



The EU-Türkiye Joint Consultative Committee (JCC)

REPORT

Resilient SMEs in Turbulent Times – Competitiveness, Quality Employment, and Sustainable Transformation

Rapporteur: Claudio CAPPELLINI (GRI, Employers' Group, Italy)

Advisor : Pierluigi Montalbano (Sapienza University of Rome, Italy)

1. Introduction

Setting the scene

The EU–Türkiye economic relationship is navigating an increasingly uncertain and volatile environment. Inflation in Türkiye remains above 30% into early 2025 and, while a gradual decline is anticipated, persistent price instability continues to weigh on consumers and firms, shaping unpredictable trade dynamics with EU partners. At the same time, the 2023 Kahramanmaraş earthquakes have underscored the critical importance of early warning systems and of strengthening the resilience of Türkiye’s 2.6 million SMEs (BTI, 2026). This requires a gradual shift from predominantly informal coping mechanisms toward more structured forms of “managed interdependence,” aligned with international standards and supported by institutional reforms that reinforce local governance stakeholder participation, transparency and access to resilience financing. In parallel, the European Union faces its own uncertainties, including moderate growth prospects, energy security concerns, and the complex demands of industrial and green transitions. Against this shared backdrop of heightened uncertainty, recurrent external shocks—from shifting global trade measures to energy market volatility—have reinforced the strategic importance of deepening cooperation and enhancing the resilience of interconnected value chains, to the benefit of both economies.

EU-Türkiye interdependence

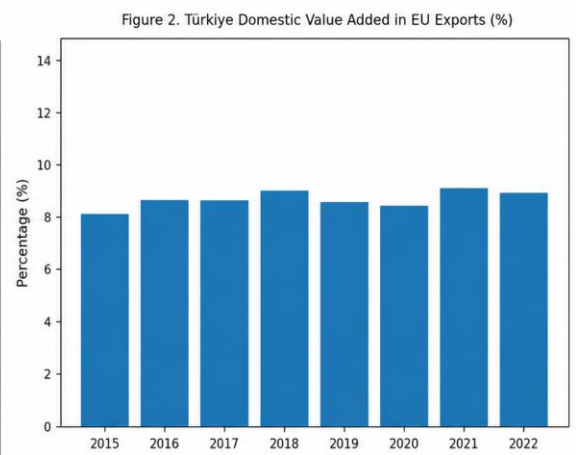
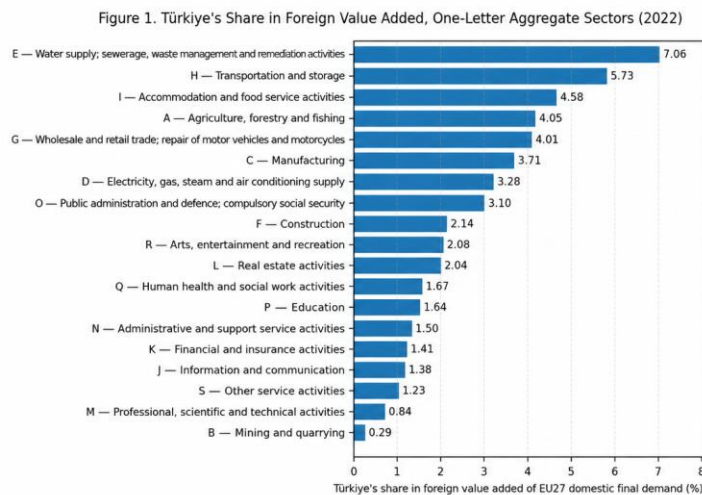
Despite stalled accession talks, the EU and Türkiye remain deeply interconnected economic and strategic partners. Türkiye is both a key partner of the European Union and a candidate country, and in April 2024 the European Council reiterated the EU’s strategic interest in advancing a cooperative and mutually beneficial relationship with Türkiye (European Commission, 2022; 2024). From a commercial perspective, Türkiye is the EU’s fifth-largest trading partner, with highly integrated industrial value chains, while the EU remains Türkiye’s main export market and a key source of investment and regulatory influence. This economic integration is anchored in the Customs Union, in force since 1996, which has enabled the tariff-free circulation of industrial goods and fostered deep economic interdependence, with bilateral trade reaching a record €210 billion in 2024. Beyond economic ties, Türkiye remains a key partner for the EU across a range of strategic areas, including migration, counterterrorism, trade, energy, food security, and transport, representing a prominent example of a functional model of selective “externalisation of the *acquis communautaire*” (Müftüler-Baç, 2025). In addition, Türkiye plays a pivotal geopolitical role as a NATO ally with substantial military capacity and an active regional mediation profile, while the EU provides institutional stability, market access, and regulatory frameworks that continue to shape and support bilateral cooperation.

Common Challenges

The EU–Türkiye Customs Union remains a cornerstone of bilateral integration but is increasingly seen as in need of modernisation, given its limited scope—excluding services and agriculture—and the absence of updated dispute-settlement mechanisms, with negotiations stalled since 2016. This creates a governance gap, particularly as the EU expands its trade network, exposing Türkiye to “preference erosion” and competitive pressures from third countries. At the same time, the European Green Deal presents both challenges and opportunities for firms on both sides, acting as a catalyst for transformation, especially for SMEs in carbon-intensive sectors. While Türkiye has taken steps toward climate alignment, and EU firms are adapting to stricter standards, both face adjustment costs.

Opportunities for closer economic integration

The recent reconfiguration/regionalisation of global supply chains (Cerqueti et al., 2026) offers new opportunities for closer integration, with Türkiye well positioned as a vital near-shore manufacturing base, deeply plugged into European production networks. In a global environment prioritising de-risking and supply-chain resilience, Türkiye is uniquely positioned as a "risk-reducing production base" for European value chains, leveraging its geographic proximity, advanced industrial infrastructure, and competitive logistics costs. However, despite the comparative advantage provided by geographical proximity, Türkiye's competitiveness faces the challenge of rising production costs, particularly in energy and logistics (TUSIAD Cost-Based Competitiveness Index). As Fig. 1 and 2 show Türkiye's GVCs integration with the EU is both stable over time - fluctuating within a narrow range of approximately 8–9% between 2015 and 2022 - and broad-based, reflecting a complex pattern of economic interdependence. Figure 1 suggests that Türkiye's integration into EU value chains is diversified and extends well beyond traditional manufacturing exports. Türkiye's value-added contribution to EU27 final demand is particularly strong in selected service-related sectors. These shares reflect Türkiye's role in supplying intermediate goods, services, equipment, materials, and other upstream inputs used by EU firms operating in these sectors, highlighting an ongoing, though still incomplete, process of economic transformation.



Author's elaboration on TiVA (2025)

2. The Role of SMEs in the EU–Türkiye Economic Space

Small and medium-sized enterprises (SMEs) function as the structural backbone of employment, territorial cohesion, and innovation within both the European Union and Türkiye. In the EU, over 26 million SMEs account for more than 99% of all businesses, accounting for 65.2 per cent of employment and 53.1% of value added (Schulze et al., 2025). Similarly, in Türkiye, micro-firms (1–9 staff) and SMEs represent the overwhelming majority of manufacturing firms, accounting for approximately 57% of value added. These firms are essential for regional development and industrial diversification, particularly in Türkiye's "Anatolian Tiger" cities, where they have facilitated a shift from agricultural dominance to manufacturing and services (İzmen,2025).

SMEs in EU–Türkiye Global Value Chains (GVCs)

Turkish SMEs serve mainly as critical intermediate suppliers to European firms, particularly in the automotive, machinery, and textile sectors. These enterprises often operate as subcontractors, providing the flexible manufacturing capacity that allows European prime contractors to maintain competitiveness in global markets. Simultaneously, European SMEs participate in extended supply and innovation networks involving Türkiye, often establishing local subsidiaries to leverage the country's strategic position as a sales and production hub. Reconstructing value-added flows between the two regions reveals tightly interlinked production systems where Turkish components are structurally embedded in European final goods. This "interdependence" is increasingly vital for supply-chain resilience and de-risking, as Türkiye functions as a risk-reducing production base for European value chains looking to near-shore their operations. Despite their key role, Turkish SMEs still face higher barriers to entry in the Single Market due to complex administrative procedures and non-uniform customs implementations, with 48 per cent of firms reporting negative operational impacts from customs procedures (İzmen, 2025). This underscores the need to accelerate the digitalisation of customs procedures, as the technological gap between large exporting firms and small supplier enterprises risks creating a two-speed economy, limiting the full resilience of the production system (OECD SME Policy Index 2026).

3. Evolving EU Industrial and Competition Policy

"One Europe, One Market" agenda

Drawing on the strategic frameworks provided by the "Draghi Report" on future competitiveness and the "Letta Report" on the Single Market, the European Council meeting on 19 March 2026 recognised the "urgent need" to bolster the Union's competitive edge through regulatory simplification. This momentum resulted in the adoption of the "One Europe, One Market" agenda, which is set for implementation by the end of 2027. The agenda aims to establish a unified economic space by replacing 27 different sets of national rules with harmonised EU standards, enabling firms to operate seamlessly across the Union. This comes alongside a reconfiguration of the European Union's industrial and competition policy towards strategic autonomy and economic security, driven by the need to enhance resilience against global shocks. This shift prioritises a more interventionist approach to ensure that European industries, particularly SMEs, can navigate the dual green and digital transitions while remaining globally competitive.

The EESC has stated in various opinions that regulatory simplification must never mean compromising on the ambition to achieve European policy objectives, such as the Green Deal, nor should it lead to a weakening of the protection of labour, social and consumer rights or citizens' rights. Whilst recognising the need for regulatory simplification that respects these conditions, it must be emphasised – in line with the recommendations of the Draghi Report – that the main instrument for increasing the productivity and competitiveness of European economies is to boost investment, particularly in cutting-edge technologies, R&D&I, and vocational education and training.

SME Relief Package (September 2023)

Along this line, the SME Relief Package launched by the European Commission in September 2023 serves as a cornerstone for modern SME policy, focusing on competitiveness, sustainability, and digitalisation. Central to this development is the rigorous application of the "Think Small First" principle, which mandates that the European Council and Commission design future legislation from the start with the specific characteristics of micro-companies in mind. SMEs Business Associations specifically advocate for the "28th Regime", an optional European legal framework that would allow SMEs to operate across the entire Single Market under a single, simplified set of rules.¹

Further implementations of EU industrial policy

Industrial Acceleration Act: proposed in March 2026, this act aims to fast-track the development of strategic sectors, including clean energy, batteries, and critical raw materials; *Strategic Technologies for Europe Platform (STEP)*: this initiative redirects existing funds towards critical technology and defence industries. Concerns remain that its focus on large-scale projects may marginalise smaller players unless they are integrated as horizontal suppliers;² *European Competitiveness Fund (ECF)*: designed to simplify funding rules and increase the budget for innovation and industrial resilience, with specific windows requested for SME participation. Recent EU policy discussions have also explored regulatory simplification measures aimed at strengthening the *European Defence Technological and Industrial Base (EDTIB)*, including efforts to reduce administrative barriers that limit SMEs' participation in defence supply chains. By lowering regulatory and procedural obstacles, such approaches can facilitate the entry of SMEs operating in sectors such as ICT, advanced manufacturing, and electronics into defence-related activities, enabling them to scale technologies across both civilian and military applications. In this sense, regulatory simplification and dual-use strategies are mutually reinforcing, contributing to a more integrated, innovative, and resilient industrial base. From an EU–Türkiye perspective, this dynamic may open new avenues for cooperation, given Türkiye's strong industrial capabilities and expanding role in dual-use technologies. However, the extent to which these opportunities can be realized will depend on regulatory alignment, access conditions to EU defence initiatives, and broader political relations between the two partners.

¹ European trade unions are calling for clarification on which labour and social legislation will apply to workers in companies operating under the '28 Regime', and how their trade union and collective bargaining rights will be safeguarded.

² This concern is heightened by the meagre budget allocated to the STEP, which falls far short of what was envisaged for the creation of a Strategic Investment Fund—of which the STEP is a substitute—and which should have competed with the funds provided for under the US IRA Act. The creation of that Fund had to be abandoned due to a lack of agreement within the European Council on the scale of its financial capacity.

4. Implications for SMEs' Competitiveness

In this context, strengthening SME resilience is central to maintaining competitiveness within the EU–Türkiye economic space. In the economic literature, SME resilience is generally understood as the capacity of firms to withstand shocks, adapt to changing conditions, and upgrade their activities over time. It encompasses absorptive, adaptive, and transformative capabilities that enable SMEs not only to cope with disruptions but also to sustain and enhance their participation in evolving value chains (Ingirige et al., 2008). Applied to the EU–Türkiye context, this translates into the ability of SMEs to respond effectively to economic, regulatory, and geopolitical pressures by absorbing shocks, adapting their operations, and upgrading their value-added activities. This has important policy implications for both firms and institutions.

SMEs' adaptive capacity

On the firms' side, this includes efforts to maintain integration in cross-border value chains while managing risks, aligning with evolving standards, and contributing to quality employment, social cohesion, and sustainable economic development. Experience from both the European Union and Türkiye demonstrates that the active involvement of social partners and representative civil society organisations in the design and implementation of economic, industrial and labour-market policies can contribute to stronger ownership of reforms, greater predictability and more sustainable economic outcomes. Inclusive consultation mechanisms can help ensure that transformation processes take into account the needs of businesses, workers and society as a whole, thereby supporting competitiveness, innovation and long-term resilience. Furthermore, the development of transnational clusters—particularly in sectors such as defence and dual-use technologies—can enable smaller firms to pool resources and access more complex value chains. At the same time, competitiveness is increasingly shifting from cost-based to quality-based differentiation, requiring investments in skills, branding, and sustainable production. Supply-chain digitalisation also remains essential: while large firms show high levels of adoption, many SMEs lag behind, limiting their ability to integrate into data-driven European production networks.

Institutional and policy support

On the EU side, initiatives such as the SME Relief Package and broader competitiveness frameworks aim to reduce regulatory burdens, support the green and digital transitions, and promote the “Think Small First” principle. Improved market access measures—including practical steps such as visa facilitation for business travel—can further support cross-border commercial activity. In Türkiye, policy efforts focus on industrial upgrading through climate legislation, the development of emissions trading mechanisms, and export incentives aligned with ESG standards. A shared priority remains the modernisation of the Customs Union to better reflect current economic realities, including the integration of services and the strengthening of fair competition mechanisms. Framing these reforms as a driver of SMEs' economic resilience can support the sustainability and further deepening of the EU–Türkiye partnership.

5. Main tasks for SMEs

Quality employment can be understood in terms of job stability, fair wages and social protection, and the continuous upgrading of human capital. In this respect, the main tasks for SMEs are the following:

Promoting stable and formal employment

The transition from informal to formal employment remains a key priority for supporting long-term productivity and inclusive growth. Formalisation enables workers to access social protection systems, strengthens legal safeguards, and contributes to more predictable and secure income conditions. For firms, a more formalised workforce can enhance operational stability, facilitate access to finance, and improve integration into EU value chains, where compliance with labour standards is increasingly required. This implies a proactive role for SMEs, which should view workforce development as a core competitiveness strategy rather than a cost. In this respect, regularising employment contracts and progressively transitioning informal workers into formal arrangements is pivotal to ensuring long-term productivity and compliance with international ESG standards, while improving access to finance, public procurement, and EU-linked supply chains. This also includes engaging with local support schemes that incentivise formal employment (e.g. subsidies or reduced contributions for formal hiring) and adopting simple HR management systems, including digital tools, to formalise hiring processes, contracts, and record-keeping.

Promoting fair wages and decent working conditions

Sustainable competitiveness is closely linked to fair remuneration and safe, inclusive working environments. Adequate wage levels can support productivity growth by encouraging firms to move towards higher value-added activities, while compliance with international labour standards—particularly in areas such as occupational safety, working time, and workers’ rights—is becoming increasingly relevant in light of EU regulatory requirements and evolving consumer expectations. In this context, SMEs can play a proactive role by aligning wage structures with productivity and skills development, moving away from purely cost-based competition and supporting quality upgrading of production processes. Promoting decent working conditions, the respect for freedom of association and collective bargaining also contribute to stable labour relations, productivity growth and sustainable competitiveness. This includes implementing basic occupational health and safety (OHS) standards, such as risk assessments and workplace training; adopting recognised standards and certifications (e.g. ISO, ESG frameworks), which are increasingly required in EU value chains; strengthening internal management practices, including transparent communication and worker engagement; and monitoring compliance with labour standards across all stages of the value chain.

Upskilling, reskilling and lifelong learning

In the context of digitalisation and the green transition, SMEs require a workforce capable of adapting to technological change and evolving production processes. This includes both foundational education and continuous upskilling and reskilling in digital, technical, and green competencies. Strengthening lifelong learning systems and improving access to training—particularly for SMEs—can support workforce adaptability, facilitate value-chain upgrading, and enhance firms’ capacity to remain competitive in increasingly knowledge-intensive sectors. In this respect, SMEs should seek to access available funding instruments, such as the ESF+, to support workforce training in digital and technical skills relevant to Industry 4.0. Skills and talent are essential drivers of innovation, productivity, and quality employment. Within this framework, EU–Türkiye institutions play a key role in ensuring that the transition towards higher value-added global value chains (GVCs) supports quality employment and does not lead to downward pressures on labour standards. This requires the creation of enabling conditions for SMEs to access funding instruments—such as the ESF+ and Erasmus+—to support upskilling and reskilling in the context of Industry 4.0. Strengthening social dialogue and promoting the active involvement of social partners (including trade unions and employer organisations) in the design of industrial and regional development policies are also essential. In addition, the systematic application of the “Think Small First”

principle remains imperative, ensuring that the impact of new legislation on SMEs is carefully assessed at an early stage and that regulatory frameworks remain proportionate and supportive of smaller firms.

6. Structural Challenges

The integration of Turkish enterprises into European value chains continues to be affected by structural constraints in the domestic labour market. These challenges contribute to a governance gap that may complicate regulatory alignment and limit the capacity of SMEs to move towards higher value-added activities.

Divergences in Labour Standards

Significant differences remain between the legislation on labour and trade union standards and rights and its implementation in Turkey and the European Union. The relatively low rate of unionisation and limited coverage of collective bargaining may affect the effectiveness of social dialogue mechanisms. Workplace safety also remains an area of concern, with reported occupational accident rates higher than in several EU Member States. These challenges are often more pronounced among smaller firms and micro-enterprises, where compliance capacity and oversight may be more limited.

Prevalence of Informality

Informal employment continues to represent a significant structural constraint, accounting for a substantial share of total employment. It is particularly concentrated among vulnerable groups, including women, workers in micro-enterprises, and displaced populations. In smaller firms, informality rates remain comparatively high, limiting access to social protection and reducing incentives for productivity-enhancing investments. Macroeconomic conditions and inflationary pressures, may further incentivise informal employment practices, contributing to long-term labour market segmentation and constraining the fiscal base.

Competitive Pressures and Productivity Constraints

Global competitive pressures, combined with domestic macroeconomic volatility, can incentivise firms to rely on cost-based strategies rather than investing in upgrading. This may limit incentives for human capital development and productivity growth. As a result, many SMEs remain concentrated in lower value-added segments of value chains, with more limited capacity to integrate into higher value-added activities. At the same time, digitalisation gaps persist. While larger firms show relatively high levels of digital adoption, many SMEs face constraints in accessing and deploying digital tools, which may affect their ability to meet evolving data, reporting, and quality requirements within the Single Market.

7. Main Tasks for EU–Türkiye Institutions

Addressing these structural challenges requires a coordinated approach that combines institutional reforms and firm-level adaptation strategies, with a particular focus on enabling SMEs to upgrade their position within EU–Türkiye value chains. In this regard, several priority policy responses can be identified:

Strengthening the implementation of labour standards

Enhancing enforcement capacity and supporting the effective application of labour regulations—particularly in areas such as workplace safety and trade union rights and collective bargaining rights—

can contribute to improved working conditions and closer alignment with EU requirements. Capacity-building initiatives targeting SMEs and labour inspectorates may support compliance.

Promoting formal employment

Policies aimed at facilitating the transition from informal to formal employment—such as targeted subsidies, reduced non-wage labour costs, and simplified administrative procedures—remain important. Expanding access to social protection and improving labour market inclusion for vulnerable groups are also key priorities.

Supporting SME upgrading and productivity growth

Targeted support for SMEs - through access to finance, innovation programmes, and advisory services - can help firms move towards higher value-added activities. Linking such support to compliance with labour and ESG standards can reinforce both competitiveness and social outcomes.

Promoting skills development and lifelong learning

Expanding vocational education and training systems, as well as facilitating SMEs' access to upskilling and reskilling programmes, can support workforce adaptability in the context of digital and green transitions.

Bridging the digitalisation gap

Policies supporting digital adoption - such as grants, technical assistance, and digital infrastructure development - can help SMEs meet evolving requirements related to data, reporting, and quality standards in EU markets. Enhanced cooperation on digital infrastructure and tools—such as interoperable systems for administrative procedures—could also facilitate cross-border business operations.

Strengthening social dialogue and collective bargaining

Supporting inclusive and effective social dialogue and collective bargaining mechanisms can improve labour market governance and contribute to more balanced and sustainable economic outcomes.

Additional Areas for Institutional Action

Customs Union modernisation and regulatory alignment

Advancing discussions on the modernisation of the Customs Union, including its extension to services, agriculture, and digital trade, could help address challenges related to preference erosion as the EU expands its network of free trade agreements. Further efforts to streamline customs procedures - such as electronic certification and harmonised import processes - could reduce administrative burdens and improve trade facilitation. Continued progress on visa facilitation, including multi-entry arrangements for compliant business travellers, could support cross-border commercial activity and value-chain integration.

Climate and carbon market cooperation

Building on Türkiye's climate policy developments, closer cooperation on emissions trading systems could support alignment with EU climate objectives and help mitigate adjustment costs related to CBAM. The use of revenues from carbon pricing mechanisms to support green transformation and workforce reskilling - particularly in carbon-intensive sectors - could also contribute to a more balanced transition.

Cooperation in strategic sectors

Exploring opportunities for cooperation in the most advanced technologies – such as digital technologies and those related to AI – and defence-related industries and dual-use technologies could support SME participation in more advanced value chains, within appropriate regulatory frameworks.

Standardisation and certification

Strengthening cooperation on standards and certification processes could reduce duplication and facilitate SMEs' access to EU markets.

8. Towards a sustainable transformation of the EU–Türkiye Partnership

The further development of the EU–Türkiye economic partnership is increasingly linked to a shared process of sustainable transformation, aligning industrial practices with evolving environmental and social objectives. This transition represents both a regulatory challenge and an opportunity to modernise the productive base of the bilateral economic space.

Environmental Dimension

Clean Technology adoption

Accelerating the uptake of clean and energy-efficient technologies is essential for supporting productivity growth and facilitating industrial upgrading. While larger Turkish firms are increasingly competitive in this area, many SMEs face constraints in terms of technical capacity and access to finance, limiting their ability to adopt Industry 4.0 and green production processes. Public support, including participation in collaborative R&D initiatives such as the Clean Energy Transition Partnership, can play an important role in facilitating this transition.

Managing CBAM implications

The implementation of the Carbon Border Adjustment Mechanism (CBAM) marks a significant shift in the regulatory environment for trade. While energy-intensive sectors may face increased compliance costs, certain industries—such as steel—may benefit from relatively lower carbon intensity due to the use of recycled inputs. Managing these sectoral impacts will be important for maintaining competitiveness. For instance, the transition towards a circular economy represents a viable solution to mitigating the impact of the CBAM. Aligning with EU circularity standards will allow Turkish firms to maintain their privileged position in European value chains, turning a regulatory constraint into a competitive sustainability advantage (World Bank, 2025).

Regulatory convergence

Türkiye has taken steps towards closer alignment with EU climate frameworks, including through the adoption of climate legislation and the development of a national ETS. These efforts are aimed at supporting regulatory convergence and mitigating potential trade frictions related to carbon pricing mechanisms.

Social Dimension

Strengthening social and labour rights

The harmonisation of social and labour conditions between the EU and Turkey requires significant progress in the area of social and labour rights and compliance with international standards.

Inclusion and gender equality

Further progress in labour market inclusion are essential. While improvements have been observed, female labour force participation remains comparatively low. Policies that support access to employment, work-life balance, and skills development can contribute to a more inclusive labour market.

Regional cohesion

Regional disparities continue to affect economic performance and social outcomes. Promoting more balanced development—including through targeted investments in infrastructure, education, and innovation—can support the integration of less-developed regions into higher value-added activities.

Governance Dimension

Implementation of ESG standards

Türkiye has advanced its alignment with international sustainability frameworks through the introduction of sustainability reporting standards aligned with EU requirements. These developments support greater transparency and encourage firms to integrate ESG considerations into their operations and supply chains.

Role of European firms

European companies can contribute to the diffusion of sustainability practices by promoting higher environmental and social standards within their supply chains, supporting knowledge transfer and best practices

Green finance instruments

Expanding access to sustainable finance is an important enabler of the green transition. Progress towards alignment with EU taxonomy frameworks can facilitate access to green investment instruments, including sustainable bonds and climate-related financing mechanisms.

9. Conclusive Remarks and Policy Recommendations

The EU–Türkiye economic partnership remains deeply interdependent and strategically relevant, yet increasingly shaped by structural asymmetries, regulatory gaps, and the pressures of the green and digital transitions. Strengthening SME resilience—understood as the capacity to absorb shocks, adapt to changing conditions, and upgrade within value chains—emerges as a central pillar for sustaining competitiveness, quality employment, and inclusive growth across the shared economic space.

In this context, EU–Türkiye institutions are encouraged to prioritise a coordinated policy agenda centred on advancing the modernisation of the Customs Union to reflect current economic realities; deepening regulatory alignment and simplifying administrative procedures; and ensuring proportional, SME-friendly frameworks through the systematic application of the “Think Small First” principle. At the same time, targeted support for skills development, digitalisation, and the green transformation - combined with improved access to finance and enhanced participation in EU programmes - will be essential to enable SMEs to move towards higher value-added activities. Strengthening labour market governance, upholding international labour standards and trade union rights, promoting formal employment, and reinforcing social dialogue can further ensure that competitiveness gains are aligned with social cohesion and quality employment objectives.

Finally, closer cooperation on climate policies, carbon markets, and sustainable finance can support a balanced transition, mitigating adjustment costs while unlocking new opportunities for industrial upgrading. In this regard, the approach outlined in 2024 by Josep Borrell - emphasising gradual integration, earlier access to elements of the single market, and closer policy coordination ahead of formal accession - offers a pragmatic template for deepening EU–Türkiye relations. Such a framework would enable both

sides to move beyond a binary logic of “full membership or stagnation” and instead advance through incremental, mutually beneficial steps.

In parallel, the effectiveness of these policy measures will depend on the active engagement of SMEs in both the EU and Türkiye. Firms are encouraged to adopt forward-looking strategies that prioritise innovation, workforce development, and compliance with evolving regulatory and sustainability standards. This includes investing in digitalisation, green production processes, and skills upgrading, as well as strengthening internal management practices and transparency. Greater participation in cross-border networks, clusters, and partnerships can further support knowledge exchange and access to higher value-added segments of value chains. At the same time, SMEs can contribute to more resilient and inclusive growth by promoting formal employment, ensuring decent working conditions, and engaging constructively in social dialogue.

Last but not least, there is a clear need to strengthen cooperation on resilience and crisis preparedness. In this regard, the establishment of an EU–Türkiye Knowledge Network could provide a dedicated platform for the exchange of best practices in managing emergencies linked to natural disasters and complex crises. Such a network would support the development of pilot projects aimed at actively involving SME organisations from both the EU and Türkiye in advancing disaster preparedness and resilience for business continuity. By aligning with international frameworks promoted by the United Nations Office for Disaster Risk Reduction and initiatives such as the Connecting Business initiative, this cooperation could enhance private-sector engagement, improve risk awareness, and strengthen the capacity of economic actors to withstand and recover from disruptions.

Finally, strengthening data collection and sharing mechanisms—particularly at the firm and value-chain levels—can further support more targeted analyses of SMEs’ needs and constraints, enabling more effective policy design and business decision-making. Taken together, these measures can contribute to a more resilient, balanced, and forward-looking EU–Türkiye partnership.

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