

EUROPE'S GLOBAL CHALLENGES AND THE TURKISH ECONOMY

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TÜSİAD

Turkish Industry & Business Association

EUROPEAN PARLIAMENT - PUBLIC HEARING

Brussels, 16 March 2010



%60+ of the Turkish business' added-value (direct members + Türkonfed)
80% of the Turkish foreign trade
85% of the state's tax revenues

A member of BUSINESS EUROPE since 1988

+ BIAC of the OECD, UBCCE, BUSINESSMED, EUCCChina

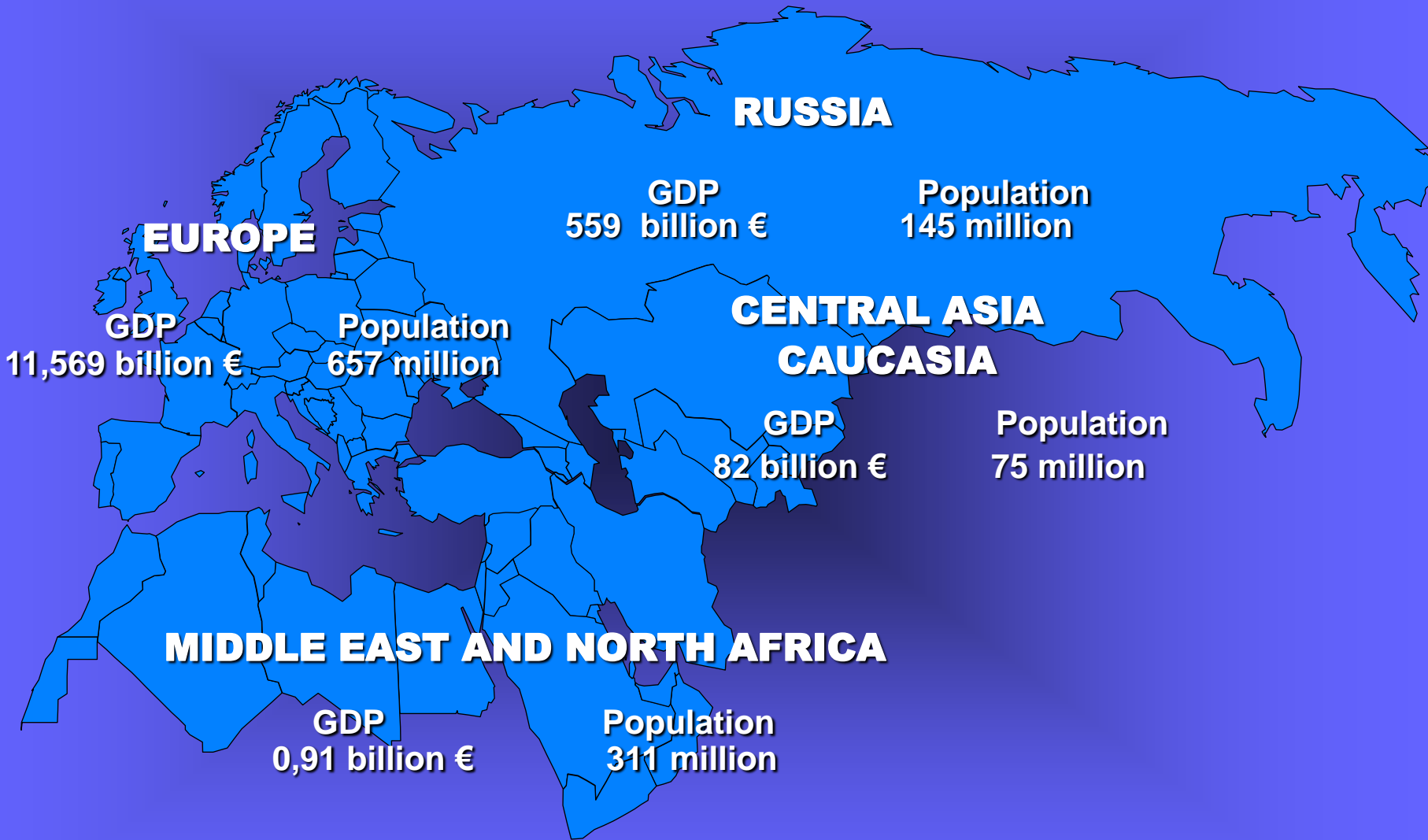
Brussels – Berlin – Paris - Washington DC – Beijing - . . .

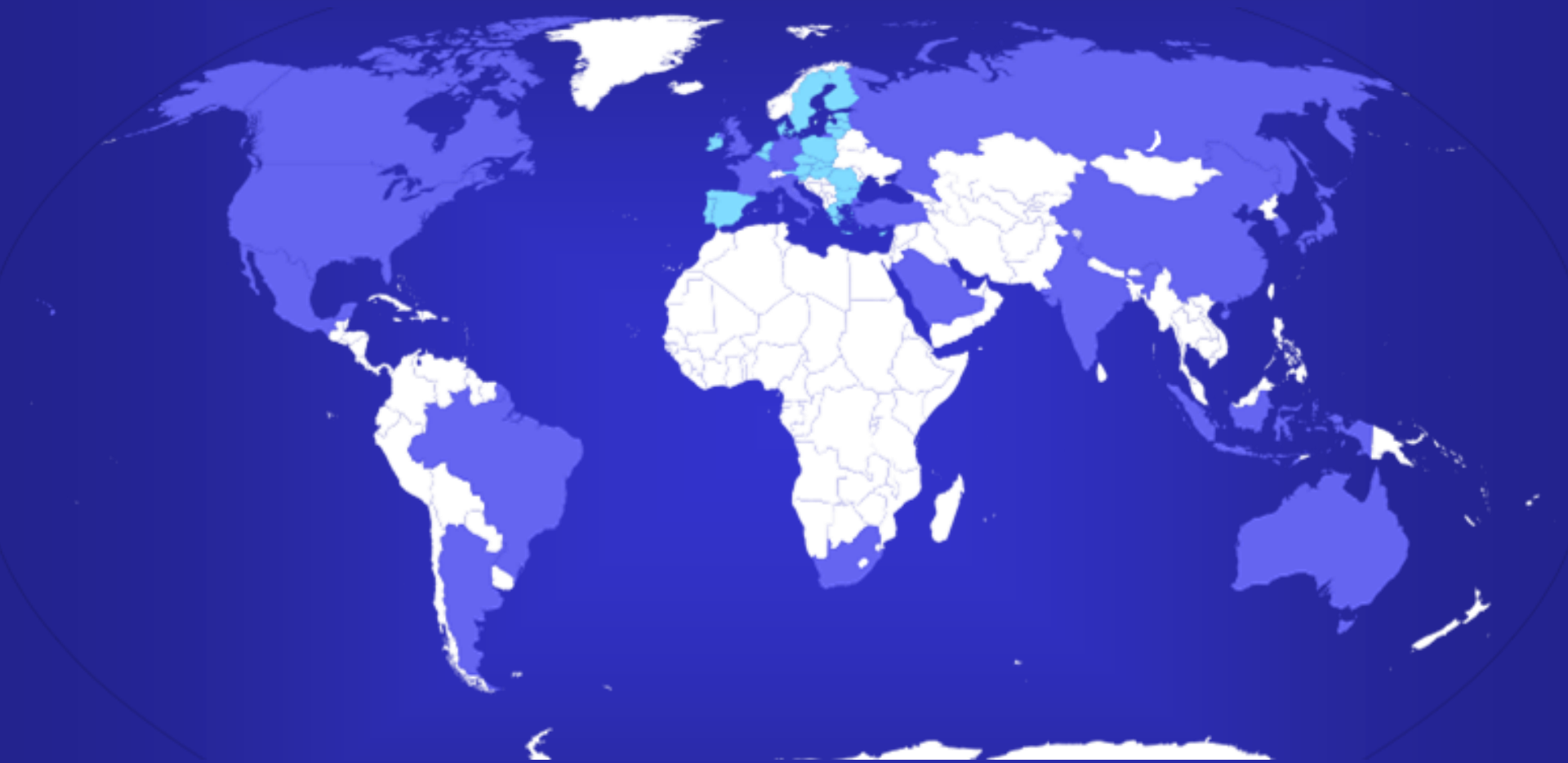
- ▶ Turkey's global economic competitiveness
- ▶ Democratic, economic and social reforms in Turkey
- ▶ EU membership
- ▶ Globally competitive Europe



Earthrise July 1969 Appollo 11







G 20



Internet Map



ChrisHarrison.net

Internet Map
step-by-step construction



TURKEY'S DEMOGRAPHIC TRENDS

72,6 million people

- a household is composed of 4 persons (\searrow *decreasing*)
- \pm 26% below 15 years old (\searrow *decreasing*)
- 1% p.a. growth in workforce
- 75% urban population (\nearrow *increasing*)
- Stabilised demographic growth by 2030 : \pm 80-85 million

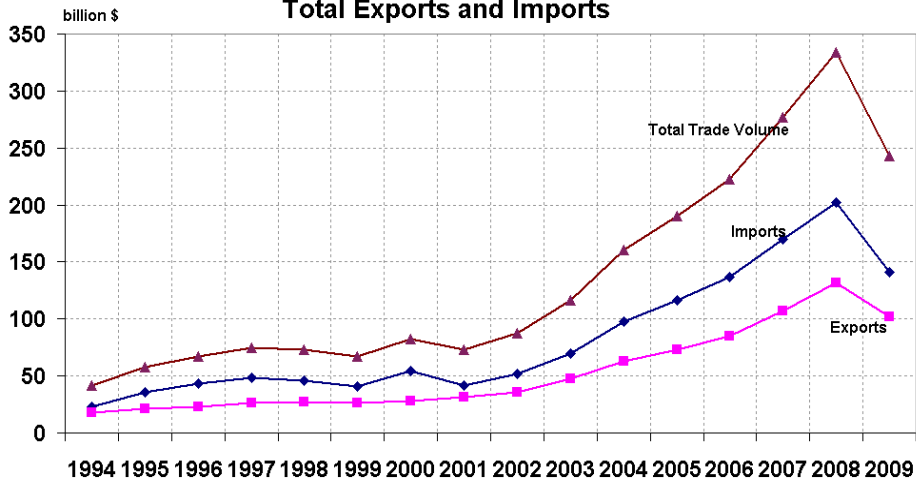
Turkey is the 7th biggest trade partner of the EU

95%

of Turkish exports are industrial goods

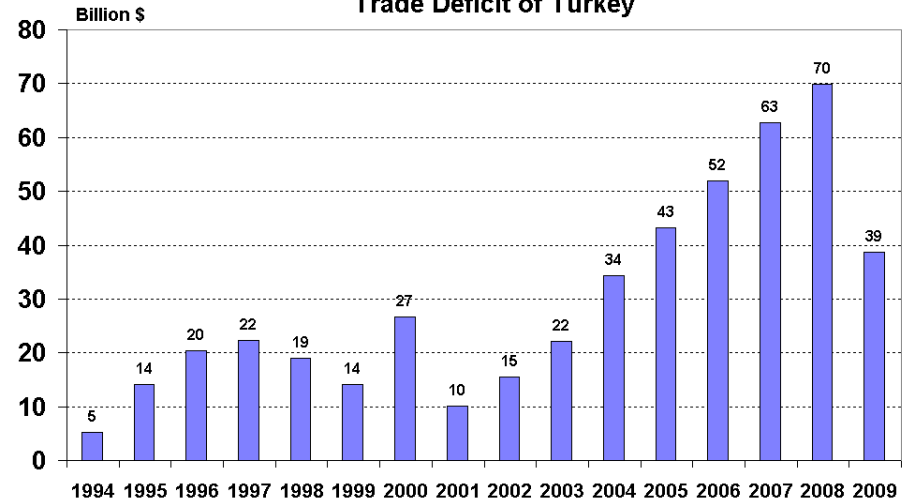
Turkey's External Trade

Total Exports and Imports

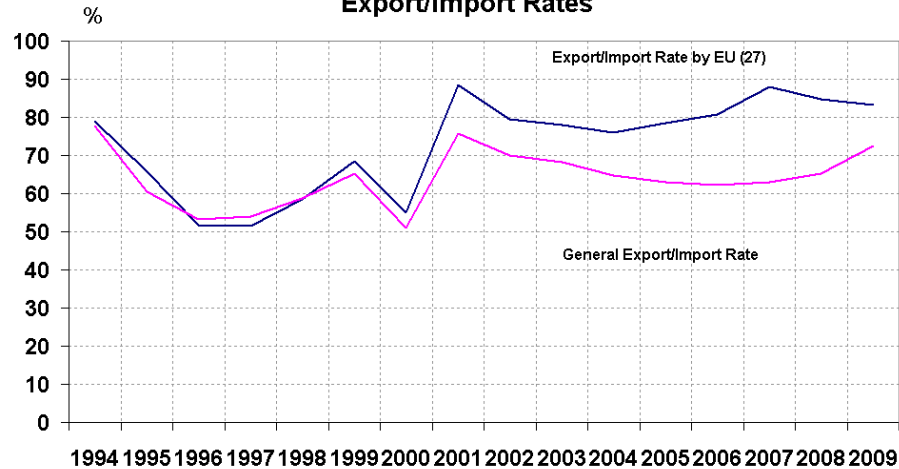


Source: TURKSTAT, SPO

Trade Deficit of Turkey



Export/Import Rates



Kaynak: DPT

As of 2009:

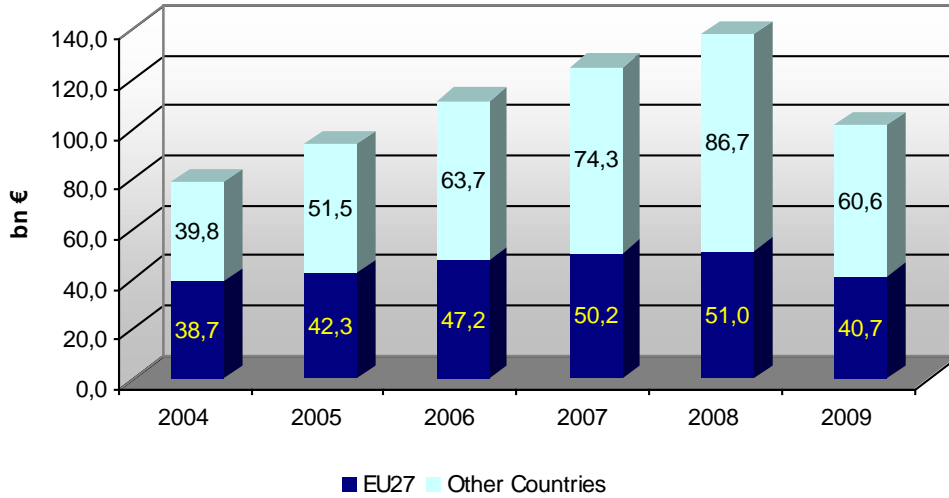
Trade deficit: 9.4% of GDP

Exports/import rate is 65% in overall.

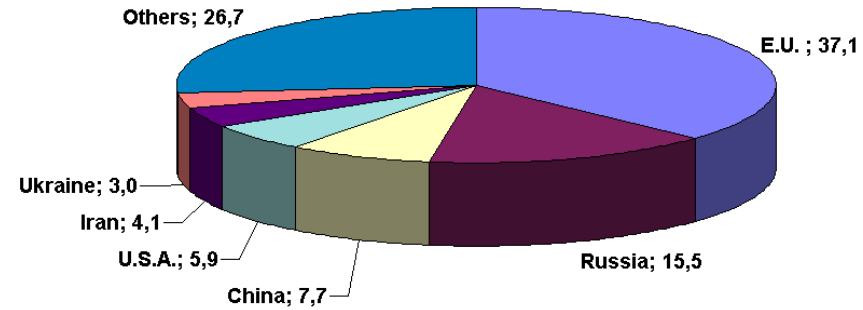
This ratio is 85% in EU-Turkey trade.

EU - Turkey Trade

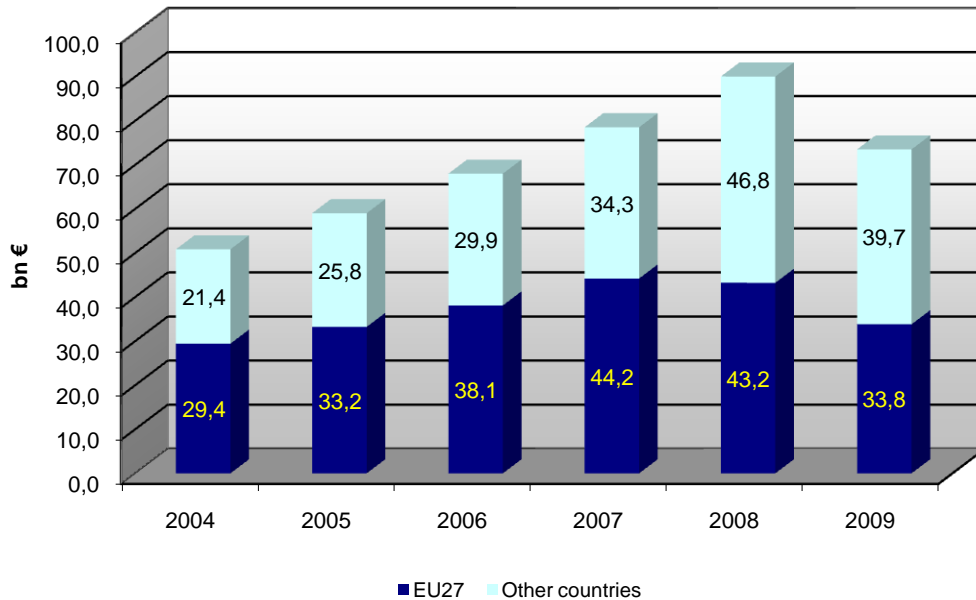
Turkish Imports



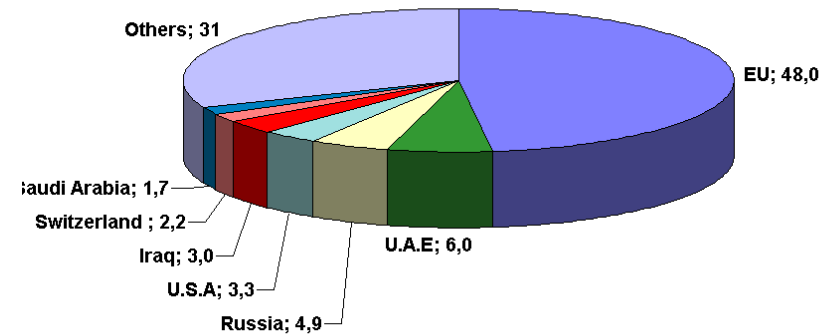
Import Partners of Turkey (% Share)



Turkish Exports



Export Partners of Turkey (% Share)



Source: TURKSTAT

TURKEY IS THE WORLD'S...

- 6th biggest cement producer
- 2nd jewellery exporter
- 2nd flat glass producer
- 1st boron mineral producer
- 6th clothing manufacturer

TURKEY IS EUROPE'S :

1st TV manufacturer

4th automotive and parts manufacturer

1st auto-car/bus manufacturer

3rd iron and steel producer

3rd ceramic tile manufacturer

6th refrigerator manufacturer

4th largest telecom market

3rd big yacht, 8th ship builder

and also :

richest land in biodiversity

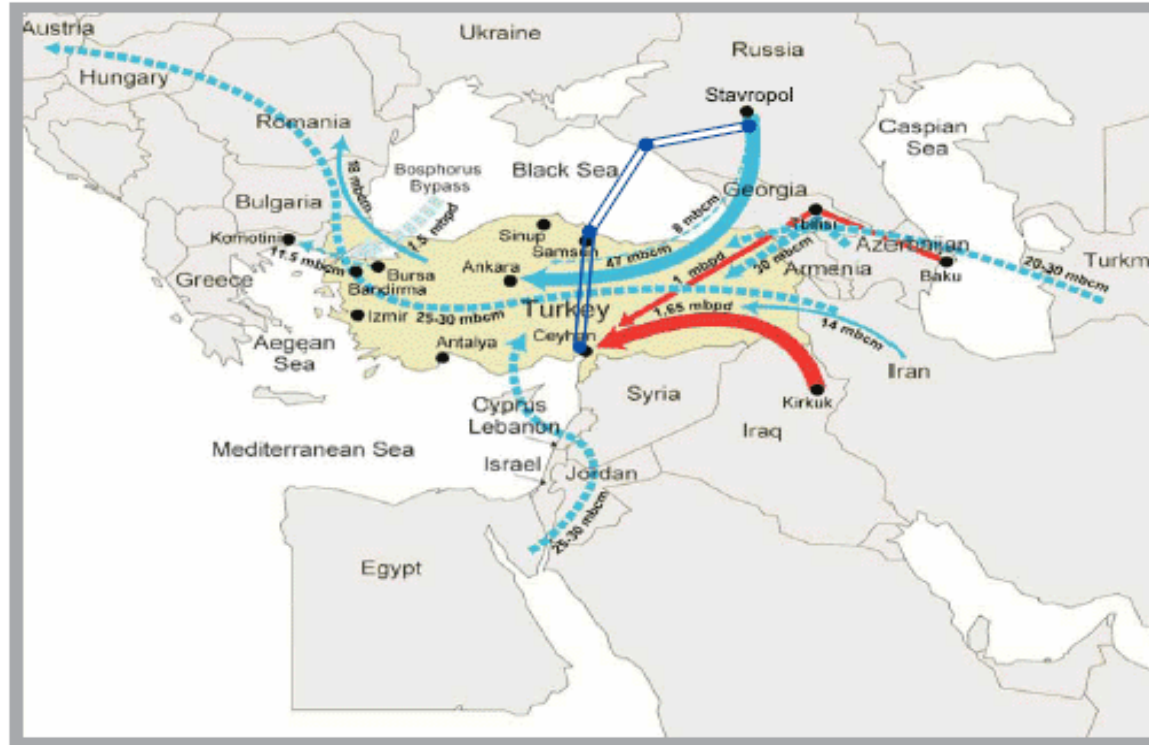
largest and fastest emerging market






TURKEY

IS A RAPIDLY GROWING INFORMATION SOCIETY

- **± 67 million GSM subscribers**
- **30 million internet users**
- **± 40 TV channels at the national level**
± 250 at the local level
- **e-Turkey & e-government in rapid expansion**
- **Telecom sector aims international leadership on innovation of new products and mobile services**

ENERGY CROSSROADS



-  OIL PIPELINES EXISTING (MILLION BPD)
-  OIL PIPELINES PLANNED OR PROPOSED
-  GAS PIPELINES EXISTING (MILLION BCM)
-  GAS PIPELINES PLANNED OR PROPOSED
-  BLUE STREAM

EU-Turkey Customs Union

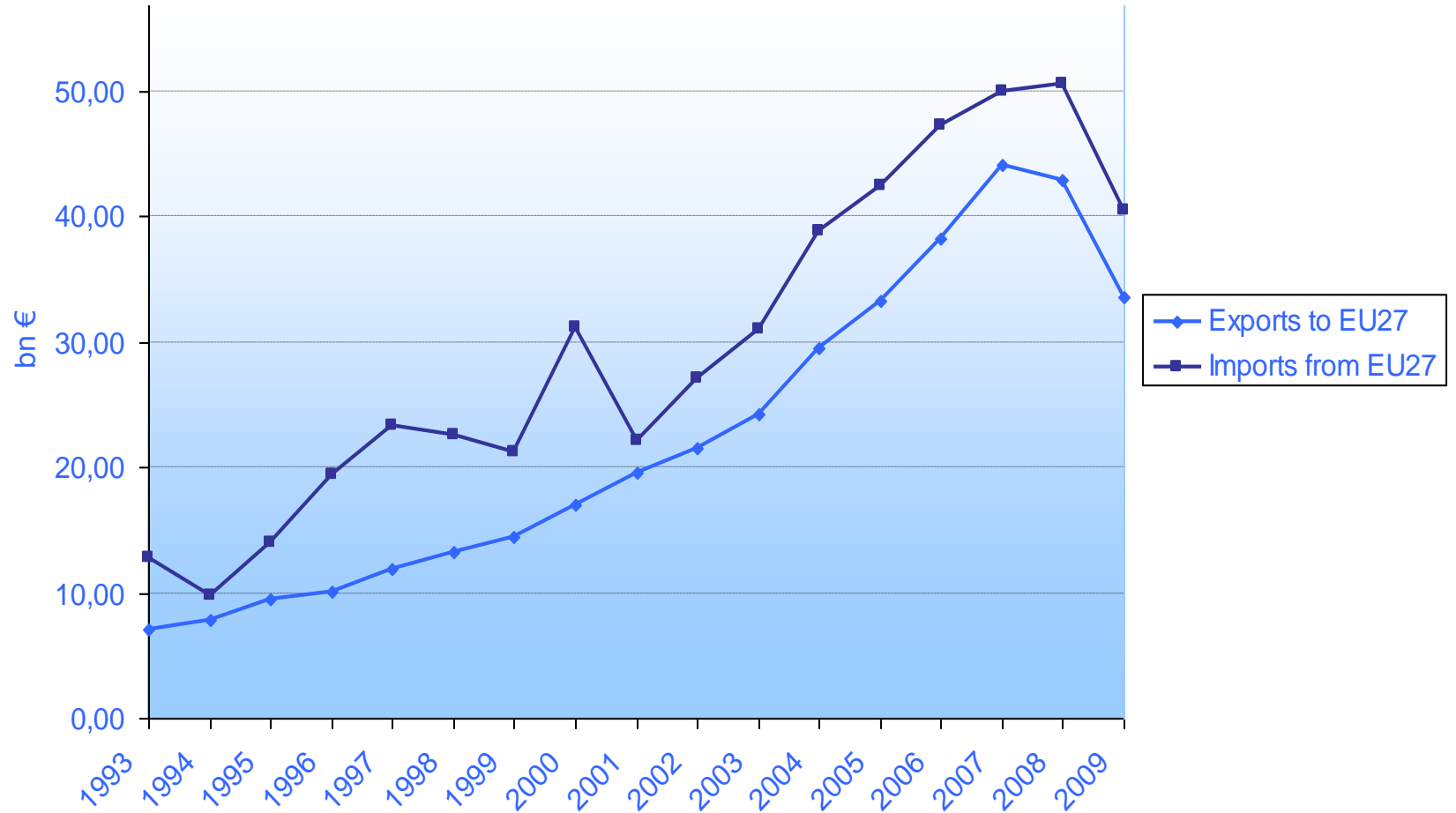
The EU abolished all its customs duties on industrial goods, with a few exceptions

Turkey :

- adopted EU's commercial and preferential tariff policies in 5 years
- reduced all duties and charges on imports of industrial goods from the EU to zero
- harmonising its customs tariffs vis-à-vis the "third countries" with the EU
- adopted EU's competition policy
- eliminated technical barriers to trade
- carries on harmonisation with the EU on standardisation, calibration, quality, accreditation, testing and certification ...

EU – TURKEY TRADE

IMPACT OF THE CUSTOMS UNION



TURKEY - EU CUSTOMS UNION - PROBLEMS

FINANCIAL DEFICIT: 582 million €, instead of 2,7 billion € as promised by the EU

VISA : Visa requirements and restrictions for Turkish citizens
Limitations on staying period and visas for truck drivers

NON-TARIFF BARRIERS : Quota applications against Turkish dispatchers
Double analysis of food products
Negative political statements by some EU politicians

ACCESSION PARTNERSHIP : Blocked chapters in membership negotiations

FTAs : Unwillingness of some countries to sign a similar FTA

“Turkey clause” inserted into FTAs is not binding

EU’s FTAs with S. Korea, ASEAN and Ukraine would harm
textile, iron&steel, motor vehicle and electronics sectors in Turkey

	EU's Free Trade Agreements	Status of Turkey's FTA
1	EFTA	<i>In force (1992)</i>
2	Israel	<i>In force (1997)</i>
3	FYROM - Macedonia	<i>In force (2000)</i>
4	Croatia	<i>In force (2003)</i>
5	Bosnia and Herzegovina	<i>In force (2003)</i>
6	Palestine	<i>In force (2005)</i>
7	Tunisia	<i>In force (2005)</i>
8	Morocco	<i>In force (2006)</i>
9	Syria	<i>In force (2007)</i>
10	Egypt	<i>In force (2007)</i>
11	Albania	<i>In force (2008)</i>
12	Chile	<i>Agreement Signed in 2009</i>
13	Montenegro	<i>Agreement Signed in 2008</i>
14	Serbia	<i>Agreement Signed in 2009</i>
15	South Africa	<i>Exploratory talks</i>
16	Jordan	<i>Agreement Signed in 2009</i>
17	Mauritius	<i>Negotiating</i>
18	Lebanon	<i>Negotiating</i>
19	Faroe Islands	<i>Negotiating</i>
20	Mexico	<i>Attempted to negotiate</i>
21	Algeria	<i>Attempted to negotiate</i>
22	South Korea	<i>Negotiations to start in April 2010</i>

EU's current FTA negotiations	Position of Turkey
Ukraine	<i>Exploratory talks</i>
India	<i>Attempted to negotiate</i>
Gulf Cooperation Council	<i>Negotiating</i>
MERCOSUR (Argentina, Brazil, Paraguay, Uruguay)	<i>Negotiating</i>
ACP (Africa, Carribean and Pacific)	<i>Attempted to negotiate</i>
Central America	<i>Attempted to negotiate</i>
ANDEAN (Colombia, Peru, Bolivia, Ecuador) <i>(Talks with Colombia and Peru are finalized)</i>	<i>Attempted to negotiate</i>
ASEAN (South East Asia)	<i>Attempted to negotiate</i>
Libya	<i>Negotiating</i>

Between 2000-2007:

- Turkish foreign trade has increased by 237%
- Trade with FTA partners has increased by 248%
 - > from 3.3 billion to 12 billion €

GO FOR GROWTH

AN AGENDA FOR
THE EU IN 2010-2014



PRIORITIES OF BUSINESSEUROPE

- New market access through trade negotiations
- More strategic approach towards important partner countries
- Enable trade policies to enhance the competitiveness of the European economy
- EU's free-trade agreement agenda must be pursued with vigour

“The EU should make clear to its FTA partners that they should conclude parallel negotiations with Turkey, Switzerland and the EEA countries to avoid negative impacts for EU exports and investment”

CHALLENGES FOR TURKEY 2015

Priorities of TUSIAD

- **Democracy** : reform of the judiciary, new Constitution
- **EU membership:**
 - Adoption and the implementation of the EU policies and legislation
 - Public sector reform
 - Maastricht criteria
- **Jobs and growth** : flexicurity, entrepreneurship, SMEs access to credit, industrial policies, digital agenda, social policies, innovation ...
- **Unregistered economy** – fiscal legislation
- **Reform of the education**
- **Energy and climate** : liberalisation, supply security, green technologies
- **Modernisation of agriculture and regional development**

CHALLENGES FOR THE EU 2020

SMART

SUSTAINABLE

INCLUSIVE

GROWTH

INNOVATION

EDUCATION

DIGITAL SOCIETY

CLIMATE AND ENERGY

GLOBAL COMPETITIVENESS

JOB AND SKILLS

FIGHTING POVERTY

Budget - Euro - Agriculture - Institutions - External Action - Neighbourhood - Justice - Security - Democracy - ...

ISTANBUL : A WORLD CITY
EUROPEAN CAPITAL OF CULTURE 2010

