



IKV MONTHLY



ISSUE: 26 JANUARY 2017

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

DRIVING FORCES OF TURKEY-EU RELATIONS IN 2017

From presidential and general elections in key EU Member States to the Constitutional referendum in Turkey, both parties are likely to witness tremendous political upheavals and possible changes. It is now essential more than ever that Turkey's integration with the EU should continue at a more advanced level.

2016 has been a difficult year for the world, Turkey and the EU for different reasons. Indeed, the world witnessed tremendous crises and instability such as the continuation of the civil war in Syria, migrant flows, a wave of terrorist attacks and economic upheavals. With respect to the EU, the referendum on Brexit in June 2016 which formally heralded a period of uncertainty with the UK leaving the Union has left many questions unanswered. It represented a growing sentiment of dissatisfaction and disenfranchisement with current EU policies. Likewise, the election of Donald J. Trump to the Presidency of the US in November 2016 signified for many the dawn of a new era in international politics, the role of the US in the world and transatlantic relations.

Turkey has also passed through a significantly difficult period in 2016. Indeed, terrorist attacks struck major cities throughout the year, causing fear and undermining political and economic stability. A failed coup attempt on 15 July 2016 also resulted in further causes for concern. Furthermore, Turkey has initiated a normalisation of its relations with the Russian Federation which, notably, has led to the building of joint initiatives with respect to the Syrian crisis. However, the warm bilateral relations were strained after the assassination of Russia's Ambassador to Turkey H.E. Andrey Karlov in an art gallery in Ankara on 19 December 2016.

2017 will be a critical year for both Turkey and the EU. Indeed, from presidential and general elections in key EU Member States to the Constitutional referendum in Turkey, both parties will witness tremendous political upheavals and possible changes.

Despite all the difficulties, Turkey's accession process to the

EU should not be left out in 2017. The issues pertaining to the current Turkey-EU deal with respect to the management of the migrant flows, the joint fight against terrorism, initiatives to find a long lasting settlement to the Cyprus issue and modernisation process of the Customs Union in a comprehensive manner will remain on the agenda.

Here are some key dates and developments that could be in parallel to Turkey-EU relations:

The Start of the Trump Era in the US: Donald J. Trump's first actions as President -executive orders on issues as varied as Obamacare, the construction of a possible wall with Mexico, ban on immigration from certain Middle Eastern countries- contributed to raise doubt over the ability of Trump to effectively lead the US. With respect to the EU, his longstanding opposition to TTIP may render any commercial rapprochement between the two sides of the Atlantic impossible. Furthermore, his remarks regarding the future of NATO, notably urging other Member States to increase their defence expenditure and rely less on the US have led some to question his belief in transatlantic solidarity. The eroded relations between Ankara and Washington may be repaired if both sides are reaching out to each other and willing to build on a more constructive relationship.

March-October: Elections in Major European Countries: With respect to the various political events (general elections in the Netherlands in March, presidential elections in France in late April and early May, general elections in Germany in October), it is of utmost importance to highlight that they may herald the beginning of significant political changes, with a growing trend of political and economic populism with leaders such as Geert Wilders



(Party of Freedom, Netherlands), Marine Le Pen (National Front, France) and Frauke Petry (Alternative for Germany, Germany) who are, respectively, defending projects which are fundamentally opposed to European integration along with a tightening of borders and change with respect to political and economic orientations. In the aftermath of the refugee crisis across Europe, Germany's new populist party, Alternative für Deutschland, for instance, increased its votes from 5 percent in 2013 to 12-15 percent in 2016.

March: Will the UK Trigger Article 50? Another subject which will determine the future fate of the EU this year will notably be the Brexit process. This process will be invoked for the first time in the history of the Union. The British Supreme Court had stipulated that the Brexit process could not be started without prior and formal approval from the British Parliament. In early 2017, the Parliament approved the first step of the process, thus

heralding the beginning of a difficult and unprecedented period for both the UK and the EU. It is expected that British Prime Minister Theresa May would formally lodge the British request to withdraw from EU membership in March 2017 by invoking Article 50. Importantly, the Brexit process is being followed closely in Turkey.

25 March: The 60th Anniversary of the Treaty of Rome: The EU will celebrate the 60th Anniversary of the Treaty of Rome on 25 March 2017 in Rome. In the summit, EU Heads of State or Government are expected to adopt a declaration. The Treaty of Rome had first and foremost envisaged the construction of a Customs Union between members with the free movement of goods, services, capital and labour which would later lead to the formation of a Common Market. In the aftermath of the Brexit, this anniversary will undoubtedly represent a moment to ponder on the current shape of the Union for EU leaders and to underscore that

it would have a strong symbolic meaning, as growing populist trends are putting into jeopardy the foundations of the Union.

16 April: Constitutional Referendum in Turkey: With respect to a most awaited event in Turkey, one should mention a referendum which is envisaging enacting swiftly a new Constitution for the country. The new constitution would effectively change Turkey from a parliamentary to a presidential system. Furthermore, the new constitution would bring changes such as increasing the number of MPs in Parliament from 550 to 600, voting age lowered to 18 and abolish military tribunals, change the nomination of members of the High Council of Judges and Prosecutor. Regardless of the outcome of the referendum, principles such as fundamental rights, media and freedom of speech, democratic balance should be upheld in line with the shared values of the EU.

PAGE 2



DRIVING FORCES OF TURKEY-EU RELATIONS IN 2017

FROM THE FIRST PAGE

Modernisation of Customs

Union: One should stress that Turkey has a functional Customs Union with the EU currently and the modernisation process of the Customs Union with the opening of formal negotiations is on the agenda this year. The modernisation process of the Customs Union would also necessitate Turkey to further comply with EU norms and standards and with provisions included within the framework of the EU Acquis. Whilst Britain is negotiating for its withdrawal from the EU, Turkey should aim to bring her integration with the EU to a more advanced level. In a survey conducted by IKV among 152 Turkish firms in the industry and services sectors, 61 percent of the respondents support the modernisation of the Customs Union.

Visa-free Travel Talks with the EU: Even though there are still remaining hurdles, especially regarding the revision of the anti-terror legislation in Turkey in line with Council of Europe guidelines, Turkey already fulfilled most of the criteria for visa liberalisation. These remaining conditions could be swiftly overcome in the next couple of months. Regarding the importance of visa-free travel for the impending modernisation of the Customs Union, Turkey's message is still not to accept the visa requirement for the citizens of a country which is in a Customs Union with the EU for 21 years and a candidate negotiating accession to the EU for 11 years.

The Cyprus Question: It is clear to state that the UN-sponsored Cyprus reunification talks have entered a decisive phase in Geneva in January 2017. This has a unique opportunity to settle a dispute since the Annan Plan which is regarded as the most comprehensive plan for a solution. A Cyprus settlement would be a constructive step for Turkey's membership process with the EU. A settlement would also make significant progress on relations by providing the opening of Chapter 23 on Judiciary and Fundamental Rights and Chapter 24 on Justice, Freedom and Security. The leaders requested the UN to prepare for the Conference on Cyprus at political level in early March 2017.

MALTA TOOK OVER THE PRESIDENCY OF THE COUNCIL OF THE EU

Malta took over the Presidency of the Council of the EU from Slovakia on 1 January 2017. Malta, which became an EU Member State in 2004 and joined the Eurozone in 2012, will preside over the EU Council for the first time during the first semester of 2017.

Malta, which is the smallest country in the EU is composed of 420,000 inhabitants and is an important transit country with respect to migrant flows stemming from North Africa towards the EU. The most important sources of revenue of the Maltese economy consist of tourism, trade and financial services. It will constitute the last country of the Trio composed of the Netherlands and Slovakia to hold the Presidency of the Council. The Maltese Presidency will end on 30 June 2017 where it will leave the floor to Estonia.

The Maltese Presidency will focus on six priorities: the implementation of migration measures and the prioritisation of migration-related issues, the

modernisation of the Single Market, the assurance of security through effective diplomacy, the social inclusion of women, minorities and vulnerable groups, the stabilisation of the EU's neighbourhood and the sustainable and job-creating maritime policies.

Malta will assume the Presidency of the Council of the EU at a very critical and challenging time for European integration as the UK is expected to start Brexit negotiations by triggering Article 50 and the EU is trying to regain trust and support by its citizens while fighting rising extremism and national populism. Moreover, the French presidential elections and Dutch general elections, which will be highly significant for the future

of the EU and European integration, fall into the time period of the Maltese Presidency.

The first summit meeting of the Maltese Presidency has also already been announced. Indeed, EU leaders will gather in Valetta on 3 February 2017 in the context of an unofficial meeting. It is expected that the EU future following Brexit will be discussed in the meeting where the UK will not be represented.

The two critical areas which are scheduled to be high in the agenda of Turkey-EU relations during the Maltese Presidency are expected to be constituted of the continuing cooperation with respect to the refugee crisis along with the opening of negotiations towards



MALTA EU 2017

a modernisation of the Turkey-EU Customs Union. It is foreseen that the agreement which was signed between the parties in March 2016 will continue to be enhanced with further cooperation in other areas as well. Furthermore, the negotiations towards a long lasting solution to the Cyprus issue are also expected to be a matter of discussion between the parties and Malta has already expressed its willingness to work together with Turkey in that respect.

ANTONIO TAJANI ELECTED NEW EP PRESIDENT

On 17 January 2017, in a four-round secret ballot, MEPs elected the name to succeed Martin Schulz as EP President. Since none of the six competing candidates managed to get the absolute majority of the votes, the EP presidency race dragged on to the fourth and final round. Candidate of the centre-right European People's Party (EPP), which is the largest group in the EP, Italian MEP Antonio Tajani won the election with 351 votes in the final round against his compatriot Gianni Pittella, the candidate and Chairman of the Progressive Alliance of Socialists and Democrats (S&D) - the second-largest group in the EP. Tajani will serve as EP President until the EP elections in 2019.

Antonio Tajani is the first Italian to preside over the EP since Emilio Colombo who served from 1977 to 1979. The 63-year-old Tajani, who has over 20 years of professional experience within EU institutions, served as Commissioner for Transport (2008-2009) in the Barroso I Commission, and as Vice-President and Commissioner for Industry and Entrepreneurship (2010-2014) in the Barroso II Commission. In the last EP election, Tajani has returned to the EP where he had served three terms from 1994 to 2008, and prior to his

election as EP President he was one of EP's 14 Vice-Presidents. Tajani was perceived as a controversial figure by some circles due to his alleged negligence in the Dieselgate scandal during his time as Commissioner for Industry, and his closeness to the populist former Italian Prime Minister Berlusconi. Tajani's election was made possible thanks to a last-minute deal between EPP and the Alliance of Liberals and Democrats for Europe (ALDE) group to form a pro-EU coalition. ALDE Chairman Guy Verhofstadt, who was among the candidates to replace Schulz, withdrew his candidacy in favour of Tajani before the vote. Earlier in January, Verhofstadt came under fire after he approached the anti-establishment Five Star Movement which dealt a huge blow to his chances of election as EP President. As a result of Tajani's election as EP President, all three EU institutions are now led by the EPP with Donald Tusk as the President of the European Council and Jean-Claude Juncker as the President of the European Commission. Tajani's election could increase the pressure to replace Tusk whose term is up for renewal in May with a social democrat.

"As IKV, We Hope The New EP President Will Engage With Turkey Constructively"

In a press statement on Tajani's election as EP President, IKV Chairman Ayhan Zeytinoğlu underscored that Tajani's approach towards Turkey



will be significant as regards Turkey-EU relations. IKV Chairman Zeytinoğlu pointed out that EP's controversial resolution calling for a temporary freeze of Turkey's EU accession talks last November led to a crisis in the relations. Pointing out that EP will be one of the two institutions to approve granting Turkish citizens visa-free travel in the upcoming period; Zeytinoğlu stated that the EP President's way of presenting the issue to the MEPs will be of crucial importance. Commenting on Tajani's approach towards Turkey, Zeytinoğlu pointed out that despite previously voicing support for Turkey's EU membership and underscoring the common interests between the EU and Turkey, Tajani in his recent

remarks while acknowledging Turkey's role as a key partner, expressed concern over the latest developments and shared EP's unfortunate call for a temporary freeze on Turkey's accession talks. IKV Chairman Zeytinoğlu emphasized that such approaches rather than encouraging Turkey to address its shortcomings concerning the rule of law, democracy and fundamental freedoms, led to the erosion of trust towards the EU on part of the Turkish public and cause friction in Turkey-EU relations. "It is of utmost importance that the new EP President adopts a more visionary and long-term approach towards Turkey," IKV Chairman stated.

TURKEY'S PERMANENT REPRESENTATIVE TO THE EU VISITED IKV



The new representative of Turkey to the EU Ambassador H.E. Faruk Kaymakçı paid a visit to IKV on 26 January 2017 just before starting his position in Brussels. Ambassador Kaymakçı came together with IKV Chairman Ayhan Zeytinoğlu and IKV officials. Ambassador Kaymakçı and Chairman Zeytinoğlu exchanged views on Turkey-EU relations and evaluated possible cooperation opportunities.

IKV'S VISIT TO BELGIUM'S CONSUL GENERAL

IKV Chairman Ayhan Zeytinoğlu together with IKV Research Manager Çisel İleri, Strategy and Business Development Manager M. Gökhan Kilit and Coordinator of EU Istanbul Information Center Mehmet Poyrazlı paid a visit to Belgium's Consul General in Istanbul H.E. Sophie De Smedt on 26 January 2017.

IKV Chairman Zeytinoğlu congratulated the Consul General H.E. Sophie De Smedt as she started in her new

position. During the meeting, IKV Chairman provided information about IKV's main activities and publications related to various fields of research in Turkey-EU relations as well as lobbying activities carried by IKV in Brussels and other EU countries. After giving a brief explanation on the activities of IKV Brussels Office, IKV Chairman also discussed the possible opportunities for further cooperation among both parties.



IKV PARTICIPATED IN ROUNDTABLE ON THE CUSTOMS UNION

IKV Secretary-General Assoc. Prof. Dr. Çiğdem Nas participated as a speaker to the Roundtable Discussion entitled "Setting the EU-Turkey Economic Agenda: Customs Union Reform" on 25 January 2017.



The Roundtable was organised by the European Neighborhood Council in the European Parliament with the support of a Brussels-based business federation, European Entrepreneurs CEA-PME, Independent Industrialists' and Businessmen's Association (MÜSİAD) and Group of the Progressive Alliance of Socialists and Democrats in the European Parliament. Opening remarks were made by Managing Director at the European Neighborhood Council Samuel Doveri Vesterbye and

MÜSİAD Brussels Representative Mustafa Alperen Özdemir.

In the panel discussion, IKV Secretary-General Assoc. Prof. Çiğdem Nas stated that 61 percent of the respondents declared that they supported the modernisation of the Customs Union in a survey conducted by IKV among 152 Turkish firms in the industry and services sectors. Director for G20 Studies Centre at Economic Policy Research Foundation of Turkey Dr. Sait Akman talked about the urgent need to upgrade the

Customs Union and stated that negotiation of trade agreements become increasingly difficult due to the politicisation of the issue of free trade. Prof. of Economics at İstanbul Commerce University M. Ali Yülek also said that he wishes to focus on the fundamentals of Turkey-EU relations rather than the technicalities of the Customs Union and provided information about the asymmetries in the political, economic and commercial dimensions of Turkey-EU relationship.

TIMELINE JANUARY 2017

1	Malta took over the Presidency of the Council of the EU
2	
3	
4	
5	Foreign Minister Çavuşoğlu met with UN Secretary-General Antonio Guterres in New York (5-6 January)
6	
7	
8	9 th Ambassadors' Conference in Ankara (8-14 January)
9	Turkey-EU Civil Society Meetings were held in London (9-10 January)
10	Finnish Foreign Minister Timo Soini's visit to Turkey (10-12 January)
11	
12	Geneva Conference on Cyprus was held
13	IKV Delegation was in Diyarbakır
14	
15	Foreign Minister Çavuşoğlu attended the Middle East Conference in Paris
16	
17	Antonio Tajani elected new EP President
18	Çavuşoğlu paid a visit to the US (17-20 January)
19	World Economic Forum was held in Davos (17-20 January)
20	IKV Brussels Representative attended a Court hearing at ECJ
21	
22	
23	
24	IKV Chairman attended the Working Luncheon hosted by TOBB
25	British Minister of State Lord Price's visit to Turkey
26	IKV attended a Customs Union roundtable in Brussels
27	Turkey's Permanent Representative to the EU Ambassador H.E. Kaymakçı's visit to IKV
28	IKV Chairman Zeytinoğlu visited Belgium's Consul General in Istanbul
29	
30	
31	IKV Delegation paid a visit to TÜSİAD

TURKEY ENTERING A CRITICAL PHASE IN THE CONSTITUTIONAL AMENDMENT PROCESS

The Turkish Grand National Assembly approved the Constitutional reform package embodying amendment of 18 Articles of the Constitution of the Republic of Turkey (Law No. 6771). The package was approved with 339 votes in favour, 142 against, 5 empty and 2 invalid votes.

The threshold necessary for the approval of the Constitutional Reform Package was 330 votes in favour. The package will be submitted to a referendum planned to take place in April following the approval of the President. The Constitutional amendments were proposed by the ruling Justice and Development Party (AKP) and the Nationalist Action Party (MHP) while the main opposition party, Republican People's Party (CHP) voted against and the pro-Kurdish Peoples' Democratic Party (HDP) boycotted the voting in the Parliament. Each of the articles of the constitutional amendment package was voted separately before the final voting of the package as a whole. If approved in the referendum, Constitutional amendments are expected to lead to a "Presidential regime" centralising the executive power in the office of the Presidency. Proponents of the Constitutional change argue that strengthening executive power will lead to more effective government and legalise what is already a de facto presidential system while opponents put forward that the centralisation of executive power will diminish the role of the Parliament, damage effective exercise of checks and balances, provide extraordinary powers to the President such as dismissing ministers and parliament, issue decrees, declare state of emergency rule and appoint top

cadres of the judiciary. According to the proposed changes, the position of Prime Minister would be repealed and replaced by one or more vice-presidents while the President would be allowed to join a political party hence annul the condition of neutrality under the present Constitution. Some of the other changes included the in the Constitutional package are as follows:

- Total number of MP's in the Turkish Grand National Assembly is to be increased to 600 (at present 550).
- Minimum age for election to the TGNA is to be brought down to 18 (at present 25).
- Election for Presidency and the TGNA are to be held on the same day every 5 years. A second vote is to be held for the Presidency if the necessary vote cannot be attained in the first ballot.
- The President is to be elected by a direct vote of the public, to serve a term of five years, renewable once. Candidates can be nominated by political parties which have attained at least 5 percent of the national vote in the previous election, or a minimum of 100 thousand voters.
- The President is designated as head of the State, holds executive power, represents the Republic and Nation, oversee the implementation of the Constitution, and the sound and harmonious



operation of State organs. The President is to publish laws, can send them back to the TGNA for reconsideration, can open a case of annulment in the Constitutional Court, to appoint vice-Presidents and ministers, can oust them, and can issue Presidential decrees in the exercise of executive power.

- Presidential decrees must exclude issues related to fundamental rights, individual rights and duties, political rights and duties, issues that are exclusively stipulated to be regulated by law, and issues that are clearly regulated by law. In case

of a discrepancy between a Presidential decree and law, the law is to prevail. In case the TGNA passes a law regulating the same issue as a Presidential decree, the decree becomes null and void.

- The sentence "The President-elect's tie to a political party, if any, is terminated" is to be repealed, hence making it possible for the President to be a member of a political party while holding office.
- The President is to select Vice-presidents and ministers among voters which are eligible to be elected as a Member of

Parliament. If these persons are members of the TGNA, their membership will be terminated.

- The office of the Prime Ministry is repealed to be taken over the President and Vice-Presidents.
- The TGNA can open an interrogation for the President, vice-Presidents, and Ministers upon a proposal by at least a simple majority of the total number of its members and the approval of 3/5 of its members. The TGNA can decide to submit the President to the Supreme Court by a vote of 2/3 of its members.

THE 9TH AMBASSADORS' CONFERENCE WAS HELD IN ANKARA



The Ambassadors' Conference, organised on regular basis by the Ministry of Foreign Affairs since 2008, was held on 8-14 January 2017 in Ankara with the participation of Turkey's Ambassadors serving at home and abroad. The

theme of the Conference was "Towards 2023: National Values and Global Goals". The annual Ambassadors' Conference reviewed the events related to foreign policy and current challenges and opportunities for the upcoming period.

TURKEY EXTENDS STATE OF EMERGENCY

Deputy Prime Minister Numan Kurtulmuş had announced it following a cabinet meeting on 3 January 2017, Turkey's state of emergency has been extended for another three months. The state of emergency extended as of 19 January following the approval of Turkish Grand National Assembly (TGNA). The main reason of the extension has been stated as terrorist organisations' continuing presence in public institutions. Recently, the struggle against terrorist organisations continued in Turkey and the terrorist threat to Turkey remains vivid.

Under the state of emergency, the government can issue decree laws which are enacted under the chairmanship of President Erdoğan. Meanwhile on 23 January 2017; a series of decrees ensuring the establishment of new State of Emergency Procedures Investigation Commission and softening of some state of emergency measures were published on the Official Gazette of the Republic of Turkey.

With respect to the conditions included within the framework of the state of emergency, representatives

from the EU Delegation and Member States met with representatives from the Turkish civil society on 23 January 2017. The meeting focused on the legal and administrative measures of the State of Emergency, and their impact on human rights defenders, civil society organisations, academics, journalists, civil servants and other professional groups. Later, the EU Delegation published a press release underlining that they would continue to follow closely the developments regarding the implementation of the state of emergency in Turkey.

WORKING LUNCHEON ON TURKEY-UK TRADE RELATIONS WAS HOSTED BY TOBB IN ANKARA

UK's Minister of State for Trade Policy Lord Price paid a visit to Ankara on 24 January 2017 having meetings with Deputy Prime Minister of Turkey Mehmet Şimşek, Minister for EU Affairs and Chief Negotiator Ömer Çelik and TOBB President M. Rifat Hisarcıkloğlu.



While in Turkey, Minister of State Lord Price had positive talks with Deputy Prime Minister of Turkey Mehmet Şimşek discussing Turkey-UK trade relations. Minister of State Price also had a bilateral meeting with Minister for EU Affairs and Chief Negotiator Ömer Çelik. At the meeting held at the Ministry for EU Affairs, Turkey-UK relations, trade relations between Turkey and the UK and post-Brexit arrangements have been discussed. In a joint press conference held prior to the bilateral meeting, Minister of EU Affairs Çelik and Minister of State Price expressed that the UK and Turkey will continue to be strong trade partners now and in the future.

During his visit, Minister of State Price also participated in a workshop hosted by TOBB President M. Rifat Hisarcıkloğlu, where IKV Chairman Ayhan Zeytinoğlu and Secretary-

General Assoc. Prof. Çiğdem Nas were also present. At the meeting organised in honour of the visit of Minister of State Price, British Ambassador to Turkey H.E. Richard Moore, TÜSIAD President Erol Bilecik, TISK President Kudret Önen, TOBB Board Treasurer and Ankara Commodity Exchange President Faik Yavuz, MÜSIAD Ankara Branch Director İlhan Erdal, Vice President of Ankara Chamber of Commerce Mustafa Deryal, Ankara Chamber of Industry Secretary General Yavuz Cabbar, TÜGİAD Vice Chairman Efe Bezci, DEİK Coordinator Dilek Tuna and TEPAV Director Prof. Güven Sak accompanied TOBB President Hisarcıkloğlu.

The meeting focused on increasing the trade relations between the two countries in the process of Brexit. In his speech, Minister of State Price

provided information concerning Brexit and stated that a new and comprehensive free trade agreement with the EU should be negotiated in the near-future. Price also expressed that Turkey remains one of the most important trading partner and tourism destinations.

Indicating that the UK is giving great importance to the issue of free trade, Price warned on rise of protectionist measures in global trade. Price insisted that free trade is helping people across the world escape from poverty and access cheaper and quality products. Furthermore, Price also reminded that the business world and the success of society are intertwined and added that 75 percent of taxes in the UK originate from business lines. Moreover, Price stated that he visited 24 different countries where he had the opportunity to meet

with ministers and businessmen and added that the British government is willing to deepen bilateral relations with Turkey.

In his speech, TOBB President Hisarcıkloğlu said that the Turkish business community is following the Brexit process with great curiosity. Hisarcıkloğlu stated that this process will have great impacts on the future of the EU as well as Turkey-UK trade relations due to the Customs Union. Hisarcıkloğlu emphasised that the level of bilateral commercial relations has also reached 16 billion US Dollars and there are approximately 2.800 British companies operating in Turkey.

Following the opening remarks, IKV Chairman Ayhan Zeytinoğlu noted that IKV has been following closely Turkey's EU process for the last 52 years and

pointed out that it constitutes a primary think tank and civil society organisation. Stressing that the UK constitutes a significant partner for Turkey and explained that Turkey is therefore following closely the Brexit process. IKV Chairman Zeytinoğlu further added that the new model which will be adopted by the parties will lead to significant results with respect to the very future of EU integration. Touching upon the importance of the modernisation of the Customs Union, IKV Chairman indicated that the negotiations are scheduled to begin in 2017 and underscored that a renewed and modernised Customs Union and the inclusion of new areas such as agriculture, services and public procurement would have positive results regarding the strength and dynamism of the Turkish economy.

IKV BRUSSELS REPRESENTATIVE ATTENDED A COURT HEARING AT THE ECJ



IKV Brussels Representative Haluk Nuray along with other Turkish officials attended a judgement of the European Court of Justice (ECJ) with respect to a Turkish road transport company on 19 January 2017. *Istanbul Lojistik* company went to the highest European jurisdiction to challenge the Hungarian authorities' dispositions and laws with respect to transit quotas.

The case is related to a fee which had been imposed upon *Istanbul Lojistik* company hauliers, a fee which had been deemed as

unjustified by company officials. First of all, company officials went to a Hungarian court where court officials ruled that the case is beyond their jurisdiction and hence they referred the case directly to the European Court of Justice.

Representatives from the International Transporters' Association (UND), Turkish Exporters' Assembly (TİM) among with officials from the European Commission attended the hearing at the ECJ in Luxembourg. It is important to underscore the fact that the

European Commission's Legal Service has formally lodged a communique where it has backed Turkey's position in this issue, in the context of the Customs Union. The court will later gather again as an Advocate-General from the ECJ will present his opinion on the case on 6 April 2017. There is a very important probability that the Court would stand with the opinion which was declared and its decision is scheduled to be released and published before the end of the year.

LANDMARK CYPRUS CONFERENCE CONVENED IN GENEVA

On 12 January, foreign ministers of Turkey, Greece and the UK came together with the Turkish Cypriot and Greek Cypriot leaders under UN auspices to discuss security situation and guarantees.

The UN-sponsored Cyprus reunification talks entered a decisive phase as the Turkish Cypriot President Mustafa Akıncı and Greek Cypriot leader Nicos Anastasiades met in Geneva from 9 to 11 January 2017. During intensive talks, the two sides concentrated their efforts on addressing the unresolved issues concerning the internal dimensions of the Cyprus issue namely; governance and power sharing, EU matters, economy and property. According to Akıncı, during the first two days further convergences were reached, however there was still work to do.

11 January marked a breakthrough in the 49 year-long Cyprus reunification talks as for the first time the two sides in Cyprus exchanged maps entailing their own proposals for territorial adjustments. Territorial adjustments are among the most emotionally-charged and complex aspects of the Cyprus issue. The maps were submitted to the UN and then sealed in a UN vault. According to reports, the Turkish Cypriot side's map showed the prospective Turkish Cypriot constituent state controlling 29.2 percent of the island's territory compared with 28.2 percent on the Greek Cypriot proposal. Despite no details concerning the maps have been revealed, either side rejected the other's proposal and regarded the map proposed unacceptable.

On 12 January 2017, the two sides were joined by representatives of the three guarantor powers; Turkey, Greece and the UK at the five-party Cyprus Conference to discuss the chapter on security and guarantees, which is the most problematic issue on the table. The three guarantor powers were represented at the level of foreign ministers at the five-party Cyprus Conference which commenced under the chairmanship of the newly appointed UN Secretary-General Antonio Guterres. European



Commission President Jean-Claude Juncker and High Representative Federica Mogherini represented the EU which participated in the conference as a "special observer".

Speaking to the press ahead of the conference, Turkish Foreign Minister Mevlüt Çavuşoğlu underscored that reaching a comprehensive settlement that ensured the political equality, legitimate rights and security of the Turkish Cypriot community remained a strong priority for Turkey. Çavuşoğlu stressed that given the current situation in the region, the continuation of the security and guarantees system was a necessity and that they expected the issue to be discussed in line with the realities on the island. Stating that the new partnership should be built on the parameters of bi-zonality, bi-

communality and political equality, and equal status between the two constituent states, Çavuşoğlu underlined the need for making the prospective settlement part of EU primary law. Lastly, Çavuşoğlu highlighted that following the prospective settlement; Turkish citizens should also be able to fully enjoy the four freedoms on equal footing with EU citizens until Turkey's EU membership.

Statement from the Conference

Following the five-party Cyprus Conference, the participants released a joint statement recognizing the need to address the security concerns of both sides while developing a security vision for a future united federal Cyprus. In the statement, acknowledging that

this was a historic opportunity that should not be missed, all parties expressed their commitment to supporting the process. The main outcome of the Conference was a roadmap outlining the next steps in the process. According to the statement, a technical working group at the deputy-level concerning security and guarantees would be established to convene on 18 January, negotiations on outstanding issues on the other chapters would continue between the two sides in Cyprus and the Cyprus Conference would convene at the political level to review the outcome of the working group meeting. Despite the fact that most of the participants wanted to move on to the working group phase without delay, Greece required time to

prepare, therefore it was decided to give a five-day break.

As foreseen in the statement, on 18-19 January the technical working group met in Mont Pèlerin to identify specific questions concerning security and guarantees, and the instruments needed to address them. According to a statement by Special Adviser Eide, the working group meeting was held in a positive atmosphere and the working group successfully completed its mandate. No details have been disclosed concerning the proposals on the table. The talks are expected to continue at the political level; however no date has yet been set for a political meeting as a follow up. The Turkish and Turkish Cypriot side underscore that the five-party conference process should not be open-ended.

TURKEY-EU CIVIL SOCIETY MEETINGS WERE HELD IN LONDON

Participants shared their views and exchanged ideas concerning the current stance of Turkey-EU relations. The ideas and recommendations explained during the meetings would be considered a guidance point for the future of Turkey-EU relations. During the meetings, TOBB President and Vice President for EUROCHAMBRES M. Rifat Hisarcıkloğlu stated that they have a long partnership with the British Chamber of Commerce

dating back to 2001. Furthermore, TOBB President Hisarcıkloğlu added that the UK has been a key country for the European continent and European integration and with a trade volume of nearly 16 billion US Dollars, the UK is one of Turkey's largest trading partners in the EU. Hisarcıkloğlu emphasised that as workers, employers, tradesmen and farmers in Turkey, they put great importance on dialogue with their counterparts in Europe,

and they are baffled by the proposal to suspend dialogue and negotiations.

The first Turkey-EU Civil Society Meeting in the EU Communication Strategy (EUCS), was held in Brussels on 29 November 2016 and followed by the series held in Berlin on 14-15 December 2016. The series of meetings are planned to continue in other EU capital cities following the meetings in London.



BRITISH PRIME MINISTER MAY'S VISIT TO ANKARA

British Prime Minister Theresa May paid her first official visit to Turkey since she took office in July 2016.

During her visit to Ankara, Prime Minister May met with President Recep Tayyip Erdoğan and Prime Minister Binali Yıldırım on 28 January 2017 and had a chance to discuss political, military, economic and cultural issues while also addressing regional problems and the war on terrorism.

During Prime Minister Theresa May's visit to Ankara a new and unique government-to-government agreement between Turkey and the UK was announced that sets a framework for co-operation and dialogue between the two governments including the defence ministries and air forces. This will help the two governments and security services to work more closely together in important areas such as intelligence sharing, aviation security and domestic security. This partnership will especially help Turkey as it grapples with the threat posed by heightened terrorist attacks. In the last 18 months, over 1.500 Turkish civilians and security personnel have been killed by terrorist attacks. Crucially it will also help to protect the 1.7 million British tourists who travel to Turkey from the UK every year.

During her meetings with President Erdoğan and Prime Minister Yıldırım, May also discussed a number of important regional security issues including Syria, where the two countries are working together to fight Daesh and create the conditions for peace and challenge mass migration.



May paid tribute to Turkey's generosity in hosting more than 3 million refugees from surrounding countries, and underlined that the United Kingdom is committed to doing all it can to help. Cyprus was also on the table, May's trip came amid the ongoing series of Cyprus talks in Geneva. The United Kingdom, along with Turkey are guarantor countries in the Cyprus talks and are both committed to playing a full part in an effort to secure an early agreement.

Her visit also aimed to enhance cooperation between Turkey and the United Kingdom in the field trade. The two countries agreed to increase the value of trade volume from the current 15.6 billion to 20 billion US Dollars. It should be pointed out that there are approximately 3.000 UK-based companies in Turkey. Moreover, Turkey hopes to increase the number of firms investing in the UK. The two countries also agreed to establish a trade working group

to prepare the ground for a post-Brexit trading relationship.

Finally, Turkey and Britain signed a deal to jointly build fighter jets during Prime Minister Theresa May's visit to Ankara. Under their non-binding 100 million pound (125 million US Dollars) agreement, BAE Systems and state-owned Turkish Aerospace Industries (TAI) will establish a partnership for the development of the TF-X fighter jet.

Prior to meeting with President Erdoğan and Prime Minister

Yıldırım, May also paid a visit to Atatürk's mausoleum Anıtkabir in the capital, where she attended a wreath laying ceremony with British Ambassador to Turkey H.E. Richard Moore. She signed her name in the visitors' book and left a message which read: "It is a great honour to visit this special place of remembrance to the founding father of modern Turkey. Let us together renew our efforts to fulfil Atatürk's vision of peace at home and peace in the world."

IKV DELEGATION WAS IN DİYARBAKIR

On 13 January 2017, IKV delegation paid a visit to Diyarbakir in order to discuss Turkey-EU relations in general. Adana Chamber of Commerce Chairman and IKV Member of the Board Responsible for Accounts Atilla Menevşe, IKV Secretary-General Assoc. Prof. Çiğdem Nas, Research Director Çisel İleri and Strategy and Business Development Director M. Gökhan Kilit accompanied IKV Chairman Ayhan Zeytinoğlu during the visit.

The visit, which was organised at the invitation of Diyarbakir Chamber of Commerce and Industry (DTSO) Chairman and IKV Member of the Board of Directors Ahmet Sayar, began with a meeting to the Governorship of Diyarbakir. Following the visit to Diyarbakir Governor Hüseyin Aksoy, the



delegation visited to open air museum of Diyarbakir and realised a meeting with DTSO Members of the Board of Directors. The programme was pursued with a seminar which was held at Dicle University.

The opening remarks of the seminar were realised by DTSO Chairman Ahmet Sayar, IKV Chairman Ayhan Zeytinoğlu, Dicle University Deputy Rector Prof. Tahsin Kılıçoğlu and Diyarbakir Governor Hüseyin

Aksoy. In the seminar, entitled "Latest Developments in the EU Process: EU Criteria, Harmonisation Efforts and Opportunities", hot topics such as the current situation of Turkey's EU accession process, the modernisation of the Customs Union and its effects upon the agricultural sector, the latest developments in the Middle East and its effects upon Turkey-EU relations were discussed.

IKV DELEGATION PAID A VISIT TO TÜSİAD SECRETARY-GENERAL DR. KALEAĞASI



IKV Secretary-General Assoc. Prof. Çiğdem Nas, IKV Research Director Çisel İleri and IKV Strategy and Business Development Director M. Gökhan Kilit visited Turkish Industry and Business Association (TÜSİAD) Secretary-General Dr. Bahadır Kaleağası on 31 January 2017. Assoc. Prof. Nas

congratulated Dr. Kaleağası as he took his position as the new Secretary-General of TÜSİAD and further gave information regarding IKV's activities in 2017. In the meeting, the latest developments in Turkey-EU relations and the future of the EU were discussed.

DAVOS AS A LOCATION FOR GLOBAL ISSUES

The World Economic Forum took place in Davos between 17-20 January 2017 with the participation of almost three thousand guests including politicians and business leaders from nearly 100 countries.

Sema GENÇAY ÇAPANOĞLU,
IKV Senior Researcher

The World Economic Forum took place in Davos between 17-20 January 2017 with the participation of almost three thousand politicians and business leaders from nearly 100 countries.

The 47th Annual World Economic Forum's (WEF) main theme was "Responsive and Responsible Leadership" this year. WEF is usually mentioned as "Davos Summit" taking its name from the Davos town which is one of Switzerland's biggest ski resorts, where the summit is organised. This year, Davos Summit focused on strengthening the global business union, revitalising economic growth, regulating market capitalism and preparing for the 4th industrial revolution.

Several topics were discussed at Davos Summit varying from the rise of populism to the global economic outlook over the 400 sessions. More than 30 Heads of State or Government and Prime Ministers attended the summit where the hot topics such as new US President Donald Trump and the Brexit were discussed. Xi Jinping was the first Chinese President who participated to Davos. Britain's Prime Minister Theresa May, US Vice President Joe Biden, Azerbaijani President Ilham Aliyev, Ukrainian President Petro Poroshenko and Russian Deputy Prime Minister Olga Golodets were also present at the Davos Summit. Deputy Prime Minister Mehmet Şimşek and Economy Minister Nihat Zeybekci attended the summit from Turkey. Mehmet Şimşek made evaluations about the presidential system and the current agenda in a session of the summit.

Two Opposite Poles of Globalisation: Donald Trump and Xi Jinping

When the new President of the US Donald Trump took office, a new era has began in the world economy and politics. It seems that everything will be quite different from the 8 years term of the former US President Obama. Joe Biden, the former US Vice President,



summarised what it should be done in response to this new situation at the summit: "The international community has an important decision to make, whether we reinforce the ties that bind us, or whether we unravel under the pressure, these choices have to be made about every single nation."

Chinese President Xi Jinping became under the spotlight with his words in the opening plenary session of Davos Summit. The agenda of Xi Jinping's speech was based on the fight against anti-globalisation and building trust in the Chinese economy. As a strong advocate of globalisation, Jinping pointed out to the fact that despite the Western tendency to draw back from, the globalisation is the power to change people's lives in the best way, and it argued that many of the world's problems do not stem from the globalisation.

China's Move for the New World Leadership

Amid some protectionist trends in the US and Europe, and while globalisation as well as free trade are under threat, China is preparing to emerge as the leader of the new

world order. The participation of the Chinese President to Davos Summit for the first time this year shows the country's increasing involvement in the world economy and political scene. Jinping explained at Davos Summit that China is ready to make globalisation work for everyone not just for a few people. He also highlighted that no one can emerge as the winner under protectionism.

China not only plays an important role in the world trade and economic growth but also it makes increasingly progress on clean energy. Xi Jinping pledged to fulfil their global responsibilities in implementing the Paris Agreement on climate change, and the planned economic reforms while pursuing sustainable development as well as high level of economic growth.

Can We Develop any Positive Perspective for Brexit?

Brexit which is another topic that causes uncertainty in the global economic and political scene, was also on the agenda of Davos Summit. In her speech, British Prime Minister Theresa May revealed her plans for Brexit at the

summit. May said that Britain is a European country, proud of its European heritage but noted that her country looks always beyond Europe. She pointed out that with the decision to leave the EU, Britain is not turning its back on the Union. May stressed that Britain has chosen to create a "truly global Britain" that would seek to make markets, trade and globalisation more fair and inclusive.

Is Basic Income for Everyone Just a Dream?

Along with Trump's election in the US, Brexit vote and the rising nationalist movements in the world, income inequality was another important topic in the Davos agenda. Director of Oxfam, Winnie Byanyima called for more equality and indicated that the wealth of 8 people in the world is nearly equal to the income of the poorest 3.6 billion people who are nearly half of the World, noting that they have to rebalance this unjust economy.

There are divergent opinions among countries on how to redistribute the wealth generated in the world, whether it should

be voluntary or mandatory through taxation, or should there be another model? The crucial point is that who will pay the "bill". Although the leaders in Davos Summit do not fully agree on how this challenge will be overcome, there is a consensus among them that prosperity should be shared, otherwise populist movements might arise. IMF President Christine Lagarde also discussed the issue of re-sharing income at the summit. She added that it is an opportunity for the implementation of policies on this issue and in order to reduce income inequality, it is necessary to re-share income.

While Davos Summit is concluded, the topics discussed seem to never lose popularity for the agenda. One of the questions remaining in minds after the summit is, "how will the new world order be?" Will we experience a rise of national interests as there was in the 1930's? The leaders in Davos widely agree that it does not have to be that way and that the globalisation have to be preserved. On the other hand, they do not overlook the view that globalisation needs to be reformed.