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“MADE IN EU”: THE EU’S NEW INDUSTRIAL PARADIGM AND CRITICAL RISKS FOR TÜRKİYE

As the EU pivots to a protectionist “Made in EU” strategy to secure its industrial base, Türkiye faces the critical risk of exclusion from vital supply chains.

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While the EU has long been an entity known for promoting trade liberalisation and defined by its “soft power”, recent geopolitical shifts have placed the Union on a more protectionist trajectory focused on “strategic autonomy”. Supply chain crises triggered by the COVID-19 pandemic, energy shocks intensified by the Russia-Ukraine war, and, in particular, the US Inflation Reduction Act alongside China’s aggressive state-backed industrial policies are compelling Brussels to rewrite the rules of the game. Consequently, the EU is currently forging a new policy framework referred to as “Made in EU” to safeguard its industrial base and secure the green transition.

The General Framework of “Made in EU”

The EU’s new industrial strategy is being built upon the concepts of economic security and competitiveness. Shaped under the “Clean Industrial Deal”, this vision aims to utilise the decarbonisation of European industry as a driver for growth, while simultaneously developing a defence mechanism against non-European competitors. The cornerstones of this strategy are the previously adopted Net-Zero Industry Act (NZIA) and the Critical Raw Materials Act (CRMA). These acts have established a legal basis for the targets of increasing the EU’s manufacturing capacity in strategic technologies to 40% and reducing external dependency on critical raw materials by 2030.

However, in this new period, the need to bolster these supply-side policies with demand-side instruments has emerged. The European Commission aims to create “lead markets” to incentivise the production of clean technology products and support energy intensive sectors (steel, cement,



chemicals) within Europe. In this context, there are plans to introduce local content requirements alongside sustainability and resilience criteria in public procurement and private sector supply chains.

The Industrial Accelerator Act (IAA)

The regulation designed to serve as the most critical legal instrument of this new strategy is the “Industrial Accelerator Act” (IAA). Although initially referred to as the “Industrial Decarbonisation Accelerator Act”, the term “decarbonisation” was removed from the title to encompass a broader technological scope. The draft was originally expected to be unveiled in the final quarter of 2025 or at the beginning of 2026. However, due to internal debates within the Commission and divergent views regarding its scope, the announcement of the draft has been postponed to a later date.

The steps expected to be taken under the IAA are as follows:

- **Accelerating Permitting Processes:** Shortening permitting procedures for decarbonisation projects in energy-intensive industries and clean energy infrastructure by eliminating bureaucratic hurdles.
- **Creation of Demand and Market Protection:** Implementing “Made in EU” criteria in public

procurement and certain strategic private procurements.

- **Strict Scrutiny of Foreign Investments:** Introducing strict conditions similar to the “Chinese model” for investments exceeding 100 million euros or share acquisitions surpassing 49% by non-EU companies in strategic sectors within Europe, such as the obligation to establish a joint venture with local firms and transfer “know-how”.

The Automotive Sector at the Heart of “Made in EU”

The automotive sector, the driving force of European industry, lies at the centre of the Union’s new industrial strategy. The “Automotive Package”, announced on 16 December 2025, contains regulations set to fundamentally alter the dynamics of the sector. The Commission has offered a 10% compensation mechanism to manufacturers by relaxing the 2035 internal combustion engine ban, conditional on the use of e-fuels and, specifically, EU-origin low-carbon materials.

However, the most strategic dimension of the package is that it safeguards the “strategic autonomy” of European industry by directly linking incentives and exemptions to a local content requirement:

- **Corporate Fleets and Public Support:** While the green transition of corporate fleets, which constitute 60% of new vehicle registrations in the EU market, is being made mandatory, all public incentives such as tax reductions or leasing support to be provided for these vehicles have been tied to the “Made in EU” condition.
- **“Interest-Free Loan” Support in Battery Production:** Under the “Battery Booster” strategy, a support package totalling 1.8 billion euros will be offered to EU-based battery manufacturers. A significant portion of this, amounting to 1.5 billion euros, will be utilised as interest-free loans for European cell manufacturers to provide a cost advantage against Asian competitors. The condition for benefiting from this support is that production must take place within Europe.
- **“Super Credit” Multiplier for Small Vehicles:** Another mechanism supporting domestic production has been introduced for affordable small cars. Prior to 2035, small electric cars produced within the EU will be counted as 1.3 vehicles instead of 1 when calculating manufacturers’ emission targets, thereby making it easier for firms engaging in domestic production to meet their targets.

Local Content Requirement and “Lead Markets”

Under the IAA and related regulations, the introduction of a “local content” requirement ranging from 40% to 70% for strategic products (batteries, wind turbines, electrolyzers, etc.) is currently being considered. The objective is to support European production in every project where public funds are utilised. Specifically, a “low-carbon product label” to be developed for energy-intensive products such as steel and cement will ensure the prioritisation of these goods in public procurement. Furthermore, for a product to qualify as a “Made in EU” product, it will require not only the final assembly but also the critical

components creating value added to be manufactured in Europe.

Risks Awaiting Türkiye

This new industrial strategy adopted by the EU, along with its protectionist stance, poses critical risks for Türkiye, a Customs Union partner, extending far beyond mere trade barriers. Among non-EU countries, Türkiye ranks as the EU’s fifth-largest supplier of products falling under the scope of the IAA, realising over 30 billion dollars in annual exports of these goods. Furthermore, Türkiye is deeply integrated with European industry across raw materials, intermediate goods, and final products. Consequently, the exclusion of Türkiye from the “Made in EU” definition presents a scenario that would strike the industry at both ends of the supply chain.

In particular, the local content requirement expected to be sought in incentives for corporate vehicle fleets and battery support holds the potential to place approximately 40 billion dollars’ worth of vehicles and supply industry products manufactured in Türkiye and exported to the EU annually at a disadvantage against their European competitors. It is worth noting that the automotive sector is Türkiye’s leading export sector, with EU countries accounting for more than 70% of Türkiye’s total automotive exports.

It is evident that this process, which jeopardises Türkiye’s gains under the Customs Union and its role in the integrated supply chain, will inflict damage not only on Turkish industry but also on European industry, which stands to lose a critical cost advantage. Accordingly, at a time when the definition of “Made in EU” has not yet been fully clarified, it is imperative to conduct the necessary technical and diplomatic negotiations in Brussels, to emphasise Türkiye’s status as a Customs Union partner and candidate country, and to ensure Türkiye’s inclusion within this definition.



IKV CELEBRATED ITS 60TH ANNIVERSARY

IKV celebrated its 60th anniversary with a special event held in Istanbul on 13 January 2026. The event was attended by former EU Minister and Chief Negotiator Ambassador Volkan Bozkır, IKV Chairperson Ayhan Zeytinoğlu, members of the IKV Management and Supervisory Board, representatives of the foundation's Board of Trustees and Supporting

Institutions, former presidents of the IKV, representatives of the consulates and missions of EU member states, foundation experts and employees.

The opening speech of the evening was delivered by IKV Chairperson Ayhan Zeytinoğlu. Chairperson Zeytinoğlu stated that with its 60-year history, the IKV is a reference institution in Türkiye

regarding the EU process and expressed his gratitude to everyone who has contributed to the foundation to date. After the speeches, guests attended a formal dinner reception, also joined by scholars from the Türkiye–EU relations circle, journalists, and former IKV employees. To mark the occasion, a cake was cut in honour of the Foundation's 60th anniversary.



IKV CHAIRPERSON ZEYTİNOĞLU HELD TALKS IN BRUSSELS



IKV Chairperson Ayhan Zeytinoğlu took part in the delegation that Trade Minister Prof. Ömer Bolat led to Brussels on 7 January 2026 to mark the 30th anniversary of the Customs Union. As part of the programme, the delegation visited Türkiye's Permanent Representation to the EU, where they met with diplomats working there and received information about Türkiye-EU relations and the activities carried out by the Permanent Representation.

Chairperson Zeytinoğlu met with MHP Deputy Chairman and Ankara MP Mevlüt Karakaya,

AK Party MPs Ziya Altunyalız and İsmail Emrah Karayel, and trade advisers at the TOBB-İKV Brussels Office. During the meeting, Chairperson Zeytinoğlu discussed the process of updating the Customs Union, visa liberalisation, and the impact of the EU's "Made in Europe" approach on trade relations, emphasising the importance of Turkish industry in the EU's supply chains. In his speech, Chairperson Zeytinoğlu expressed the need for Türkiye to be included in the Union's policies on reindustrialisation and support for European industry in critical sectors.

PERMANENT DELEGATE OF TÜRKİYE TO THE EU AMBASSADOR BALKAN VISITED IKV



The Permanent Delegate of Türkiye to the EU, Ambassador Yaprak Balkan, paid a courtesy visit to IKV on 5 January 2026, just before taking up her post in Brussels. Ambassador Balkan met with IKV Chairperson Ayhan

Zeytinoğlu, IKV Secretary General Assoc. Prof. Çiğdem Nas, and IKV Deputy Secretary General M. Gökhan Kilit. During the visit, the Foundation's areas of work and potential avenues for cooperation were discussed.

IKV CHAIRPERSON ZEYTİNOĞLU ATTENDED THE E-COMMERCE ROUNDTABLE MEETING

IKV Chairperson Ayhan Zeytinoğlu attended the E-Commerce Private Sector Roundtable Meeting held in Istanbul on 16 January 2026, hosted by the Union of Chambers and Commodity Exchanges of Türkiye. The meeting, attended by Deputy Minister of Trade Mustafa Tuzcu, European Commission Director-General for Taxation and Customs Union Gerassimos Thomas, TOBB Vice President Tamer Kiran, and TOBB Türkiye E-Commerce Council President Ozan Acar, brought together representatives from the public and private sectors.



The meeting comprehensively addressed the impact of the EU Customs Union reform process on Türkiye's e-commerce ecosystem.

It also assessed current policy dynamics in global digital trade and their implications for trade relations with the EU.

IKV AGENDA

TIMELINE JANUARY 2026

IKV CHAIRPERSON ZEYTİNOĞLU: “THE EU-INDIA AGREEMENT WILL HAVE NEGATIVE CONSEQUENCES FOR TÜRKİYE”

IKV Chairperson Ayhan Zeytinoğlu made important statements regarding the EU-India FTA. Noting that the agreement will have negative consequences for Türkiye's Customs Union gains, Zeytinoğlu warned that following the Mercosur Agreement, this FTA concluded with India will significantly undermine Türkiye's advantages in the EU market. Chairperson Zeytinoğlu stated: “India is the world's tenth-largest exporter with exports of 773 billion dollars. The EU and India currently conduct over 180 billion euros in trade in goods and services. While the EU is India's largest trading partner, India is the EU's ninth largest trading partner. Over the past ten years, merchandise trade between the two sides has increased by 90%, and the new FTA will further expand this trade. The EU imports machinery and equipment, chemicals, base metals, mineral products, and textiles from India, while exporting machinery and equipment, transport vehicles, and chemicals. EU investments in India reached 140 billion euros in 2023. Approximately 6,000 EU companies are established in India. India's increased exports to the EU market by benefiting from tariff reductions will intensify competition for Türkiye in critical sectors such as machinery, automotive, chemicals, and textiles, leading to a loss of market share.”

Chairperson Zeytinoğlu assessed the content of the agreement as follows: “The EU will eliminate tariffs on 90% of products imported from India. Tariff concessions will be



granted for nearly 100% of bilateral trade. Tariffs will be eliminated on products exported by India to the EU such as seafood, chemicals, plastics and rubber, leather and footwear, textiles, apparel, base metals, semi-precious stones, and jewellery. Tariffs on automobiles will be gradually reduced to 10%, with an annual quota of 250,000 vehicles. Tariffs on automotive parts will be completely eliminated within five to ten years. Customs duties of up to 44% on machinery, 22% on chemicals, and 11% on pharmaceuticals will also be largely removed. India will immediately eliminate tariffs on 30% of products imported from the EU. Tariffs on 90% of EU exports will be eliminated or significantly reduced. The EU will provide financial and technical support to India to ensure compliance with CBAM rules for steel exports to the EU. While the EU will open 144 services sectors to India, India will open 102 subsectors, including financial services, maritime transport, and telecommunications.

Sensitive European agricultural sectors such as beef, poultry, dairy products, rice, and sugar have been excluded from liberalisation under the agreement. The agreement has not yet been signed. Following the publication of the draft text, it will be submitted to the Council for approval after legal scrubbing. After Council approval, the agreement will be signed. Approval by both the European Parliament and the Indian Parliament is also required. During this period, Türkiye must intensify its efforts to correct the imbalance in the Customs Union. The issue of modernisation has now become extremely urgent. Türkiye needs to be included simultaneously in EU FTAs, and services, agriculture, and public procurement must be brought within the scope. Without it Türkiye will continue to suffer structural losses with every new EU FTA. The expansion of the EU's global trade network without updating the Customs Union creates a systematic disadvantage for Türkiye.”

IKV CHAIRPERSON ZEYTİNOĞLU ATTENDED THE CBAM WORK MEETING

IKV Chairperson Ayhan Zeytinoğlu attended the Carbon Border Adjustment Mechanism Work Meeting held in Istanbul on 16 January 2026, hosted by the Union of Chambers and Commodity Exchanges of Türkiye. The meeting, attended by Deputy Minister of Trade Mustafa Tuzcu, European Commission Director-General for Taxation and Customs Union Gerassimos Thomas, and TOBB Board Member Zeki Kivanç, addressed recent developments regarding the CBAM implementation period. During the meeting, the challenges



faced by priority sectors such as iron and steel and cement in the adaptation process, the relationship

between the National Emission Trading System and the CBAM, and proposed solutions were evaluated.

Foreign Minister Hakan Fidan came together with his Portuguese counterpart Paulo Rangel.

Foreign Minister Hakan Fidan attended the Coalition of the Willing meeting.

Foreign Minister Hakan Fidan came together with Lithuanian President Gitanas Nausėda.

Foreign Minister Hakan Fidan attended the Second Foreign Ministers' Meeting of the Balkans Peace Platform.

Foreign Minister Hakan Fidan came together with his French counterpart Jean-Noël Barrot.

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Permanent Delegate of Türkiye to the EU Ambassador Yaprak Balkan visited IKV.

IKV Chairperson Zeytinoğlu held talks in Brussels.

IKV celebrated its 60th anniversary.

IKV Chairperson Zeytinoğlu attended an e-commerce roundtable meeting and a CBAM working meeting.

IKV participated in the CBAM information meeting organised by KCI.

IKV held a meeting on the global system and Europe towards 2030.

IKV İstanbul EUIC hosted a high-level roundtable meeting on regional connectivity.

IKV Chairperson Zeytinoğlu commented on the EU-India Free Trade Agreement.

IKV Chairperson Zeytinoğlu commented on the Türkiye-EU relations and Customs Union.

IKV CHAIRPERSON ZEYTİNOĞLU: “WHILE THE EU STRENGTHENS ITS GLOBAL PARTNERSHIPS, IT IS UNACCEPTABLE FOR RELATIONS WITH TÜRKİYE TO REMAIN STAGNANT”



IKV Chairperson Ayhan Zeytinoglu highlighted the risks posed by stagnant relations with Türkiye at a time when the EU is deepening its new partnerships on a global scale and commented on the urgency of updating the Customs Union. President Costa stated, “At a time when the rules-based international order is under threat on many fronts, we need to stand together as reliable and predictable partners; emphasising that this partnership is aimed at ‘developing areas of shared prosperity.’”

Chairperson Zeytinoglu, sharing his views on the matter, stated that it was unacceptable for relations with Türkiye to remain stagnant at a time when the EU was strengthening its partnerships from Latin America to Asia:

“The EU has recently expanded its trade networks globally to cover regions with a population of nearly

one billion 800 million through the Mercosur and India Agreements. In addition, it has completed FTA negotiations with Indonesia. The Global Agreement with Mexico has been modernised. Contacts are being made to restart trade negotiations with Australia, which had been suspended. Taking these into account, the EU’s free trade network is gradually expanding and consolidating with major trade players outside China and the US. Türkiye is in a Customs Union with the EU, which is a very advanced form of economic relationship.

By its very nature, it needs to be updated to adapt to changes in trade. It is particularly important to begin the update process as soon as possible in today’s increasingly competitive environment.

Considering that negotiations may take a long time, we are actually talking about a process that should

have begun much earlier.

Türkiye and the EU must sit down at the table and make an effort to resolve the growing problems. When we talk about updating the Customs Union, we are referring to modernising this 30-year-old process, or even 55 years if we include the transition period, in line with new conditions. First, we must resolve the dysfunctional aspects and problems of the Customs Union. In addition to issues such as the lack of effective dispute resolution mechanisms, the trade-restrictive effect of quotas imposed on lorries transporting export products to the EU, and visa barriers, resolving the issue of FTAs is particularly important. Türkiye needs to negotiate FTAs simultaneously with the EU and conduct negotiations that reflect its own conditions. Otherwise, protective measures will be taken against the trade distorting and destructive effects of agreements such as the India FTA. This would create a situation contrary to the Customs Union. Secondly, we must review the Customs Union in line with today’s new generation agreements and develop it to include issues such as trade in services, agriculture, public procurement, e-commerce and the environment. Otherwise, we will lose our advantages in the EU market and see a serious deterioration in our trade and investment relations with the EU.”

IKV PARTICIPATED IN THE CBAM INFORMATION MEETING ORGANISED BY KCI



IKV participated in the “EU Border Carbon Adjustment Mechanism and Türkiye: Current Developments Information Meeting” organised by the Kocaeli Chamber of Industry on 22 January 2026. The opening speech of the meeting was delivered by IKV Chairperson Ayhan Zeytinoglu, and the topics of updating the Customs Union, the Carbon Border

Adjustment Mechanism, and the work being done on this issue were discussed.

The speakers in the panel section of the meeting were Assoc. Prof. Çiğdem Nas, Türkiye’s Deputy Permanent Representative to the EU Bahar Güçlü, and Director of the EU Single Market and Green Deal Department at the Ministry of Trade Elif Berrak Taşyürek.

IKV HELD A MEETING ON THE GLOBAL SYSTEM AND EUROPE TOWARDS 2030



IKV held a meeting titled “The Global System and Europe Towards 2030: The Future of Türkiye-EU Relations”, as part of its Diplomacy-Civil Society meetings on 23 January 2026. Retired Ambassador Rauf Engin Soysal underlined shifting global power balances, Europe’s quest for greater strategic independence, and the importance of reforms for Türkiye’s welfare and rule of law. The panel discussed key challenges in Türkiye-EU relations, focusing on the Customs Union, its economic transformation, and the need for modernisation in light of the Green Deal and global competition. Speakers emphasised that updating the Customs Union should complement EU membership and be supported by renewed reforms.

The first speaker on the panel IKV Deputy Secretary General M. Gökhan Kilit addressed the historical development, economic impact, need for updating, and new global challenges facing the Customs Union,

which is the most concrete and transformative element of Türkiye-EU relations. Deputy Secretary General Kilit stated that the process had started with a structure that had a foreign trade deficit, but today Türkiye had become a net exporter in the EU market, with trade volume increasing sixfold and exports increasing tenfold.

The second speaker on the panel IKV Secretary General Assoc. Prof. Çiğdem Nas, emphasised that the EU is focusing on its twin transformation goals amid uncertainties in transatlantic relations and China’s aggressive competition, and that Türkiye cannot afford to delay adapting to this process because it will fundamentally change global trade norms. Assoc. Prof. Nas warned that the slow pace of establishing the Emissions Trading System would lead to a transfer of resources from Türkiye to the EU through the CBAM, noting that the EU is trying to address its gaps in defence and innovation based on the Draghi Report.

IKV İSTANBUL EUIC HOSTED A HIGH-LEVEL ROUNDTABLE MEETING ON REGIONAL CONNECTIVITY



The IKV İstanbul EU Information Centre hosted a high-level roundtable on 26 January 2026 to discuss regional connectivity under the EU’s Global Gateway and the Türkiye Investment Platform, in cooperation with the Ministry of Foreign Affairs, the European Commission and TOBB. Chaired by IKV Chairperson Ayhan Zeytinoglu,

the meeting brought together senior public officials and business representatives. Discussions focused on regional transport and energy connectivity, including corridors, digitalisation, infrastructure, electricity grids and renewable energy integration. The meeting concluded with a summary session and a networking dinner.

HIGH-LEVEL EXCHANGES

MINISTER FİDAN ATTENDED COALITION OF THE WILLING MEETING



Foreign Minister Hakan Fidan, representing President Recep Tayyip Erdoğan, participated in the Coalition of the Willing meeting led by France and the UK in Paris on 6 January 2026. During the summit, European allies reached an agreement on security guarantees for Ukraine following a potential peace deal with Russia,

which includes the deployment of a multinational military force. A notable highlight of the talks was the participation of Trump's Special Envoy, Steve Witkoff, and his son in law, Jared Kushner.

In a subsequent press briefing, Fidan emphasised that the meeting was a crucial step toward achieving a sustainable peace. He reaffirmed

Türkiye's readiness to ensure security in the Black Sea, noting that Türkiye maintains the largest NATO fleet in the region. Furthermore, Fidan highlighted that the reconstruction of post-war Ukraine was a key topic of discussion, asserting that Türkiye possesses the economic and infrastructural expertise necessary to lead these recovery efforts.

MINISTER FİDAN HELD TALKS IN LITHUANIA WITH BALTIC COUNTERPARTS



Foreign Minister Hakan Fidan paid an official visit to Lithuania on 16 January 2026 to attend the Türkiye-Baltic Countries Meeting. The multilateral meeting held in Vilnius was attended by Lithuania's Foreign Minister Kestutis Budrys, Estonia's Foreign Minister Margus Tsahkna, and Latvia's Deputy Foreign Minister Artjoms Ursulskis. It was stated that the meeting focused on strengthening political dialogue, regional security, and cooperation between the Türkiye and Baltic countries.

The Minister also held separate bilateral meetings with his Finnish and Lithuanian counterparts to discuss bilateral relations and regional developments. The parties exchanged views on NATO cooperation, international challenges, and Euro-Atlantic security issues.

As part of the visit, Fidan was also received by Lithuanian President Gitanas Nausėda. Key topics of the meeting included regional and global issues, European security, and Türkiye-Lithuania cooperation.

TÜRKİYE AND GERMANY REAFFIRM DEFENCE COOPERATION DURING OFFICIAL BERLIN TALKS



Turkish Minister of National Defence Yaşar Güler visited Berlin on 19 January 2026 at the invitation of German Defence Minister Boris Pistorius to discuss bilateral defence cooperation and shared security concerns. The visit occurred amid ongoing regional tensions and ahead of the upcoming NATO summit scheduled to take place in Ankara in July 2026.

Upon arrival in Berlin, Minister Güler was received by Türkiye's Ambassador to Germany Gökhan Turan, Consul General İlker Okan Şanlı, senior German defence officials, and Turkish military attachés. As part of his

programme, Minister Güler also visited the Turkish Embassy in Berlin, where he met Ambassador Turan and received briefings on diplomatic engagements and current Türkiye-Germany relations.

The key event of the visit was the bilateral meeting between Turkish Minister Güler and his German counterpart Minister Pistorius at the German Ministry of Defence.

The discussions focused on the latest developments in Ukraine and Syria, deepening bilateral defence cooperation, and coordinating positions ahead of the NATO summit in Ankara. The agenda also included NATO's

comprehensive 360-degree security approach, which aims to prepare the alliance for emerging threats across all fronts.

Following the meeting, German Defence Minister Boris Pistorius described Türkiye as an important NATO ally and highlighted the significant contribution of the Turkish Armed Forces to securing NATO's southern flank. He noted that Germany values its defence relations with Türkiye and seeks to strengthen cooperation beyond existing alliance frameworks. The meeting underscored mutual interest in enhancing bilateral and alliance-level coordination.

TURKISH AND GREEK DELEGATIONS CAME TOGETHER FOR POLITICAL TALKS



On 20 January 2026, Turkish and Greek delegations held the 5th round of political talks as part of the positive dialogue established at the end of 2023. The delegations were led by Deputy Minister of Foreign Affairs and Director for EU Affairs Ambassador Mehmet Kemal Bozay and Greek Deputy Foreign Minister Haris Theoharis, and the meeting served as a platform for both sides to review the progress made since the last meeting, which took place in June 2025.

In the joint statement released following the talks, both parties

welcomed the progress achieved in many areas, including trade, economy, customs, tourism, transportation, innovation, science and technology, agriculture, environmental protection, social security and health, youth, education and sports, and business cooperation. Moreover, it was noted that the delegations also discussed preparations for the 6th High-Level Cooperation Dialogue to be held in Türkiye, which had been due to take place last year but was postponed several times due to the leaders' packed schedules.

THE LAUNCH MEETING FOR THE TEBD II PROJECT TOOK PLACE

TOBB President Hisarcıklioğlu emphasised at the meeting that long-term competitiveness can only be sustained through deep and resilient partnerships.



The launch meeting for the Türkiye-EU Business Dialogue II (TEBD II) Project, carried out in cooperation between TOBB and Eurochambres, was held at the TOBB Istanbul Service Building on 20 January.

The meeting was attended by Rifat Hisarcıklioğlu, President of TOBB and Vice President of Eurochambres; Vladimir Dlouhy, President of Eurochambres; Barbaros Murat Köse, Director of the Central Finance and Procurement Unit; Dominik Olewinski, Head of the Trade and Economy Section of the EU Delegation to Türkiye; and

Bülent Özcan, Director General of Financial Cooperation and Project Implementation at the Ministry of Foreign Affairs' EU Directorate and IKV Chairperson Ayhan Zeytinoğlu.

In his speech at the meeting, Hisarcıklioğlu stated that within the scope of the project, chambers and commodity exchanges from Türkiye and EU Member States would be paired, and that 18 projects would be implemented. He noted that the projects to be carried out would focus on current and strategic areas such as energy efficiency, sustainable growth, green and digital transformation, the development of the startup

ecosystem, agriculture, food, rural development, sustainable tourism, and the EU acquis.

Hisarcıklioğlu continued his speech by emphasising that modernising the Customs Union. According to Hisarcıklioğlu, the current framework of the Customs Union does not respond to today's trade and investment relations and modernising the Customs Union is not just a trade issue. He added that "Made in EU" should also be followed closely and addressing this concept with an inclusive and mutually beneficial perspective would be healthier in terms of joint competitiveness.

TURKISH EXECUTIVE URGED EU TO SCRAP QUOTAS ON SUSTAINABLE STEEL



Turkish steel executive Fuat Tosyalı, CEO of Tosyalı Holding, has urged the European Union to lift steel import quotas for countries with sustainable, low-emission upstream production, warning that current measures risk undermining the long-term competitiveness of Europe's steel industry.

Speaking at the World Economic Forum in Davos, Tosyalı argued that EU trade restrictions, originally designed to address overcapacity in China, are also applied to countries such as Türkiye and Algeria, despite their relatively cleaner production structures. He said allowing market access for low-emission upstream producers would support the EU's green transition while reinforcing the resilience of its steel sector.

Tosyalı noted that the global steel industry is undergoing a structural transformation driven by chronic overcapacity, China's dominant and subsidy-backed production, weakening demand, and tighter trade and carbon regulations. He highlighted that global excess capacity currently

stands at around 680 million tons and could exceed 720 million tons by 2027.

Emphasising steel's significant contribution to global emissions, Tosyalı said public support should not be directed toward facilities relying on outdated, high-carbon technologies. Instead, he called for policies that differentiate between high- and low-emission producers.

He also pointed to recent improvements in Türkiye's macroeconomic outlook, citing declining inflation and increased predictability for businesses, and said Tosyalı Holding continues to expand despite global trade restrictions, aiming to further improve its global ranking in the coming years.

TÜRKİYE AMONG PARTIES AS HIGH SEAS TREATY TAKES EFFECT



The High Seas Treaty, formally known as the "Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction" (BBNJ), officially entered into force on 17 January 2026, following nearly 20 years of intense negotiations and diplomatic efforts. This step will finally protect two-thirds of the ocean, an area that until now

had no comprehensive safeguards.

This development will serve as a vital cornerstone for the "30x30" vision established under the UN Convention on Biological Diversity, which aims to protect 30% of the planet's land and marine areas by 2030. The Treaty, to which Türkiye is also a party, offers a vital multilateral safeguard against the climate crisis and biodiversity loss by bringing an end to the unregulated nature of the oceans.

NATO SECRETARY GENERAL PRAISES TURKISH-MADE UAVS DURING VISIT TO CROATIA



NATO Secretary General Mark Rutte praised Türkiye's unmanned aerial vehicle technology during his official visit to Croatia, where he inspected newly acquired military assets together with Croatian Prime Minister Andrej Plenković. During the visit, Rutte examined platforms recently added to the inventory of the Croatian Air Force, including Turkish-made Bayraktar TB2 unmanned aerial vehicles, US-made Sikorsky UH-60 Black Hawk helicopters, and French-made Rafale fighter jets.

Speaking at a joint press conference in Zagreb following the inspections, Rutte stated that he was very impressed by the UAV technologies acquired from Türkiye. He underlined that recent investments had significantly strengthened Croatia's ability to control its airspace and contribute to NATO's collective defence. Secretary General Rutte noted that Croatia is now not only capable of safeguarding its own airspace but can

also support other NATO allies when required.

Responding to questions on security developments in the Arctic region, Secretary General Rutte emphasised that all NATO allies recognise the growing strategic importance of the High North. He warned that the opening of new maritime routes has increased the risk of more active involvement by Russia and China in the region. Highlighting that seven of the eight Arctic countries are NATO members, Rutte stressed that ensuring Arctic security has become a shared alliance priority.

Secretary General Rutte also referred to NATO's "Eastern Sentry" initiative, launched to address airspace violations involving drones and aircraft. The initiative aims to enhance coordination among allies from the Black Sea to the High North, bringing together capabilities to better protect NATO territory against emerging aerial threats.

RESEARCHERS FOUND ICE AGE HUMAN TRACES IN SOUTHERN TÜRKİYE



Researchers in southern Türkiye have been retracing Ice Age human activity through extensive field surveys in Gaziantep province. Since 2023, they have walked stream beds and examined geological deposits, uncovering caves, rock shelters, and open-area settlements that reveal evidence of human presence

dating back nearly one million years. Their findings suggest Gaziantep was not just a transit corridor but a region where prehistoric communities lived for extended periods, supported by abundant raw materials, water, and favourable environmental conditions. Analyses of chipped stone tools indicate diverse

traditions carried by migrating groups, while the caves and shelters show how early humans adapted to harsh climates by choosing protected living spaces. These discoveries are reshaping the understanding of Anatolia's Pleistocene chronology and human mobility before the Neolithic transition.

İSTANBUL MODERN TO HOST COMPREHENSIVE SEMİHA BERKSOY RETROSPECTIVE



The exhibition *Semiha Berksoy: Aria of All Colors* brings together the multidisciplinary legacy of Semiha Berksoy (1910–2004), one of Türkiye's most influential cultural figures and among the country's first female opera singers. Known for her groundbreaking career spanning opera, theatre, visual arts, cinema

and literature, Berksoy is presented through more than 200 works that reflect her singular position in both Turkish and European art history.

Prepared by Istanbul Modern's curatorial team, the exhibition examines how Berksoy forged original connections between stage performance and visual

expression. The selection includes early drawings, opera-themed paintings, self-portraits, portraits and large-scale fabric works, offering insight into the artist's personal mythology and her lifelong engagement with the stage. The exhibition will be on view at Istanbul Modern from 22 January to 6 September 2026.

11,000 REHABILITATED ANIMALS RETURNED TO NATURE



As part of national rehabilitation efforts, 11,000 wild animals were returned to nature after the completion of their treatments. According to Kadir Çokçetin, Director General of the General Directorate of Nature Conservation and National Parks under the Ministry of Agriculture and Forestry, a total of 73,000 wild animals were rehabilitated and released between 2012 and 2024.

The centres that care for wild animals provide emergency

treatment, imaging, surgery, and intensive care services, along with species-specific behavioural rehabilitation programs. In addition, health screenings and checks for parasitic and infectious diseases are conducted before the animals are released. After release, the animals continue to be monitored through tagging, banding, and electronic transmitters, allowing experts to track their adaptation to natural life.

A HISTORIC VICTORY BY TURKISH NATIONAL PLAYER ZEYNEP SÖNMEZ



Zeynep Sönmez, the successful Turkish tennis player ranked 112th in the world, advanced to the third round of the Australian Open. At the season's first Grand Slam tournament held in Melbourne, she defeated Hungary's Anna Bondar in straight sets to reach the third round, becoming the first Turkish athlete ever to advance to

the third round of the Australian Open. Displaying consistent serving and increasing pressure on returns, the national player maintained control of the match throughout. In the third round, held on 23 January, Sönmez was eliminated from the tournament after losing 2-1 to Kazakhstan's Yulia Putintseva.

TÜRKİYE-EU TRADE RELATIONS IN 2026: MANAGING ECONOMIC ENGAGEMENT AMID GLOBAL REORDERING

At a moment when the EU is redefining its trade priorities in response to geopolitical fragmentation, Türkiye's deep but incomplete integration into the EU market is once again testing the limits of dialogue-based economic engagement.

Laura BATALLA ADAM
Analyst

At the beginning of 2026, Türkiye-EU economic relations are taking shape against a fast-shifting global trade landscape. Heightened geopolitical tensions, persistent supply-chain disruptions and renewed industrial policy assertiveness are reshaping how the EU approaches external economic partnerships. In this context, recent meetings between European Commissioners Maroš Šefčovič and Valdis Dombrovskis and Türkiye's Minister of Trade, Ömer Bolat, signal a renewed effort to maintain and structure economic engagement with a long-standing partner whose integration into the EU market remains substantial, but institutionally constrained.

The timing of these discussions is particularly telling. They coincide with the EU's push to diversify trade relations, advance major trade agreements and strengthen its internal economic resilience. Together, these developments raise important questions about how Türkiye fits into the EU's evolving trade and industrial strategy, and whether existing mechanisms are sufficient to manage an increasingly complex and multifaceted relationship.

Dialogue as a Tool of Economic Engagement

The January 2026 visit by Minister Bolat to the European Commission built on a series of high-level engagements over the past year, including the EU-Türkiye High-Level Economic Dialogue and the High-Level Trade Dialogue. These formats, revived after a period of relative stagnation, have focused on practical trade issues, regulatory cooperation and the implementation of existing commitments under the Customs Union.

These dialogues provide a structured channel to address concrete trade irritants, encourage regulatory alignment and keep communication open. Progress reported on specific technical barriers and customs procedures suggests that this pragmatic approach can yield incremental, if limited, results.

Yet this reliance on dialogue also exposes the constraints of the current



model. While discussions help manage frictions, they leave untouched the underlying structure of Türkiye-EU trade relations, which continues to mirror the economic logic of the mid-1990s rather than the realities of today's highly integrated and diversified trade environment. European business organisations have repeatedly highlighted these limitations, pointing to rising compliance costs and regulatory misalignment, and have called for the modernisation of the Customs Union to better reflect current value-chain integration.

The EU's Renewed Trade Strategy

The broader context shaping these interactions is the EU's recalibrated trade policy. Speaking in Davos in January, Commission President Ursula von der Leyen emphasised that openness remains a core principle of EU economic policy, while acknowledging that global trade is increasingly shaped by strategic considerations. Access to critical raw materials, economic security and resilience now sit alongside traditional market-access objectives.

This shift has been reinforced by growing uncertainty in transatlantic trade relations and the renewed risk of tariff escalation. In response, the EU has stepped up efforts to deepen ties with alternative partners and regions, including Latin America, India and parts of Asia.

The EU-Mercosur agreement, politically agreed in January 2026 after more than two decades of negotiations, is emblematic of this approach. Once implemented, it would create one of the largest free trade areas in the world, expanding access to South American markets while strengthening supply chains for agricultural products and key raw materials.

Within the EU, the agreement has reopened long-standing debates about the direction and limits of

trade policy. Several Member States and political groups in the European Parliament have expressed concerns regarding environmental safeguards, labour standards and the agreement's compatibility with EU treaties. Beyond legal considerations, the deal has also become a focal point for wider questions about industrial exposure and climate alignment. Some critics point to uncertainties around the protection of sensitive sectors and the effectiveness of enforcement mechanisms in upholding environmental commitments. Taken together, these discussions highlight the growing complexity of EU trade policy, where geopolitical objectives increasingly intersect with internal political, economic and regulatory priorities, as well as concerns about social adjustment, environmental credibility and public support for trade liberalisation.

For Türkiye, expanded preferential access for Mercosur countries to the EU market is expected to intensify competition in certain sectors, adding pressure to exporters already operating under challenging conditions. More broadly, the agreement illustrates how the EU's expanding network of free trade agreements continues to reshape competitive dynamics for partners linked to the EU market through the Customs Union.

The Customs Union Question

These developments bring renewed focus to the limitations of the Türkiye-EU Customs Union. Under its current design, EU trade agreements with third countries grant those partners access to the Turkish market, while Türkiye does not automatically benefit from reciprocal access unless it concludes its own agreements. In practice, this has created an uneven playing field, particularly as the EU accelerates its trade diversification strategy.

Both EU institutions and Turkish authorities have long acknowledged the economic rationale for modernising the Customs Union. Expanding its scope to services, digital trade and public procurement would better reflect current trade patterns and help address structural asymmetries. Yet political conditions have prevented the launch of formal negotiations, leaving dialogue formats as the primary instrument for engagement.

From a Brussels perspective, these dynamics underscore the challenges of managing a complex and overlapping set of trade relationships while adapting policy tools to new strategic priorities. As the EU broadens its external trade agenda, the question of how existing partners are integrated into this evolving framework becomes increasingly salient. Ensuring alignment with market realities may therefore require a careful balance between openness, regulatory coherence and strategic autonomy.

Industrial Policy and European Preference

Another layer of complexity is added by the EU's renewed focus on industrial policy. Initiatives aimed at strengthening European competitiveness, including proposals linked to European preference and support for domestic manufacturing, reflect growing concerns over deindustrialisation and strategic dependency.

While these initiatives remain under debate, they signal a gradual shift toward a more interventionist economic posture. For closely integrated partners, the implications depend largely on how narrowly such measures are ultimately defined and applied.

There is increasing recognition among policy analysts that excluding well-integrated partners from industrial ecosystems risks fragmenting value chains and weakening competitiveness. Türkiye plays a well-established role in European production networks, notably in automotive components, commercial vehicles, household appliances, machinery and emerging clean-tech inputs. Preserving these linkages is therefore not only a bilateral consideration, but also part of the EU's broader competitiveness calculus.

Green and Digital Transformation as Convergence Areas

Beyond traditional trade policy, the EU's green and digital agendas are

reshaping the economic relationship. Legislative initiatives linked to industrial decarbonisation, net-zero manufacturing, critical raw materials and digital regulation will increasingly affect third-country partners connected to the EU market.

Here, the scope for pragmatic cooperation remains significant. Türkiye's alignment with EU technical standards and its expanding role in sectors such as renewable energy, electric vehicles and low-carbon manufacturing create opportunities for deeper integration. Regulatory dialogue, investment cooperation and joint participation in value chains could help ensure that decarbonisation and competitiveness objectives reinforce, rather than disrupt, existing economic ties.

Foreign direct investment remains a key channel in this regard, particularly as both sides seek to attract capital aligned with sustainability and long-term industrial transformation.

Managing Interdependence in 2026

As 2026 unfolds, Türkiye-EU economic relations are likely to remain shaped by incremental engagement rather than structural reform, with dialogue formats continuing to play a central role in managing interdependence and addressing practical challenges.

At the same time, the trade and industrial policy choices made in Brussels will carry growing implications for partners closely linked to the EU market, making coherence between global trade ambitions, internal economic priorities and existing economic relationships increasingly important. From a Brussels perspective, these dynamics highlight the difficulty of adapting established trade frameworks to an evolving strategic context.

As the EU expands its external trade agenda, questions surrounding the integration of long-standing partners into an increasingly layered trade architecture are becoming more prominent. For both sides, the challenge lies in moving beyond ad hoc adjustments toward a more strategic approach that reflects economic realities while remaining compatible with regulatory, environmental and social priorities. In an era of fragmented global trade, maintaining stable and predictable economic relations may prove just as consequential as opening new markets.