Developing EU Trade Incentives: A Support Tool for Refugee Self-reliance and Host Community Resilience in Turkey

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The EU is developing innovative mechanisms to investigate the root causes of migration in order to offer better socio-economic opportunities both to migrants and host communities. These mechanisms and actions require multi-country bilateral and regional assistance tools to support different partner countries. Innovative and out of the box ideas include multiple countries and various stakeholders. They are developed to provide cooperation solutions at different regions to have a wider impact on the causes and implications of migration. Despite these efforts, political, social, economic and environmental causes continue to generate human mobility around and beyond the immediate neighbourhood of the EU.

The Arab Spring and the civil war in Syria have been creating human mobility in the neighbourhood of the EU. The war made approximately 7 million Syrians flee to neighbouring countries. Turkey is hosting around 3,7 million Syrians and another half a million asylum seekers and refugees from other regions. The presence of Syrians in Turkey, together with other refugees benefitting from international protection, has become protracted. The efforts to create durable solutions in the form of "voluntary return, resettlement or local integration" have not yet successfully provided sustainable solutions.

Turkey does not pursue an official state integration policy to integrate asylum seekers, refugees, and the Syrians under temporary protection (STP). However, STPs, asylum seekers and refugees are becoming increasingly integrated into their host communities through informal and local integration mechanisms.[1] The delay in the access to formal employment and challenges in receiving formal employment permits aggregates the difficulties in the inclusion of refugees into formal employment schemes. The EU-Turkey Statement in 2016 triggered the development of changes in the legal framework of international protection and migration policy. The Statement paved way the preparation of regulations on work permits for persons under temporary and international protection.[2] Legal developments targeted to accelerate the economic integration of refugees into Turkish labour market through formal employment. However, the difficulties in

[1] Kale, B. and M. Erdoğan (2019), "The Impact of GCR on Local Governments and Syrian Refugees in Turkey", in Ferris, E. and S. Martin (eds.), "The Global Compacts on Refugees and for Safe, Orderly and Regular Migration: Introduction to the Special Issue", *International Migration,* 57 (3).

[2] Official Gazette (2016), "Regulation on Work Permits for Foreigners under Temporary Protection", 15 January 2016, https://www.mevzuat.gov.tr/MevzuatMetin/3.5.20168375.pdf ; Official Gazette (2016), "Regulation on Work Permits for Persons under International Protection", 26 April 2016, https://www.resmigazete.gov.tr/eskiler/2016/04/20160426-1.htm (Access date: 17.05.2021).

getting formal work permits resulted with only 132.000 work permits to be issued until 2019. This indicates that approximately 4% of the STP working population has formal employment.[3] This percentage is more or less matched with the ILO estimations.[4] As a result, the majority of the refugee population is working informally, underpaid,[5] without formal social and health security mechanisms in unskilled jobs that are not wanted by Turkish citizens.[6]

Informal employment has been a key element contributing to the lack of durable solutions and protracted process. The Covid-19 pandemic has also aggravated the increasingly poor state of the Turkish economy.[7] Previously, there have been continuous efforts through FRIT and 3RP projects with programs focusing on improving the employability of refugees in the Turkish labour market as well as support the entrepreneurship capacities of the refugees in accessing to formal labour market. However, under the current economic conditions these projects are failing to generate a significant long-term impact on employment for refugees.[8] These projects provide short-term trainings or restricted employment possibilities while including a very limited number of participants. In addition, the Covid-19 pandemic conditions have shown that these livelihood support arrangements when they are not based on right-based approaches overtime can transform back to humanitarian aid services.[9] Long-term policy planning needs to include other incentive mechanisms that will cover multi-country and multi-region solutions. In the long run, if vulnerable populations in the host societies turn into most vulnerable requiring humanitarian and emergency aid, the incentive of secondary movements to third countries can be high.

The negotiations on the revision of the EU-Turkey Statement has shown that the process has entered a stalemate due the lack of consensus on the modernization of the Customs Union (CU) and other political issues. With this prolonged stalemate, the economic support for the displaced persons in Turkey can be jeopardized. A new approach including a novel understanding of mutual economic benefits that does not only focus on direct or indirect humanitarian or financial aid, but furthering economic opportunities in the supply side of the economy can provide solutions. Trade incentives that focus on not only business sector, but also agriculture sector can be a mutually beneficial solution. This possibility with the tools and mechanisms to deliver the expected results can be explored further with the stakeholders in Turkey, EU and internationally.

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[3] UN Turkey (2020), Socio-Economic Impact Evaluation Report, July 2020, https://turkey.un.org/sites/default/files/2021-04/UN%20Turkey%20Covid-19%20Socio-Economic%20Impact%20Assessment%20Report_vf_1.pdf, (Access date: 18.05.2021).

[4] ILO (2020) , "Syrian Refugees in Turkey's Labour Market", https://www.ilo.org/ankara/publications/WCMS_738602/lang--en/index.htm, (Access date: 15.05.2021).

[5] Balkan, B. and S. Tümen (2016), "Immigration and Prices: Quasi-experiemental evidence from Syrian Refugees in Turkey", *Journal of Population Economics*, Vol. 29, No. 3, pp. 657-686.

[6] Sunata, U. (2017) "Syrian Refugee Livelihood Monitor: Survey Assesment", *Syrian Refugee Livelihood Monitor*, İstanbul: INGEV and Ipsos, pp. 1-14.

[7] Akay Ertürk, S. (2020), "The effects of COVID-19 on Syrian refugees in Turkey", *https://southernresponses.org/2020/04/24/the-effects-of-covid-19-on-syrian-refugees-in-turkey/* (Access date: 15.05.2021).

[8] Özçürümez, S. and A. İçduygu (2020), Forced Migration Experience and Societal Integration, Bilgi University Press: İstanbul, p. 105.

[9] Kale, B. and B. Yavçan (2020), "The Impact of COVID-19 Pandemi on Communities in Need of International Protection in Turkey", in Alemdar, Z. and B. Sarıgil (eds.), *WFP Almanac 2020: Women, World Politics and Turkey*, pp. 41-43.

This paper argues that it is important to focus on the demand side of the labour market with a key element of job creation.[10] This research while utilizing the existing literature in this field[11] looks into the mechanisms of trade incentives as conditions of formal employment of refugees, asylum seekers and persons in need of protection in Turkey. The Global Compact for Refugees (GCR) offers an innovative idea to bring this about in the form of trade arrangements "for goods and sectors with a high level of refugee participation in the labor force." All EU member countries, apart from Hungary, have endorsed the GCR. Though the GCR is not a legally binding document and the European Commission in its recent "New Pact on Asylum and Migration" makes scant reference to the GCR, self-interest, not to mention moral obligation, calls for its implementation if secondary movements of refugees as well as the human and political toll reminiscent of the 2015-16 European migration crisis are to be averted.

Looking at a multi-country and multi-stakeholder level, this paper will argue that these mechanisms developed by the EU can provide the necessary instruments for sustainable self-reliance for migrant and refugees. Therefore, if developed further to include other refugee and migrant hosting countries such as Turkey, these actions can support the pillars of the new Pact on Migration and Asylum with direct policy implications. This paper tackles the critical issues and key directions proposed in the "Joint Communication: Renewed partnership with the Southern Neighbourhood - A new agenda for the Mediterranean."[12] Within the proposed framework the 'Economic and Investment Plan for the Southern Neighbours' which aims for a renewed "commitment to implement and support inclusive socio-economic reforms, especially of the business environment, sustainable economic growth and stability-oriented macroeconomic policies underpinned by a long-term strategy." GCR, FRIT and 3RP growing emphasis for the need to move from a "humanitarian assistance" focus to a developmental one to achieve greater

[10] Kirişci, K. (2021), "As EU-Turkey migration agreement reaches the five-year mark, add a job creation element", Brookings Institute, March 17, 2021, https://www.brookings.edu/blog/order-from-chaos/2021/03/17/as-eu-turkey-migration-agreement-reaches-the-five-year-mark-add-a-job-creation-element/, (Access date: 20.05.2021).

[11] Kirişci, K. (2021), "How trade concessions can improve refugee self-reliance", June 29, 2020, https://www.brookings.edu/blog/order-from-chaos/2020/06/29/how-trade-concessions-can-improve-refugee-self-reliance/ (Access date: 20.05.2021); Betts, A., and P. Collier (2015), Help Refugees Help Themselves: Let Displaced Syrians Join the Labor Market, *Foreign Affairs, 94* (6), 84-92, Retrieved May 21, 2021, from http://www.jstor.org/stable/43946544; Carter, A., Y. Gong, and J.B. Nugent (2015), "Measuring Trade Advantages of the Qualifying Industrial Zones Programme of Jordan and Egypt Offered by the United States for Having Signed Peace Treaties with Israel," Topics in Middle Eastern and African Economies, 17 (2), pp. 192-215; Crawley, H. (2017), "Refugee Economics," Nature 544, pp. 26-27 (http://www.nature.com/nature/journal/v544/n7648/full/544026a.html?foxtrotcallback=true); Development Initiatives (2017), "Supporting Syria and the region: Post-London conference financial tracking. Report Two," February (https://bit.ly/2NS7shK); Development Initiatives (2018), "Supporting Syria and the region: Post-Brussels conference financial tracking. Report Five," (http://www.consilium.europa.eu/media/33790/supporting-syria-and-the-region_post-brussels-conference-tracking-proces.pdf); Howden, D., H. Patchett and C. Alfred (2017), "The Compact Experiment: Push for Refugee Jobs Confronts Reality of Jordan and Lebanon," Refugees Deeply Quarterly, December; Maystadt, J., and P. Verwimp (2014), "Winners and Losers Among a Refugee-Hosting Population," Economic Development and Cultural Change, 62 (4): 769-809.

[12] EU (2021), Joint Communication: Renewed partnership with the Southern Neighbourhood - A new agenda for the Mediterranean, https://eeas.europa.eu/headquarters/headquarters-Homepage/92844/renewed-partnership-southern-neighbourhood-new-agenda-mediterranean_en, (Access date: 19.05.2021).

refugee self-reliance and resilience for host communities. Job creation through trade incentives will be critical to achieving the transformation to move from humanitarian aid mechanisms such as ESSN into long-term and wide spread employment. This paper aims to explore how trade facilitation can become a way of supporting this transformation and why this could help bring about a "win-win-win" outcome beneficial to the refugees, to the EU and Turkey, while providing a good practice policy example for the Southern Neighbourhood of the EU.

The proposed paper will be composed of four sections; an introduction on the definition of the problem and why "trade incentives" would be beneficial to all stakeholders involved; a section on the assessment of the current refugee situation in Turkey; a section on why trade incentives is critical moving forward and how such incentives could be put into place with policy outcomes; and a discussion of challenges in getting to trade incentives from the EU, from the Turkish or the WTO side. The paper will conclude with a section on an overall analysis of policy related propositions. In writing this analysis, a methodology of desktop research on a literature review of scholarly articles, official documents, policy papers and reports will be adopted. This research will also utilize empirical data collected from civil society institutions, trade unions, and trade associations through semi-structured online interviews conducted in Turkey between January-March 2021.[13]

Trade Incentives as a Market-based Livelihood Intervention for Refugees

The increased number of displaced persons and their protracted displacement situations in today's world requiring both receiving states and states providing assistance to recognize "a growing recognition of the imperative need, on both humanitarian and development grounds, to secure sustainable solutions for refugees, IDPs, stateless people and returned refugees."[14] This means a wider range of partners developing out of the box ideas need to work in close cooperation with public, private and international organizations. These collaborations have to engage in solutions that will involve not only public, but also business stakeholders.

The policies putting humanitarian aid and emergency assistance at its core can prove to have immediate impact in emergency displacement situations. However, when displacement situations transcend into protracted ones, humanitarian aid and emergency assistance cannot be sufficient enough for achieving long-term sustainable livelihood opportunities for displaced populations. From a refugee point of view, reducing dependency on humanitarian aid and achieving economic inclusion either through formal employment or through other ways of labour market inclusion means enhancing livelihood opportunities. From the host government perspective, long-term solutions can guarantee self-dependence, strengthen social protection, help local communities, and reduce impact on host economies. These actions can also ease social and political tensions. For humanitarian and development organizations, alternative methods focusing on supporting livelihoods and integration of refugees to humanitarian aid can preserve dignity of the forcibly displaced, address development issues, and support the efforts to sustain financial means. When it comes to states that provide humanitarian aid and emergency assistance, alternative methods

[13] The ethical approval for the proposed research is received from the METU Ethical Review Board on 27th January 2021.

[14] ILO (2017), *A Guide to Market-based Livelihood Interventions for Refugees*, UNHCR and ILO Joint Report, ILO Publications: Geneva, https://www.unhcr.org/594b7d7f7.pdf, (Access date: 18.07.2021).

can provide longer impact with economic benefits vitalizing international trade.

The EU-Jordan Compact is signed in February 2016 as a new approach to deal with protracted displacement of Syrian refugees in Jordan. The Compact aimed at improving access to education and legal employment for Syrian refugees in return for grants and loans and preferential trade agreements with the EU. As a country that is not a signatory to the 1951 Convention, the Compact proved that with "economic and political incentives such as trade deals, a restrictive policy environment can be opened up and funds can be mobilised in a short space of time."[15] Although the school enrollment of refugee students has increased, the progress has been slow and challenges on quality of services, financial barriers, self-employment, improving daily lives of refugees remained unresolved. The Compact had a target of 200,000 work permits to be issued for Syrian refugees in specified sectors. In return, the EU was committed to ease "trade regulations stimulate exports from 18 designated economic zones and industrial areas in Jordan." In this way, Jordan was expected to accelerate reforms to improve its investment and business environment.

Instead of providing humanitarian aid, the donor countries and international development partners such as the World Bank (WB) and the International Monetary Fund (IMF) offered incentive structures including new trade agreements, development plans and reform agendas. Despite these aims the Compact bear limited success due to the trade agreement's rules of origin clause and the restrictions on the application of these trade benefits such as employment of a minimum share of refugees or firms' to be located in one of the designated industrial zones. The restrictions on company's that can benefit from the incentives with respect to location lowered the number of companies that will be willing to move operation on a designated location with substantial infrastructure costs. Considering the possible limited time frame of these benefits only relatively more established companies could have afforded to make this investment. Small and medium size enterprises (SMEs) would have to see a substantial benefit to be able to adjust their production to benefit from these incentives making the effectiveness of the Compact rather limited.

The UN's Comprehensive Refugee Response Framework (CRRF) included other compacts such as the Ethiopia Jobs Compact, which was launched in May 2018.[16] In this compact, the Government of Ethiopia and international partners (the World Bank, DFID, the European Investment Bank and the EU) involved support for industrialization, job creation and employment of refugees and Ethiopia citizens. The Compact has elements that support legal and policy reforms, development of industrial parks, inclusive and industrial sustainable development, enhance employee recruitment, and skills development. However, the impact of the Compact have been limited as there were various faced challenges including "poor logistics costs and lead times; limited qualified labour supply and high rates of employee turnover; low institutional, regulatory and administrative capacity; insufficient "off the fence" local infrastructure investments; limited backward linkages; and limited progress on trade policy issues."[17] Both of these compacts present novel approaches to development aid, donor interaction

[15] "The Jordan Compact: Lessons learnt and implications for future refugee compacts", Veronique Barbelet, Jessica Hagen-Zanker and Dina Mansour-Ille, February 2018, www.odi.org (Access date: 18.07.2021).

[16] https://ec.europa.eu/trustfundforafrica/region/horn-africa/ethiopia/ethiopia-job-compact-sector-reform-and-performance-contract_fr (Access date: 18.07.2021).

[17] https://ec.europa.eu/trustfundforafrica/sites/default/files/t05-eutf-hoa-et-60_-_ethiopia_job_compact_incl._addenda.pdf (Access date: 18.07.2021).

with host countries, refugee protection support and refugee responsibility sharing.

Trade incentives can be explored to map their potential for economic benefits as well as their limits of implementation. As explained above, trade incentives when utilized at a wide range of countries with the inclusion of business and government stakeholders can provide a novel approach, which can be mutually beneficial for refugees, host communities as well as humanitarian aid/assistance provider countries. Through developing mechanisms that will involve refugees in the industrial, service or agricultural sectors can support the demand side of the labour market in host countries. Increasing the trade volume with countries specifically for the sectors that involve refugees can directly benefit refugees, businesses and host country economies. Creating attractive trade incentive programmes in exchange for sharing the burden with host countries can provide financial benefits that will have long-term social and economic impact. Instead of negotiating where and how humanitarian assistance will be spent in the host country, increased trade volume targeting refugee heavy sectors can facilitate market access; provide cash inflow and support economic growth. Through this mechanism the number of jobs available for refugees will automatically increase to support formal and steady employment opportunities. This can contribute directly to the livelihood of refugees and ease the burden on host countries.

Current Refugee Situation in Turkey and Market Access to Formal Employment

Turkey is hosting around 3,7 million Syrians and another half a million asylum seekers and refugees from other regions. The presence of Syrians with other displaced persons benefitting from international protection has become protracted in Turkey. The efforts to create durable solutions in the form of "voluntary return, resettlement or local integration" have not yet successfully provided sustainable solutions. Resettlement to third countries can be considered symbolic and minimal. The current developments in Afghanistan with the changes in Taliban regime is an important indicator that the human displacements will continue to occur in the region with mass migratory flows towards neighbouring countries and non-neighbour countries on the way to Europe like Turkey.

Both EU member states and other Western countries traditionally resettling refugees were not able to develop and sustain specific programmes in particular for large number of Syrian refugees in need of international protection in the region. Considering the high number of displaced persons who can qualify to be resettled and the slow process of resettlement indicate that resettlement will not a durable solution in the long-term. Similarly, over the years, the efforts to create safe zones for return to Syria has also did not bare any viable result. The lack of formal integration policy to integrate asylum seekers, refugees, and STPs in most of the host communities also proved that local integration would not be long-term solution at least for some of the host countries. In case of Turkey, this lack of state led integration policy, enhanced informal and local integration mechanisms.[18] Through these mechanisms forcibly displaced populations found means to support themselves with informal employment. The basis of the

[18] Kale, B. and M. Erdoğan (2019), "The Impact of GCR on Local Governments and Syrian Refugees in Turkey", in Ferris, E. and S. Martin (eds.), "The Global Compacts on Refugees and for Safe, Orderly and Regular Migration: Introduction to the Special Issue", *International Migration,* 57 (3).

legal framework enabling foreigners to have legal employment was accepted in 2003 with the Law on Work Permits for Foreigners.[19] In the same year the implementation directive aimed to put in place the implementation framework was accepted. (Resmi Gazete, 2003a). The Law on Foreigners and International Protection (LFIP) gave the right to international protection holders to apply for work permits 6 months after they enter the country. (Resmi Gazete, 2013).

The EU-Turkey Statement triggered further changes in the legal framework to bring the regulations on work permits for persons under temporary and international protection.[20] The legal framework that allows the STPs and persons under international protection to have formal employment permits was accepted in 2016.[21] All of these legal developments were targeting to accelerate the economic integration of refugees into Turkish labour market through formal employment and sustain viable livelihoods. However, the difficulties in getting formal work permits resulted with only 133.000 work permits to be issued until 2019.[22] Detailed bureaucratic formalities, conditions and delays, including work permits that need to be issued on specific locations were the main reasons for the low number issued work permits. The low number of work permits issued for persons under temporary protection is a result of Turkey's labour market economy's structural problems. Informal employment is a serious structural labour market problem in Turkey.[23] It is estimated that there is about 30% of labour in host community among all sectors is working unregistered. This percentage becomes very high up to 83.5% in sectors such as agriculture. This can become as low as 16.46% is sectors such as industry.

These structural problems have to be tackled with comprehensive reform steps to labour market in Turkey. In the meantime, the EU through the tools of the EU-Turkey Statement aimed at supporting livelihoods of refugees on two grounds. The most consistent approach so far has been the financial assistance mechanism the Emergency Social Safety Net (ESSN) developed within the Statement. Through this scheme, a fix amount of direct cash assistance is distributed among refugees who need the financial support the most. Indirectly, EU funded projects through mechanisms of skills and language acquisition and training, network building, labour market access support, employer social security premium support, and employment incentives reinforced labour market integration of refugees. These efforts involved limited number of participants and beneficiaries within a limited time frame. The projects do not always bring long-term labour market access results for a wide range of refugee community members and the

[19] Offical Gazette (2003), Law on Work Permits for Foreigners, Law No. 4817, https://www.mevzuat.gov.tr/MevzuatMetin/1.5.4817.pdf (Access date: 8th May 2021)

[20] Official Gazette (2016), "Regulation on Work Permits for Foreigners under Temporary Protection", 15 January 2016, https://www.mevzuat.gov.tr/MevzuatMetin/3.5.20168375.pdf ; Official Gazette (2016), "Regulation on Work Permits for Persons under International Protection", 26 April 2016, https://www.resmigazete.gov.tr/eskiler/2016/04/20160426-1.htm (Access date: 17.05.2021).

[21] https://www.ailevecalisma.gov.tr/medias/6248/gkkuygulamarehberi1.pdf (Access date: 20.07.2021).

[22] https://www.csgb.gov.tr/istatistikler/calisma-hayati-istatistikleri/resmi-istatistik-programi/yabancilarin-calisma-izinleri/ (Access date: 20.07.2021).

[23] http://www.sgk.gov.tr/wps/portal/sgk/tr/calisan/kayitdisi_istihdam/kayitdisi_istihdam_oranlari (Access date: 20.07.2021).

number of registered formal work permits stay limited. Similarly, funds supporting entrepreneurship opportunities can also have limited success.

The ESSN provides direct cash support to help with the basic needs of refugees, which cannot be sustainable in the long-term. These basic needs met over time transferred into self-reliance efforts. The Turkish government in the last couple of years aimed at exiting the EESN system through a strategy focusing on sustainable approaches for the long-term.[24] The Covid-19 pandemic demonstrated "the vulnerability associated with informal work or casual labor opportunities, with many refugees and host communities facing a sudden and unexpected loss of livelihoods."[25] The worsening of economic conditions is adversely impacting the ability of refugees in accessing livelihood opportunities. Diverting from costly direct cash assistance programmes with limited time frames can be a rational choice, but finding the alternative to replaces these tools can be difficult. Given these limitations, a new approach with tools that will allow refugee and host community members to benefit from economic gains while supporting mutual economic benefits with the humanitarian aid provider countries is necessary.

Trade Incentives as a Novel Approach in Supporting Refugee Hosting Countries

The previous section discussed how the EU-Turkey Statement involved financial support mechanisms with direct and indirect labour market support incentives for enhancing employment opportunities of STPs. Considering the limited success in securing formal employment for refugees this section suggests that trade incentives can be a novel sustainable approach. Increasing trade through trade incentives tackling different sectors within host communities can directly increased the trade volume of the countries involved including the economies hosting refugees. In order to promote this idea, Turkey put forward a proposal for utilizing trade in refugee employment.

At the World Trade Organization's (WTO) ministerial meeting of December 2017 together with Qatar proposed to adopt a declaration to "explore ways that trade and the WTO can help in alleviating the adverse impact of this crisis."[26] In this declaration, trade was considered to be used as a means for more equitable sharing of responsibility by the international community to ease the adverse impacts on the countries hosting especially significantly large number of refugees. Suggesting that this type of support will be essential both for the wellbeing of the displaced persons and "economic, political and social stability of the host countries", the proposal included a draft Ministerial Decision of the intention to cooperate for providing employment for Syrians in host countries.[27]

The declaration only proposed adoption of a decision for a call to engage in relevant consultations within the WTO and to explore ways as an important sign of international solidarity and cooperation. However, failing to become a signal of global support, this call for

[24] https://ailevecalisma.gov.tr/media/3725/essn-exit-strategy-1.pdf (Access date: 25.08.2021).
[25] https://www.atlanticcouncil.org/wp-content/uploads/2020/07/Turkey%E2%80%99s-Refugee-Resilience-Expanding-and-Improving-Solutions-for-the-Economic-Inclusion-of-Syrians-in-Turkey-Report.pdf (Access date: 25.08.2021).
[26] https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S009-DP.aspx?language=E&CatalogueIdList=240664 (Access date: 10.07.2021).
[27] Ibid.

solidarity and exploration was declined by the WTO members. This was only a suggestion for exploring possible methods "in terms of coping with the side effects of this continuing important humanitarian crisis." The rejection of the exploring cooperation methods for providing employment for displaced Syrians through trade mechanisms demonstrated the sensitive nature of this issue. However, it may not always be a sign of the lack of solidarity and consensus among the members. If a similar proposal with multilateral aspects can be backed by the main refugee hosting countries in the region such a Jordan and Lebanon, the support can be extended.

There are other WTO-compatible approaches that would be consistent with WTO rules. First of all, the Article 14 of the General Agreement on Tariffs and Trade (GATT) allows the members to depart from the MFN rule when bilateral and regional trade agreements are negotiated to remove trade barriers. This can be used under exceptional circumstances and the EU's Jordan Compact is an example of this exceptional situation where an FTA is concluded. It has been warned that bilateral and regional trade agreements can be patchy in their coverage and relatively few of the major refugee hosting countries has them.[28] This means the utilization of this approach can be only case specific like in the case of Syrian crisis, but it will have limited application in its comprehensive coverage. Secondly, a reform of the Generalized System of Preferences (GSP) will allow developed and mostly donor country members of the WTO to provide preferential treatment to imports from developing country members through the "Enabling Clause." The Enabling Clause was adopted in 1979 to give "differential and more favorable treatment to developing countries" by developed members.[29] Under this clause, developing countries can go ahead to make preferential trade arrangements among themselves that will allow more favorable treatment for countries designated by the UN as least developed countries (LDCs). Under these preferences developed countries can offer "non-reciprocal preferential treatment (such as zero or low duties on imports) to products originating in developing countries." However, as preference-giving countries can determine unilaterally the products and the countries are included in their schemes the impact of the treatment can be rather limited. Finally, Article 9 of the Marrakesh Agreement allows waivers of obligations under exceptional circumstances.[30] These exceptional circumstances, the requirements for granting and renewing waivers and the rules on the interpretation of waivers are not explained in great detail. There is also a limited time frame for the waiver that has to be reviewed by the Ministerial Conference not later than one year after it is granted and thereafter annually until the waiver terminates. In this process, the terms, conditions and the exceptional circumstances justifying the waiver will be monitored to see if it should be extended, modified or terminated.[31] This was the proposal that Turkey and Qatar put forward in 2017. Considering the exceptional nature and the detailed procedures to follow for such a waiver, it can only be utilized under very specific circumstances. The Syrian crisis should have been sufficient enough to prove these exceptional circumstances and yet even the possibility of exploring this option was rejected.

As it can be seen from the above mentioned discussion that the WTO legal framework provides a

[28] Kimberly Ann Elliott and Heliodoro Temprano Arroyo, Using Trade Preferences to Support Refugees and their Hosts, Center for Global Developemtn, December 2019, https://www.cgdev.org/sites/default/files/elliott-arroyo-trade-preferences-refugees.pdf (Access date: 10.07.2021).

[29] https://www.wto.org/english/tratop_e/devel_e/dev_special_differential_provisions_e.htm (Access date: 10.07.2021).

[30] https://www.wto.org/english/res_e/publications_e/ai17_e/wto_agree_art9_jur.pdf (Access date: 10.07.2021).

[31] Ibid.

basis to develop or at least to consider ways of using trade preferences to increase trade volumes between developed donor countries and the developing refugee hosting countries. It is clear that there has to be different options available for different refugee hosting countries. For example, Ethiopia, Jordan and Turkey are all under different economic, social and political pressures to host refugees. A standard size and shape of trade incentive that will fit the needs of all refugee-hosting countries will be difficult to achieve. In developing these trade incentives it is important to keep into consideration the number of refugees within a country, percentage of the forcibly displaced persons to the host country population, the economic development level of the host country, a sector based approach where the refugees are most involved and their potential to be involved further, the sectors that will have a significant benefit from these incentives, labour market indicators of formal and informal employment, geographical location for smooth access to markets, and finally the labour market legal framework of the host country has to be taken into consideration.

Elimination of key products or sectors in the preferential trade agreements, imposing burdensome rules of origin, excluding key export sectors such as agricultural products, fisheries and textiles, various conditions in the production or manufacturing locations such as specific industrial zones, limited time frames for application, exclusion for many labour-intensive manufactures are potentially critical for refugee employed sectors can substantially limit the effectiveness and application of these trade incentives. The EU has free trade agreements with Jordan and Lebanon. In the case of Turkey, it has a Customs Union (CU) and Turkey is a candidate country to become a member of the EU. However, there is an on-going debate on the potential modernization of the Customs Union.[32] The discussion on the modernization of the CU to include sectors that can be critical for refugee employment so far did not bear any results. On the contrary, the European Parliament (EP) has been involved in the discussion of the possibility of suspending the CU all together.[33] This action will have detrimental impact on Turkish economy, especially under the current Covid-19 pandemic economic conditions.

When the first Syrian refugees started to arrive in 2011 Turkish economy was very different than in 2016 when the EU-Turkey Statement was signed. During the Covid-19 pandemic Turkish economy went under serious challenges as the global economic conditions deteriorated. The pandemic adversely affected employment levels of both Turkish citizens and refugees. The most vulnerable populations including STPs, asylum seekers, refugees and irregular migrants were affected more adversely. World Food Programme (WFP) research indicates that in 2020 around 45% of the persons in need of international protection was living under poverty conditions in Turkey.[34] The ESSN cash support is available for over 1.65 million Syrians and among those 69% that were interviewed for the IFRC survey indicated that they lost employment due to the pandemic and 82% of the households do not have any members involved in wage earing economic activities.[35] It is mainly because refugees are employed in the informal sector and

[32] https://www.avrupa.info.tr/en/customs-union-modernisation-54 (Access date: 08.07.2021).
[33] https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/659411/EPRS_BRI(2020)659411_EN.pdf (Access date: 08.07.2021).
[34] WFP (2020), "Comprehensive Vulnerability Monitoring Exercise (CVME)", https://www.wfp.org/publications/turkey-comprehensive-vulnerability-monitoring-exercise (Access date: 17.05.2021).
[35] IFRC and TRC *(2020), Impact of COVID-19 on Refugee Populations benefitting from the Emergency Social Safety Net Programme Assessment Report*, IFRC and TRC, https://media.ifrc.org/ifrc/wp-

government incentives or support mechanisms during the pandemic cover only person working in formal employment.[36] These conditions made paying rent and food as the most critical priority to meet. Sustaining the livelihoods of the refugees became a serious challenge and civil society organizations have reported that they turned their efforts social and economic integration efforts into humanitarian aid during the pandemic.[37]

Preferential access to major markets with refugee employed targeted sectors without restrictive origin rules can expand trade volumes. In order to achieve these, the major donor and refugee resettlement countries have to be on board with these ideas including the US, the EU, Canada, and Australia. However, this is currently not the case with most of the donor countries. Elliott argues that many Asian and Middle Eastern countries "on the front lines of the worst refugee crises, including Bangladesh and Turkey (see below), receive little or no preferential access in the US market in practice."[38] Especially Turkey is considered sufficiently developed enough not to need trade preferences by the US. This can also be the case with other countries hosting refugees.

The advocacy efforts are important in achieving support from governments, businesses as well as public. In these advocacy efforts the EU, the US and countries such as Canada can work together to alleviate the pressure on refugee hosting countries. The current US administration may be more willing to cooperate on development and humanitarian issues at multilateral platforms compared to the previous Trump administration. The Global Compact for Refugees (GCR) through the Global Refugee Forum (GRF) also provides a useful platform for awareness building, advocacy and consensus building discussions. International organizations such as the UNHCR or the World Refugee and Migration Council can be effective in these advocacy-building efforts. In exploring how trade preferences and trade incentive programs can be utilized in exchange for refugee hosting countries' continued efforts in providing shelter, services and livelihoods for refugees, advocacy activities are important. After adverse affects of the Covid-19 pandemic, WTO also has to reconsider its position in developing tools and mechanisms in increasing the trade volumes and facilitating market access for refugee hosting countries' businesses and farmers.

Conclusions and Policy Recommendations

This paper explored approaches on how to develop novel approach for supporting refugees and host countries in their efforts to develop refugee self-reliance and resilience. The current international refugee protection regime does not provide substantial responsibility sharing tools and mechanisms in alleviating the pressures on host countries. The lack of consensus among donor countries on the methods to support refugee livelihoods and host country economies

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content/uploads/2020/05/Impact-of-COVID-19-on-Refugee-Populations-Benefitting-from-ESSN-Programme.pdf (Access date: 17.05.2021).

[36] ASAM (2020) *Sectoral Analysis of the Impacts of COVID—19 Pandemic on Refugees Living in Turkey*; UNFPA (2021), "Returning to life with support of social services", https://turkey.unfpa.org/en/news/returning-life-support-social-services (Access date: 17.05.2021).

[37] Kale, B., Canlar, E., Fal, B. and Karaman, S. (2021), The Role of Civil Society on Providing Comprehensive Protection to Refugees in Turkey, Education, Science and Society, Vol. 75, *forthcoming*.

[38] Kimberly Ann Elliott, "Developing a More Inclusive US Trade Policy at Home and Abroad", CGD Policy Paper 146, Washington, DC: Center for Global Development, 2019.

necessitate exploring different and novel approaches.

Advocating trade incentives for countries hosting refugees can become an alternative to direct cash assistance programs in supporting refugee livelihoods and formal employment within host labour markets. When designed and targeted specifically to sectors that involve refugee labour, these trade incentives can be critical in bringing policy outcomes. Clearly, supporting trade incentives can be a contested issue among member states within the WTO. International organizations such as the UNHCR and WRMC can support these efforts. Couple with a strong push from donor countries including the EU member states, the US and Canada can give a clear message in formulating the political and legal framework. The following policy recommendations can be utilized to increase the impact of building robust economies for both host and refugee communities, accelerate social and economic integration of refugees, create more significant opportunities to build livelihoods through business creation, long-term formal employment, training and education.

- **Utilizing the Global Compact for Refugees on Trade Preferences**

The GCR includes a commitment in contribute to support labour market analysis to identify gaps and opportunities for employment creation and income generation. In this labour market analysis it has been indicated that "where appropriate, preferential trade arrangements could be explored in line with relevant international obligations, especially for goods and sectors with high refugee participation in the labor force; as could instruments to attract private sector and infrastructure investment and support the capacity of local businesses." Using this framework the Global Refugee Forum can be used to discuss different country needs, priorities and preferences. This could also give the possibility to bring international organizations, private sector partners, host governments and refugees together to develop market related solutions. The GCR is not a legally binding document and relies on the good will of the participating countries and parties. However, the moral obligations as well as interests of all parties concerned can push for multilateral, bilateral or even unilateral solutions.

- **The Need for Rapid Action**

Exploring different responsibility sharing option among donor countries and within the EU with EU member states can provide different options. However, since the turbulent Summer of 2015 six years have passed and very little progress have been made with respect to durable solutions for refugees within the region. The ongoing crisis in Afghanistan demonstrates that there will be further mass movement of forced migrant occurring within the intermediate and immediate neighborhood of the EU. A framework of action, which will determine market access procedures for refugee hosting countries, can ease the already existing and prospective pressures on these countries' economies.

- **Building Consensus at the WTO through Using Trade Preferences**

The Turkey-Qatar proposal has shown the limits and lack of solidarity among the WTO members for harnessing international trade law to support refugees and host countries. It is possible that the timing, lack of great variety or supporter countries, and the advocacy efforts could have been

miscalculated in this proposal. However, it is pertinent that the Syrian humanitarian crisis, a mass movement of refugees or the existence of a large population of refugees will constitute exceptional circumstances. The proposal's idea and its intentions were right and beneficial for all countries hosting Syrian refugees. This idea can be explored further to find ways and means to operationalize trade preferences for expanding market access for refugee hosting countries.

- **Developing Sector Specific Access**

In developing policies, programs and frameworks, it will be important to look into sector specific details in bringing change. Refugees are employed in certain specific sectors including agriculture, labour intensive manufacturing, textiles production, construction and some other low skilled sectors. Sector base analysis can give insights of how, when and which ways these sector can be affected from modifications or incentives. Instead of providing one size fits all kind of an approach, sector and country specific design can bring more effective changes. Similalry, in these specific sectors it will be useful to look into the needs of countreis, refugee and the businesses involved in these sectors.

- **Easing on the Restrictions and Conditions**

Detailed and strict restrictions on country of origin, location based (i.e. industrial zones, etc.) production, difficult to monitor labour specific inclusions (i.e. a certain percentage of refugee formal employment in a particular production facility), enterprise size limits (i.e. benefiting only large industries but not small and medium enterprises, etc.), restrictions on local business involvement can seriously hamper the effectiveness of trade facility applications. Considering a developing by action approach can not only support the diversity and applicability of different frameworks, but at the same time provide the opportunity to expand the impact to different business circles that might be interested in involving in schemes that has economic and social impact.

While taking into consideration of these various recommendations, trade incentives can be explored and developed to bring solutions on refugee responsibility sharing, supporting livelihood opportunities for refugees, labour market integration and expanding trade volumes for host and donor countries. The long-term impact of these changes will be mutually benefical for the EU, EU member states, refugee hosting states and refugees themselves. In a political environment where the essence of 1951 Convention is under review,[39] it is important to act fast through consensus and diligence to bring results that matters to the most; refugees themselves.

[39] Sinan Ülgen, https://www.project-syndicate.org/commentary/updating-global-refugee-regime-by-sinan-ulgen-2021-09 (Access date: 08.07.2021).