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1. Transparency in public administration will be increased and struggle against corruption will be effectively ensured.
2. Strategic planning and work on performance budgeting to be carried out at the level of institutions will be expanded within the framework of public financial management reform.
3. Public personnel regime will be restructured, and programmes aiming to increase the capacities of public personnel will be introduced.
4. An efficient and reliable e-government structure will be established within the context of e-Transformation Turkey Project; the use of e-government services will be promoted, and effectiveness of preparation and coordination procedures of public information and communication technology investments will be made effectively.
6. Operations and procedures of public agencies will be subject to process analysis and workflow will be accelerated by the elimination of unnecessary paper works and red-tape formalities.

6. Works aiming to improve customs procedures will be accelerated.
7. To improve the quality of legislative arrangements, methods and instruments such as regulatory impact analysis will be used.
8. With a view to rendering the judicial services more fair and rapid, funds allocated to the justice system will be increased, the shortage of judges, prosecutors and other judicial personnel will be reduced and the judges and prosecutors will be trained in the field of EU law.
9. Works aiming to render the system of execution of sentences and institutions compatible with international standards will be accelerated.
10. Nationwide standards for the services provided by local administrations will be determined, and the compliance with these standards will be audited by central government.
11. The revenue structure of local administrations will be strengthened in proportion to local and common tasks and services to be transferred from the central government.
11. In the provision of security services, the policy will be the prevention of crime before its occurrence and finding out the criminal on the basis of evidence. The supervision of the police and effectiveness of its services will be increased.

13. Organized and financial crimes, financing of terrorism, immigration and asylum and trafficking in human beings will be effectively tackled.
14. Disaster administration, comprising the period preceding to, at the time of, and the aftermath of the disaster will have an integrated structure by means of the removal of the interfering powers and responsibilities of the relevant institutions and the existing legislation will be revised.
15. Standards for urban planning and construction of buildings will be improved to ensure security against disasters, supervision of planning for zoning and construction work will be ensured, responsibilities and penalties will be explicit and distribution of tasks among institutions will be reviewed and revised.
16. Work on land registration and cadastral survey will be finalized and an information system will be established.
17. Mechanisms for social dialogue in working life, particularly in the public sector, will be made effective and widespread.

## **IV. SECTORAL POLICIES**

### **A. EDUCATION AND TRAINING**

The main objective of the education policy is to bring up individuals of the information society with well-developed thinking, perceiving and problem-solving capabilities. They should also be loyal to democratic values, devoted to the principles of Atatürk, self-confident, open-minded, responsible, acquainted with their national culture and able to evaluate different cultures. The reorganization work directed towards this goal will continue at an increased pace at all levels, the quality of education will be improved, and accessibility to education will be widespread.

1. Pre-school education which is important for an individual's physical, social, mental and psychological development will be made widespread.
2. To improve the quality of primary and secondary education, the curriculum will be revised to make creativity, research, teamwork, original and initiative thinking the essential elements of education and training system.
3. An effective guidance and orientation system that contributes to persons' individual and social development and prepares them for life will be introduced.
4. In secondary education, diversification in terms of programmes rather than of schools

will be essential. Secondary education will have a flexible structure that promotes equal opportunity and allows for horizontal and vertical transfers in the context of programme unity and continuity.

5. In-service training of the teaching and managerial staff, necessary for restructuring in education will be carried out rapidly.
6. Information technologies will be used extensively and effectively in education.
7. The need for buildings, equipments and teaching personnel will be met in such a way as to reduce disparities among settlement areas at all levels.
8. To improve the quality of education and satisfy the need for building and equipment in a short period of time, initiatives on the part of local administrations will be supported.
9. Higher Education Council will be made to function as a long-term planning and coordination unit.
10. It will be ensured that higher education institutions will be more competitive through specialization by means of strengthening their administrative, financial and academic autonomies.
11. It will be ensured that higher education institutions shall create funds by means of producing services and the students will participate more in the financing of education.

12. An effective system of tuition fees, scholarships and loans will be introduced for students who need support.
13. The private sector will be encouraged to take part at all levels of education.

## **B. HEALTH**

The basic objectives of health policy are to ensure that all citizens take part in economic and social life as healthy individuals and to assist them to raise their quality of life. Health care services will be provided on an egalitarian and just basis, fitting to the needs and expectations of the people, of high quality, efficient, aiming to reduce disparities among regions and socio-economic groups and compatible with the needs of contemporary life, with priority given to preventive health care.

1. In accordance with the principle that “protection/prevention precedes treatment”, preventive health services will be made effective and widespread in order to avoid economic losses and increase the quality of life.
2. In the distribution of health infrastructure and personnel, interregional disparities will be reduced.
3. To meet the infrastructure needs in a cost-effective way in a short period of time, local administrations will be encouraged to take initiatives.

4. Regulations for the separation of the provision and financing of services will be completed.
5. Ministry of Health will be restructured so as to strengthen its organizational, planning and control powers.
6. An effective referral system will be introduced through the implementation of family practitioners system at a national scale, which is closely integrated with the primary health service units.
7. With a view to improving the service quality, hospital management will be made autonomous and competitive and both certification and accreditation system in health agencies will be instituted.
8. The principle of “Rational Use of Medicine” will be made more effective with a view to ensuring that the patients receive the proper medication in terms of time and dose at the lowest cost, depending upon their clinical examination and individual peculiarities.
9. In the context of preventive and primary health services, mother and childcare, reproductive health and fight against contagious diseases will be given importance.
10. Health care services for the aged, home-care services and mobile health services will be improved.
11. Adequate number of willing and skillful manpower will be employed through manpower planning in the sector.

12. In the provision of health care services, patients' rights and satisfaction will be essential.
13. National Health Information System will be made more effective.
14. Health investments of the private sector will be encouraged.

## **C. ENVIRONMENT AND URBAN**

### **INFRASTRUCTURE**

The basic objective is to attain a higher level of environmental protection, by protecting human health, natural resources and aesthetic values, on the basis of sustainable development principles. It is also a basic objective to meet the emerging urban infrastructure needs with the aim of making urban cities clean, secure and high quality centers of life, in parallel with rising population and economic, social and technological developments.

1. Following the assessment of the infrastructure and financial need for the implementation of the environment legislation adopted in the framework of alignment with the EU acquis, the priorities regarding implementation and negotiating position will be determined, and administrative capacity required for the management and control will be developed.
2. Work directed towards the preservation, development and putting in economic use of Turkey's biological diversity and genetic resources will be accelerated.

3. The necessary arrangements regarding the allocation, use, development and protection against pollution of water resources will be made by securing a more efficient management.
4. In the light of existing studies, urban infrastructure needs of the country will be identified and prioritized, taking also into account the regional development concerns, and a finance strategy will be adopted, which covers the cooperation between the public and private sectors, as well as a time schedule designed for environmental cohesion.
5. The Provinces Bank (İller Bankası) will be restructured according to current circumstances and its financial structure, human resources, and institutional capacity will be improved. The Bank's technical and financial support capability will be ensured with a view to allowing the local administrations to use the financial aid from the EU and other international funds.

#### **D. SCIENCE AND TECHNOLOGY**

The basic objective of science and technology policy is to become capable in science, technology and innovation and to transform this capability into economic and social value.

In this framework;

1. In the field of science and technology, a national innovation system will be formed

enhancing cooperation among institutions and the effectiveness of the private sector in the system.

2. The private sector will be supported to increase its capacity and demand for R&D.
3. The supports to the private sector to develop its cooperation with the universities and other research institutions will be increased and made more effective.
4. University and industry cooperation will be improved and R&D activities of universities shall be increased and directed towards the demand by the market.
5. Public institutions will be supported to enable them find solutions to their needs and problems through R&D.
6. R&D supports directed towards reducing the defense industry's dependency on abroad will be increased.
7. The transmission of the technologies developed for the defense industry to other sectors, universities, research institutions and SMEs shall be ensured.
8. Cooperation with the leading countries, in particular with the EU, in the field of R&D, and relevant international organizations will be enhanced.
9. Social awareness, particularly in primary and secondary education, with respect to science, technology and innovation will be increased.

10. Measures aiming at increasing the flexibility of R&D expenditures in the budget and public procurement system will be adopted.

## **E. AGRICULTURE**

The basic objectives include a balanced and adequate nutrition of the expanding population considering food security and the formation of an organized and competitive agricultural structure, which is sustainable in economic, social and environmental terms.

To this end, policies that lead to demand-driven agricultural production shall be implemented, farm income shall be raised and stabilized, soil and water resources shall be conserved and utilized effectively, the reduction of population and employment pressure on agriculture by means of non-agricultural measures consistent with rural development policies shall be ensured.

In this framework;

1. Agricultural supports will be restructured in the context of the Agricultural Strategy (2006-2010) Document.
2. Information infrastructure concerning the implementation of agricultural policies will be set up and the administrative structure will be improved.
3. In accordance with “farm to table” food safety principle, the conditions of agricultural production at farm level and official food control system at processing level will be

improved.

4. To enhance competitiveness in agricultural exports, export subsidies will be channeled to higher value-added and branded final products.
5. In milk and meat markets, measures aiming to stabilize production will be taken.
6. Domestic sugar regime, the administration and control of quotas, in particular, as stipulated by Sugar Law, no 4634, will be rearranged.
7. Efficiency in agricultural production will be increased with improvements in input use and training-extension services.
8. Priority will be given to the methods and instruments, which aim at the efficient utilization of soil and water resources.
9. Land consolidations will be expedited and agricultural enterprises will be supported for increase in scale and use of modern management techniques.
10. Technological efficiency and agricultural R&D support in agricultural enterprises will be increased.
11. With regard to irrigation, public project stock will be rationalized, projects will accordingly be re-prioritized and adequate funds will be allocated to the priority projects.
12. Fight against forest fires, insects, diseases and other disasters ruining the eco-system, including man-made ones, will be carried out;

protected areas will be extended; afforestation works will be accelerated preferring endemic species while conserving present forests and multi-purpose use of forests will be targeted.

## **F. MANUFACTURING INDUSTRY AND MINING**

The main objective is reaching to an export-oriented, dynamic and competitive structure in the manufacturing industry. In this framework, particularly in the sectors that competitiveness is comparatively high, policies will be directed towards enhancing innovations and increasing utilization of advanced technology, and policies in the other sectors will be directed towards upgrading the prevailing structural aspects, which is necessary for global competition.

The share of information and technology-intensive industries such as defense, aviation, machinery, chemicals, electronics and software, and biotechnology in manufacturing industry will be increased.

In mining sector, increasing supply security of raw material and increasing the value-added in the economy through domestic processing are the basic objectives.

1. Through the development and rapid diffusion of technology, generation of high value-added, relying on skilled labour and thereby enhancement of industrial competitiveness at the international level will be achieved.
2. Besides the efforts to increase the exports of traditional sectors, efforts to raise the level of exports of new industrial sectors to be

developed, will continue.

3. Industrial information system will be established.
4. Prevailing supports to modernization of industrial enterprises will be improved.
5. Establishment of enterprises in pre-specified industrial areas and transferring of existing ones to those areas will be encouraged.
6. Sectoral and institutional restructuring efforts will be implemented.
7. Measures aiming to reduce the adverse effects of ending many years applied quantitative restrictions as of 2005 in textiles and clothing, will be taken.
8. In the mining sector, meeting the needs of industrial and energy inputs with high quality on a reliable and economic basis will be ensured.
9. Efforts will be undertaken towards enhancing the efficiency and productivity of public agencies in the mining sector, and privatization strategies for these agencies will also be determined by taking into account their sectoral and regional roles.
10. To rehabilitate the domestic mining sector, legislations regarding the sector will be completed. A harmonization between mining activities and environmental issues will be ensured, taking also its economic contributions into account.

## **G. ENERGY**

The main objectives of energy policies are to meet the energy requirements of the growing population and developing economy in a continuous, uninterrupted way with a high quality and reliable supply system. This will be achieved, through a transparent market structure, where competitive forces are active and private sector investments are dominating.

In this framework;

1. With a view of keeping the dependence on external resources at acceptable levels for energy supply safety reasons, priority will be given to the utilization of domestic resources and to the issue of energy efficiency, and the necessary legal arrangements will be made.
2. Within the scope of the prevalent activities in the Electric Energy Sector Reform and the Privatization Strategy Document, the electricity production plants and distribution companies will be privatized in such a manner as to help forming a competitive market rather than generating revenue.
3. The integration of the national electric transmission system with the European transmission system allowing trans-border energy trade will be ensured.
4. Use of natural gas will be made widespread through a competitive process and its supply safety at the national level will be guaranteed regarding seasonal variation in demand.

5. Efforts towards making Turkey the transit route in connecting the centers of energy (natural gas, electricity and oil) production in our region to Europe will continue.

## **H. TRANSPORTATION AND COMMUNICATIONS**

The main objective in the transportation sector is to create a transportation infrastructure in advance, where transportation is conducted safely, economically and in conformity with the necessities of national economic and social life, secures a balance among the modes, compatible with modern technological and international standards and is sensitive to the environment. Complementary harmony in-between transportation sub-sectors and widespread use of combined transport are essential.

Accelerating the transformation into information society, and thereby contributing to the enhancement of Turkey's competitive power and welfare, by means of widespread and effective use of information and communication technologies, is the main objective.

Government will assume an effective regulatory role towards the goal of improving the service capacity of the electronic communication sector in a competitive environment within global markets; the factors, which affect adversely the potential growth of the market and the widespread use of information society services, will be eliminated.

In this framework;

1. In meeting the transportation infrastructure requirements, models that increase the

participation of the private sector will be developed.

2. Efforts directed towards integrating our transport network, which links EU countries with the Caucasian countries, the Central Asia, South Asia and the Middle East Countries, to Trans-European Transport Network will be accelerated by making maximum use of EU funds.
3. The existing highway infrastructure will be improved by the completion of the ongoing dual carriage highway projects and by upgrading their standards.
4. Traffic safety in highways will be increased.
5. In freight transport, the share of maritime and railways will be increased.
6. Turkish State Railways will be restructured in order to increase the quality of service and railways' share in the sector and to reduce its financial burden on the public sector.
7. Hub ports will be established, and effective management of the ports will be ensured.
8. Flag, port and coastal state controls will be improved, and efforts will be made to encourage the Turkish citizens to prefer the Turkish Flag for the fleet they own.
9. Regional air transport will be improved.
10. To meet the needs of the urban transportation infrastructure, solutions compatible with the own sources of municipalities and national

standards will be developed.

11. The electronic communication sector shall be made more competitive.
12. The information and communications technology infrastructure will be improved and the use of Internet will be made widespread to assist the transformation into information society.
13. The postal sector will be restructured within the competitive framework, in line with the principles of speed, quality, reliability and accessibility, and in accordance with the EU regulations.

## **I. TOURISM**

In tourism sector, the basic objective is to form a structure which embodies the dynamics of globalization, which increases the quality of services as well as the number of incoming tourists; which targets the high income groups by diversifying the market channels; preserves the natural endowments and focusing on those diverse tourism attractions where Turkey has a comparative advantage. To this end,

1. Tourism investments will be diversified and measures will be taken for expanding the tourism season to the entire year by means of a shift of investments from developed and congested areas to others.
2. The number of tourists and revenue per capita shall be increased through an improvement in

the services provided and in the profile of incoming tourists.

3. All tourism investments will be undertaken in a view of protecting and improving the natural, historical, social and cultural environment.
4. The infrastructure needs of towns and urban centers, which are in close proximity to areas where tourism activities are concentrated, will be given priority.
5. Changes in demand will be continuously monitored and promotion activities will be introduced in line with changing circumstances.
6. Diversification of tourism products for specific tourism markets will be ensured.
7. The cultural, social and natural richness of the city of Istanbul will be utilized in the context of sustainable tourism development.

**ANNEX TABLE: MAIN MACROECONOMIC INDICATORS**

	2006	2007	2008
<b>GROWTH AND EMPLOYMENT</b>			
Total Consumption <sup>(1)</sup>	3.5	3.6	3.7
Public	0.6	0.7	0.5
Private	4.0	4.1	4.2
Total Fixed Capital Formation <sup>(1)</sup>	9.8	10.1	8.3
Public	2.8	0.8	3.4
Private	12.4	13.2	9.8
Changes in Inventories <sup>(2)</sup>	-0.1	-0.0	-0.0
Total Exports of Goods and Services <sup>(1)</sup>	11.0	10.6	10.4
Total Imports of Goods and Services <sup>(1)</sup>	9.3	9.8	8.9
GDP Growth <sup>(1)</sup>	5.0	5.0	5.0
GDP (Million YTL, Current Prices)	536,259	588,155	642,266
GDP (Billion Dollars, Current Prices)	364.9	392.5	422.4
GDP Per Capita (Dollars)	4,981	5,289	5,621
GDP Per Capita (PPP, Dollars)	8,880	9,476	10,129
Population (Thousand)	73,254	74,208	75,154
Labour Force Participation Rate (%)	48.7	48.7	48.7
Employment (Thousand)	22,670	23,131	23,590
Unemployment (%)	10.0	9.8	9.6
Total Factor Productivity Growth (%)	1.6	1.6	1.5
<b>FOREIGN TRADE</b>			
Exports (FOB) (Billion Dollars)	84.1	93.7	105.8
Imports (CIF) (Billion Dollars)	122.6	133.7	146.8
Trade Balance (Billion Dollars)	-38.5	-40.0	-41.0
Current Account Balance / GDP (%)	-4.0	-3.5	-3.1
Trade Volume / GDP (%)	56.7	57.9	59.8
<b>PUBLIC FINANCE (Per cent)</b>			
General Government Revenues <sup>(3) (4)</sup> / GDP	44.0	42.7	42.0
General Government Expenditures <sup>(3) (4)</sup> / GDP	46.8	44.2	42.3
General Government Borrowing Requirement <sup>(3) (4)</sup> / GDP	-2.7	-1.5	-0.3
General Government Interest Expenditures <sup>(3) (4)</sup> / GDP	9.3	7.7	6.6
Public Sector Borrowing Requirement <sup>(5)</sup> / GDP	-2.6	-1.4	-0.1
Public Gross Debt Stock / GDP	71.5	68.2	63.5
Public Net Debt Stock / GDP	56.5	52.8	47.8
<b>INFLATION</b>			
GDP Deflator	6.0	4.5	4.0
End Year CPI	5.0	4.0	4.0

(1) Real percentage changes.

(2) Contribution to growth.

(3) Includes public agencies under the general budget, administrations under the private budget, regulating and auditing institutions, social security institutions, local administrations, revolving funds and other funds.

(4) As it has been the first year of application of Law No.5018, the institutions with private budget could not be fully reflected into the accounts.

(5) Includes General Government and SEEs.