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9 MAY EUROPE DAY CELEBRATED IN TURKEY

Key Turkish officials issued celebratory messages on the occasion of Europe Day; at the same time they did not refrain from criticising rising populism in the EU.



It has been 68 years since then French Foreign Minister Robert Schuman delivered his famous Schuman Declaration. During his speech on 9 May 1950, Schuman set out his idea for a new form of political cooperation in Europe which would make war between Europe's nations unthinkable. He proposed creating a European institution that would pool and manage coal and steel production. With founding members France, West Germany, Italy, the Netherlands, Belgium and Luxembourg, European Coal and Steel Community (ECSC) was created and it would be first of a series of supranational European institutions that would ultimately come to be known as the "European Union". During in the Milan Summit in 1985, it was decided to celebrate 9 May as "Europe Day". Since then, local EU offices in Europe and all over the world organise

a variety of activities and events on the occasion of Europe Day. As a candidate country, celebrating 9 May Europe Day since 1999, key Turkish officials issued messages highlighting the significance of EU integration and shared their views on the future of Turkey's place within the EU.

President Erdoğan: "The EU Project is destined to Remain Unfinished without Turkey"

In his message on the occasion of Europe Day, President Recep Tayyip Erdoğan while praising the idea of EU integration for paving the way for peace, stability and prosperity in Europe, criticised the EU by saying that "an EU, of which Turkey is not a full member, is destined to remain an unfinished project". He warned that the greatest threat for the future of the Union comes from inside Europe, stemming from

trends such as discrimination, racism, xenophobia and Islamophobia which has hijacked Europe's socio-political life. He underlined the importance of integration with Turkey by saying that besides its economic, political and social benefits, Turkey's full membership will also provide the Union with the greatest opportunity for addressing these threats.

Foreign Minister Çavuşoğlu: "Populist Trends Jeopardise 'Unity in Diversity'"

Minister of Foreign Affairs Mevlüt Çavuşoğlu, started his message by stating that Turkey is a European country geographically and historically and has contributed to Europe's security, stability and prosperity and continues to make the necessary efforts towards full membership to the EU. However, like President Erdoğan, he criticised

the EU for drifting away from its own founding values due to the rising populist trends such as discrimination, xenophobia and Islamophobia, and therefore jeopardising the "unity in diversity" culture of the EU. He also expressed that enlargement has been the EU's single most successful policy for spreading its founding values, and the cooperation between Turkey and the EU should not lay beneath one party's interests, but lay with common interests instead.

EU Affairs Minister Çelik: "Turkey's Membership to the EU is the Way to Overcome Crises"

Minister for EU Affairs and Chief Negotiator Ömer Çelik also issued a statement on the occasion of European Day. EU Affairs Minister Çelik expressed that the crises in the international system, Brexit, disputes between EU Member

States regarding fundamental policy areas and the rise of the far-right has resulted in discussions on the future of the Europe and that refugee flows led to the rise of xenophobia and Islamophobia in many European countries. However, he also remarked that the EU can overcome all these problems as long as it adheres to its own strong and deep-rooted values and principles. He put forward Turkey's membership to the EU as the way to overcome these crises. Lastly, Minister Çelik expressed his view that the 26 March Turkey-EU Summit held in Varna has been beneficial in restoring confidence in Turkey-EU relations which had been going through a difficult period. EU Affairs Minister Çelik called on the EU to adopt a fair and objective approach based on the will to build a common future regarding Turkey's full membership in the EU.



IKV AGENDA

“ON EUROPE DAY, THERE IS NEED TO REMIND THAT THE EU IS A PEACE PROJECT”

In a statement on the occasion of Europe Day, IKV Chairman Ayhan Zeytinoğlu underscored the need for European values to be more significant and valid today more than ever. Reminding that the world is going through turbulent change and transformation, IKV Chairman underscored the importance of EU's construction as a peace and democracy project. Chairman Zeytinoğlu stated: “While the world is becoming more globalised and interconnected, tension and fault lines are becoming clearer. The US under President Donald Trump, has taken steps to undermine the multilateral liberal world order which have left structures such as the EU in a difficult position. Washington's withdrawal from the Iran nuclear deal has followed its withdrawals from the Paris Agreement on climate change, the Trans-Pacific Partnership and the TTIP. In the face of such steps, which risk upsetting the

established paradigms and power balances, it is crucial that the EU maintains its existence as a peace, democracy and cooperation project. EU High Representative Mogherini's statement standing behind the nuclear deal demonstrates the EU's support for the solution of international issues through diplomatic and peaceful means. In today's world, this attitude must be unifying.”

Chairman Zeytinoğlu stated that although Turkey-EU relations were going through a difficult period, Turkey still retained its importance for the EU: “In today's world where fault lines are getting more evident, the EU should gain power together with Turkey and send an important message to the whole world. This message should be ‘The EU is committed to its values and applies them to all candidate countries without discrimination’. Artificial barriers to Turkey's EU membership should be removed and there has to be strong political will

for Turkey's membership based on the fulfilment of membership criteria. In this case, the objective of EU membership could become a driving force in Turkey's normalisation process. With Turkey as a member, the EU could prove that it is in a leading position in today's globalising world.”

Lastly, IKV Chairman Zeytinoğlu touched upon the populist movements in EU countries and stressed that EU values would be the antidote to these movements: “The populist movements trending in several EU countries are fed by notions such as xenophobia, racism and authoritarianism. These movements, which also oppose the European ideal, pose a threat that could undermine the achievements of the last 70 years. Against all these, the EU should embrace all its values, and these values need to be proven by policies that apply to everyone without discrimination on the grounds of religion, language or race. Lastly, the



manifestation concerning the change of some verses of the Quran put forward by 300 prominent French people, including former French President Sarkozy, also imply a protest against EU values. For

the EU to be credible, it should stick to its values in the face of these kinds of incidences. The EU can be an antidote to rising populism only if it displays an impartial and equitable stance.”

IKV DISCUSSED THE FUTURE OF THE EU AND ENLARGEMENT POLICY IN BRUSSELS

On 3 May 2018, IKV organised a panel discussion entitled “EU Reform and the Enlargement Agenda” in association with Friedrich Naumann Foundation in Brussels. The opening speeches of the panel were delivered by IKV Chairman Ayhan Zeytinoğlu, Turkey's Permanent Delegate to the EU, Ambassador Faruk Kaymakçı and European Commission DG NEAR's Head of Turkey Unit, Bernard Brunet.

In his opening speech, IKV Chairman Zeytinoğlu stated that the EU would become stronger after admitting Turkey and the Western Balkan countries as members. Chairman Zeytinoğlu highlighted that with the resumption of the negotiations and the clearing of the way for the modernisation of the

Customs Union, the Turkey-EU trade volume will increase and Turkey will speed up reforms on its way to the full membership. Referring to Western Balkans Summit to be held in Sofia on 17 May 2018, Chairman Zeytinoğlu criticised the fact that Turkey has not been invited to this summit and stressed that such moves, which discriminate against Turkey, risked decreasing support for EU membership.

Turkey's Permanent Delegate to the EU Ambassador Kaymakçı emphasised that the EU should revive the enlargement process in order to sustain its global prominence and that decision-makers should take into account the critical role Turkey could assume in the future of the EU.

Following the opening



speeches, in the panel session moderated by Istanbul University associate professor and College of Europe visiting scholar Özlem Terzi, panelists including German Marshall Fund Senior Fellow Rosa Balfour, Ankara University EU Research Center

Director Professor Sanem Baykal, European Parliament's Policy Analyst for the Western Balkans and Turkey André De Munter, York University Associate lecturer Eli Gateva and IKV Senior Researcher Yeliz Şahin discussed enlargement in light of

the debate on the future of Europe. It was emphasised that the EU could become an influential force and a truly global actor provided that it could offer a credible membership perspective to the candidate countries.

IKV CHAIRMAN HAD MEETINGS IN BRUSSELS



IKV Chairman Ayhan Zeytinoğlu visited Brussels for exchanges with heads of Turkish diplomatic and consular representations and representatives of EU institutions on 2-4 May 2018. During the visit, IKV Chairman was accompanied by IKV Secretary General Assoc. Prof. Çiğdem Nas, Brussels Representative M. Haluk Nuray, Research Director Çisel İleri, Senior Researcher Yeliz Şahin and EU Information Centre Coordinator and Press Officer Mehmet Poyrazlı.

On the first day of the visit, IKV Chairman Zeytinoğlu came together

with Permanent Delegate of Turkey to the EU Ambassador Faruk Kaymakçı, Turkish Ambassador to Belgium Levent Gümrükçü and Turkish Consul General in Brussels Dişad Kirbaşı Karaoğlu. During the meetings, the state of play in Turkey-EU relations and bilateral relations between Turkey and Belgium were discussed.

IKV Chairman met with Anna Vezyroglou, member of High Representative Mogherini's cabinet and European External Action Service's Head of Turkey Division, Javier Niño Perez on the second

day of the visit. During the meeting, views on accession negotiations and different dimensions of Turkey-EU relations were exchanged.

On the last day of the visit, IKV Chairman came together with European Commission President Jean-Claude Juncker during breakfast. Informing Juncker on IKV's 2017 Public Opinion Survey and IKV activities, Chairman Zeytinoğlu asked for Juncker's support for Turkey on the way of becoming a full EU member. President Juncker expressed his support for Turkey's accession.

IKV AGENDA

TURKEY-EU RELATIONS FOLLOWING THE VARNA SUMMIT ASSESSED AT IKV PANEL IN SOFIA



On 8 May 2018, IKV organised a panel entitled "Perspectives for Turkey-EU Relations after Varna Summit and the Role of Bulgaria" in Sofia. The opening speeches of the panel, which was organised in association with the Turkish Embassy in Sofia and Pan Europa Bulgaria, were delivered by Turkish Ambassador to Bulgaria Hasan Ulusoy and the IKV Chairman Ayhan Zeytinoğlu.

During his opening speech, Turkey's Ambassador to Bulgaria Hasan Ulusoy noted that the Varna Summit, which was convened thanks to the efforts of the Bulgarian EU Presidency, presented an opportunity for open dialogue between Turkey and the EU in a constructive setting. Ambassador Ulusoy stressed that Turkey would continue to be a European

country whether it acceded to the EU or not, however the EU, he argued would not be able to accomplish its objective of becoming a truly civilisational project without Turkey's membership being realised.

In his opening speech, IKV Chairman Ayhan Zeytinoğlu expressed that the Varna Summit was a positive step to maintain the dialogue between Turkey and the EU. Zeytinoğlu criticised the tendency by some circles in Europe to treat Turkey as a "strategic partner", rather than a candidate for accession. IKV Chairman pointed out to the upcoming early elections in Turkey and the EP elections set to take place in 2019, and highlighted that both Turkey and the EU should act with caution and

determination during this period. During his speech, IKV Chairman suggested that modernisation of the Customs Union could help advance economic and commercial ties between Turkey and the EU and ensure Turkey's alignment with EU standards.

At the panel session moderated by former Bulgarian Foreign Minister Solomon Passy, Permanent Representative of Turkey to the EU Ambassador Faruk Kaymakçı, Head of the EC Representation in Bulgaria Ambassador Ognian Zlatev, Director of the EU Institutions and Policies of the Bulgarian Presidency under the Bulgarian Foreign Ministry Genka Georgieva and IKV Secretary General Assoc. Prof. Çiğdem Nas shared their views on the Varna Summit.

IKV CHAIRMAN MET WITH MEPS KYRKOS AND PIRI

IKV Chairman Ayhan Zeytinoğlu visited Brussels for meetings in the European Parliament on 23 May 2018. In the context of the visit, IKV Chairman Zeytinoğlu and the accompanying delegation came together with Turkey-EU Joint Parliamentary Committee Vice-Chair Miltiades Kyrkos at a working lunch. The main items on the agenda of the meeting, which was also attended by several Greek MPs, included possible steps for maintaining good neighbourly relations between Turkey and Greece, Greek public's perception concerning Turkey's EU bid and the upcoming snap elections in Turkey.

IKV Chairman Zeytinoğlu also met with EP Rapporteur for Turkey Kati Piri. During the meeting, in which key issues such as the accession process, economic and investment relations between Turkey and the EU, the Customs Union and visa liberalisation were discussed, the significance of the snap elections set to take place on 24 June for Turkey-EU relations was emphasised.



TIMELINE MAY 2018

- 1 IKV Chairman Zeytinoğlu paid a three-day visit to Brussels for contacts with EU officials and heads of Turkish missions in Brussels.
- 2
- 3 IKV organised a panel entitled "EU Reform and Enlargement Agenda" in Brussels.
- 4
- 5
- 6 IKV Istanbul EU Information Centre celebrated 9 May Europe Day with week-long activities.
- 7
- 8 EU Affairs Minister Çelik met with German Minister for Europe Roth.
- 9 The 68th anniversary of the Schuman Declaration
- 10 The IKV panel on "Perspectives for Turkey-EU Relations after Varna Summit and the Role of Bulgaria" was held in Sofia.
- 11 The International Refugee Congress, of which IKV was a steering committee member, took place in Istanbul.
- 12
- 13 7th Turkish-British Tatlıdil Forum was held in Reading, UK.
- 14
- 15 President Erdoğan paid a three-day official visit to the UK.
- 16
- 17 The EU-Western Balkans Summit was held in Sofia.
- 18 Turkey hosted the 7th Extraordinary Session of the Islamic Summit Conference.
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- 23 IKV Chairman came together with EP Rapporteur for Turkey Piri and Turkey-EU JPC Vice-Chair Kyrkos.
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- 27 Foreign Minister Çavuşoğlu visited Germany to attend the commemoration ceremony for the 25th anniversary of Solingen attack.
- 28
- 29
- 30 A delegation from the European Commission visited Turkey for meetings on visa liberalisation.
- 31

IKV PARTICIPATED IN THE INTERNATIONAL REFUGEE CONGRESS

The International Refugee Congress, which was attended by more than 130 people representing the academia, civil society, international organisations, refugees and the public sector from 27 countries, was held in Istanbul on 10-11 May 2018. IKV, which was a member of the Steering Committee of the Congress, was represented by Researcher Ahmet Ceran and Junior Researcher Merve Özcan.

The outcome of the congress was a communiqué which outlines policy recommendations that are the product of a six-month process of consultation. Some recommendations in the communiqué include;

increasing access to legal assistance, supporting international organisations and donors to support national governments in helping more refugees to access health services, and supporting low-interest loans, public funds and private investment to encourage investment and improve the macroeconomic conditions in origin or first asylum countries, the further inclusion of women refugees and NGOs working for them in the policy-making processes and the launch and support of an international platform by the UN and member countries to increase the participation and representation of refugees.



IKV EU INFORMATION CENTRE CELEBRATED "EUROPE WEEK"

On 7-11 May 2018, IKV Istanbul EU Information Centre celebrated 9 May Europe Day with a week full of activities including seminars and concerts organised in cooperation with Marmara University's EU Institute. Within the framework of IKV EU Information Centre's "Europe Week" events, Marmara University Atatürk Faculty of Education Department of Music Teaching Choir's performance enchanted the audience on 7 May 2018.

IKV EU Information Centre's Europe Week event, which kicked off with the opening speech delivered by Marmara University's Deputy Rector Prof. Recep Bozdoğan, continued with panels on various topics including EU's health policies. On the second day of the event, Undersecretary of the Ministry for EU Affairs Ambassador Selim Yenel shared his views on Turkey-EU relations following the Varna Summit.

IKV Chairman Ayhan Zeytinoğlu, IKV Deputy Chairman Prof. Halûk Kabaalioğlu and IKV Secretary General Assoc. Prof. Çiğdem Nas spoke at the panel session on



Turkey-EU Customs Union on the last day of the event. In the panel session moderated by IKV Deputy Chairman Prof. Kabaalioğlu, IKV Chairman Zeytinoğlu talked about

the problems concerning the functioning of the Customs Union; he stated that Turkey's absence in the decision-making processes for FTAs constituted a serious problem

for the Turkish side. IKV Chairman explained that the countries, which have signed FTAs with the EU, hesitate to sign a parallel agreement with Turkey. While expressing that

Turkish goods are subject to quotas and measures of equivalent effect in some Member States such as Austria, Hungary and Bulgaria as opposed to free movement of goods, IKV Chairman Zeytinoğlu pointed at the modernisation of the Customs Union as an ultimate solution for transport quotas which are submitted to the European Court of Justice.

Taking the floor following IKV Chairman Zeytinoğlu, IKV Secretary General Assoc. Prof. Çiğdem Nas gave information about the activities carried out by IKV and the EU Information Centre. Assoc. Prof. Nas indicated that the presence of hope that negotiations could be revitalised in 2017, has led the IKV to organise seminars with businessmen, academics and civil society representatives in nearly 60 provinces. IKV Secretary General went on to say that the Customs Union process has not been advancing for political reasons. Concerning "continental partnership", which has been brought up as an alternative to full membership, Nas underlined that this option was far from satisfactory for Turkey.

IMPACTS OF PLATFORM ECONOMY DISCUSSED AT IKV CONFERENCE

IKV organised a conference on the future impact of the so-called "platform economy" on business life and labour law on 3 May 2018. Speaking at the conference following the introduction by IKV Deputy-Chairman Professor Halûk Kabaalioğlu, Ghent University Professor and Director of the Brussels-based Itinera Institute Marc De Vos informed the participants regarding the impact of the platform

economy on traditional concepts such as employer, employee and labour contract, and indicated that these concepts will be reshaped by the increased availability of services through platforms such as Uber, Amazon and Kickstart. According to Professor De Vos, given the fact that such platforms are used mostly by young people, platform economy could be an important factor in shaping the future.



TURKEY-EU WATCH

EUROPEAN COMMISSION DELEGATION HELD VISA LIBERALISATION TALKS IN ANKARA

EU officials evaluated the state of play in the visa liberalisation dialogue with their Turkish counterparts in Ankara.

A European Commission Delegation headed by DG HOME's Deputy-Director Simon Mordue visited Ankara to hold meetings with relevant ministries concerning Turkey's latest position paper on Turkey-EU Visa Liberalisation Dialogue and the remaining criteria of the visa liberalisation roadmap on 31 May and 1 June 2018. During the meetings between the delegation and representatives from Turkish Ministry of Foreign Affairs; officials from the Ministry of Interior, Ministry for EU Affairs and Ministry of Justice were also present.

As emphasised by all parties, important progress was recorded

regarding the introduction of biometric passports. Yet, some further alignment steps are required in terms of the other six remaining criteria. Especially the criterion requiring the revision of Turkey's legislation on counter-terrorism remains disputable. At the same time, concerning the issue of data protection reform, the Commission continued to ask Turkey to amend the legislation to ensure enhanced independence and impartiality of the competent public authority. Finally, both parties agreed that the technical process should be finalised as soon as possible for the issue to be brought to the Council's and EP's agenda.



TURKEY RECEIVED OVER 2 BILLION DOLLARS FDI IN THE FIRST QUARTER OF 2018

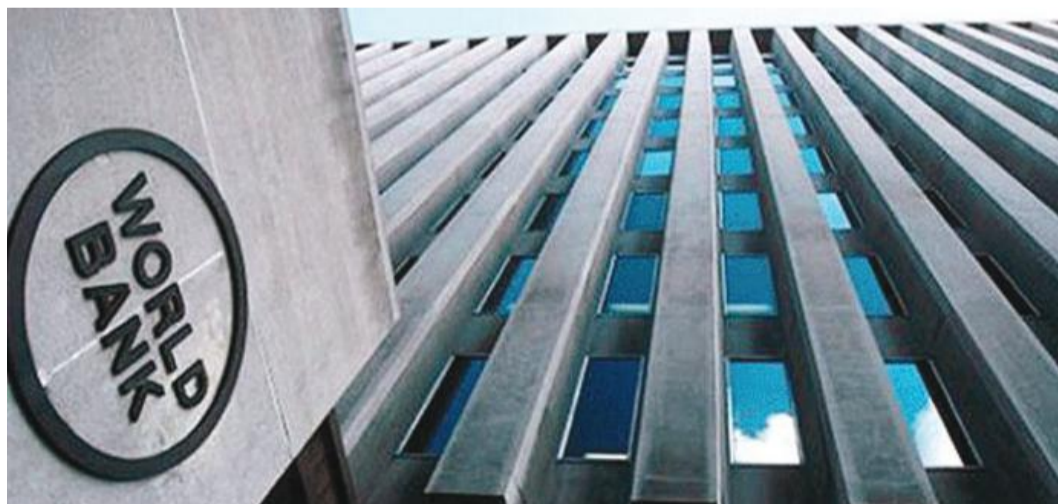


Turkey received nearly 2.2 billion dollars in net foreign direct investment (FDI) in the first quarter of 2018 according to the Ministry of Economy. Between January and March this year, net FDI fell by 28.1 percent, year-on-year, from around 3 billion dollars in the same period of 2017. The equity investment, which is the leading item on the FDI account, direct inflow to Turkey was some 1.4 billion dollars, with 66.6 percent coming from the EU.

In the first quarter of this year, Austria (315 million dollars), the Netherlands (216 million dollars) and Germany (55 million dollars) were the top three sources of FDI inflow from EU countries. 593 million dollars of the total equity capital entry was in the energy sector, followed by the manufacturing sector with 271 million dollars and the financial intermediation sector with 150 million dollars.

TURKISH ECONOMY TO GROW 4.7 PERCENT, WORLD BANK AND EUROPEAN COMMISSION STATE

The newly published World Bank (WB) and European Commission reports on recent macroeconomic developments and outlooks state that Turkey's economy has surpassed the expectations of all international institutions with 7.4 percent growth rate in 2017. The two institutions claim that the fiscal measures and Credit Guarantee Fund for SME financing were the main driving forces for this outstanding performance. However, WB added that this unexpected high growth came at a cost of widening macroeconomic balances, which is visible on the institution's future growth estimates and critics. With respect to this, both European Commission and the WB indicate a 4.7 percent economic growth expectation for 2018 and 4.2 percent and 4.4 percent growth expectation



for 2019 respectively.

According to the Spring 2018 Economic Forecast published by the Commission, the strong economic momentum is fading slowly since

the driver of the demand has shifted from government support and foreign demand to private consumption. Meanwhile, WB's Europe and Central Asia Economic

Update report had a headline for Turkey section saying; "Positive momentum slowly abating", suggesting the same future expectation for economic growth in

Turkey.

Both institutions send warnings on macroeconomic imbalances that are mainly based on the further widening of the current account deficit due to slowing export growth and increasing external vulnerability due to the interest rate hikes, exchange rate risks and high external indebtedness of the private companies, all of which could worsen because of the recent contractionary US policy decisions. Moreover, WB and the Commission state that due to the upcoming elections, the government incentives are likely to stimulate demand and the steady progress in advancing structural reforms are expected to restore investor confidence, mitigate vulnerabilities, enhance productivity and support further economic growth.

OIC LEADERS GATHERED IN ISTANBUL FOR THE ISLAMIC SUMMIT FOR PALESTINE

The 7th Extraordinary Islamic Summit Conference bringing together leaders of the Islamic world was chaired by Turkish President Recep Tayyip Erdoğan.

On 18 May 2018, representatives from more than 40 countries, including presidents, prime ministers and other high-level officials arrived in Istanbul to attend an extraordinary session of the Islamic Summit to denounce the relocation of the US Embassy to Jerusalem on 14 May. Following US' decision and Israeli attacks that killed over 60 civilians in protests, Turkey as term president has called on leaders of the Organisation of Islamic Cooperation (OIC) to come together in Istanbul with a view to showing solidarity with the Palestinian people.

A final communiqué was published following the 7th Extraordinary Islamic Summit Conference calling on the

international community, in particular the UN Security Council, to uphold its legal obligations to defend international law. Furthermore, member states of OIC have decided to take all available measures and to pursue all possible political, legal and diplomatic avenues to defend the legitimate rights and aspirations of the Palestinian people from Israel's aggression. Leaders also expressed their profound appreciation to Turkish President Recep Tayyip Erdoğan for calling for the convening and hosting the Islamic Summit on such a critical issue that demands taking necessary steps to prevent other countries from following the US' example in relocating their embassies to Jerusalem.



EU TO PROVIDE 1.5 BILLION EURO FUNDING FOR REFUGEES IN TURKEY IN 2019

On 23 May 2018, it was announced in a press release concerning the EU's 2019 budget that the European Commission considers to grant an additional 1.5 billion euro funding for the refugees in Turkey in 2019. Within the scope of the 2016 refugee deal, the additional funding is set to be mobilised to help the refugee support system in provision of food, education and housing facilities to refugees from Syria and other places. It is also stated that 500 million euros will be allocated in compliance with the Union's 2018 budget. The refugee deal has envisaged 6 billion euros funding for Turkey in the form of 3+3 billion euros. Up until now, Turkey



has only been allocated the first 3 billion euros and has criticised the EU for not releasing the agreed funds.

On 24 May, the first school constructed with the EU's contribution for education

infrastructure programme to provide education for the Syrian children in Nizip refugee camp was opened. The opening ceremony was attended by Head of the EU Delegation to Turkey Ambassador Christian Berger, Undersecretary of Ministry of National Education Yusuf Tekin and Member of Board of German Bank for Reconstruction (KfW) Roland Siller. The construction of the school was financed by the EU's 325 million euros funding and carried out in collaboration with KfW. In total, the EU has allocated 425 million euros for education infrastructure to improve the access of Syrian and Turkish children to education. The two projects of KfW and a

complementary project of the World Bank were substantially financed under the Facility for Refugees in Turkey and the EU Trust Fund for Syria. The aforementioned projects were carried out in close cooperation with the Ministry of National Education to enhance the access of the Syrian children under the age of 18 to education. As indicated by Ambassador Christian Berger at the opening ceremony of the first school in Nizip refugee camp, 200 schools are planned to be constructed in 19 Turkish provinces with the collaboration of the World Bank and KfW to support 150,000 Syrian and Turkish children in completing their education.

EBRD INVESTED 70 MILLION EUROS IN TURKISH MARINA CHAIN

The European Bank of Reconstruction and Development (EBRD), which started its operations in Turkey in 2009, is currently holding 234 active portfolio projects worth 7.2 billion euros in areas of energy (16 percent), financial institutions (33 percent), infrastructure (22 percent) and industry, commerce and agribusiness (29 percent). Turkey is currently the EBRD's largest country of operations by annual investment volume. With a cumulative investment amounting to 10.2 billion euros in the country, in 2017 alone, EBRD has invested 1.6 billion euros in 51 projects, nearly all (97 percent) being directed to the private sector.

On 29 May 2018, EBRD made its largest equity investment in tourism sector to date, by acquiring a minority stake of 25 percent in D Marinas B.V. for 70 million euros. The company is the largest and only international marina chain in the Eastern Mediterranean with 8000 berths and 502 employees operating in a network of 10 marinas in Greece, Croatia and Turkey under the "D-Marin" brand, which is a subsidiary of the Turkish business conglomerate "Doğuş Group". During the signature ceremony in Zagreb, where the Croatian Prime Minister, First Vice President of the EBRD and Doğuş Group Chairman were present, it was stated that the

new funds will be used to finance the company's growth plans, including the development of marina management operations, further acquisitions and deleveraging. This new investment is part of the new EBRD Inclusive Tourism Framework for the Eastern Mediterranean which aims to support local tourism sectors to grow and upgrade. It is also important to remind that almost a third of the bank's projects involve Turkish lira financing, which is particularly important to companies such as Doğuş since the currency volatility remains high and the companies are forced to restructure their debt portfolio.



HIGH-LEVEL EXCHANGES

THE 7TH TURKISH-BRITISH TATLIDIL FORUM TOOK PLACE IN READING



The 7th meeting of the Turkish-British Tatlidil Forum was held in Reading, southern England on 11-13 May 2018. Minister for EU Affairs and Chief Negotiator Ömer Çelik attended the opening session of the forum, while the closing session of the forum was attended by Turkish President Recep Tayyip Erdoğan.

Minister for EU Affairs Çelik delivered the opening speech in the forum, which was also attended by Prince Andrew, the Duke of York and British Foreign Secretary Boris Johnson, and participated in the panel entitled "Post-Brexit" alongside UK's Minister of State for Europe

and the Americas Sir Alan Duncan and former Ambassador Sir David Reddaway on the second day of the Forum. During the panel, the UK's future relationship with the EU and bilateral ties between Turkey and the UK following Brexit were discussed.

Speaking at the closing session of the forum, President Erdoğan emphasised that the long-established relations and cooperation between Turkey and the UK were improving and deepening in every field, and praised the solidarity shown by the UK following the 15 July coup attempt. President Erdoğan expressed Turkey and the UK's joint

determination to maintain the momentum generated in economic and trade relations and called on British investors to make more investments in Turkey.

The Tatlidil Forum, which was launched in March 2011 during then Prime Minister Erdoğan's visit to the UK, aims to facilitate relations between Turkey and the UK at the level of government, diplomacy, business, academia and media. Bringing the leading figures from these fields together, the Tatlidil Forum enables a better assessment of the current bilateral and international issues.

FOREIGN MINISTER ÇAVUŞOĞLU VISITED GERMANY TO ATTEND SOLINGEN ATTACK COMMEMORATION

Turkish Foreign Minister Mevlüt Çavuşoğlu travelled to Germany on 29 May 2018 to attend commemoration ceremonies marking the 25th anniversary of the Solingen attack. On 29 May 1993, five Turkish citizens lost their lives as a result of an arson attack on a house by a group of right wing-extremists in Solingen amid growing resentment against foreigners in the country following German reunification in 1990.

In the context of the visit, Foreign Minister Çavuşoğlu held meetings with German Chancellor Angela Merkel, Federal Minister for Foreign Affairs Heiko Maas and Minister President Armin Laschet of North



Rhine-Westphalia. Foreign Minister Çavuşoğlu also met with members of Genç family whose house was put on fire 25 years ago by a group of racists, claiming 5 innocent lives. According

to a statement by the Turkish Ministry of Foreign Affairs, during his meeting with Chancellor Merkel, Foreign Minister Çavuşoğlu reiterated Turkey's expectations from Germany regarding

the fight against terrorist organisations PKK and FETO.

During the commemoration ceremony, which was attended by Germany's political leadership, Foreign Minister Çavuşoğlu expressed concern that racism, xenophobia and Islamophobia were on the rise in Germany and called on politicians and the media to use prudent language. Çavuşoğlu highlighted the need to stand united and take effective measures against racism to prevent the repetition of such incidents in the future. Foreign Minister Çavuşoğlu indicated that the only expectation of the Turks living in Germany was to live as equal members of the

German community. Speaking at the commemoration ceremony, German Chancellor Merkel underscored that xenophobia, racism and anti-Semitism could have no place in Germany or anywhere else in the world.

Çavuşoğlu's visit came at a time when bilateral ties with Germany have been strained after the opposition Peoples' Democratic Party (HDP) held a rally in Cologne on 26 May. The decision to allow HDP rally while preventing the ruling Justice and Development Party from campaigning there has caused criticism by Turkey. On the day of Foreign Minister Çavuşoğlu's Germany visit, Ankara and Berlin held political consultations.

MINISTER FOR EU AFFAIRS ÇELİK MET WITH HIS GERMAN COUNTERPART ROTH

Turkey's Minister for EU Affairs and Chief Negotiator Ömer Çelik met with the German Federal Minister for EU Affairs Michael Roth on 8 May 2018 at a working lunch. According to the statement by the Ministry for EU Affairs, during the meeting, the two EU Affairs Ministers discussed various topics including the recent developments in Turkish-German relations, Turkey-EU relations, modernisation of the Customs Union,

visa liberalisation for Turkish citizens, the political situation in Europe and regional issues such as the situation in Syria and Turkey's Operation Olive Branch in northern Syria.

According to news reports, during the meeting EU Affairs Minister Çelik underscored the need for Germany and the EU to take more efficient steps against the activities of terrorist organisations such as PKK and FETO and he also stressed that Turkey's

fight against terrorist organisations was not only for its own safety, but also for the security of Europe. Concerning the upcoming 24 June presidential and parliamentary elections, Minister Çelik conveyed to his German counterpart that Ankara expected cooperation on part of German authorities regarding Turkish citizens living in Germany being able to use their democratic rights during the election process.



LITHUANIAN FOREIGN MINISTER LINKEVIČIUS VISITED TURKEY



On 9 May 2018, Lithuanian Foreign Minister Linkevičius paid a working visit to Turkey and met with Foreign Minister Mevlüt Çavuşoğlu. US President Trump's decision to pull out of the nuclear deal, which was signed in 2015 between Iran and the P5+1 group of nations, was one of the prominent subjects discussed during the meeting between the two Foreign Ministers held in Ankara. Linkevičius expressed Lithuania's support for

the improvement of the relations between Turkey and the EU. Lithuanian Foreign Minister drew attention to the possibility to share Lithuania's experience with the Turkish authorities in order to help Turkey implement reforms for further alignment with the EU *acquis*.

During the meeting held in a constructive and sincere atmosphere, the Foreign Ministers also expressed their common will to strengthen

bilateral relations between Turkey and Lithuania. According to trade statistics, trade volume between the two countries has increased by 47 percent and reached 795 million dollars in 2017. Moreover, Çavuşoğlu and Linkevičius discussed preparations for the upcoming NATO Summit which will be held on 11-12 July, stressing their common aim to fight against terrorism and strengthen cooperation among NATO allies.

BEYOND BREXIT: THE FUTURE OF TURKISH-UK RELATIONS

Both Turkey and the UK have a conviction that their bilateral relations will prosper in the post-Brexit era by building upon a new trade agreement and a strategic partnership.

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Between 13 and 16 May 2018, President Recep Tayyip Erdoğan has conducted a three-day visit to the UK. President Erdoğan's main reason for going to London was to participate in the latest session of a semi-official platform called "Tatlıdil Forum" which aims to develop relations between the two countries. However, it is clear that the British government has taken this opportunity and turned Erdoğan's visit to London into a nearly official occasion at the protocol level and has made a significant gesture to the Turkish side. Although it is not an official state visit, the receiving of President Erdoğan by Queen Elizabeth II at Buckingham Palace will remain one of the most memorable images of this visit. In this sense, how can we understand the importance attributed to Turkey by the British government?

Certainly, the most critical and unprecedented development of the current period has been the UK's decision to leave the EU. At the moment, Britain is leaving the EU and Turkey is still not a member of the EU and is not likely to become one in the near future. Britain has been a vocal supporter of Turkey's EU membership bid and Brexit deprived the Turks of their most important ally in Brussels. Ironically, however, for many experts Turkey's relationship with Britain will significantly improve, as it will be liberated from the restrictions and baggage of the EU. These two countries, which, for different reasons, are excluded from the EU in the final analysis, will tend to strongly cooperate with each other during their new era.

Incentives for Cooperation in the Post-Brexit Era

Initially both parties hope that bilateral relations between Turkey and the UK will prosper in the post-Brexit era by building upon a new trade agreement and a



strategic partnership. However both countries know that trade relations will also be critically affected by the Brexit process. UK will leave the EU as of 30 March 2019. However, the transition will last until 31 December 2020. Until then, the EU rules and regulations will continue to apply, meaning that the UK will continue to participate in the Customs Union and the Single Market. Following the end of the transition period, the UK will fall out of EU's trade-related agreements covering 168 non-EU countries and will have to sign its own free trade agreements (FTAs) starting with its most important trading partners. This means by leaving the EU, the UK will also leave the Turkey-EU Customs Union which has abolished all customs duties, quantitative restrictions and all other measures having equivalent effect in trade of industrial goods between the parties. All imports from and exports to the UK will be subject to customs duties once again. This is of course something that both parties

do not desire.

Not to forget, UK is Turkey's second trade partner in the EU after Germany. According to 2016 figures, Turkey exported more than 11.5 billion dollars' worth of goods and services to the UK while it imported more than 5 billion dollars leading to a trade surplus of 6 billion dollars. Turkey's exports to the UK increased by 78.8 percent in the last 10 years. The UK is also one of the leading countries with considerable FDI flows to Turkey. British investments in Turkey amount to about 9 billion 538 million dollars and there are more than 2,900 British firms operating in Turkey. Leading export items to the UK constitute gold, textile and garments, machinery, automotive products and parts as well as iron and steel products. Imports are diesel and semi-diesel motors, automobiles, steel iron scrap and bulk, and medicine. In recent years, there has also been a steady increase in joint projects in the defence industry. In January 2017,

Britain and Turkey signed a defence deal worth more than 137 million dollars to develop Turkish fighter jets. The deal involves BAE Systems and TAI (Turkish Aerospace Industries) working together to develop the TF-X Turkish fighter program. A few months later, in May, Rolls-Royce partnered with Turkish industrial group Kale with the aim of building engines for the TF-X.

In this manner, any time gap between the UK's departure from the EU and thereby the Turkey-EU Customs Union and the signing of a bilateral agreement between Turkey and the UK will result in considerable losses in trade due to the reimposition of customs duties and other restrictions. The two countries will leave behind a preferential trade regime and will become third countries for each other within the framework of the WTO. Turkey and the UK need to negotiate a deep and comprehensive FTA that will enter into force as soon as this transition period ends. Taking into account that

the UK has been Turkey's second largest export destination in 2017 (9 billion 641 million dollars), any loss of trade due to a reimposition of customs duties cannot be tolerated. A prospective FTA to be signed between the two countries can raise the potential of trade and investment relations between the two countries by reaching a trade volume of 25-30 billion dollars, stimulating joint production in Turkey to be exported to third markets, as well as joint ventures entailing technology transfer and know-how.

On 9 November 2017, a working group made up of British and Turkish officials started preparatory work with the aim of determining the scope and framework of future trade relations. It is expected that the FTA that will take the place of the Customs Union between Turkey and the UK will include agriculture and industrial products as well as services, investments, public procurement and e-commerce.