LIBERALISATION IN TRANSPORTATION IS EXPECTED TO ENHANCE TRADE BETWEEN TURKEY AND THE EU

In case of full liberalisation in transportation between Turkey and the EU, it is estimated that trade between the parties will increase by 3.5 billion euros and contribute to the creation of new employment opportunities for 39,000 people.

O ver the past few years, the problems encountered within the current way of functioning of the Customs Union between Turkey and the EU have been increasingly discussed among officials but also within the business community. In this respect, Minister of Economy Nihat Zeybekci and Commissioner in charge of Trade Cecilia Malmström agreed in May 2014 to deepen Turkey-EU trade relations by updating the Customs Union. Within this process, it is expected that transit quotas between Turkey and the EU would constitute an important item of the negotiation agenda. Indeed, transit quotas continue to compose a significant hurdle in the further development of trade between the parties.

According to the International Transporters’ Association of Turkey (UND), quota restrictions applied by 24 Member States (out of 28) to vehicles with Turkish licence plates contribute in the decrease of the share of Turkey within the EU’s exports, which retreated to 9% in the last 10 years.

One should note that the World Bank pointed out in its report on the “Evaluation of EU-Turkey Customs Union” that road transport permits create obstacles to the free movement of goods and go in contradiction with the principles of the Customs Union. Therefore, the World Bank recommended the liberalisation of the road transport permits for the goods covered by the Customs Union.

Furthermore, “A Study on the Economic Impacts of an Agreement between the EU and Turkey” which was prepared by an independent consortium at the behest of the European Commission’s Directorate-General for Mobility and Transport and released in July 2015, also reveals that in case of full liberalisation in transportation between parties, trade between the EU and Turkey will increase by 3.5 billion euros and contribute to the creation of new employment opportunities for 39,000 people.

In the report, the analysis has been conducted over the impact of abolishing quota restrictions which are implemented by Member States on registered highway transport companies in Turkey. According to this report, in case of “full liberalisation”, which is one of the four scenarios concerning the liberalisation of freight transport between the EU and Turkey, it is estimated that trade between the parties would increase by 3.5 billion euros; Turkish exports to the EU would rise to 1.9 billion euros whilst EU exports to Turkey would reach 2.6 billion euros. Moreover, in the report, it is foreseen that liberalisation would provide Turkey with new employment opportunities for 25,000 people and the EU with employment for an additional 14,000 people. Another point mentioned in the report is regarding the decrease in the costs of transportation. In this context, it is estimated that the journeys made by Turkish haulers would increase by 11% with 40,000 additional journeys, and European consumers would save approximately 1.45 million euros following the decrease in costs and consequently in prices.

Along with full liberalisation, the other scenarios included in the report are as follows: “business as usual”, “transit liberalisation” or “transit liberalisation plus additional EU permits” and EU management of quotas. In the context of the “business as usual” scenario, it is assumed that the quota systems would continue as today under Member State control. They are assumed to evolve according to the market needs and the negotiations between partners. It embodies certain assumptions about evolution of legislation (further alignment to the EU acquis and the subsequent enforcement of the legislation), macroeconomics (GDP trade) and microeconomics (operating costs including as main factor labour costs) and the number of permits granted (number and type) with special attention to transit issues and payable transit in specific countries.

In the context of the “transit liberalisation” scenario, it is assumed that liberalisation may solve the issue which stakeholders, such as Turkish hauliers, seen as principal constraint on EU-Turkey trade. The application would entail some practical problems as all bilateral agreements would need to be discussed in order to clearly quantify the number of bilateral permits to be granted. Under the “transit liberalisation plus additional EU permits” scenario, it is aimed to remove constraints to trade imposed by the limited number of permits currently issued.

Finally, as for the “EU management of quotas” scenario, it is assumed that the EU has legal ownership of the negotiation process with its external partners. This requires allocation of the number of permits globally negotiated by the EU with the partner country to Member States. According to recent research conducted by UND, it is predicted that Member States and Turkey would gain at least 10 billion euros overall from increased exports and imports. Furthermore, according to the Chairman of UND Çetin Nuhoğlu, the latest report prepared for the Commission strengthens Turkey’s negotiating position ahead of the Customs Union talks which are scheduled to begin in the course of 2016.
IKV ATTENDED THE C20 MEETING HELD IN ADDIS ABABA

In parallel to the UN’s Third International Conference on Financing for Development organized in 13-14 July in Ethiopia, Turkey, as the term President of the G20, gathered representatives from international organizations, business world and civil society to discuss the issue of development.

Following the opening speeches, a panel constituted of the following speakers was held: Senior Fellow at the Global Economy and Development Program of the Brookings Institution Armin Bhattacharya; Project Manager at the South Africa Institute of International Affairs Nissim Besharat; Executive Director of African Forum and Network on Debt and Development Dr. Fanwell K. Bokosi and Director of G20 Studies Centre at TEF/ IUSAL Šahbaz. During the panel, a special emphasis was put on investments, food security, access to main services, quality growth, the effective use of resources, BEPS (Base Erosion and Profit Shifting), fossil fuel subventions, infrastructure investments, reform of the financial sector and information-sharing. To ensure the inclusive nature of the G20 platform, the importance to reach out better to non-G20 Member States has been highlighted. Within this framework, it has been suggested that African countries should be represented in global platforms effectively.

IKV Secretary General Assoc. Prof. Üğürmen Nas and IKV Deputy Secretary General and C20 Sherpa Mehmet Öröz, Meyrni Alian from the C20 Secretariat, C20 Communications Officer Hande Sarantopoulos, Transparency International Turkey Chairwoman Oya Ozalman and WWF Turkey Executive Director Tolga Bastak also attended the meeting.

EU MINISTER’S VISIT TO LUXEMBOURG

Minister for EU Affairs and Chief Negotiator Volkan Bozkır visited Luxembourg to attend the informal Meeting of Ministers for European Affairs hosted by the Luxembourg Presidency of the EU on 23-24 July 2015. This meeting was organized with the aim of informing the Ministers in charge of European Affairs of EU Member States and candidate countries about the priorities of the Luxembourg Presidency. These priorities are defined as follows: stimulating investment to boost growth and employment; deepening EU’s social dimension; managing migration, combining freedom, justice and security; revitalizing the single market by focusing on its digital dimension; placing European competitiveness in a global and transparent framework; promoting sustainable development and strengthening EU’s presence on the global stage.

This meeting also gave the opportunity to the Ministers to exchange their views on these priorities. During the meeting, Minister Bozkır drew attention to the humanitarian aspect of the Syrian crisis and to the terrorist attacks/threats against Turkey and in the region.

TURKEY RECEIVES EU FUNDS FOR ENVIRONMENT AND SUSTAINABLE TOURISM

Under the Interreg-IPA cross-border programme between Turkey and Bulgaria, both countries will receive EU funds worth 25 million euros with the aim of protecting the natural and cultural assets and developing sustainable tourism within the border region. The Interreg-IPA cross-border programme covers territorial units of Burgas, Yambol and Haskovo in Bulgaria and Edirne and Kırklareli in Turkey.

The result of the programme is expected to prevent natural and man-made disasters and promote sustainable use of common natural resources as well as to plan maritime space. aims to increase awareness, knowledge transfer and investments by strengthening the capacity for emergency and environment management.

European Commissioner for Regional Policy Corina Creţu stated that the programme will contribute in strengthening cooperation on two priorities of the programme, encourage research and increase competitiveness in the region.

At the occasion of the Third International Conference on Financing for Development held in Ethiopia, as holder of the G20 Presidency, Turkey brought together representatives of the business community and international organizations to discuss the role of inclusive business in sustainable development. This event was organized in cooperation with the Coalition for Dialogue on Africa, the World Bank Group, UNDP B20 and T20. During this meeting, participants discussed how the private sector and inclusive business can contribute in enhancing sustainable development and the implementation of Sustainable Development Goals.

In parallel to this event, another meeting was organized on “Priorities of the Turkish G20 Presidency with Particular Focus on Development” in cooperation with C20, T20 and Network of Southern Think-Tanks (NeST) in Addis Ababa. The main topics discussed at the meeting were the development-centred priorities of Turkey’s G20 Presidency. The opening speech of the meeting was delivered by Turkey’s G20 Sherpa Ambassador Ayşe Simanoglu. Following the opening remarks, Deputy Prime Minister Ali Babacan emphasized that one of the key priorities of Turkey’s G20 Presidency is to increase investments in infrastructures in low-income developing countries, which are mostly located in Africa. For this purpose, Deputy Prime Minister Babacan stressed the importance of enhancing cooperation with the private sector. Deputy Prime Minister Babacan further added that G20 has an important role in tackling increasing inequality not only between countries but also within the countries. Deputy Prime Minister Babacan also pointed out to high youth unemployment rates in many countries. Considering the role played by SMEs in terms of creating new job opportunities, the World SME Forum was created in cooperation with the International Chamber of Commerce.

Following Deputy Prime Minister Babacan’s speech, C20 Chairwoman Zeynep Bodur Okuyat in her speech underlined the ongoing process to prepare recommendations for G20 with the aim of fighting against inequality and poverty and contributing to sustainable development goals. In her speech, C20 Chairwoman Okuyat noted that it is also one of the priorities of C20, as envisaged within the framework of the G20 objectives, to tackle inequality and to reduce income inequality between the 10% richest and the 40% poorest within societies. She indicated that inequality is not only limited to income inequality but comprises also access to basic services, education, work opportunities and political participation. Moreover, C20 Chairwoman Okuyat added that inequality is a moral issue and has adverse effects upon economic growth and on the integration of societies. She explained that inequality could harm democratic values, cause an increase in corruption and thus create further tensions within societies.

In this respect, she stressed the vital role that civil society organizations could play in the formulation, implementation, and monitoring of policies regarding social and economic issues.

In the presentation of the programme, the government spokesperson stated that the programme will contribute in further strengthening cooperation on two priorities of the programme, enhancing the capacity of the business community and the importance of further strengthening cooperation on two priorities of the programme, encouraging research and increasing competitiveness in the region.
THE CIVILIAN INITIATIVE AGAINST TERRORIST ATTACKS IN TURKEY

A civilian initiative including trustee organisations of IKV, the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Union of Agricultural Chambers of Turkey (TZOB) and Turkish Confederation of Employers' Association (TISK) that represent different parts of the Turkish society have united against the terrorist attacks which took place in Turkey in July 2015. In the meeting entitled “the Civilian Initiative against Terror” to which Prime Minister Prof. Ahmet Davutoğlu attended, representatives of civil society organisations have expressed their concern about the recent terrorist attacks through a joint declaration.

Hosted by TOBB President M. Rifat Hisarcıklıoğlu, “The Civilian Initiative against Terror” which includes TOBB, TESK, TZO, TÜRK-IŞ, MEMUAR-IŞEN, TURKIYE Kamu-Işen, TOBB, TESK and HAK-IŞ held a meeting with Prime Minister Prof. Ahmet Davutoğlu, Deputy Prime Minister Ali Babacan, Minister of Customs and Trade Nurettin Canikli and Minister for Food, Agriculture and Livestock Mehdi Eker.

During his opening speech in the meeting, TOBB President Hisarcıklıoğlu mentioned the internal and external security threats that Turkey is faced with and underlined that their demands as Turkish citizens is the preservation of safety of all citizens and the establishment of peace within the country. Underlining that the main responsibility of a State is to preserve peace and security in the country as well as to ensure public order, TOBB President Davutoğlu mentioned that they support the measures within the framework of the rule of law that will be taken to prevent terrorist attacks.

Following this opening speech, representatives of eight civil society organisations have read the joint declaration on behalf of the Initiative. The representatives of the Initiative expressed their concerns regarding the attacks and underlined that the Turkish Grand National Assembly is the platform where solutions can be found. During his speech, Prime Minister Davutoğlu mentioned that the operations against the self-proclaimed Islamic State would continue until the threat against Turkey is eliminated. Identifying the attacks against Turkey as “three-dimensional”, Prime Minister Davutoğlu expressed that the terrorism is contrary to Turkish democracy, public order and international reputation.

LEADERS IN CYPRUS ADVANCE IN UN-LED TALKS

During their meeting within the framework of UN-led reunification talks on 27 July 2015, the leaders of the two communities in Cyprus focused on the issues of property and criteria on territory.

President of the Turkish Republic of Northern Cyprus (TRNC) Mustafa Akıncı and leader of the Greek Cypriot Administration of Southern Cyprus Nikos Anastasiades came together on 27 July 2015, within the framework of the latest round of the UN-led settlement talks. This marked the last leaders’ meeting before the talks go into the summer recess.

In a statement following the leaders’ meeting, UN Secretary General’s Special Adviser on Cyprus Espen Barth Eide confirmed that Akinci and Anastasiades were “making progress towards their shared vision of a united, federal Cyprus”. Eide stated that the leaders had agreed upon property and criteria for property. According to Eide, the dispossessed owners and current users would have three options regarding their claims to affected properties; namely, compensation, exchange and reinstatement. The exercise of any of those options would be based on compliance with mutually agreed criteria. Eide told the reporters. Eide also announced that President Akinci and Eide had agreed on establishing an independent Property Commission, which would be comprised of equal numbers of Turkish and Greek Cypriot members, to resolve property claims. The leaders’ meetings, are expected to resume on 1 September 2015.

In late July, the TRNC had two important visitors. On 20 July, President of the Republic of Turkey Recep Tayyip Erdogan visited the TRNC, to attend the Peace and Freedom Day ceremonies marking the 41st Anniversary of the Cyprus Peace Operation. President Erdogan, during a joint press conference with his Turkish Cypriot counterpart Akinci, reiterated Turkey’s support for a fair and lasting settlement to the Cyprus issue. President Erdogan underscored that reaching a comprehensive settlement that guarantees the equality and legitimate rights of the Turkish Cypriots continues to be Turkey’s priority.

High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the European Commission Federica Mogherini and Commissioner for European Neighbourhood Policy and Enlargement Negotiations Johannes Hahn condemned the terrorist attacks that led to the killing of 32 people in Suruç, Şanlıurfa.

High Representative Mogherini stated that the terrorist attack targeting volunteers, who were gathered to help with the reconstruction of Kobane, aimed to further destabilize the region and communities living nearby. Underlining that the terrorist groups would not prevail in their goal to undermine international determination to eliminate such threats, High Representative Mogherini stated that the EU would provide support to Turkey. While also condemning the attacks and extending their condolences to the families of victims, Commissioner Hahn stated that the terrorist attacks on Turkey represent the tragic consequences of the Syrian conflict felt in a neighbouring country.

IN UN-LED TALKS

CYPRIUS ADVANCE

STATEMENT BY EU OFFICIALS REGARDING THE TERRORIST ATTACKS ON TURKEY

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COALITION TALKS BETWEEN THE TWO LEADING PARTIES FAILED

Leaders of the Justice and Development Party (AKP) and Republican People’s Party (CHP), which governed Turkey since the 2002 election, lost its parliamentary majority. However, it remained as the largest party in Parliament with 258 seats and 40.9% of the vote. Therefore, on 9 July, President Recep Tayyip Erdogan gave the leader of AKP Prof Ahmet Davutoğlu, a mandate to form a new government. Following this assignment, the two parties formed missions in order to discuss the conditions of a prospective coalition government, which was called as ‘grand coalition’ in Turkish media.

On 13 August, following the meeting of the leaders of AKP and CHP, both parties organized press conferences to announce that the coalition talks failed. In the press conference, Prime Minister Prof Davutoğlu admitted that coming from different backgrounds and political ideas, the two parties found common ground on certain issues, but they could not come to an understanding on some fundamental topics such as in the area of education and foreign policy. Moreover, he also mentioned that CHP rejected AKP’s proposal to form a short-term coalition, which would bring the country to elections as early as possible.

On the other hand, CHP leader Kemal Kılıçdaroğlu explained his party’s approach as to form a coalition aiming to solve Turkey’s chronic problems. He stated that with the failure of coalition talks, Turkey missed a historic opportunity.

The deadline for registration to this event is 30 September 2015. More information about the event and the registration process can be accessed at www.match4industry.com.

THE AWARD CEREMONY OF THE THIRD “TURKEY 100” COMPETITION WAS HELD IN ISTANBUL

The award ceremony of the third contest on the fastest-growing companies of Turkey, “Turkey 100”, organised by TOBB in collaboration with TEPAV and AllWorld Network was held on 10 August 2015 in Istanbul.

Maren Marya Elektrik, which is an energy company in the southern region of Turkey, was selected as the winning company of the competition. The company’s sales revenue has increased by 8.74% in the period between 2011 and 2013. According to the “Turkey 100” ranking, Karbil Enerji, an IT company was selected as the second fastest-growing company whose sales revenues increased by 250.1% during the same time frame. Enensa Enerji is the third winning company with a 2.36% increase, while Lokman Hekim Sağlık Hizmetleri, a medical services firm, is in the fourth with a 1,722% increase rate in the “Turkey 100” list. 45 companies were from Istanbul while Ankara hosted 13 of the fastest-growing companies.

During the award ceremony, the opening speech was delivered by TOBB President M. Rifat Hisarcıklıoğlu. In his speech, TOBB President Hisarcıklıoğlu underlined that they attach a special importance to this kind of activity and expressed their wish to repeat this competition every year. The total turnover of 100 of the companies reaches 2.7 billion dollars and the average turnover of a company is estimated around 25 million dollars. The average growth rate is 3.58% in the period between 2011 and 2013. In this regard, TOBB President Hisarcıklıoğlu stated that the growth rate of these companies was 15 times higher than Turkey’s growth rate.

According to the “Turkey 100” list, information services come first in the sectoral ranking with 15 companies. Following information services comes the food products manufacturing with 8 companies, while computer programming, consulting and relevant activities are represented by 6 companies. As for the textile products manufacturing, they are represented with 6 companies, whereas non-classified machinery and human health services are represented by 4 and 3 companies respectively.