

CPS

Corporate & Public Strategy
Advisory Group



EU Corridors

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Editorial

Negotiation Impasse and the Ports

Several countries are on their way to joining the EU. Croatia will become a member to the European Union (EU) in 2013. Iceland officially started negotiations with the EU last month. Serbia's way to the EU was cleared since Ratko Mladic, the former Serb Commander of the Bosnian Army, was arrested and brought before the International Crime Tribunal on the grounds of genocide and war crimes during the Bosnian War. The EU plans to give Serbia the green light to start negotiations at the end of the year. Meanwhile, Turkey's EU accession process is not going smoothly. With the negotiation process blocked, due to political and technical reasons, no new chapters were opened during the past year. Poland, which took over the rotating EU Presidency on July 1, expressed it would use every opportunity to support progress in Turkey's accession talks. For sure, deeds not words, matter most. The bitter truth is that it will be very difficult to rejuvenate the process unless an opportunity is seized to start negotiations on a new chapter within the next six months.

Is Reconciliation Possible?

It appears the options for speeding up negotiations between Turkey and the EU would have to include a compromise between Turkey and the EU on the opening of Turkish ports to Southern Cyprus and on the beginning of direct trade between Northern Cyprus and the EU in return. It is not a secret that negotiations have been held behind closed doors for the past year. The statements of the Deputy Secretary General for the European Union, Turkish Ambassador Haluk Ilıcalı, at a television program, created a glimmer of hope. Commenting on the recent impasse in the negotiation process Ilıcak said Turkey is a big country and has no reservations about moving ahead. He suggested that seven to eight chapters could be opened to negotiations in the coming weeks. Ilıcak's comments before the third round of peace talks between the parties of Cyprus, on July 7, heralds a possible agreement in the near future. Considering that the biggest obstacle to progress is which side will compromise first, these statements showed that Ankara does not mind acting first to open its ports unilaterally.

On the other hand, a peaceful political consolidation on the island is also required to clear the way for a progress at the accession process. Finally, the statements of the Foreign Minister Davutoglu signaled the commence of a new phase in Cyprus. Before the Geneva meeting of the parties, Davutoglu said a referendum can be hold in 2012 for a unified Cyprus. A few days later, on the occasion of the visit of EU Commissioner for Enlargement, Stefan Füle to Ankara, he claimed Turkey-EU relations can freeze unless the Cyprus problem is resolved until July 2012. Because the Greek Cypriot administration will overtake the EU Presidency, in the second half of next year, on behalf of the whole island. Unless no progress achieved on the ports issue and at the Cyprus negotiations the unwanted will indeed take place.

Duygu Leloglu
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News

The Cyprus issue and EU-Turkey relations

Supporters in the European Union and Turkey seek opportunities to give impetus to the Turkey's EU accession negotiations through progress on the eight chapters that are suspended by the European Council in 2006 on the grounds that Turkey does not open its ports to the Greek Cypriots' vessels and planes. In order to overcome the impasse, Ankara supports the settlement of an agreement at the Cyprus peace negotiations as soon as possible.

During their meeting on July 7, in Geneva, the leaders of the North and South Cyprus decided to hold intensive negotiations until October to resolve the conflicted issues. Minister of Foreign Affairs of Turkey, Ahmet Davutoglu already announced that Turkey encourages a negotiation between the parties to be settled this year and a referendum to be held for a United Cyprus at the beginning of next year.

Turkey's National Income Rises

According to figures released by Eurostat, Turkey's national income per capita last year reached 48 percent of the EU's average. With this rate, Turkey left behind two EU countries, Bulgaria and Romania. Owing to its national income per capita, Turkey also left behind all the Balkan countries except Croatia. According to the figures; Luxembourg, the EU's richest country, has an income per capita that is triple the EU's average by 283 percent. The Netherlands's national income per capita is also above average with 134 percent compared to the EU average.

Turkey has highest dropout rate among girls EU-wide

According to a report published by the European Commission, more girls drop out of school in Turkey than in any of the other 30 European countries. According to the figures, in 2009 37.9% of boys dropped out following primary education while the rate of girls leaving after primary school is 50.2%. Overall, the drop out rate among students in European Union countries is 14.4% and about 44.3 % in Turkey. Countries with the lowest drop out rates are Slovakia, with 4.9% and Poland with 5.3%. Malta and Spain meanwhile are at the bottom of the list, with drop out figures close to Turkey's.

EU to meet Membership Criteria by end 2013

EU Minister and Chief Negotiator, Egemen Bagis, addressing a group of think tank members within the EU, stated that Turkey's target is to meet the EU's membership criteria by the end of 2013. Bagis indicated that drafting a new Constitution based on social consensus would be the first task that the government would overtake. The Minister explained that the government expected the EU to execute a negotiation process, which is fair and compatible with the EU's promises. He also pointed out that the visa procedure applied to Turkish citizens should be cleared up as soon as possible.

Poland to hold EU Presidency for next six months

Poland assumed the EU rotating presidency from July 1, 2011. In his speech, President of the EU Council Herman Van Rompuy announced plans to collaborate fully with Poland, which does not belong to the Eurozone, in the fields of economic growth and employment. EU countries and institutions are expecting progress in fields including the fight against the debt crisis, the talks for the EU's multiannual budget for 2014-2020, and development in the EU neighborhood policy during Poland's presidency of six months.

Croatia to join EU mid-2013

The EU decided on July 1, 2011 that Croatia will become a member of the Union. During the Summit of EU Heads of State and Government, the completion of Croatia's negotiations in July and the signing of the Accession Agreement in December was approved. Inclusion of Croatia into a specific monitoring mechanism applied to Bulgaria and Romania will not be in question.

Schengen Reform in the EU

The EU's Heads of Governments and States decided, during a summit in June, to make reforms in the Union's free movement region Schengen. The EU leaders made a deal in the preparation of a political guide regarding how the Schengen area can be governed within the frame of common rules and basic principles and norms. The summit concluded with the opinion that an efficient and trustable surveillance and inspection system in the interest of a better management for Schengen Region should be established. Accordingly, the experts from the EU Member States envisage that the groups composed of representatives from the EU Commission and the relevant institutions shall make analyses and assessments on the country basis. The Dutch Minister of Foreign Affairs Mark Rutte likened the new rules, the "Cooperation and Verification Mechanism", imposed on Bulgaria and Romania when they joined the European Union in 2007. The EU's Minister of Internal Affairs decided to postpone Bulgaria and Romania's participation to the Schengen area on 9 June 2011. However, the EU Parliament gave its positive opinion on the participation of the two countries to the Schengen area.

New Bailout Plan for Greece in September

The details of the second bailout plan for Greece will be finalized by the Euro Group members and the IMF in September. Despite general approval for the involvement of the private sector in the plan, the scope and details of the participation and the additional resources to be obtained from the corporate creditors has not been clarified yet. The EU Member States of the Euro Group are expected to arrive at a consensus on the operation of the new bailout mechanism in the coming couple of weeks. The second bailout package will amount to the total of the first aid package of €110 billion and be valid until 2014.

During their meeting on July 2, the Euro Group Ministers also released €12 billion, the fifth tranche of the first bailout package. The decision followed the adoption by the Greek Parliament of further austerity measures worth to €28 billion. Whereas the Euro Group delivered €8.7, the IMF provided €3.3 according to the deal.

Lagarde Named IMF President

French Finance Minister Christine Lagarde became the new President of the International Monetary Fund (IMF). Executive Directors of the IMF had recently approved the candidacy of Lagarde, who was France's Finance Minister, and the President of the Mexican Central Bank, Augustin Carstens. Lagarde, who is 55 years old, will receive \$551,700 annually.

ECB urges Eurozone

President of the European Central Bank (ECB) and the European Systemic Risk Board Jean-Claude Trichet urges that the debt crisis in the Eurozone could spread across the European Union and beyond. Trichet highlighted that the link between vulnerability of some Member States' public finance and banking system is the major risk for European financial stability. He also said that high interaction between the financial systems within or outside the EU will cause the spread of the debt crisis rapidly in some countries.

Italian President for ECB

Italian Central Bank President, Mario Draghi, was appointed President of the European Central Bank (ECB). Draghi, who will take over the Presidency from Jean-Claude Trichet, which will end next October, will serve as a President between 1 November 2011 and 31 October 2019. Italian members of the board of directors will arise to 2 with the appointment of Draghi to the Presidency of ECB. With leave of Trichet, there will be no French official in the ECB's executive board. In April, Italian Prime Minister Silvio Berlusconi promised French President Nicolas Sarkozy that in return for the French support for Draghi, Italy would yield Bini Smaghi's place, second Italian in the ECB. According to this agreement, Smaghi's resignation is expected.

EU Imposes Sanctions against Iranian Revolutionary Guards

The European Union's imposed sanctions against Iranian revolutionary guards for providing "equipment and support" to the Syrian regime which helped suppress protests. According to the sanctions, which entered into force with the publication of the EU's official journal, Brigadier Commander Mohammad, Ali Jafari, commander of the guard's Qods unit, Major General Qasem Soleimani and deputy commander for intelligence, Hossein Taeb's assets were frozen. A travel ban to the EU was imposed on above-mentioned Iranian officials. Meanwhile, the EU agreed to transfer frozen assets of Libya to the opponents.

EU's Supports Culture and Art Grant

The EU will provide a grant of 2.2 million Euros to support 19 culture and art projects in the context of the "Civil Society Dialogue" which clarifies the politics of European values. The support was given to culture and art projects of NGOs from İstanbul, Ankara, İzmir, Bursa, Kayseri, Trabzon, Balıkesir, Tokat, Tekirdağ, Rize, Adıyaman, Ordu and Nevşehir. Activities on comics, folk dances, literature, music, plastic arts, photography as well as architecture, city planning, archeology will be held in the framework of the projects. Projects will last between 10 and 15 months.

EU Extends Fight against Cigarettes

The EU will extend its fight against cigarettes. According to this, a free access digital platform, available in all official EU language "iCoach" will make proposals to smokers and people who quit smoking to overcome nicotine addiction. iCoach aimed at 25-34 year-olds will have major importance in the campaign named "ex-smokers are unstoppable". Furthermore, the Commission seeks to widen the scope of bans to cover potentially unhealthy electronic cigarettes, flavorings, packaging and marketing of tobacco products.

Commission Proposes Crisis Support for Unemployed

The European Commission proposed to extend financial support from the European Globalization Fund for unemployed workers as a result of the current financial and economic crisis. Accordingly, funds for redundant workers slated to run out on December 30, 2011 will be extended until the end of 2013, and the end of the implementation period of the EGF Regulation. The proposal must be approved by the Council and the European Parliament.

EU Roadmap for UN Conference

The European Commission presented a roadmap for the EU related to the UN Sustainable Development Conference, which will be held in Rio de Janeiro in June 2012. The roadmap proposes measures to implement at the international, national and regional levels in the context of the transition to a green economy by responding to the questions "what, how and who." According to this, key elements are; investing in water, renewable energy, marine resources, biodiversity, ecosystem services; combining market and regulatory instruments; developing management and encouraging the involvement of the private sector.

Agenda

14 July

- Coreper II
- Coreper I
- Political and Security Committee
- European Economic and Social Committee Plenary

15 July

- Coreper I
- Coreper II
- Informal meeting of EU Development Ministers

16 July

- Coreper I
- Informal RELEX meeting

18 July

- General Affairs Council and Foreign Affairs' Ministers meeting
- Political and Security Committee
- Informal meeting of EU Home Affairs and Justice Ministers
- EU Agriculture and Fisheries Ministers' meeting

19 July

- General Affairs Council and Foreign Affairs' Ministers meeting
- Political and Security Committee
- Agriculture and Fisheries Council

20 July

- Coreper I
- Coreper II
- Political and Security Committee
- Informal meeting of EU Competition Ministers
- Weekly meeting of the European Commission

21 July

- Coreper I
- Coreper II
- Informal meeting of EU Competition Ministers
- Political and Security Committee

22 July

- Coreper I
- Economy and Financial Affairs Council
- Informal meeting of EU Competition Ministers

23 July

- Political and Security Committee
- Coreper I

24 July

- Coreper I

26 July

- Coreper II

28 July

- Informal meeting of EU Affairs Ministers

29 July

- Political and Security Committee
- Informal meeting of EU Affairs Ministers

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The information in this document was compiled from various EU information sources.