

Business Perspectives on Environment in Turkey

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Introduction

It is critical to appraise the role of business interests in environmental policy making and implementation in Turkey since private business sectors have become the most important source of economic growth and employment for the last two decades. It is also important to find out how ready and willing the private sector is to pursue environmental objectives in Turkey, in addition to their actual or potential participation in environmental policy making.

The private sector in Turkey often faces domestic micro and macro economic constraints when running their activities. These constraints constitute a great challenge for their commitments to environmental standards, as they must abide by environmental regulations and standards imposed upon them by local and/or central authorities. As the private sector has followed the footsteps of the outward-oriented growth strategies of governments since the early 1980s, it has also faced external economic constraints and environmental challenges: International trade can be considered as an engine for environmental awareness for a sector that is the engine of growth in Turkey. Squeezed between domestic and external economic constraints, but lured by the opportunities of opening itself to the world at the same time, the private sector often positively reacts to adopting environmental standards. However, adopting environmental standards comes with additional costs and when the economy is unstable it is not easy for companies to meet additional costs.

This study aims to provide a comprehensive review of the role of private sector in environmental policy making in Turkey. In the first part of the study, we try to determine the characteristics of the business sectors in Turkey and their impact on the economy as well as on the environment. The first part also investigates how diversified the business sector is in terms of activity, size, and market orientation.

In the second part of the paper, the economic, social and legal constraints and/or challenges facing Turkey's private sector are assessed. The environmental non-tariff barriers firms confront when they get engage in trade especially with the European Union (EU) are also examined. As Turkey is a candidate country for membership in the EU, it is of utmost

importance that the Turkish business sectors adopt an environmental awareness approach similar to the EU's, such as eco-labeling and green accounting. The third part of the paper deals with the environmental policymaking, policy implementation and business sectors on the protection of the environment. The fourth part of the paper examines the sensitivity of the business sectors. Corporate social responsibility (CSR) towards the environment has also been a rising concern for Turkey's private sector since multi-national companies bring it in their backpacks. Whether they constitute role models for domestic, market oriented companies or not will be another inquiry of this part. One of the main considerations of this part is how the private sector integrates social concerns into their daily business strategies and practices. It also aims to determine whether the private sector in Turkey already considers itself a stakeholder in environmental policy making or not. The fifth and the last part of the paper constitutes our concluding remarks.

1. A Review of the Turkish Business Sectors: Implications for the Economy and the Environment

The following facts may provide us with the necessary background information to determine the role the business sectors can play in Turkey with respect to the environment and environmental policy making in the later parts of this paper.

- Small and medium sized enterprises (SMEs) have a significant share of the Turkish economy. According to the most recent statistics¹, the SMEs account for 99.8 per cent of the total establishments, 77 per cent of total employment, 27 per cent of value added, 38 per cent of capital investment, roughly 10 per cent of exports, and only five per cent of bank credit in 2000.² Although the existence of a fairly large number of SMEs constitutes an important source of employment, in a country where population movements toward cities are intensive, it is extremely difficult to control SMEs in regards to activities, which may harmful to the environment. It is also difficult to impose environmental standards on them.
- The geographical distribution of business in Turkey is concentrated in Istanbul, Kocaeli and Tekirdağ in the Marmara region. Nevertheless, according to a recent State Planning Organization Report,³ there is a downward tendency in the relative

¹ OECD(2004), Small and Medium Sized Enterprises in Turkey, Issues and Policies, <http://www.oecd.org>

² The general definition of SMEs includes firms which employ up to 250 workers.

³ SPO (2003).

significance of these traditional industrial centers. New manufacturing centers are emerging in Mersin, Kırklareli, Tekirdağ, Denizli and Gaziantep. In terms of the physical location of establishments, such as free trade and organized industrial zones, small industrial estates, business centers or commercial buildings, 19 per cent of enterprises are in operation. The average scale of enterprises in Turkey is 3.68.⁴ The largest scale belongs to the mining sector (44.41) and the smallest one to the transportation and communication sector (2.05). The average scale of the manufacturing sector is only 8.27. The data on the business scale indicate that the manufacturing sector in Turkey is not in a position to take advantage of economies of scale.

- The Turkish economy mainly depends on private sector activities. At the beginning of the 1980s, 57 per cent of production and 63 per cent of gross fixed investment in manufacturing were realized by the private sector. These figures increased to more than 80 per cent and about 95 per cent at the beginning of 2000s, respectively. According to the General Census of Industry and Business Establishments of 2002,⁵ there are approximately 2 million enterprises in Turkey. Of these, nearly the half belongs to distributive trade, whereas the construction sector accounts for 2 per cent, other manufacturing, transportation/ communication and hotels & restaurants sectors for 15 per cent. The biggest share (72 per cent) of establishments belongs to service sectors, such as trade, transportation and communication, hotels and restaurants, and construction.
- Over the years, the outward orientation of the economy has increased as the share of private manufactured exports in total exports has expanded dramatically. However, Turkey's main exportable manufactured products are still dominated by textiles, clothing, machine and transportation vehicles, and agricultural goods, which constituted 72 per cent of commodity exports in 1996 and 70 per cent in 2003.⁶

2. Challenges and Constraints Turkish Business Sectors Face

Economic and non-economic difficulties tend to affect the attitude of policy makers and business sectors toward environmental problems. The micro and macro economic and social

⁴ http://www.die.gov.tr/sanayi_sanayimi/gsisLL141003.pdf

⁵ http://www.die.gov.tr/sanayi_sanayimi/gsisLL141003.pdf

⁶ <http://www.dtm.gov.tr>

problems, which get entangled with environmental sensitivities in Turkey, are as follows:

- The growth of the economy has been highly erratic for over a couple of decades. It encountered a series of domestic and international shocks during the 1990s and in 2000 and 2001. First, it was the financial crises of 1994. Then the spillover effects of the 1997 Asian and the 1998 Russian economic crises, which significantly affected the performances of outward-oriented, private business firms. Adverse economic conditions in Turkey constitute an important challenge for almost all sectors and /or business/investment especially in adopting or implementing projects to protect the environment. Despite the legal environmental requirements and the mandate of international standards, the private business sectors, which often respond positively to environmental policies, have postponed or completely cancelled their environment-friendly investments, which are costly in the short-run, but allow serious cost reductions in the long-run.⁷
- Over the years of economic hardship, income distribution in Turkey worsened as inflation skyrocketed into double digits, remaining at high levels for over 20 years. The disparity between urban and rural income increased, inducing population movements to the major cities from rural areas. The cheap and abundant labor force offers lucrative business opportunities for the private sector in locations where there are also better market opportunities. However, the influx of population to the major cities in Turkey has created both economic and environmental problems such as inflation, shortage of housing and the mushrooming of urban slums, which pollute the air and produce solid waste, the illegal use of energy and water. When rapid urbanization is accompanied by poverty, the use of low quality energy sources such as coal in both housing and business increases levels of air pollution. Water reservoirs near settlements become contaminated by the bio-pollutants of housing complexes and the chemical discharges of business. The concentration of business near residential areas also creates traffic congestion. Urban settlements and business near forests, farms and fishing communities cause deforestation and deplete sea, river and lake life. For example, the Marmara Sea, the Bay of İzmit, the Bay of İzmir and their environs

⁷ Sürdürülebilir Kalkınma Ulusal Raporu (National Report on Sustainable Development) (2002), “İş Dünyası ve Sanayi”, pp.147

are significant examples for the degradation of coastal habitats.⁸ Sultansazligi and Lake Aksehir also constitute examples of environmental disasters in Anatolia, which are results of abusive use of water resources. Relocating business to regions other than the congested ones, especially to organized industrial zones, is a challenge for authorities.

- Turkey continues to be a country where agriculture plays an important role in business activities. Particularly some forms of intensive farming as well as overgrazing livestock are also threats to the environment. The amount of cultivated land has more than doubled since 1934 at the expense of ecologically valuable wetlands.⁹ Modern agriculture techniques have diminished the total area of pastureland. The overuse of chemical fertilizers and excessive irrigation to increase agricultural productivity to meet the growing food demand have resulted in soil degradation, especially in south eastern Anatolia. This fact is particularly due to the ignorance and absence or inadequacy of the training of farmers and lack of appropriate public policies targeting sustainable agriculture in Turkey¹⁰ pesticides and chemical fertilizers are polluting rivers and lakes. Soil erosion, land and water pollution, which are created by business farming, are especially serious in south and south eastern Anatolia, the south Marmara and the inland Aegean region.
- Turkey and its business sectors also face challenges on energy issues such as decisions over the choice of energy sources as a complementary part of industrial policy. The major challenge stems from the fact that the share of renewable energy sources is quite limited and that there currently exists serious inefficiencies in the system. Although hydro energy is relatively abundant, the adverse impact of renewable energy generating water reservoirs and dams on climatic change, human settlements and historical heritage is a major concern. The country thus faces the dilemma of safeguarding its energy needs and formulating alternative solutions toward clean energy sources.
- Over ten million visitors a year make Turkey a tourist attraction spot in the eastern Mediterranean, and in return tourism account for approximately 15 per cent of total

⁸ Population density, unplanned urbanization, industrial wastes, metal pollution and port activities like the anchoring, loading, unloading and waste disposal activities of ships have seriously degraded Turkish coastal regions. In Turkey, only ten per cent of the total coastline is protected under a variety of different statutes and regulations like SPA (Specially Protected Area), NP (National Park), NtrP (Nature Park) and NPA (Nature Protection Area).

⁹ Haktanır (2000, pp.42-59).

¹⁰ <http://www.ilgar.bz.tc/erozyon.htm> and Haktanır (2000), pp.42-59

export incomes and four per cent of the GDP. Tourism in Turkey is mainly concentrated along the Aegean and Mediterranean coasts¹¹ of the country. Therefore, a strong regional environmental pressure builds up during high seasons because of growing need of water, lack and/or insufficiency of wastewater treatment, accumulated solid waste and insufficient waste collection, traffic congestion and noise pollution. Despite existing regulations, around 80% of tourist facilities have no water treatment mechanism.

- There is also the problem of insufficient energy for all business activities. Unless the availability of alternative renewable energy sources is ensured at reasonable costs, and the tourism sector is encouraged to consume renewable energy when available, the fast-growing energy needs of the country are likely to create a major challenge for the environment as well.
- The adaptation of the EU's environmental *Acquis* urges the private sector to commit itself to the requirements. Currently private business firms with outward orientation have been among the first to face the challenge of environmental standards in the form of non-tariff barriers when they export their produce especially to the EU. Within this context, Turkey's textiles and leather, cement, automotive and food sectors have been faced with serious technical barriers with environmental protection purposes. These barriers have been intensified on the packaging, classification and labeling of hazardous materials, regulations on detergents, compliance with noise standards and restrictions on CFCs. Therefore, the business sectors have to tackle with the difficulties of adopting standards, despite the fact that Turkey does not have an adequate number of equipped and accredited laboratories, evaluation agencies or standard institutions to approve products or firms at lower costs. Turkey's accession to the EU will also require adoption of the EU environmental legislative acts, the implementation of which has become extremely complex for the economic actors of the new accession countries.
- In Turkey, business sectors face institutional and administrative challenges with respect to environmental management. First of all, highly central decision-making leaves inadequate space for local initiatives to protect the environment according to the needs of smaller communities. Second, there is a shortage of skilled staff with

¹¹ At the end of 1990s, about 70% of tourism bed capacity was located in these areas. According to WWF 1998 survey on the Turkish Med coast, 40% of the 2,456 km coastline was severely affected by tourism, and that about half of the beach areas used by nesting turtles had been destroyed by sand extraction.

technical knowledge to undertake inspections regularly. In many instances business plants either escape proper inspection or there is no inspection at all. Third, the lack of bureaucratic coordination and awareness and the insufficiency of relevant and reliable information and/or analyses make the required procedures cumbersome in an extremely centralized system. There is even confusion over which institution is responsible for what. The division of labor between different institutional bodies is also unclear as for who is in charge of what. Therefore, despite all of the legislation, regulations, central and local institutions, there are still disarrays of principles, rules and regulations, and an authority gap to be filled in the area of the environment. The Natural Environmental Strategy and Action Plan (NEAP) of 1989 seem to play a more significant role in the implementation of environmental policy in Turkey within the framework of Local Agenda 21. This signifies a gradual shift towards decentralized initiative. Nevertheless, this tendency is still premature.

- Insufficiency of infrastructure also constitutes a major challenge for the business sectors to pursue environmental-friendly production and sales operations. Treatment plants are too limited to dispose of the increasing amount of industrial and hazardous wastes. Treated water is not efficiently or regularly recycled, as a result of which water resources are over utilized. Solid waste is only collected as sorted in different receptacles so that they can be recycled or disposed without creating hazardous residues by a limited number of municipalities.¹² The number of solid waste disposal centers must be increased and their capacities expanded. Land filling is the most common way to dispose of solid waste in garbage dumps, the existence of which can be hazardous for settlements nearby because of the accumulation of methane gas over time. Solid waste burning requires tremendous caution since the storage and burning of hazardous waste may itself create important environmental problems. Although there has been progress in the licensing of temporary small-scale solid or liquid waste burning facilities, they need to be technologically improved, controlled and their number increased.¹³
- Especially waste disposal centers are very expensive to establish and operate. As a result of this, private initiatives for waste disposal are rare. The Bayer Pharmaceutical Company attempted to operate an incinerator for its own waste in Turkey. However,

¹² In Turkey, 93 per cent of household waste is unregulated and dumped illegally in landfills. see <http://europa.eu.int>

¹³ Zambak (1998, p.71).

high costs urged the company to send its waste to Izaydaş in Izmit, which is the only licensed waste disposal center in Turkey.¹⁴

- There is also the problem of high-sulfur fuel oil consumption in Turkey. The industrial fuel oil (no. 6) produced has high sulfur content (three and a half per cent), which contributes to the air pollution problem when consumed. Furthermore, although there is unleaded fuel, which is widely available, it is not yet widely consumed either. The consumption of high-sulfur fuel oil must be reduced and the consumption of unleaded petroleum derivatives be promoted through price and taxation incentives. Harmonization with EU guidelines requires that the consumption of low-sulfur and unleaded fuel be made mandatory. However, Turkey has been slow in implementing these requirements, only been promoting the substitution of fuels by natural gas¹⁵ in commercial and residential consumption.

3. Business Sectors as Stakeholders in Environmental Policy Making and Policy Implementation in Turkey

As in other parts of the world, environmental policy making in Turkey is initiated and enforced by the government. As part of the world community, Turkey has felt the pressure to take measures to protect the environment as a member of supranational and regional organizations (e.g. the European Economic Area and the Black Sea Economic Cooperation) especially since the early 1980s. Although it is not a party to the Kyoto Protocol yet, Turkey ratified the UNFCCC (United Nations Framework Convention on Climate Change) and became a Party to the Convention on 24 May 2004¹⁶. Therefore, as a member of the UN, it is committed “to adopt national policies limiting emissions of greenhouse gases, to cooperate on research and technology and to protect and enhance greenhouse gas sinks and reservoirs.”¹⁷ In order to fulfill its commitments, Turkish public sector must involve people in environmental policy making.

¹⁴ ISO (1998a , p.84).

¹⁵UNDP/World Bank ESMAP (2000, pp.36-37).

¹⁶“ United Nations Framework Convention on Climate Change (UNFCCC)/Kyoto Protocol “
<http://www.mfa.gov.tr>

¹⁷ United Nations Framework Convention on Climate Change (UNFCCC)/Kyoto Protocol “
<http://www.mfa.gov.tr>

However, involving people and business sectors in environmental sensitivities so that national commitments will turn into reality is a matter of good governance. This requires a political system that efficiently and justly regulates the relationship between government and society. The environment is one of the areas, which requires good governance in order to make citizens and business sectors feel they are stakeholders so that positive changes for the benefit of environment can be accomplished even though those changes may be detrimental to personal, individual interests especially in the short run. There are sufficient mandatory legal actions in Turkey facilitating the participation of different interest groups in decision-making on environmental issues. However, there are still difficulties in the sharing of information and documents in transparency. Furthermore, corrupt practices, which grant special privileges to some business firms, allow the violation of environmental regulations, and therefore contribute to environmental degradation.

There are still problems of legal, financial, administrative and legal accountability, and institutional deficiency in conducting environmental inquiries. Nevertheless the involvement of NGOs in environmental issues and their actual participation in Rio, Istanbul, Beijing and Johannesburg summits has increased NGO pressure on central and local authorities for good governance. Some of the most influential NGOs were either established and/or have been supported by the private sector, of which one can refer to DHKD (Association for the Protection of Wildlife), ÇEVKO (Environmental Protection and Packaging Waste Recovery and Recycling Trust), TURMEPA-DENİZ TEMİZ (Turkish Marine Environment Protection Association – Clean Sea), ÇEVRETED (The Association of Environmental Technology Constructors), TTKD (Turkish Association for the Conservation of Nature) and TEMA (Turkish Foundation for Combating Soil Erosion, for Reforestation and the Protection of Natural Habitats). These NGOs are also playing an important role in developing public awareness through campaigns, lobbying and cooperation with national/international organizations and business firms. Within this framework, ÇEVKO (Environmental Protection Organization) is the best example of the cooperation between business and NGOs. Since 1991, ÇEVKO has played a considerable role in supporting the collection and separation of municipal solid waste and in the generation of resources for industry.

TUSIAD (Turkish Industrialists' and Businessmen's Association) has been systematically identifying core environmental issues as an integral part of their organizational responsibility for over a decade now. TUSIAD has also been publishing several technical reports regarding Turkey's different environmental challenges not only to contribute to the

creation of a functional legal environmental infrastructure, but also to identify and stress the country's international environmental commitments.

The implementation of ISO 14000 and Environmental Impact Assessment (EIA) are two good examples towards better business practices and business respect of the environment. The total number of ISO 14000 certificates awarded to products of business firms has increased considerably over time. Nevertheless, the number of certificates awarded at the end of 2002 (135) was only two per cent of the world total.¹⁸ According to Nemli (2000), companies that apply for ISO 14000 have been working to reshape their images from those of polluters to partners in environment-friendly policies. Furthermore, the second important reason is to provide an increase in exports to the international market. ISO 14000 certificates therefore improve the export prospects of companies in cross-border (overseas) markets.

Within the framework of the EIA regulation, 8,908 EIA decisions have been reached on various activities during the decade covering 1993-2003.¹⁹ Despite these developments and sufficient compliance with the EU directive, there remain several shortcomings, such as the lack of general/sectoral EIA guidelines and public expertise, limited attendance for required public participation, and inadequate monitoring and enforcement.²⁰

One of the most effective methods of environmental protection is environment-related taxation. As an important economic instrument/measure, almost all industrialized countries have recently introduced environment-related taxes, which aim to reduce the social cost of economic activities and redistribute the social benefit between social groups and generations. Such fiscal measures are noticeably limited in Turkey. Nevertheless, specific environment and waste taxes, fuel-oil consumption tax, marine vehicle tax, electricity or coal consumption taxes have been introduced in recent years. However, most of these taxes have been introduced primarily for reasons other than protecting the environment. Financing the public deficit and/ or generating revenue for the public budget by means of new instruments have been the two most common motivations of the public authority in Turkey. For example, at the beginning of 2004, the government raised taxes on unleaded gasoline, diesel and natural gas as part of a move towards increasing budget revenues.

¹⁸ <http://www.iso.ch/iso/en/iso9000-14000/pdf/survey12thcycle.pdf>

¹⁹ <http://www.cedgm.gov.tr/izlemekontrolverileri.htm>

²⁰ <http://www.citet.nat.tn/pdfs/eia-turkey.pdf>

4. The Emergence of Environmentally Sensitive Business Sectors in Turkey

Widespread corruption in Turkey in general and corrupt business-public sector relations in particular urge us to question how sensitive or sensible Turkish business sectors can be towards the environment in their day-to-day practices. Currently growing concern in environmental awareness in the world in general forces business sectors in Turkey to strive for implementing competitive strategies in environmental management. Particularly the ones, which are involved in international activities, are keen to adopt environmental standards in their production processes.

A survey conducted by Adaman, Çarkoğlu and Şenatalar (2003) indicates that bribery payments are common and that corruption takes place in public offices such as land-registration offices and municipalities. Although the direct impact of this fact on the environment cannot easily be determined, it is sensible to argue that as long as business sectors are involved in the corrupt practices of such public offices and pay bribes to facilitate their business operations, environmental protection must be among the top issues which pay a major toll as a consequence. In fact, although the same survey indicates that environmental protection and health regulations do not constitute significant financial and time allocation costs for the business sector, this is because the inadequacy of public control over the practices of the business sectors, which adversely affects the environment, lowers the burden of environmental requirements for them.²¹ The same survey found that the business community has developed several proposals to fight against corruption. The business sectors seem to have no qualms or scruples about engaging in corrupt practices with public officials. They are not self-critical of their actions or their own involvement in the corrupt conduct of public officers. This indicates a level of limited sensitivity for corruption on behalf of the business sectors in Turkey.

Ironically, most of the firms in Turkey would rather pay penalty (fines) to the authorities when they are caught letting their industrial discharge flow into rivers, sewage systems or seas instead of building treatment, refinery and purification systems because of the high costs and complex codes.

²¹ Adaman et al. (2003, p. 95).

However, with respect to corporate social responsibilities (CSR) concerning environment in particular and work conditions in general there are some positive changes worth mentioning. For instance, despite the fact that Turkey has not attracted as much foreign direct investment (FDI) and foreign capital as it expects, the number of multinational companies operating in Turkey has increased considerably over the last 2 decades. Having companies in different business sectors with high CSR standards also sets good examples for business firms with domestic orientation. Nevertheless, with such a need for FDI, Turkey lacks the option of meticulous screening to allow only foreign businesses with high CSR towards environmental issues, including workers rights, such as equal wages for equal jobs.

The CSR has been an up- and- coming concept in Turkey, especially in the multinational business community. It has been picked up immediately by some big businesses as a valuable compromise between them and the society. Among the multinational companies in Turkey some have been practicing sustainable development and environment-friendly policies when introducing/marketing their products to the public, especially in remote towns of the eastern, central and the southeastern Anatolia. The objective of the public training programs of multinational firms like Procter and Gamble on water sanitation and personal hygiene is to help communities develop environmental awareness in general and ideas for water conservation in particular. When it comes to the SMEs, it is still up to the discretion of owners to behave as socially sensitive and environmentally responsible parties.

Furthermore, because of the country's EU involvement in the process of accession, Turkey's business sectors have to move parallel with European companies, which promote specific CSR strategies as a response to a variety of social, environmental and economic pressures.²²

We may once more mention a growing NGO effect in Turkey, but this time on firms to resume CSR with respect to the environment and better business practices with accountability, transparency and accessibility. When we look at Turkey's general performance of CSR, we observe three main areas have best scores: accountability, financial returns and products & services. Turkey's national average score of 28.1% indicates the need for improved communication strategies on CSR activities overall.²³

²² In March 2000, the European Council in Lisbon, made a special appeal to companies sense of social responsibility regarding best practiceces for sustainable development

²³ According to TUSEV-OSGD study, CSR factors' scores of Turkey are as follows: Ethics: 9%; Accountability:42.2%; Governance: 32%; Financial returns: 41%; Employee Practices: 25.8%; Business

Green accounting (or environmental accounting) has also entered the agenda of Turkish business sectors in recent years. Under the framework of the Environmental Management System (EMS) green accounting is conducted under different names such as conventional environmental cost assessment, residual waste accounting, activity-based-costing (ABC), flow cost accounting, input/output analysis of material flows, and life-cycle costing. Since the concept of green accounting is fairly new to Turkey, there is no legal regulation governing it. Therefore business sectors (mostly multinationals) have been trying to trace their own environmental impacts and associated costs under whatever name they think may be suitable for their purposes. However, the environment-related costs of companies are not yet recorded separately from other cost items. Therefore, instead of directly indicating their sources, they are compiled under overhead costs, miscellaneous costs, energy costs or general environment costs. Environmental costs are allocated across production processes in proportion to simple measures such as labor hours or units of products.²⁴ Therefore, they mitigate the real environmental impact of product and/or service.

Green marketing has also become another new image-maker for business sectors in Turkey. In 2000, 69 per cent of ISO 14000 certificate holders among the business companies contended that green marketing strategies provided them with specific comparative advantages.²⁵ In the framework of ecological marketing, some firms in Turkey have started to produce and sell environment-friendly organic products in the domestic and international markets.²⁶ Retail shops which sell only ecologically dried fruits, naturally grown fresh and processed fruits, vegetables, cereals, fruit and vegetable juices, homemade jams and vinegars have been in operation since 1984.²⁷

The business sectors in Turkey have been aware of waste material exchange since 1998.²⁸ The Kocaeli Chamber of Industry (KCI) was the first association to organize and assist companies to match their material/waste needs with the reusable, surplus or by-product materials available.²⁹ Other chambers of industry such as those in Istanbul and Bursa have started to organize similar initiatives in the last six years. Cheap raw material procurement through material exchange/waste is not only sensible in terms of environmental protection,

Relations: 11%; Products & Services: 46.3%; Community: 29.3%; Environment: 15.7% and National overall average: 28.1% http://www.osgd.org/sunumlar/tusev_osgd_csr_2004_v1.ppt

²⁴ Özbirecikli and Melek (2002, pp.85-88).

²⁵ Nemli (2000, p. 239).

²⁶ Yöntem (2000, p.15).

²⁷ USDA (2001), Turkey Organic Products Organic Food Report, Global Agriculture Information Network-GAIN Report No.TU 1029, <http://www.fas.usda.gov/gainfiles/200106/11068.pdf>

²⁸ <http://www.kosano.org.tr/guncel/atikbulten/dortyas.htm>

²⁹ <http://www.kosano.org.tr/guncel/atikbulten/dortyas.htm>

but becomes an extremely valuable financial measure for cost savings measure in times of economic crises.

4. Concluding Remarks

Turkey has changed rapidly in terms of economy since 1980. Despite two-digit inflation until recently and several unprecedented economic shocks, economic activities have flourished, become diversified and gained sophistication as the dominance of private business sectors became undeniably effective. However, factors such as economic growth, rapid urbanization and economic crises took their toll on the environment at the same time, more so in some regions of Turkey than others. The prime agricultural land in the Marmara, the Aegean and the Mediterranean regions has been sacrificed either for industrial or tourism complexes. The objective of economic growth without the consideration of sustainability has caused serious environmental degradation.

Nevertheless, the 1980s and 1990s also witnessed a growing interest in environmental issues, particularly concerning water resources, biodiversity, air pollution, topsoil erosion and climatic change as a result of Turkey's commitment to international treaties. The central decision-making process on environmental issues has been very much shaped by the international environmental trends since Turkey has signed and ratified almost all environmental treaties for the last two decades and more.

The EU commitment is a golden opportunity for Turkey and business sectors to adopt environmental standards. Despite the existing rifts among the members of the EU even on environmental issues, the EU has high standards for the environment, high respect and desire for clean air, clean water, green forests and safe environment in general for people as part of European culture and tradition. Preservation of biodiversity and dangers of climate change are also issues with the utmost significance in the environmental agenda of the EU. This is bound to create a vacuum in Turkey into which the public and business sectors and individual citizens would develop environmental over those issues. When Turkey starts membership negotiations with the EU in October 05, the harmonization of the environmental standards and convergence of the Turkish environmental policies with the EU's would be the most important chapters.

Almost all industrialized countries use environment taxation as an important economic instrument/measure to protect the environment. Turkey also employs tax policy for environmental protection purposes. However, environment-specific taxes have been

introduced primarily for revenue raising and since the revenue collected has not been earmarked for environment-friendly investments or services, they do not necessarily create a direct impact on the environment even though they may reduce pollution. Therefore, environment-specific taxes must be earmarked for environmental purposes or for green investment to induce environmental awareness of taxpayers. The most important step would be the direct inclusion of business sectors in the environmental policy making process in Turkey as stakeholders. This is the only way to ensure the effectiveness of environmental policy implementation.

The public sector is supposed to maintain its leadership position, to initiate, complete, and enforce environmental legal actions and make sure that they are implemented. A market for carbon trading, which does not yet exist in the country must be immediately established under the public leadership and partnership with private sectors and NGOs. However a systematic inventory assessment for sera gas emissions of business sectors must be done prior to the initiation of carbon trading market.

The big businesses in Turkey, the numbers of which is relatively limited, may more easily adopt environmentally sensitive values than their SME counterparts. Companies not only need environmental-friendly practices as new image-makers, but those with outward orientation also face the challenge of internationally-imposed environmental standards as they become more and more involved in exports. It did not take the big business in Turkey too long to learn that free competition is only a nominal fact when it comes to international trade. Even if they produce the top quality products at the most competitive prices, they have learnt it the hard way that environmental standards get on their ways as non-tariff barriers if they fail to abide them. The EU being the top export market for exporters constitutes an important challenge for the business sectors, teaching them at the same time to be more respecting of 'commons' in terms of environmental assets.

Environmental policy making requires the recognition of shared responsibilities for the environment. Beyond the scope of any domestically or internationally driven standards and concerns of pure profits, private actors must develop a new sense of responsibility for the environment. This line of reasoning has not yet penetrated completely the minds of the business sectors, since the great bulk of them are SMEs, facing the challenges of economic hardship, especially at times of economic crises. SMEs are indeed very important for the Turkish economy from both growth and employment perspectives. However, since many of the SMEs are either un and/or semi registered, it is very difficult to enforce environmental standards upon them. The fact is instead of adopting environment-friendly modes of

operation; many of the SMEs still create critical social costs for the environment for the sake of enjoying private profit and unfortunately get away with it. Therefore, the existing situation in Turkey still represents a dilemma between economic development and sustainable environment. The dilemma becomes more apparent when environmental policy implementations need to be harmonized with EU legislation.

There is also the dilemma of maintaining the balance between the energy demands of industry so that the competitiveness of the Turkish business sector in the global economy is improved and protecting the environment. The private sector needs low-cost energy sources, which have high-sulfur content. The desulfurization process requires costly investment, which adds additional costs to production. So far as these details are concerned, implementation problems have not yet been completely overcome in Turkey. This fact is partly due to the failure of the enforcement of standards and of the public enforcement of clean energy. The implementation of environment-friendly energy requirements in residential heating and industrial energy consumption must be ensured. The production of low-sulfur fuel and the mandatory use of unleaded fuel must be promoted as their availability is ensured at reasonable prices to consumers.

Additionally, EIAs must be required for every investment, especially in protected areas where forests, rivers, seas, lakes, water reservoirs, wildlife, historical and archaeological sights are threatened. The business sectors in Turkey need is a kind of sustainable balance between climate-friendly energy policy/applications and market-friendly climate/environment policy and applications.

Government-business sector interactions constitute another source of dilemma. Depending upon the enforcement of regulations, financial constraints, self-policing and more importantly mutual confidence, their relations are cooperative or conflicting. There are legal provisions to enforce firms to treat their industrial wastewater discharges before they are released into the sewage system. However, the high-energy costs make wastewater treatment very expensive. As a result firms choose to adapt self-policing (irregular operations of treatment facility) against the government's deterrence.

Business sectors often request compensations or fiscal incentives so that they can comply with regulations without losing cost competitiveness against their rivals abroad. When they do not get any financial compensation for their environment-friendly conducts, they simply take advantage of insufficient public control and pollute without any inhibitions. The Rio summit of 1992 and its aftermath including the 2002 WSSD of Johannesburg signify a period of enlightenment for business sectors and newly emerging NGOs in Turkey about

environmental commitments. The NGOs and the international community dedicated to protecting and conserving the environment have taken the business sectors under their surveillance. The moral and material responsibilities of Turkey's business community have also been translated into what is called as Corporate Social Responsibility. Since the turn of the 21st century the top firms in this business community have started pronouncing what they can do for the environment so that economic development becomes sustainable in the long run.

As in most other countries, almost every environmental policy implementation creates its own challenges. Therefore, it is not easy to produce solution, which will satisfy all stakeholders simultaneously in the short or medium run. However, the country may overcome its limitations by adopting international and/or regional standards without twisting rules according to circumstances.

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