Regulatory Reform in Turkey

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Outline

1-Drivers of regulatory reform in Turkey
2-From interventionism to regulatory governance
3-Central oversight body for regulation
4-Law-making procedure and main principles
5-Main instruments for making high quality regulation
Key Features of the Economic Structure Before 1980

- Industrialization model based on import substitution
- The State Owned Enterprises (SOEs) as an important component of development strategy
- Protectionist economy policy
- The fiscal policy under the service of financial policy
Drivers of Regulatory Reform in Turkey

1- Crises
2- Political Leadership
3- Changes in Civil Society
4- Globalization
5- International Relations
Main Goals of Regulatory Reform

– To create an economic system which is outward, competitive, private sector oriented and stimulates foreign investment,
– To enable sustainable development,
– To create a public administration system which is compatible with the new economic system, citizen-oriented, fast, efficient, accountable, transparent and effective.
From Interventionism to Regulatory Governance - Independent Regulatory Bodies

- Competition Authority - 1994
- Banking Regulation and Supervision Agency - 2000
- Information and Communication Technologies Authority - 2000
- Energy Market Regulatory Authority - 2001
- Capital Markets Authority - 1982
- Radio and Television Supreme Council - 1994
- Sugar Board - 2001
- Tobacco and Alcohol Market Regulatory Authority - 2002
- Public Procurement Authority - 2002
Major Characteristics of Independent Regulators

- Their major functions are to regulate the fields which are sensitive and require know-how and to protect the citizens.
- They all are affiliated with a ministry.
- They are authorized to regulate, supervise and impose sanctions concerning their duties.
- Their members are independent, their management has administrative and financial autonomy.
- Their activities are subject to judicial review but not subject to hierarchic or trusteeship control.
How are regulatory bodies designed and working?

Governing of Energy Markets

- Energy Market Regulatory Authority is a public body with administrative and financial autonomy and the related ministry is the Ministry of Energy and Natural Resources.
- The representative and decision making body of the Authority is the Board.
- The Board consists of nine members, appointed by the Council of Ministers, one being the Chairman and one being the vice Chairman.
- The terms of office of the President and the Board Members are six years.
- The Board Members cannot be taken from offices before the end of their terms of office.
- The service units of the Authority consist of main, advisory and auxiliary service units organized as departments.
Central Oversight Body for Regulation

- The institution which is responsible for increasing the quality of legislation and monitoring in Turkey is the **Office of the Prime Minister**.

- The Office of the Prime Minister performs this duty through two General Directorates:
  - The General Directorate of Laws and Decrees
  - General Directorate of Legislation Development and Publication
The General Directorate of Laws and Decrees-Basic Duties:

- Scrutinizing all legislative drafts prepared by the Ministries and public institutions in terms of their compliance with the Constitution, laws, general law rules, development plans and programs and the Government Program before submitting to the Cabinet; to prepare them in a way to be discussed at the Cabinet,
- Fulfilling the duties of submitting the draft laws approved by the Cabinet to the Turkish Grand National Assembly and follow them until they become law,
- Determining the government opinion on bills and submit them to the Turkish Grand National Assembly.
General Directorate of Legislation Development and Publication - Basic Duties

- Scrutinizing the regulation prepared by the ministries and public institutions
- Collecting and eliminating legal texts and identifying what is in force
- Publishing current regulations as a single text by consolidating them
- Setting up and managing the legislative information system for all the regulations
Better Regulation And Impact Assessment Group (1)

- **Structure**
  - **Chairman:** General Director of Laws and Decrees
  - **Vice Chairmans:** The Deputy Directors of Laws and Decrees and Legislation Development and Publication
  - **Members:** The Prime Ministry experts and the representatives of relevant units
  - **Sub-Groups:**
    - Legislation Techniques sub-group
    - Legislation Stock Management and Administrative Simplification Sub-group
    - Regulatory Impact Assessment Sub-group
Better Regulation And Impact Assessment Group (2)

- To provide coordination between the ministries in the field of better regulation,
- To prepare legislation strategy of Turkey,
- To make the RIAs widespread and make quality controls,
- To contribute to effective management of legislation stock,
- To define the administrative burdens and work on reducing these burdens for the recovery of investment environment,
- To work on encouraging the public and the relevant private sector representatives to participate in legislation preparation process,
- To provide training activities for public institutions,
By-law on the procedures and principles of drafting legislation

Main Principles:

- Drafts shall not be contrary to higher norms of law
- **Judicial decisions** shall be taken into account in the preparation of drafts
- All of the legislation on regulated areas shall be reviewed during the preparation of drafts,
- Articles of draft shall be **concise** and **clear**.
- The reasons for preparing the draft shall be clearly stated in the **general justification**.
Hierarchy of Turkish Legal Norms

1- The constitution
2- a) Laws/Decrees having force of law
    b) International Agreements***
3- Regulations (Tüzüks)
4- By-laws
5- Circulars
Law-making Procedure in Turkey

1-Proponent ministries/public agencies
2-GD of Laws and Decrees
3-Council of Ministers
4-Parliamentary Standing Committee
5-Parliament
6-The President of Republic
7-Official Gazette
Main Instruments for Making High Quality Regulation

1-Regulatory Impact Assessment
2-Consultation
3-Consolidation
4-Simplification
Questions & Comments