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

GENERAL AFFAIRS COUNCIL DEBATED TURKEY'S ACCESSION TALKS

Regarding the outcomes of the General Affairs Council which was held on 13 December 2016, the Council rejected the calls made by Austria to freeze the accession process with Ankara. However, EU Member States would not open new chapters on Turkey's accession negotiations.

The Council was chaired by the Slovak Presidency of the Council of the EU. The main topics of the Council were the mid-term review of the multi-annual financial framework, inter-institutional agreement on better law-making, preparation of the European Council on 15 December 2016 and the European Semester 2017.

Three weeks after the EP voted in favour of a temporary freeze of membership talks with Ankara, the ministers discussed the enlargement policy with a special attention to Turkey. The Council was divided over the issue, with countries such as Austria and the Netherlands advocating for putting on hold the accession negotiations, while the majority argued in favour of a softer line. The suspension of membership talks with Ankara did not get the support of the vast majority of Member States. Apart from Austria, the other 27 members approved and announced that the group welcomed a deepening of EU-Turkey cooperation in key areas of joint interest and challenges, including migration, counter-terrorism, energy, economy and trade. The

Council reiterated its commitment to maintain "an open dialogue" with Turkey and considered it "crucial" to continue cooperating on counter-terrorism and the implementation of the EU-Turkey Statement of 18 March 2016.

At the same time, while rejecting calls made by Austria and the EP to freeze the accession process, the General Affairs Council agreed that, at least as a result of the current situation in Turkey, no further accession chapter will be opened. The Presidency's statement reiterates the grave concerns of the Member States regarding the scope and collective nature of the measures taken since the failed coup attempt on 15 July 2016. The EU continues to expect Turkey, a candidate country, to observe the highest standards in democracy, rule of law and respect for fundamental freedoms.

The decision has caused major criticism on the part of Turkey. Minister for EU Affairs and Chief Negotiator Ömer Çelik criticised the EU for lacking self-confidence after the bloc unanimously decided not to open new chapters on Turkey's accession talks.



IKV Chairman Ayhan Zeytinoğlu, in a written statement indicated that "We are pleased that the Council did not follow the example of the EP in proposing a temporary freeze of negotiations." Yet with regard to the decision not to open new chapters in Turkey's accession talks, IKV Chairman Zeytinoğlu

underlined that the EU's approach to Turkey is far from being honest and consistent. "On the one hand the EU wishes to support political and economic reforms in Turkey and accelerate the alignment to the EU *acquis*; on the other hand, it fails to provide an impetus for engaging Turkey into European integration

due to the stalemate in the accession process and the lingering of the goal of visa liberalisation. Despite problems in bilateral relations in the recent period, keeping Turkey's EU perspective alive is valuable for both the EU and Turkey" IKV Chairman Zeytinoğlu added.

IKV CHAIRMAN ZEYTİNOĞLU WAS RE-ELECTED AS A MEMBER OF THE GENERAL COUNCIL OF THE WCF

Following his re-election as a member of the General Council of the World Chambers Federation (WCF), IKV Chairman Ayhan Zeytinoğlu is scheduled to attend a meeting of the General Council which will take place in Paris on 1 March 2017.

The General Council of the WCF and the International Chamber of Commerce (ICC) were founded in 1950 with the aim of representing the

chambers of commerce and strengthening relations between the chambers. The elections of the WCF which is comprised of 12,000 chambers worldwide and thus forming a global network helping chambers to be more productive were realised on November 2016.

More than 1,200 representatives from 130 countries were invited to cast their electronic vote for the elections of the 2017-2019

period. 20 representatives from all regions of the world were elected among candidates from 48 different countries and are to take their place within the General Council. As a result of the elections held on 30 November, IKV Chairman Ayhan Zeytinoğlu was re-elected for the third consecutive time as a member of the General Council of the WCF representing the European region for the 2017-2019 period.



IKV ATTENDED THE THIRD ISTANBUL INTERNATIONAL COOPERATION AND INVESTMENT SUMMIT

IKV Secretary-General Assoc. Prof. Çiğdem Nas attended the Third Istanbul International Cooperation and Investment Summit at Crowne Plaza Hotel in Istanbul on 10 December 2016. At the summit, which was organised by Diplomats International and supported by the European Business Club Association and Metal Yapı Konut, politicians, diplomats, business world, academics and interested parties discussed the latest developments on Turkey's investment environment.

EURASIA TUNNEL WAS OPENED TO TRAFFIC

The Eurasia Tunnel which crosses the Bosphorus strait in Istanbul was officially opened to traffic on 20 December 2016 in presence of President Recep Tayyip Erdoğan and Prime Minister Binali Yıldırım. The tunnel's total length is of 5.4 km and connects Kazlıçeşme on the European part with Göztepe on the Asian part on a 14.6 km route. It is located 1 km south of the undersea railway tunnel known as Marmaray which was opened on 29 October 2013. The journey time between Kazlıçeşme and Göztepe have been shortened from 100 minutes to 15 minutes.

It is important to add that the model which was adopted for Eurasia Tunnel, also known as "build-operate-transfer", brought together a variety of actors such as private investment organisations. In that context, the European Bank for Reconstruction and Development (EBRD) participated to the project with a loan of 150 million US dollars. EBRD's loan completes 1.4 billion US dollars financing together with the loan worth 350 million US dollars from the European Investment Bank (EIB) and guarantees from Korean Eximbank and K-Sure with SMBC, Standard Charter and Mizuho participation. EBRD's Managing Director for infrastructure Thomas Maier called the project a "further milestone" in connecting Europe with Asia and also indicated that the EBRD is committed to work in concert with their Turkish partners in other projects as well. Maier also stated that the project is the first major private-public partnership.

IKV ADDRESSED TURKEY-EU RELATIONS IN BRATISLAVA

IKV, in cooperation with the Slovak Chamber of Commerce and Industry, organised a conference within the framework of the ongoing project "Presidencies of the EU Council.

At the conference on 8 December 2016, the latest developments in Turkey-EU relations, changes in world trade and the modernisation process of the Customs Union were discussed. During the meeting, Bloomberg HT News Director Ali Çağatay, ENPAY CEO Murat Yürekten and IKV Research Director Çiğdem İleri were also received by Turkey's Ambassador to Slovakia H.E. Aslıgül Üğdül at the Embassy Residence.

During his opening speech, IKV Chairman Ayhan Zeytinoğlu stated that Turkey has made important gains through the Customs Union so far. However, important issues such as visa and transport quotas along with problems arising from the fact that Turkey is not included in the decision-making mechanisms have affected bilateral trade relations in the recent years. Reminding that Turkey is the 18th largest economy in the world and the EU's 6th largest trading partner, IKV Chairman Zeytinoğlu indicated that the Turkish economy has performed well in 2016 despite all the difficulties.

As for Turkish Ambassador to Slovakia, H.E. Aslıgül Üğdül stated that the refugee deal between Turkey and the EU is testimony of a constructive approach and fruitful cooperation. H.E. Ambassador Üğdül expressed Turkey's expectations that the EU will fulfil its commitments regarding the visa liberalisation dialogue and financial aid for Syrian refugees and stated that focusing on only 1 out of 72 criteria for visa liberalisation does not reflect the reality of today. Pointing out that the obstacles Turkey has faced during the negotiation process were not technical but political,



H.E. Ambassador Üğdül reminded that the opening of chapters in the negotiation process is not a reward and emphasised that chapters 23 and 24 should be opened without delay.

TEPAV Director of the Centre for Multilateral Trade Studies and Former Ambassador of Turkey to WTO, H.E. Ambassador Bozkurt Aran, in his speech, pointed out that growing populism and changing geopolitics are challenging the international liberal order led by the US and the EU. Moreover, H.E. Ambassador Aran underscored that cheap labour force has negatively affected the working class in developed countries and that immigration and violation of sovereignty will become more prevalent in a new global order. He also called to mind that, on the one side, Donald Trump won the American elections with his rhetoric,

and the EU, on the other side, is dealing with Brexit and a growing wave of nationalist populism.

Following the remarks made by H.E. Ambassador Aran, TEPAV Director of the Centre for G20 Studies Sait Akman addressed the benefits and challenges of a modernisation of the Customs Union in his presentation. In that respect, he explained that Turkey would experience a welfare loss if the current Customs Union were replaced with a FTA, whereas a deepening of the Turkey-EU Customs Union would lead to welfare gains of 1.84 percent.

Finally, IKV Secretary-General Assoc. Prof. Çiğdem Nas indicated that the negotiations process has been locked in a stalemate apart from the bilateral readmission agreement and the refugee agreement and expressed a continued focus on the visa liberalisation process, the

modernisation of the Customs Union, the high-level dialogue mechanisms and the annual Turkey-EU summits. IKV Secretary-General Nas stated that a public opinion survey published by IKV in May 2016 revealed that 75 percent of the Turkish public supported EU membership but only 64 percent had a membership expectation. Assoc. Prof. Nas also emphasised that economic and welfare development were the main reasons for EU membership support among the Turkish public and noted the importance of a modernisation process of the Customs Union, the completion of visa liberalisation, the maintenance of the accession negotiations, keeping the EU membership goal alive and cooperating in areas of common interest in assessing bilateral relations for the future.

TURKEY HIT BY TERRORIST ATTACKS

Throughout this year, Turkey and Europe have been the target of numerous terrorist attacks. In December, major terrorist attacks again took place both in Turkey and in Germany.

On the night of 10 December, two deadly explosions occurred in Istanbul near the football stadium in Beşiktaş municipality, following the end of a soccer match. These explosions, targeting the Turkish security forces, were caused by a car bomb and followed by a suicide attack killing 38 and injuring more than 150 people.

On the morning of 17 December, a car bomb hit in the Central Anatolian

Province of Kayseri a public bus carrying soldiers who were on their weekend leave. The explosion was detonated near the Erciyes University Faculty of Medicine, killing 14 soldiers and wounding 56 others.

High Representative of the EU 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 expressed in a joint statement their continuing solidarity and commitment to work closely with Turkey to fight the threat of terrorism.

Following the attack in Kayseri, EU Representative Mogherini also called Minister of Foreign Affairs Mevlüt Çavuşoğlu to express her condolences and to reassert their support to fight terrorism.

Furthermore, the assassination of Russia's Ambassador to Turkey H.E. Andrey Karlov in an art gallery in Ankara on 19 December 2016 is also considered as "a provocative terrorist attack" aiming to raise tensions between Turkey and Russia.

Finally, the New Year's eve witnessed the death of 39 people including both Turkish citizens and tourists in a famous night club

in Istanbul. This was an attack by a terrorist organisation targeting innocent civilians, and also western lifestyle and the role of Istanbul as a center of culture and tourism.

As IKV, we strongly condemn all terrorist attacks and extend our deepest condolences to those who lost their lives and wish a fast recovery to those injured. We also would like to stress the importance of a united international effort against all terrorist organisations. Support of the EU to Turkey's fight against terrorism is especially important owing to Turkey's status as a candidate country to the EU and its role in European security.

SEMINAR ON VISA LIBERALISATION AT IZMIR UNIVERSITY OF ECONOMICS

In the context of a seminar which was organised within the framework of the Jean Monnet seminars supported by the European Commission on 5 December 2016, IKV Secretary-General Assoc. Prof. Çiğdem Nas carried out a presentation on the visa liberalisation process for Turkish citizens.



In the seminar which was monitored by Assoc. Prof. Alexander Buergin, IKV Secretary-General Assoc. Prof. Nas indicated that visa requirements have been applied to Turkish citizens for the first time by Germany in 1980 for short-term visits and then later by other Western European countries. With the signature and the entry into force of the Schengen Agreement in a later stage, she reminded that this led to the establishment of a new common framework with respect to visa requirements in Schengen Area countries. Furthermore, Assoc. Prof. Nas also pointed out to the legal, economic and human dimensions of the visa issue and underscored that the conclusions of the Soysal and Demirkan cases

at the European Court of Justice constituted the limits of Turkey's gains in the judicial sphere. Referring to the different cost of the Schengen visa applications, Assoc. Prof. Nas also highlighted the important economic burden of applying for a Schengen visa which amounted to nearly 300 million euros between 2009 and 2015 excluding the additional fees with respect to bank statements, notary and translation fees.

Moreover, Assoc. Prof. Nas explained that first and foremost, the visa requirement constitutes a psychological barrier and the lifting of the visa requirement would have a positive effect in all areas of Turkey-EU relations. Indicating that Turkey-EU cooperation with respect to the

refugee crisis had also contributed to an acceleration of the visa liberalisation process. Assoc. Prof. Nas also referred to the 72 criteria which are to be fulfilled within the framework of the Visa Liberalisation Roadmap. Within that scope, Assoc. Prof. Nas reminded that in the third report assessing the progress achieved by Turkey in terms of fulfilling the requirements of the Visa Liberalisation Roadmap published in May 2016, the Commission had proposed to lift the visa requirements. However, as a result of 7 criteria remaining to be fulfilled and also as a consequence of the need in revising the law regarding the fight against terrorism, she highlighted that the process has been stalled.

NEW YEAR MESSAGE

We wish all our readers happiness, peace and prosperity in the New Year. We hope that 2017 will be a year during which progress will be made throughout the globe in

the resolution of conflicts, cessation of hostilities, elimination of problems such as poverty and inequality, and improvement in access to education, healthcare and social security. As an

organisation specialised in the field of European Studies and Turkey-EU relations, we also wish that Turkey will proceed far in its integration to the EU and relations will take a turn for the better

TIMELINE DECEMBER 2016

	1	○ Cyprus talks resume with a roadmap
Head of the EU Delegation to Turkey H.E. Christian Berger visited IKV	2	○ President Erdoğan received Former German Chancellor Schröder
	3	○ 35 th Meeting of the Turkey-EU Joint Consultative Committee in Ankara (5-6 December)
Seminar on visa liberalisation at İzmir University of Economics	4	○ H.E. Christian Berger's visit to Ministry for EU Affairs
	5	○ Minister Çavuşoğlu attended the OSCE Ministerial Council (8-9 December)
IKV Delegation addressed Turkey-EU Relations in Bratislava	6	○ New economic measures of the Government were announced
	7	○ Terrorist attack in Beşiktaş, İstanbul
IKV attended the Third Istanbul International Cooperation and Investment Summit	8	○ Berlin hosted Turkey-EU Civil Society Meetings (14-15 December)
	9	○ IKV published a brief overview of Turkey 2016 Progress Report
IKV Brief Note entitled "The EU Following the Brexit Referendum and Growing Euroscepticism" published	10	○ Terrorist attack in Kayseri
	11	○ The assassination of Russia's Ambassador to Turkey H.E. Andrey Karlov
	12	○ Terrorist attack in Berlin
	13	○ Albanian President Nishani visited Turkey
	14	○ IKV Brief Note entitled "A Quick Glance to Turkey's Free Trade Agreements" published
	15	○ Panel on "European Talks" at İstanbul Şehir University
	16	○ IKV Brief Note entitled "Cyprus Talks Near the End Game" published
	17	○ IKV Brief Note entitled "The Evolution and Future of EU Public Transportation Policies" published
	18	○ IKV EU Information Centre organised a theatre event
	19	○ Terrorist attack in İstanbul
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EU STUDENTS AND ACADEMICS SHARED THEIR VIEWS ON LIVING IN TURKEY

IKV EU Information Centre, in cooperation with the Centre for Modern Turkish Studies and European Studies at Istanbul Şehir University, organised a panel on the experience of working and living in Turkey as a European student or academic on 22 December 2016.



Within the framework of the subject of the panel entitled "European Talks", British Assoc. Prof. Catherine Macmillan from Yeditepe University, Austrian Erasmus student Alexander Heinz at Istanbul Şehir University and German student at Istanbul Şehir University Constance Döring who is also an intern at IKV talked about their personal experiences in Turkey.

In her speech, Assoc. Prof. Catherine Macmillan underlined that she has never regretted her decision to leave Spain and visit Istanbul and decided to stay to pursue her first master's degree and subsequently her Ph.D. in

European Studies at Marmara University. Macmillan stated that integrating into Turkish society was very easy both at the workplace and at home. Having grown up in the Austrian countryside, Alexander Heinz stated that interactions with Turkish people have been quite positive in general. IKV intern and student at Istanbul Şehir University Constance Döring referred to the difficulties related to Turkey's EU accession process. She said that she thinks keeping relations warm is important to deepen their existing relations and especially to modernise the Customs Union.

HEAD OF THE EU DELEGATION TO TURKEY PAID A VISIT TO IKV

Head of the EU Delegation to Turkey H.E. Christian Berger and his delegation paid a visit to IKV on 2 December 2016. At the occasion of his visit, H.E. Berger met with IKV Chairman Ayhan Zeytinoğlu and discussed the latest developments in Turkey-EU relations. IKV Chairman Ayhan Zeytinoğlu briefed Head of the EU Delegation to Turkey with respect to the latest IKV activities and

upcoming ones in 2017.

In that respect, IKV Chairman Zeytinoğlu alluded to the critical importance of the launch of the negotiations on the modernisation of the Customs Union which represents a significant opportunity to further revitalise Turkey-EU relations and Turkey's EU accession process. Moreover, IKV Chairman Zeytinoğlu also indicated the

need for the parties to work in coordination to find a long lasting solution to the Cyprus issue. As for Head of the EU Delegation to Turkey, H.E. Christian Berger expressed the willingness of the European Commission to work in coordination with Turkey in issues of common interest and underscored the importance of communication between both sides to be enhanced.



IKV'S NEW PUBLICATION ON THE MODERNISATION OF TURKEY-EU CUSTOMS UNION

Following the decision by the Turkish and European authorities to modernise the Turkey-EU Customs Union, IKV carried out a survey on trade barriers in service trade between Turkey and the EU. Since it is envisaged to extend the scope of the Customs Union to services sector, it has been deemed important before the launch of the negotiations to determine which barriers Turkish companies and service providers are encountering the most when entering the Single Market. In this respect, the survey focused mainly on barriers related to the free movement of persons and mutual recognition of qualification, to market

entry, to competition and to transparency.

The survey was conducted between 23 February and 10 April 2016 in Turkey with the valuable contribution of representatives of the Turkish business community, civil society and public institutions. The results of the survey have been presented in a report prepared by IKV Project Director Selen Akse.

The report shows that barriers related to the free movement of persons and mutual recognition of qualification and to market entry constitute a serious impediment to Turkey's trade relations with the EU. The survey also indicates that despite a



general lack of information on the modernisation of Turkey-EU Customs Union, the Turkish business community to a large extent is supporting this process.

IKV'S NEW PUBLICATION ON EU PROGRAMMES

IKV prepared a new publication entitled "EU Programmes to which Turkey Participates and EU Project Opportunities" aiming to provide further information regarding the EU Programmes and project financing opportunities under these programmes. EU Programmes consist of a series of measures adopted by the EU in order to promote cooperation and solidarity among its Member States, to support the idea of being European and to overcome common challenges in various areas such as innovation, entrepreneurship, public health, education etc.

IKV's publication aims to serve as a guideline to Horizon 2020,



Erasmus+, COSME, Creative Europe, EASI Programmes for beneficiaries diverting from scientists, farmers, cities, NGOs to business people. By providing more information on these programmes and how to apply to them, IKV presents this publication for the attention of all interested parties with the intention of increasing the quantity and quality of projects in Turkey.

NEW MEASURES WERE ANNOUNCED BY THE GOVERNMENT WITH RESPECT TO TURKISH ECONOMY

Prime Minister Binali Yıldırım announced the economic measures taken by the Economy Coordination Board in order to boost the Turkish economy and to strengthen the Turkish Lira.



The key measures outlined by Prime Minister Yıldırım on 8 December 2016 include cheaper funding for companies, easier loan restructuring for banks and a tighter public spending. A fund with the backing of the Credit Guarantee Fund, up to 250 billion Turkish Liras (74.3 billion dollar) for the cash flow

problems of Turkish business will be set up. In addition, incentives for investments in production and tax refunds on construction are planned. Social security premiums for employers will be postponed to give relief to the business.

TOBB President M. Rifat Hisarcıkloğlu in a statement on 9

December 2016 welcomed the new economic measures and expressed that they are very encouraging and positive for the aim of enhancing investments, production, employment and exports. TOBB President Hisarcıkloğlu pointed out to the importance of easing access to financing in areas where the

businesses have faced difficulties the most and creating mechanisms to lower labour costs and making investment more attractive. TOBB President Hisarcıkloğlu also thanked the government for supporting the real sector during these difficult times. He explained that these steps principally addressed

to the SME's would increase the economic performance and growth. Hisarcıkloğlu pointed out that as the Union of Chambers and Commodity Exchanges of Turkey, they will take responsibility in achieving the measures envisaged by the government and in ensuring their effectiveness for the economy.

FOURTH REPORT ON TURKEY-EU REFUGEE COOPERATION WAS PUBLISHED

On 8 December 2016, European Commission published the fourth report indicating progress made in implementation of the EU-Turkey Statement to strengthen the mutual cooperation on migration management and overcoming the migration crisis.

The EU-Turkey Statement which was agreed upon during Turkey-EU Summit on 18 March foresees the largest scale and the most efficient migration management cooperation mechanism among the two counterparts.

According to the fourth report, trend of a steady delivery of results continued in spite of many challenges such as the global terror, Turkey's post-15 July recovery period and Brexit referendum. As emphasised within the report, there has been a substantial fall in the number of crossings since the activation of the Statement. The average number of daily arrivals from Turkey to the Greek Islands continued at around 81 persons. Since March, arrivals have averaged 90 per day, compared to 10,000 in a single day in October last year. Return operations have continued to

be carried out with an additional 170 persons returned since the third report.

As a critical part of this issue, the Commission reminded the necessity of improving efficiency and capacity of all related parties and institutions on the Greek Islands. To ensure full implementation of the EU actions under the EU-Turkey Statement and to ease the pressure on the Greek Islands, a Roadmap is also formed.

Yet, some significant shortcomings have been underlined as a part of the fourth report. Acceleration of returns from the Greek Islands to Turkey, the rapid appointment of permanent coordinators in the Greek hotspots, Member States to respond in full to the calls for resources by the relevant EU Agencies in order to assist Greece and further progress on the full range of commitments are the measures that require further implementation.

Latest phase of the Turkey-EU



Visa Liberalisation Dialogue was also mentioned within the report; to this end, the Commission called Turkey to fulfill the remaining 7 criteria of the Roadmap. As presented by the Commission, delivery of funding under the Facility for Refugees in Turkey continued during the reporting

period. A total of 2.2 billion euros allocated out of the 3 billion euros foreseen for 2016-2017 to address the most urgent needs of refugees and host communities in Turkey. The amounts contracted have also increased to 1.3 billion euros.

European Commission's First Vice-President Frans Timmermans

stated that the comprehensive European approach on migration management have created positive results such as the decrease in the number of irregular migrants arriving in Greece and the implementation of the EU-Turkey statement.

THE 35TH MEETING OF THE JCC WAS HOSTED BY TOBB

The 35th Meeting of the Joint Consultative Committee (JCC) was held in Ankara at the TOBB Headquarters and co-chaired by TOBB President M. Rifat Hisarcıklioğlu and Vice-Chair of the JCC Annie van Wezel.



The opening speeches were made by Minister for EU Affairs and Chief Negotiator Ömer Çelik, Head of the EU Delegation to Turkey H.E Christian Berger, TOBB President M. Rifat Hisarcıklioğlu and Vice-Chair of the Turkey-EU JCC Annie van Wezel. Participants at the JCC meeting discussed the current developments in Turkey's EU accession process, visa liberalisation for Turkish citizens, modernisation of the Turkey-EU Customs Union and the situation and integration issues of Syrian refugees in Turkey.

During the meetings on 5-6 December 2016, TOBB President Hisarcıklioğlu stated that they as a representative of workers, farmers, employers and the whole society believe in fundamental values of the EU such as democracy, rule of law and freedom of speech. Regarding the decision of the European Parliament on Turkey, TOBB President Hisarcıklioğlu said that the accession strategies of the candidate countries for the EU should bring the candidates countries and the EU closer. In addition, Hisarcıklioğlu emphasised

the role of parliaments in creating a platform for negotiation. Touching on the failed coup attempt in Turkey, Vice-Chair of the JCC Annie van Wezel noted the importance of the view to cooperate against terrorist attacks. Minister for EU Affairs and Chief Negotiator Ömer Çelik also stated that they should keep solidarity in Turkey as a candidate country to the EU and democratic country.

IKV Chairman Ayhan Zeytinoğlu also attended the meeting and expressed his views on Turkey-EU relations in general. Regarding the modernisation of the Turkey-EU

Customs Union, IKV Chairman Zeytinoğlu noted the importance of starting negotiations in 2017. IKV Chairman Zeytinoğlu said that it will be a "win-win" situation for both parties, bring about new business and investment opportunities, expand bilateral trade and induce structural reforms in the Turkish economy. However, he also told the participants that the visa requirement continues to create a barrier in front of free movement and a burden for business people in Turkey.

IKV Secretary-General Assoc. Prof. Çiğdem Nas participated in

a panel on the modernisation of the Turkey-EU Customs Union held on the second day of the JCC. Representatives of the European Commission, Ministry of the Economy, and Economic and Social Committee of the EU also made speeches at the panel. The negotiations for the modernisation of the Turkey-EU Customs Union are expected to bring about a revitalisation of relations, contribute to Turkey's integration to the EU and provide impetus for growth and development on both sides.

MINISTER OF FOREIGN AFFAIRS MEVLÜT ÇAVUŞOĞLU ATTENDED THE OSCE MINISTERIAL COUNCIL



Minister of Foreign Affairs Mevlüt Çavuşoğlu attended the 23rd meeting of the Organisation for Security and Cooperation in Europe (OSCE) Ministerial Council which was hosted by Germany in the city of Hamburg on 8-9 December 2016. The event was held at the invitation of the 2016 OSCE Chairperson-in-Office and Foreign Minister of Germany Frank Walter Steinmeier. Foreign Minister

Çavuşoğlu also had the occasion to meet Minister Steinmeier in a bilateral meeting.

During his speech, Minister Steinmeier indicated that the key priorities of Germany's OSCE Chairmanship have been "renewing dialogue, rebuilding trust, restoring security".

At the occasion of the meeting, the role of the OSCE with respect in tackling thoroughly the challenges

faced by the European region such as enduring threats to security, terrorism, the ongoing crisis in the Ukraine, migration crisis and other protracted conflicts were discussed among the participants. With respect to economic and security issues, OSCE Member States vowed to strengthen good governance, transparency and further improve the business climate in the Euro-Atlantic region.

MINISTER FOR EU AFFAIRS ÖMER ÇELİK RECEIVED HEAD OF THE EU DELEGATION TO TURKEY

Minister for EU Affairs and Chief Negotiator Ömer Çelik received Head of the EU Delegation to Turkey H.E. Christian Berger on 7 December 2016. H.E. Berger took office on 1 November 2016. During the meeting, the latest developments in Turkey-EU relations along with the critical role of the EU Delegation to Turkey in that respect were explored in

detail. Both parties convened of the necessity to further enhance greater communication between them and work in cooperation.

Furthermore, Minister for EU Affairs Çelik thanked the contributions of the EU Delegation to Turkey to the further strengthening of relations between the parties and underscored its important role in

overcoming possible damages and problems which have the possibility of inhibiting relations, such as the latest resolution of the European Parliament with respect to a temporary freeze of accession negotiations between Turkey and the EU. They both stressed the importance to keep relations on track and focus on pending issues of common interest.



CYPRUS TALKS RESUME WITH A ROADMAP FOR THE FIVE-PARTY CONFERENCE

Turkish Cypriot and Greek Cypriot leaders decided to resume the UN-sponsored reunification talks and set the date of the five-party conference as 12 January 2017.

On 1 December 2016, TRNC President Mustafa Akıncı and Greek Cypriot leader Nicos Anastasiades came together at a working dinner hosted by UN Secretary-General's Special Adviser Espen Barth Eide for the first time since the talks reached an impasse over disagreements regarding the territorial adjustments last month. In a statement issued on 2 December, the UN announced the decision of the leaders decision to immediately resume the negotiations. The leaders have instructed their negotiators to continue meeting in order to achieve progress on all outstanding issues interdependently, the statement said. During their meeting, the leaders also agreed on a roadmap on the way forward. According to the statement, the two sides will come together in Geneva on 9 January 2017, on 11 January they will present their respective maps and from 12 January onwards a "Conference on Cyprus" (i.e. five-party conference)

will be convened with the added participation of the three guarantor powers. Other relevant parties shall be invited as needed, the statement added. The five-party conference stage will mark a crucial stage in the talks. On 8 December 2016, Deputy Secretary General and Spokesperson of the Turkish Presidency İbrahim Kalın announced that President Recep Tayyip Erdoğan will be attending the five-party conference set to be held with the participation of the three guarantor powers in Geneva.

On 5-7 December 2016, TRNC President Mustafa Akıncı travelled to Brussels for high-level meetings with key EU officials. In the context of his visit to Brussels, President Akıncı met with President of the European Commission Jean-Claude Juncker, EP President Martin Schulz and EU Foreign Policy Chief Federica Mogherini as well as German Foreign Minister Frank Walter Steinmeier and US Assistant Secretary of State Victoria Nuland. Commenting on his meetings



in Brussels, Akıncı stated that during his contacts he had the opportunity to take stock of the final phase in the talks and convey

to his interlocutors the vision of the Turkish Cypriot people and underscore that equality, freedom and security are indispensable for

their well-being. Akıncı pointed out that January will be an extremely vital month for the future of Cyprus and the Turkish Cypriot people.

BERLIN HOSTED TURKEY-EU CIVIL SOCIETY MEETINGS

Following the first meeting in Brussels on 29 November 2016, Turkish-EU Civil Society Meetings were held in Berlin with the participation of Minister for EU Affairs and Chief Negotiator Ömer Çelik.



In order to strengthen civil society dialogue between Turkey and the EU, Minister for EU Affairs Ömer Çelik started a series of that civil society meetings of which the first was held in Brussels in November 2016. The next meetings are expected to take place in various European capitals in the upcoming months.

During three meetings organised by the Ministry for EU Affairs between 14-15 December 2016, Minister for EU Affairs Çelik came together with both Turkish and German representatives of academicians, media and business in order to evaluate Turkey-EU

relations in general. TOBB President M. Rifat Hisarcıkıoğlu was also attended the meetings with Minister for EU Affairs Ömer Çelik.

In Berlin, Minister for EU Affairs Çelik met with German Minister of State for Europe Michael Roth, Minister of State and Federal Government Commissioner for Migrants, Refugees and Integration Aydan Özoğuz, Federal Minister for Special Affairs and Chief of Staff of the Federal Chancellery M. Peter Altmaier. Apart from bilateral relations, Ministers also discussed the issues of visa liberalisation process for Turkish citizens, terrorism and refugee crisis.

"LOKUM AGAINST TEKNOMEN" THEATRE INTRODUCED THE EU TO CHILDREN

IKV EU Information Center organised an event for school children within the framework of the theatre play called "Lokum Against Teknomen" in Istanbul on 29 December 2016. The event was organised in cooperation with Doğa Schools and Bahçeşehir

Schools. "Oyun İstasyonu" Theatre players and their character "Lokum" informed the children about EU countries in their performance.

By addressing children's imagination, fairy tale characters "Little Red Riding Hood", "Rapunzel", "Lokum",

"Puss in Boots" and "Teknomen" let the children take a fantastic trip to the EU countries. The principle of solidarity of the EU and EU policies were emphasised through the theatre. After the theatre, Lokum tale series were distributed to the children.



THE MODERNISATION OF THE TURKEY-EU CUSTOMS UNION: AN OPPORTUNITY NOT TO BE MISSED IN 2017

At a critical juncture in Turkey-EU relations, the modernisation of the Customs Union presents a great opportunity for both Turkey and the EU to reinforce their economic and trade relations.

Selen AKSES,
IKV Project Director

In light of the recent political tensions between Turkey and the EU, the determination to go ahead with the modernisation of the Customs Union is considered as a positive development. As may be recalled, following the European Parliament's call to freeze the ongoing negotiations process with Turkey, the General Affairs Council has reassured that "the accession process is open-ended" but it has also clearly emphasised that no new chapter is expected to be opened in the near future. Under this context, the Commission's demand for a mandate from the Council to launch negotiations on the modernisation of the Customs Union with Turkey will give the needed momentum to revitalise Turkey-EU relations.



The 20 Year Old Customs Union Became Obsolete in Today's Context

Since the time the framework of the Customs Union was determined by Turkey and the EU, trade interests and preferences of both parties have altered in parallel to their own economic development but also to the evolution of world trade. Indeed the current framework of the Customs Union has become to some extent outdated since it does not satisfy anymore the arising needs of the two trade partners nor reflect the current trends in world trade.

While the Turkey-EU Customs Union in its current structure covers only industrial and processed agricultural products, it is envisaged to extend its scope to new areas such as agriculture, services and public procurement. In this respect, the modernisation of the Customs Union will be an opportunity for Turkey not only to reinforce its trade and investment relations with the EU but also to liberalise its trade in services, to reduce barriers to service and foreign direct investments (FDI) and also to open its public procurement market.

Another key issue for Turkey would also be to overcome the asymmetric situation caused by the free trade agreements concluded by the EU with third countries which have repercussions on Turkey since its economic and trade interests are not taken into account during the negotiations and decision-making processes. The goods of the countries signatory of the agreement can enter freely into the Turkish market thanks to the Customs Union via the EU, whereas Turkey does not benefit from the same concessions granted to the EU in terms of trade facilitation. Eventually, in such circumstances, not every country which has concluded a free trade agreement with the EU is inclined to negotiate a separate agreement with Turkey.

Therefore, the possibility to introduce a legally binding provision which would enable Turkey to benefit simultaneously from these trade agreements concluded by the EU with third countries should be explored during the upcoming negotiations on the modernisation

of the Customs Union. Within this framework, Turkey and the EU also need to establish more efficient consultation mechanisms and to improve their joint decision-making process.

Trade in Services between Turkey and the EU: Untapped Potential

Considering the increasing role played by the services sector in the economy and the emergence of global value chains, the modernisation of the Customs Union will be important to untap the trade potential in services between Turkey and the EU. As a matter of fact, a survey conducted by IKV (*Publication No:291*) reveals that 65.8 percent of the respondents representing mainly the Turkish business community are supporting the idea of extending the scope of the Customs Union to the services sector.

Before the launch of the negotiations, it is essential for both parties to determine the main obstacle, i.e. the non-tariff barriers that could obstruct the further liberalisation in trade in services.

Without a shred of doubt, the liberalisation of trade in services between Turkey and the EU would contribute to the reinforcement of the competitiveness of Turkish companies operating in the services sector and that of the service providers within the European Single Market.

The survey in question shows that the main complaints among the Turkish business world regarding trade in services with the EU are mostly concentrated in the restrictions imposed on the free movement of persons and on the mutual recognition of qualification. The difficulties encountered by Turkish businessmen and professionals during their application for visa and working permits constitute a serious threat to the principle of free movement and hamper the potential business relations. In this respect, the progress made in the visa liberalisation process is as vital as the modernisation of the Customs Union.

During the negotiations, the Turkish and European parties need

also to tackle barriers to entry and competition, especially the use of discriminatory policy in areas such as public procurement, tax regulation and incentive schemes. In this respect, the application of transport quotas to Turkish hauliers is considered as a serious obstacle for the development of trade relations between Turkey and the EU. Furthermore, the survey conducted by IKV also revealed that there are serious concerns voiced regarding the lack of transparency and difficulties in terms of accessing information regarding market conditions, legislation and tax practices in the Member States.

Without doubt, the current Turkey-EU Customs Union modernisation was long-overdue, and this process will enable both parties to better explore and seize new opportunities in today's evolving global trade environment. But most of all, the modernisation process of the Customs Union with the EU will constitute an impetus and serve as an anchor for the economic reforms needed in Turkey.