DISCUSSION PAPER

Current Economic Issues and Dependencies within and without Europe: Speculative Attacks on the Turkish Lira and the European Migrant Crisis

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Abstract

After the end of the Cold War, globalisation brought interdependence in international relations because of developments in the social, economic, commercial, political and cultural fields. Today, it is seen that economic dependence in international relations has prevented military and political independence. Relations between the European Union (EU) and Turkey are an example of this dependency relationship. The European Economic Community (EEC) was established in 1958 and Turkey applied for associate membership of EEC in the July 31st , 1959. Tensions reached new highs after the European Parliament voted in favour of a temporary freeze on negotiations in the November 24th, 2016. However, despite facing multiple challenges in political relations, Turkey and Europe are highly dependent on each other economically. With all its complexity and layers, this dependency has increased rapidly since 2013. Migrants fleeing from the Syrian War, the Middle East and African countries to Europe have only increased the interdependence between the EU and Turkey.

In this study, economic and trade relations between the EU and Turkey are discussed in detail. Various economic indicators are revealed by the economic and commercial relations between the two actors. The European economy as well as the migrant crisis are also examined in the context of relations between the EU and Turkey.

It is evident that the EU and Turkey are economically dependent on each other. For this purpose, the EU - Turkey Readmission Agreement and the speculative attacks on the Turkish Lira are examined. The Turkish economy experienced a difficult period in 2018, with the lira losing over 40 per cent of its value since the beginning of the year. The crisis with the US and President Trump's decision to impose sanctions and implement trade tariffs against Turkey further hampered the Turkish currency. Unexpectedly, the EU and the majority of its members said that they were in favour of Turkey's economic stability. Emphasising that it was in everyone's interest that the country remained economically stable, Turkey engaged in intense diplomacy with its allies from around the world, garnering their support for the benefit of all partners.

The methodological basis of the paper is comparative analysis, as well as statistical analysis of economic data.

Keywords: EU, Turkey, Turkish lira, European migrant crisis

Introduction

Having gone through two World Wars during the first half of the 20th century, Europe experienced an enormous economic collapse. Following World War II, the long-standing idea of an 'integrated Europe' gained more significance. The main objective for establishing the predecessors of the European Union was to restore the economy that was weakened during the war. In 1951, the European Coal and Steel Community (ECSC) was established by six Western European countries and was seen as a first attempt towards a more integrated Europe. It was understood that through the production and trading of coal and steel within Europe, some form of political unity would likely be achieved. The ECSC transformed over time, becoming an umbrella for 28 member countries – leading to the establishment of the modern-day European Union. The EU succeeded in establishing agreements on critical issues such as the Visa Union (Schengen), Free Trade Zone, Customs Union, Common Market, Monetary Union and The European Economic Community. Despite making up only 7% of the world's population - having gone through a rapid process of financial development - the EU is now amongst one of the leading economies and commercial actors in the world.

Despite not being a member of the EU, Turkey is one of Europe's most critical partners. Relations between Turkey and the predecessor of the EU formally began when Turkey placed an application to accede to the European Economic Community (EEC) on July 31, 1959. In this regards, Turkey can be considered as the oldest associate member of the EU. Trade between Turkey and the EU gained great momentum following the signing of bilateral Customs Union agreement on January 1, 1996. The trade volume in 2017 was $159 billion USD, with the EU remaining as Turkey's principal trade partner. Turkey is the 5th largest export market for the EU, accounting for 4.5% of annual exports. (Republic of Turkey - Ministry of Trade, 2018) The 1999 Helsinki Summit led to the granting of EU-Candidate status to Turkey, resulting in a trend of ever-accelerating trade relations that has been maintained until today. It was concluded in the Progress Report (dated October 6, 2004) and the Copenhagen Summit (held on December 17, 2004) that the negotiations would commence on October 5, 2005.

Turkey's EU-membership bid has been greatly speculated on, particularly in terms of European perception regarding Turkey's economic standing, politics, human rights and law. Today, EU-Turkey relations are arguably undergoing one of their most challenging periods. Turkey's membership bid and Europe's integration (and expansion) has attracted a climate of opposition that has been growing with the emergence of far-right parties in European countries. The nationalist politics of the far-right parties are threatening the European Integration. The most concrete example of the far-right's rise has been Brexit, the United Kingdom's decision to exit from the Union, which resulted from a campaign largely led by figures from the far right or with far right tendencies.

Turkey-EU relations have been significantly disrupted in the wake of the coup attempt in Turkey that occurred on July 15, 2016. Measures taken by Turkey following the coup were criticised by EU authorities in terms of they perceived to be problematic in terms of law and human rights, reaching a level where there were demands being made by EU members that Turkey's membership process be stopped.(Independent Newspaper, 2016) Furthermore, Turkey's recent adoption of a presidential system has been used as a pretext for the EU to terminate the membership process. (Reuters, 2017)

European nations have been battling with issues around borders and immigration in the wake of the Syrian refugee crisis. Europe's main concern now has become the lack of resolution, an assumed imbalance in burden and sharing of responsibility, and mounting costs of hosting refugees. Certain EU countries - especially Italy, Hungary and Greece - have blamed the EU for not taking a sufficient degree of action towards the crisis, arguing that the migrants were not allocated to countries at an equal rate. The flow of migration that commenced in 2015 has two main routes. One of these routes is the sea route between North Africa and Italy; and the other is the land route that leads to Europe through Turkey.

In 2015, when the migrant crisis reached its peak one million migrants reached Europe either by sea or land. (Milliyet, 2016) In order to stop the flow of migrants from Turkey into Europe, the Turkey - EU Re-

Borsa İstanbul (Ahmet Bolat - Anadolu Agency)

admission Agreement was signed. Under the terms of the agreement, refugees who sought sanctuary within Europe's borders were sometimes refused entry or sent back without being able to formally apply for asylum. Images of families fleeing barbed-wire camps and children drowning on the shores of Europe were framed as a crisis, entering the daily discourse and capturing global attention. The large displacement of people into Europe put to test all proclaimed values on which the EU was based. Rather than being framed in primarily humanitarian terms, migrants of Middle Eastern or African origin have been largely framed in security terms, leading to a perception of migrants as security threats. The far-right populist parties in particular use the migrants as a political weapon and escalate the idea of nationalism.

Turkey - being one of the parties to the Turkey - EU Readmission Agreement - experienced a series of economic challenges in 2018. Following broad-based economic recovery following the July 15, 2016 coup attempt, the Turkish economy experienced a decline as of the second half of 2018. . While there were undoubtedly structural issues contributing to Turkey's economic woes, for the Turkish government, the problems were primarily political. In particular, they were related to economic pressure imposed on Turkey by the United States in light of the detention of an American pastor, Andrew Brunson. Mr. Brunson was arrested in the aftermath of the coup attempt on the grounds of supporting the coup. Following Brunson's release on the grounds of time already served, the Turkish lira, which had seen significant devaluation started to regain some of its value. The rapid devaluation of the Turkish Lira caused Turkish consumers and investors to cut down on imports. Imports declined by 22.7% during July of 2018. (Hurriyet Daily News, 2018) Considering the fact that Turkey imports mostly from EU countries, Germany in particular, the devaluation in the TL was a concern for the EU.

According to UN data, the number of Syrian migrants residing in Turkey is 3,597,938 (UNHCR, 2018). In the event of a full-blown economic crisis in Turkey the possibility exists that a significant number may seek to move into EU countries. Thus, EU countries, who largely perceive migrants as financial, welfare and security threats, could be significantly impacted by a serious deterioration in the Turkish economy. For this reason, EU countries - mainly Germany and France - supported Turkey against the devaluation of the TL, and the sanctions declared by the US, making statements that would relieve the Turkish market and economy, and taking relevant actions in this regard. (The Express, 2018)

The economic problems experienced in Turkey, EU's obligation in supporting Turkey on the migrant issue, and Turkey's need for EU-support against the sanctions imposed by US President Trump, was handled under the framework of the "Dependency" theory in this article.

The Concept of Interdependency - Theoretical Framework

According to the "Realist" theory that was prominent in the international system following World War II, the sole actors of the international systems were the states themselves. Nation states have referred to the notion of sovereignty to define their national interests in the political and economic context during the Cold War. The concept of sovereignty changed as the Cold War ended, and the notion of "Interdependence" (Keohane & Nye, 1977) - coined by Robert O Keohane and Joseph S. Nye for defining the countries' mutual need for one another -came into prominence. The major driving factor for this change was the unlikeliness of countries isolating themselves economically from their surroundings. (Gurkaynak & Yalciner, 2009)

Through their theory of interdependence, Keohane and Nye set forth the fact that countries, or the actors, mutually influenced one another, and a mutual interdependence thus was created. While the dependency concept refers to the possibility of the powerful country taking hold of the relatively weak country and making that country dependent on itself, the interdependence theory indicates the countries need for each other regardless of their strength. The powerful party might be more comfortable with the weak country during the negotiations, however a mutual dependence is still created since the powerful party would also be affected from these negotiations by direct or indirect means. Keohane and Nye emphasised that economics was particularly important for the mutual dependence of countries. (Keohane & Nye, 1977) The rapid development in globalisation, communications and technology - particularly realised since the beginning of the 1990's - made the countries or the institutions mutually dependent on each other. The ever-growing trade volume between the countries, migration waves, foreign investments and inter-country workforce transfers prevented the countries from being able to act independently in terms of international politics. The governments' promotional activities for attracting foreign investments with the aim of improving national income for further enhancing the welfare of the countries, is an important component of the mutual dependence.

According to the mutual dependence theory, the most important determinant within the system is the cost factor. This is the cost parties would have to pay in case the relationship breaks down or is highly damaged. The mutual dependence, on the other hand, might not be equally shared between the actors. This is where asymmetrical dependence comes onto the scene. Keohane and Nye demonstrated that asymmetric dependence was one of the factors creating power in the international order while they explained how this asymmetrical mutual dependence created power, based on the concepts of sensitivity and vulnerability. (Nye & Keohane, 1971)

Relations in the international system are not expressly defined with strict boundaries and clear frameworks as it is for countries' national policies. Nye and Keohane stated that countries should act in a more integrated manner, due to the presence of factors such as increased communication channels, and the inter-country relations being based on an accumulated foreign politics agenda, mainly comprising of economic issues besides the military and security-focused relations. (Nye & Keohane, 1971)

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Complex Interdependence

According to Keohane and Nye, the government-based realist paradigm should be revised and attention must be paid to all actors instead. Keohane and Nye indicated that the relations between international actors became more chaotic compared to the past, as a result of the development of communication channels, making the actors more vulnerable against each other, setting aside the military power in relations and having them rely on each other even more. The Complex Mutual Dependence concept is based on three fundamental characteristics: the multitude of international communication channels, the absence of hierarchy in international relations and the decline of the military's power regarding international politics. (Isiksal, 2015)

According to Keohane and Nye, the developments in the interstate relations that occurred after the 70's transformed the relations between the states. Due to the lack of hierarchy in the system, various diplomatic issues become the subject of international political agendas. (Nye & Keohane, 1971)

The most important sample today of interdependence theory is the Turkey - EU relations. Although Turkey was not accepted into the EU over the past decades, Turkey - EU relations have continued intensively in the framework of "interdependence". Turkey, with its economy, human resources, young population and with its soft and hard power in the region is a significant partner for the EU. Similarly, the EU is a key partner of Turkey because of its in economic and political stability. The fact that they are economically dependent on both sides necessitated that the relationship continue despite the countless political crises between them. The history of the relationship between the EU and Turkey is a concrete example of "interdependency theory" which is presented in detail in the next chapters.

Overview of Bilateral Trade/ Economic Relations

Turkey has been closely associated with the European Economic Community (EEC) since its foundation in 1958. Mutual relations were reinforced by the Ankara Agreement signed on September 12, 1963 with the objective of strengthening mutual economic progress, expanding trade relations, and reducing the inequalities between the EEC and Turkey. Since then, the relationship between Turkey and the EU improved very rapidly. The EU-Turkey Customs Union Agreement (CU) was signed in 1995, and a candidate country status was granted to Turkey in 1999.

Following the Ankara Agreement which came into force in 1963, Turkey's economy started to integrate with the EU economy. This agreement had a 3-stage program for the economic integration of Turkey. The first of these stages was the preparation stage that commenced in 1964 and lasted for 6 years. This stage was followed by the transition stage that commenced in 1973, and finally the full integration stage which started in 1996. It covered subjects such as the free movement of goods in line with the Customs Union Agreement, harmonisation of technical legislation, compliance with the Common Commercial Policy, Adoption of the EU's Preferential Customs Regime, Turkey's compliance with the Community Common Agriculture Policy, compliance with the Customs Code, Mutual Administrative Collaboration, and Harmonisation of Regulations. The Customs Union Agreement and the candidate country status along with the negotiations reinforced this process of integration. (The EC - Turkey Association Council, 1995)

The trade volume between Turkey and the EU reached 154 billion Euros in 2017, constituting 4.1% of the EU's total trade volume. This figure demonstrates that the bilateral trade relations are increasing at an extremely rapid rate. According to Eurostat 2017 statistics, the EU-Turkey trade volume increased by 50% in the last ten years. (European Commission, 2018)

Total Goods: EU Trade Flows and Balance

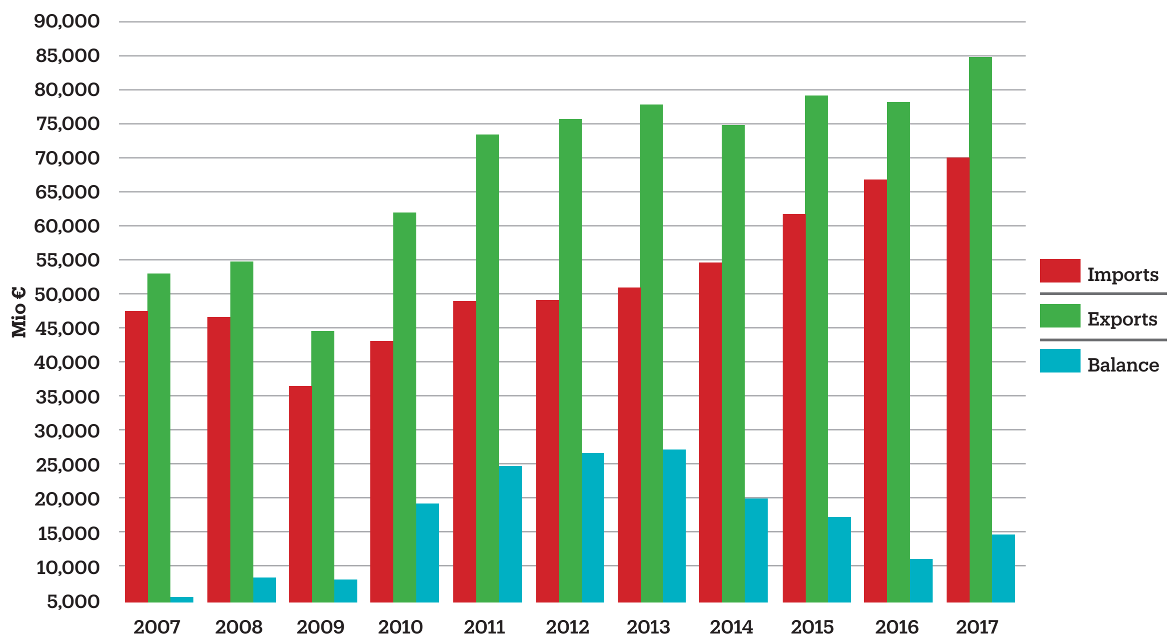
Period	Imports			Exports			Balance	Total Trade
	Value Mio €	% Growth	% Extra-EU	Value Mio €	% Growth	% Extra-EU	Value Mio €	Value Mio €
2007	47,378		3.3	52,830		4.3	5,451	100,208
2008	46,288	-2.3	2.9	54,476	3.1	4.2	8,188	100,764
2009	36,446	-21.3	3.0	44,486	-18.3	4.1	8,040	80,932
2010	43,062	18.2	2.8	61,929	39.2	4.6	18,867	104,991
2011	48,820	13.4	2.8	73,336	18.4	4.7	24,516	122,156
2012	48,822	0.0	2.7	75,491	2.9	4.5	26,669	124,314
2013	50,657	3.8	3.0	77,624	2.8	4.5	26,966	128,281
2014	54,409	7.4	3.2	74,743	-3.7	4.4	20,333	129,152
2015	61,696	13.4	3.6	78,966	5.7	4.4	17,270	140,662
2016	66,765	8.2	3.9	77,934	-1.3	4.5	11,169	144,699
2017	69,760	4.5	3.8	84,490	8.4	4.5	14,730	154,251

% Growth: Relative variation between current and previous period
% Extra-EU: Imports/exports as % of all EU partners i.e. excluding trade between EU Member States

Source: European Commission, 2018

European Union, Trade with Turkey

Total Goods: EU Trade Flows and Balance, Annual Data 2007-2017



Source: European Commission, 2018

Turkey is one of the EU's most important trading partners. With a population of over 500 million, the EU is the world's richest market with the largest commercial power and has the most stable markets both for internal and external investors. Considering all these characteristics of the EU, along with being neighbours with the Union, Turkey is not in a position of turning its back on the EU in terms of trade and economic relations. Turkey is the sixth largest partner for EU imports and the fifth largest for EU exports. Considering the total foreign trade figures, Turkey is the fifth biggest trading partner for the EU in terms of trade volume. The trade volume of 155 billion Euros realized in 2017 constitutes 4.1% of the EU's total trade volume.

Total Goods: Top Trading Partners in 2017

Imports			Exports			Total Trade		
Partner	Value Mio €	% Extra-EU	Partner	Value Mio €	% Extra-EU	Partner	Value Mio €	% Extra-EU
World	1,858,257	100.0	World	1,879,431	100.0	World	3,737,688	100.0
1 China	374,823	20.2	1 USA	375,845	20.0	1 USA	632,021	16.9
2 Usa	256,176	13.8	2 China	198,200	10.5	2 China	573,023	15.3
3 Russia	145,094	7.8	3 Switzerland	150,813	8.0	3 Switzerland	261,220	7.0
4 Switzerland	110,407	5.9	4 Russia	86,186	4.6	4 Russia	231,280	6.2
5 Norway	77,433	4.2	5 Turkey	84,490	4.5	5 Turkey	154,251	4.1
6 Turkey	69,760	3.8	6 Japan	60,493	3.2	6 Japan	129,373	3.5
7 Japan	68,880	3.7	7 Norway	50,702	2.7	7 Norway	128,135	3.4
8 South Korea	50,017	2.7	8 South Korea	49,805	2.7	8 South Korea	99,822	2.7
9 India	44,184	2.4	9 UAE	42,616	2.3	9 India	85,907	2.3
10 Vietnam	37,018	2.0	10 India	41,723	2.2	10 Canada	69,182	1.9
6 Turkey	69,760	3.8	5 Turkey	84,490	4.5	5 Turkey	154,251	4.1

Source: European Commission, 2018

Moreover, EU-based companies increased their investments in Turkey because of the opportunities provided by the Customs Union. Of the 50 thousand foreign corporations based in Turkey, 23 thousand of these are of EU origin. (Bayrakli, Gungormez, Boyraz, 2017)

Countries	International Direct Investment Inflow *(Million USD)*	%
Netherlands	1.768	24
Spain	1.451	20
Azerbaijan	1.009	14
Australia	459	6
Austria	326	4
England	324	4
Germany & Japan	295	4
Belgium	225	3
USA	171	5
Italy	124	5
Others	99	13
Total	**7.437**	**100**

Source: Central Bank of the Republic of Turkey

On the other hand, a major part of the trade relations between the EU and Turkey is constituted by "Direct Investments". 67% of the direct foreign investments in Turkey during the year 2017 was undertaken by European countries. Seven of the top 10 countries consisted of EU member countries. The foreign investments of these seven countries constituted approximately 51% of the total direct foreign investments made in Turkey. (International Investors Association, 2017) The leading reason for EU's foreign investments in Turkey is its close vicinity to the union, making it logistically advantageous. Other factors include Turkey's young workforce, the relative strength of the Euro vis-à-vis the TL, the confidence Turkey provides to investors as a result of its political stability, and the amenities Turkey provides to foreign investors. In relation to Turkey's direct foreign investments, the 'Turkish investments abroad by countries' list is topped by the Netherlands with 40% of investments taking place here. This is followed by Luxembourg with 5.8%, Malta with 5.27%, Germany with 4.35%, and Austria with 4.03%. These figures demonstrate that of the 10 countries that Turkey has the most direct investments, six of them are EU countries, and these 6 countries' share in investments make up 60% of the total. For this reason, the EU is of great importance for Turkish corporations since they invest in the EU with confidence due to its economic and political stability and security. (Ministry of Economy of Turkey, 2017)

Speculative Attacks on the Turkish Lira

After suffering political crises throughout the 1990's, Turkey started the 2000's with a critical economic crisis that erupted in 2001. (Ozatay & Sak, 2018). This deep economic crisis was because of the internal conflicts within the serving government of the time. That year the economy shrank by 5.7%. (Sungur, 2015) Following on from this crisis, the Turkish economy started booming in 2002, experiencing a rapid growth rate and becoming the 17th largest economy in the world. According to World Bank definitions, Turkey stepped up from being categorised as a "Lower-Middle Income" country (1,036 – 4,085 USD GDP per Capita - Gross Domestic Product) during 2001 and 2002, to being categorised as an "Upper-Middle Income" country (4,086 – 12,615 USD GDP per Capita) starting from the year 2003. (Sungur, 2015) Being affected by the 2008 global financial crisis and having a growth rate of -4.8% in 2009, Turkey recuperated once again and resumed its growth trend. Despite the negative effects on growth rates brought on by the Gezi Park Protests in 2013 and the coup attempt[1] that occurred on July 15th, 2016, the country maintained its growth trend.

Turkey's economy faced a critical challenge in 2018. The Turkish Lira devaluation was approximately 35% against the US dollar within the period of January to November. While the USD rate was 3.76 TL as of 2018's first trading day of the stock exchange; by August 13, 2018, the USD rate experienced a record increase, reaching up to a rate of 7.24 TL. Moreover, the inflation rate in August shot up to 17.9% - the highest seen in 15 years. (NTV Haber, 2018)

The most important reason underlying this rapid economic change in Turkey was the tension that developed with the US over the detention of American Evangelical Christian pastor Andrew Brunson. Brunson was jailed pending trial on an accusation of being involved with the coup attempt of July 15, 2016. US President Donald Trump demanded Pastor Brunson be released and decided to impose certain sanctions on Turkey as his demand was not fulfilled. The US Government's doubling of tariffs on steel and aluminum imports were an important factor in the devaluation of the TL. Turkey exported approximately 9.5 billion dollars' worth of iron and steel in 2017. The major buyer was the USA with an export figure worth 1 billion USD. The USA is the fourth largest importer of Turkish goods. Turkey's export activities to the USA amounted to approximately 8.6 billion USD in the year 2017. On the day Trump declared the decision for sanctions, the TL tumbled against the USD - records were broken, one dollar to 6.87TL, one euro to 7.85TL and one GBP to 8.49TL. (BBC, 2018) As a counter move, the Turkish government imposed a doubling of tariffs on cars, alcohol and tobacco products imported from the USA. (Bloomberg, 2018) The inflation rates rose because of these developments and this partially decreased the purchasing power of Turkey.

1 For detailed information about the coup attempt: Berktay Halil, Kandemir Pinar, (2017) History and Memory, TRT World Research Centre, Istanbul

The sanctions imposed by the USA were lifted following several measures taken by the Turkish Government. The Central Bank raised interest rates, the government implemented austerity measures, saving policies, and pledged their support to production companies and banks. They held meetings with foreign investors, which led the TL in gaining value against the USD. As of November 22, the lira traded at 5.25TL against the dollar.

Although the devaluation of the lira and shrinking of the Turkish economy has no direct effects on the US economy, it might be indirectly influenced due to the effect of economic developments in Turkey on the European Banks and the markets of developing countries. (Congressional Research Service, 2018)

The EU monitored the economic fluctuations in Turkey closely. In his declaration, Christian Spahr, a spokesperson for the European Commission stated, "We are aware of potential impacts on European banks of the development of the Turkish lira." (Bloomberg, 2018) Moreover, authorities of many EU-member countries made declarations supporting Turkey against the US sanctions. Germany's Social Democratic Party (SDP) leader Andrea Nahles stated in an interview that it was "in everyone's interest that Turkey remains economically stable and that currency turbulence is curtailed". Likewise, German Chancellor Angela Merkel stated that they were in favour of Turkey's economy to be stable and powerful. In a phone call with Turkish President Erdoğan, French President Emmanuel Macron also emphasised their agreement to act together against the US sanctions. China's State Councilor and Minister of Foreign Affairs Wang Yi stated that he believed in Turkey and that the Turkish government would overcome these challenges. They also made statements in favour of Turkey's stability, due to the 'One Belt, One Road' Project, which would create an energy corridor between 11 EU countries and five Balkan countries and China over Turkey. (Daily Sabah, 2018)

US President Donald Trump, Turkey President Recep Tayyip Erdoğan (Murat Kaynak - Anadolu Agency)

(Omar Marques - Anadolu Agency)

European Migration Crisis

In light of a series of socio-political crises ranging from wars to environmental degradation and economic migration, the number of migrants and refugees arriving in the European Union has significantly increased in recent years. The migrant traffic reached its peak level in 2015 because of the conflicts in Syria, Afghanistan, Iraq and South Asia. While the primary arrival points of the migrants were generally Greece or Italy, their target countries were the welfare states of Northern Europe, mainly Germany and Sweden. The most important reasons for migrants preferring these countries was because they were economically strong, socially stable, experienced with migrants and accepted the highest number of migrants. (Congressional Research Service, 2018)

Europe's Migration Crisis - according to well-accepted definitions within the literature - commenced with the doubling of number of irregular migrants passing through Turkey to Greece in March 2015. Germany alone attracted one million asylum applications during this period. (Roderick, 2017) The majority of the irregular migrants consisted of individuals fleeing from the war in Syria. The advantage of this land route compared to the Libya route that the migrants previously utilised is that it can be used all year round. Libya's migrant route is limited to temperate climates and clear marine conditions.

Despite the EU trying to find a corporate solution to the migrant flow, these efforts remained inconclusive. (Roderick, 2017) The European Economic and Social Committee (EESC) criticised the EU for failing to adopt a common governance and asylum policy. They stated that the Council and the Commission had to force countries in complying with the EU rules regarding migrants. (Dimitriadis, 2018)

In February 2016, the EU decided to terminate the 'Wave-through'[2] with the objective of border protection. (European Commission, 2016) Moreover, it was decided to adopt the policy of 'Implementing relocation'[3] for allocating migrants arriving to the EU in equal shares, thus relieving pressure on states such as Greece, Hungary and Italy. (European Commission, 2016) According to the Common European Asylum System, any member of the Union has the right to deport the migrant back to the country where s/he first arrived when entering the EU. However, it was not possible to implement this system since almost all the migrants

1 Wave-thorough expresses mass migration from one place to another. Here mentioned the Mass-Migration to Europe via the Mediterranean and Balkan routes after the Syrian War. EU says: Most importantly, all Member States must commit to ending the 'wave-through' approach to those who indicate an interest in applying for asylum elsewhere. Those who are not in need of protection must be swiftly returned, in full respect of fundamental rights. (http://europa.eu/rapid/press-release_IP-16-271_en.htm)
2 Relocation means a fair allocation and placement of immigrants entering the EU into all member states after the country they entered.

entered the EU through Greece or Italy and so it would be impossible for these two countries to absorb all the migrants alone. Another action of the EU was to discourage migrants from making the journey in the first place. Given the escalated number of casualties in the Mediterranean Sea, the EU warned migrants against the dangers of such a perilous journey and initiated efforts in encouraging migrants to stay where they are. While EU member countries received 562,680 asylum applications in 2014, this figure rose to 1,257,030 and 1,204,280 in 2015 and 2016 respectively. The majority of these applications comprised of Syrians, Afghanis & Iraqis. (Eurostat, 2017)

The most comprehensive precaution taken by the EU against the migrant flow was the "Readmission Agreement" signed with Turkey on December 16, 2013 that partially came into effect on January 1, 2014. (European Union, 2014) As the number of migrants doubled in 2015 compared with the previous year, the EU demanded that the agreement be fully enacted. The Agreement in question came into full force on June 1, 2016, following a series of negotiations culminating in a 'Joint Action Plan' agreed on November 29, 2015. (Ekinci, 2017) According to this agreement any migrant, Turkish citizens without valid visa, stateless individuals or the citizens of third countries arriving to European shores via Turkey shall be returned back to Turkey and also the Turkey shall deport the individuals arriving from any EU member country to Turkey with no legitimate status to stay, For every Syrian being returned to Turkey, the EU agreed to accept a Syrian migrant registered to Turkey as per the agreement also known as the 1-to-1 Agreement. The EU promised to provide a 3 + 3 billion Euro supporting budget to be spent on migrants residing in Turkey. In addition, it was to revive Turkey's EU membership process and grant visa liberalisation for Turkish citizens in entering the EU. It was decided that the 1.3 billion euros of the first 3 billion promised by the EU should be spent on humanitarian aid, whilst the remaining 1.7 billion was to be spent on education, health, municipal infrastructure, migration management and socioeconomic projects. A more rigid control provided by Turkey in terms of its boundaries, and prevention of irregular migrant flow to the EU through Turkey, was anticipated with this agreement. 174,466 irregular migrants were rounded up within the first two months of the agreement signed with the EU as of March 18th, 2016. (Haberturk, 2017) Italy, with the help of the EU, implemented various measures in preventing migration in the Mediterranean, working closely with the UN-supported Libyan government. As per the Malta Declaration, the EU promised to support the Libyan Government in preventing migrants from sailing across the Mediterranean. They would facilitate the improvement of camp conditions in Libya, as well as provide training, equipment and support to the Libyan national coast guard.

However, the EU has been criticised for not taking adequate, effective and comprehensive precautions against the flow of migration and for not setting forth relevant solutions to the problems in question. As Turkey put stricter borders protection measures in place and prevented illegal entrance of migrants to the EU, the migrant numbers entering the EU declined in the year 2017.

Following the agreement made between the EU and Turkey, the number of migrants fleeing to Europe, via the Mediterranean, between January 1 and July 12, 2016, dropped by 60% compared to the previous year. (International Organization for Migration, 2017)

Mediterranean Developments

	1 JANUARY - 12 JULY 2017		1 JANUARY - 12 JULY 2016	
Country of Arrival	**Arrival**	**Deaths**	**Arrivals**	**Deaths**
Italy	86,121	2,206 (Central Med. Route)	78,255	2,526 (Central Med. Route)
Greece	9,723	37 (Eastern Med. Route)	158,938	376 (Eastern Med. Route)
Cyprus	358 (as of 8/07)		345	
Spain	6,973 (as of 11/07)	114 (Western Med. Route)	2,476	87 (Western Med. Route)
Estimated Total	**103,175**	**2357**	**240,014**	**2,989**

Data on deaths of migrants compiled by IOM's Global Migration Data Analysis Centre.
All numbers are minimum estimates. Arrivals based on data from respective governments and IOM field offices.

Conclusion

It was observed that the recent flow of migration was one of the most critical issues of the international system that lacked a political and institutional hierarchical pattern. Across the globe, there are currently 68.5 million forcefully displaced individuals, of which 40 million are internally displaced, 25.4 million are refugees and 3.1 million are asylum seekers. Syrians (6.3 million), Afghans (2.6 million) and South Sudanese (2.4 million) make up the majority (57%) of the world's refugees. (UNHCR, 2018) In the European context, migrants and refugees are perceived as representing a threat to border security, the welfare system and the cultural fabric of society. In other words, there exists a perception – particularly in European countries with strong far-right political presence – that migrants are eroding European identity.

Beginning with the Arab Spring in 2011, a series of political shocks across the Middle East – most notably the war in Syria - an intense wave of migration took place from the Middle East to Europe. It is observed that the EU failed to take adequate measures to effectively deal with this issue.

The number of Syrian refugees in Turkey is approximately three and a half million. (UNHCR, 2018) In the event that economic conditions in Turkey deteriorate or Turkey halts the implementation of the Readmission Agreement, many of these individuals may attempt to migrate to the EU. Considering past experiences, it seems unlikely that the EU would be able to accommodate another wave of migration. For this reason, Turkey's economic setback would directly affect the EU, since that would mean more refugees. Due to the current situation where countries are mutually dependent on each other within the international system, the EU cannot act independently of Turkey regarding political and economic issues. It has been observed that the supporting statements made by the EU authorities and presidents of member states in favour of Turkey against the sanctions imposed by the US were of considerable value. The EU became dependent on Turkey as a mitigating factor against a possible refugee flow, whereas Turkey became dependent on the EU as a mitigating factor against US pressure. Considering the case from Koehane and Nye's perspective, the European Migration Crisis and speculative attacks on the Turkish Lira revealed the economic interdependence between the EU and Turkey. Despite the EU taking the powerful position in this dependence, Turkey's key role in preventing refugees from entering the EU makes them dependent on Turkey. As the architect of the Refugee Agreement, European Stability Initiative (ESI) Chairman Gerald Knaus, stated that, every passing week that is compliant with the refugee agreement is a gift for the EU. (Deutsche Welle, 2018)

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