

**YASED UNITED EVENT ON “EU APPROACH TO COVID-19 PROCESS IN BUSINESS AXIS”**

**MINUTES OF MEETING**

**May 8, 2020 / Video Call**

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| **Participants:** |
| **Number of participants:** 115  **Guest Speaker:** Ambassador Christian Berger, Head of EU Delegation to Turkey  **Moderator:** Mr. Hüseyin Gelis, YASED Vice Chairperson / CEO and President of Siemens |
| **Discussion Topics:** |
| The event began with the opening speeches of YASED Chairperson Ms. Ayşem Sargın and YASED Vice Chairperson and CEO and President of Siemens Mr.Hüseyin Gelis. Followingly, Mr. Christian Berger started his speech which was structured into two main topics as follow:   * What Covid-19 means for the EU and how the EU has reacted * Implications of Covid-19 on Turkey-EU relations   **What Covid-19 means for the EU and how the EU has reacted**  **Health Measures:**   * Countries responded according to their resources and structure in the first stage. When individual efforts were not enough, countries shifted towards solidarity, in which the EU came together and acted together both as institutions and together with member states. A new word was coined for this solidarity: “Team Europe”. * Measures started with practical issues such as bringing people home from abroad. More than 50 thousand Europeans were flown home from countries where there were no longer commercial flights. The EU cooperated with Turkish Airlines. * The EU pooled their resources to procure the necessary equipments (masks, gloves, gowns, respirators) to help people.   **Economic Measures:**   * A massive investment program was launched by the European Central Bank and European Investment Bank; the European Central bank bought private and public securities worth 750 Billion Euros. The European Investment Bank supported small and medium sized enterprises, the European Commission announced that it will support many organizations dealing with agriculture. * Global solidarity was demonstrated through the conference the EU held on Monday (May 4th) with G20 members, including Turkey, International Organizations, International Foundations and private foundations for vaccine financing. 8 billion Dollars was collected.   **Trade Measures:**   * “Green lanes” was introduced to enable trucks to deliver goods across borders, as borders had to be re-established to control the spread of the virus. * the EU eased budgetary restrictions and budgetary limitations under the Stability Pact of the Euro. Countries can now exceed the limit stated on the treaty. * The EU also eased the State Aid Procurement Rules. This means that countries can now support economic operators (i.e. airlines). Many airlines are on the verge of economic collapse due to Covid-19 and now airlines around Europe will get support from states. Additionally, for an airline to maintain its lending rights, the airline needs to flight at least 80% of the scheduled flights. The European Commission passed a Legislation stating that for 1 year, the 80% requirement is no longer necessary. * Trade, supplies, production chains will have a severe impact on global trade. EU trade figures in 2020 are expected to decrease by 9.7%. WTO forecast for European exports is a decline of 12%-33% and 10%-25% for European imports. This will also affect EU neighbors, therefore these issues need to be tackled and prevented from getting worse.   **Implications of Covid-19 on Turkey-EU relations**  **Trade Relations:**   * Turkey-EU relationship is extremely resilient. The trade links that are underpinning this relationship shows the deep integration of EU and Turkey. Backbone of Turkey-EU relationship is trade and efforts are carried out to broaden the existing customs union to include agriculture, services and public procurement. * There is a decline of flow of goods across borders and this is also due to restrictions proposed due to Covid-19. In the beginning it was difficult to bring trucks from different countries due to quarantine rules. This issue has been sorted after close cooperation with the Minister of Trade and Minister of Transportation. Additionally, there is the issue of issuing visa to Turkish truck drivers. The member states committed to solve this issue by keeping their Consulates open. * There is an increase of trade barriers, which should be eliminated (non-tariff barriers) to make sure that there is as little interruption to customs arrangements as possible. However, Turkey and the EU are at a good starting point in this regard because they already have well established arrangements.   **Economic Relations:**   * Regarding global cooperation with the EU, Turkey is already a contributor (vaccine financing). The perception of both Turkey and the EU is that multilateralism should be uphold, the WTO should continue working. * Regarding direct investments (FDI), Turkey’s main source of FDI is European countries. Turkey has a resilient business community, a good debt ratio. Macroeconomic indicators (inflation, unemployment) can develop in a negative way but this is because of the crisis mainly. Turkey is coming out of a fragile situation that started a couple of years ago and many positive measures have been taken so far. Cooperation is necessary between Turkey and the EU to overcome the Covid-19 Pandemic. |
| **Questions & Answers:** |
| 1. **Based on your resume, you witnessed many crisis such as earthquakes, tsunamis, civil and military crisis. What made Covid-19 Pandemic different compared to crisis you witnessed before? How do you think this crisis influence the way how we, as a society, will approach future crisis and our way of living in the years to come?**   I believe this is a question many politicians and scientists are considering at the moment. “How will the world look like after this crisis is over?” I remember the Gulf War in 1991 and I spent six weeks in curfew. The difference is, the war was limited to one part of the world but Covid-19 affects the entire world. Restaurants, theatres, shopping centers across the world are closed. We have never had this before. We need to clearly analyze how this happened and how we reacted. We have to draw lessons from that and we have to look into how to be better prepared for the future and how to strengthen our resilience on our crisis response structures. There’s no guarantee this won’t happen again, we need to prepare.   1. **Overall Turkish business community feels the process itself is well managed. This creates hopes in regards to opportunities after this crisis (i.e. trade and supply chain). This goes back to the most important partner of Turkey, which is EU. Prior to Covid-19, EU faced challenges such as Brexit and refugee crisis. How do we assess the measures and learnings from the EU responses to Covid-19 and will this change the future strategies of the EU, in particular trade, supply chain flow of goods?**  * Information is so readily available now, this gives us ample warning, therefore time to prepare. The effect is really on the production and supply chain. Turkey is at a good starting point because it has an existing customs union with the European Union. There is debate about moving production in Asian and East Asian countries to Turkey. The same thing is happening indirectly in Europe. There is a lot of debate going on that Europe should reintegrate and bring back production sites to Europe in order not to fall victim to crisis such as the one we are facing now. This also has an environmental side, as flow of goods will no longer be dependent on travel across far away countries. Outsourcing production to far away countries will be changing. * FDI and foreign entities (non-European) buying strategic industry in Europe is another point to mention. The Commission is making suggestions about how to handle this. This goes hand to hand with easing the state aid. European member states can provide additional support to companies in their countries.  1. **How do you think other countries like Turkey dealt with Covid-19 crisis? How do you evaluate Turkey’s approach? Can it have an impact on the perception of Turkey to the EU as a reliable partner? What is it in particular that Turkey should do at this time to get closer to the EU to support the on-hold process of Customs Modernization or future membership options?**  * Most countries, especially Turkey has done well in this crisis and by keeping the economy going. Turkey managed the balance between keeping the economy going and containing the virus well. Figures of casualties is relatively low compared to other countries. Turkey got affected later in the phase but took strict measures early on by setting up a Scientific Council and brought experts to deal with the Pandemic. * Turkey is also a very important supplier and producer of protective gear. The positive side is that Turkey provided supplies to other countries, however due to restrictive measures for national needs, there were also some problems in the purchasing phase. At times like these, countries need to make sure that the quality remains strong. A strong and resilient health system is important, especially to prepare countries for a potential second wave of the Pandemic.  1. **Turkey showed its willingness to reach out, help and cooperate. When you reflect on this crisis, this cooperation with Turkey, how far will perception of Turkey change towards continuation of Customs Modernization and EU membership options?**  * I believe Turkey has gotten all the credit and acknowledgement. Countries like, Italy, Spain and UK expressed their appreciation and gratitude of Turkey’s efforts and support. First support came in the NATO context when NATO member companies asked for support. Regarding the perception of Turkey in the eyes of the EU, it is going in a positive direction. * Regarding the customs union and the accession process, there are other political obstacles that need to be addressed, i.e. good neighborly relations (Cyprus, Greece), there are concerns about domestic development. But these are all issues that needs to be discussed through dialogue.  1. **We all know 2020 will be a tough year globally. We do not know how 2021 will develop overall. European Commission announced a sizeable global response package. A Team Europe Package was also announced. How do you see the effects so far? What kind of changes are necessary in case of a potential second wave? Are we ready for a second wave?**   This is a concern for the decision makers right now. We shouldn’t fall in the trap that things are going better now. We need to understand about the virus more. Funding of such research is important. A Pandemic like this happened once, it can happen again.   1. **Nationalism that is going to come with this Pandemic is a debate topic. On the economic side, you mentioned there is consideration about nationalizing some of the industry. Do you see Turkey a part of Europe? There is strong bond because of the Customs Union as you pointed out and the Turkish industry in some cases is as competitive if not more compared to European companies. How do you see Turkey’s situation when it comes to industrial mergers. Will there be any activity in this are in the upcoming period?**   Turkey is part of the production supply chain. Industrial goods are covered by the customs union, therefore there is an interlink. Many European companies have production sites and outlets in Turkey. Many Turkish companies are represented in Europe. This must be one of the closest relationship in the world between the European Union and any third world country. Turkey has even a closer relationship with the EU than the other candidate countries because Turkey is the only one that is already in the customs union. This is an asset and we need to build on this. Competitiveness of Turkey is helping the European companies with which they are engaged with. Turkey’s competitiveness reinforces European competitiveness. Many Turkish companies are benefitting from the close link with the EU. |