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# Sancroft

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NHS Supply Chain Country Profile: Turkey

May 2016

# Turkey – Labour Standards and Ethical Trade Profile



Population	79,414,269 <sup>1</sup>
Main Religion	Muslim 99.8% (mostly Sunni), other 0.2% (mostly Christians and Jews) <sup>2</sup>
Minimum working age	15 years old <sup>3</sup>
Minimum wage (per hour   per month)	9.15 Turkish Lira Per Hour   US\$3.11 Per Hour 1,647.00 Turkish Lira Per Month <sup>45</sup>   US\$558.94 Per Month
Maximum working hours	45 hours a week, overtime is limited to 270 hours a year <sup>6</sup>
Working week	Monday to Friday <sup>7</sup>
Main exports	Vehicles (12.1%), machinery (8.6%), gems and metals (7.8%), textiles/apparel (6.2%), electronic equipment (5.8%) <sup>8</sup>

## Context

### Politics

Straddling the continents of Europe and Asia, Turkey's strategically important location has given it major influence in the region. Modern Turkey was founded in 1923 however democratic rule has since been fractured by periods of instability and intermittent military coups (1960, 1971, and 1980)<sup>9</sup>. A current source of instability is a growing tension between President Tayyip Erdogan and Prime Minister Ahmet Davutoglu over the former's ambition for an executive presidency and growing signs of an authoritarian crackdown by Erdogan. Ergodan and his AK Party enjoy strong support among Turkey's conservative Muslim base, though his silencing of critics, often by force, has provoked a reaction internationally. There are also growing concerns of a division between more religious and secular members of the population, with the government forced to publically confirm that the constitution would retain the principle of secularism<sup>10</sup>.

\* Under article 67 of the Labour Law, it is forbidden to employ children under 15 years of age, with the exception that employment in light work may be permitted to 13-year-old children if it will not adversely affect their health, school education or vocational training. Certain types of employment are forbidden to those under 18.

There has been ongoing conflict between the Turkish Government and the Kurdistan People's Congress (KGK, formerly the Kurdistan Workers' Party, PKK), a separatist insurgency that began in 1984 and now largely resides in northern Iraq. During the second half of 2015, the PKK terrorist organization resumed conflict with government security forces after a two-year hiatus during which the parties had participated in a peace process.

Another key geo-political context is Turkey's accession to the EU. After 30 years of discussion, and serious misgivings about Turkish membership from existing EU members, Turkey's accession formally began in 1999. Between 2001 and 2004 Turkey introduced a wave of fundamental progressive structural reforms that shifted the country away from its military roots. Since 2005 the process slowed but reforms begun in the EU's name have changed Turkey significantly, particularly in regards to civil society, media and associations outside of government.

### ***Economics***

Turkey is the 17th largest economy in the world<sup>11</sup>. Its recovery from the global economic crisis in 2008 was such that it is frequently held up as an example to neighbouring countries. Since the global financial crisis, Turkey has created some 6.3 million jobs<sup>12</sup>. Much of Turkey's economic development has been due to foreign direct investment (which has grown from just over \$1 billion to an average of \$13 billion in the past five years). The EU accession process has also been a driver of a number of crucial economic reforms in Turkey.

According to HSBC's "The World in 2050" report, Turkey was projected to be the world's 12th and Europe's 5th biggest Economy by 2050<sup>13</sup>. Since 2012 however, in the face of political uncertainties and geopolitical developments which have in turn shifted investor sentiment, economic growth has moderated. After growing 4.2 percent in 2013, the economy slowed to 2.9 percent in 2014. Whilst in 2015 GDP growth partially recovered to 4%<sup>14</sup>, it is projected that Russian sanctions and terror attacks will slow real GDP growth in 2016.<sup>15</sup>

An interesting hallmark of Turkey's growth is that it has been shared; between 2002 and 2012, the consumption of the bottom 40 percent increased at around the same rate as the national average<sup>16</sup>. Moreover, over the last decade, per capita income increased by nearly 300%. An important driver of growth presently and into the future is therefore private consumption.

### ***Demographic***

Turkey is at present characterised by a relatively young population of working age. Half of the population is below the age of 30, Turkey has the highest youth population and 4th largest labour force compared to EU-27 countries<sup>17</sup>. Until 2020, Turkey's working-age population is expected to grow faster than the overall population resulting in a falling dependency ratio. Though after 2020 this effect will be reversed, compared with the European Union, Turkey's dependency ratios will remain low. Turkey's elderly-dependency ratio is expected to reach 17% in 2030, as compared to 48% in Germany (UN Data)<sup>18</sup>.

Another demographic challenge Turkey is facing is the influx of migrants from Syria. The number of Arab refugees today in Turkey stands at 2.6 million. This number is made up mainly of Syrian refugees but those from Iraq number in the hundreds of thousands. This is placing a huge strain on public services. Last year, Turkey enrolled 215,000 Syrian children into primary and secondary education. While this was a big improvement on the year before, it makes up only a small number of the more than 700,000 school-aged Syrian children living in Turkey<sup>19</sup>.

### ***Labour Market Profile***

Turkey has a young and dynamic labour force which is growing. Turkey's total labour force equals an estimated 27,778,482 workers<sup>20</sup>. There is however, a significant disparity between the labour force participation rate of males and females. In 2015, the World Bank estimated the male labour force

participation rate to be 71%<sup>21</sup> compared to just 29%<sup>22</sup> for women. There is additionally a growing concern that labour supply will fail to meet demand as the economy shifts from agriculture to industry and services.

**Industry Summary:**

Labour Force Occupation (2010) <sup>23</sup>	
Agriculture	25.5%
Industry	26.2%
Services	48.4%

The GDP by sector proportion has been shifting further towards services and away from agriculture consistently year on year for more than a decade<sup>24</sup>. The country is among the world's leading producers of agricultural products; textiles; motor vehicles, ships and other transportation equipment; construction materials; consumer electronics and home appliances<sup>25</sup>.

The following statement from the ILO details this shift and the related risk to ethical standards:

“Turkey is undergoing a restructuring process that is characterised by sectoral shifts, privatisation, public sector reform and post-crisis economic adjustment, all of which are likely to displace large numbers of workers. In addition, the expectation of a renewed economic crisis due to the ongoing war in neighbouring Iraq aggravates the problems already existing in the labour market, such as low and declining labour force participation, high levels of unemployment, especially youth unemployment, labour shedding, large informal sector, high underemployment, lack of qualified human capital, skill mismatch and lack of social dialogue. Moreover, the institutional framework of employment and social protection in Turkey has been weak, although a job security law and an unemployment insurance scheme have recently been introduced. A new law defining the role and the capacity of the Turkish Employment Organization (ISKUR), the only public agency delivering employment services in Turkey, is also currently under consideration.”<sup>26</sup>

**Medical Technology**

In 2010, the World Health Organization published a study of the world’s largest producers of medical devices. Turkey was included among the most important emerging economies;

- o China – 6.1 billion USD
- o Brazil – 2.6 billion USD
- o Mexico – 1.8 billion USD
- o India – 1.6 billion USD
- o Turkey – 1.1 billion USD

The Turkish medical equipment market is approximately \$3 billion and has been growing at the rate of 5-10% every year since 2002<sup>27</sup>. 90% of the products used are imported; however, there is a strong push by Turkish Government to strengthen and grow local manufacturing. Imports of U.S. origin constitute around 12% of the total imports market in Turkey, the rest are from the European Union (predominantly Germany, Italy, United Kingdom, France and the Netherlands) as well as China and India. There is however an emerging group of medical device and equipment manufacturers in Turkey, which are active in the manufacturing of disposables, orthopaedic devices and tools, surgical and cardiological tools; like stents.

**Key Risk Areas**

Companies sourcing from Turkey will need to be aware that there is a risk of labour rights abuse within their supply chain. No global supply chain will be categorically free of issue and buyers have a

responsibility to ensure that they are doing all they can to mitigate the risk of occurrence within their realm of business and, where an issue is discovered, take steps towards remediation. The below outlines the key risk areas pertinent to Turkey and the areas in which a company sourcing from Turkey may want to be particularly vigilant

### **Child Labour**

Estimates on the number of child labourers in Turkey vary considerably. Some suggest that there are 1 million children involved in labour activities in Turkey<sup>28</sup>. An official Child Labour Force Survey (2012) was slightly more conservative in its estimate however, stating that the number of employed children between 6 and 14 was 292 000 and between 15 and 17 was 601 000.<sup>29</sup> Some key characteristics of child labour include a far higher employment rate for those aged 15-17, greater rates of child labour in rural areas and a high ratio of male children compared to female children being employed. Children are predominantly employed in the agricultural sector, followed by industry and services. Children are also employed within the worst forms of child labour, including commercial sexual exploitation and hazardous labour practices.

Whilst available evidence suggests the number of child labourers is declining, it remains a significant issue in Turkey. It has moreover been argued that the Turkish government could be doing more to address the issue of child labour. For example, the Government does not have laws that protect children working in agricultural enterprises employing fewer than 50 workers, in small shops employing up to three persons, or in domestic work. In addition, the number of labour inspectors is considered inadequate to fully enforce Turkey's labour laws.

There is an inherent difficulty in addressing the issue of child labour. The establishments that use child labour often have an informal structure, the child is often in employment because of unavoidable financial necessity and there may also be reliance on traditional or cultural ways of working that expose children from work related hazards<sup>30</sup>. Therefore, children are not only easily and sometimes readily incorporated into supply chains, but they are often (once incorporated) not protected by labour laws as they are beyond the reach of the government agency charged with implementing labour legislation. It may be advisable to ensure that requests for evidence of no child labour are met when engaging with suppliers in Turkey, and that robust age verification processes are in place at the facility level.

### **Syrian Migrant Labour**

Recent reports in the media have highlighted how thousands of Syrian refugees are working illegally in Turkey, concentrated predominantly in the Turkish garment industry.<sup>31</sup> Though there are no figures on the informal Syrian labour force in Turkey, the UN has estimated there are almost 2.3 million registered Syrian refugees, with only about 9% of them in refugee camps.

The majority of refugees are unregistered, which makes them further vulnerable to labour rights abuses in the absence of formal contracts and employment benefits. There have been reports of some working in excess of 60 hours of week, in cramped conditions and for less than minimum wage.

Levels of child labour among Syrian refugees are also reportedly high. UNICEF reports that half of Syrian refugees in Turkey are younger than 18<sup>32</sup>. Approximately 840,000 Syrian refugees are school-aged children, less than 100,000 of whom are enrolled in school. This leaves the majority of child refugees out of school and at risk of exploitation in the worst forms of child labour<sup>33</sup>.

### **Freedom of Association**

The ILO highlights Freedom of Association as an issue of note for Turkey<sup>34</sup>. The Union of Social Insurance, Education, Office, Commerce, Cooperative and Fine Arts Workers as well as the Turkish Civil Aviation Union and International Transport Workers Federation (ITF) all currently have open complaints with the ILO.

The ITUC positions Turkey as a country where there is a systematic violation of labour rights. Whilst the law permits trade unions, in practice this right is often restricted. The US State Department's report on Human Rights highlighted how the government and employers frequently interfered with freedom of association and the right to collective bargaining. It gave the example of police presence at union meetings and conventions, threats and layoffs in unionised workplaces, and an increasing practice of hiring workers on revolving contracts of less than a year's duration, making them ineligible for equal benefits or bargaining rights<sup>35</sup>.

Freedom of Association is a key risk area as it is often only when workers are empowered that real value-add improvement actions can be identified and implemented at the facility level. If the right to organise and collectively bargain is exploited, there will be no opportunity for worker empowerment or worker voices to be heard.

### **Discrimination – Illiteracy and Women**

As is globally the case, certain sects of society are considered disproportionately vulnerable. In Turkey this group is the illiterate as well as women. Eight percent of the population, equating to six million people, are illiterate<sup>36</sup>. Education is compulsory until the age of 17, however, it is estimated that although primary school (to age 12) attendance is at 98.6%, secondary education attendance drops to as low as 27% in some regions<sup>37</sup>. Poor education levels and low literacy rates pose two potential risks to good labour standards assurance. Firstly, poorly educated and illiterate workers are statistically more likely to undertake menial jobs than their higher educated peers, which by their nature present a higher health and safety risk. Secondly, without the ability to fully and independently read, understand and consent to an employment contract, a worker will have less understanding of their rights and the terms of the employment agreement presented, leaving them more vulnerable to exploitation.

As well as illiterate workers, women could be considered to be a more vulnerable group in Turkey; partly due to their positioning in society and the patriarchal nature of Turkish cultural norms. The number of women in the workplace has been declining over the last 20 years, which lies in contrast to the wider global trend of inclusion<sup>38</sup>. In 2007, the female employment rate in Turkey had fallen to 23%, compared with the 33% in 1988. Representation of female workers is greatest in the agricultural sector, suggesting that the existing economic shift toward the services sector will have a proportionality greater impact on women than men.

### **Informal economy and lack of written contracts**

Turkey has a large informal economy. While the Finance Ministry reported in 2013 that the informal sector represented 26.5 percent of GDP, an academic report from January 2015 placed it at 27.8 percent<sup>39</sup>. It is generally accepted that workers in the informal economy are disproportionately vulnerable to labour rights violations.

In part, this is tied to a lack of formal contract. The ILO has uncovered a link between the prevalence of formal contracts and registration with social security<sup>40</sup>. Often, if a worker is not provided with a formal, written contract, neither will they be registered with social security.

### **Unsafe working conditions**

Worker safety is an area of concern in Turkey. Findings have indicated that in most sectors, workers are unable to remove themselves from situations that endangered their health or safety without jeopardy to their employment, and authorities failed to effectively protect employees in such situations. According to the worker advocate organization Assembly for Worker Health and Safety, the construction, transportation, and agricultural sectors are the most hazardous<sup>41</sup>.

Throughout 2015 the ILO made a number of observations concerning the country's record in occupational safety and health. It noted the overall rate of industrial accidents remained high and the

system for reporting such accidents was weak, inspections were too rare, sanctions were not effectively enforced, and that relevant laws and regulations failed to cover all branches of economic activity. Unions have also challenged that existing laws and regulations do not sufficiently protect contract workers or unregistered workers. In April 2015 parliament ratified a law aimed at improving workplace safety, with a particular emphasis on the mining sector. Among other things, the law requires employers to install protective safety features, including “escape rooms,” in mines.

### **Corruption and Bribery**

Turkey scores 50/100 in the Transparency International<sup>42</sup> scoring: this is a middling performance, which means that a company conducting business in Turkey cannot have absolute confidence that no corruption is or has taken place. In fact, there have been recent corruption scandals in the Turkish government that have resulted in three ministers resigning, this prompted a cabinet reshuffle<sup>43</sup>. Companies sourcing from Turkey should take particular care when assessing compliance to labour standards codes and policies, ensuring that acceptable forms of evidence are provided.

## ***Governance***

### ***National Legislation***

The Labour Act (2003) and the Constitution form the basis of labour law in Turkey. Under Turkish labour law, all employees are entitled to statutory employment rights. Such rights include<sup>44</sup>: The right to remuneration; overtime pay (working week should not exceed 45 hours per week); annual leave; public holidays; rest breaks; insurance, and notice payment.

Other important national laws in Turkey include:

- Code on Trade Unions and Collective Bargaining
- Workplace Health and Safety Code

It is written that the State shall follow up, supervise and inspect the implementation of labour legislation governing working conditions in Turkey, a duty which is performed by officials of the Ministry of Labour and Social Security<sup>45</sup>.

### ***International Trade Union Confederation (ITUC) Rights Index***

The ITUC rights index uses a methodology that considers the standards of fundamental rights at work, in particular the right to freedom of association, the right to collective bargaining and the right to strike. Using this methodology, countries are ranked on a scale of 1-5, with a high score suggesting a government is failing to guarantee these rights. Turkey received a rank of 5, commensurate with no guarantee of rights<sup>46</sup>.

### ***International Standards***

ILO Ratifications:

- Fundamental Conventions: **8** of **8**
- Governance Conventions (Priority): **3** of **4** Labour Inspection, Employment Policy, and Tripartite Consultation (International Labour Standards)
- Technical Conventions: **48** of **177**
- Out of **59** Conventions ratified by Turkey, of which **55** are in force, **4** Conventions have been denounced; none has been ratified in the past 12 months. Most recently (January 2014), Turkey ratified Convention 187 with the aim to promote a safe and healthy working environment by formulating a national policy. This commitment is particularly topical in light of the May 2014 Coal Mine disaster, killing over 300 people<sup>47</sup>. Further in 2015 it ratified Convention 167 on Safety and Health in Construction and Convention 176 on Safety and Health in Mines.

## Other Useful Resources

Further information is available on the following websites:

- ILO Labour Law Database -  
[http://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p\\_lang=en&p\\_country=TUR](http://www.ilo.org/dyn/natlex/natlex4.countrySubjects?p_lang=en&p_country=TUR)
- Transparency International Corruptions Perception Index  
<http://www.transparency.org/country/#TUR>
- US State Department Database on Forced and Child Labour per product  
<http://www.dol.gov/ilab/reports/child-labour/list-of-goods/>

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<sup>1</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html>

<sup>2</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html>

<sup>3</sup> <http://uk.practicallaw.com/8-383-1562#a299524>

<sup>4</sup> <http://www.wageindicator.org/main/salary/minimum-wage/turkey>

<sup>5</sup> <http://www.tradingeconomics.com/turkey/minimum-wages>

<sup>6</sup> <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

<sup>7</sup> [https://en.wikipedia.org/wiki/Workweek\\_and\\_weekend](https://en.wikipedia.org/wiki/Workweek_and_weekend)

<sup>8</sup> [http://www.worldsrichestcountries.com/top\\_turkey\\_exports.html](http://www.worldsrichestcountries.com/top_turkey_exports.html)

<sup>9</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html>

<sup>10</sup> <http://uk.reuters.com/article/uk-turkey-politics-constitution-idUKKCNoXOoWG>

<sup>11</sup> <http://www.worldbank.org/en/country/turkey/overview>

<sup>12</sup> <http://www.worldbank.org/en/country/turkey/overview>

<sup>13</sup> <https://www.gov.uk/government/publications/turkey-latest-killer-facts-about-the-economy/turkey-latest-killer-facts-about-the-economy>

<sup>14</sup> <http://www.worldbank.org/en/news/press-release/2016/04/28/growth-in-turkey-is-projected-to-slow-to-35-percent-in-2016-says-the-world-bank>

<sup>15</sup> <http://country.eiu.com/turkey>

<sup>16</sup> <http://www.worldbank.org/en/country/turkey/overview>

<sup>17</sup> <https://www.gov.uk/government/publications/turkey-latest-killer-facts-about-the-economy/turkey-latest-killer-facts-about-the-economy>

<sup>18</sup> <https://economics.rabobank.com/publications/2013/february/turkey-ready-to-compete/>

<sup>19</sup> <http://www.aljazeera.com/indepth/opinion/2016/02/turkey-demographic-challenge-arabs-syria-refugees-isis-160218063810080.html>

<sup>20</sup> <http://data.worldbank.org/indicator/SL.TLF.TOTL.IN>

<sup>21</sup> <http://data.worldbank.org/indicator/SL.TLF.CACT.MA.ZS/countries>

<sup>22</sup> <http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS/countries>

<sup>23</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html>

<sup>24</sup> [http://www.oecd-ilibrary.org/economics/main-economic-indicators-volume-2013-issue-7/turkey\\_mei-v2013-7-table90-en](http://www.oecd-ilibrary.org/economics/main-economic-indicators-volume-2013-issue-7/turkey_mei-v2013-7-table90-en)

<sup>25</sup> <http://www.tradingeconomics.com/turkey/gdp-growth>

<sup>26</sup> <http://www.ilo.org/public/english/region/eurpro/ankara/areas/active.htm>

<sup>27</sup> [http://www.export.gov/industry/health/healthcareresourceguide/eg\\_main\\_092302.asp](http://www.export.gov/industry/health/healthcareresourceguide/eg_main_092302.asp)

<sup>28</sup> <http://bianet.org/english/education/130881-almost-1-million-child-workers-in-turkey>

<sup>29</sup> <http://www.turkstat.gov.tr/PreHaberBultenleri.do?id=13659>

<sup>30</sup> <http://www.ilo.org/public/english/region/eurpro/ankara/download/lib.pdf>

<sup>31</sup> <http://www.theguardian.com/sustainable-business/2016/jan/29/hidden-child-labour-syrian-refugees-turkey-supplying-europe-fast-fashion>

<sup>32</sup> <http://america.aljazeera.com/articles/2016/1/4/as-refugees-pour-in-child-labour-booms-in-turkey.html>

<sup>33</sup> <https://www.dol.gov/sites/default/files/documents/ilab/reports/child-labour/findings/2014TDA/turkey.pdf>

<sup>34</sup> [http://www.ilo.org/dyn/normlex/en/f?p=1000:20060:0:FIND:NO:20060:P20060\\_COUNTRY\\_ID,P20060\\_COMPLAINT\\_STATU\\_ID:102893.1495810](http://www.ilo.org/dyn/normlex/en/f?p=1000:20060:0:FIND:NO:20060:P20060_COUNTRY_ID,P20060_COMPLAINT_STATU_ID:102893.1495810)

<sup>35</sup> <http://www.state.gov/documents/organization/253121.pdf>

<sup>36</sup> <http://www.hurriyetdailynews.com/default.aspx?pageid=438&n=illiteracy-gap-between-man-and-women-remains-the-same-2010-08-26>

<sup>37</sup> <http://www.unicef.org.tr/en/content/detail/58/children-out-of-school-2.html>

<sup>38</sup> <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-7660.2010.01643.x/abstract>

<sup>39</sup> <http://www.state.gov/j/drl/rls/hrrpt/2015/eur/252909.htm>

<sup>40</sup> <http://www.ilo.org/gimi/gess/ShowTheme.do?tid=1321>

<sup>41</sup> <http://www.state.gov/j/drl/rls/hrrpt/2015/eur/252909.htm>

<sup>42</sup> <http://www.transparency.org/country#TUR>

<sup>43</sup> <http://www.bbc.co.uk/news/world-europe-25518027>

<sup>44</sup> <http://uk.practicallaw.com/8-383-1562#>

<sup>45</sup> <http://turkishlabourlaw.com/turkish-labour-law-no-4857/19-4857-labour-law-english-by-article>

<sup>46</sup> <http://survey.ituc-csi.org/Turkey.html#tabs-3>

<sup>47</sup> <http://www.bbc.co.uk/news/world-europe-27459912>