

EUROPEAN UNION AND
TURKISH FOOTWEAR INDUSTRY:
A CASE OF TOP-DOWN EUROPEANIZATION?

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ABSTRACT

EUROPEAN UNION AND TURKISH FOOTWEAR INDUSTRY: A CASE OF TOP-DOWN EUROPEANIZATION?

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In this research, European footwear industry and its interaction to Turkish footwear industry will be analyzed in the context of Turkey-EU relations. Main target is to frame the impacts of relevant policies implemented to Turkey in its accession process to the European Union and assess the possible outcomes by seeking an answer to the question whether if the legal framework of this industry is being shaped from a top-down approach under the EU directives.

Keywords: Footwear Industry, Europeanization, EU Membership

ÖZ

AVRUPA BİRLİĞİ VE TÜRK AYAKKABI SANAYİİ YUKARIDAN AŞAĞI BİR AVRUPALILAŞMA VAKASI MI?

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Bu çalışmada, Avrupa ayakkabı endüstrisi ile Türkiye ayakkabı endüstrisine olan etkileri Türkiye- Avrupa Birliği ilişkileri kapsamında incelenecektir. Buradaki ana hedef, Türkiyenin AB kriterlerine uyum sürecinde ilgili politikaların nasıl uyarlandığını incelemek ve bu endüstri alanında yapılan yasal düzenlemelerin AB koşulları nedeniyle yukarıdan aşağı ilerleyip ilerlemediğini ortaya koymaktır.

Anahtar Kelimeler: Ayakkabı Sanayii, Avrupalılaşıma, AB Üyeliđi

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CHAPTER 1

INTRODUCTION

Brazil is slowly taking over the world shoe market with its structured, organized, and well-equipped shoe companies and industry. It manifests the diligence and determination among Brazilians in trying to export their shoes by marking their own brand and be competitive in the international economic arena.

Looking back in the case of Turkey, particularly Ankara, there is a sense of disoriented business machinery and disorganized management within the footwear industry. The widening gap between Brazilian and Turkish shoe industries continues to and Turkish shoes still lack the marketability, standardization, and creativity compared with its European counterparts.

This led the researcher to surmise, contemplate, and realize that it is imperative to make a study on how the footwear industry may be one of the political cleavages in becoming an advantage for Turkey's accession process towards the European Union.

Thus, it hypothesized whether Turkey's accession to the membership of European Union is an opportunity (advantage) or constraint (disadvantage) for the footwear industry in Turkey.

1.1 Scope and Delimitations

The temporal duration of this study is from early 2007 to present. The reason being is because of some chapters of negotiations were closed and awaiting to be reopened in the near future.

The area of the study is in the Turkey setting only, not necessarily related to relevant countries in discussing some issues that are specifically in consonance to the their values and political mindset.

The scope of the study covers only the Turkey's footwear industry, its relations with the European market, and the related chapters of negotiations which will be tackled in the main parts of this thesis.

Information provided were limited in scale that is why the results were not able to reveal the holistic approach to the obtained data nor emphasized the importance of the whole and the interdependence of its parts in scrutinizing the different interpretations given by the presented statistical reports and data gathered.

It also affects in submitting a comprehensive and thorough discernment about the study due to scarcity in time and confined or restricted within certain limits of assessing some scholarly/academic sources.

1.2. Theoretical Framework

The conceptual framework of complex interdependence¹ by Robert Keohane and Joseph Nye will be the theoretical basis or ground in assessing its locality within the bounds of the discipline of International Relations. Human aspirations, communications, and economics were the interdependent factors of continuity of change in world politics.

¹ Keohane, Robert O. and Joseph Nye, Jr. *Power and Interdependence: World Politics in Transition*. 3rd Ed. Longman: London, 2000.

According to the authors, interdependence means mutual dependence, it refers to situations characterized by reciprocal effects among countries in world politics. It involves costs and benefits in an interdependent relationship. This somehow establishes international regimes which refer to sets of governing arrangements that affect the relationship of interdependence. It may be incorporated into interstate agreements or treaties.

Moreover, there are three characteristics of complex interdependence: (1) Multiple channels which feasibly connect societies via models of interstate, transgovernmental, and transnational. (2) Absence of hierarchy among issues such as high politics (military, security or foreign policy) and low politics (economics, cultural exchanges or education). (3) Minor role of military force (this according to them is the use of force often has costly effects on nonsecurity goals that popular opposition to prolonged military conflicts is remarkably high).

Military force could, for instance, be irrelevant to resolving disagreements on economic issue among members of an alliance, yet at the same time be tremendously crucial for that alliance's political and military relations without rival bloc.

In this regard, there is a political process of complex interdependence which may theoretically support the study. First, there should be linking strategies (making initiative on the economic plans such as trade and commerce between Turkey and EU under the footwear industry). Second, setting the agenda via the negotiation phases of related chapters must be comprehensively done. Third, the condition on multinational corporations as independent actors and instruments may be run the risk of manipulation by governments.

Contacts between governmental bureaucracies charged with similar tasks may not only alter their perspective but lead to transgovernmental coalitions on particular policy questions. Lastly, is the role of international organizations as mediator in the

negotiation process that may help set an international agenda, act as a catalyst for coalition-formation, and arena for political competition.

Another important component of analysis in this study is the *Europeanization*. Based on Tanja Borzel's definition of Europeanization, it is taken as a "process by which domestic policy areas become increasingly subject to European policy-making".² Kerry Howell explains it as, "In its most explicit form Europeanization is conceptualized as the process of downloading European Union (EU) directives, regulations and institutional structures to the domestic level."³ In this formulation, members and candidate states follow, copy, absorb and implement European policies, rules and regulations. However, how much these rules and regulations are internalized or accepted is important.

This study will try to look at all the legislative changes carried out since 2007 in the footwear industry following the EU directives as part of the accession process and will try to analyze whether this *downloaded legislation* is deemed beneficial or not for the Turkish footwear industry, as well as trying to look into sectoral developments and characteristics.⁴

1.3 Methodology

In this section of the study, the researcher whose works is in a discipline or engages in an inquiry used a body of practices, procedures, and rules. This is the portion wherein the branch of logic that deals with the general principles of the formation of knowledge would be considered and simply discussed.

² Tanja Borzel, "Towards Convergence in Europe? Institutional Adaptation to Europeanization in Germany and Spain", *Journal of Common Market Studies*, vol 39, no. 4, 1999, p. 579

³ Kerry Howell, *Developing Conceptualizations of Europeanization and European Integration: Mixing Methodologies*. In: UNSPECIFIED, Sheffield, UK, 2002, p. 8 accessed on 07/09/2012, at <http://aei.pitt.edu/1720/>

⁴ The large amount of academic debate on the concept of *Europeanization* is not within the scope of this survey. For a detailed analysis of the conceptualization of *Europeanization*, see: Kevin Featherstone and Claudio Radaelli (eds), *The Politics of Europeanization*, Oxford University Press, New York, 2002; and Paolo Graziano and Maarten P. Vink (eds), *Europeanization: New Research Agendas*, Palgrave Macmillan, New York, 2008.

Secondary data were made available from the internet sources which are official representatives of concerned parties (Turkey and EU), some books, magazines, periodicals and other informational sheet being provided. Much more of electronic journals, books and even leaflets, also articles from online news were given the importance for gathering the information needed. Especially those sources that are recently published or displayed at the world wide web using the google search key.

The research design of the present investigation primarily calls for the descriptive study. With the help of an Online Public Access Catalog or OPAC, which is a computerized online catalog of the materials held in a library, the library staff and the public can usually access it at several computer terminals within the library.

It is a database searchable by library personnel whose institutions have a paid subscription by the administration of the University. It is not typically searchable by the general public unless their local library subscribes to the OCLC FirstSearch reference service.

Another basis for the researcher's method used is the Research Forum's database which was designed to provide researchers, policymakers, and practitioners easy access to research projects related to welfare and income security; child/family issues; and community/neighbourhood issues have brought a collection of data arranged for ease and speed of search and retrieval.

According to the host, which is the EBSCO (Elton B. Steven Company) HOST Research Database of the university, the information is current through 2000s when Research Forum operations will be cease.

In addition, personal queries and interviews to first-hand parties such as internal and external shoe makers, producers, technical workers, managers, designers, traders, proprietors, non-governmental organizations, and members of the Ministry of Industry and Trade, Ministry of Economics. They all provided anecdotal accounts that supported the data gathered.

CHAPTER 2

2A: TURKEY AND EUROPEAN UNION

This chapter will discuss the relations between Turkey and the European Union. From EU's inception and Turkey's first application to the current status and situation of the negotiation of the accession process.

2A.1 Historical Glimpse

In an official statement by the Turkish government, they regard Europe as their “common home that they have built by uniting around common norms, principles and values ... Today, a full account of the history of Europe cannot be made without analyzing the significant role that Turkey played in the Continent.”⁵

The Turkish-EU relations began with the application of Turkey for membership in the former European Economic Community (EEC) in 1959. She was an associate member of the Community, with the potential of becoming a full member at a future date. In 1963, Ankara Agreement was established in order to fully acknowledge the final goal of membership which constituted legal basis and arrangement. Ever since, Turkey has been knocking on the EU's door and thus has been waiting as a candidate country longer than any other outsider.⁶

⁵ Republic of Turkey, Ministry of Foreign Affairs, <http://www.mfa.gov.tr/relations-between-turkey-and-the-european-union.en.mfa>

⁶ Yilmaz, Bahri. “Turkey's Membership in the EU: Realistic or Merely Wishful?” *International Harvard Review* (6 January 2011). Accessed on 15 August 2012 at <http://hir.harvard.edu/turkey-s-membership-in-the-eu-realistic-or-merely-wishful?page=0,0>

In April 1987, Turkey applied for full membership in the EU, but was rejected on the grounds that Turkey was not ready for the membership. Turkey tried again at the European Summit Meeting in Helsinki in December 1999. Finally, on October 3, 2005 the EU decided to begin the accession negotiations with Turkey under tough conditions.⁷

According to Yilmaz, one of the main arguments against Turkey's membership is the claim that it represents cultural, religious, and mental "otherness". The argument that European culture is based upon a Judeo-Christian identity and a heritage leading back to Greek, and Roman civilization implicitly argues that Turkey has no place in the European Union.

In addition to the disagreements is the demographic issue where Turkey is comparable with the population size of Germany, where it has a young population (i.e., there is a high fertility rate compared with most of the European countries). It will also make a dominant figure in the decision making processes because Turkey holds a substantial population which gives them more seats in the parliamentary and other institutions of EU.

Another issue is when the EU immediately accepted the Greek-part-of-Cyprus and did not wait for the outcome of proposed "United Cyprus Republic" under the Kofi Annan plan in 2004. It exacerbated the conflicting tension in Turkey's accession membership process particularly on the agreed 'Customs Union' between them, which Turkey did not comply on some of its provision by rejecting to open its ports to Greek Cypriots' ships and planes. Therefore, EU forcefully closed most of the chapters in the communautaire acquis in the negotiation table, which prolonged the length of the accession process.

⁷ Ibid.

2A.2 Negotiations' Timeline

The EU opened membership negotiations with Turkey on 3rd October 2005. This was done by adopting a negotiating framework for this candidate country.⁸ On 29 July 2005, the additional protocol extending the Ankara Agreement to new member states that acceded to the EU in 2004 was concluded by exchange of letters among Turkey, the EU Presidency and the Commission. An official declaration which was an integral part of the letter and signature was also made. In the declaration, it was explicitly stated that Turkey, by signing the “Additional Protocol,” did not recognize the “Republic of Cyprus” by any means.⁹

The first stage of negotiations started immediately with the screening process. Screening meetings were completed in October 2006. Following this, the Commission prepared screening reports for each chapter. The first chapter to be negotiated (Chapter 25 - Science and Research), which opened and provisionally closed on 12 June 2006.

In November 2006, the European Union expressed concern over restrictions to the free movement of goods, including restrictions on means of transport to which Turkey had committed by signing the Additional Protocol to the Ankara Agreement.

With no solution found, the European Council decided on 14-15 December 2006 to suspend negotiations on eight chapters relevant to Turkey's restrictions with regard to the Republic of Cyprus:

- Chapter 1 Free movement of goods
- Chapter 3 Right of establishment and freedom to provide services
- Chapter 9 Financial services

⁸ The official website of the delegation of the European Union to Turkey, which was accessed on 15 August 2012 at <http://www.avrupa.info.tr/en/turkey-the-eu/accession-negotiations/what-is-the-current-status.html>

⁹ Republic of Turkey, Ministry of Foreign Affairs, <http://www.mfa.gov.tr/relations-between-turkey-and-the-european-union.en.mfa>

- Chapter 11 Agriculture and rural development
- Chapter 13 Fisheries
- Chapter 14 Transport policy
- Chapter 29 Customs union
- Chapter 30 External relations

It was therefore decided that no chapter would be provisionally closed until Turkey fulfils its commitments under the additional protocol to the EU-Turkey association agreement. However, this did not mean that the process of negotiations was blocked. In a retelling public ‘official’ website¹⁰, records show the key milestones in the Turkey-EU relations which are bulleted below:

1959 – Turkey applies for associate membership in the European Economic Community.

1963 – Association Agreement signed, acknowledging the final goal of membership.

1964 – Association Agreement comes into effect.

1970 – Protocol signed providing a timetable for the abolition of tariffs and quotas on goods.

1980 – Freeze in relations following the 1980 Turkish coup d'état.

1983 – Relations fully restored following elections.

1987 – Turkey submits an application for full membership on 14 April.

1989 – European Commission refuses to immediately begin accession negotiations, citing Turkey’s economic and political situation, poor relations with Greece and their conflict with Cyprus, but overall reaffirming eventual membership as the goal.

1993 – The EU and Turkey Customs Union negotiations start.

¹⁰ The official website of the delegation of the European Union to Turkey, which was accessed on 15 August 2012 at <http://www.avrupa.info.tr/en/en/turkey-the-eu/history.html>

- 1996* – The Customs Union between Turkey and the EU takes effect on 1 January.
- 1999* – At the Helsinki Summit in December, the European Council gives Turkey the status of candidate country for EU membership, following the Commission's recommendation in its second Regular Report on Turkey.
- 2001* – The European Council adopts the EU-Turkey Accession Partnership on 8 March, providing a road map for Turkey's EU accession process. On 19 March, the Turkish Government adopts the NPAA, the National Programme for the Adoption of the Acquis (acquis means EU law), reflecting the Accession Partnership. In addition, at the Copenhagen Summit in September, the European Council Decides to Significantly increase EU financial support through what is now called "pre-accession instrument" (IPA).
- 2002* – European Council states that "the EU would open negotiations with Turkey 'without delay' if Turkey fulfills the Copenhagen criteria."
- 2004* – Turkey and the Turkish Republic of Northern Cyprus back the Annan Plan for Cyprus. European Union agrees to start negotiations. On 17 December, the European Council Decides to open membership talks with Turkey.
- 2005* – Accession Negotiations open on October 3rd. Opening of 6 chapters of the Acquis: Right of Establishment & Freedom To Provide Services, Company Law, Financial Services, Information Society & Media, Statistics, and Financial Control.
- 2006* – Chapter on Science & Research opened and closed. Continued dispute over Cyprus prompts the EU to freeze talks on 8 chapters and state that no chapters would be closed until a resolution is found.
- 2007* – In November, the European Commission presented to the European Council, the Regular Report concerning Turkey's accession

negotiations. Chapters on Enterprise & Industrial Policy, Health & Consumer Protection, and Trans-European Networks are opened. Chapter on Statistics & Financial Control opened, but the opening of the chapter on Economic & Monetary Policy was blocked by French President Nicolas Sarkozy.

2008 – The European Commission published in November its yearly progress report on Turkey's preparation for EU accession. Chapters on Company Law, Intellectual Property Law, Free Movement of Capital, and Information Society & Media are opened.

2009 – Chapters on Taxation and Environment are opened.

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

2012 - Launch of the "Positive Agenda" with Turkey started.

2A.3 Current Status

As of January 2007, the negotiations were back on the track on the chapters that were not suspended. To date, 12 chapters have been under negotiations, as the table below shows it.

In the following period, there are three chapters that may be opened provided that Turkey fulfils the technical criteria. These chapters are Competition Policy, Public Procurement, and Social Policy and Employment.¹¹

Table 1: Chapters of Negotiation's Time Table

State of Play as of 1 July 2010.	Negotiations Opened	Negotiations Closed
1 - Free Movement of Goods		
2 - Freedom of Movement of Workers		
3 - Right of Est. And Freedom to Provide Services		

¹¹ The official website of the delegation of the European Union to Turkey, which was accessed on 15 August 2012 at <http://www.avrupa.info.tr/en/turkey-the-eu/accession-negotiations/what-is-the-current-status.html>

Table 1 (continued)

4 - Free Movement of Capital	19 December 2008	
5 - Public Procurement		
6 - Company Law	17 June 2008	
7 - Intellectual Property Rights	17 June 2008	
8 - Competition Policy		
9 - Financial Services		
10 - Information Society And Media	19 December 2008	
11 - Agriculture And Rural Development		
12 - Food Safety, Veterinary & Phytosanitary Policy	30 June 2010	
13 - Fisheries		
14 - Transport Policy		
15 - Energy		
16 - Taxation	30 June 2009	
17 - Economic And Monetary Policy		
18 - Statistics	26 June 2007	
19 - Social Policy And Employment		
20 - Enterprise And Industrial Policy	29 March 2007	
21 - Trans-European Networks	19 December 2007	
22 - Regional Pol. & Coord. of Structural instr.		
23 - Judiciary And Fundamental Rights		
24 - Justice, Freedom And Security		
25 - Science And Research	12 June 2006	12 June 2006
26 - Education And Culture		
27 - Environment	21 December 2009	
28 - And Consumer Health Protection	19 December 2007	
29 - Customs Union		
30 - External Relations		
31 - Foreign, Security And Defence Policy		
32 - Financial Control	26 June 2007	
33 - Financial And Budgetary Provisions		
34 - Institutions		
35 - Other Issues		

In the document entitled “Enlargement Strategy and Main Challenges 2011-12,” a communiqué from the commission to the European Parliament and the Council

(dated 12 October 2011)¹² stated that Turkey's accession process remains the most effective framework for promoting EU-related reforms, developing dialogue on foreign and security policy issues, strengthening economic competitiveness and diversifying supply of energy sources. In the accession negotiations, it has regrettably not been possible to open a new negotiating chapter for over a year.

However, in supporting the enlargement process, the EU will give financial support to Turkey. Assistance is provided essentially under the Instrument for Pre-Accession Assistance (IPA), under which total allocation over the period 2007-2013 is €11.6 billion. Around 10% of the available IPA funds will be allocated to multi-country projects across Turkey.

Moreover, the EU and Turkey started to intensify their *cooperation on visa issues* while the Commission entered into a dialogue with Turkey on *visa, mobility, and migration*, in line with the Council conclusions of February 2011.

This process started delivering results on both the issuance of visas for Turkish travellers and the tackling of irregular immigration to the EU and will help identify concrete steps required from Turkey in view of a future visa liberalization. In this context, an important step would be that Turkey take the necessary action for the swift conclusion of the readmission agreement.

As in previous years, a number of key challenges are given particular attention for Turkey's accession process.

- Increased focus on strengthening the rule of law and public administration reform.
- Ensuring freedom of expression in the media. (The legal framework does not yet sufficiently safeguard freedom of expression. The high number of legal

¹² COM(2011) 666 final; Brussels, 12.10.2011. "Enlargement Strategy and Main Challenges 2011-2012". Communication from the Commission to the European Parliament and the Council.

cases and investigations against journalists and undue pressure on the media raise serious concern.)

- Achieving sustainable economic recovery and embracing Europe 2020.
- Extending transport and energy networks. (The Commission supports Turkey financially in the further development of its transport networks, in particular concerning high speed rail connections and the modernization of port facilities. At the same time, Turkey should be encouraged to deepen its gas market, increasing liquidity, and contract flexibility. Such a process would lead to the emergence of an 'energy hub', the existence of which would achieve greater energy security.)

2B: FOOTWEAR INDUSTRY

In this particular chapter, the discussion on the overall setting or situation of Turkey's footwear industry will take place including its relations with the EU's footwear industry. In addition, four selected chapters of negotiations for Turkey's accession process are presented, but detailed analyses are accounted in the subsequent chapter.

2B.1 Turkey's Footwear Industry

The footwear sector is a diverse industry which covers a wide variety of materials (textile, plastics, rubber, and leather) and products from different types of men's, women's, and children's footwear to more specialized products like snowboard boots and protective footwear. This diversity of end products corresponds to a multitude of industrial processes, enterprises, and market structures.¹³

¹³ "Overview of the Footwear Industry." *European Commission's Enterprise and Industry*. Accessed on 30 August 2010 at http://ec.europa.eu/enterprise/sectors/footwear/index_en.htm

Turkey's footwear industry has developed at a rapid pace due to modern manufacturing processes, the availability of major quality raw materials, skilled workers, and high design capacity. Today, the Turkish footwear industry has a strong position among exporters of high quality of fashion goods. Another sign of positive development is the increase in foreign investments in the sector.¹⁴

The industry is the second in Europe after Italy.¹⁵ The Turkish shoe sector had an export value of US\$ 441 millions while imports totaled in US\$ 871 millions in the year 2011. It is also important to note that the US\$ 755 millions come from the Far East particularly China.¹⁶ Furthermore, the export figure of the leather sector for 2011 was about US\$ 1,262 million.¹⁷ Major markets for the Turkish made shoes are the Russian Federation, Iraq, Saudi Arabia, Germany, Bulgaria, the United Kingdom, France, Italy, the Netherlands, and Romania.¹⁸

Table 2: Footwear Exports of Turkey by Countries (Dollars)

Countries	2009	2010	2011
Russia	52.258.839	101.531.319	95.443.852
Germany	13.947.534	17.664.723	20.232.289
Bulgaria	9.302.012	12.584.779	14.602.912
UK	13.229.356	12.023.414	12.534.151
France	10.217.561	16.108.070	10.971.517

¹⁴“Leather Footwear and Jewellery (Footwear in Turkey).” *Fibre2Fashion*. Accessed on 15 August 2010 at <http://www.fibre2fashion.com/industry-article/16/1565/footwear-in-turkey1.asp>

¹⁵ “Turkish Footwear Industry: The Second in Europe after Italy.” *Business Turkey Today*. Accessed on 15 August 2012 at <http://www.business-turkeytoday.com/turkish-footwear-industry-second-in-europe-after-italy.html>

¹⁶ Seyirden, Esra “Ayakkabı ithalatı ‘koruma’ dinlemiyor (Shoe imports ‘protection’ listening)” *Ticaret (Günlük Siyasi Ticari Gazete)*. Accessed on 30 August 2012 at http://www.ticaretgazetesi.com.tr/haberler_ayakkabi_ithalati_koruma_dinlemiyor-l-1-sayfa_id-666-id-110964

¹⁷ “Footwear in Turkey.” *Official document released by the Ministry of Economy of the Republic of Turkey*. Accessed on 30 August 2012 at http://www.tcp.gov.tr/english/sectors/sectoringpdf/footwear_2012.pdf

¹⁸ Information was provided by the official document released by the Ministry of Economy of Turkey on the current condition of the footwear industry in 2012.

Table 2: (continued)

Italy	7.257.139	9.043.939	10.880.341
Netherlands	13.699.721	13.384.440	10.593.619
Romania	9.580.051	10.747.473	10.329.649
Belgium	3.298.124	5.108.669	9.441.671
Greece	11.694.738	8.863.440	8.915.866
TOTAL	144.485.075	207.060.266	203.945.867

Source: Ministry of Economy

The sector began automation in 1950s, then move to higher automation level to gain speed in medium and small scale enterprises in 1970s. However, the sector maintained its labor-intensive character substantially, and large scale enterprises proved to be the driving force for the increase in exports in 1990s. As far as it was estimated, Turkey accounts for 1.6 percent of the world's total footwear production.¹⁹

According to Turkish State Institute of Statistics, the footwear industry employs 26,954 people and the industry have about 4753 companies which are manufacturing various shoes and slippers. Almost 50% of the total number of companies is active in Istanbul, Konya, Ankara, Gaziantep, İzmir, Manisa, Denizli, Adana, Malatya, and Corum (Iskilip) are other important shoe production centers in Turkey.²⁰

The production capacity of the 33 leading companies in the sector is 328,100 pairs daily. In addition, there are many small and medium-size establishments in the sector. Turkey's shoe production reached 212 million pairs. Almost 26% of the production consists of leather shoes. In addition, there has been a rapid increase in the

¹⁹ Ibid.

²⁰ Refer to footnote 17 and 19.

manufacture of plastic shoes and slippers.²¹ There are several non governmental organizations which are involved in advancing the interests of the shoe sector like Turkish Shoe Industrialist Association (Türkiye Ayakkabı Sanayicileri Derneği,TASD), the Turkish Shoe Industry Research, Development and Education Foundation (Türkiye Ayakkabı Sektörü Araştırma Geliştirme ve Eğitim Vakfı - TASEV), Footwear Industry Suppliers Association (Ayakkabı Yan Sanayicileri Derneği -AYSAD), etc.

The footwear sector relies on Turkish-made shoe production machinery as well as shoe parts. The share of the shoe parts industry in the total shoe industry production is around 5%, and production is quite diversified. The soles, heels, casting molds, and the welt of the shoes are exported. The shoe parts industry is located in Izmir, the Aegean region, Konya, Gaziantep, and in particular Istanbul.²²

Advantages enjoyed by the sector are qualified manpower, rapid growth in demand fuelled by economic growth, increased urbanization, high installed capacity, high quality supplies from the domestic market, prompt delivery of products, proximity to European markets, and flexibility of boutique manufacturing.

The sector has also some challenges to cope up with, and these are low capacity utilization, dependency on imports in the supply of inputs, high energy costs, poor quality but cheap footwear exports from Far East, poor sanitation, lack of research and development, interest of producing counterfeit products, scarcity of new generations' shoe designers, modelling and styling, branding, and labor-intensive sector.

²¹ Ibid.

²² Ibid.

2B.2 Turkey-EU Footwear Relations

The European footwear industry consists of a large number of small enterprises (some 20 employees), most of which are located in regions with little industrial diversity. However, there are differences from one member state to the other: French and German businesses employ about 100 workers while Spanish and Italian businesses employ about a dozen. The other Member States lie between these two extremes.²³

EU action aims to promote innovation, competitiveness, and competition between companies involved in the sector, combat fraud and counterfeiting, and protect consumers' health and the environment.²⁴

In 2011, the footwear sector generated €32.1 billion in turnover and €7.2 billion in added value and directly employed 418,000 people. Two thirds of the total EU footwear production is actually concentrated in three countries: Italy, Spain and Portugal with Italy producing around 50% of EU production.²⁵

Manufacturing in EU countries has declined in many sectors including footwear, mainly because of labor intensive processes accompanied by high labor costs. However, it is largely acknowledged that manufacturing cannot be depleted. This is particularly true for the footwear sector since preserving a shoe making capability in Europe is considered vital for the future of the sector, in terms of employment, quality of products, service contents, and kind of entrepreneurship of European companies.²⁶

²³ “Overview of the Footwear Industrial Sector.” *European Commission's Enterprise and Industry*. Accessed on 30 August 2010 at http://ec.europa.eu/enterprise/sectors/footwear/index_en.htm

²⁴ Ibid.

²⁵ Ibid.

²⁶ “Real Footwear Trend: Three paths for the future of the European footwear industry.” *Future Concept Lab*. September 2008. Accessed on 10 August 2010 at <http://www.futureconceptlab.com/htm/activity/books/realfootweartrends.htm>

While the sector in Europe needs to transform itself from an industry driven, Resource Based activity to a market led Knowledge Based activity, it is essential that it maintains its advantage in style and fashion. To build a Knowledge Society and a Knowledge Manufacturing does not mean to concentrate only on the Style and Design phases, but it also means to be able to master the whole product and process life cycle adding value (knowledge and intangible) to each phase.²⁷

The main suppliers of footwear to the EU are China and Vietnam, which together account for more than 60% of the footwear imports into the EU (in value). The main markets for EU footwear are USA, Russia, and Switzerland.²⁸

In view of the limited growth potential of the EU's internal market, and the fact that steadily growing low-priced imports are gaining an ever-increasing share of that market, open export markets are the only way of increasing EU production, or at least maintaining it at present levels.²⁹

With the coordination of Ministry of Industry and Trade (MIT) throughout the whole process, Turkey has completed the screening on Enterprise and Industrial Policy chapter and the Negotiation Position Paper of Turkey was submitted to the European Commission in February 2007.³⁰ By the Council of the European Union decision on the 29 March 2007, the negotiations on chapter 20 - Enterprise and industrial policy were opened. Turkey has fulfilled its obligation of full non-discriminatory implementation of the Additional Protocol to the Association

²⁷ Smets, Roeland. "Custom, Environment, and Comfort made shoe." Project completed on September 2008.

²⁸ "External dimension of the footwear sector" *European Commission*. Accessed on 17 August 2010 at http://ec.europa.eu/enterprise/sectors/footwear/external-dimension/index_en.htm

²⁹ Ibid.

³⁰ "Turkish Industrial Strategy Document 2011-2014: Towards EU Membership." Republic of Turkey, Ministry of Industry and Trade. Accessed on 15 August 2012.

Agreement. However, in order for the chapter to be provisionally closed, the following two benchmarks need to be met:³¹

- Turkey provides the Commission with a revised comprehensive industrial policy strategy aiming at strengthening Turkey's industrial competitiveness. This strategy will address in some details all key sectors of industry, including all those referred to in the 2003 Industrial Strategy, *inter alia* shipbuilding, railway, and food industry. It will be built on a thorough evaluation of past policy performance and a solid analysis of the competitiveness of industries concerned. It should enable an improved policy coordination and coherence and lead to better policy ownership and improved policy implementation.
- The strategy should also take account of the two sectoral strategy documents already under preparation (for the steel and the automotive supply industry) as well as of any future strategic sectoral documents. It should also take into account results of Turkey's sector technical committees including on sectors such as motor vehicles and textiles.

Moreover, presented to the Public in April 2007, the 2007-2013 Program of Turkey to comply with the EU Acquis also indicate that by the first half of 2008, the Industrial Policy Strategy of Turkey is planned to be revised with the contribution and coordination role of MIT and other related institutions.³²

As its explained in the Negotiation Position Paper, the sectoral technical committees of Turkey mentioned in the closing criteria are those that are established

³¹ "Turkey 2011 Progress Report." Accompanying the document on *Communication from the Commission to the European Parliament and the Council*. Commission Staff Working Paper. SEC(2011) 1201 final, Brussels, 12.10.2011.

³² "Turkish Industrial Strategy Document 2011-2014: Towards EU Membership." Republic of Turkey, Ministry of Industry and Trade. Accessed on 15 August 2012 at <http://www.sanayi.gov.tr/Files/Documents/TurkiyeSanayiStratejisiIngilizce.pdf>.

in MIT, namely on motor vehicles, machinery, electrical and electronics industry, textile, footwear, lifts, pressure equipment, gas appliances, pre-packaging, and weighing instruments. Therefore, MIT plans to utilize this existing platform and capacity for better policy formulation, implementation, and revision where private sector representatives discuss with public authorities problems arising from practical sectoral issues.³³

Some recent statistical data on EU's textiles in trade, suppliers, and markets:

Table 3: Extra-EU27 trade (million Euro)

	2007	2008	2009	2010	2011	% growth 2007/2011
Textiles and clothing						
Imports	80.416	80.577	75.219	83.936	92.007	14,4
Exports	36.522	36.269	30.521	32.919	37.408	2,4
Balance	-43.894	-44.307	-44.698	-51.017	-54.599	24,4
Textile (codes NC 50-60 + 63)						
Imports	22.318	21.063	17.678	21.833	24.794	11,1
Exports	19.898	18.913	16.015	17.772	19.282	-3,1
Balance	-2.420	-2.150	-1.662	-4.060	-5.512	127,8
Clothing (codes NC 61+62)						
Imports	58.098	59.514	57.541	62.103	67.213	15,7

³³ Ibid.

Table 3 (continued)

Exports	16.624	17.356	14.506	15.146	18.126	9,0
Balance	-41.474	-42.158	-43.035	-46.957	-49.087	18,4

Source: Eurostat

Table 4: Top 10 suppliers in textiles (million Euro)

	2007	2008	2009	2010	2011	Share
EXTRA-EUR	22.318	21.063	17.678	21.833	24.794	100
China	5.719	5.848	5.164	6.754	7.562	28.2
Turkey	3.886	3.485	2.948	3.404	3.938	17.2
India	2.413	2.248	1.883	2.276	2.624	11.2
Pakistan	1.580	1.511	1.383	1.611	1.924	7.4
USA	1.002	966	796	964	1.001	4.6
South Korea	802	678	565	720	862	4.5
Switzerland	985	904	743	791	810	3.4
Japan	569	572	414	520	610	2.9
Egypt	350	309	269	386	469	2.1
Indonesia	460	401	307	422	455	2.0

Source : Eurostat, codes NC50 to NC60 + NC63

Table 5: Top 10 markets in textiles (million Euro)

	2007	2008	2009	2010	2011	Share
EXTRA-EUR	19.898	18.913	16.015	17.772	19.282	100
USA	2.504	2.049	1.548	1.737	1.819	9,4
Turkey	1.718	1.545	1.412	1.613	1.620	8,4
China	985	956	957	1.191	1.497	7,8
Tunisia	1.453	1.447	1.273	1.362	1.351	7
Switzerland	1.206	1.249	1.117	1.176	1.322	6,9
Morocco	1.339	1.278	1.051	1.173	1.223	6,3
Russia	1.087	1.142	777	891	1.032	5,4
Hong Kong	906	757	553	636	664	3,4
Ukraine	632	567	445	503	551	2,9
Japan	561	519	400	460	515	2,7

Source: Eurostat, codes NC50 to NC60 + NC63

2B.2.1 Directive 94/11/EC of European Parliament and Council of 23 March 1994³⁴

Below were the approximations of the laws, regulations, and administrative provisions of the Member States relating to labelling of the materials used in the main components of footwear for sale to the consumer:

A. Article One

- a. This Directive shall apply to the labelling of the materials used in the main components of footwear for sale to the consumer. For the purposes of this Directive, ‘footwear’ shall mean all articles with applied soles designed to protect or cover the foot, including parts marketed separately as referred to in Annex I. A non-exhaustive list of the products covered by the Directive appears in Annex II. The following shall be excluded from the Directive: second-hand, worn footwear, protective footwear covered by Directive 89/686/EEC (1), footwear covered by Directive 76/769/EEC (2), and toy footwear.
- b. Information on the composition of footwear shall be conveyed by means of labelling as specified in Article 4. These are: (i) The labelling shall convey information relating to the three parts of the footwear as defined in Annex I, namely: the upper, the lining and sock, and the outer sole. (ii) The composition of the footwear shall be indicated as specified in Article 4 on the basis either of pictograms or written indications for specific materials, as stipulated in Annex I. (iii) In the case of the upper, classification of the materials shall be determined on the basis of the provisions contained in Article 4 (1) and in Annex I, no account being taken of accessories or

³⁴ Directive 94/11/EC of the European Parliament and Council of 23 March 1994 specifically relates to the internal market for the footwear industry. Accessed on 19 August 2010 at http://ec.europa.eu/enterprise/sectors/footwear/documents/index_en.htm

reinforcements such as ankle patches, edging, ornamentation, buckles, tabs, eyelet stays or similar attachments. (iv) In the case of the outer sole, classification shall be based on the volume of the materials contained therein, in accordance with Article 4.

B. Article Two

- a. Member States shall take all necessary measures to ensure that all footwear placed on the market meets the labelling requirements of this Directive without prejudice to other relevant Community provisions.
- b. Where footwear, not in conformity with the provisions regarding labelling requirements, is placed on the market. The competent Member State shall take appropriate action as specified in its national legislation.

C. Article Three

- a. Without prejudice to other relevant Community provisions, Member States shall not prohibit or impede the placing on the market of footwear which complies with the labeling requirements of this Directive, by the application of unharmonized national provisions governing the labeling of certain types of footwear or footwear in general.

D. Article Four

- a. The labelling shall provide information on the material, determined in accordance with Annex I, which constitutes at least 80 % of the surface area of the upper, and the lining and sock, of footwear, and at least 80 % of the volume of the outer sole. If no one material accounts for at least 80 %, information should be given on the two main materials used in the composition of the footwear.

- b. The information shall be conveyed on the footwear. The manufacturer or his authorized agent established in the Community may choose either pictograms or written indications in at least the language or languages which may be determined by the Member State of consumption in accordance with the Treaty as defined and illustrated in Annex I. Member States, in their national provisions shall ensure that consumers are adequately informed of the meaning of these pictograms while ensuring that such provisions do not create trade barriers.
- c. For the purpose of this Directive, labelling shall involve affixing the required information to at least one article of footwear in each pair. This may be done by printing, sticking, embossing or using an attached label.
- d. The labelling must be visible, securely attached and accessible, and the dimensions of the pictograms must be sufficiently large to make it easy to understand the information contained therein. It must not be possible for the labelling to mislead the consumer.
- e. The manufacturer or his authorized agent established in the Community shall be responsible for supplying the label and for the accuracy of the information contained therein. If neither the manufacturer nor his authorized agent is established in the Community, this obligation shall fall on the person responsible for first placing the footwear on the Community market. The retailer shall remain responsible for ensuring that the footwear sold by him bears the appropriate labeling prescribed by this Directive.

E. Article Five

- a. Additional textual information, affixed, should the need arise, to the labeling may accompany the information required under this Directive. However, Member States may not prohibit or impede the placing on the market of footwear conforming to the requirements of this Directive, in accordance with Article 3.

F. Article Six

- a. Member States shall adopt and publish the laws, regulations and administrative provisions necessary to comply with this Directive by 23 September 1995 at the latest. They shall forthwith inform the Commission thereof.
- b. Member States shall apply the measures referred to in paragraph 1 stated on 23 March 1996. Stock invoiced or delivered to the retailer before that date shall not be subject to the said measures until 23 September 1997.
- c. When Member States adopt these measures, they shall contain a reference to this Directive or be accompanied by such reference on the occasion of their official publication. The methods of making such a reference shall be laid down by the Member States.
- d. The Commission shall submit to the Council, three years after this Directive has been brought into application, an assessment report taking into consideration any difficulties which may have been encountered by 1994L0011— EN— 01.01.2007 — 002.001— 4 operators where implementing the provisions of this Directive and shall present, should the need arise, appropriate proposals for review.

2B.3 Other Regulations

The following are other regulations that Turkey commit to comply or align its policies with:

2B.3.1 Respect of WTO rules and disciplines

The EU monitors compliance by third countries with bilateral or multilateral obligations and attempts to abolish barriers by means of available trade policy instruments (such as WTO litigation procedures resulting from the application of the Trade Barriers Regulation).³⁵

2B.3.2 Combating counterfeiting and piracy

Brand and product piracy are one of the biggest threats to EU industry. According to OECD (Organisation for Economic Cooperation and Development) estimations, fake products have a share of about 8% of global trade. Apart from legislative and political measures as well as raising awareness, the Commission's Customs Action Plan as well as bilateral Action programmes and Dialogues with non-EU countries help in this matter.³⁶

2B.3.3 Combating fraud

In recent years, the sector has been confronted with a wide variety of fraudulent activities by which economic operators have tried to: circumvent commercial policy measures (such as anti-dumping measures); unlawfully benefit from preferential tariff treatment (such as that granted in the framework of the

³⁵ "Furniture: The External Dimension of the EU Furniture Sector." *European Commission on Enterprise and Industry*. Accessed on 16 August 2012 at http://ec.europa.eu/enterprise/sectors/furniture/external-dimension/index_en.htm

³⁶ "Textiles and Clothing: Trade Issues." *European Commission on Enterprise and Industry*. Accessed on 12 August 2012 at http://ec.europa.eu/enterprise/sectors/textiles/external-dimension/trade-issues/index_en.htm

Generalised System of Preferences, GSP); mislead EU consumers (e.g. by claiming an EU origin of products that in reality have been produced elsewhere).³⁷

In order to combat such fraudulent activities, OLAF (Office européen de Lutte Anti Fraude) has been investigating alleged fraud cases for several years now. Moreover, the relevant services of the Directorate-General for Taxation and Customs Union (DG TAXUD) have taken various measures in order to ensure that footwear is classified in a uniform manner throughout the Community so as to avoid trade policy instruments being circumvented by "mis-classifying" footwear under types of products that are not covered with those instruments.³⁸

2B.3.4 Commitment to the Environment

Footwear manufacture per se cannot be considered as having a heavy impact on the environment. Most of the environmental impacts are associated with the upstream industries (leather and plastics).

A European Eco-label was established for footwear in 1999. It applies to all categories of footwear, including sports footwear, occupational footwear, children's, men's and women's town footwear, specialist footwear for cold, casual, fashion and indoor.³⁹ Recently, Turkey aligns chemical laws with EU's REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals).⁴⁰

³⁷ Ibid. *EU's Trade Issues*

³⁸ "Footwear: External Dimension of the Footwear Sector." *European Commission on Enterprise and Industry*. Accessed on 14 August 2012 at http://ec.europa.eu/enterprise/sectors/footwear/external-dimension/index_en.htm

³⁹ Commission Regulation (EC) No 552/2009 of 22 June 2009 amending Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the *Registration, Evaluation, Authorisation and Restriction of Chemicals* (REACH). Accessed on 19 August 2010 at lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:164:0007:0031:EN:PDF

⁴⁰ "Turkey aligns chemical laws with EU REACH and CLP CW." *Chemical Watch: Briefing Businesses on REACH and Chemical Risks*. (Briefing, February 2010). Accessed on 10 August 2012 at <http://chemicalwatch.com/3312/turkey-aligns-chemical-laws-with-eu-reach-and-clp>

2B.4 Related Chapters of Negotiations

All chapters stated below are necessary to discuss because of their significance with the footwear industry. A thorough presentation is made at the subsequent chapter of this thesis.

2B.4.1 Free Movement of Goods

Free movement of goods between the EU and Turkey is foreseen in the Customs Union, covering all industrial goods, except for certain steel products. The latter is covered with a treaty concluded by the ECSC³. The EU is the main trading partner for Turkey, and following the latest enlargement, Turkey is now the EU's 6th largest customer and its 7th biggest supplier. On average, trade with the EU provided for more than half of Turkish imports and exports.⁴¹

In practice, there are still a number of barriers to trade, some of which are caused by Turkey's non-compliance with its obligations under the Customs Union. Such difficulties relate to divergent rules for external trade, standardization, import licences and technical trade barriers, as well as intellectual property rights, food safety and public procurement.⁴²

As regards to public procurement, it should be borne in mind that alignment with the *acquis* is a condition for the inclusion of this sector in the Customs Union and in any event a requirement to ensure access to structural funds. In the area of food safety, extensive efforts will be necessary to continue the progressive alignment with the *acquis*, to adapt to EU principles and to set up appropriate institutional structures.

⁴¹ "Issues Arising from Turkey's Membership Perspective." *Commission Staff Working Document*. SEC(2004) 1202, Brussels, 6.10.2004, [COM(2004) 656 final], p. 5.

⁴² *Ibid*, p. 6.

Turkey must comply with existing obligations under the Customs Union, which would facilitate its integration into the internal market.⁴³

2B.4.2 Free Movement of Capital

The EU does not impose restrictions on capital movements with Turkey since the Treaty has extended the abolition of such restrictions to third countries. Some of the remaining restrictions concern capital inflow into Turkey in the form of foreign direct investment. The process of accession of Turkey to the European Union would remove these last obstacles and increase the confidence of investors. The accession process itself should lead to a significant increase of foreign direct investment originating from other EU Member States, to an improvement of the free circulation of capital and to a reinforcement of the Turkish economy.⁴⁴

Regarding capital outflow, full liberalisation of capital movements requires the existence of a solid financial system, a stable economy, and a sustainable external financial position. Considerable reforms have been initiated in Turkey, partly under the guidance of the IMF, and the increased structural strength of the Turkish economy should ensure more stability. If a crisis were to occur in the future, the Treaty itself allows for preventive mechanisms (e.g. balance of payment assistance), as well as for provisional safeguard measures, which should provide sufficient protection without affecting the overall functioning of the internal market.⁴⁵

In any case, given the limited relative size of financial sectors in Turkey, spill-over effects on the rest of the Union would probably be manageable. Turkey remains generally vulnerable to money laundering and full liberalization of capital movements

⁴³ “Free Movement of Goods.” *Delegation of European Union to Turkey*. Accessed on 15 August 2012 at <http://www.avrupa.info.tr/en/eu-and-turkey/accession-negotiations/negotiation-chapters/free-movement-of-goods.html>

⁴⁴ “Issues Arising from Turkey’s Membership Perspective.” Commission Staff Working Document. SEC(2004) 1202, Brussels, 6.10.2004, [COM(2004) 656 final], p. 8.

⁴⁵ Ibid, p. 9.

could entail risks for the rest of the EU. The level of corruption prevailing in Turkey and the low level of effectiveness of the anti-money laundering regime (in terms of prosecutions and convictions) means that major efforts are required to ensure that Turkey's accession does not negatively impact the fight against financial crime across the EU.⁴⁶

The pre-accession period should therefore be used to develop the administrative capacity of the Turkish law enforcement authorities; to stimulate more effective joint action between agencies fighting money laundering within Turkey; and to improve co-operation with their counterparts in the EU, thus enhancing both parties' ability to work together to meet common threats.⁴⁷

2B.4.3 Enterprise and Industrial Policy

EU industrial policy seeks to promote industrial strategies enhancing competitiveness by speeding up adjustment to structural change, encouraging an environment favorable to business creation, and growth throughout the EU as well as domestic and foreign investments. It also aims to improve the overall business environment in which small and medium sized enterprises (SMEs) operate. It involves privatization and restructuring.⁴⁸

EU industrial policy mainly consists of policy principles and industrial policy communications. EU consultation forums and Community programmes, as well as communications, recommendations and exchanges of best practices relating to SMEs aim to improve the formulation and coordination of enterprise policy across the internal market on the basis of a common definition of SMEs. The implementation of

⁴⁶ "Free Movement of Capital." *Delegation of European Union to Turkey*. Accessed on 15 August 2012 at <http://www.avrupa.info.tr/en/eu-and-turkey/accession-negotiations/negotiation-chapters/free-movement-of-capital.html>

⁴⁷ Ibid.

⁴⁸ "Issues Arising from Turkey's Membership Perspective." Commission Staff Working Document. SEC(2004) 1202, Brussels, 6.10.2004, [COM(2004) 656 final], p. 22.

enterprise and industrial policy requires adequate administrative capacity at the national, regional, and local level.⁴⁹

2B.4.4 Customs Union

On January 1, 1996, the Customs Union between the European Union and Turkey came into effect, thereby creating the closest economic and political relationship between the EU and any non-member country. Essentially the Customs Union gives Turkey improved access to the group of countries previously known as the Common Market.⁵⁰

It guarantees the free circulation of industrial goods and processed agricultural products. Customs duties and charges have been abolished, and quantitative restrictions such as quotas are prohibited. The Customs Union involves harmonization of Turkey's commercial and competition policies including intellectual property laws with those of the European Union, and it extends most of the EU's trade and competition rules to the Turkish economy.⁵¹

Upon entry into force of the Customs Union Decision, Turkey cut all duties and equivalent charges on imports of industrial goods from members of the EU to zero. Furthermore, Turkey harmonized its tariffs and equivalent charges on the import of industrial goods from "third countries" with the Common External Tariff of the EU, and will progressively adopt EU commercial policy and preferential tariff policies within 5 years.⁵²

⁴⁹ "Enterprise and Industrial Policy." *Delegation of European Union to Turkey*. Accessed on 15 August 2012 at <http://www.avrupa.info.tr/en/eu-and-turkey/accession-negotiations/negotiation-chapters/enterprise-industrial-policy.html>

⁵⁰ Şentarhanacı, Aslı and Şeniz Karahan. "The Customs Union between Turkey and the European Union." Accessed 15 August 2012 at <http://www.avrupa.info.tr/en/eu-and-turkey/accession-negotiations/negotiation-chapters/customs-union.html>.

⁵¹ Ibid.

⁵² "Customs Union with EU." *Turkey's Prime Ministry, Undersecretariat of Treasury*. Accessed on 10 August 2012 at <http://www.mayainvest.co.uk/turkiye.customunion.htm>

For certain specifically identified "sensitive" products Turkey will maintain rates of protection above those specified in the Common Customs Tariff for imports originating in third countries for up to five years. These products include mainly ceramic products, motor vehicles, and footwear.⁵³

As a result of these measures, Turkey's weighted rates of protection for imports of industrial products have fallen from 5.9% to 0% for products originating in The EU and EFTA and from 10.8% to 6% for products originating in third countries. These rates will drop further to 3.5% after the fulfilment by the EU of its commitment under the Uruguay Round of GATT. Although agricultural products are excluded from the treaty, Turkey is progressively adopting many aspects of the Common Agricultural Policy.⁵⁴

The EU will take as much account as possible of Turkish agricultural interests when developing its agricultural policy. Progressive improvement, on a mutually advantageous basis, of the preferential arrangements for the trade in agricultural products is also envisaged. Harmonization work so far with the EU's commercial policy includes monitoring and safeguarding measures on imports both from the EU and third countries, the management of quantitative restrictions and tariff quotas and the prevention of dumped and subsidized imports.⁵⁵

Turkey has adopted EU rules and legislation on competition. Subsidies through State resources in any form whatsoever which distort or threaten to distort competition are banned. However, assistance to promote economic development in Turkey's less developed regions and assistance intended to promote cultural and

⁵³ Şenturhanacı, Aslı and Şeniz Karahan. "The Customs Union between Turkey and the European Union." Accessed 15 August 2012 at <http://www.avrupa.info.tr/en/eu-and-turkey/accession-negotiations/negotiation-chapters/customs-union.html>.

⁵⁴ Ibid, p. 10.

⁵⁵ Ibid, p. 11.

heritage conservation and which does not adversely affect competition will be allowed.⁵⁶

On the other hand, Turkey will progressively adjust any state monopoly of a commercial character so as to ensure that no discrimination exists in the conditions under which goods are produced or marketed between nationals of EU member countries and Turkey.⁵⁷

It has harmonized its laws with EU legislation eliminating technical barriers to trade. There is now effective cooperation between Turkey and the EU in the fields of standardization, calibration, quality, accreditation, testing, and certification. It also has harmonized its legislation on intellectual, industrial, and commercial property to EU standards and has implemented laws covering consumer protection, and the protection of competition. Both sides are banned from using internal taxes as indirect protection mechanisms and from using tax rebates as export subsidies.⁵⁸

⁵⁶ “Relations between turkey and the European Union.” *Diplomatik Gözlem*. Accessed on 16 August 2012 at <http://www.diplomatikgozlem.com/TR/belge/1-8362/relations-between-turkey-and-the-european-union.html>

⁵⁷ Şentarhanacı, Aslı and Şeniz Karahan. “The Customs Union between Turkey and the European Union.” Accessed 15 August 2012 at <http://www.avrupa.info.tr/en/eu-and-turkey/accession-negotiations/negotiation-chapters/customs-union.html>.

⁵⁸ Ibid, p. 15.

CHAPTER 3

LEGAL AND TECHNICAL ARRANGEMENTS

The vital public documents will be discussed in this chapter. They served as evidence where thorough analyses are presented. From the 2007 screening reports of the European Union, the Turkish government's action plan in 2010, to the 2010-2013 legislative arrangements for those related chapters are chronologically tackled.

3.1 Free Movement of Goods

The general assessment⁵⁹ made by the European Union under the legal framework in this area consists of the regulation concerning labelling of the materials used in the main components of footwear for sale to the consumer, which was published in the Official Gazette in August 2005. The responsibility of transposing the relevant *acquis* and to implement it, including market surveillance were tasked to the Testing laboratories of Turkish Standards Institute (TSE).

They are also used for testing in the footwear market. The legislation on legal metrology and pre-packaging, as well as crystal glass, footwear and textiles are aligned, with the exception of the latest directives on textiles of 2006. Old approach product legislation covers the areas of motor vehicles, chemicals, pharmaceuticals, cosmetics, legal metrology and pre-packaging, textiles, footwear labelling, and crystal glass.

⁵⁹ "EU's Screening Report of Turkey's Chapter 1 – Free Movement of Goods." The explanatory meeting was held from 16 to 20 of January 2006 while the bilateral meeting was from 20 to 24 of February 2006. The document was dated on 18 June 2007.

In the general assessment, the Turkish legislation is partially in line with the acquis in Chapter 1, Free Movement of Goods. Alignment is uneven. While it is complete in certain sectors, it needs further upgrading, especially as regards the horizontal measures and removal of non-tariff barriers to trade. These amendments are also necessary to comply with the commitments deriving from Decision 1/95 of the Association Council establishing the Customs Union.

The failure to remove obstacles to market access for certain sectors, and the existence of import permits for alcoholic beverages, used motor vehicles, other "old", used and renovated (refurbished) goods, constitute serious impediments to the free circulation of goods and breaches of Decision 1/95. Moreover, as long as restrictions on the free movement of goods carried by vessels and airplanes registered in Cyprus or where the last port of call was Cyprus remain, Turkey will not be in a position to fully implement the acquis relating to Chapter 1 – free movement of goods.

Overall, implementing structures have been established in most sectors, although the administrative capacity is yet insufficient to ensure effective market surveillance. Therefore, the capacity of the bodies in charge of market surveillance needs to be reinforced. Moreover, the segregation of tasks between regulatory, standardization, accreditation, metrology, conformity assessment, and market surveillance functions needs to be made more effective.

In particular, TSE also operates occasionally as a market surveillance support laboratory. This function has to be abolished in the area of related directives following its formal acceptance as a notified body. A clear separation of financial flows between TSE's different functions has not been achieved yet. As a result of insufficient market surveillance capacity, and of the absence of proper provisions concerning checks on imports for third countries, certain border controls remain in force.

In response to the EU's screening report, the Turkish government made its commitment by laying out its general plan of action⁶⁰ for the progress of their accession process. Below is the matrix of the plan.

⁶⁰ "Turkey's 2010-2011 Action Plan: European Union Strategy for Turkey's Accession Process." Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010, pp. 5-18.

Table 6: Turkey's Action Plan for Free Movement of Goods

<i>Legislation to be Amended or Adopted</i>	<i>Objective/Scope</i>	<i>EU Legislation to be Complied with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>	<i>National Programme for the Adoption of the Acquis (NPAA) or Programme for Alignment with the Acquis (PAA)</i>
<p>Law Amending the Law No. 4457 on the Establishment and Tasks of Turkish Accreditation Agency</p>	<p>In order to implement an administrative structure in conformity with the accreditation agencies, which are members of the European Accreditation Union in Turkish Accreditation Agency that was established in the framework of harmonization with the EU acquis, the necessity to amend certain articles of TÜRKAK Law No 4457 has been born so as to overcome the defects encountered in the 5- years implementation period.</p>	<p>EU New Approach Directives</p>	<p>Ministry of Industry and Trade Turkish Accreditation Agency</p>	<p>PAA/2007-2008</p>

Table 6 (continued)

<p>Law Amending the Law No. 132 on the Establishment of the Turkish Standards Institute</p>	<p>Aims at meeting the administrative requirements in order to become a full member of CEN and CENELEC, and satisfying the rules with which the standardization agency should comply in respect of standardization, which is a basic requirement in the implementation of EU's New Approach Directives.</p>	<p>EU New Approach Directives</p>	<p>Ministry of Industry and Trade Turkish Standards Institute</p>	<p>PAA/2007-2008</p>
<p>Law Amending the Law No 4703 on the Preparation and Implementation of Technical Legislation on Products (The Framework Law)</p>	<p>EU legislation, which are the basis for the Law No 4703, were amended by the legislation issued by the EU in 2008. Similar amendments have to be made in the Law No 4703.</p> <p>Moreover, some provisions of EU's General Product Safety Directive (2001/95/EC) have to be enacted.</p> <p>For that reason, it is planned to issue the Product Safety Law by amending the Law No 4703.</p>	<p>1- Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93, 2- Decision 768/2008/EC of the European Parliament and of the Council of 9 July 2008 on a common framework for the marketing of products, and repealing Council Decision 93/465/EEC, 3- Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety.</p>	<p>Undersecretariat for Foreign Trade</p>	<p>PAA/2007-2008</p>

Table 6 (continued)

By- law on textile names	Aims at adapting current By- law on Textile Names to technical progress.	Directives 2009/121/EC and 2008/121/EC (repealing harmonized Directive 96/74/EEC)	Ministry of Industry and Trade	New measure
By- law amending the By- law on certain methods for quantitative analysis of binary textile fibre mixtures	By- law on certain methods for quantitative analysis of binary textile fibre mixtures will be adapted to technical progress.	Directive 2009/122/EC (amending harmonised Directive 96/73/EEC)	Ministry of Industry and Trade	New measure
By- law on Product Safety Checks in Imports from Third Countries	With the Council Regulation (EC) No 765/2008, the EU has repealed Council Regulation (EEC) No 339/93 on checks for conformity with the rules on product safety in the case of products imported from third countries. Necessary studies will be launched in 2010 to harmonise this new legal arrangement. The aim of this regulation is to arrange the procedures and principles for product safety checks in imports from third countries, which is carried out in the framework set by obligations originating from the Customs Union with the EU.	Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93	Undersecretariat for Foreign Trade	PAA/2007

Table 6 (continued)

<p>Revision of the By- law on Inspection of Good Laboratory Practices and Control of these Activities</p>	<p>Harmonization with the directives on GLP of EU will enable certification of public and Private laboratories by GLP, which is an international quality system, so as to ensure these laboratories to supply safe products to the market in terms of environment and human health and determine the hazardous effects of these products and preparations, and a National Monitoring Authority will be established in order to ensure applicability and sustainability.</p>	<p>Directive 2004/10/EC</p>	<p>Ministry of Environment and Forestry Ministry of Health Ministry of Agriculture and Rural Affairs</p>	<p>PAA/2008</p>
<p>By- law Amending the the By- law on Market Surveillance of the Goods</p>	<p>Amendments made in EU's horizontal legislation affected By- laws of the Law No 4703 and necessity has arisen to update this legislation.</p>	<p>Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety</p>	<p>Undersecretariat for Foreign Trade</p>	<p>PAA/2009</p>
<p>Communiqué Amending the Communiqué No 2008/6 on products importation of which require a guarantee certificate [Progressive harmonization commenced on 1 January 2008 and it is aimed that the implementation will be lifted until 2013]</p>	<p>Within the framework of the Customs Union commitments, it is aimed to lift the import license application on freely circulated goods, progressively until 2013.</p>	<p>Article 34 of the the Treaty on the Functioning of the EU</p>	<p>Ministry of Industry and Trade Undersecretariat for Foreign Trade</p>	<p>NPAA/2009</p>

For the Turkish government to push through with their general plan of action, the European Union recommended that laws must be aligned to materialize any efforts or policies which will be implemented in the near future. These were presented in the documents prepared by the Turkish government to realigned the implementation of reforms and local policies with the legislative works.⁶¹ The references presented here were peg for years 2010 until 2013.

⁶¹ “Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Free Movement of Goods” Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010.

Table 7: Turkey's Legislative Arrangement for Free Movement of Goods

<i>Reference No.</i>	<i>Name of the Legislation to be Amended/Enacted</i>	<i>Objective/Scope</i>	<i>EU Legislation Envisaged to Comply with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>
01.0913.1.01	Law on the Amendment of Law No. 3516 on Measurements and Adjustments	<p>The rearrangement of Law No. 3516, which will establish the legal basis to the EU legislation on legal metrology, shall be ensured. In this context, it is aimed at ensuring the manufacture, import and use of measuring instruments which are calibrated properly and in compliance with international system of units.</p> <p>The law at issue does not have a direct equivalent in the EU legislation. However, the EU legislation regarding the measurements and the measuring instruments within the scope of the law No. 3516 is listed in column five. After the legislation at issue is adapted, necessary amendments in the relevant law shall also be carried out.</p>	<p>Directives 71/316/EEC, 71/317/EEC, 71/318/EEC, 71/319/EEC, 71/347/EEC, 71/348/EEC, 71/349/EEC, 73/362/EEC, 74/148/EEC, 75/33/EEC, 75/410/EEC, 76/765/EEC, 76/766/EEC, 76/891/EEC, 77/95/EEC, 77/313/EEC, 78/1031/EEC, 79/830/EEC, 80/181/EEC, 86/217/EEC, 2004/22/EEC, 78/1031/EEC, 3821/85/EEC, 75/106/EEC, 75/107/EEC, 76/211/EEC, 80/232/EEC,90/384/EEC</p>	Ministry of Industry and Trade

Table 7 (continued)

01.0913.1.03	<p>Law on the Prevention of Illegal Import, Export and Appropriation of Cultural and Natural Assets and Their Return to the Country of Origin (Also present under the article on Customs Union with reference number 29.0913.1.01.)</p> <p>Harmonization with the EU legislation will be ensured within the framework of full membership perspective.</p>	<p>The purpose of this law is to prevent illegal circulation of cultural objects in order to circumvent such objects to be negatively affected from the free movement of goods principle that is in effect in the EU.</p>	<ul style="list-style-type: none"> - Regulation No. 3911/92 - Regulation No. 2469/96 - Regulation No. 974/2001 - Directive 93/7/EEC - Directive 96/100/EC - Directive 2001/38/EC 	<p>Ministry of Culture and Tourism</p>
01.1013.2.08	<p>Secondary legislation on the Functioning of the Internal Market to Ensure Free Movement of Goods between EU Countries</p> <p>Harmonization with the EU legislation will be ensured within the framework of full membership perspective.</p>		<p>Council Regulation No. 2679/98</p>	<p>Undersecretariat for Foreign Trade</p>
01.2007.2.33	<p>Implementing Regulation Amending Implementing Regulation on Procedures and Principles of Market Surveillance, which will be Carried Out by the Ministry of Industry and Trade</p>	<p>Reviews the procedures and principles of market surveillance, which will be carried out by the Ministry, and, in addition, makes the arrangements regarding the personnel assigned to the task of market surveillance.</p>	<p>All old and new approach directives that are in the Ministry of Industry and Trade's field of responsibility.</p>	<p>Ministry of Industry and Trade</p>

Table 7 (continued)

01.2007.2.28	Regulation on Product Safety Checks in Imports from Third Countries	The aim of this regulation is to arrange the procedures and principles for product safety checks in imports from third countries, which is carried out in the framework set by obligations originating from WTO rules and Customs Union with the EU.	Regulation 339/93	Undersecretariat for Foreign Trade
01.2007.2.03	Implementing Regulation Amending Implementing Regulation on the Quantitative Analysis Methods of Binary Textile Fibres	European Commission Directive 2006/2/EC, which amends Directive 96/73/EC shall be complied with.	Directive 2006/2/EC amending Directive 96/73/EC	Ministry of Industry and Trade
01.2007.2.04	Implementing Regulation Amending Implementing Regulation on the Designation of Textile Products	The amendment of the annexes of Directive 96/74/EC by Directive 2006/3/EC will be reflected in our legislation.	Directive 2006/3/EC amending Directive 96/74/EC	Ministry of Industry and Trade

Source: Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Free Movement of Good

3.2 Free Movement of Capital

The general assessment⁶² made by the European Union stated that Turkey has achieved only partial alignment with the *acquis* in this chapter. Major efforts are necessary to align the legislative framework, in particular in the domain of restrictions to inward investment (real estate, specific sectors, and privatized firms) and in the fight against money laundering. The administrative and enforcement capacity in the area of anti-money laundering defences needs substantial strengthening.

As noted in the Commission's Progress Report of November 2005, Turkey can be regarded as a functioning market economy, as long as it firmly maintains its recent stabilization and reform achievements. This is an important requirement for the negotiations in this chapter. In response to the EU's screening report, the Turkish government made its commitment by laying out its general plan of action⁶³ for the progress of their accession process. Below is the matrix of the plan.

Table 8: Turkey's Action Plan for Free Movement of Capital

<i>Legislation to be Amended or Adopted</i>	<i>Objective/Scope</i>	<i>EU Legislation to be Complied with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>	<i>National Programme for the Adoption of the Acquis (NPAA) or Programme for Alignment with the Acquis (PAA)</i>
Law Amending the Decree-law No. 91 on Stock Exchanges	Removal of restrictions to capital movements regarding the listing of securities.	Directive 88/361/EEC	Capital Markets Board	PAA/2007-2008 NPAA/2009-2010

⁶² "EU's Screening Report of Turkey's Chapter 4 – Free Movement of Capital." The explanatory meeting was held from 16 to 20 of January 2006 while the bilateral meeting was from 20 to 24 of February 2006. The document was dated on 18 June 2007.

⁶³ "Turkey's 2010-2011 Action Plan: European Union Strategy for Turkey's Accession Process." Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010, pp. 23-24.

Table 8 (continued)

Payment Systems Law	Providing refund guarantee in the event of non-execution of transfers by the institutions involved in the execution of across-border credit transfer, equalization of domestic and foreign transfer fees for cross-border euro payments and determination of the procedures and rules regarding the payment services and payment institutions.	Directive 2007/64/EC Regulation (EC) No 924/2009	Central Bank of Republic of Turkey	PAA/2010-2013 NPAA/2009-2011
By-law Amending the By-law on the Establishment and Working Principles of Stock Exchanges	Removal of restrictions to capital movements regarding the listing of foreign securities	Directive 88/361/EEC C	Capital Markets Board	PAA/2009 NPAA/2010
By-law Amending the By-law on the Istanbul Stock Exchange (ISE) Quotation	Removal of restrictions to capital movements regarding the listing of foreign securities	Directive 88/361/EEC C	Capital Markets Board P	PAA/2009 NPAA/2009

Source: “Turkey’s 2010-2011 Action Plan: European Union Strategy for Turkey’s Accession Process.”

For the Turkish government to push through with their general plan of action, the European Union recommended that laws must be aligned to materialize any efforts or policies which will be implemented in the near future. These were presented in the documents prepared by the Turkish government to realigned the implementation of reforms and local policies with the legislative works.⁶⁴ The

⁶⁴ “Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Free Movement of Capital” Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010.

references presented here were peg for years 2010 until 2013.

Table 9: Turkey's Legislative Arrangement for Free Movement of Capital

<i>Reference No.</i>	<i>Name of the Legislation to be Amended/Enacted</i>	<i>Objective/Scope</i>	<i>EU Legislation Envisaged to Comply with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>
04.0913.1.02	<p>Payment Systems Law</p> <p>(Legislation will be enacted shortly before membership and implemented no sooner than membership.)</p> <p>(Also included in the Chapter on Financial Services with reference number 09.0913.1.02.)</p>	<p>Providing refund guarantee in the event of non-execution of transfers by the institutions involved in the execution of a cross-border credit transfer</p> <p>Equalization of domestic and foreign transfer fees for cross-border Euro payments</p>	<p>Directive 97/5/EC Regulation No. 2560/2001</p>	<p>Central Bank of the Republic of Turkey</p>
04.2007.2.03	<p>Implementing Regulation on Obligations and other Measures to Prevent the Laundering Proceeds of Crime</p> <p>(Also included in the article on Justice, Freedom and Security with reference number 24.2007.2.01.)</p>	<p>Specification of procedures and principles on the obliged parties', obligations, supervision of obligations, the operations carried out on behalf of other persons, statements made to the customs administration, and other measures to be taken in order to prevent the laundering proceeds of crime and financing of terror.</p>	<p>Directive 2005/60/EC</p> <p>Council Framework Decision 2001/500/JHA dated 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime. Joint Action 98/699/JHA dated 3 December 1998 on Money Laundering, the Identification, Tracing, Seizing and Confiscation of Proceeds from Crime</p>	<p>Ministry of Finance</p>

Table 9 (continued)

04.2007.2.0 5	<p>Implementing Regulation on Training, Internal Audit, Control and Risk Management Systems along with other Measures</p> <p>(Also included in the article on Justice, Freedom, and Security with reference number 24.2007.2.05.)</p>	<p>Specification of the procedures and the principles of training, internal audit, control and risk management systems along with other measures, which will be carried out under the scope of Law No. 5549</p>	<p>Directive 2005/60/EC</p> <p>Council Framework Decision 2001/500/JHA dated 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime</p> <p>Joint Action 98/699/JHA dated 3 December 1998 on Money Laundering, the Identification, Tracing, Seizing and Confiscation of Proceeds from Crime</p>	Ministry of Finance
04.2009.2.0 2	<p>Amendment of the Implementing Regulation on the Establishment and Working Principles of Stock Exchanges</p> <p>(It will be enacted after the enforcement of the Decree Law with reference number 04.0708.1.01.)</p> <p>Also included in the article on Financial Services with reference number 09.2009.2.01.</p>	Removal of restrictions to capital movements.	Directive 88/361/EEC	Capital Markets Board

Source: Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Free Movement of Goods

3.3 Enterprise and Industrial Policy

The general assessment⁶⁵ made by the European Union stated that overall Turkey has reached a satisfactory level of alignment with the *acquis*. It needs to improve its capacity to assess industrial and notably sectoral competitiveness. It equally needs better policy analysis and results/impact assessments in order to enhance policy design. Moreover, it needs to complete full alignment in combating late payment in commercial transactions.

Turkey's industry is a key contributor to the country's economic growth: industrial growth averaged 5.2 % from 1980 – 2005 increasing the industry's share in overall GDP from 18.3% in 1980 to 25.4% in 2005 in current prices. Key sectors such as textile (footwear) and clothing and steel are in need of restructuring/adaptation.

This is the case notably for important growth and export-oriented sectors such as textiles (footwear), clothing, the automotive sector, and tourism. Turkey does not have separate sector-specific strategies or action plans, i.e. strategies concentrating on one sector only.

In addition, it is implementing a number of sector-specific policy measures notably in strongly export-oriented sectors that are exposed to global competition such as textiles (footwear), clothing, and tourism. Measures in the textile sector include for instance the promotion of textile clusters, training and networking promotion, and establishing trade defence mechanisms.

In response to the EU's screening report, the Turkish government made its commitment by laying out its general plan of action⁶⁶ for the progress of their

⁶⁵ "EU's Screening Report of Turkey's Chapter 20 – Enterprise and Industrial Policy." The explanatory meeting was held from 16 to 20 of January 2006 while the bilateral meeting was from 20 to 24 of February 2006. The document was dated on 18 June 2007.

⁶⁶ "Turkey's 2010-2011 Action Plan: European Union Strategy for Turkey's Accession Process." Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010, pp. 95-96.

accession process. Below is the matrix of the plan.

Table 10: Turkey’s Action Plan for Enterprise and Industrial Policy

<i>Legislation to be Amended or Adopted</i>	<i>Objective/Scope</i>	<i>EU Legislation to be Complied with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>	<i>National Programme for the Adoption of the Acquis (NPAA) or Programme for Alignment with the Acquis (PAA)</i>
Turkish Code of Obligations	Alignment in arrangements on late payment in commercial transactions, as stated in the EU Common Position paper	Directive 2000/35/EC on combating late payment in commercial transactions	Ministry of Justice	New measure

Source: “Turkey’s 2010-2011 Action Plan: European Union Strategy for Turkey’s Accession Process.”

For the Turkish government to push through with their general plan of action, the European Union recommended that laws must be realigned to materialize any efforts or policies which will be implemented in the near future. These were presented in the documents prepared by the Turkish government to realign the implementation of reforms and local policies with the legislative works.⁶⁷ The references presented here were peg for years 2010 until 2013.

⁶⁷ “Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Enterprise and Industrial Policy” Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010.

Table 11: Turkey's Legislative Arrangement for Enterprise and Industrial Policy

<i>Reference No.</i>	<i>Name of the Legislation to be Amended/Enacted</i>	<i>Objective/ Scope</i>	<i>EU Legislation Envisaged to Comply with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>
20.0708.2.02	<p>Council of Ministers Decision on the approval of the Memorandum of Understanding concerning participation in the "Entrepreneurship and Innovation Program" of the Competitiveness and Innovation Framework Program (CIP)</p> <p>(On condition that an agreement with the European Commission on participation conditions is reached.)</p>	Participation of Turkey in the "Entrepreneurship and Innovation Program" of the European Union Competitiveness and Innovation Framework Program	The European Parliament and Council Decision No.1639/2006/EC on CIP Union Program	Ministry of Industry and Trade
20.2008.2.01	HPC Decision on the approval of Revised Industrial Policy Document	Furnishing a road map for improving the competitiveness of Turkish industry.	Harmonization with the business policies of the EU and the Lisbon Strategy	<p>Ministry of Industry and Trade</p> <p>State Planning Organization</p>

Source: Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Free Movement of Goods

3.4 Customs Union

The general assessment⁶⁸ made by the European Union stated that there is a considerable level of alignment of the Turkish Customs Law on the acquis in the field of the customs union. The overall alignment with the EU acquis is high, except for a major discrepancy in the field of free zones (Special Economic Zones – SEZ), which are considered as being outside Turkey's customs territory.

This includes the scope of exclusion from partial relief in temporary importation is narrower than in the Community, as partial relief may not be granted for textile (footwear) and clothing products. As regards to non-preferential rules of origin, differences have been identified such as the list of processing considered as insufficient for establishing the origin which covers all types of products in Turkey, particularly textile products (footwear).

The level of administrative capacity is globally satisfactory. This process is facilitated by the fact that since the establishment of the EC-Turkey customs union in 1996, Turkey has already adopted and enforced much of the acquis in this area. However, as long as restrictions on the free movement of goods carried by vessels and airplanes registered in Cyprus or where the last port of call was Cyprus remain, Turkey will not be in a position to fully implement the acquis relating to the EC-Turkey customs union.

In response to the EU's screening report, the Turkish government made its commitment by laying out its general plan of action⁶⁹ for the progress of their accession process. Below is the matrix of the plan.

⁶⁸ "EU's Screening Report of Turkey's Chapter 29 – Customs Union." The explanatory meeting was held from 16 to 20 of January 2006 while the bilateral meeting was from 20 to 24 of February 2006. The document was dated on 18 June 2007.

⁶⁹ "Turkey's 2010-2011 Action Plan: European Union Strategy for Turkey's Accession Process." Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010, pp. 129-130.

Table 12: Turkey's Action Plan for Customs Union

<i>Legislation to be Amended or Adopted</i>	<i>Objective/Scope</i>	<i>EU Legislation to be Complied with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>	<i>National Programme for the Adoption of the Acquis (NPAA) or Programme for Alignment with the Acquis (PAA)</i>
Law on the Amendment of the Decree-law No 485 on the Organization and Functions of the Undersecretariat of Customs	Strengthening the administrative capacity, and thus, improvement of the effectiveness and efficiency in customs services	Improvement of the administrative capacity	Undersecretariat of Customs	PAA/2007-2008 NPAA/2009-2010
Law on Chambers of Customs Brokers and the Union of Chambers of Customs Brokers	Establishment of Chambers of Customs Brokers and the Union of Chambers of Customs Brokers in order to implement the high professional standards that will ensure the conduct of the profession of customs brokering in a healthy and credible way, regulation of the requirements for entry to the job and the principles of rules of professional discipline and ethics.	Community Customs Code's provisions concerning safety, security and authorized declarant	Undersecretariat of Customs	PAA/2007-2008

Table 12 (continued)

By-law Amending the By-law on the Common Transit Convention [Shall be regulated following the accession of Turkey to the Convention	Aims the implementation of the Common Transit Convention in Turkey.		Undersecretariat of Customs	PAA/2010-2013
General Communiqué on Customs	Identification of the tariff classification together with description and classification grounds of certain goods in Combined Nomenclature.	Commission Regulations on the Classification of Certain Goods in Combined Nomenclature (approximately 200 regulations)	Undersecretariat of Customs	PAA/2010-2013

Source: “Turkey’s 2010-2011 Action Plan: European Union Strategy for Turkey’s Accession Process.”

For the Turkish government to push through with their general plan of action, the European Union recommended that laws must be aligned to materialize any efforts or policies which will be implemented in the near future. These were presented in the documents prepared by the Turkish government to realigned the implementation of reforms and local policies with the legislative works.⁷⁰ The references presented here were peg for years 2010 until 2013.

⁷⁰ “Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Customs Union” Prime Ministry of the Republic of Turkey, Secretariat General for EU Affairs, Ankara, 15 March 2010.

Table 13: Turkey's Legislative Arrangement for Customs Union

<i>Reference No.</i>	<i>Name of the Legislation to be Amended/Enacted</i>	<i>Objective/Scope</i>	<i>EU Legislation Envisaged to Comply with</i>	<i>Institution Responsible for the Preparation of the Legislation</i>
29.0913.1.01	<p>Law on the Illegal Import, Export and Change in the Ownership of Cultural and Natural Assets and their Return back to the Country of Origin</p> <p>(Harmonization shall be ensured with the perspective of full membership to the EU)</p> <p>Also included in the chapter on Free Circulation of Goods with Reference No. 01.0913.1.03.</p>	Prevention of illegal circulation of cultural objects	<p>Council Regulation No. 3911/92/EEC, dated 09.12.1992, on the Export of Cultural Goods</p> <p>Council Regulation No. 2469/96/EC, dated 16.12.1996, on Amendment to the Annex of Council Regulation No. 3911/92/EEC on the Export of Cultural Goods</p> <p>Council Regulation No. 974/2001/EC, dated 14.05.2001, on Amendment to the Annex of Regulation No. 3911/92/EEC</p>	Ministry of Culture and Tourism
29.0913.1.02	New Customs Law	Harmonization with the Modernized Customs Code	Draft Resolution on the Modernized Customs Code, which was adopted by the European Commission on 30 November 2007 and which will enter into force following its approval by the European Council and the Parliament	Undersecretariat of Customs

Table 13 (continued)

29.0913.1.03	Legislation intended for full harmonization with the Combined Nomenclature	Harmonization with the common customs tariff with respect to the agricultural and iron and steel products shall be achieved at the time of membership.	Decision No. 87/597/ECSC of the Representatives of the Governments of the Member States, Meeting within the Council of 18 December 1987 on the nomenclature and rates of conventional duty for certain products and the general rules for interpreting and applying the said nomenclature and duties	Undersecretariat of Customs
29.1013.2.01	Council of Ministers Decision on Adoption of the Convention between the EEC and the Republic of Austria, the Republic of Finland, the Republic of Island, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on the Simplification of Formalities in Trade of Goods	Accession to the Convention on the Simplification of Formalities in Trade of Goods depends on the approval of the countries that are parties to such Convention.	Convention between the EEC and the Republic of Austria, the Republic of Finland, the Republic of Island, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation on the Simplification of Formalities in Trade of Goods	Undersecretariat of Customs
29.1013.2.04	Issuance of implementing communiqués and circulars concerning the Common Transit Convention	Aims at implementation of the Common Transit Convention in our country		Undersecretariat of Customs

Table 13 (continued)

29.1013.2.06	<p>Amendment of the secondary legislation on free zones so as to ensure full harmonization at the time of membership</p> <p>(The abovementioned legislative measure shall be adopted a short time before membership, and shall enter into force at the time of membership)</p>		<p>- Commission Regulation No. 2454/93 of 02 July 1993 laying down provisions for the implementation of Council Regulation No. 2913/92 of 12 October 1992 establishing the Community Customs Code, and its amendments</p>	<p>Undersecretariat for Foreign Trade</p> <p>Undersecretariat of Customs</p>
29.1013.2.09	<p>Implementing Regulation of Law on the Illegal Import, Export and Change in the Ownership of Cultural and Natural Assets and their Return back to the Country of Origin</p> <p>(Shall be enacted following the adoption of the Law on the Illegal Import, Export and Change in the Ownership of Cultural and Natural Assets and their Return back to the Country of Origin, with Reference No. 29.0913.1.01)</p> <p>Also included in the chapter on Free Circulation of Goods with Reference No. 01.0913.1.05.</p>		<p>- Commission Regulation No. 752/93, dated 30 March 1993, laying down provisions for the implementation of Council Regulation No. 3911/92 on the export of cultural goods - 302G0205(03) 3911/92/EEC sayılı Konsey Tüzüğü ve 93/7/EEC sayılı Konsey Direktifinin Uygulanmasına Dair 21.01.2002 tarihli Konsey ölke Kararı</p>	<p>Ministry of Culture and Tourism</p>

Source: Legislation Considered Beneficial To Be Enacted in years 2010-2013 for Free Movement of Good

CHAPTER 4

CONCLUSION

Footwear industry in the world is a highly competitive arena for capitalist market. Italy being the reference point, and on the other hand, countries like Brazil and India recognized the importance of producing stylish, comfortable, and qualified products within the last two decades.

Although China stands as a major giant figure in the market, EU countries like Italy and France which are named as fashion points, succeeded in brand management and still remains as the trendsetters. Other EU countries like Spain, Portugal, and Germany are also come in to prominence. In comparison, Brazilian footwear industry, which is one the most powerful actors in the global competition appears to be well ahead of Turkey in its organized approaches of Brazilian companies and their zealous efforts to create “brands” in order to be able to export especially to the EU countries as well as USA, Africa, Middle East, and Turkey.

As stated in the section of scope and delimitations in chapter one, this is not an exhaustive study which would explain, describe or predict all the variables involved. It is delimited by current data which were publicly accessed. Moreover, those data were confined within specific duration of time, and the origin was mostly online via official websites of concerned parties in the negotiation table.

The proponent further suggest to future researchers who are interested with the footwear industry vis-a-vis Turkey-EU relations is to continue to update the data with evidences of statistics and determinant variables. Another highly

recommendable scheme is to put a fund subsidized by the government or supported by private investors to create a course vis-a-vis with a feasible syllabus in the tertiary educational level for interested individuals manifested by a strong and elaborative ability to market it.

However, the presentation must also satisfy and instill interest among all classes via a sophisticated phase of motivation. This may increase the interests and curiosity among people how significance shoe education is, e.g., ballet, guitar or gourmet courses. Furthermore, the proponent stipulates that a well-organized single body may be a feasible recommendation to supervise, assessed, and evaluates the current conditions of the footwear industry.

4.1 Delineating State Approache(s) and Interdependency

Throughout this research, the author realized that there are incredible gaps of documents, contradictory figures in the footwear industry in Turkey and related legal regulations. Whether the vast amount of regulations realized in order to comply with the necessary EU regulations are in line with the needs and demands of the industry is dubious. Also, sufficient impact assessments on the outcomes of the legal regulations for the industry are also missing. Finally, there is almost no research trying to investigate the link between top-down regulations carried out within the EU membership process and the dynamics of the industry.

What seems to miss in Turkish footwear industry is the drafting of an “Action Plan” for the footwear industry in Turkey, including all stakeholders within the process. Another valuable dimension would be to include representatives of the producers and labour organizations within the process, in other words, create some sort of a *bottom-up* process, where the strengths and weaknesses of the industry could play a role in the design, implementation and assessment of the legislative and regulative actions.

To contrast the dominance of realism that contributed to the explanation of great wars in the world event. Keohane and Nye developed a relation or relations between two (a dyadic relation) or among more than two units in which one is sensitive or vulnerable to the discussions of actors of the other countries, and they called this idea(s) as interdependence.

It suggests the flow of capital or money to or from one country may respond to (or be sensitive to) changes in the interest rates in other countries – so called sensitivity interdependence. To the extent that one unit may be adversely affected by its cutoff. To many theorists, such vulnerability dependence may be symmetric (affecting both or all side equally), but it is more likely to be asymmetric (with effects varying from actor to actor). *State A may be more dependent on a supply of oil from state B than state B is on the security of its investments in state A.*

Complex Interdependence, a term developed by the authors that refer to the multiple transnational channels that connect societies, including interstate, transgovernmental, and transnational relations. The resulting relations are extremely complex, with economic interests assuming far greater importance than in classic realism.

The complex interdependence was differed by the realist's concept of 'Balance of Power' that refers to a condition of equilibrium among states. Realists differ on whether the equilibrium or balance among states is (a) created by statesmen or (b) occurs quite apart from the will of statesmen as inherent characteristics of international politics. Balance-of-power considerations may be used by decision-makers as justification for a given foreign policy. Some critics have noted that the multiple meanings of the term diminish its utility as a concept in international relations theory.

In discussing 'economic interdependence', it was clearly asserted that it is normally referred to the monetary value of economic transactions among regions or

countries, either in absolute terms, or relative to their total transactions. Economists refer interdependence to the sensitivity of economic behavior in one country to developments or policies originating outside its own borders and think in terms of mutual sensitivity of economic variables. *The influence which country A requires in country B by foreign trade depends in the first place upon the total gain which B derives from that trade.*

Keohane and Nye object to defining interdependence in terms of “mutual benefit.” In some cases, they contend an interdependent relationship may have such negative consequences that both parties would be quite happy to cease contact with one another entirely, foregoing any benefits that such contact may bring.

Mutually unpleasant relationships of interdependence, such as arms race, are maintained because the likely alternatives would be even more unpleasant. Contrary to the view of Keohane and Nye, defining interdependence in terms of the “mutual benefits” to the parties involved does not limit it to situations in which “the modernist view of the world prevails: where threats of military force are few and levels of conflict low; and it does not exclude such cases as the strategic interdependence between the EU and Turkey in the footwear industry.

The benefits of interdependence should be defined in terms of the values of the parties and the likely effects on those values of breaking the relationship. If there is little or no effect, or if the parties would actually be better off, the relationship should not be described as interdependent. It is in this sense that interdependence involves mutual benefits.

Even states at war may be described as interdependent if each would prefer to continue the war relationship rather incur the costs of ending that relationship, e.g. surrender, defeat, or mutual annihilation. *Growth of interdependence is a requisite for the abolition of interstate conflict.*

Actually, this argument is that the abolition of war is a requisite for survival in an interdependent world in the sense that an interdependent world will be extremely unpleasant unless war is abolished. Keohane and Nye contend that interdependence has “normally” defined simply as a condition in which events in one part of the world covary with events in other parts of the world. Interdependence in terms of the interlocking relationship arising from the division of labor between highly specialized political units. This in particular with the trade (imports and exports) in the footwear industry.

Consequently, the distinction between sensitivity interdependence defined in terms of mutual effects and vulnerability interdependence defined in terms of the opportunity costs of disrupting the relationship, has become widely accepted and is usually attributed to Keohane and Nye. Sensitivity and vulnerability do not necessarily covary to the same degree or even in the same direction. Thus, the gains in the trade in the footwear industry are considered as mutual interdependence based on the premise and processes of complex interdependence.

Upon accession to the EU, Turkey expects to receive economic development aid similar to what Ireland, Greece, Spain and Portugal received. This will accelerate Turkey's rate of economic development. There is also an expectation that there will be an increase in European foreign investment in the Turkish economy, further driving economic growth.

Additionally, in times of economic crisis, Turkey could expect economic assistance from the EU, similar to what Ireland and Greece received after the 2008 financial crisis. Free movement of people across the EU will give many Turkish people the opportunity to easily migrate to other parts of Europe in search of work, or a higher standard of living.

The option of migration out of Turkey will inevitably ease tensions in the east of the country, as the prospect of a better standard of living will tend to diminish

separatist tendencies. An argument envisage that the accession of Turkey will contribute to the spread of secular Western values in Turkey. Conversely, another argument forward that accession will contribute to the further growth and acceptance of Islam in Europe.

Given Turkey's large and growing population, Turkey will have a correspondingly large representation in the European Parliament. This will give Turkey strong direct influence over EU policies. Membership in the EU will also increase Turkey's prestige regionally and internationally. France and Germany are dead against it while the UK (which has hundreds of thousands of Turks) has traditionally supported Turkey's accession.

A key factor is the vision of the future of Europe that member states have. Anybody that wants Europe to become more like a federation (read France and Germany) will resist Turkish accession like the plague because Turkey has a geostrategic location that connects Middle East and Europe, and so once it gets in geopolitical forces it will rip the union apart into factions with differing interests.

However, those who see the EU as fundamentally an economic grouping (read the UK) rather like the idea of Turkey getting in because it has a enormous labor market and a rapidly expanding and liberalizing economy. The reason the process drags on is that neither side can accept the other's demands, and yet neither side can afford to walk away from the negotiating table.

Europe cannot affirm or deny the sovereign power and influence that Turkey has. In addition, Turkey still remains a pivotal force to be reckoned with – be they historically, politically, and economically. With its newfound prominence and hegemonic influence in the Middle East politics, it resonates that she still has the vast EU export market and the honor of being "a candidate member of the EU."

4.2 National and International Competitiveness

Turkish economy went through difficult times in the 1990s. However, with the macroeconomic stability brought about through the structural reforms undertaken after the crisis of 2001, it has had one of the most successful growth performances in the world.

Amidst the technological, economic, and political developments in the world, Turkey has begun to take its place in the world economy and the EU. This has led not only to opportunities but exposure to unfavorable circumstances in the world economy.⁷¹

Turkish economy expanded for 27 consecutive quarters between 2002-2008 due to increases in productivity. It has made significant progress in terms of harmonization with the EU in economic, social, and legislative areas. The wide and diverse manufacturing industry of Turkey, with strong international connections, and manufacturing mostly for export entered a phase of rapid development after 2001. Its stability coalesced with the impact of the Customs Union with the EU and resulted in a significant transformation in manufacturing and foreign trade structure.⁷²

Rapid development of the Eastern Asian economies and the preservation of the EU's competitive edge have made Turkey's geographic location even more important. Compared to its neighbors, Turkey enjoys a dynamic industry and services infrastructure in addition to a wide and young market generally compliant with consumption trends in the EU.⁷³

These qualities make Turkey a center of attraction for global investors. Turkey has the potential to assume a vital role in the inclusion of neighboring countries in the global economy, which will bring many new opportunities to Turkish industry in the future. Recently, many multinational companies, primarily EU-based

⁷¹ "Turkish Industrial Strategy Document 2011-2014: Towards EU Membership." *Republic of Turkey, Ministry of Industry and Trade*. Accessed on 15 August 2012, p. 29.

⁷² *Ibid*, p. 30.

⁷³ *Ibid*, p. 35.

ones, have chosen Turkey as their production and investment base. The reinforcing of this trend in line with correct strategies will contribute to the competitiveness of both Turkey and the EU.⁷⁴

While additional employment growth was at an annual average rate of 1.9 percent level in the period of 2005-2008, because of the global crisis, growth of employment decreased to the rate of 0.4 percent in 2009. Despite Turkey's successful growth performance in recent years, additional expansion in employment has not exceeded an annual rate of 1%.⁷⁵

Basic reason for the lagging of the increase in employment behind economic growth is the fact that structural change trends in the economy are acquiring momentum, the share of agriculture in the economy is decreasing, and economic growth is driven by productivity increases.

According to the data for sectoral distribution of employment, employment in agriculture dropped by 11.3% while that in industries, services and construction industries increased by 2.4, 7.4 and 1.4%, respectively. In the 2005-2009 period, there was an annual increase of 830,000 in the working age population.⁷⁶

In addition, the structural change trend of the economy was affected negatively because of the global crisis. In 2009, compared to 2008, employment rate of the agricultural sector increased at a rate of 1.0 percent, industrial employment rate decreased at a rate of 1.8. Service and construction sector employment rates respectively increased 0.5 and 0.3 percents.⁷⁷

Between 2007-2008, the labor force increased by 691,000 people and the number of new recruits in the same period increased by 456,000, for a total of 21,194,000.⁷⁸

⁷⁴ Ibid, p. 28.

⁷⁵ Ibid, p. 33.

⁷⁶ Ibid, p. 36.

⁷⁷ Ibid, p. 31.

⁷⁸ Ibid, p. 30.

Accordingly, number of the unemployed rose by 235,000. In 2008, unemployment increased by 149,000, 138,000 and 168,000 in the agriculture, industry and services, respectively. Non-agricultural employment grew by 306,000. General rate of unemployment in Turkey climbed by 0.7 from 2007 to 2008, reaching 11.0%.⁷⁹

With the effect of the global crisis, employment decreased, and the unemployment rate increased in Turkey as in all countries across the world. The unemployment rate in 2009 was 14.0 percent, but it was lower than the 14.8 percent which was the estimation of the Medium Term Program (2009).

Similarly, in Medium Term Program, it was predicted that the employment would be 20.9 million in 2009, but the employment realized more than the expectation, and it was 21.3 million. Steady recovery trend in economic activities affects the labor market positively.⁸⁰

Thus, the unemployment rate gradually decreased in the period of January-April of year 2010 compared the same period of the previous year. Between 2002-2007, productivity grew by 6% in the economy as a whole while it increased by 7% in the manufacturing industry.⁸¹

During the same period, the employment performance of the manufacturing industry was poorer than in previous terms. However, it had an impressive performance in 2008, with employment rising by 3.2%. In 2009, because the global crisis affected the industrial sector negatively, industrial employment decreased at a rate of 8.2 percent. In the same period, employment in agriculture and services sectors increased.⁸²

⁷⁹ Ibid, p. 34.

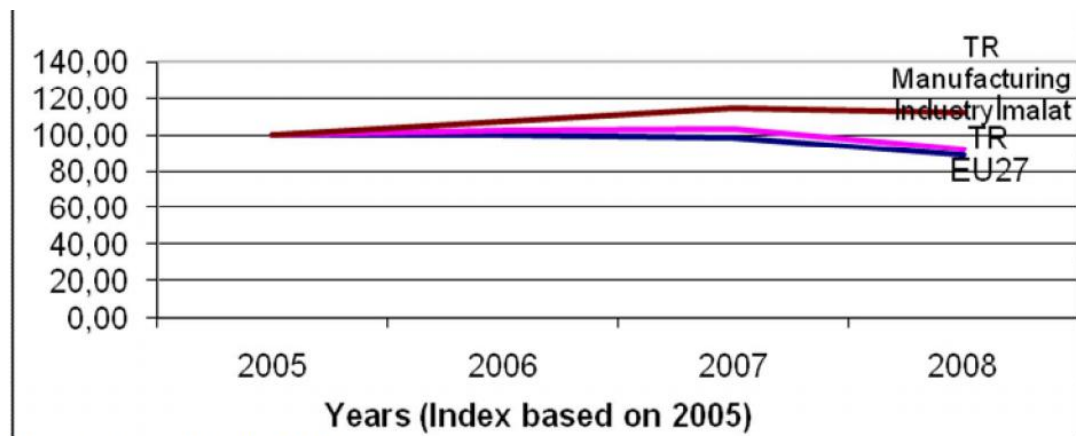
⁸⁰ Ibid, p. 32.

⁸¹ Ibid, p. 33.

⁸² Ibid, p. 40.

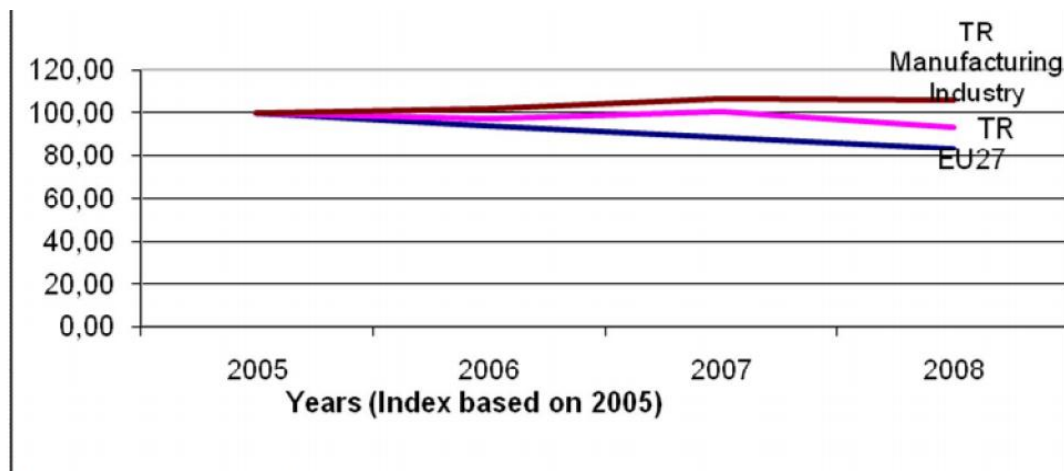
Some of statistical evidences compiled from the Industrial projection document prepared by the Ministry of Industry and Trade of the Turkey's government in the sector of the footwear industry with references to the textiles as raw material.

Table 14: Manufacture of Textiles Production Index



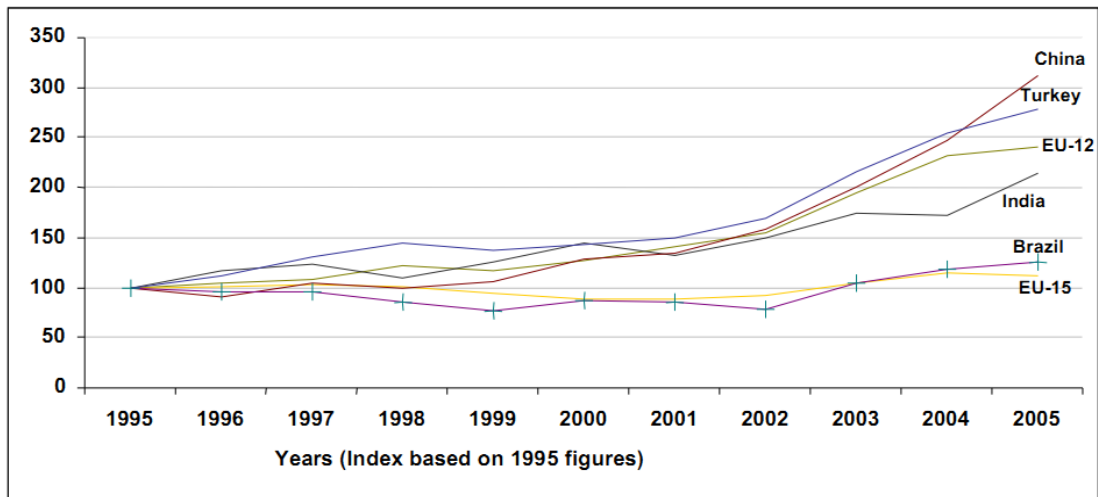
Source: Eurostat, TurkStat

Table 15: Manufacture of Textiles Employment Index



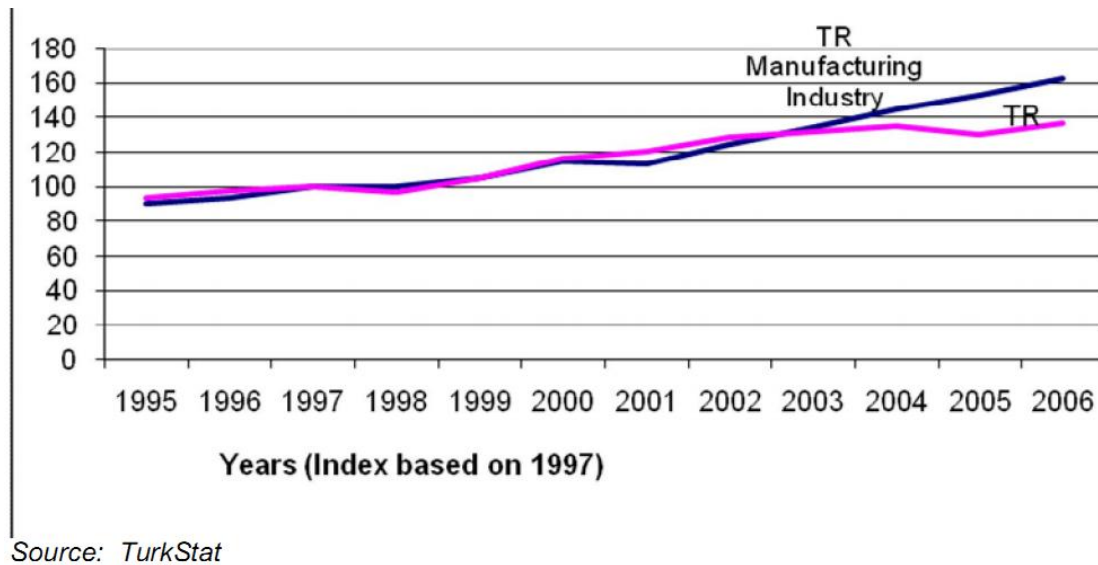
Source: Eurostat, TurkStat

Table 16: Manufacture of Textiles Export Index



Source: COMTRADE, TEPAV Calculations

Table 17: Manufacture of Textiles Partial Productivity Index



Source: TurkStat

According to the Global Competitiveness Index 2009-2010 prepared by the World Economic Forum, Turkey ranked the 61st among 133 countries of the world. Among the elements that positively contribute to competitiveness, the market size, development of the private sector and efficiency of the commodity markets are cited while the negative factors include efficiency levels of the labor market, institutional

infrastructure, higher education and vocational training as well as the development level of the financial markets.

When the competitiveness components of Turkey are compared with 12 countries that have recently joined EU, Turkey is seen to have a better business sophistication, innovation, institutional infrastructure in the public industry, and better performance in institutional governance in the private sector, but worse intellectual property rights, railway network quality, port quality, prevalence of ICT. In other areas, Turkey and other countries have almost equal performances. With such a performance, Turkey has the competitive edge in a wide area, which covers the Middle East, the Caucasus, North Africa, and the Balkans.

In terms of the subsectors of the Turkish manufacturing industry, a substantial qualitative transformation took place between 1996 and 2008. The share of automotive machinery, white goods, electronics, petroleum products and rubber-plastic products in the total manufacturing industry rose considerably. On the other hand, the share of garments, textile products, and food decreased from 1996 to 2008. Especially as a result of the international pressure coming from India and China, the share of traditional labor-intensive industries declined within exports as a whole as these industries were compelled to switch to industries having higher added value and greater innovative production structures. Furthermore, it is expected that the change in commodity prices will affect the export and production structure of the Turkish manufacturing industry.

One may also refer to the annexes appended in the latter pages constituting some raw data of Turkey's economic indicators when it comes to its total exports-imports in relation with the European Union. Below is some statistics of imports and exports in the footwear industry (as of 2007).

Table 18: Imports of Footwear from Main Suppliers

EU27 imports of footwear from main suppliers				
Eurostat data sorted by quantity January August 2007				
	1000 Euro		pairs	
	January- August 2007	January-August 2006	January-August 2007	January-August 2006
EU 27	7.994.227	7.783.946	1.798.614.582	1.525.946.116
China	3.840.593	3.875.935	1.318.268.933	1.081.764.406
Vietnam	1.416.114	1.485.161	193.882.575	185.575.874
India	506.547	432.780	48.687.270	44.209.674
Indonesia	429.879	393.695	47.320.496	40.473.180
Brazil	286.795	279.587	28.890.162	26.187.972
Th ailand	219.440	187.661	22.512.924	21.229.453
Tunisia	201.084	167.391	15.532.268	13.666.594
Morocco	132.156	123.791	12.217.351	11.130.000
Switzerland	115.571	99.196	1.408.836	1.403.662
Macao	105.378	50.137	9.676.958	5.245.616
Bosnia-Herz.	90.171	69.789	5.771.652	4.699.015
Turkey	77.635	61.485	24.972.454	21.002.854
Cambodia	73.754	37.628	9.916.969	5.388.003
Croatia	69.441	65.940	3.713.960	3.569.624
Hong Kong	48.427	73.531	8.573.197	10.575.430
Albania	48.127	41.464	5.010.078	4.574.262
Serbia	45.772	43.582	3.352.114	3.495.280
Bangladesh	42.410	39.901	7.512.813	8.525.560
Moldova	33.199	27.529	2.824.819	2.403.062
Malaysia	33.166	33.002	5.507.684	6.061.200
Pakistan	24.923	27.418	4.867.076	6.764.602
USA	24.674	24.803	1.771.204	1.549.127
For.JRep.Mac	23.528	18.014	2.012.046	1.381.355
Taiwan	22.564	24.211	4.058.846	3.887.334
Ukraine	15.875	20.154	1.758.653	2.450.234
Dominican R.	15.747	15.329	800.148	1.287.241
SouTh Korea	14.473	19.473	850.826	1.197.035
Philippines	8.726	5.976	1.146.053	703.516
Sri Lanka	8.413	7.204	671.807	657.965
Egypt	7.742	9.572	639.501	740.123
Norway	4.492	4.620	214.734	178.910
Lao (People's	4.253	3.875	1.288.731	1.263.562

Table 18 (continued)

Russia	3.985	4.201	482.879	606.432
Mexico	3.962	5.267	336.094	150.582
Israel	3.814	3.158	251.453	204.668

Table 19: Exports of Footwear from Main Partners

EU27 exports of footwear to main partners				
Eurostat data sorted by quantity January - August 2007				
	1000 Euro		pairs	
	January-August 2007	January-August 2006	January-August 2007	January-August 2006
EXTRA-EU27	3.439.028	3.083.150	120.035.675	114.050.841
USA	884.601	883.176	23.400.920	26.867.163
Russia	556.485	410.585	12.966.733	9.608.282
Switzerland	469.675	431.599	16.300.457	15.760.623
Japan	240.080	247.302	4.977.512	5.346.292
Norway	131.084	128.780	5.494.212	5.314.263
Ukraine	127.114	84.965	5.490.849	3.805.158
Canada	116.454	114.021	4.295.322	4.522.649
Hong Kong	107.458	94.890	1.976.748	1.841.874
Turkey	86.273	75.627	5.054.352	5.286.954
U.A.Emirates	72.962	50.749	2.957.191	2.133.615
Croatia	62.671	49.380	4.492.833	3.756.801
Australia	51.579	47.939	1.471.933	1.651.008
SouTh Korea	51.529	46.100	1.108.717	1.104.063
Mexico	35.384	31.657	1.860.476	1.837.432
China	35.332	22.995	1.065.537	876.409
Kasakhstan	28.607	17.668	633.669	430.506
Israel	24.390	19.184	1.121.379	920.713
Saudi Arabia	23.557	24.604	1.468.375	1.666.610
SouTh Africa	22.311	17.313	1.160.421	724.555
Serbia	22.127	15.451	1.512.892	1.042.856
Taiwan	20.937	22.602	540.241	607.568
Singapore	18.418	16.001	386.641	364.250
Andorra	16.163	14.958	507.052	432.390
Kuwait	13.592	11.690	475.402	472.658
Lebanon	12.479	11.216	526.199	507.912
San Marino	12.434	10.655	3.658.578	2.992.314
Bosnia-Herz.	11.043	9.595	2.110.107	1.591.759

Table 19 (continued)

Nigeria	10.373	9.021	426.638	445.458
Iceland	9.799	8.780	370.773	352.129
New Zealand	9.323	9.059	244.258	293.709
Angola	8.363	4.990	581.500	395.582
Algeria	6.935	8.782	794.741	678.975
Qatar	6.694	5.596	157.727	149.200
Cuba	5.392	7.082	617.320	738.568
Egypt	5.174	4.216	274.278	218.384

4.3 NGOs as Incentives for the Footwear Industry

There are several non-governmental organizations which are involved in advancing the interests of the shoe sector like Turkish Shoe Industrialist Association (Türkiye Ayakkabı Sanayicileri Derneği, TASD), the Turkish Shoe Industry Research, Development and Education Foundation (Türkiye Ayakkabı Sektörü Araştırma Geliştirme ve Eğitim Vakfı -TASEV), Footwear Industry Suppliers Association (Ayakkabı Yan Sanayicileri Derneği -AYSAD), etc. They provide assistance for detailed information networks and training courses on how, where, and by whom will small enterprises will be supported within shoe-making projects.

Advantages enjoyed by the recipients of NGOs assistanships are qualified manpower, rapid growth in demand fuelled by economic growth, increased urbanization, high installed capacity, high quality supplies from the domestic market, prompt delivery of products, proximity to European markets, and flexibility of boutique manufacturing.

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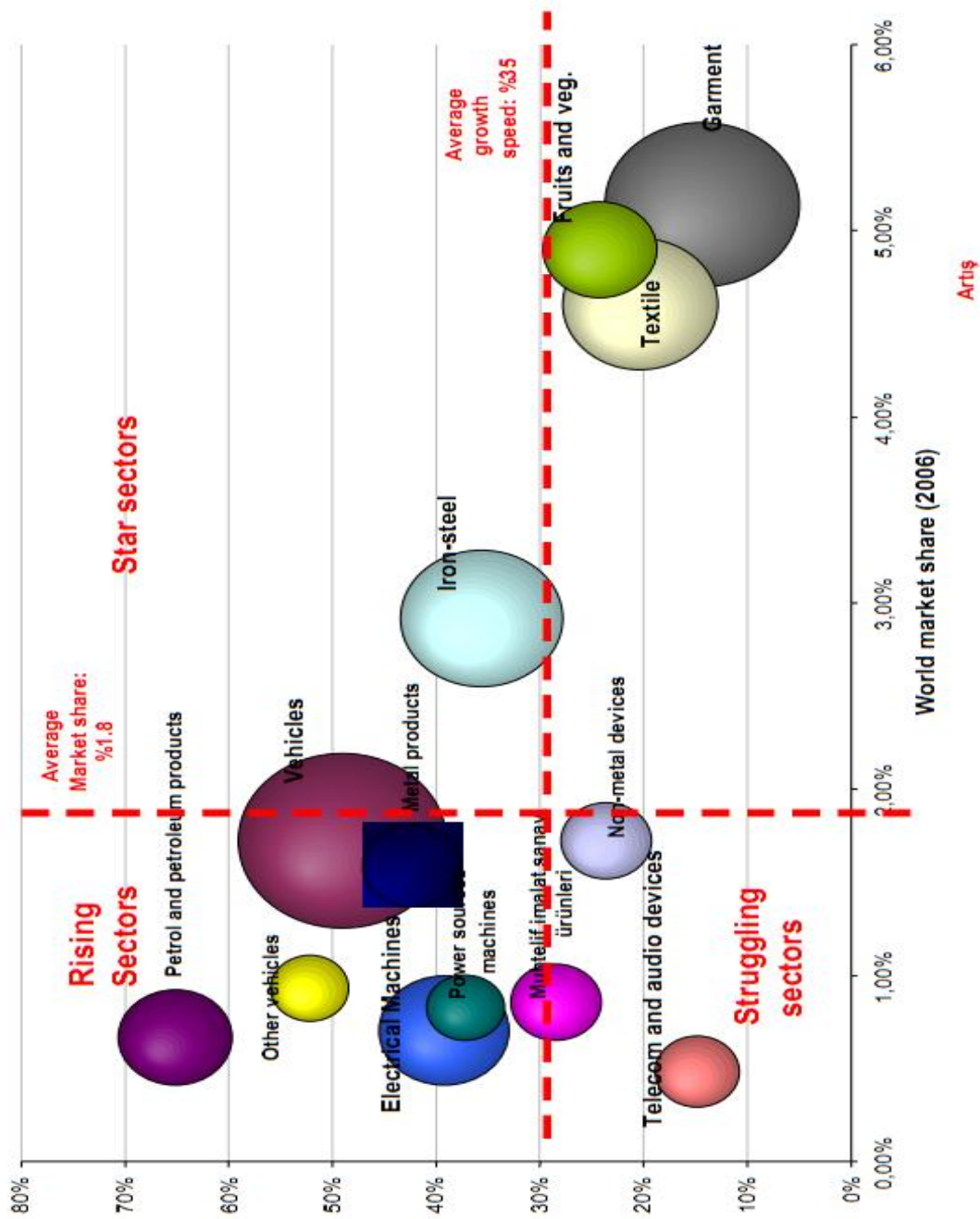
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APPENDICES

APPENDIX A. Turkey's annual average export growth rate (2002-2006)



Source: TEPAV, United Nations COMTRADE database

APPENDIX B. EU trade with main partners (2011)

EU TRADE WITH MAIN PARTNERS (2011)

The Major Imports Partners

Rk	Partners	Mio euro	%
	Extra EU27	1 683 931,0	100,0%
1	China	292 070,9	17,3%
2	Russia	198 178,2	11,8%
3	United States	184 141,2	10,9%
4	Norway	93 528,7	5,6%
5	Switzerland	91 204,1	5,4%
6	Japan	67 444,8	4,0%
7	Turkey	47 588,4	2,8%
8	India	39 256,9	2,3%
9	Brazil	37 751,6	2,2%
10	South Korea	36 057,0	2,1%
11	Saudi Arabia	27 933,3	1,7%
12	Algeria	27 534,4	1,6%
13	Nigeria	24 190,0	1,4%
14	Taiwan	23 917,1	1,4%
15	Canada	22 852,4	1,4%
16	Kazakhstan	22 672,7	1,3%
17	Malaysia	20 988,0	1,2%
18	Singapore	18 937,5	1,1%
19	South Africa	17 774,0	1,1%
20	Thailand	17 534,2	1,0%

The Major Exports Partners

Rk	Partners	Mio euro	%
	Extra EU27	1 531 122,0	100,0%
1	United States	260 566,8	17,0%
2	China	136 216,9	8,9%
3	Switzerland	121 690,6	7,9%
4	Russia	108 448,9	7,1%
5	Turkey	72 587,6	4,7%
6	Japan	48 970,3	3,2%
7	Norway	46 531,0	3,0%
8	India	40 419,4	2,6%
9	Brazil	35 729,7	2,3%
10	United Arab Emirat	32 614,2	2,1%
11	South Korea	32 418,5	2,1%
12	Australia	30 804,9	2,0%
13	Hong Kong	30 189,6	2,0%
14	Canada	29 607,2	1,9%
15	Singapore	27 131,3	1,8%
16	Saudi Arabia	26 395,5	1,7%
17	South Africa	25 639,0	1,7%
18	Mexico	23 802,6	1,6%
19	Ukraine	21 197,0	1,4%
20	Algeria	17 204,7	1,1%

The Major Trade Partners

Rk	Partners	Mio euro	%
	Extra EU27	3 215 053,0	100,0%
1	United States	444 708,0	13,8%
2	China	428 287,8	13,3%
3	Russia	306 627,1	9,5%
4	Switzerland	212 894,7	6,6%
5	Norway	140 059,6	4,4%
6	Turkey	120 176,0	3,7%
7	Japan	116 415,1	3,6%
8	India	79 676,2	2,5%
9	Brazil	73 481,3	2,3%
10	South Korea	68 475,6	2,1%
11	Saudi Arabia	54 328,8	1,7%
12	Canada	52 459,6	1,6%
13	Singapore	46 068,8	1,4%
14	Algeria	44 739,0	1,4%
15	South Africa	43 412,9	1,4%
16	Australia	42 559,7	1,3%
17	United Arab Emirat	41 384,3	1,3%
18	Hong Kong	40 322,4	1,3%
19	Taiwan	40 124,2	1,2%
20	Mexico	40 071,8	1,2%

Source: EUROSTAT (Comext, Statistical regime 4)

APPENDIX C. Turkey's trade with main partners (2010)

TURKEY'S TRADE WITH MAIN PARTNERS (2010)

The Major Imports Partners

Rk	Partners	Mio euro	%
World (all countries)		138 894,2	100,0%
1	EU27	54 609,7	39,3%
2	Russia	16 290,8	11,7%
3	China	12 999,0	9,4%
4	United States	9 338,2	6,7%
5	Iran	5 791,1	4,2%
6	South Korea	3 608,9	2,6%
7	Ukraine	2 903,5	2,1%
8	India	2 585,8	1,9%
9	Japan	2 495,7	1,8%
10	Switzerland	2 389,3	1,7%
11	Kazakhstan	1 859,9	1,3%
12	Saudi Arabia	1 845,3	1,3%
13	Algeria	1 711,5	1,2%
14	Indonesia	1 117,1	0,8%
15	Israel	1 033,2	0,7%
16	Iraq	1 022,3	0,7%
17	Brazil	1 019,6	0,7%
18	Thailand	967,0	0,7%
19	Malaysia	849,9	0,6%
20	Egypt	700,1	0,5%

The Major Export Partners

Rk	Partners	Mio euro	%
World (all countries)		85 949,4	100,0%
1	EU27	39 754,5	46,3%
2	Iraq	4 564,0	5,3%
3	Russia	3 497,5	4,1%
4	United States	2 906,2	3,4%
5	United Arab Emirates	2 522,1	2,9%
6	Iran	2 300,3	2,7%
7	China	1 716,2	2,0%
8	Egypt	1 698,9	2,0%
9	Saudi Arabia	1 683,7	2,0%
10	Switzerland	1 587,2	1,8%
11	Israel	1 569,3	1,8%
12	Libya	1 464,4	1,7%
13	Syria	1 391,9	1,6%
14	Azerbaijan	1 173,1	1,4%
15	Algeria	1 134,1	1,3%
16	Ukraine	949,6	1,1%
17	Turkmenistan	861,4	1,0%
18	Kazakhstan	620,5	0,7%
19	Georgia	582,6	0,7%
20	Tunisia	539,0	0,6%

The Major Trade Partners

Rk	Partners	Mio euro	%
World (all countries)		224 843,7	100,0%
1	EU27	94 364,1	42,0%
2	Russia	19 788,3	8,8%
3	China	14 715,2	6,5%
4	United States	12 244,4	5,4%
5	Iran	8 091,5	3,6%
6	Iraq	5 586,3	2,5%
7	Switzerland	3 976,5	1,8%
8	Ukraine	3 853,2	1,7%
9	South Korea	3 838,1	1,7%
10	Saudi Arabia	3 529,1	1,6%
11	United Arab Emirates	3 049,3	1,4%
12	India	3 043,8	1,4%
13	Algeria	2 845,6	1,3%
14	Japan	2 700,9	1,2%
15	Israel	2 602,4	1,2%
16	Kazakhstan	2 480,4	1,1%
17	Egypt	2 399,0	1,1%
18	Syria	1 898,7	0,8%
19	Azerbaijan	1 826,7	0,8%
20	Libya	1 791,1	0,8%

Source: IMF (DoTS)

APPENDIX D. Imports from Turkey to EU

EUROPEAN UNION IMPORTS, BY PRODUCT GROUPING*							
European Union, Imports from... Turkey							
SITC Rev.3 (UN, WTO/ITS) & AMA/NAMA** (WTO) Product Groups	2007		2009		2011		Share of Partner in EU Imports (2011)
	Millions euro	%	Millions euro	%	Millions euro	%	
0000 - Total	47 028,4	100,0%	36 197,4	100,0%	47 588,4	100,0%	2,8%
1000 - Primary products	5 916,5	12,6%	4 573,5	12,6%	6 709,9	14,1%	1,0%
1100 - Agricultural products (Food (incl. Fish) & Raw Materials)	3 416,4	7,3%	3 175,3	8,8%	3 830,4	8,0%	2,9%
1200 - Fuels and mining products	2 500,1	5,3%	1 398,1	3,9%	2 879,4	6,1%	0,5%
2000 - Manufactures	40 897,6	87,0%	31 445,5	86,9%	40 547,2	85,2%	4,3%
2100 - Iron and steel	2 979,8	6,3%	1 154,2	3,2%	2 066,7	4,3%	6,1%
2200 - Chemicals	1 354,6	2,9%	1 341,1	3,7%	2 069,0	4,3%	1,4%
2300 - Other semi-manufactures	3 750,3	8,0%	3 048,1	8,4%	4 113,6	8,6%	4,8%
2400 - Machinery and transport equipment	17 505,0	37,2%	13 793,2	38,1%	17 621,9	37,0%	4,0%
2410 - Office and telecommunication equipment	1 928,1	4,1%	1 400,0	3,9%	1 410,1	3,0%	0,8%
2420 - Transport equipment	10 871,4	23,1%	8 352,6	23,1%	10 535,3	22,1%	10,3%
2430 - Other machinery	4 705,4	10,0%	4 040,6	11,2%	5 676,6	11,9%	3,6%
2500 - Textiles	3 722,7	7,9%	2 844,4	7,9%	3 743,8	7,9%	16,7%
2600 - Clothing	9 072,3	19,3%	7 178,1	19,8%	8 366,4	17,6%	11,6%
2700 - Other manufactures	2 513,0	5,3%	2 086,4	5,8%	2 565,9	5,4%	1,8%
3000 - Other products	159,0	0,3%	157,4	0,4%	242,7	0,5%	0,8%
Agricultural Products (AMA)	3 129,4	6,7%	2 931,7	8,1%	3 488,9	7,3%	3,6%
Non-Agricultural Products (NAMA)	43 736,5	93,0%	33 131,4	91,5%	43 813,5	92,1%	2,8%
Other Products	162,5	0,3%	134,2	0,4%	286,0	0,6%	1,7%

Source: EUROSTAT (Comext, Statistical regime 4); World excluding Intra-EU trade and European Union: 27 members.

APPENDIX E. Exports from EU to Turkey

EUROPEAN UNION EXPORTS, BY PRODUCT GROUPING*							
European Union, Exports to... Turkey							
SITC Rev.3 (UN, WTO/ITS) & AMA/NAMA** (WTO) Product Groups	2007		2009		2011		Share of Partner in EU Exports (2011)
	Millions euro	%	Millions euro	%	Millions euro	%	
0000 - Total	52 649,6	100,0%	44 100,7	100,0%	72 587,6	100,0%	4,7%
1000 - Primary products	6 155,2	11,7%	5 910,2	13,4%	12 344,2	17,0%	4,8%
1100 - Agricultural products (Food (incl. Fish) & Raw Materials)	2 078,6	3,9%	2 029,5	4,6%	3 779,5	5,2%	3,3%
1200 - Fuels and mining products	4 076,6	7,7%	3 880,7	8,8%	8 564,8	11,8%	6,0%
2000 - Manufactures	45 162,4	85,8%	36 873,4	83,6%	58 764,7	81,0%	4,8%
2100 - Iron and steel	3 257,3	6,2%	2 334,5	5,3%	3 428,9	4,7%	8,4%
2200 - Chemicals	9 151,8	17,4%	8 514,1	19,3%	11 857,8	16,3%	4,7%
2300 - Other semi-manufactures	3 526,8	6,7%	2 782,9	6,3%	4 487,2	6,2%	4,0%
2400 - Machinery and transport equipment	24 179,5	45,9%	18 689,9	42,4%	32 471,8	44,7%	5,0%
2410 - Office and telecommunication equipment	3 718,9	7,1%	3 249,6	7,4%	4 352,2	6,0%	5,4%
2420 - Transport equipment	10 344,3	19,6%	7 492,4	17,0%	14 737,9	20,3%	6,1%
2430 - Other machinery	10 103,0	19,2%	7 824,5	17,7%	13 308,2	18,3%	4,1%
2500 - Textiles	1 310,5	2,5%	968,4	2,2%	1 282,0	1,8%	7,5%
2600 - Clothing	500,0	0,9%	680,8	1,5%	819,0	1,1%	4,0%
2700 - Other manufactures	3 235,0	6,1%	2 898,2	6,6%	4 414,6	6,1%	3,3%
3000 - Other products	689,2	1,3%	694,7	1,6%	798,2	1,1%	1,8%
Agricultural Products (AMA)	1 748,1	3,3%	1 816,3	4,1%	3 273,4	4,5%	3,1%
Non-Agricultural Products (NAMA)	50 089,8	95,1%	41 470,0	94,0%	68 163,3	93,9%	4,8%
Other Products	811,7	1,5%	814,4	1,8%	1 150,9	1,6%	6,8%

Source: EUROSTAT (Comext, Statistical regime 4); World excluding Intra-EU trade and European Union: 27 members.

APPENDIX F

TEZ FOTOKOPİSİ İZİN FORMU

ENSTİTÜ

- Fen Bilimleri Enstitüsü
- Sosyal Bilimler Enstitüsü
- Uygulamalı Matematik Enstitüsü
- Enformatik Enstitüsü
- Deniz Bilimleri Enstitüsü

YAZARIN

Soyadı : ERDOĞAN
Adı : F. DENİZ
Bölümü : Uluslararası İlişkiler

TEZİN ADI (İngilizce) : European Union and Turkish Footwear Industry: A Case Of Top-Down Europeanization?

TEZİN TÜRÜ : Yüksek Lisans Doktora

1. Tezimin tamamından kaynak gösterilmek şartıyla fotokopi alınabilir.
2. Tezimin içindekiler sayfası, özet, indeks sayfalarından ve/veya bir bölümünden kaynak gösterilmek şartıyla fotokopi alınabilir.
3. Tezimden bir bir (1) yıl süreyle fotokopi alınamaz.

TEZİN KÜTÜPHANEYE TESLİM TARİHİ: