

Dear FEUTURE Friends,

We would like to present you a brand new FEUTURE Newsletter.

We sincerely hope you will find this issue interesting and beneficial! In this Newsletter you will find:

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EDITORIAL:

THE FUTURE OF EU-TURKEY RELATIONS IN

A RAPIDLY CHANGING ENVIRONMENT

Although being one of the strongest links of EU-Turkey relations, the economic dimension has not been immune against challenges in recent years. In light of concerns of international competitiveness, which have been gaining ground in the EU within an increasingly interrelated global setting, the EU launched the Europe 2020 Strategy in order to tackle the global financial crisis and prepare the EU economy for the next decades. In this setting, however, the EU is faced with a trilemma: reducing the public deficit, investing in "going green", while also preserving the welfare state and public services.

This also affects the EU's relationship to Turkey and the neighborhood. Turkey, with its geographical position and geostrategic reach, provides access to regional markets and thereby contributes to enhancing smart, sustainable and inclusive growth. At the same time, Turkey faces some challenges, which have not gone unnoted in the European Commission's 2016 Progress Report: "Regarding the economic criteria, the Turkish economy is well advanced and can be considered a functioning market economy. Still, the large external deficit makes the Turkish economy vulnerable to financial uncertainty, changes in global investors' sentiment and political risks" ([European Commission, Turkey](#)

direct us to think about the impact of destabilizing mechanisms in the real sector. While Turkey grew by 4.5% in the first two quarters of 2016, we can observe a contraction in the third quarter by 1.8%. Among the activities that constitute gross domestic product, the total value added of the agricultural sector decreased by 7.7% in the third quarter of 2016 compared with the same quarter of the previous year. In the same period, the total value added of the industry and service sectors decreased by 1.4% and 8.4% respectively. The only increase came from the construction sector by 1.4%. Household final consumption expenditure, gross fixed capital formation and exports of goods and services decreased by 3.2%, 0.6% and 9.2% respectively while government final consumption expenditure increased by 23.8% and imports of goods and services increased by 2.4% in the same period (<http://www.tuik.gov.tr/PreHaberBultenleri.do?id=21513>)

In sum, Turkish economy is still exposed to spells of financial uncertainty and changes in local and global political and economic risks. There is an urgent need for structural political and economic reforms almost in all sectors of the economy, but more urgently in the fine-tuning of monetary and fiscal policy to lower the macroeconomic turbulence. The existence of a large current account deficit and the dependence on capital inflows combined with the political crises both in Turkey and the region makes Turkey more fragile than any other developing countries.

Against this backdrop, the research project FEUTURE aims to contribute valuable insights by identifying and analyzing key drivers in the EU's and Turkey's economic relationship and in a second step highlighting paths for future potential natures of

The military coup attempt on the night of 15 July 2016 that has tremendously changed the atmosphere in all areas of life in Turkey highlighted this vulnerability. As an indispensable part of our modern lives, the economy has also felt the repercussions of this inadmissible attempt against democracy in Turkey. Even before the coup attempt, most of the economists had claimed the urgent implementation of comprehensive structural reforms. The current political situation exacerbated the unstable economic environment. We have observed the first signs of possible stagnation primarily in the financial markets, through depreciation of the Turkish Lira (TL) and outward flow of capital. In 2016, TL depreciated by 21% against US Dollar and by 17% against Euro. Moreover, the existing data and expectations will

economy.



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PRESENTATION OF WP 3: ECONOMIC DRIVERS

by Erkan Erdil, Leader of WP3

Work Package 3 aims at identifying key economic drivers of economic cohesion within EU-Turkey relations since 1999 and at substantiating one or more likely scenarios for this relationship. In economic terms, future scenarios could result in different options ranging from a continuation or modernization of the Customs Union, its scaling back to a free trade agreement, or Turkey's entry into the single market. General determinants for the different scenarios would be Turkey's capability to comply with the economic Copenhagen Criteria (especially regarding the institutional setup) as well as the economic challenges the EU is facing.

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PAST ACTIVITIES

Joint WP 2-4 Workshop, Istanbul, 3-4 November 2016



On 3-4 November 2016, the Centre for Economics and Foreign Policy Studies (EDAM) organised the joint workshop for FEUTURE Work Packages "Political Drivers" (WP 2) and

Horizon 2020 Meeting, Brussels, 5-6 December 2016

On 5-6 December 2016, FEUTURE's Project Director Funda Tekin & Project Manager Hanna Lisa Hauge represented FEUTURE at a conference of the Research Executive Agency/European Commission in Brussels. All H2020 projects funded under the call "Europe as a Global Actor" participated in this conference, including our FEUTURE colleague Eduard Soler from CIDOB who presented the

(Leader of WP 4) came together with work package members from the University of Cologne, CIFE, METU, MERI, CRRC, IAI, DIIS and Eliamep with the aim to make the conceptualization of the research within the framework of these two work packages more precise, also with regard to the present status of EU Turkey relations, the general situation in Turkey and the latest global developments.

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UPCOMING EVENTS

Save the date: FEUTURE Mid-term Conference, Barcelona, 19-20 October 2017



On 19-20 October 2017, the FEUTURE project partners will gather

in Barcelona in order to discuss their research activities and results. The conference will also feature the involvement of relevant stakeholders and keynote speeches from experts. More information will soon be available on the [FEUTURE website](#).

Upcoming internal project meetings

FEUTURE Steering Group Meeting, Brussels, 8 February 2017

FEUTURE Advisory Board Meeting, Brussels, 23 March 2017



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FEUTURE ANALYSIS, OPINION, VOICES



FEUTURE Online Paper No. 1: [The future of EU-Turkey relations: between mutual distrust and interdependency](#), by Bilge Yabanci

Click [here](#) to find more FEUTURE publications!

İbrahim Semih Akçomak, Erkan Erdil, Mehmet Teoman Pamukçu, Murad Tiryakioğlu, *Bilim, Teknoloji ve Yenilik: Kavramlar, Kuramlar ve Politika*, İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2016

Mohammed Alsaftawi, [Who Needs Whom? Turkey and Israel Agree on Normalization Deal](#), Istituto Affari Internazionali, 2016

Cecilie Felicia Stokholm Banke, [Danish-Turkish Relations During the AKP Government: From Value Clash to Pragmatism](#), in *Danish Foreign Policy Yearbook 2016*, Copenhagen: Danish Institute for International Studies, 2016

Bianca Benvenuti, [The EU-Turkey Deal and Its Implications for the Asylum Capacities of EU Border Countries](#), Istituto Affari Internazionali, 2016

Umut Yılmaz Çetinkaya and Erkan Erdil, ["Cohesion and Competition of Europe: Innovation Policy from the Perspective of Networks and Entropy"](#), in *Foresight and STI Governance*, vol. 10, no. 4, pp. 7–24

Angeliki Dimitriadi, [The Impact of the EU-Turkey Statement on Protection and Reception: The Case of Greece](#), Istituto Affari Internazionali, 2016

Ayhan Kaya, ["Europeanization of Civil Society in Turkey: Legacy of the #Occupygezi Movement"](#), in *Turkish Studies*, Special Issue on Gezi and Aftermath, 2016

Ayhan Kaya, [Syrian Refugees in Istanbul: I feel safe here!](#), EUI RSCAS Working Paper Series, 2016/59, EUI, Florence, 2016

Ayhan Kaya and Aysu Kırac, [Vulnerability Assessment of Syrians in Istanbul](#), Support to Life Association, Istanbul, 2016

Ayhan Kaya and Cristiano Bee, ["Youth and Active Citizenship in Turkey: Engagement, Participation and Emancipation"](#), in *Southeast Europe and Black Sea Studies*, no. 4, September 2016, Special Issue on Unconventional Form of Political Participation in Turkey, pp. 1-15

Ayhan Kaya and Cristiano Bee, "Between practices and demands: Ambiguities, controversies and constraints in the emergence of active citizenship in Turkey", in *Southeast Europe and Black Sea Journal*, 2016

Jakob Lindgaard & Cecilie Felicia Stokholm Banke, [Konflikten Mellem Tyrkiet Og Kurderne Spidser Til](#), DIIS Policy Brief, 2016

Jakob Lindgaard & Cecilie Felicia Stokholm Banke, [Omvæltninger i Tyrkiet komplicerer flygtningeaftale](#), DIIS Policy Brief, 2016

Athanasios Manis, [A Transitioning Turkey: Out with the Old, in with the New?](#), MERI Policy Brief, 2016

Athanasios Manis & Tomáš Kaválek, [The Catch-22 in Nineveh: The Regional Security Complex Dynamics between Turkey and Iran](#), MERI Policy Paper. vol 3. no. 4, 2016

Eduard Soler i Lecha, [Business as Usual is no Longer an Option with Turkey](#), CIDOB, 2016

Sinan Ülgen, ["Turkey needs a soft Brexit from the EU"](#), Opinion, *Político*, 22 November 2016

 [H.E. Ambassador Albert Rohan on the importance of FEUTURE](#)

[Visit the FEUTURE Videos section on the FEUTURE website!](#)

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