

Chapter 2

How Competitive Is Turkey in Meeting International Labor Standards and in International Trade?

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Abstract Turkey has recently emerged as an economy with one of the highest growth rates in an otherwise dismal global environment. The country has become the world's fifteenth largest and Europe's seventh largest economy, with a decade-long economic boom and rising exports and imports. This chapter seeks to determine whether Turkey has been able to avoid, during this exceptional performance, the temptation to lower labor standards in the belief that it might provide greater comparative advantage in international trade. In this context, the study analyzes the competitiveness of the country in global trade in the last decade using the empirical measures of comparative advantage and determines the extent to which the country is conforming to international labor standards, on the basis of applicable data.

2.1 Introduction

Economic growth that does not improve the lives of people and the conditions under which they work is nothing more than a number. International labor standards are established to assure that economic growth goes hand in hand with the basic minimum standards for work and social policy. On the other hand, boosting international trade, as one of the main components of Gross Domestic Product (GDP), becomes the *modus operandi* in most cases, for countries aiming to achieve rapid economic growth.

In the 1980s, Turkey implemented a number of economic reforms aimed at opening up the economy. Notably, the efforts to liberalize international trade, accompanied by factors such as the country's accession to the Customs Union (CU) with the European Union (EU), and the liberalization of the multilateral

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trading system, have since contributed to the economy becoming more market-oriented.

This chapter argues that the greater acceptance of trade liberalization and the reforms of the trading system which accompanied it have enabled Turkey to perform well in the international trade arena in the last few decades, but that the country has not been equally successful at ameliorating particular labor market conditions. In this context, the chapter analyzes the competitiveness of Turkey in global trade in the past decade, using empirical measures of comparative advantage and establishes a profile of the country in terms of the extent to which it has met international labor standards. By doing so, the chapter aims at questioning the conventional wisdom that countries with lower labor standards obtain advantages in trade.

The rest of the chapter is organized as follows. The second section presents the findings of the analysis measuring Turkey's revealed comparative advantage (RCA) vis-à-vis different groups of countries, as part of the investigation of the country's concrete efforts to improve its foreign trade as a growth strategy. The third section provides an overview of the Turkish labor market in terms of its compliance with core international labor standards, trying to understand whether advancement, as such, has been made in working conditions. The fourth section concludes the analysis.

2.2 Turkey's Performance in Liberalizing Foreign Trade: A Strong Uptrend

Prior to the liberalization measures undertaken during the 1980s, the Turkish trade regime had offered a high degree of protection for the import competing sectors through a combination of tariffs and non-tariff barriers. Krishna et al. (2001) state that in 1981, the highest tariffs were applied to final goods and the lowest to intermediate goods, at an average of 49 %. Strikingly, "tariff equivalents of non-tariff barriers were estimated to be over 100%" (Krishna et al. 2001, p. 394). Following the stabilization program announced in 1980, the previous import-substitution industrialization policy was replaced by an export-led growth strategy Taymaz (1999). The export incentive schemes included the maintenance of the exchange rate on a path of depreciation, direct payments to exporters, subsidized export credits, tax exemptions on input imports, and corporate tax allowances. In addition, an import liberalization program was implemented in 1984, lowering both tariff and non-tariff barriers. Reduction of the stamp duty on imports from 25 to 1 %, simplification of the import regulations, reductions in the quantitative restrictions, prohibited commodities (from 500 to 3 items, namely weapons, ammunition, and narcotics) and the number of goods subject to licenses (from 33 to 16) were among the major changes made in the import regime (The Central Bank of the Republic of Turkey 2002) (<http://www.tcmb.gov.tr/yeni/evds/yayin/kitaplar/global.pdf>).

The milestone of this liberalization of the Turkish economy was the CU, which created the Common Customs Tariff and the preferential trade regime. The CU took effect in 1996 and has constituted the major part of Turkey's trade policy applied to third countries since then. By the acceptance of the CU, customs tariffs, quantitative restrictions and other trade measures of equivalent effect applied to the EU members were eliminated. The weighted protection rate applied to the EU commodities has decreased from almost 6 % to 0 %. In contrast, the import protection rate applied to the third countries has decreased from almost 11–6 %, with the exception of certain commodities whose duties were lowered gradually to CU levels after 2001. Turkey also adopted the preferential trade agreements between the EU and the third countries with the CU Agreement, which not only brought a change in the tariff structure but also technical barriers to trade. Several studies have investigated the net trade effects of the accession to the CU on the Turkish economy. Evaluating these findings is not within the context of this study; however, one should keep in mind that the CU has enabled “Turkish producers to operate in one of the largest free trade areas,” as Togan put it, and that “they are protected by tariffs from external competition to exactly the same extent as EU producers, which at the same time means fac[ing] competition from duty-free imports of industrial goods from world-class pan-European firms. In return, Turkish industrial producers have duty-free market access to the European Economic Area” (Togan 2012, pp. 23–24).

Among the 30 countries with which Turkey has concluded free trade agreements (FTAs) thus far, 11 have accessed to the EU, and become a part of the Common Customs Tariff and the preferential trade regime. As of 2013, Turkey has active FTAs with 16 countries; namely, European Free Trade Association (EFTA), Macedonia, Bosnia-Herzegovina, Albania, Israel, Palestine, Morocco, Tunisia, Egypt, Georgia, Serbia, Montenegro, Chile, Jordan, South Korea and Mauritius. Internal ratification procedures are under way to complete agreements with Lebanon and Kosovo. Turkey has started FTA negotiations with 12 countries and country blocs, namely Ukraine, Colombia, Ecuador, Malaysia, Moldova, Democratic Republic of Congo, Ghana, Cameroon, Seychelles, Libya, the Common Market of the South (*Mercado Común del Sur*—MERCOSUR) and the Faroe Islands. Moreover, Turkey has launched initiatives to start negotiations with 13 countries and country blocs: the United States of America (USA), Canada, Japan, Thailand, India, Indonesia, Vietnam, Peru, Central American Countries, other African Caribbean Pacific Countries, Algeria, Mexico and South Africa (Republic of Turkey Ministry of Economy, <http://www.economy.gov.tr/index.cfm?sayfa=tradeagreements&bolum=fta®ion=0>). Turkey signed The General Agreement on Tariffs and Trade (GATT) in 1950 and the Uruguay Round Treaties in 1994. Turkey also became a member of the WTO in 1995, accepting the general rules produced by the trade negotiations and the binding tariffs that apply to all members. In 1991, the World Bank classified Turkey as an intensive adjuster on account of the progress it had made in trade policy reform (<http://lnweb90.worldbank.org/oed/oeddoclib.nsf/DocUNIDViewForJavaSearch/310BE32B5444C84585256810005082AA>).

Table 2.1 Merchandise trade in Turkey as a percentage of GDP

1980	1983	1985	1995	1997	2004	2005	2006	2007	2008	2009	2010	2011	2012
15.7	24.3	28.7	33.8	39.4	41.0	39.4	42.4	42.9	45.7	39.6	41.0	48.5	49.3

Note: Merchandise trade as a percentage of GDP is the sum of merchandise exports and imports divided by the value of GDP in current U.S. dollars

Source: The World Bank, <http://data.worldbank.org/indicator/TG.VAL.TOTL.GD.ZS>

Commitments made with regards to further integration into the global trade, both the above mentioned as well as others, have constituted major challenges for the Turkish economy, which the country has voluntarily faced. Turkey has been steadfast and has maintained its momentum in opening up its economy by embracing the outward oriented growth strategy. Indeed, both the volume of trade and its share in GDP significantly increased in Turkey between 1980 and 2012 (Table 2.1). This is reflective of the components of GDP that drive an economy.

In order to see the progress in Turkish export performance after the period of trade liberalization, this chapter includes an analysis of Turkey's comparative advantage vis-à-vis a group of countries. Although the literature offers a number of alternative methods for measuring a country's comparative advantage, Balassa's Revealed Comparative Advantage (RCA) Index (1965) is still by far the most commonly used index in current empirical analyses. In order to detect the comparative advantages of Turkey in particular commodity groups, the chapter also uses the "traditional" Balassa Index of RCA. In order to differ from the several studies measuring the RCA of Turkey, the analysis calculates the RCA for the commodity groups where the volume of exports is highest. By doing so, the aim is to assess whether Turkey is really exporting the products in which it has comparative advantage.

The model is,

$$RCA = (X_{ij}/X_{it}) / (X_{wj}/X_{wt})$$

where,

X_{ij} : Turkey's exports of commodity j

X_{it} : Turkey's total exports

X_{wj} : World's exports of commodity j

X_{wt} : World's total exports

When the value of RCA is greater (less) than 1, country i 's exports of commodity j in its total exports is greater (less) than the share of the world's exports of commodity j in world's total exports; and hence, country i has a revealed comparative advantage (disadvantage) in commodity j . The definition of the countries and commodities can change depending on the scope of the analysis. Here, Turkey's RCA vis-à-vis three different groups of countries is measured: the EU-27, Organization for Economic Co-operation and Development (OECD) countries, and the world as a whole. This is another point where the analysis departs from the existing literature.

Data sources used for the calculations are United Nations Commodity Trade Statistics (UNcomtrade), European Commission Statistics web page (Eurostat), Turkish Statistical Institute (Turkstat) and OECD statistics. The data covered in the analysis are at the two digit level, according to SITC Rev. 2 and are for the period 2001–2010.

First, amongst a set of 75 commodities, the commodity groups in which Turkey has the highest volume of exports in its trade with the world are selected. Then the RCA Index is calculated for these commodities. Table 2.2 shows the RCA Index calculations for Turkey vis-à-vis the world between 2001 and 2010. All commodity groups except road vehicles and furniture and parts thereof have RCA Index values greater than one. Road vehicles take on values greater than one after 2002, while the furniture and parts thereof take on values greater than one after 2005. When the commodity groups are classified according to the factors of production utilized, it can be seen that all are either labor intensive or capital intensive commodities.

Table 2.3 contains Turkey's RCA Index in relation to OECD countries. Looking at the same group of commodities, it can be seen that Turkey's comparative advantage patterns are more or less the same for all commodities in this smaller set of countries. The only exception is the articles of apparel and clothing accessories, where the RCA values are almost doubled.

Next, Turkey's RCA vis-à-vis the EU-27 is calculated for the same commodities (Table 2.4). Calculations show that Turkey's comparative advantage turns to disadvantage for all product groups, displaying values less than one.

In order to find out whether OECD countries or the EU-27 have comparative advantage (or disadvantage) in the same group of commodities, the RCA index for these countries is also calculated. Table 2.5 contains the RCA Indices of OECD countries and Table 2.6 contains the RCA Indices of the EU-27. The EU-27 values of RCA in selected commodities imply comparative advantage vis-à-vis the world against Turkey's comparative disadvantage vis-à-vis the EU-27.

2.3 Turkey's Performance in Improving Labor Standards: Between Inertia and Zeal?

International labor standards are created to improve the working conditions of women and men, with the broader aim of increased freedom, equity, security and dignity. At the heart of the standards lie freedom of association, prevention of forced labor, equality of opportunity and treatment, elimination of the exploitation of child labor, and improvement of working conditions, as stated by the ILO. The implementation of labor standards is not limited to ILO norms and can take forms other than these. Nevertheless, while looking at the evolving trends in the labor market dynamics in Turkey, this chapter is going to take the ILO legislative model as a benchmark since most real cases concern ILO members, including Turkey, and have utilized ILO's formal agreements. Table 2.7 summarizes the ratification of

Table 2.2 RCA Index calculations—Turkey's RCA vis-à-vis the world

	Vegetables and fruits	Textile yarn and related products	Iron and steel	Road vehicles	Furniture and parts thereof	Articles of apparel and clothing accessories	Plastics in non-primary forms
2001	5.74	5.06	3.72	0.80	0.62	6.50	1.18
2002	4.66	4.79	3.50	0.91	0.78	6.84	1.12
2003	4.35	4.65	2.94	1.09	0.92	6.51	1.15
2004	4.68	4.61	3.21	1.38	0.95	5.94	1.26
2005	5.25	4.73	2.59	1.43	0.99	5.61	1.49
2006	4.60	4.73	2.74	1.61	1.00	5.13	1.74
2007	4.10	4.69	2.59	1.68	1.05	4.78	1.77
2008	3.70	4.45	3.47	1.73	1.17	4.31	1.95
2009	3.99	4.39	3.44	1.70	1.23	4.23	1.98
2010	5.17	4.57	3.22	1.58	1.31	4.38	1.99

Note: Revealed comparative advantage is measured as $RCA_{ij} = (X_{ij}/X_{it})/(X_{nj}/X_{nt})$ where X_{ij} = exports by Turkey of good j , n = world total, t = total exports

Source: Calculated by the author using the OECD Statistics

Table 2.3 RCA Index calculations—Turkey's RCA vis-à-vis the OECD countries

Years	Vegetables and fruits	Textile yarn and related products	Iron and steel	Road vehicles	Furniture and parts thereof	Articles of apparel and clothing accessories	Plastics in non-primary forms
2001	6.1	5.91	3.6	0.61	0.59	11.09	0.96
2002	4.96	5.63	3.39	0.69	0.75	11.7	0.9
2003	4.48	5.59	2.88	0.81	0.9	11.21	0.92
2004	4.5	5.67	3.28	1.03	0.94	10.32	1
2005	4.98	5.79	2.59	1.06	0.99	10	1.17
2006	4.33	5.85	2.7	1.17	1	9.52	1.33
2007	3.88	5.89	2.63	1.24	1.08	9.01	1.38
2008	3.37	5.57	3.48	1.24	1.2	7.4	1.46
2009	3.68	5.81	3.19	1.23	1.33	7.36	1.49
2010	4.17	6.37	3.01	1.16	1.54	8.26	1.58

Note: Revealed comparative advantage is measured as $RCA_{ij} = (X_{ij}/X_{it})/(X_{nj}/X_{nt})$ where X_{ij} = exports by Turkey of good j , n = OECD, t = total exports

Source: OECD calculations based on data from OECD, International trade by commodity statistics database, OECD Economic Surveys: Turkey 2012

Available at: http://www.oecd-ilibrary.org/economics/oecd-economic-surveys-turkey-2012/turkey-s-revealed-comparative-advantages-2001-10_eco_surveys-tur-2012-graph26-en

fundamental ILO conventions in Turkey, which has been a member of the organization since 1932.

What follows is a broad overview of the Turkish labor market with respect to the current state of compliance with the international standards, and an implicit critique of what has or has not been done thus far.

Table 2.4 RCA Index calculations—Turkey's RCA vis-à-vis the EU-27

Years	Vegetables and fruits	Textile yarn and related products	Iron and steel	Road vehicles	Furniture and parts thereof	Articles of apparel and clothing accessories	Plastics in non-primary forms
2001	0.44	0.46	0.25	0.05	0.04	0.76	0.07
2002	0.34	0.45	0.25	0.06	0.05	0.80	0.06
2003	0.32	0.44	0.21	0.07	0.06	0.75	0.07
2004	0.34	0.44	0.24	0.09	0.06	0.67	0.07
2005	0.38	0.46	0.19	0.09	0.06	0.64	0.09
2006	0.32	0.46	0.19	0.10	0.06	0.59	0.10
2007	0.29	0.45	0.18	0.10	0.07	0.55	0.10
2008	0.25	0.43	0.26	0.10	0.07	0.44	0.11
2009	0.28	0.46	0.25	0.10	0.08	0.44	0.12
2010	0.31	0.50	0.23	0.09	0.09	0.58	0.12

Note: Revealed comparative advantage is measured as $RCA_{ij} = (X_{ij}/X_{it})/(X_{nj}/X_{nt})$ where X_{ij} = exports by Turkey of good j , n = EU-27, t = total exports

Source: Calculated by the author using the OECD Statistics

Table 2.5 RCA Index calculations—OECD countries' RCA in selected sectors vis-à-vis the world

Years	Vegetables and fruits	Textile yarn and related products	Iron and steel	Road vehicles	Furniture and parts thereof	Articles of apparel and clothing accessories	Plastics in non-primary forms
2001	1.43	1.09	1.54	1.01	1.34	1.01	1.22
2002	1.40	1.09	1.45	1.00	1.32	0.99	1.19
2003	1.33	1.07	1.41	1.03	1.36	0.96	1.19
2004	1.38	0.99	1.37	1.05	1.28	0.91	1.19
2005	1.39	0.91	1.30	1.06	1.24	0.86	1.22
2006	1.37	0.80	1.32	1.12	1.19	0.79	1.23
2007	1.34	0.77	1.27	1.12	1.15	0.75	1.23
2008	1.35	0.80	1.30	1.15	1.14	0.78	1.29
2009	1.32	0.79	1.36	1.18	1.10	0.75	1.30
2010	1.41	0.81	1.43	1.06	0.95	0.75	1.26

Note: Revealed comparative advantage is measured as $RCA_{ij} = (X_{ij}/X_{it})/(X_{nj}/X_{nt})$ where X_{ij} = exports by OECD of good j , n = world total, t = total exports

Source: Calculated by the author using the OECD Statistics

2.3.1 Freedom of Association

Freedom of association is a *sine qua non* condition for sound collective bargaining and social dialogue. However, workers who wish to apply this principle still face difficulties throughout the world. In Turkey, although the constitution provides general protection for workers' freedom to form and join labor unions, freedom of association is one of the most controversial issues regarding labor rights in the country.

Table 2.6 RCA Index calculations—EU-27's RCA in selected sectors vis-à-vis the world

	Vegetables and fruits	Textile yarn and related products	Iron and steel	Road vehicles	Furniture and parts thereof	Articles of apparel and clothing accessories	Plastics in non-primary forms
2001	1.38	1.14	1.68	0.91	2.19	1.67	1.18
2002	1.41	1.12	1.59	0.93	2.23	1.61	1.16
2003	1.40	1.11	1.56	0.97	2.29	1.57	1.17
2004	1.39	1.10	1.56	0.97	2.18	1.49	1.17
2005	1.34	1.06	1.45	0.99	2.03	1.32	1.20
2006	1.45	1.03	1.46	1.05	1.97	1.17	1.24
2007	1.51	1.03	1.39	1.09	1.88	1.07	1.25
2008	1.51	1.00	1.36	1.10	1.80	1.09	1.30
2009	1.40	0.96	1.34	1.17	1.79	1.02	1.28
2010	1.53	0.95	1.52	1.04	1.65	0.99	1.30

Note: Revealed comparative advantage is measured as $RCA_{ij} = (X_{ij}/X_{it})/(X_{nj}/X_{nt})$ where X_{ij} = exports by the EU-27 of good j , n = world total, t = total exports

Source: Calculated by the author using the OECD Statistics

Table 2.7 Ratification of fundamental ILO conventions in Turkey by date

Freedom of association		Forced labor		Discrimination		Child labor	
C087	C098	C029	C105	C100	C111	C138	C182
1993	1952	1998	1961	1967	1967	1998	2001

Note:

C087: Convention concerning freedom of association and protection of the right to organize

C098: Convention concerning the application of the principles of the right to organize and to bargain collectively

C029: Convention concerning forced or compulsory labor

C105: Convention concerning the abolition of forced labor

C100: Equal Remuneration Convention

C111: Convention concerning Discrimination in Respect of Employment and Occupation

C138: Convention concerning minimum age for admission to employment

C182: Convention concerning the prohibition and immediate action for the elimination of the worst forms of child labor

Source: International Labor Organization (ILO)

A number of revisions finalized over the past few years have simplified union-formation procedures and expanded the right to organize in Turkey. In 2006, Revisions of Acts No. 2821 and 2821 abolished the prohibition of non-Turkish union founders and granted permission to foreign unions to organize in Turkey. In 2007, Act No. 5620 extended the freedom of association to government employees working on fixed-term contracts, who had been denied the right to join a union under previous legislation. A union must show that it has at least seven members before it can be granted approval to form. Yet, prior authorization or approval by authorities still exists as an important barrier to the establishment of unions. Section 7(d) of the Act No. 6289 on public servants' unions and collective agreement requires that the place of residence of the founders of an organization be

submitted to the office of the Governor of the province in order to be incorporated ([International Trade Union Confederation—ITUC Survey of Violation of Trade Union Rights](http://survey.ituc-csi.org/Turkey.html?edition=336&lang=en#tabs-2), <http://survey.ituc-csi.org/Turkey.html?edition=336&lang=en#tabs-2>).

The revision of Article 51 of the National Constitution provides that an individual can become a member of more than one union within the same sector. A certain group of public employees (e.g., senior public officials, prison guards, lawyers, judges, civilian employees of the military, newly-hired workers working in probationary “trial periods,” employees in “positions of trust,” and directors of universities and other educational institutions) are excluded from this Act and are therefore denied freedom of association.

The principle of protection from government interference in union affairs is weak in Turkey. With Sections 3–4 of Act No. 2821 and Sections 4–5 of Act No. 4688, the Ministry of Labor is granted the right to determine the branch of activity covering a worksite ([International Trade Union Confederation-ITUC Survey of Violation of Trade Union Rights](http://survey.ituc-csi.org/Turkey.html?edition=336&lang=en#tabs-2), <http://survey.ituc-csi.org/Turkey.html?edition=336&lang=en#tabs-2>).

According to Article 51 of the Constitution and Act No. 2911, unions are required to notify governors of any scheduled meetings, and the government is granted the discretion to attend, record, postpone, and in some cases, cancel meetings to prevent crime or to protect national security, public order, general health, and the rights and freedoms of other citizens. Section 19 of Associations Act No. 5253 grants the Minister of Internal Affairs or a civil administration authority to investigate the financial records of trade unions and demand information from them with 24 h notice (cited by Verité from ILO 2012, p. 4). The government also has the authority to unilaterally suspend and dissolve unions that seriously violate laws governing their activities. The police are permitted to attend and record the proceedings of trade union meetings.

Article 1 of Convention 98 defines the protection of workers from anti-union discrimination as: “Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment.” Although Turkish law provides general protection against anti-union discrimination and public sector workers are legally protected from anti-union discrimination, businesses with less than 30 employees are exempt from the legal provisions against dismissal based on union activity. As cited by Verité from ITUC, due to subcontracting and fixed-term contracts, approximately 95 % of enterprises had less than 30 employees in 2008, thereby eliminating many workers’ protection from anti-union discrimination.

Turkish law contains stringent restrictions on the right to collective bargaining. In order to act as an authorized collective bargaining agent, a union must represent at least 51 % of an enterprise’s workers and at least 10 % of all workers in any given sector. Authorization for collective bargaining must be granted by the Ministry of Labor. The negotiation period for collective bargaining is limited to 15 days, which is considered to be too short by ILO to allow for a sound collective bargaining agreement to be concluded. The law prohibits collective bargaining agreements in more than one workplace at the same time. Dinler (2012, p. 1), states that “. . . due to

Table 2.8 Trade union density rates in Turkey (%)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
10.6	9.9	10.0	9.5	8.9	8.6	8.2	7.5	6.6	5.8	5.9	5.9	5.4

Note: Trade union density corresponds to the ratio of wage and salary earners that are trade union members, divided by the total number of wage and salary earners

Source: OECD Statistics

the high number of unregistered workers, the effective ratio of the workers covered by a collective bargaining agreement can be as low as 3%.”

Although the constitutional amendments in 2010 included the recognition of a number of labor rights, such as allowing an individual to be a member of more than one union in the same work branch and to participate in solidarity strikes, and giving public sector workers the right to collective bargaining, the legislation necessary to implement these amendments has not been adopted, according to the interviews conducted by Verité (2012, p. 7). In 2011, negotiations between the government, trade union federations and the employers led to the decision that the previous “Trade Unions Law” be replaced by the new draft legislation called “Collective Labor Relations Law” no. 2821, and the “Collective Labor Agreement, Strike and Lock-out Strike” no. 2822. However, according to Turkish labor confederations, “. . . the new law will reduce workers’ rights and is in breach of European and the international labor standards” (Verité 2012, p. 7). According to the ILO, in November 2013, there were 36 cases—three active, one follow-up and 32 closed—involving the non-observance by Turkey of the freedom of association.

The trade union density rate in Turkey decreased by half, from 10.0 % in 2001 to 5.4 % in 2011 (Table 2.8). This dramatic drop in ten years reflects the discouragement of collective action of workers. In addition to the law not providing adequate protectionist measures against anti-unionism, there are actual cases of prohibition or restrictions keeping workers from forming or joining unions, or from holding a union office (Table 2.9).

In a survey of workers’ opinions of unions conducted in 2007 roughly half of the respondents stated they did not trust labor unions. Dinler (2012) reports that surveys carried out between 2000 and 2004 showed that the public perceives trade unions to be one of the least reliable institutions in society. As cited by Dinler (2012) from Adaman et al. (2008), in the 2000 and 2004 surveys, the ratio of the population who ranked trade unions greater than five—on a scale of zero to ten—where zero indicates no trust at all and ten full trust, was 34 and 38 %, respectively. In addition, neither unionized nor non-unionized workers believed that unions are sufficiently committed to protecting workers’ rights and improving working conditions. As shown by the findings of a survey conducted in the two major industrialized provinces (Istanbul and Kocaeli) of the Marmara Region, 67.5 % of the non-unionized and almost 56 % of the unionized workers did not believe that the unions worked hard enough for their rights (cited by Dinler from Urhan 2005).

Table 2.9 Union members and employees in Turkey (in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Employees	9,927	10,488	10,156	10,625	10,708	10,693	11,435	12,028	12,534	12,937	12,770	13,762	14,876
Members	1,054	1,042	1,011	1,007	957	919	934	902	831	750	748	806	802

Source: OECD Statistics

2.3.2 *Forced Labor*

Forced labor can take different forms, including migrants kept in debt bondage, trafficking of women and girls for illicit purposes such as commercial sexual exploitation, and farmers being forced to work by illegal means and paid little or nothing. The sectors where forced labor is most widely seen are domestic work, agriculture, construction, manufacturing and entertainment.

A new penal code addressing forced labor, which explicitly defines trafficking as a crime, came into effect in Turkey in 2005. “According to the ILO, the penal code establishes prison sentences of eight to 12 years for individuals found guilty of trafficking for the purpose of forced labor and six months to three years for employing homeless or helpless individuals with substandard or no pay for forcing them to work in inhumane conditions” (cited by Verité from ILO CEACR 2010). In line with the compliance with the ILO Convention 29, the only exemption is when prisoners have been convicted of the crimes for which they are being held; they can be required to supply work (physical or intellectual) as a civic obligation.

In spite of the removal of a number of penalties involving forced labor (e.g., participation in foreign associations without permission of the government, public censuring religious or governmental authorities, insulting public officeholders, publicly affixing posters without the permission of the authorities, and violating prohibitions or obligations under Act No. 671, concerning the wearing of headgear, and Act No. 1353, concerning the adoption and use of Turkish letters) by the Penal Code adopted in 2004, ILO reported in 2010 that these penalties were still being imposed on individuals who participate in illegal strikes or a list of broadly defined political activities.

Trafficking of women and children has been a problem for a number of years in Turkey. Besides being trafficked into the sex trade, some women and children are trafficked from Eastern Europe and domestically as forced labor, particularly in the agricultural sector. In 2010, Turkish government attempted to improve its trafficking prevention efforts by providing of law enforcement personnel training and public awareness raising regarding trafficking in coordination with the International Organization for Migration (IOM) and established a hotline for victims of trafficking and shelters for women victims.

2.3.3 *Child Labor*

ILO Convention No. 182 defines the worst forms of child labor as a matter of immediate concern and requires the ratifying members to eradicate them. When the ILO founded the International Program on the Elimination of Child Labor (IPEC) in 1992, Turkey was one of the first six countries which participated. The same year, Turkey signed a Memorandum of Understanding with the ILO, and is committed to combating the worst forms of child labor. Although incidences have fallen, children

Table 2.10 Children engaged in economic activities by age group, sex and branch of economic activity (thousands)

Age group and sex	Economic activity							
	Total		Agriculture		Industry		Services	
	2006	2012	2006	2012	2006	2012	2006	2012
Total	890	893	326	399	275	217	289	277
6–14	285	292	152	200	50	40	83	52
15–17	605	601	174	198	225	178	206	225
Male	601	614	172	236	189	168	240	210
6–14	190	185	89	117	31	30	71	37
15–17	411	430	84	118	158	138	169	173
Female	289	279	154	163	85	49	50	67
6–14	95	108	63	83	19	9	12	15
15–17	194	171	90	80	66	40	37	52

Notes: Results of the 2006 Child Labor Surveys were revised according to 2008 based population projection

Figures in table may not add up to totals due to rounding

Source: Turkstat, Child Labor Force Statistics, 2006–2012

are still engaged in many dangerous economic activities in Turkey. Child laborers are most widely employed in agriculture and urban informal sectors, and many are working on the streets.

The Turkish government developed a Time-bound Policy and Program Framework in 2004, the aim of which was to eliminate the worst forms of child labor by 2015. In 2011 and 2012, the Turkish government showed progress in addressing and combating the problem of child labor. In 2011, the Child Services Directorate General was established within the Ministry of Family and Social Policies to deal with children living and working on the streets. A protocol signed in 2011 is committed to the inspection of child labor employed under the minimum age. In 2012, the Turkish Parliament passed a law which increased compulsory education from 8 to 12 years. Under the new law, children are going to complete their primary education at age 17. One weakness of the labor law in Turkey regarding child labor is that it does not require a minimum working age for agricultural or household workers, sectors where child labor is widely employed.

Different sources report varying estimates of figures related to child labor in Turkey. The Turkish Statistical Institute (TURKSTAT) reports that the number of children between 6 and 14 years of age engaged in economic activities increased by 3,000, from 890,000 to 893,000, between 2006 and 2012 (Table 2.10). According to TURKSTAT estimates, between 2006 and 2012, while the share of children working in the industrial and services sectors decreased, the share in the agricultural sector increased. In 2012, 44 % of child laborers were employed in agriculture, 30.8 % in services and 24 % in the industrial sector. In 2013, the UNESCO Institute for Statistics reported that, in 2010, 57.1 % of child laborers worked in the agricultural sector; this contrasts with 14.3 and 27.1 % in manufacturing and services, respectively. There is no generally agreed upon variables through which

quantitative and qualitative data on child labor could be generated, which makes it difficult to determine the extent of the problem.

2.3.4 Equality of Opportunity and Treatment

Although the equality of opportunity and treatment for women and men in the labor market is widely endorsed in principle, unequal remuneration and other gender discrimination practices in the workplace still exist and the Turkish labor market is not an exception in this regard.

Discrimination on the basis of race, ethnicity, language, gender and political or social beliefs is prohibited by Turkish law. The 2003 Labor Act prohibits discrimination on the basis of language, race, sex, political or philosophical beliefs, and religion in employment. However, the prevention of discrimination based on age, color, national origin, social status or sexual orientation is not guaranteed by law. In addition, discrimination during hiring is not prohibited by law, as the ILO reports. The 2010 amendment to the Article 10 of the Constitution provides for the protection of rights of vulnerable individuals, including women, children, elderly and disabled individuals. Overall, Turkey does not have an anti-discrimination law, but protection is provided by the related clauses in the law. Although a Law on Combating Discrimination and Establishing an Equality Commission was drafted in 2009, as of end 2013, it has still not been ratified.

Although the Labor Act requires equal remuneration for men and women for work of equal value, as set out in the ILO Equal Remuneration Convention, 1951 (No. 100), female workers in Turkey earned 60 % of their male counterparts for equal work in 2004 (United Nations Human Development Report 2004), 61 % in 2008, 53 % in 2010 (United States Department of State Bureau of Democracy, Human Rights and Labor 2010) and 63 % in 2012 (World Economic Forum, Wage Gap Report 2012).

According to the OECD, women labor participation rate in Turkey in 2012 was 28 %, which is less than a half of the OECD average of 60 % and much less than the 70 % employment rate of men (Table 2.11). This implies a 42 % gender difference in labor force participation, which is more than three times the OECD average of 12 % and the highest among the OECD countries.

Table 2.12 contains the results of the Global Gender Gap Index, which was developed by the World Economic Forum. The Index provides a comparative measure that can be used to determine gender-based disparities on the basis of economic, political, education and health criteria through the ranking of countries. Throughout the years 2006–2013, there has not been a significant change in the overall score of Turkey. The lowest scores are achieved on the political empowerment criterion.

Generally speaking, the government has not been effective in addressing and preventing discrimination against minority groups. Kurban (2007) cites the Minority Rights Group, which reported that discrimination against minorities was

Table 2.11 Labor force participation rates as percentage of population

	2000	2002	2003	2004	2005	2006	2007	2008	2009	2011	2012
Total (15–64)	52.4	49.6	48.3	48.7	48.3	48.0	49.8	46.9	45.9	54.0	42.5
Men (15–64)	76.9	71.6	70.4	72.3	72.2	71.5	74.4	70.1	69.1	76.4	75.8
Women (15–64)	28.0	27.9	26.6	25.4	24.8	24.9	25.7	24.5	23.5	31.5	28.3

Source: OECD Employment Outlook (2000–2012)

Table 2.12 Gender Gap Index (GGI) of Turkey

GGI	Overall		Economic participation		Educational attainment		Health and survival		Political empowerment	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
2006 (out of 115 countries)	105	0.585	106	0.434	92	0.885	85	0.969	96	0.052
2007 (out of 128 countries)	121	0.577	118	0.431	110	0.854	87	0.971	108	0.052
2008 (out of 130 countries)	123	0.585	124	0.412	108	0.890	88	0.971	106	0.068
2009 (out of 134 countries)	129	0.583	130	0.400	110	0.892	93	0.971	107	0.068
2010 (out of 134 countries)	126	0.588	131	0.386	109	0.912	61	0.976	99	0.077
2011 (out of 135 countries)	122	0.595	132	0.389	106	0.920	62	0.976	89	0.097
2012 (out of 135 countries)	124	0.601	129	0.414	108	0.930	62	0.976	98	0.087
2013 (out of 136 countries)	120	0.608	127	0.427	104	0.943	59	0.976	103	0.087

Source: The World Economic Forum

entrenched in individual attitudes and that laws alone would not protect minorities against discrimination.

2.3.5 Working Conditions

People in Turkey work 1,877 h a year, more than the OECD average of 1,776 h. Around 46 % of employees work very long hours, much higher than the OECD average of 9 %, with 50 % of men working very long hours compared with 35 % for women. The findings of the 5th European Working Conditions Survey (2013) reveal more about the work situations in Turkey through a comprehensive examination of different aspects related to work: employment status, working hours, training, physical and psychosocial risks, safety, work-life balance, participation, earnings and health. Table 2.13 contains the results of some selected questions from the survey.

Table 2.13 Selected findings of the 5th European Working Conditions Survey

Q: How many hours do you usually work per week in your main paid job?								
2005			2010					
	Less than 30	30–40	More than 40	Less than 30	30–40	More than 40		
Turkey	11.2 %	16.6 %	72.2 %	6.6 %	21.9 %	71.5 %		
EU-27	15.6 %	58.1 %	26.3 %	17.9 %	58.0 %	24.0 %		
Q: Does your job involve tasks that conflict with your personal values?								
2010								
	Always or most of the time		Sometimes		Rarely or never			
Turkey	24.3		15.0		60.7			
EU-27	9.2		11.1		79.7			
Q: How well informed are you about health and safety risks related to your job?								
2005			2010					
	Not very well or not at all well informed		(Very) well informed	Not very well or not at all well informed		(Very) well informed		
Turkey	58.0		42.0	32.7		67.3		
EU-27	14.7		85.3	10.1		89.9		
Q: Do you think your health or safety is at risk because of your work?								
2005			2010					
	No		Yes		No		Yes	
Turkey	55.6		44.4		73.3		26.7	
EU-27	71.4		28.6		75.8		24.2	
Q: Subjected to discrimination at work (index)								
2005			2010					
		No	Yes	No	Yes			
Turkey	Male	95.1	4.9	94.7	5.3			
	Female	87.7	12.3	92.6	7.4			
	Total	93.1	6.9	94.1	5.9			
EU-27	Male	95.8	4.2	94.4	5.6			
	Female	94.5	5.5	93.1	6.9			
	Total	95.2	4.8	93.8	6.2			

Source: The 5th European Working Conditions Survey, Eurofound

2.4 Conclusion

According to the official statement by the Turkish Ministry of Economy, "... the main goal [of the 'Turkish Exports Strategy for 2023'] is to reach \$500 billion in exports in 2023," ... "with an average 12% annual increase in exports. Becoming

one of the world's ten largest economies in 2023 and having a 1.5% share of world trade are also targets. Furthermore, the goal is to reach an 80% export/import ratio by 2023.” (<http://www.economy.gov.tr/upload/strategy/strategy2023.pdf>).

Such an unambiguous and ambitious strategy is not developed overnight. Starting in the 1980s, Turkey chose to follow an outward-oriented growth strategy and has since fulfilled the necessities of achieving this goal, overcoming several challenges and maintaining the openness of the economy even during crises.. Reconstituting its laws and regulations and restructuring its tariff structure, the country has become more integrated with the EU and with the rest of the world.

Because of Turkey's recent rapid growth, it is being categorized by experts as a rising economy. In the bleak global environment of the post-2008 financial crisis, Turkey has been quite resilient, and has performed well, increasing its GDP by 9 and 8.5 % in 2010 and 2011, respectively. The Economist reports that Jim O'Neill, who is the coiner of the abbreviation BRIC to denote the big emerging economies of Brazil, Russia, India and China, has now created another abbreviation for a second group of rising economies, Mexico, Indonesia, South Korea and Turkey (<http://www.economist.com/node/21552216>).

According to Dani Rodrik, in an article that appeared in The Economist, Turkey's labor productivity has also increased dramatically since 2000, “with average growth rates of 3–3.5% in GDP per person, GDP per worker and industrial output per worker” (<http://www.economist.com/node/21552216>). This should be evaluated against the backdrop of how labor market dynamics have been evolving during the same period. This is what the chapter critically examines. Using related indicators, it asks whether Turkey has made as much progress in meeting international standards as it has in getting a larger piece of global trade.

Within the framework of this comparative analysis, Turkey's competitiveness in exports vis-à-vis the EU-27, OECD and the world are found by calculating Balassa's (1965) RCA Index at the two digit level, according to SITC Rev. 2. This kind of an analysis is not unique; however, one notable finding of this analysis is that the commodities which Turkey has been exporting mostly to the world are not the commodities in which the country has comparative advantage. Moreover, when Turkey's RCA vis-à-vis the EU-27 is calculated for the same commodities are calculated, it is found that Turkey's comparative advantage turns to disadvantage for all product groups, displaying values less than one. In addition, despite the dynamism of the country's foreign trade, it can be observed from the structure of the exports that Turkey still specializes in low-technology products. Yet, by looking at the figures, it can be concluded that the liberalization efforts have been quite successful in increasing the share of foreign trade in GDP.

Another aim of this chapter is to see if similar effort has been made to enhance the labor market conditions given the strong commitment to liberalizing foreign trade. The policy implementation steps that the government has been taking in the last decade to improve the labor market conditions in Turkey can be characterized as “faltering” since there are significant deficiencies in its effectiveness.

One of the areas where progress has been made is the elimination of child labor. Following a proactive policy, basic constitutional, statutory and developmental measures to address the problem have been taken. The Turkish Constitution clearly stipulates that “no one shall be employed in work that is unsuitable for their age, gender or capabilities.” Primary education is compulsory and free of charge in public schools for all citizens, and is guaranteed by the Constitution. The Turkish government has also significantly improved its efforts to prevent forced labor and human trafficking.

Although the Turkish government can be considered as active on gender discrimination, it is ineffective in addressing and abolishing discrimination against other vulnerable groups and minorities. Turkey does not have an anti-racism or anti-discrimination National Action Plan. The gender pay gap still exists and women cannot participate in the labor force as actively as men do.

On the other hand, government policies have exacerbated problems in other areas. In particular, Turkey’s legislative system is weak on many fronts and there are excessive restrictions on workers’ freedom of association. Workers are not protected from government interference as defined in Convention 87, Articles 2–4. Officials report that “the predominant union in Turkey has maintained a close relationship with the government by restricting its bargaining to wage-related issues and refraining from pressing for broader rights” and that “. . . the government actively promotes the growth of certain unions over others” (Verité 2012, p. 12). Workers in Turkey do not have complete freedom to join international labor organizations, and are still subject to anti-union discrimination. Appropriate measures to encourage collective bargaining as defined in Convention 98 are not developed. There are still limitations to the right to strike and the police use physical force to suppress worker strikes and protests (see ITUC Survey of Violations of Trade Union Rights: Turkey, for more on the issue).

Poor working conditions are rife in Turkey, with excessive overtime violations, lack of mechanisms to track and monitor cases of sexual harassment, frequent violations of health and safety at work, and wage payment violations being the most serious issues. In order to align Turkish legislation with the EU Directive on health and safety at work, Occupational Safety and Health and the Occupational Health Services conventions of the ILO, the Turkish Parliament approved the new Work and Safety Law in June 2012. The Law requires, by mid-2014, employers to assign work safety specialists, employee representatives and medical personnel, and to provide occupational safety training to employees. Despite such efforts, gaps and weaknesses remain in implementation. Overall, it can be concluded that labor indicators in Turkey still lag behind EU and ILO standards, especially in terms of freedom, equity, security and dignity.

It is hoped that the findings of the analysis and the discussion of them in this chapter open an avenue for further empirical research, particularly on the labor cost effects of the core standards.

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