



IKVM MONTHLY

ISSUE:14 DECEMBER 2015

www.ikv.org.tr / contact: ikv@ikv.org.tr

A NEW CHAPTER OPENED TO NEGOTIATIONS

Chapter 17 on Economic and Monetary Policy was opened to negotiations on 14 December 2015 at the Intergovernmental Conference held in Brussels.

A new chapter is opened to negotiations approximately two years after the opening of Chapter 22 on Regional Policy and Coordination of Structural Instruments to negotiations. This shows that Turkey's EU accession process is being pursued regardless of all obstacles. The chapter constitutes one of the most important requisites for harmonisation with the EU concerning economic and financial management. It was one of those blocked by former French President Nicolas Sarkozy under the argument that "Chapter 17 is directly linked with membership". With the opening of Chapter 17, the number of chapters opened to negotiations has increased to 15 out of 35.

Chapter 17 covers specific rules requiring the independence of central banks in Member States, prohibiting direct financing of the public sector by the central banks and prohibiting privileged access of the public sector to financial institutions. Member States are expected to coordinate their economic policies and are subject to the Stability and Growth Pact on fiscal surveillance. New Member States are



also committed to comply with the criteria laid down in the Treaty in order to be able to adopt the euro in due course after their accession. Alignment with the principles of open market economy based on free competition, single currency and the

price stabilisation targets establishes the basis of this chapter. Turkey's level of alignment with the Economic and Monetary Policy legislation is considered to be partial. Turkey has the organisational structure, human resources and institutional capacity

to fulfil its obligations in terms of harmonisation with the related legislation.

The 2015 Turkey Progress Report of the European Commission states that further progress is needed to ensure the independence of

the Central Bank. There are some remaining incompatibilities regarding the principle of independence of the Central Bank and the prohibition of privileged access of the public sector to financial institutions. **PAGE 2**

RE-ENERGIZING TURKEY-EU RELATIONS

Following the request of the President of EU Council Donald Tusk, the EU heads of state or government met with Turkish representatives on 29 November 2015 with the aim of re-energizing Turkey's EU accession process and further enhancing cooperation on the refugee crisis.

At this Turkey-EU Summit, both parties have expressed their will to strengthen their relations and to enhance their collaboration to overcome common challenges such as the fight against terrorism. Therefore, it has been agreed that Turkey and the EU would hold regular Summits twice a year to

assess Turkey-EU relations and to discuss international issues. Furthermore, they decided to reinforce this initiative with the high level dialogue and within this framework to launch the High Level Economic Dialogue Mechanism in the first quarter of 2016. The EU representatives also committed to strengthen their efforts for the opening of new

chapters to negotiations starting with Chapter 17 on Economic and Monetary Policy.

Both parties have agreed that Turkey-EU Readmission Agreement would enter into force in June 2016 which would pave the way for Turkey to complete its visa liberalisation process. It is thus expected that visa requirements for Turkish citizens wishing to

travel to Schengen area would be lifted by October 2016 once the requirements of the Visa Roadmap would be fully met. On the other hand, it has been also discussed that the formal negotiations for the revision of the Customs Union could be launched towards the end of 2016.

Lastly, concerning the migration crisis, the EU has

reaffirmed that it would provide an additional humanitarian assistance and financial support for the Syrian refugees in Turkey. Furthermore, Turkey and the EU have also decided to put into force the Joint Action Plan which would bring order into migratory flows and to help stop irregular migration.



A NEW CHAPTER OPENED TO NEGOTIATIONS

FROM THE FIRST PAGE

The Progress Report also recommends Turkish authorities to avoid any political interference in the independence of the Central Bank and to submit fiscal notifications and the Economic Reform Programme by the set deadlines regarding Chapter 17.

Turkey needs to meet two technical closing benchmarks: First, Turkey should align its legal framework in order to ensure full Central Bank independence, the prohibition of monetary financing of the public sector and of privileged access by public authorities to financial institutions, and the full integration of its central bank into the European System of Central Banks (ESCB), including the compatibility of the central bank's objectives with that of the ESCB.

Second, Turkey should align its legal framework in order to ensure compliance with the requirements for national budgetary frameworks as laid down in Council Directive 2011/85/EU.

Turkey's level of alignment with the Maastricht Criteria is considered to be at a satisfactory level especially regarding the level of public debt and deficit. The fulfilment of the Maastricht criteria is imperative for a candidate country to join the Euro Area once joining the European Union.

The opening of this chapter to negotiations will give further impetus to Turkey's EU negotiation process and will strengthen its economic position in the international arena. These developments in the economy affect positively on Turkey's external trade and investments as well as its economic growth.

NEW MEASURES ON MANAGEMENT OF EU'S EXTERNAL BORDERS

The European Commission has agreed upon new structural measures regarding the protection of the EU's external borders and the management of the Schengen Area. The package setting out a common approach for the EU puts forward a proposal for the establishment of a new unit, known as the European Border and Coast Guard for stronger and shared management of the EU's external borders. In addition to this, the Commission has proposed to launch systematic checks for all people entering and exiting the Schengen area including EU citizens. This issue has been put on the agenda during the European Council meeting on 17-18 December 2015. The heads of state or government of EU countries decided to introduce a Council position regarding the Commission's proposal under the Dutch Presidency.

IKV CELEBRATED ITS 50TH ANNIVERSARY



IKV celebrated its 50th anniversary on 10 December 2015 in Istanbul with a gala dinner which was attended by IKV Chairman, Members of the Board of Directors and Audit Committee, former Chairmen, Secretary-General, Deputy Secretary-General and Research Director, Project Director, researchers and members of the administrative team as well as by former Secretary Generals, researchers and employees.

In his opening speech, IKV Chairman Ayhan Zeytinoğlu explained that with its 50-year long past, IKV has become a reference in Turkey's EU membership process and stressed that IKV succeeded in creating a strong

institutional tradition in terms of pursuing its activities aiming to the contribution of Turkey's integration process with the EU. IKV which was created upon the joint initiative of Istanbul Chamber of Industry and Istanbul Chamber of Commerce is continuing its activities through the support of first and foremost TOBB and other prominent sectoral and business associations. IKV Chairman Zeytinoğlu expressed his deepest gratitude to former Chairmen for their leadership and all Members of the Board of Directors and Team of Experts who have endeavoured over the course of 50 years to carry out the Foundation's responsibilities without deviating from Turkey's goal of EU membership.

IKV DELEGATION VISITED THE TRNC

IKV Chairman Ayhan Zeytinoğlu paid a visit on 27-28 November 2015 to the Turkish Republic of Northern Cyprus (TRNC) for a series of high-level exchanges with key Turkish Cypriot officials. IKV Chairman Zeytinoğlu was accompanied by IKV Secretary-General Assoc. Prof. Çiğdem Nas, IKV Deputy Secretary-General and Research Director Melih Özsöz and IKV Researcher Yeliz Şahin. During their contacts in Nicosia and Kyrenia, the IKV delegation gained a better understanding of the state of play in the UN-led reunification talks.

On the first day of their visit, the IKV delegation was received by the President of TRNC Mustafa Akıncı who confirmed that there is a positive atmosphere surrounding

the UN-led Cyprus talks and that a solution to the long-lasting Cyprus issue is within reach. The IKV delegation also came together with the Minister of Foreign Affairs of TRNC, Emine Çolak. Regarding the UN-led reunification talks, Minister Çolak confirmed that 'there is light at the end of the tunnel' and that the long-desired positive climate for the UN-led talks to succeed has finally emerged. The IKV delegation also met with the Chairman of the Turkish Cypriot Chamber of Commerce, Fikri Toros.

On the second day of their visit, the IKV delegation attended the "On the path to peace – Cyprus International Cooperation and Investment Summit" organized



in Kyrenia under the auspices of the Prime Minister of TRNC, Ömer Kalyoncu. In his speech, IKV Chairman Zeytinoğlu stressed the prospective trade and investment opportunities a possible settlement

could generate and focused on the possible implications for Turkey's EU accession process. In the margins of the summit, the IKV delegation met with Chairman of the Turkish Cypriot Chamber of Industry, Ali Çıralı.

THIRD REFORM ACTION GROUP MEETING WAS HELD IN ANKARA

The third meeting of the Reform Action Group (RAG) chaired by Prime Minister Prof. Ahmet Davutoğlu was held on 11 December 2015 in Ankara. Minister for EU Affairs and Chief Negotiator Volkan Bozkır, Minister of Foreign Affairs Mevlüt Çavuşoğlu, Minister of Justice Bekir Bozdağ and Minister of

the Interior Ekan Ala, attended the meeting were the Turkey-EU Summit, visa liberalisation dialogue and political reforms in Turkey were the main topics discussed.

During the meeting, Ministers stated that the Turkey-EU Summit created a new momentum in bilateral relations based on

mutual trust but it has been stressed that these relations were not based only on the migration issue. The opening of the Chapter on Economic and Monetary Policy to negotiation was considered as an indicator of a strong political will to pursue the accession process.

The RAG also discussed in

detail the operational steps which need to be taken by Turkey before October 2016. Ministers stated that the Action Plan announced by the 64th Government on 10 December 2015 and the National Action Plan for EU Accession which will be updated within this framework, 2016 will be a "reform and EU-oriented year".

THE ARREST OF TWO JOURNALISTS IS IN CONTRADICTION WITH THE EU MEMBERSHIP OBJECTIVE

The arrest of *Cumhuriyet* Newspaper Editor-in-Chief Can Dündar and Ankara Representative Erdem Gül is a worrying development for freedom of press and expression in our country. This decision will lead to further limitations on

freedom of press and is bound to exacerbate the practice of auto-censorship for the preparation and publication of news.

Freedom of press has been also one of the most criticized issues in the 2015

Turkey Progress Report. As a candidate country engaged in a negotiation process, it is imperative for Turkey to pursue its reform agenda for its alignment with EU norms and standards. As Turkey's EU expert and a civil society organization

which has been working on Turkey-EU relations for 50 years, IKV calls upon all related parties including decision-makers and members of the judiciary to respect and not to contravene freedom of press which is an EU norm and a universal value.

TURKEY-EU RELATIONS DISCUSSED IN ESKİŞEHİR

IKV in cooperation with Eskişehir Chamber of Industry (ESO) organized a panel entitled "Latest Agenda of Turkey-EU Relations" on 25 November 2015 in Eskişehir.

In the opening speeches, ESO Chairman Savaş Özyaydemir assessed Turkey's EU accession negotiation process and the current situation in the light of the recent Progress Report published by the European Commission. IKV Chairman Ayhan Zeytinoğlu stressed that Turkey-EU relations already gained an important momentum with the refugee crisis before the publication of the Progress Report. Drawing attention to the strong criticism directed towards Turkey with regard to the political criteria, both Chairmen stressed that it is of utmost importance for the new government to reinvigorate Turkey's EU accession process and to accelerate structural reforms.

During the panel, IKV Secretary-General Assoc. Prof. Çiğdem Nas

gave information on the steps and current situation of Turkey-EU negotiation process and the challenges ahead in the relations. Drawing attention to the slow pace of the negotiation process, IKV Secretary-General Nas highlighted the importance for the government, civil society of EU Member States and candidate countries to show a stronger political will.

IKV Deputy Secretary-General and Research Director Melih Özsöz, in his presentation, covering the ongoing negotiations on migration and the new generation progress reports, stated that both Turkey and the EU need to fulfil the requirements on the issue of migration and visa liberalization process in 2016.

Regarding the new generation of free trade agreements and



regional trade agreements, IKV Brussels Representative Haluk Nuray explained that the modernization of the Customs Union and the participation of Turkey in the TTIP process are of great importance for Turkey which also needs to raise its sophistication level of export products, to improve its business environment and to

reduce protectionist measures.

IKV Project Director Çisel İleri shared detailed information about IPA funds and explained that Turkey could benefit from an important financial resource by participating to EU Programs such as Horizon 2020, Creative Europe, COSME, EaSI, Erasmus+, Customs 2020 and Fiscalis 2020.

LEADERS IN CYPRUS ENTER INTENSIVE PHASE OF NEGOTIATIONS

President of the Turkish Republic of Northern Cyprus (TRNC) Mustafa Akıncı and the leader of the Greek Cypriot Administration of Southern Cyprus (GCASC) Nicos Anastasiades entered the intensive phase in the UN-sponsored reunification talks, holding six meetings in November.

Following their final leaders' meeting on 25 November 2015, UN Secretary General's Special Adviser on Cyprus Espen Barth Eide, in a statement on behalf of the leaders, confirmed that the two leaders have achieved a better understanding

of each other's concerns and that they feel more hopeful and confident that the outstanding issues could be resolved in the near future. Eide announced that both leaders agreed to establish a Technical Committee on Education. Commenting about the current round of UN-sponsored reunification talks, TRNC President Akıncı told the reporters that more progress has been made in the last five months than over the last 47 years.

TRNC welcomed key Turkish officials following the establishment

of the 64th Government in Turkey. On 26 November 2015, Turkish Foreign Minister Mevlüt Çavuşoğlu paid his first official visit to the TRNC. Within the scope of his visit, Minister Çavuşoğlu came together with Foreign Minister Emine Çolak and was later received by President Akıncı and Prime Minister Ömer Kalyoncu. At the joint press conference following his meeting with President Akıncı, Minister Çavuşoğlu stated that he would like to see a lasting, fair and acceptable solution being reached on the Cyprus issue following negotiations

held within a fixed timeframe.

Prime Minister Prof. Ahmet Davutoğlu also paid his first official visit to the TRNC on 1 December 2015 and was received by President Akıncı. Speaking at the joint press conference, Prime Minister Davutoğlu stressed that as with the Annan Plan period, Turkey would provide all kinds of contributions for a fair, lasting and peaceful settlement. Pointing out to the crises in the region, he indicated that the only positive development in the region is the ongoing Cyprus talks.

NEW PERSPECTIVES IN TURKEY-EU RELATIONS PANEL WAS HELD IN BRUSSELS

"New Perspectives: Mathematics and Linguistics of European Commission Progress Reports on Turkey" was held in Brussels on 24 November 2015 in cooperation of IKV and Friedrich Naumann Foundation. The first series of this seminar was held in Istanbul in the beginning of November.

Following the opening speech by the Friedrich Naumann Foundation Project Coordinator Aret Demirci, IKV Junior Researcher Büşra Çatır made a presentation of the studies entitled "Mathematics of Progress" and "Linguistics of Progress". During the panel discussion, which was moderated by IKV Deputy Secretary-General and Research Director Melih Özsöz; the panelists shared their views on the 18th Progress Report on Turkey

and the future of Turkey-EU relations.

During the panel discussion, IKV Deputy Secretary-General and Research Director Özsöz asked the panelists to share their ideas on how trust in Turkey-EU relations can be rebuilt. In her assessment, IKV Secretary-General Assoc. Prof. Çiğdem Nas stressed that the postponement of the 18th Progress Report revealed the EU's dilemma of "values vs. interests" underlining the disappointment in the eyes of the Turkish public.

IKV Brussels Representative



Haluk Nuray mentioned that the Progress Reports no longer serve their end purpose while indicating that the question of how many more reports need to be published before Turkey becomes a member of the EU remains unanswered. European Commission Deputy Head of Turkey Desk Patrick Paquet indicated that the new generation Progress Reports introduced by the

Commission in 2015 could be considered as a first step towards creating a common language. In her assessment of the ways to rebuild the trust between Turkey and the EU, Hürriyet Daily News Journalist Barçın Yinanç stressed that the EU should consider Turkey as an asset rather than a liability and that Turkey should also act accordingly.

IKV ORGANIZED A SEMINAR ON 2014-2020 EU PROGRAMMES

IKV, in cooperation with the European Investment Bank (EIB), the European Investment Fund (EIF) and the Ministry for EU Affairs organized a seminar entitled "Financial Instruments Under 2014-2020 EU Programmes" on 26 November 2015 in Istanbul. The opening remarks were made by IKV Secretary-General Assoc. Prof. Çiğdem Nas, EIB Turkey Director Massimo d'Eufemia and Director for Social, Regional and Innovative Policies at the Ministry for EU Affairs Kayhan Özüm.

In her speech, IKV Secretary-General Assoc. Prof. Nas gave detailed information about IKV's contributions to Turkey's EU accession process and stressed the importance of organizing such seminars that would encourage a more productive use of EU programmes. EIB Turkey Director d'Eufemia informed participants about the activities carried out by EIB in Turkey. Director for Social, Regional and Innovative Policies at the Ministry for EU Affairs Özüm stressed that many of the objectives of the Ministry are parallel to that of Europe 2020 Strategy. He explained that the aim of these EU programmes is to enhance cooperation between countries.

During the seminar, two panels were organized to present the current programmes of the EIB and EIF. In the first panel entitled "Overview of Debt Products", information on the programmes focusing on debt and capital stock, on InnovFin SME Guarantee Facility as well as on COSME Loan Guarantee Facility that aim to provide financial support to SMEs was given. In the second panel entitled "Overview of EU Single Equity Financial Instrument", detailed information was given regarding the steps taken by EIF for the issue of guarantee. EIF's role of assisting investments stemming from the private sector has been highlighted. On the other hand details regarding the GIF1 and GIF2 programmes, which focus more on NGOs and the Erasmus+ Programme which aims to strengthen the knowledge of foreign languages and mobility were also presented. In the second part of the seminar, two workshops were organized under the heading of "Access to EU Finance: In-depth Financial Instruments Presented by the EIB Group". These workshops tackled the COSME Loan Guarantee Facility and EaSI Guarantee Financial Instrument.

IKV SECRETARY-GENERAL ATTENDED TOBB EU HARMONIZATION COMMITTEE MEETING

IKV Secretary-General Assoc. Prof. Çiğdem Nas attended TOBB EU Harmonization Committee Meeting organized with the participation of TOBB Vice-President Ali Kopuz. At the meeting, during which the latest developments in Turkey's EU accession process were discussed, IKV Secretary-General Nas gave a presentation on Turkey 2015 Progress Report and the outcomes of Turkey-EU Summit which took place on 29 November 2015. As it was underlined in the Progress Report, she explained that Turkey needs to take further steps in the areas of freedom of expression, freedom of assembly and public procurement. IKV Secretary-General Nas also stressed that the implementation of the Turkey-EU Readmission Agreement by June 2016 and the goal of visa-free travel for Turkish citizens by October 2016 has been among the most critical objectives underlined during the Turkey-EU Summit.

IKV MONTHLY
DECEMBER 2015 No: 14

On behalf of IKV
Ayhan Zeytinoğlu
Editor -in- chief
Melih Özsöz
Editorial Directors
Selen Akses, İlge Kivılcım,
Büşra Çatır, Deniz Servantie

Istanbul Office
Esentepe Mahallesi Harman Sokak
TOBB Plaza No:10 Kat:7-8
34394 Levent İstanbul/Türkiye
Tel: +90 212 270 93 00
Faks: +90 212 270 30 22
E-posta: ikv@ikv.org.tr

www.ikv.org.tr

Preparation for Publication



General Director
Gürhan Demirbaş
General Assistant Director
Eser Soygüder Yıldız
Art Director
Hakan Kahveci
Editor
Yağmur Bahar Polat
Graphic Designer
Şahin Bingöl

Printing House:
İstanbul Basım Promosyon
Basın Ekspres Yolu Cemal Ulusoy Cad.
No:38/A 34620, Sefaköy-İstanbul
info@istanbulprinting.com
Tel: (0212) 603 26 20

THE PARIS AGREEMENT ON CLIMATE CHANGE AND TURKEY'S DEMANDS

In the 21st Session Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) took place on 30 November - 12 December 2015, the historic Paris Agreement on climate change replacing the Kyoto Protocol in 2020 was adopted on 12 December 2015.

In the run-up to the conference, more than 180 countries covering nearly 95% of global emissions submitted their Intended Nationally Determined Contributions (INDCs) to the UN. However, the UNFCCC INDCs Synthesis Report illustrated that the current INDCs could only enable "slow reduction" on emissions and increase global warming above 2°C.

Firstly, the objectives of not only holding the increase of global warming below 2°C above the pre-industrial level but also limiting the temperature increase to 1.5°C have been included in the agreement. Secondly, the parties agreed to review INDCs every five years. The agreement also commits to the existing Warsaw International Mechanism on Loss and Damage which was adopted

at COP 19 in 2013 and aims to minimize loss and damage associated with impacts of climate change in vulnerable countries. Furthermore, the agreement introduced a new clause on "emissions neutrality" which gives references to "net-zero emission" targets between 2050 and 2100. The agreement also invites the Intergovernmental Panel on Climate Change to present a special report in 2018 on limiting warming commitments.

Turkey has a position which is different from other Annex-I countries of the UNFCCC. Even though Turkey is not a country which provides financial support to developing countries, it is an OECD member and therefore listed in Annex-I of the UNFCCC as one of the industrialized countries which are responsible for historical

emissions. In Paris, Turkey's demand was mainly based on a "differentiation" clause. Turkey firstly demanded to be defined as a "developing country". Secondly, Turkey asked developed countries for financial support to meet its national mitigation targets. The agreement maintains the already well-established principle of "common but differentiated responsibilities" of developed and developing countries in light of the different national circumstances. Furthermore, the provision of finance and technology support by developed countries is included in the deal. Turkey's Chief Negotiator Prof. Mehmet Emin Birpınar stated that Turkey will anticipate promised commitments in the agreement.



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21-CMP11

On the other hand, Turkey's new Minister of Environment and Urbanization Fatma Güldemet Sarı emphasized that Turkey recognizes the special needs of the most vulnerable countries. She also informed negotiators that Turkey already submitted its application to the UN to be appointed as the host country for COP 26.

TOBB PRESIDENT BECAME CO-CHAIRMAN OF TURKEY-EU JCC

On 15 December 2015, TOBB President M. Rifat Hisarcıkıoğlu became co-chairman of the Turkey-EU Joint Consultative Committee (JCC), taking over this task from TESK Chairman Bendevi Palandöken. In his speech, TOBB President Hisarcıkıoğlu explained that as the Turkey-EU JCC, they have been mostly working with EU social stakeholders for the last two years.

On the other hand, previous to his nomination as the co-Chairman,

TOBB President Hisarcıkıoğlu along with the Chairman and Members of JCC met with Minister for EU Affairs and Chief Negotiator Volkan Bozkır on 8 December 2015. During this meeting, renewing their support Turkey's EU process as workers, employers and member syndicates of the JCC, TOBB President welcomed the positive development regarding the decision of strengthening efforts to open new chapters to negotiation and the visa liberalisation dialogue.



Emphasizing the important role played by employers and trade unions in Turkey-EU relations,

Minister Bozkır further stressed that Turkey would continue in its path towards EU membership.

EP RAPPORTEUR FOR TURKEY KATI PIRI'S VISIT TO TURKEY

EP Rapporteur for Turkey and Member of S&D Group in EP Kati Piri visited Turkey on 7-11 December 2015. Piri held meetings with Deputy Prime Minister Mehmet Şimşek, Minister for EU Affairs and Chief Negotiator Volkan Bozkır, Minister of Justice Bekir Bozdağ and Minister of Foreign Affairs Mevlüt Çavuşoğlu as well as representatives of political parties, unions and NGOs.

Assessing Turkey-EU relations, Piri told reporters that both sides would have gains from the acceleration of the negotiation process. EP Rapporteur mentioned that the opening of Chapter 17 to negotiations and the acceleration of the visa liberalisation process could create new opportunities between Turkey and the EU. Piri further stressed that the relations depends on the fundamental

values of the EU such as the rule of law rather than building only on issues related to energy or security.

Underlining that visa liberalisation for Turkish citizens is a further step which would bring Turkey closer to the EU, Piri mentioned that such opportunity should be also seized by Turkey as did previously the Balkan countries. While highlighting that the 64th Turkish Government

Programme is important for Turkey's EU accession process and implementation, she stressed that the reforms should be in line with EU standards.

Kati Piri also met with civil society representatives and exchanged views with the C20 Chair and IKV Vice-Chairperson Zeynep Bodur Okyay and the IKV team on recent developments in Turkey-EU relations.

SEASON GREETINGS FROM IKV

As we are entering 2016, we would like to present our best wishes for the coming New Year. As we leave behind a

year during which Turkey-EU relations gained a new momentum mainly with the decision of upgrading the Customs Union and of accelerating

the visa liberalisation dialogue as well as the opening of new chapters to negotiations, we hope that this impetus will be maintained during

next year. We hope that the upcoming years will bring Turkey a step closer to its membership objective.