson by Turkey, charged with espionage and links to the Gülen movement and the PKK, heightened tension between Turkey and the U.S. over the course of 2018.

A series of incidents, including the imposition of sanctions by the U.S. on two Turkish ministers in August 2018, further deteriorated already very tense relations between the two countries. Turkey, in an attempt to normalize relations with the U.S., released Brunson in 2018. Despite Turkey's politically motivated gesture, relations with the U.S. remain at their lowest level.

Rapprochement with Russia has not been straightforward. After Turkey shot down a Russian military aircraft that had entered its airspace from Syria, relations rapidly deteriorated. However, they relations recovered rapidly. An example of this is the agreement signed between Turkey and Russia in December 2018 for Turkey to purchase from Russia S-400 surface-to-air missile batteries. This move caused serious concern among NATO allies, because the purchases cannot be integrated into NATO's military architecture.

The deteriorating security situation in the country in recent years has damaged the image of the country among both businessmen and tourists. In conclusion, the behavior of the Turkish government has become erratic and unpredictable in many policy areas, leading to a lack of credibility and loss of prestige in the international realm.

Credibility



Turkey's transition to a new presidential regime has implications for its foreign policy. With the concentration of power in the president's office, the conduct of foreign policy has started to become more politicized and dictated by short-term interests at the expense of long-term strategies drawing on the extensive experience and diplomatic tradition of the ministry of foreign affairs. Foreign policy priorities of the new regime seem to be strictly embedded in the ideological vision of the political elite. This vision revolves around the idea of diversifying Turkey's foreign policy options, thus loosening its previously clear Western orientation. This ideological approach to foreign policy has led the AKP to play a greater role in the Middle East under Ahmet Davutoğlu (foreign minister until 2014), and Turkey began to extend its economic ties beyond the Balkans, Middle East, Caucasus and Central Asia.

However, Davutoğlu's "zero problems" foreign policy strategy proved to be unsuccessful, partially due to developments in the region following the Arab Spring. As a Sunni Muslim power, Turkey tried to support the construction of a "Sunni alliance" involving Turkey, Saudi Arabia, and a Sunni-dominated future Syrian government. This increased political tension with the so-called "Shi'i axis" of Iran, Syria's President Bashar al-Assad and the Lebanese Hezbollah. Yet the active involvement of both Iran and Russia in the Syrian civil war in support of Assad, and the disengagement of the U.S. from Syria led Turkey to revise its policy vis-à-vis that conflict.

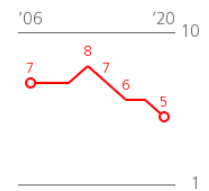
Since then, the Turkish government has started to cooperate with Russia and Iran to stabilize the war in Syria through the Astana process. Turkey sent troops to Syria in August 2016 (Operation Euphrates Shield) and did not hide its intentions to not only fight Islamic State, but also the Syrian-Kurdish U.S.-backed YPG, primarily through operation "Olive Branch" in January 2018. Meanwhile, Turkey has continued to cooperate with the Kurdistan Regional Government (KRG) in Northern Iraq, partly out of an interest in maintaining a certain degree of control over any attempts to establish an independent Kurdish state.

Turkey has a long-standing conflict with Armenia over Turkish involvement in the Armenian genocide during World War I. Turkey has consistently supported Turkic and Muslim Azerbaijan in its struggle with Armenia over the control of the Nagorno-Karabakh enclave. The Turkish-Armenian border has been closed for many years. The 2009 protocols on normalization of relations with Armenia were not ratified and were renounced by Armenia in February 2018.

Relations with Greece also remain tense. Among several bilateral issues, the delimitation of the continental shelf keeps poisoning bilateral relations between the two countries. The threat of a casus belli in relation to the possible extension of Greek territorial waters, as accepted by the Turkish Grand National Assembly in 1995, is still present. Although during President Erdoğan's visit to Greece in December 2017 – the first visit by a Turkish president in 65 years – the two countries' leaders committed to ease tensions in the Aegean Sea, in 2018 a series of incidents took place,

Regional cooperation

5



including the collision of a Hellenic coast guard vessel with a Turkish patrol boat off the islets of Imia and the detention of two Greek soldiers. As noted by the European Commission progress reports on Turkey, “Greece and Cyprus reported repeated and increased violations of their territorial waters and airspace by Turkey, including flights over Greek islands.” The Cyprus issue continues to poison relations between Greece and Turkey. Nevertheless, the two countries have been able to cooperate over migration.

Concerning the settlement of the Cyprus issue, Turkey continues to support the talks between the leaders of the two communities, and the efforts of the U.N. Secretary-General and special adviser. During the review period, a conference on Cyprus was convened in Geneva in January 2017 and in Crans-Montana in July 2017. No agreement was reached. Turkey continues to question and challenge the right of the Republic of Cyprus to exploit hydrocarbon resources in the Cyprus exclusive economic zone. Turkish naval forces went so far as to intervene against an Italian drilling ship commissioned by Cyprus in February 2018. Turkey, the only country to recognize the “Turkish Republic of North Cyprus,” claims to be entitled to conduct its own exploration, in the face of protests from the Cypriot government.

In conclusion, a key change in Turkish foreign and regional policy during the review period has been the impact of the new concentrated powers assumed by President Erdoğan, who increasingly draws power from the rising nationalist tide in the country. Turkish foreign policy has become less predictable and may become more likely to use military force in the future.

Strategic Outlook

Following the victory of Recep Tayyip Erdoğan in snap presidential elections in June 2018, a new era has begun in Turkish politics. The parliamentary system has been replaced by a new presidential system characterized by an excessively powerful president. This de facto dictatorship has implications for Turkish democracy and foreign policy. First, the new regime has accelerated Turkey's authoritarian drift. Fundamental freedoms, rule of law and civil liberties have now been eroded, and Turkey can no longer be classified as a democracy. Shrinking space for dissident voices, and increasingly repressive government policies have led to a deeper polarization of Turkish society, which was already divided along ethnic, religious and ideological lines. The political climate today is marked by various antagonisms. In the past, political tensions were primarily evident between supporters of the AKP government on the one hand and partisans of the "old" Kemalist system and elites on the other. By contrast, the main fault line today may be drawn between AKP supporters, who regard President Erdoğan as the strong leader Turkey needs, and those groups who remain advocates of greater liberalism, civil rights and social justice. In addition to this major fault line, there are tensions between Kurds and Turks, and Sunni Turks and religious minorities. The lack of communication between these groups, coupled with the absence of appropriate channels for the representation of opposing views (such as free media or a vibrant civil society) may pose a serious challenge in terms of governance in the medium to long-term. Therefore, the government must develop policies to ease the tension between different groups, take steps to develop a pluralistic society, and introduce a consensus culture in Turkish society. The new regional dynamics with the Syrian conflict and the emergence of Rojava completely transformed the outlook of the Kurdish political movement in Turkey. They led the Kurdish movement to intensify its efforts toward the establishment of an independent Kurdish region in northern Syria. This may hamper the relaunch of a possible reconciliation process with Kurds in Turkey.

Another salient issue in Turkish politics is the evolving social fabric. In the face of the government's authoritarian turn, well-educated, talented Turks have started to emigrate. Reversing this substantial brain drain from Turkey and restoring a merit-based, rational system of appointment and promotion in the public sector should be among the top priorities of the government.

Recent domestic political developments in Turkey have far-reaching consequences for Turkish foreign policy. The once unquestionable European/Western alliance of Turkey has been called into question, as the new regime is no longer ideologically committed to gaining EU membership. The pace and magnitude of Turkey's autocratization process, and intra-EU constraints (e.g., rise of populist parties and the right wing in Europe, Brexit, lack of vision on Turkey) render a value-based framework for EU-Turkey relations unrealistic. Nevertheless, given common interests a rupture is not a viable option either. As of January 2019, EU-Turkey relations had evolved into a transactional, interest-driven partnership. However, such a relationship seems to play into the

hands of the AKP and may serve to further distance Turkey from the EU's normative framework. Given their interconnectedness, the EU is best placed to put normative pressure on Turkey to relaunch a renewed reform agenda. In this respect, the EU should attach carefully formulated political conditions to specific areas of great importance for Turkey, such as the modernization of a customs union or visa liberalization. Another domain where the EU is best suited to make a long-term difference is the enhancement of Turkish civil society and democratic forces in the country.

Another key aspect of Turkish recent foreign policy is its assertiveness, as exemplified in its recent cross border operations in Syria. Although its readiness to resort to the use of force makes Turkey an unpredictable and unreliable partner, its fragile economy - which is highly dependent on FDI - conditions its regional role. Given its geostrategic location, its size, and involvement in conflicts in adjacent countries (Iraq and Syria), Turkey will no doubt continue to play an important role in the Middle East, though its success will be hampered by continuing internal and external policy challenges. In this respect, international platforms such as NATO and the EU should be used to ensure Turkey's involvement in multilateral initiatives.