

**ECONOMIC AND ENVIRONMENTAL IMPLICATIONS OF TURKISH ACCESSION TO
THE EUROPEAN UNION: A CGE ANALYSIS**

ABSTRACT

The purpose of this paper is to analyze the economic and environmental implications of Turkey's possible accession to the European Union (EU). The paper focuses on the impacts of three main components of Turkey's possible EU membership: (i) the free movement of labor between the EU and Turkey, (ii) the free movement of capital, and (iii) the burden-sharing of Turkey in terms of the EU's environmental objectives in the horizon of 2020, that is, the reduction of carbon emissions. Among these, a particular focus is placed on the influence of the CO₂ emission reduction targets in both regions and their consequences on the carbon price in 2020. We estimate the resource allocation effects of EU climate change policies on both regions by taking into account the likely labor movement from Turkey to the EU and capital movement in the reverse direction. The results show that different emission targets for the two regions bring about a change in comparative advantages and thus a change in interregional competitiveness.

Keywords: EU; enlargement; Climate; change; Factor; mobility