

EU-TÜRKİYE Roundtable Meeting

5 October 2023, Istanbul

Dear Deputy Minister,

Dear Director General,

Dear Representatives of Businesses and Finance Organizations,

I would like to welcome the European Commission delegation on behalf of DEİK, the Foreign Economic Relations Board of Türkiye.

The Covid pandemic, the war in Ukraine, the risks to global growth, supply chain disruptions, the energy crisis in Europe, the migration crises as well as the accession process of Sweden to NATO have reminded us once again of the strategic importance of cooperation between Türkiye and the EU, which are two important economic and trade partners.

In my capacity as the President of DEİK – a voluntary based institution and leading business organization operating in 144 countries since 1985 – I would like to contribute to this roundtable with three main messages:

First, to achieve an inclusive, sustainable, and equitable growth for Europe and Türkiye, we must **increase economic integration** in our broader region. Over the course of the pandemic, Türkiye, through its young and skilled population, its industrial capacity, geographic location, and presence in the Customs Union, has successfully accommodated EU's intermediate and final products that could not be delivered to the Far East due to rising transportation costs and supply chain disruptions. **In this context, we think that the EU decision makers should advise European companies which are winding down their operations in the Far East or Russia to go not only to the Balkans and North Africa, but also to consider moving to Türkiye, which remains a major trade and economic partner of the EU.**

Apart from that, **the European Green Deal**, which is a significant and positive revolution for humanity and our planet, should be a matter of cooperation in EU-Türkiye relations, rather than a protectionist barrier between our borders.

Let me add two points on this issue: First, regarding energy, Türkiye, is an important transition point for the EU's energy security and also has a huge potential in the field of renewable energy (solar, wind, hydrogen, etc.). Our country can become an important source of green energy for the EU, and financial institutions such as the EIB and EBRD could provide more funding for this strategic sector in Türkiye, as a potential green energy supplier of the EU. That said, I think companies from both parties should work together both in Türkiye and the EU, but also in other regions

such as Africa, the Middle East, also in Central Asia and Caucasus, to promote green transformation in these regions.

Last but not least, from now on, in EU- Türkiye relations, **we need concrete steps** (and not just dialogue or words) that will directly affect our respective people and business communities. By this I mean, first of all, the visa-free dialogue, the lifting of quotas for Turkish transport companies, the modernization of the Customs Union Agreement, but also energizing Türkiye's accession process, which has been blocked for years for futile political reasons. The current custom union agreement should be extended by taking agriculture, public procurement, the services sector and e-commerce into account.

Türkiye's lack of involvement in the EU's decision-making processes in areas related to the Customs Union, the difficulties experienced by our country in undertaking the Free Trade Agreements (FTAs) concluded by the EU, and the issues of highway quotas that prevent us from fully benefiting from the Customs Union have become systemic problems. The fact that there are no provisions in the Customs Union Decision regarding the issues in question or that the existing provisions are insufficient for our country has been the source of these problems.

These issues, which can easily be solved with a minimum of goodwill, are a significant obstacle to improve the trade and economic potential between Türkiye and the EU.

After Trkiye joined Custom Union in 1995, there has been a significant jump in our total exports and exports to Europe. The export volume, which was 21.6 billion USD in 1995 jumped to 254,2 billion USD in 2022. Similarly, our exports to Europe jumped from 10,6 billion USD to 103,1 billion USD in the same period. Moreover, there has been also a structural change in the composition of our exports. After we joined custom union in addition to traditional sectors such as textile, machinery, durable goods and automobiles also became significant export sectors. Apart from international trade Trkiye and Europe also have deep relations in terms of FDI. 70 percent of FDI in Trkiye comes from Europe.

However, much has been changed since the beginning of custom union and to further increase our trade and investment relations it is a must to modernize custom union agreement.

Thank you for your attention.

Nail OLPAK
President of DEİK