

CLIMATE LOBBYING AS AN ACTION TO STRENGTHEN RELATIONS BETWEEN THE EU AND TURKEY

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GLOBAL RELATIONS FORUM YOUNG ACADEMICS PROGRAM POLICY PAPER SERIES No.16

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July 2023

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ISBN: 978-605-71291-4-7

Publisher Certificate No: 22780

Design and Layout
Wodern Web Developing & Design Services www.wodern.com

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This publication can be downloaded at gif.org.tr

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This paper, entitled “Climate Lobbying as an Action to Strengthen Relations between the EU and Turkey” is authored by Fatin Reşat Durukan as part of the GRF Young Academics Program Policy Paper Series.

GRF convened the following group of distinguished members to evaluate and guide Fatin Reşat Durukan’s paper:

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GRF is grateful to all members who participated in the evaluation commission for their invaluable insights and informed guidance, as well as for the time and effort they dedicated to the program.

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Climate Lobbying as an Action to Strengthen Relations between the EU and Turkey

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Abstract

This study examines the influence of Turkish businesses on climate policies within the European integration framework. It emphasizes the need for businesses to address climate change and comply with the European Green Deal, considering its tangible effects and the current economic crisis in Turkey. This study highlights the importance of global climate finance and provides recommendations to improve climate lobbying practices, ensure compliance with green transformation regulations, and strengthen EU-Turkey relations. It emphasizes the crucial role of Turkish businesses in driving Turkey's green transformation and suggests that effective lobbying efforts can positively impact EU-Turkey relations in the evolving green landscape. Key recommendations include prioritizing the transition away from coal, promoting transparency, and advocating for stakeholder capitalism. This study also explores how Turkey's green transformation can contribute to its EU accession ambitions, particularly in the context of the global energy crisis caused by the war between Russia and Ukraine.

1. Introduction

Every year, thousands of businesses, and interest groups actively lobby European Union (EU) institutions in Brussels, and occasionally resemble the myth of David and Goliath¹, activities that influence legislation on a host of issues including climate change. In implementing international climate agreements such as the 1992 Kyoto Protocol and 2015 Paris Agreement, businesses have had a significant effect on EU policy. The role of business in climate policy became more pronounced in December 2019, when European Commission (EC) President Ursula von der Leyen launched the European Green Deal (EGD) as the EU's "new growth strategy" to make Europe the first climate-neutral continent with net-zero greenhouse-gas emissions by 2050.² Businesses both inside and outside the EU are monitoring EGD-related processes, and governments are preparing national legislation to adapt to the transformation of climate change policies. At the same time, this landmark legislation carries significance for Turkey, since the EGD imposes responsibilities on third-party countries that trade with the EU. Therefore, adapting to new European climate policies will have a major effect on Turkish climate policy actors.

Climate change has become an important component of EU-Turkey relations. In late 2020, the EU established a positive agenda to create a *modus vivendi* between the two sides.³ While relations were being rebuilt, several high-level meetings took place between EU and Turkish officials on issues including migration, energy, and climate change.⁴ In the autumn of 2021, there was a rash of activity on Turkish climate policy, including the EU-Turkey High Level Climate Dialogue, the ratification of the Paris Agreement by the Turkish Parliament, President Erdogan's net zero-carbon target declaration for 2053, and the participation of the Turkish delegation in the COP 26 UN Climate Change Conference in Glasgow with the largest delegation in Turkish climate policy history,⁵ all of which demonstrated that climate change would become a major factor in Turkey's medium- and long-term policies.

Since the UN Conference on Environment and Development, or Rio Convention, in 1992, different business communities have had influenced national and international climate policies. Similarly, Turkish businesses have shaped Turkey's climate change policies, but the business community is now engaging with the issue of climate change with more urgency than ever for several reasons. The first is the visible effects of climate change in our daily lives. Extreme weather events, including the forest fires, droughts, and floods that affected Europe and Turkey in the summer of 2021, have prompted greater concern from policymakers and businesses. The second reason is the implementation of the EGD, which is part of a push to create a circular economy. According to the regulations and trade model outlined in the EGD, it is necessary to change Turkey's climate policies for the

¹ The lobbying in Brussels can be likened to the battle between David and Goliath, where the most-funded lobby does not always prevail. The important thing is to develop the appropriate and right strategy. The myth of David and Goliath says that David did not defeat Goliath because he was stronger, but because he was tactical in the right context. Lobby groups such as David's that use the right strategies can prevail against much stronger lobby groups. Iskander de Bruycker, "David and Goliath in Brussels: lobbying strategies and success in the EU," *LSE European Politics and Policy*, Blog, 2016, <https://blogs.lse.ac.uk/europpblog/2016/06/02/david-and-goliath-in-brussels-lobbying-strategies-and-success-in-the-eu/>

² Ursula von der Leyen, *The European Green Deal – our new growth strategy* (Brussels: European Commission, 2019), last accessed 12 November 2022, https://ec.europa.eu/commission/presscorner/detail/en/ac_19_6745

³ Amanda Paul, "Will the EU's positive agenda on Turkey amount to anything more than wishful thinking?" *Europe in the World Programme*, Policy Brief, November 23, 2021.

⁴ Ibid.

⁵ Anonymous Turkish climate expert 1, interview by Fatin Reşat Durukan, Zoom, January 7, 2022.

smoother integration of Turkish businesses into the European economic model. Finally, global climate finance has become increasingly relevant given the economic recession in Turkey.

In this emerging economic ecosystem, the fact that Turkey has received \$3.2 billion from the Green Climate Fund, that the banking sector has issued \$1.8 billion in sustainable and green bonds since the beginning of the COVID-19 pandemic,⁶ and that the private sector has benefited from global finance for green projects even during the economic recession,⁷ are driving the government to pay closer attention to climate change policies.⁸ Considering all of these issues, it is reasonable to conclude that the climate-related lobbying activities of Turkish businesses will also affect EU-Turkey relations. If Turkey can adjust to the regulations of green transformation with relevant policies, it can regain the dynamism it had as an EU candidate country in the 2000s, and EU-Turkey relations can improve.⁹

2. Methodological approach: climate policy as a new tool for European integration

This study poses two main questions. First, how do Turkish companies influence Turkish climate policies through the 'usage' framework as it applies to European integration? Second, to what extent could Turkish business-led climate policies contribute to EU-Turkey relations?

This paper analyzes how Turkish businesses affect Turkish climate policy and lays down several recommendations for the Turkish climate-lobbying practices that influence Turkish climate policies in the medium and long term. From a theoretical perspective, this analysis examines not only the classical approach to business influence but also Sophie Jacquot and Cornelia Woll's typology of the sociological effect of 'usage' as a 'daily practice' on actors' interests and identities.¹⁰ Jacquot and Woll mention three forms of usage in European integration: strategic usage, cognitive usage, and legitimating usage.¹¹ They identify strategic usage as the most common and as driven by conscious objectives. On the other hand, cognitive usage refers to the definition and dissemination of ideas that explain a particular political formation. This type of usage appears in problem definition, when ideas are used as persuasive vehicles to influence the design of a policy area.¹² Finally, the legitimating usage corresponds to "the reference to Europe as a way of legitimizing national public policies."¹³ According to this usage, actors rely on the European image as "European interest" or "European constraint" to reaffirm an attitude or legitimize a decision.

⁶ "Bankacılık sektöründe yeşil finansman uygulamaları artıyor," *Dünya*, January 4, 2022. <https://www.dunya.com/surdurulebilir-dunya/bankacilik-sektorunde-yesil-finansman-uygulamalari-artiyor-haberi-644896>

⁷ "Yeşil İklim Fonu'ndan Türkiye'ye 3,2 milyar dolar," *Bloomberg HT*, October 27, 2021. <https://www.bloomberght.com/yesil-iklim-fonu-ndan-turkiye-ye-3-2-milyar-dolar-2290849>

⁸ "Küresel Ekonomideki Sorunlara Rağmen Yeşil Proje Finansmanı Gücünü Koruyor," *İklim Haber*, June 13, 2022. <https://www.iklimhaber.org/kuresel-ekonomideki-sorunlara-ragmen-yesil-proje-finansmani-gucunu-koruyor/>

⁹ GRF Committee Meeting, September 16, 2022.

¹⁰ Sophie Jacquot and Cornelia Woll, "Usage of European Integration. Europeanisation from a Sociological Perspective," *European Integration Online Papers* 7, December 2003.

¹¹ Sophie Jacquot et Cornelia Woll, *Les usages de l'Europe : acteurs et transformations européennes*, L'Harmattan, Paris, 2004.

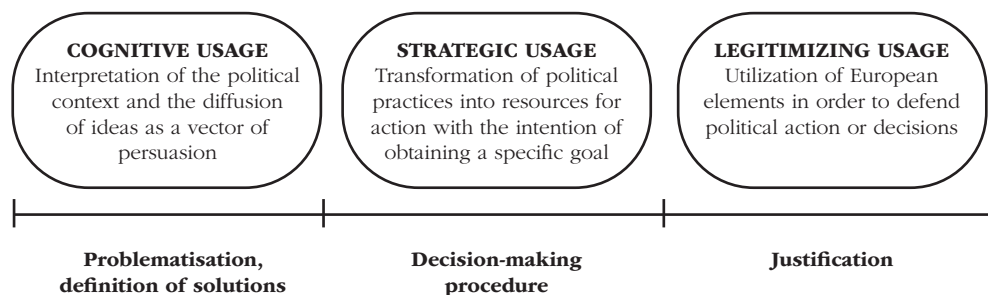
¹² Ibid.

¹³ Patrick Hassenteufel and Yves Surel, "Des politiques publiques comme les autres ? Construction de l'objet et outils d'analyse des politiques européennes," *Politique européenne*, April 2020.

These three types of usage clarify the process through which political matters are transformed into policy. Firstly, cognitive usages are generally mobilized during the elaboration phase of a reform, as they involve the problematization and definition of solutions. Secondly, strategic usages are more related to the political and decision-making phase and, finally, the legitimization of usages is related with public decisions and can take place during the justification of the decision taken to the public.¹⁴ Two sets of variables are applied within this typology: various material (e.g., financing, instruments, and institutions) and immaterial elements (e.g., public space, ideas, and references) and the objectives of the actors (e.g., the logic of influence, positioning, and justification).¹⁵

This approach offers a precise view of the various political usages of European integration. It reconsiders the role of actors in public policy processes related to European construction as the usages discussed refer to public decisions. Another book by Cornelia Woll, *Lobbying in reverse - The influence of politics on the strategy of large companies (Le lobbying à rebours - L'influence du politique sur la stratégie des grandes entreprises)*, provides an understanding of the strategies used by big companies to influence political decisions through lobbying.¹⁶ One commonly accepted idea is that large companies influence political decisions through lobbying so that regulations serve their interests. According to Woll, the economic stake of a large company is developed in relation to the institutional context in which it operates. Additionally, the book discusses how public policy influences and determines corporate strategies.¹⁷

Figure 1: Usage and political stakes¹⁸



Therefore, it is important to identify the actors that are involved in the climate change policy process. *Mapping Climate Change Policies Actors in Turkey*, a report authored by Umit Sahin in 2014, provides an excellent resource for exploring climate lobbying practices in Turkey.¹⁹ Table 1 is based on the findings of the report. However, it has been updated by the author of this paper as some of the actors mentioned in Sahin's analysis have ceased to operate, and some of the positions were abolished following Turkey's change to the presidential system in 2018.

¹⁴ Sophie Jacquot et Cornelia Woll, *Les usages de l'Europe: acteurs et transformations européennes*, L'Harmattan, Paris, 2004.

¹⁵ Marc Milet, *Théorie critique du lobbying- Revendication des petites et moyennes entreprises*, L'Harmattan, Paris, 2017.

¹⁶ Cornelia Woll, *Le Lobbying à rebours. L'influence du politique sur la stratégie des grandes entreprises*, Presses de Sciences Po (P.F.N.S.P.), 2011.

¹⁷ *Ibid.*

¹⁸ Sophie Jacquot and Cornelia Woll, "Usage of European Integration. Europeanisation from a Sociological Perspective," *European Integration Online Papers* 7, December 2003, p. 19.

¹⁹ Umit Sahin, *Mapping Climate Change Policies Actors in Turkey*, IPC, 2014.

Table 1: Climate Policy Actors in public and private sectors (only businesses and business associations) ²⁰

Public Actors	Private Sector Actors
<ul style="list-style-type: none">• Turkish Presidency• Presidency of Strategy and Budget• Ministry of Environment, Urbanization and Climate Change• Ministry of Foreign Affairs• Ministry of Interior• Ministry of Health• Ministry of Education• Ministry of Industry and Technology• Ministry of Energy and Natural Resources• Ministry of Treasury and Finance• Ministry of Agriculture and Forestry• Ministry of Transport and Infrastructure• The Grand National Assembly of Turkey• Local governments	<ul style="list-style-type: none">• TOBB• TUSIAD• MUSIAD• DEİK• BSCD Turkey• Companies• Carbon management companies• Sectoral associations

Only business actors and public actors were considered in this study, whereas actors from academia, media, and civil society (except business associations) were excluded to limit its scope.²¹ The primary sources for this paper are 12 semi-structured in-depth interviews, conducted on an anonymous basis, with experts, diplomats, and officials from the following organizations: the Turkish Industry and Business Association (TUSIAD), the Union of Chambers and Commodity Exchanges of Turkey (TOBB), Istanbul Policy Center (IPC), World Wildlife Fund (WWF), Koc Holding, Arcelik, Sabanci Holding, the EC, the Turkish Ministry of Foreign Affairs (MFA), the Ministry of Trade, the Ministry of Energy and Natural Resources, and the Ministry of Environment, Urbanization, and Climate Change. In addition, the author has drawn on some sources from their doctoral thesis on the usage of European integration and the action repertoires of Turkish lobbyists and the TUSIAD case. Most of the data is derived from the legislative documents and publications of the Turkish government, European institutions and the Conference of the Parties (COP) decisions.

3. EU-Turkey relations and climate policies

Turkey acknowledges that harmonizing its policies with the EU is necessary to strengthen commercial relations. The country's multilateral approach to climate policy began in 2004, when it started intensively lobbying to begin EU accession negotiations.²² Since it is impossible for an EU member state to remain outside of international climate

²⁰ *Ibid.*

²¹ Actors from academia, media, civil society and think tanks were only consulted through interviews and reports to obtain their insights on businesses and public institutions. Expert opinions in these fields also indicate an indirect nexus with the policy guidance provided to businesses and public institutions. However, these aspects have been omitted to narrow the scope of the study.

²² *Ibid.*

negotiations,²³ Turkey's commitment to the Kyoto Protocol or the Paris Agreement can be seen as a step toward this goal. Turkey and the EU are engaged in cooperation to ensure the full alignment of Turkish legislation with the EU *acquis communautaire*.²⁴ For instance, Turkey's accession negotiations on Chapter 27 (environment) started in December 2009.²⁵ Meanwhile, its greenhouse-gas emissions estimates have been included in Turkey's progress reports since 2013. It was noted in the 2021 report that Turkey's climate and environmental policies were prepared to a certain level and that some progress had been made.²⁶ The implementation of European climate policies into Turkish climate policies through the accession negotiations certainly exemplifies this usage of European integration. In that regard, the EC has requested Turkey to play an active role in international climate policies, to become a party to international agreements by developing more ambitious climate policies, to set a national emissions reduction target, to develop policies in line with the EU's position, to rapidly develop its administrative capacity in the field of climate, and lastly to participate in a greenhouse-gas emissions-trading scheme, which is the most important instrument in terms of the *acquis communautaire*.²⁷

From the EU's side, the objective of European environmental policy is to eliminate pollution. In addition, it aims to ensure sustainable development by guaranteeing that natural resources are used in a way that does not harm the ecological balance, while preventing environmental damage at its source and ensuring the integration of environmental protection into other sectoral policies.²⁸ The EGD and its policy of transforming member states and candidate countries through the deal is consistent with the theoretical framework of the usage of European integration. This seeks to tackle climate change, regulate the use of resources, and move toward a circular economy.²⁹ This economic transformation is not limited to the harmonization process with EU standards and thus also serves to increase competitiveness in international markets. The European Climate Law was adopted on June 30, 2021, to translate the political commitment to a climate-neutral order in Europe into a legally binding obligation.³⁰ The law sets an interim target of reducing greenhouse gases by at least 55% by 2030 compared to 1990 levels. In addition, the EC has prepared the "Fit for 55" package to achieve this target.³¹

In July 2021, Turkey issued a Presidential Circular on its Green Deal Action Plan. The Ministry of Trade prepared the action plan as the coordinating institution within Turkey's EU accession process framework. Turkey's trade and economic relations with the EU are described under nine main headings.³² The action plan includes a total of 32 objectives

²³ *Ibid.*

²⁴ The *acquis communautaire* is defined as the body of EU law that each Member State must agree to introduce and apply at national level. <https://www.eurofound.europa.eu/observatories/eurwork/industrial-relations-dictionary/acquis-communautaire>

²⁵ It should be noted that accession negotiations with Turkey have been effectively frozen since 2018. European Commission, "Turkey 2021 Report." https://www.ab.gov.tr/siteimages/2021_trkiye_raporu_tr.pdf

²⁶ European Commission, "Turkey 2021 Report." https://www.ab.gov.tr/siteimages/2021_trkiye_raporu_tr.pdf

²⁷ Umit Sahin, *Mapping Climate Change Policies Actors in Turkey*, IPC, 2014.

²⁸ Christian Kurrer, "Environment policy: general principles and basic framework," *Fact Sheets on the European Union*, 2021.

²⁹ Anonymous Turkish lobbyist 1, interview by Fatin Reşat Durukan, Zoom, November 22, 2021.

³⁰ European Commission, "European Climate Law." https://ec.europa.eu/clima/eu-action/european-green-deal/european-climate-law_en

³¹ "Fit for 55," *Council of the European Union*. <https://www.consilium.europa.eu/en/policies/green-deal/eu-plan-for-a-green-transition/>

³² These include: "Border carbon regulation," "Green and circular economy," "Green finance," "Clean, cheap, and secure energy supply," "Sustainable agriculture," "Sustainable transport," "Fighting climate change," "Diplomacy" and "Information and awareness raising activities."

and 81 actions and provides a detailed roadmap for Turkey's harmonization efforts in the field of green transformation.³³ It is essential to underline that the EGD is setting the agenda in Turkey, especially in terms of trade and the modernization of the country's customs union.

4. Business lobbying for Turkish climate policies: Paris Agreement, the EGD, and the case of TUSIAD

Turkey has taken considerable time to ratify the Paris Agreement, but this is similar to its ratification timelines for other international climate treaties. Turkey was a late entry into the UN Framework Convention on Climate Change (UNFCCC) in 2004 and became one of the last countries to ratify the Kyoto Protocol in 2009 – both are indications of the country's long-standing reticence to implement climate policies.³⁴ As of mid-2021, Turkey was the only OECD and G20 member country not to have ratified the Paris Agreement. Turkey's main objection is that the country was included in both the Annex 1 (developed countries) and Annex 2 (developing countries) lists of the convention, since it was considered an OECD developed country when it signed the UNFCCC in 1992.³⁵ In fact, other developed OECD countries have been included in both lists.

Turkey has tried to change its status and obtain a special status to benefit from the assistance provided to developing countries. Ankara has justified its decision based on two arguments. According to an anonymous Turkish official, the government argued that "Turkey should be treated in the same way as countries in a similar position in terms of access to financial and technological support" and mentioned that "it is impossible for Turkey to reduce its emissions in absolute terms when criteria such as economic growth and population growth are taken into account, and that this problem should be recognized."³⁶ These reasons were grounded in the conditions set forth by the UNFCCC, which was premised on the idea that developed countries should bear a greater responsibility than developing countries because they have released more greenhouse gases into the atmosphere since the Industrial Revolution.³⁷

Eventually, the usage of European integration drove Turkey to ratify the Paris Agreement in 2021. There are several reasons behind Turkey's new "game changer"³⁸ climate strategy. EU-Turkey relations have potential regarding the EGD, but it would have been unacceptable for such cooperation to take place before the ratification of the Paris Agreement.³⁹ This ratification is also an essential step to eliminate the negative effects on Turkey's foreign trade.⁴⁰ While historically Turkish businesses have not supported

³³ Turkish Ministry of Trade, "The Green Deal Action Plan," 2021. <https://ticaret.gov.tr/data/60f1200013b876eb28421b23/MUTA-BAKAT%20YE%C5%9E%C4%B0L.pdf>

³⁴ Mehmet Ali Uzelgun, and Umit Sahin. "Climate Change Communication in Turkey," *Oxford Research Encyclopedia of Climate Science*, December 2016.

³⁵ Hilal Elver, "Paris İklim Anlaşması her şeyi değiştirecek: Türkiye'nin yeşil dönüşümüne kararlı adım," *FikirTuru*, 18 October 2021. <https://fikirturu.com/toplum/paris-iklim-anlasmasi-her-seyi-degistirecek-turkiyenin-yesil-donusumune-kararli-adim/>

³⁶ Anonymous Turkish MFA official 2, interview by Fatin Reşat Durukan, Zoom, January 15, 2022.

³⁷ Hilal Elver, "Paris İklim Anlaşması her şeyi değiştirecek: Türkiye'nin yeşil dönüşümüne kararlı adım," *FikirTuru*, October 18, 2021. <https://fikirturu.com/toplum/paris-iklim-anlasmasi-her-seyi-degistirecek-turkiyenin-yesil-donusumune-kararli-adim/>

³⁸ Anonymous Turkish MFA official 1, interview by Fatin Reşat Durukan, Zoom, October 21, 2021.

³⁹ *Ibid.*

⁴⁰ Sercan Bahadır, "Yeşil Dönüşümün Ticarete Etkileri," *EY*, October 20, 2021. https://www.ey.com/tr_tr/tax/yesil-donusumundis-ticarete-etkisi

Turkey's non-ratification strategy, they at least tried to understand it until the launch of the EGD in 2019.⁴¹ The impact of businesses on the ratification process of the Paris Agreement cannot be questioned, but the main reason was the EGD, rather than the businesses' own green-transformation initiatives.

Throughout Turkey's climate change policy journey, certain businesses have been significantly more active than others in lobbying for policy harmonization. TUSIAD is the leading business association to have developed the most rational and proactive policies on climate change. According to the same anonymous Turkish MFA official, the climate experts in its secretariat and member companies such as Koc Holding, Sabanci Holding, and Zorlu Holding, which are at the forefront of Turkey's climate change and sustainability policies, help to strengthen TUSIAD's lobbying capacity in the field of climate change.⁴² As the EGD has been considered a threat to some of the leading sectors in Turkey, TUSIAD actively sought policy change to prevent harm.⁴³ However, the main driver of TUSIAD's lobbying activities for Turkey's ratification of the Paris Agreement was the fact that if Turkey did not ratify the agreement, the country would face serious trade barriers.⁴⁴ However, it would be inaccurate to argue that these lobbying activities started after the implementation of the EGD. TUSIAD has emphasized the importance of private-public dialogue on climate change since the early 2000s and has expressed its views on the significance of conducting economic activities in a way to consider environmental concerns, including the Kyoto Protocol process.

Interest groups have limited capacity in the policy-making process, especially in technical policy areas, mainly due to the lack of collective action due to dispersed mobilization structures or the dominance of "quiet politics" between the state and the structurally powerful private sector.⁴⁵ However, in the case of the collective actions of interest groups based on green transformation, the lobbying of Turkish businesses, including small and medium-sized enterprises (SMEs) as well as large enterprises, seems to be more substantial, as they recognize the importance of green transformation when trading with EU countries. In general, lobbies serving the interests of Turkish large enterprises and SMEs tend to be less regulated, although they differ from each other at the micro level. For instance, lobbies serving the interests of big businesses prefer policies that mitigate the obstacles faced by foreign investors and financial intermediaries in decision-making processes, while interest groups serving SMEs prefer policies that help small entrepreneurs with accountability, management skills, and financial issues.⁴⁶ However, this situation has changed over time, especially as it relates to green transformation. In fact, considering that most Turkish business are SMEs, it is necessary to develop them to participate in green transformation and benefit from green funds, which will also be a responsibility for large enterprises. For instance, TUSIAD has SMEs among its members and emphasizes the importance of SME transformation in many of its opinions.⁴⁷

⁴¹ Anonymous Turkish climate expert 2, interview by Fatin Reşat Durukan, Zoom, March 7, 2022

⁴² Anonymous Turkish MFA official 3, interview by Fatin Reşat Durukan, Zoom, March 3, 2022.

⁴³ Anonymous Turkish climate expert 2, interview by Fatin Reşat Durukan, Zoom, March 7, 2022.

⁴⁴ Anonymous Turkish lobbyist 1, interview by Fatin Reşat Durukan, Zoom, November 22, 2021.

⁴⁵ M. Kerem Coban, "Diffuse interest groups and regulatory policy change: financial consumer protection in Turkey," *Int Groups Adv*, N. 9, 2020, p. 220-243

⁴⁶ Mehmet Babacan, "The Nature of Lobbying and Regulation in Turkey," *MPRA Paper*, N. 57830, University Library of Munich, 2012.

⁴⁷ GRF Committee Meeting, September 16, 2022.

There are numerous ways that climate change lobbying for businesses can influence the government or the public. In this regard, it is important to collaborate with competitors to advocate and inform the public effectively. This shows that businesses in Turkey have the potential to lobby more productively through collective action. A member of TUSIAD stated, “If I invite a guest from the EC to TUSIAD instead of our own company, we can reach and influence many more people.”⁴⁸ For this member, it is quite valuable for companies to show their capabilities to other stakeholders through organizations such as TUSIAD to ensure the equality of information for companies.

It is also important to highlight traditional lobbying activities. Large Turkish business associations such as TUSIAD have held regular meetings with the government and relevant ministries to discuss the ratification of the Paris Agreement as well as to inform them about the EGD. To this end, TUSIAD published the “Climate Change Attitude Paper” in 2017, which outlined the importance of positioning Turkey on international platforms and increasing its bargaining power as well as preparing for a low-carbon future. According to TUSIAD, although Turkey’s special position within the UNFCCC is recognized, its status within the Paris Agreement is uncertain; it was stressed that regardless of the Paris Agreement, Turkey needs to determine where it will position itself in low-carbon development in 2020 and beyond and produce strategies in this direction.⁴⁹ Another leading Turkish business association, Union of Chambers and Commodity Exchanges of Turkey (TOBB), has also issued statements in favor of ratifying the Paris Agreement.⁵⁰ It published its views on tackling climate change and recommendations for climate actors in its report “Building the Future” in 2021.⁵¹ Organizations such as the Economic Policy Research Foundation of Turkey (TEPAV), the Economic Development Foundation (IKV), and the IPC have also issued joint statements, stressing that “Turkey should shift away from coal by 2035 at the latest” and “Turkey should not delay in adapting to the green transformation.”⁵²

5. Benefits of green transformation for businesses

Global economic growth with a green transition mitigates environmental damage by limiting the climate crisis and leads to welfare gains in employment, productivity, and GDP growth.⁵³ The low-carbon transition brings economic growth and creates opportunities for businesses and workers. Low carbon-intensive sectors such as renewable energy producers, electric car manufacturers, and companies that use resources more efficiently will have a competitive advantage.⁵⁴ In addition, companies and particularly SMEs that adapt to the

⁴⁸ *Ibid.*

⁴⁹ TUSIAD Position Paper on Addressing Climate Change, September 7, 2017. <https://tusiad.org/tr/cevre-iklim-degisikligi-cg/item/9933-iklim-degisikligiyle-mucadele-alaninda-tusiad-tutum-belgesi>

⁵⁰ “TUSIAD and TOBB Joint Statement: The Paris Agreement must be ratified,” *Dunya Newspaper*, 10 July 2021. <https://www.dunya.com/surdurulebilir-dunya/paris-iklim-anlasmasi-onaylansin-haberi-624228>

⁵¹ TUSIAD Building the Future Report, 2021. <https://tusiad.org/en/reports/item/10864-building-the-future-with-a-new-mindset-executive-summary>

⁵² “Joint Statement: Turkey should shift away from coal by 2035 at the latest,” TEPAV, IPC and IKV. <https://ipc.sabanciuniv.edu/Content/Images/CKeditorImages/20220220-18022558.pdf>; “Joint Statement: Turkey should not be late in adapting to the green transformation,” TEPAV, IPC and IKV. https://www.tepav.org.tr/upload/mce/2021/degerlendirme_notu/turkiye_yesil_donusume_uyumda_gec_kalmamali.pdf

⁵³ OECD (2019), “Innovation and Business/Market Opportunities associated with Energy Transitions and a Cleaner Global Environment,” OECD Issue Paper, Paris.

⁵⁴ OECD (2017), “Investing in Climate, Investing in Growth,” OECD Publishing, Paris.

green transformation will have much better access to finance.⁵⁵ Global companies have started to put green transformation into their corporate governance policies. According to the analysis conducted by FTSE Russell in 2018, there are approximately 3,000 listed global companies with exposure to the green economy. The green economy represents 6% of the market capitalization of globally listed companies, which equates to approximately USD 4 trillion.⁵⁶

It is essential for businesses to comply with the EGD. According to the EC's impact assessment (IA), the EGD considers the prevalence of non-EU countries in climate policies at different levels when it provides estimates of the macroeconomic impacts on European GDP.⁵⁷ In this regard, the IA has significance for Turkey as well, as the decisions on climate policies will directly affect the economy. While the transition to net zero is expected to have only limited effects on aggregate output (GDP), it signals an economic shift from consumption to investment.⁵⁸ The EC underlines the need for policy measures to minimize the effects on sectoral output, investment, and the labor market and to ensure a fair transition. In the case of reduced consumption and production, there is a risk of short-term negative effects as a result of carbon pricing. However, in the long term, more investment in low-carbon technologies can boost productivity and economic growth.⁵⁹ On the other hand, the expectations of societies for businesses to contribute to reducing greenhouse-gas emissions are addressed through numerous channels, including national policies and regulations, demands from investors, consumers, and other companies, and international declarations and instruments.⁶⁰

Looking at the economic impact of green transformation for Turkish businesses, the importance of EU relations should be the primary consideration. The EU represents 40% of Turkey's export markets. The Carbon Border Adjustment Mechanism (CBAM)⁶¹ will help protect the export market, while maintaining Turkey's place in global value chains, but also increasing its importance and attracting foreign investment.⁶² The consequences of Turkish businesses failing to keep up with the green transformation could be severe for the Turkish economy. The CPAM has no negative impact on the free movement of goods within the EU-Turkey Customs Union. Therefore, the urgent need to maintain as well as modernize the Customs Union regime remains important. However, Turkey needs to act urgently to reduce its emissions, especially in sectors with high-carbon emissions. Businesses in the EU and globally will also be affected in terms of operational and strategic decision-making. Companies should therefore measure and assess these effects

⁵⁵ OECD (2019), "Innovation and Business/Market Opportunities associated with Energy Transitions and a Cleaner Global Environment," OECD Issue Paper, Paris.

⁵⁶ FTSE Russell (2018), "Investing in the Global Green Economy: Busting Common Myths."

⁵⁷ Gregor Erbach, Martin Hoflymayr, "Economic Impacts of the Green Transition," *Briefing Towards climate neutrality*, European Parliamentary Research Service, 2022.

⁵⁸ *Ibid.*

⁵⁹ *Ibid.*

⁶⁰ OECD (2010), "Transition to a Low-Carbon Economy: Public Goals and Corporate Practices," OECD Publishing.

⁶¹ The Carbon Border Adjustment Mechanism (CBAM) is a key mechanism for the transition to a carbon-neutral economy by 2050. It aims to reduce the carbon footprint of companies exporting to the EU by limiting carbon leakage. Therefore, the CBAM links the EU's climate ambition with the reality of a polluting globalized economy. Source : https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661

⁶² Towards a Greener and More Resilient Türkiye," *World Bank*. <https://www.worldbank.org/en/country/turkey/brief/towards-a-greener-and-more-resilient-turkiye>

as part of a holistic value chain and supply chain approach.⁶³ Looking at the advantages of green transformation, there are several benefits for companies. They can reduce costs, increase efficiency, and create healthier workplaces. Among the less tangible benefits are brand reputation and customer loyalty, as well as improved staff morale.⁶⁴ In terms of the economic contribution to the national economy, achieving "zero" by 2050 with a green transition would require a 60% increase in physical asset capital expenditure from current levels.⁶⁵ According to a 2022 report from McKinsey, the amount of global investment needed is \$9.2 trillion per year by 2050, of which \$6.5 trillion per year would be spent on low-emission assets and enabling infrastructure. In addition, it appears that the growing demand for net-zero offerings could generate more than \$12 trillion in annual revenue by 2030, including \$2.7 trillion per year for transportation, \$1.5 trillion for energy, and \$850 billion for hydrogen. This transformation of the global economy has the potential to provide substantial growth for climate change.⁶⁶ This is also the case for Turkey. For instance, adopting green policies and switching from fossil fuels to renewable energy could create more than 300,000 new jobs and reduce greenhouse-gas emissions by 8% by 2030 compared to 2019 levels.⁶⁷ According to ILO Director Numan Ozcan, climate activism will only succeed if Turkey can ensure a just transition where environmental benefits are matched by a strong sense of social justice. A green economy will help Turkey achieve its vision of a high-income welfare society.⁶⁸

6. Coal: the elephant in the room

Turkey's climate change policy has aimed for many years to fulfil its global obligations under "the principle of common but differentiated responsibilities."⁶⁹ However, this approach has been subject to serious criticism from NGOs, businesses, and some government officials. Turkey's argument that it has no historical responsibility for the increase in global greenhouse gas levels as a late starter in the industrialization process compared to developed countries is considered controversial.⁷⁰ According to Turkish climate expert 1, this view is echoed by 90% of climate actors in Turkey.⁷¹ This fact creates obstacles to reaching the relevant decision makers in climate lobbying.

Another critical point is that business organizations tend to focus on their own interests

⁶³ Sercan Bahadır, "Sınırdaki Karbon Vergisi uygulaması Ekim 2023'e erteleniyor," *Ernst and Young*, December 14, 2022. https://www.ey.com/tr_tr/tax/sinirda-karbon-vergisi-uygulamasi-erteleniyor

⁶⁴ Georgina Lavers, "Going green: What it means and how small businesses benefit," *SAGE*, November 2, 2021. <https://www.sage.com/en-gb/blog/going-green-small-businesses-benefit/>

⁶⁵ Rob Bland, Anna Granskog, and Tomas Nauc ler, "Accelerating toward net zero: The green business building opportunity," *McKinsey & Company*, June 14, 2022. <https://www.mckinsey.com/capabilities/sustainability/our-insights/accelerating-toward-net-zero-the-green-business-building-opportunity>

⁶⁶ *Ibid.*

⁶⁷ "Going green could create 300,000 new jobs for the Turkish economy by 2030," *ILO*, Presse Release, June 30, 2022. https://www.ilo.org/ankara/news/WCMS_849762/lang-en/index.htm

⁶⁸ *Ibid.*

⁶⁹ The principle of Common But Differentiated Responsibilities (PRCD) is a legal principle of international environmental law that finds its justification in the intense over-exploitation of natural resources to meet the industrial needs of today's developed countries. The international community recognized in 1972, in the Stockholm Declaration, that the apparent contradiction between environmental protection and the economic development of poor countries had to be resolved. The principle of common but differentiated responsibilities, expressly formulated in the 1992 Rio Declaration, became the keystone of the Kyoto Protocol. <https://climatenexus.org/climate-change-news/common-but-differentiated-responsibilities-and-respective-capabilities-cbdr-rc/>

⁷⁰ Anonymous Turkish climate expert 2, interview by Fatin Reşat Durukan, Zoom, March 7, 2022.

⁷¹ *Ibid.*

rather than the environment when they are lobbying. The business community has been criticized for placing limited pressure on the government to amend its climate policies until the implementation of the EGD.⁷² Anonymous Turkish climate expert 3 pointed out that the policies that are required to tackle climate change and those that drive the (short-term) economic interests of businesses do not always align.⁷³ Anonymous Turkish climate expert 2 highlighted the risk of greenwashing by companies, including big ones, to benefit from green funds.⁷⁴ Another criticism is that the close relationship between the coal lobbies and the Ministry of Energy is an obstacle to Turkey's climate policies such as the shift away from coal.⁷⁵ In this regard, the energy ministry's unorthodox emphasis on traditional energy sources for future power supplies is seen as an obstacle to Turkey's 2053 carbon-neutrality goals. Turkey's climate summit, which took place in Konya in February 2022, was convened to determine Turkey's medium- to long-term climate policies. However, the summit's decisions have not been conducive to climate change action. Although Turkey decided to increase its reliance on natural gas, it has taken no steps toward phasing out coal.⁷⁶

7. Policy recommendations

This paper proposes a series of policy recommendations. First, it discusses the implementation of stakeholder capitalism that characterizes global business in the 21st century. Second, it focuses on the potential role of Turkish businesses to phase out coal as a green business action. Finally, the promotion of accountability and transparency as a new challenge in Turkish business governance constitutes the policy recommendations of this paper. They show how Turkish businesses could further the short-term positive agenda of EU-Turkey relations by leveraging the EGD as an instance of usage of European integration.

Table 2: Policy recommendations for Turkish climate lobbying

Policy	Goal	Relevant Actors
Implementing stakeholder capitalism in Turkish businesses	<ul style="list-style-type: none"> - Avoiding the loss of value of Turkish businesses and thus helping them to have greater influence in international negotiations. - Improving Turkey's reputation in the EU and international community. 	<ul style="list-style-type: none"> - Turkish government - Businesses
Promoting the shift away from coal by 2030	<ul style="list-style-type: none"> - Ensuring Turkey's coal phase-out - Convincing the Ministry of Energy to implement a coal phase-out policy - Supporting Turkey's democratic decision-making process by engaging different stakeholders 	<ul style="list-style-type: none"> - Turkish Government - Ministry of Energy - Turkish fossil fuel lobbies

⁷² Anonymous Turkish climate expert 3, interview by Fatin Reşat Durukan, Zoom, March 9, 2022.

⁷³ *Ibid.*

⁷⁴ *Ibid.*

⁷⁵ Anonymous Turkish climate expert 2, interview by Fatin Reşat Durukan, Zoom, March 7, 2022.

⁷⁶ "İklim Şurası'ndan Kömürden Çıkışa Dair Karar Çıkmadı," Ekoİq, February 27, 2022. <https://ekoıq.com/2022/02/27/iklim-surasından-kömürden-cıkışa-dair-karar-çıkmadı/>

Promoting accountability and transparency in Turkish businesses

- Internalization of ESG reporting in Turkish companies
- Avoiding greenwashing
- Supporting SME transformation with ESG

-Turkish Government
-SMEs
-International Climate Negotiations

Stakeholder capitalism should be implemented in Turkish businesses

The transition from “shareholder capitalism” to “stakeholder capitalism” provides new impetus for transforming the global economic system in the 21st century, especially in the global fight against climate change. In his 2021 book, Klaus Schwab described the need to move from the traditional model of capitalism, which is only interested in the profit of stakeholders, to a new approach based on social responsibility toward workers, their families, society, and the planet.⁷⁷ In the stakeholder capitalism model, companies are bringing their goals closer in line with the UN’s sustainable development goals (SDGs). This emerging model is relevant to the global system because it relies on the decisions of all stakeholders such as civil society, business, and the international community, well beyond national and individual decisions alone.⁷⁸ The role of businesses in fighting climate change has accelerated, particularly with the transition to stakeholder capitalism. According to experts, climate change is more than an environmental issue, it is also a capitalist problem.⁷⁹ The EC indicates in the EGD, as well as in the “next-generation EU” recovery plan, that it is important to transform corporate governance toward sustainable governance.⁸⁰ In addition, EGD prioritizes consumer protection and is committed to enabling sustainable choices and ending greenwashing. In 2020, the EC conducted a study showing that 53.3% of environmental claims investigated in the EU were vague, misleading, or unfounded, while 40% were unsubstantiated.⁸¹ The lack of pertinent rules for companies leads to greenwashing and causes a disadvantage for truly sustainable companies in the EU market.⁸² According to Can Kendi, Managing partner of McKinsey in Turkey, one of the main objectives of stakeholder capitalism is for companies to start working with concrete and achievable goals, regularly measuring results by independent institutions, and presenting them to stakeholders.⁸³ The public expects businesses to produce a solution to growing concerns about social issues such as environmental problems and economic inequality. In this respect, it may be essential to increase dialogue between businesses and stakeholders.

Policy recommendation: In the past years, European businesses have accelerated their move toward stakeholder capitalism, whereas Turkish businesses delayed implementing this model. This may lead to increased reputational risks and lower valuations in financial markets. Therefore, Turkish businesses seeking to position themselves for the transition to a low-carbon economy can demonstrate to financial markets their agility in responding

⁷⁷ Klaus Schwab, *Stakeholder Capitalism: A Global Economy that Works for Progress, People and Planet*, Wiley; 1st edition, January 27, 2021.

⁷⁸ “Meet the New Champions of stakeholder capitalism,” *World Economic Forum*, June 21, 2021.

⁷⁹ Anonymous Turkish businesspeople 1, interview by Fatin Reşat Durukan, Zoom, 12 February 2022.

⁸⁰ Mitsui & Co. Global Strategic Studies Institute Monthly Report, February 2021. https://www.mitsui.com/mgssi/en/report/detail/_icsFiles/afieldfile/2021/04/22/2102d_shimada_e_2.pdf

⁸¹ “Consumer protection: enabling sustainable choices and ending greenwashing,” European Commission. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_1692

⁸² *Ibid.*

⁸³ “Paydas Kapitalizmi nedir?” EkoIQ, February 3, 2021. <https://ekoIQ.com/2021/02/03/paydas-kapitalizmi-nedir/>

to stakeholder capitalism. Otherwise, their competitiveness in the international market will be weakened. The EGD, which is part of the usage of Turkey's European integration practice, can boost EU-Turkey relations while changing the Turkish business environment. Turkish businesses operating at European levels can strengthen the Turkish government's position on the international stage in areas such as Customs Union modernization and alignment with the EGD.

Promoting the shift away from coal by 2030

The International Energy Agency's "Net Zero by 2050" roadmap states that it is unnecessary to invest in new sources of fossil energy.⁸⁴ To this end, at COP 26, authorities from more than 40 countries, the EU, and several companies such as Siemens Gamesa Renewable Energy, Ørsted, Engie, and the EDF Group, confirmed their commitment to shift away from coal.⁸⁵ The EU has implemented a series of policies to move away from coal, including the "Fit for 55" package, which aims to supply 40% of its energy needs from renewable sources by 2030.⁸⁶ Following the announcement from 10 EU member states that they will move away from coal in 2021, an additional 13 countries have committed to moving away from coal by 2038. Bulgaria, Croatia, the Czech Republic, and Poland are currently considering a phase-out.⁸⁷ Another important policy that the EU has implemented as part of its exit from coal is an initiative, launched in 2017, to help the economic transition in coal-producing regions.⁸⁸ This initiative brings together stakeholders from local, regional, and national governments, businesses and trade unions, NGOs, and academia to work collaboratively in an open forum.⁸⁹ It also increases the connection between stakeholders and provides a more transparent and public space for advocacy, serving objectives such as providing technical assistance and addressing key transition issues including rehabilitation, employment, and financing.⁹⁰

In contrast, Turkey's national energy policy announced in 2017 demonstrates that it still prioritizes domestic coal use in addition to renewable resources. Since 2012, the country has chosen an energy policy focused on coal, aiming to double the share of lignite in electricity production. At this stage, the Ministry of Energy has taken a more conservative stance compared to other ministries such as the Ministry of Environment and the Ministry of Foreign Affairs in favoring domestic coal.⁹¹ However, the share of imports in the total supply of coal as a primary energy source has rose from 40% to 60% between

⁸⁴ "Net Zero by 2050- A Roadmap for the Global Energy Sector," *International Energy Agency*, May 2021. https://iea.blob.core.windows.net/assets/20959e2e-7ab8-4f2a-b1c6-4e63387f03a1/NetZeroBy2050-ARoadmapfortheGlobalEnergySector_CORR.pdf

⁸⁵ "Global coal to clean power transition statement," UN Climate Change Conference UK 2021, November 4, 2021. <https://ukcop26.org/global-coal-to-clean-power-transition-statement/>

⁸⁶ "Coal regions in transition," European Commission. https://energy.ec.europa.eu/topics/oil-gas-and-coal/eu-coal-regions/coal-regions-transition_en

⁸⁷ "Coal regions in transition," European Commission. https://energy.ec.europa.eu/topics/oil-gas-and-coal/eu-coal-regions/coal-regions-transition_en

⁸⁸ "Initiative for coal regions in transition," European Commission. https://energy.ec.europa.eu/topics/oil-gas-and-coal/eu-coal-regions/initiative-coal-regions-transition_en

⁸⁹ "Initiative for coal regions in transition," European Commission. https://energy.ec.europa.eu/topics/oil-gas-and-coal/eu-coal-regions/initiative-coal-regions-transition_en

⁹⁰ "Initiative for coal regions in transition," European Commission. https://energy.ec.europa.eu/topics/oil-gas-and-coal/eu-coal-regions/initiative-coal-regions-transition_en

⁹¹ "İthal kömürlü termik santrallerde yerli kömür dönemi," Anadolu Agency, December 5, 2018. <https://www.aa.com.tr/tr/ekonomi/ithal-komurlu-termik-santrallerde-yerli-komur-donemi/1330239>

2000 and 2018.⁹² From a business perspective, one of the world's largest businesses is planning 120 new coal-fired power plants. Based on the Global Coal Exit List 2018, China National Energy Investment Group (NEI) ranks at the pinnacle as the largest operator of coal-fired power plants worldwide. In close pursuit, China Huadian claims the second position, while India's National Thermal Power Corporation (NTPC) secures a notable third place.⁹³ It also includes five Turkish businesses, including Electricity Generation Company, Yildirim Energy, and Hattat Holding. The number of new coal-fired power plant projects planned in Turkey, however, has dropped from over 70 projects in 2015 to roughly 50 projects as of July 2018, partly due to the advocacy of non-governmental organizations. Moreover, according to the Global Energy Monitor 2022, 74% of new coal power plant projects in OECD countries are planned in Turkey.⁹⁴ Additionally, in the future, Turkey will be significantly affected by EU policies such as the CBAM, due to its status as an EU candidate country and trade partner.⁹⁵ Since Turkey has not introduced carbon pricing within its own borders, a carbon tax will be applied from the moment a product manufactured in Turkey enters the EU.⁹⁶

Policy recommendation: Turkish businesses should urgently push for Turkey to shift away from coal by 2030. Business associations should initiate this transition within their own member companies and advocate for the transformation of fossil fuel companies. In that regard, it is necessary to establish a new communication channel that will allow for the creation of this advocacy group. An initiative similar to the EU's initiative for coal-producing regions in transition could be implemented in Turkey and could work actively under the direction of the Climate Change and Air Management Coordination Board. The initiative includes coal companies, business associations, and companies operating in the field of renewable energy, NGOs, universities, and relevant ministries.

Promoting accountability and transparency in Turkish businesses

Corporate transparency and accountability are increasingly gaining attention as a fundamental mechanism of global sustainability governance.⁹⁷ The increased visibility of the effects of climate change is also raising citizens' expectations from businesses. At this point, transparency and accountability are essential for effective climate action. As companies become more transparent, the differences between the actions that companies claim to take or not take, as well as the policies that they advocate, will also become more visible.⁹⁸

Business transparency is relevant for Turkey's relations with the EU. In April 2014, the European Parliament adopted a reform to strengthen the accountability and transparency of businesses regarding the impact of their activities on human rights, the environment, and

⁹² "Presse release in Turkish," Global Coal Exit List, October 5, 2018. https://www.coalexit.org/sites/default/files/download_public/CPDL%20PR%20Turkish.pdf

⁹³ *Ibid*

⁹⁴ Global Energy Monitor, "Boom And Bust Coal 2022," https://globalenergymonitor.org/wp-content/uploads/2022/04/BoomAndBustCoalPlants_2022_English.pdf

⁹⁵ <https://ekoiq.com/2020/09/24/tusiaddan-yeni-rapor-ekonomik-gostergeler-merceginden-yeni-iklim-rejimi/>

⁹⁶ Anonymous Turkish lobbyist 2, interview by Fatin Reşat Durukan, Zoom, December 10, 2021.

⁹⁷ Aarti Gupta and Michael Mason, "Disclosing or obscuring? The politics of transparency in climate governance," *Current Opinion in Environmental Sustainability*, LSE Research Online, N. 18, 2016, p. 82-90.

⁹⁸ Andrew Winston, "Corporate Action on Climate Change Has to Include Lobbying," *Harvard Business Review*, October 16, 2019. <https://hbr.org/2019/10/corporate-action-on-climate-change-has-to-include-lobbying>

society.⁹⁹ Later, in February 2022, the EC adopted a proposal for a directive on corporate sustainability due diligence. This proposal argues that companies should be managed by sustainable policies and integrate issues such as climate change, environmental challenges, and human rights into their governance, including transparency as an integral practice. This proposal classifies companies operating in the EU into two groups: EU companies (Group 1) and non-EU companies (Group 2).¹⁰⁰ Group 1 is comprised of private European limited companies with more than 500 employees and a global net revenue of more than 150 million EUR; Group 2 is comprised of other European private limited companies operating in identified high-impact sectors, with more than 250 employees and a global net revenue of 40 million EUR.¹⁰¹ The proposal includes non-EU companies operating in the EU with turnover thresholds corresponding to those of Groups 1 and 2. Therefore, large Turkish businesses operating in the EU will also be affected by this regulation.¹⁰²

To this end, businesses have started to integrate environmental, social and governance (ESG) standards, which promote stakeholder capitalism and transparency in their governance. ESG has emerged to overcome issues such as performance ratings, financial measures, or sustainability.¹⁰³ The EGD should not be separated from this framework, and the EC is examining the possibility of introducing a European ESG benchmark label covering all ESG pillars.¹⁰⁴ This will mean that all products sold in the European market will have to meet higher sustainability standards. The EC claims that this will help to “bring more clarity to the market, meet the demand of asset managers and investors, channel capital flows towards more sustainable investments and contribute to the fight against ESG-washing.”¹⁰⁵ Hence, ESG standards will resolve many of the concerns that investors have about a company’s potential impact on the environment. In turn, sustainable investors will prefer these companies, as their performance in other ESG criteria is not neglected. Transparency and sincerity can be key principles for a responsible and sustainable commitment of businesses in the struggle against greenwashing, but also for legislators, who should be a real lever for green transformation for citizens and the planet.¹⁰⁶

Policy recommendation: The trilateral cooperation between businesses, civil society, and academia can lead to the creation of an independent transparency agency. This voluntary facility should organize meetings and reports to inform the government and the public, using data such as carbon emissions and ESG statements from big businesses. In addition, businesses should receive regular information on environmental, social, and sustainability bonds. Furthermore, a network could be created in which companies that have successfully implemented ESG standards over the long term could serve as models for other companies and SMEs. It should also be ensured that the independent transparency agency is part of the Coordination Council on Climate Change and Air Management Board and participates in international climate negotiations.

⁹⁹ “EP votes reporting reform to strengthen corporate accountability,” *International Federation for Human Rights*, April 15, 2014. <https://www.fidh.org/en/issues/globalisation-human-rights/15231-ep-votes-reporting-reform-to-strengthen-corporate-accountability>

¹⁰⁰ “Just and sustainable economy: Commission lays down rules for companies to respect human rights and environment in global value chains,” European Commission, February 23, 2022.

¹⁰¹ *Ibid.*

¹⁰² *Ibid.*

¹⁰³ Boffo, R., and R. Patalano, “ESG Investing: Practices, Progress and Challenges,” OECD Paris, 2020. www.oecd.org/finance/ESG-Investing-Practices-Progress-and-Challenges.pdf

¹⁰⁴ “EU labels for benchmarks (climate, ESG) and benchmarks’ ESG disclosures,” European Commission. https://finance.ec.europa.eu/sustainable-finance/disclosures/eu-labels-benchmarks-climate-esg-and-benchmarks-esg-disclosures_en

¹⁰⁵ *Ibid.*

¹⁰⁶ GRF Committee Meeting, September 16, 2022.

8. Conclusion

Since 2019, the EGD represents the usage of European integration that affects all European business dynamics. The analysis and policies presented in this paper are based on the transition of the EU and Turkey to a new phase of trade cooperation under this deal. Turkish businesses have the potential to significantly shape Turkey's climate policies in the medium to long term. Indeed, Turkish businesses are a driving force in Turkey's green transformation, as they follow the EU's green action plans in a more agile manner than the Turkish government. Moreover, Turkish business lobbying towards the Turkish government, Turkish businesses, or the EU could help improve EU-Turkey relations in this newly established green ecosystem.

Turkey's shift away from coal by 2030 is the most pressing decision in its climate policies. Businesses are expected to actively advocate for the move away from coal to climate actors such as the Turkish government, Turkish fossil fuel lobbies, and the Ministry of Energy. The key point of this corporate lobbying is to internalize the climate change issue and initiate the transformation of its governance in Turkey. Additionally, public opinion matters greatly to businesses, and internalizing climate change with a target-oriented approach will strengthen public support for businesses. Finally, business transparency is necessary for the governance of the entire process and the credibility of lobbying activities. In this context, collaborative lobbying activities with NGOs and academia will strengthen the lobbying activities of businesses vis-à-vis the government and relevant stakeholders. When implemented, the policy recommendations put forth in this paper could improve EU-Turkey relations and may help solve issues such as transparency, environmental issues, and modernization of the Customs Union.

Current global challenges, such as the Russia-Ukraine war, should not limit lobbying for green transformation in Turkey. The war has highlighted the heavy dependence on Russian gas and reinforced the importance of transitioning to renewable energy.¹⁰⁷ To respond to the disruption of the global energy market caused by the war, the EU introduced the REPowerEU plan to save energy, produce clean energy, and diversify its energy sources.¹⁰⁸ Lobbies should continue to advocate for a more principled approach to the green transformation without getting bogged down by existing obstacles. On the other hand, the war has put Turkey's Europeanization back on the agenda. Just as the threat of the Soviet Union during the Cold War played a key role in Turkey's NATO membership, this time Russia's aggression in Ukraine could bring Turkey closer to the EU and revitalize accession negotiations. Turkey's green transformation alongside its geographical advantage can be turned into a win-win strategy in the pursuit of EU membership.¹⁰⁹

¹⁰⁷ GRF Committee Meeting, September 16, 2022

¹⁰⁸ European Commission, "REPowerEU: affordable, secure and sustainable energy for Europe." https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/repower-eu-affordable-secure-and-sustainable-energy-europe_en

¹⁰⁹ GRF Committee Meeting, September 16, 2022

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GRF is grateful to John Bowlus for copyediting the pre-publication drafts of GRF Young Academics papers.

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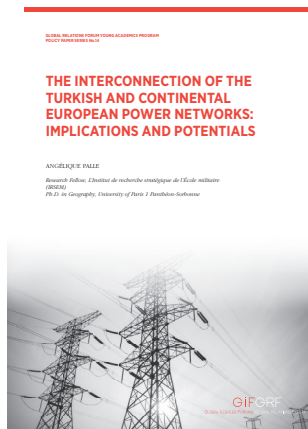


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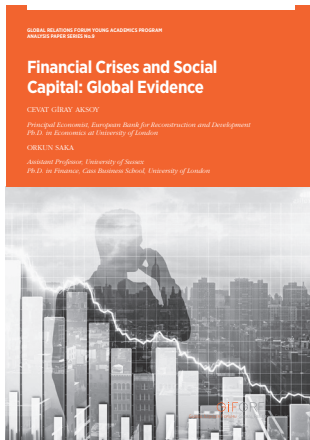
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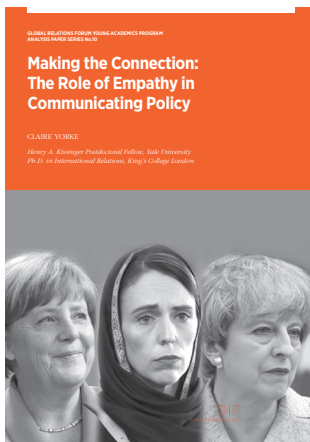
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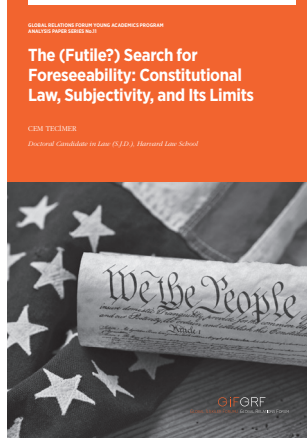


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July 2023

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