



Holger Schmieding, Chief Economist | Holger.schmieding@berenberg.com | +44 20 3207 7889

EU DEAL WITH TURKEY: CONTAINING THE MIGRANT CRISIS

Berenberg Macro Flash

The EU and Turkey strike a deal: Turkey agrees to take back “all new irregular migrants” crossing from Turkey into Greek islands as of 20 March; the EU offers Turkey the chance to get visa-free travel for Turks to the EU by the end of June if Turkey meets the required conditions. The EU will also pay Turkey up to €6bn by 2018 to sustain the roughly 2.7 million Syrian refugees in Turkey and will take (initially) up to 72k Syrian refugees from Turkey in an orderly resettlement procedure. What does the deal mean?

- The deal does not end the migrant crisis for good. Whether or not the deal will fully work remains an open question. Time will tell how faithfully Turkey implements it. Some migrants will slip through the net, some will find other routes, the number of people trying to cross from Libya into Italy will likely go up as the weather improves. But even if the deal does not work 100% (few things in life do), it can help to contain the inflow of migrants and refugees into the EU to such an extent that the issue becomes much less headline-grabbing and toxic.
- Getting the migrant crisis out of the headlines can help to reduce the Brexit risk and arrest the rise of nasty right-wing populism in Europe.
- The deal should also put to rest the occasional discussion in global markets that German chancellor Merkel’s job may be at risk.

More fundamentally, the deal shows that Europe works. In its own bumbling way, the EU tends to find workable sort-of solutions to problems. The way in which compromises are struck is rarely edifying, the substance of these compromises is often quite imperfect. But once again, the EU is demonstrating that, warts and all, it remains the best compromise machine in the world. Where else could you regularly put the leaders of 28 separate nations with their own conflicting agendas into a room and almost reliably get a sort-of workable compromise in the end?

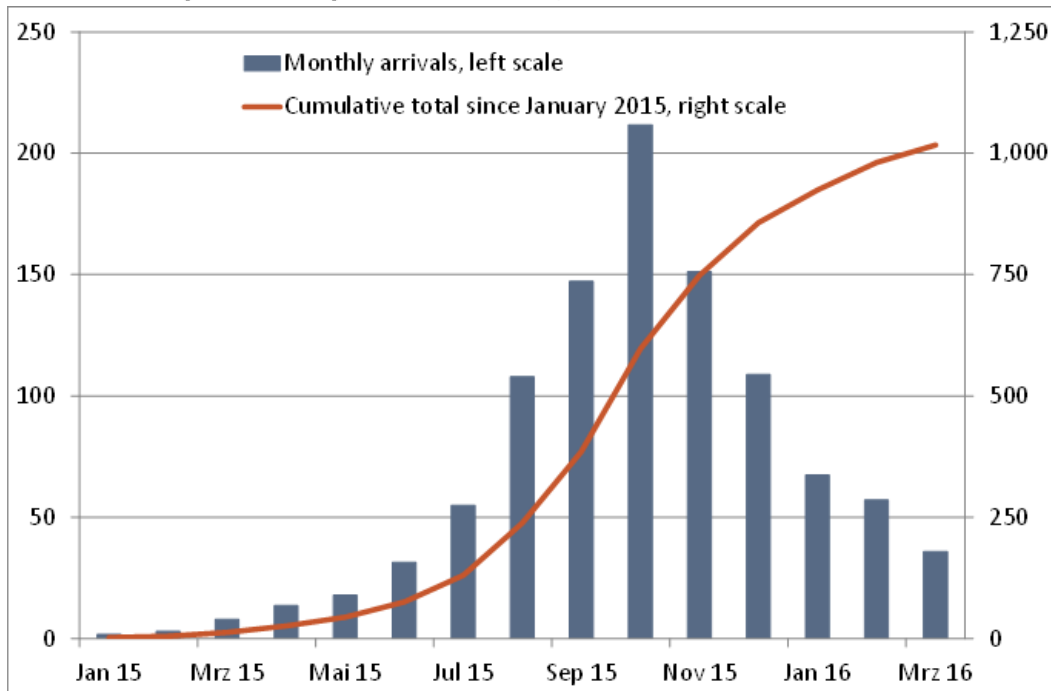
The number of migrants crossing from Turkey into Greece has already fallen sharply in the last few months (see chart). While much of that may be due to the winter weather, the fact that the inflow has receded further in March suggests that the EU’s somewhat accidental mix of the “Austrian” approach (repel migrants by closing internal borders) and the “German” approach (incentivise Turkey to police its sea border to Greece and take back irregular migrants with no valid claim for asylum) has already started to work. In the first 16 days of March, the number of arrivals from Turkey in Greece has fallen to a monthly rate of less than 36k according to UNHCR data (see chart). Chances are that the numbers will now decline significantly further.

The deal does not solve all migrant-related problems for the EU. Significant migration into the EU will continue, partly through other routes. Also, parts of the deal with Turkey can be controversial in the EU. For example, populists may claim that visa-free access for Turks to the EU (or just Schengenland) could lead to an inflow of Turks looking for a job (or asylum) rather than for a vacation. These claims would probably be vastly overdone as Turks, according to some reports, have had 95% of their requests for a visa to the EU granted so far anyway. But the deal – especially in conjunction with policies to freeze the conflict in Syria and combat IS terrorists in Syria, Iraq and Libya – can help to contain the migrant crisis by enough to turn a severe crisis into a much more manageable problem.



MACRO NEWS

Arrival of refugees and migrants from Turkey in Greece, in 1000s



Monthly arrivals, left-hand scale; cumulative total since January 2015 on right-hand scale. March 2016 estimate based on average daily arrivals 1-16 March. Source: UNHCR

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Joh. Berenberg, Gossler & Co. KG
60 Threadneedle Street
London EC2R 8HP
Phone +44 20 3207 7889
www.berenberg.com
holger.schmieding@berenberg.com