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EU and Turkish Perspectives on Black Sea Regional Cooperation

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**Dear Ambassadors,
Distinguished Guests,
Ladies and Gentlemen,**

It is a great pleasure for me to address you today on behalf of TÜSİAD International in this conference.

First of all I would like to thank the organizers of this event, the Southeast Europe Association, the Berlin office of TÜSİAD and the recently established Union of Black Sea and Caspian Confederation of Enterprises (UBCCE), the first voluntary business organization of the Wider Black Sea Region.

With your permission I would like to give you a very brief information about TÜSİAD and TÜSİAD International, the strategic business development unit of TÜSİAD which I am presiding since its establishment in 2001.

The Turkish Industrialists' and Businessmen's Association, TÜSİAD, founded in 1971, is a non-governmental and voluntary organization of the Turkish private sector. TÜSİAD has an individual membership structure, and as of today the total number of members reaches to 575. TÜSİAD members are owners or managers of individual firms, groups of companies or holding companies operating in the Turkish manufacturing and service sectors. The companies represented by TÜSİAD members occupy prominent positions in the Turkish economy. To give you an idea, in 2007 TÜSİAD members' companies' sales volume was approximately \$156.1 billion, which corresponds to \$68.7 billion of the value added. With its representative offices based in Brussels, Paris, Berlin, Washington and - the lately opened one - in Beijing, China, TÜSİAD follows the economic and political developments in different parts of the World and promotes Turkey's interests vis-à-vis these regions.

Within TÜSİAD, I am the President of TÜSİAD International, the "Strategic Business Development" unit of the Association. TÜSİAD International is committed to work for increasing Turkey's bilateral trade and investment relations with foreign countries by building institutional ties with counterpart organizations and carrying on activities through these institutions. Our medium and long-term objective is to contribute to the global competitiveness of Turkish private sector and stable growth of Turkish economy. From its establishment on, in addition to strengthening economic relation with the developed countries,

TÜSİAD International has been closely following the “emerging markets”, especially the markets neighbouring Turkey like the Black Sea and Caspian Regions.

In this context, it is my distinct pleasure to be a part of such an event, bringing together valuable officials, distinguished experts and representatives of private sector to discuss the regional cooperation process in the Black Sea which is more than a region of local strategic importance, representing an axis of increasing geo-political significance in the enlarging European Union. I hope the speeches and discussions today will open new perspectives about Black Sea and EU Regional Cooperation.

As we all know the Wider Black Sea Region, including the Caspian Sea and with its hinterland Central Asia, is becoming an emerging and vital part of the world in the changing global balances serving as a gateway between Europe and Eastern Asia. In this context, China and India are there on one side trying to increase their influence in world economics while Europe, Japan and US are struggling to keep the pace on the other side. I believe the diversified geographical position and coverage of Black Sea countries can eventually form a global power base in the currently changing equations of the world. After all, we should keep in mind that the Region, strategically located at the junction of Europe, Central Asia and the Middle East, presents a high potential of growth, with its unsaturated market, especially in certain sectors like energy, transport, manufacturing, trade and services. In particular, as an energy hub and transport corridor, the Region offers undeniable opportunities to the Western markets, as well as to Eastern Asia and especially China, anxious to avoid dependence on Middle Eastern oil and Russian natural gas.

Since January 2007, that is when Romania and Bulgaria joined the EU, the European Union has a common external border with the Black Sea. Therefore, the challenges and opportunities facing the region now have an even more immediate impact than before on the EU. Although the region’s integration into the global economy has gained a strategic importance due its geographical blessing, from business perspective the countries of Black Sea are still suffering from a lack of diversification in export of goods, incomplete trade policy reforms and relatively poor investment climate.

The countries around Black Sea and Caspian Region have indeed enormous economic potentials with their complementary economies, which can be improved further with

coordinated action and a strategic view based on partnership. There are considerable opportunities in the Region especially in infrastructure including the modernization or building of telecommunications, transport and energy networks and their interconnection with Europe and Eastern Asia. The construction of the Black Sea Ring Highway, Baku-Tbilissi-Kars Railway which will revive the old “Silk Road” and the already completed or ongoing oil and gas pipeline projects will surely enhance interregional transaction and contribute to boost the horizontal relationships among the countries of the Region. All these developments will surely effect positively the development of good neighbourhood and enhance the competitive advantages of the Black Sea and Caspian countries among themselves like cultural, linguistic due to distance proximities.

However, when we look at for instance the trade figures among the countries of our Region, we observe that we are still far from fulfilling our potentials. Among Turkey’s neighbours for instance, only the Russian Federation places high as 2nd partner following Germany, mainly due to import of energy with a very unfavourable balance and structure of trade for Turkey.

Trade with neighbours like Romania, Iran, Ukraine, Bulgaria and Greece have also developed especially in recent years. However they still place behind Turkey’s main trade partners from relatively distant countries such as Italy, China, France, UK, Spain and US. If we take out Russia, Turkey’s trade with its neighbours accounts hardly a little more than %10 of its total trade.

This situation inevitably brings us to think on the role that private business can play for increasing trade and investment relations of the regions’ countries and on the institutional ties that can be built to boost the relations between the private sectors of the region.

Within this context, as one of the leading NGOs of Turkey, TÜSİAD believes that international business organizations are the right forums to foster, in a concrete and practical way, economic trans – regionalism. We are counting on the potential of such kind of organizations to provide, in a more global and less formal manner, alternative solutions which would help States to manage their economic and social policies and contribute to a new emerging system of linkages in contemporary international relations.

I believe that the Union of Black Sea and Caspian Confederation of Enterprises (UBCCE), one of the co-organizers of today’s event, and an international union initiated by TÜSİAD in 2006,

goes perfectly in line with this perspective. As a non-governmental organization composed of central, private, voluntary, nationally representative, horizontal business organizations from the countries neighbouring the Black Sea and Caspian Region and with its currently 19 member organizations in 15 countries of the Region, has certainly a role to play in the economic transformation of the Region.

With this occasion I am glad to mention that UBCCE has already become an attractive platform, providing an institutionalized cooperation between the business circles of the Region. This young initiative is showing the Black Sea business' willingness towards cooperative regional initiatives and their intention to become the voice of business in a dynamic, young and ambitious region, unfortunately divided by wide-ranging interests for centuries.

TÜSIAD with its very positive experience of BUSINESSEUROPE membership since 1987 and as the President of UBCCE until 2009 strongly believes that an emerging region like the Black Sea and Caspian needs organizations like UBCCE to complete its transition for a healthier functioning market economy to integrate to the global economy. UBCCE, as the first and unique example of private sector organizations coming together in this part of the world, is a promising platform with a great capacity of contribution to the development and diversification of trade and investment in the Region and thus to the creation of an environment of peace and stability which would help at the same time, the private sector to increase its credibility and influence.

In this regard the EU's recently introduced "Black Sea Synergy" policy and its project-oriented approach towards the Region are well-suited to Turkey's vision of the Black Sea. TÜSIAD is persuaded that the need of the Region is not just sector-based cooperation with respect to particular fields like energy, trade, transport and infrastructure, but deeper regional cooperation across the wide-range of challenges facing the EU and the Region's countries. As a representative of the Turkish business community, I also believe that a deeper regional cooperation would allow the Union to deal more efficiently with enlargement and post-enlargement problems in a vast region from Southeastern Europe to the shores of the Caspian Sea.

Thank you very much for your attention.

