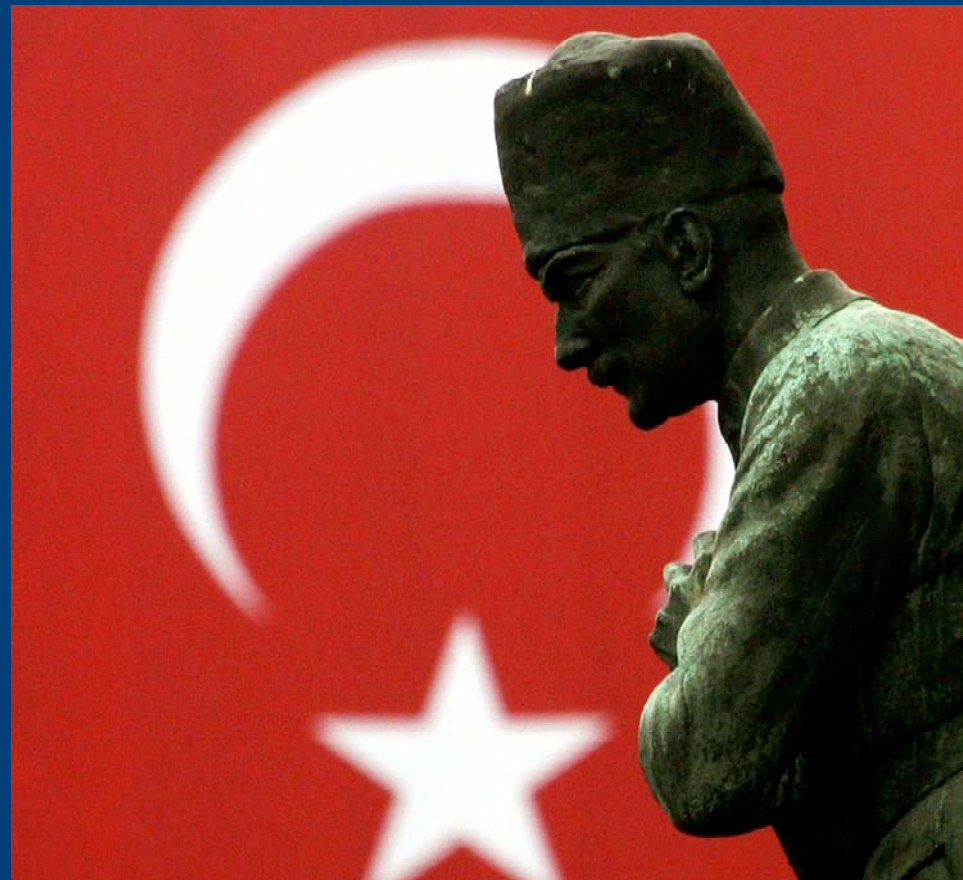




WHY EUROPE SHOULD EMBRACE TURKEY

Katinka Barysch, Steven Everts and
Heather Grabbe





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Why Europe should embrace Turkey

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1 Introduction

by Katinka Barysch

Many Turks heaved a sigh of relief in December 2004, when EU leaders declared that Turkey could start accession negotiations in October 2005. Some 40 years after the EU had first opened up the prospect of membership, that goal finally appeared to be within reach. Yet as the opening of those accession talks approaches, the mood in Turkey is decidedly sombre. The EU is preoccupied with its own internal problems, following the collapse of its constitutional treaty and bitter rows over the EU budget. Recent polls show that a majority of West Europeans are now against Turkish membership. Germany's likely next chancellor, and most of the plausible candidates for France's presidential elections, are openly arguing for a 'privileged partnership' instead of full EU membership. Meanwhile, reforms within Turkey have slowed, and the Turkish public is becoming less enthusiastic about EU accession. One thing is clear: Turkish accession will be a long and often difficult journey. And it is only just beginning.

Despite all the difficulties, it is important to remember the opportunities that Turkey's accession offers for both sides. The chapters in this pamphlet look at Turkish EU entry from various angles, and they all conclude that Turkey is more likely to be an asset for the EU than a burden. Of course, Turkey's entry will change the EU. But, as Heather Grabbe argues in Chapter 2, the cosy, cohesive club that many of Turkey's opponents seek to defend ceased to exist a long time ago. With 25 (soon to be 27) members, the EU is already becoming more diverse and flexible. Turkey will reinforce these existing trends rather than take the EU into a completely new direction. In economics, a young and fast-growing Turkey could add new dynamism to a slow-growing and ageing EU economy. In Chapter 3, I argue for the EU's existing members to take a long-term

view: will the EU still have reasons to worry about Turkish membership in 10 to 15 years time? If Germany, France and other EU countries have not overcome their economic problems by say, 2015, the EU will be sclerotic, inward-looking and unwelcoming. Turkey may well have second thoughts about joining such a club.

Another key argument in favour of Turkish accession is that the country could add more clout to the EU's foreign and security policy. Turkey has been a member of NATO since 1952 (it joined even before Germany) and its army is half a million strong. Moreover, with its strategic location and long-standing ties with some Middle Eastern countries, Turkey could greatly help EU efforts to stabilise a highly volatile region. However, as Steven Everts points out in Chapter 4, Turkey may not be suitable as a model for the democratisation of the Middle East, or the Muslim world more generally. Middle Eastern countries regard Turkey's secular state and its western-leaning policies with a certain amount of suspicion. European politicians should highlight the importance of Turkish accession for the EU's role in the world. But they should be careful not to over-burden Turkish membership with the claim that it can promote the democratisation of the entire region.

Pitfalls on the way to accession

While the authors of this pamphlet make a strong case for Turkish accession, they also highlight the risks and challenges that loom along the accession path. The EU's accession negotiations have the potential to transform a candidate country. During the negotiation period, the EU becomes involved in a wide range of policy areas, from court procedures, to banking reforms and food standards for butchers. However, as Grabbe points out in Chapter 5, the Turks do not yet know what they are in for. Turkey has made tremendous progress in addressing the EU's political requirements, but very few people in Turkey realise that to join the EU they will have to adopt tens of thousands of pages of EU laws and regulations, and align their policies with the EU in areas stretching from maritime safety to

debt relief in Africa. Grabbe argues that the Turkish government should redouble its efforts to explain to the country's people and businesses what accession is really about. She also advises the Turks to study the EU's last round of enlargement – which brought ten countries into the EU in May 2004 – carefully: it offers valuable lessons on how to manage the negotiations and sustain public support for EU accession.

If Turkey handles its accession talks well, it will emerge as a more modern, prosperous and stable country. For this to happen, the Turks need to start seeing the accession process as an opportunity, rather than as a battle to be fought against the EU. The angry, occasionally antagonistic rhetoric of some Turkish politicians and commentators does not win the country many friends in EU capitals. Turks should also be careful about using the argument that if the EU does not admit their country quickly, dark, anti-western and extremist forces could take over Turkey. This could play into the hands of the opponents of Turkish membership, for it implies that Turkey is still a fundamentally unstable country. Instead, Turkey should highlight the great progress it has made with stabilisation and modernisation over the last couple of years. That is the best way of convincing Europeans that its accession will benefit, not harm, the EU.

On the EU side, public hostility remains the principal obstacle to Turkish accession. Some commentators and politicians claim that the Noes in the French and Dutch referenda on the constitutional treaty were really a rejection of Turkish accession. However, when Eurobarometer asked the French after their referendum why they voted *Non*, only 6 per cent cited Turkey as the reason. In the Netherlands, the share was even smaller, at 3 per cent.

Nevertheless, the EU certainly has little enthusiasm for further enlargement at present. While most of the new member-states in Central and Eastern Europe would back the EU's further expansion, solid majorities in Germany, Austria and France oppose any further

enlargement. Turkey fares particularly badly: across the EU, 52 per cent are against Turkish accession while a mere 35 per cent support

¹ http://europa.eu.int/comm/public_opinion/index_en.htm it. Only Albania and Bosnia-Herzegovina encounter a similar degree of opposition.¹

Are you in favour or against Turkish EU accession? Eurobarometer results for selected EU countries

	In favour	Against
EU-25	35	52
EU-15	32	55
Austria	10	80
Cyprus	16	80
Czech Republic	37	51
France	21	70
Germany	21	74
Hungary	51	38
The Netherlands	39	53
Poland	54	31
Spain	42	33
Sweden	50	40
UK	45	37

Source: Eurobarometer survey spring 2005.

Based on these surveys, many observers already predict that the referenda which France, Austria and probably some other EU countries will hold on Turkey's membership will result in resounding Noes. But these referenda will only take place once Turkey has finished its accession negotiations. As any pollster will confirm, predicting the outcome of a popular vote is tricky. Trying to gauge a referendum result a decade or more in advance is utterly futile. As I argue in Chapter 3, much public hostility towards Turkey is based on current developments in the EU, notably the

popular backlash against the last round of enlargement, and the economic malaise in some of the big eurozone countries. Many people in Western Europe think that eastward enlargement has added to their unemployment problems by bringing in Polish plumbers, Hungarian nurses, Latvian builders and so on. The Germans and French claim that low-cost competition from the East is forcing their governments to scale back generous social welfare systems. Although there is little evidence that enlargement has added to unemployment in Western Europe, many fear that letting in Turkey would make competition for jobs even worse. However, by the time Turkey has finished its accession talks, the EU will (hopefully) have digested the 2004 round of enlargement and overcome the worst of its economic problems. In that case, West Europeans could even welcome the addition of such a dynamic country.

Some opponents of Turkish membership argue that, no matter how much the country changes over the next decade or two, it will never become truly 'European'. One aspect of 'Europeanness' is the need for all EU countries to protect, respect and uphold human rights and civil liberties. Turkey has already made remarkable progress in strengthening human rights – including for minorities – and making its state more democratic. But further progress may not always be easy in a country where, traditionally, the cohesion of the nation-state takes priority over the rights and liberties of individuals.² During the accession process, successive Turkish governments will have to strike a delicate balance between maintaining popular support for the EU accession process and complying with EU requirements. As the sensitive questions of Cyprus and the Kurdish minority show, the two demands often clash.

² Heinz Kramer, 'EU-Türkei: vor schwierigen Beitrittsverhandlungen', SWP Studie May 2005.

For some critics of Turkey, Christianity is an essential part of Europeanness. They believe that no Muslim country should ever join the EU. However, as Everts points out in Chapter 4, Turkey's secular state resembles that of France much more closely than that of an

Islamic republic such as Iran. Turkish accession will no doubt force the EU to have a proper debate about what it means to be European. This is a debate that, as Grabbe poignantly argues in Chapter 2, Europe needs to have anyway, not least because there are already more than 15 million Muslims living in the EU.

The negotiating mandate: too tough?

Clearly, EU governments have done a poor job of ‘selling’ Turkish accession to their voters, and they will have to try harder if Turkey is to join. More effort is required on the Turkish side too. Turkey must redouble its efforts to win the hearts and minds of the people in the existing member-states. It will therefore need to adopt a more conciliatory and co-operative stance in the forthcoming accession negotiations. At the December 2004 summit, Turkey’s joy at receiving the go-ahead for accession talks was tempered by anger at the EU for having been so tough on many issues.³ Many Turks

³ Peter Ludlow, ‘A view from Brussels: dealing with Turkey’, *The European Council of December 16-17th 2004*, *Eurocomment briefing note*, February 2005.

⁴ http://europa.eu.int/comm/enlargement/docs/index.htm?neg_framework_turkey.

thought that the EU had made too many unreasonable demands on their country, in particular with regard to Cyprus. They also hugely resented the safeguards and caveats for the negotiations which EU leaders agreed on in December and which the Commission took over in its draft negotiating mandate in June 2005.⁴

The EU insists that the outcome of the negotiations is ‘open’, in the sense that there is no guarantee that they will succeed. During the last accession round, EU governments left much of the actual negotiation to specialists in the European Commission. In the case of Turkey, the member-states are insisting on playing a more active role. In particular, they have highlighted each country’s right to block the opening and closing of each ‘chapter’ in the negotiations. The EU governments will be able to require Turkey to provide evidence that its policies are in line with EU requirements even before the negotiations start in a particular

area. The EU also retains the right to suspend the negotiations altogether, in case the Commission or one-third of the member-states spot a “persistent breach ... of the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law” in Turkey.

Sounds tough? Yes, but in reality these procedures are not new. When the EU dealt with the Central and East European candidates it made the same demands and retained the same rights. But the EU did not write it all down in such a formal way: there was much less need to reassure EU politicians and voters that member-state governments retain ultimate control over who joins the EU and under what conditions.

What is genuinely new in Turkey’s negotiating mandate is that the EU retains the option of applying permanent safeguards or derogations. For example, a permanent safeguard on the free movement of labour could allow other member-states to keep out Turkish workers even decades after Turkey’s accession, if they fear that an influx of such workers may add to existing labour market problems. Such a safeguard would thus deprive Turkey of one of the fundamental ‘four freedoms’ of the single market. And a derogation on the EU budget may mean that Turkey may never gain full access to EU farm spending and regional subsidies (which together make up the bulk of the EU budget). The Turks are right to say that such special rules would amount to double standards and cowardice: rather than giving its budget a much-needed overhaul, the EU could simply bar Turkey from taking part in its main spending policies. And rather than reforming their labour markets to make them more flexible, EU countries could keep the doors closed to low-cost workers.

The negotiating mandate now needs to be agreed between all 25 EU governments before negotiations can start as promised on October 3rd 2005. Some tough issues are still on the agenda. The Austrian government, backed by some French and German politicians, wants

the mandate to refer to the possibility of a ‘privileged partnership’ for Turkey. At present, the mandate implicitly opens the possibility of such a partnership as a last resort in case the negotiations fail.⁵ But it clearly states that the “shared objective of the negotiations is accession”. Turkey would find a reference to a privileged partnership as an alternative objective of the negotiations unacceptable. Turkey

⁵ Without mentioning the ‘p’ word, the mandate says that “if Turkey is not in a position to assume in full all the obligations of membership, it must be ensured that Turkey is fully anchored in the European structures through the strongest possible bond”. Turkey insists that it has a ‘privileged partnership’ with the EU already, through their bilateral customs union and growing co-operation in other areas. The UK, which holds the EU presidency in the second half of 2005, will have to convince the Austrians and their allies that such a clause in the negotiating mandate would make little sense.

The Cyprus question

The second sticking point for the negotiating mandate is Cyprus. Decades of UN-sponsored attempts to re-unite the divided island have failed – the last attempt being the plan put together by UN Secretary-General Kofi Annan that was approved by the Turkish Cypriots in a referendum in April 2004, but rejected by the Greek Cypriots at the same time. The Greek part of the island officially joined the EU in May 2004, without the Turkish part in the north. Turkey refuses to recognise the (Greek) Republic of Cyprus, and it is practically alone in recognising the Independent Turkish Republic of Cyprus. At the end of July, Turkey signed an agreement to extend its customs union with the EU to all the new members, including Cyprus. But it attached a note stating that this did not amount to a formal recognition of Cyprus. The Cypriot government has threatened to veto the start of Turkish accession talks unless Ankara fully recognises the Republic of Cyprus. The UK presidency will have to find a compromise formula to allow the negotiations to start as planned on October 3rd 2005. But even if such a compromise can be found, the Cyprus question will not go away.

The EU has made it very clear that Turkey cannot join without recognising all the member-states. Turkey insists that it will only do so after a lasting solution to the island’s division has been found. Responsibility for finding such a solution does not lie with Ankara and the Turkish Cypriots alone. The Turkish part of the island is now run by President Mehmet Ali Talat, who strongly favours the Annan plan as a means of reuniting the island. But the Greek Cypriot president, Tassos Papadopoulos, remains strongly opposed to the Annan plan. His government is blocking EU aid to the impoverished northern part of the island, as well as direct flights from it to EU capitals. The Cypriot government is also making it hard for the Turkish Cypriots to export to EU markets. Meanwhile, Turkey still keeps some 40,000 troops on the island and it refuses to allow ships flying the Cypriot flag to use Turkish ports.

Since the EU-Turkey negotiating framework gives a potentially decisive role to individual EU governments, the Greek Cypriots could try and stall the negotiations at any point after they begin.⁶ Similarly, political developments in other EU countries could impact on the accession talks. Germany is heading for early elections, probably on September 18th 2005. Opinion polls indicate that Angela Merkel, the leader of the opposition CDU, is the most likely next chancellor. Although Merkel has said that, if elected, she would not block the start of accession negotiations in October, she is still openly arguing for a privileged partnership. In France, Nicolas Sarkozy is the favourite to win the presidential election in 2007. Like Merkel, he is against full Turkish membership. So are two other possible presidential candidates, Gaullist, Dominique de Villepin and Socialist, Laurent Fabius. Merkel and Sarkozy, alongside the Austrian or Cypriot governments, could try to slow down the accession talks. But they are unlikely to stop them altogether: the political costs would be extremely high, not so much because of Turkey’s angry reaction, but rather because of the rows with those EU countries that support Turkish membership, such as the UK,

⁶ Formally, Turkey negotiates with all 25 EU countries in the form of an ‘intergovernmental conference’, which means that each EU country has a veto over every step in the process.

Italy, Greece, Spain and some of the Nordic countries (and with the Americans, who are strongly pro-Turkish membership). By the time Turkey is ready for EU entry, the European political scene may look altogether different again. Meanwhile, Merkel and Sarkozy may implement the kind of reforms – for example to national labour markets and the EU budget – that in the long run would make it easier for Turkey to join.

2 From drift to strategy: the case for Turkey's accession *by Heather Grabbe*

The prospect of membership has been the EU's single most effective foreign policy tool. In their desire to join the Union, countries across the European continent have consolidated democracy, opened up their economies, strengthened their public administrations, and improved relations with their neighbours. The accession process has worked wonders in Central and Eastern Europe, helping these countries to move from chaotic post-communism to orderly EU membership in a decade and a half. The EU could do the same for Turkey, provided it stops dragging its feet. Turkey has been trying to move closer to the EU for 40 years. If EU leaders postponed the start of accession talks or made these talks unnecessarily difficult, they could undermine the usefulness of accession as a foreign policy tool. If the EU cannot offer a credible timetable for accession to a key partner like Turkey, it will lose its leverage, not just in Turkey but also in the many other countries aspiring to join the EU.

At the moment, the EU's influence in Turkey is considerable. In 1999 the EU formally declared Turkey a candidate for membership and defined the political conditions it had to meet to start accession talks: the stability of institutions guaranteeing democracy, the rule of law, respect for human rights, and the protection of minorities. Since then, successive governments in Ankara have made great efforts to fulfil these criteria and the Turkish parliament has passed highly controversial measures bolstering democracy and human rights. It is clear that the EU's steady pressure has empowered modernisers in Turkish politics. But the modernisers will only be able to keep the upper hand if the EU offers Turkey visible and measurable progress

towards accession. Turkey's people and politicians know that it will take many years before their country meets all the criteria for EU membership. But they need assurance that it will happen, eventually. In the absence of clear progress towards membership, the fragile consensus favouring reform in Turkey could quickly crumble.

At their summit in December 2004, EU leaders set a date for the start of accession negotiations, October 3rd 2005. If negotiations begin as planned, Turkey will get down to work to fulfil the other 'Copenhagen criteria' for EU entry. These include a functioning market economy, the capacity to cope with competition in the single market, and the effective implementation of EU rules and regulations, known as the '*acquis communautaire*'. If applied strictly and consistently, these criteria for membership could spur the kinds of reforms in Turkey that are needed for a smooth accession process (see Chapter 5).

This policy of 'conditionality' is the EU's traditional way of exerting influence internationally. But there is a risk that the EU will not use its power effectively and thus pass up the opportunity to help Turkey to modernise its political system and its economy. To avoid this outcome, the EU needs to speed up integrating Turkey well in advance of eventual membership, to the benefit of both sides.

This chapter explains what is at stake in Turkey's accession process. It cautions against any postponement of the start of negotiations, or obvious EU foot-dragging once they have started. Such delaying tactics would not help to resolve the problems that many people cite as obstacles to Turkey's accession. The chapter concludes with five recommendations for the EU and five for Turkey for successful accession negotiations.

The debate in the EU

The proponents and opponents of Turkish membership often use the same arguments. For every con, there is a pro, and vice-versa.

- ★ Turkey's population, already 72 million strong, is the fastest growing in Europe. By the time of accession, Turkey would be larger than any other EU member-state. Since voting in the EU Council of Ministers depends mainly on a country's population, Turkey would have much weight in EU decision-making – a prospect that frightens many current member-states, especially the smaller ones already worried about being marginalised in EU decision-making. On the other hand, Turkey's young and expanding population would be a welcome counter-weight to the EU's ageing and shrinking workforces.
- ★ Turkey's territory straddles Europe and Asia. Critics point to a clause in the EU's treaties which states that only European countries are allowed to apply for membership. They want the EU to remain a geographically European club. Supporters of Turkish membership point out that the country would be a bridge to the Islamic world and thus a very useful partner to help the EU achieve its foreign policy objectives.
- ★ If Turkey joins, the EU will border Iraq, Iran and Syria, as well as Georgia and Armenia. With such frontiers, the EU would no longer bear any resemblance to the cosy club that started on the Rhine, say the opponents. They warn that instability in the Middle East and the Caucasus could spill over into the enlarged EU. But, counter Turkey's defenders, the EU will have to address the risk of instability to its east anyway. Having Turkey as a fully fledged member would be the best way to do this.
- ★ Turkey is a major route for trafficking both drugs and people into the EU. The critics therefore call on the EU to keep its borders with Turkey closed. But borders are never watertight, say the proponents of membership. The EU needs to build very good working relations with Turkey's law enforcement agencies to combat trafficking. Again, this task would be easier if Turkey were firmly on its way towards EU membership.

- ★ Turkey's population is poorer than that of any current member-state, and a larger share of its people work in the farm sector than in Poland, currently the EU's most agricultural country. Since most of the EU budget goes on aid to poor regions and farm subsidies, Turkey's accession would bust the EU's budget and destroy the Common Agricultural Policy, say opponents. But financial constraints, international trade rules and the impact of the last enlargement round are forcing the EU to reform its finances and farm policies anyway. By the time Turkey joins, the EU is highly unlikely to have the same regional and agricultural policies as it does today.
- ★ Turkey would oblige the EU to become more flexible. For example, the EU needs to find ways of allowing richer, better-equipped or more integrationist countries to move ahead with projects for which Turkey is not ready. Critics say that taking in a country as large and poor as Turkey would change the nature of the EU. But multi-speed Europe is already a reality, say the proponents. They point to the fact that certain countries, such as the UK, have stayed outside the euro and the Schengen area of passport-free travel. They add that with 25 (soon 27) member-states at vastly different levels of development, the EU needs to become more flexible anyway. The EU's constitutional treaty – still awaiting ratification after the French and Dutch referenda – would offer various schemes to allow smaller groups of countries to move ahead with certain policies, for example in defence or migration.

In the wider public debate about Turkey's membership bid, these practical, financial and geo-political arguments play a subordinate role. Many European voters think that cultural differences are the main argument why Turkey should not join the EU. Although the Turkish state is staunchly secular, its population is overwhelmingly Muslim, whereas the EU's existing members are predominantly Christian in origin. However, European societies are increasingly multicultural. At least 15 million Muslims already live in the EU,

most of them as citizens. The prospect of Turkey joining the EU raises tricky questions about European identity. Few politicians want to address these since they have no ready answers. In part, Turkish accession is unpopular in the EU because it forces Europeans to confront fundamental uncertainties about who they are, which values they share, and how open their societies can and should be.

The start of Turkey's accession negotiations is further complicated by its timing. This has been an exceptionally difficult year for the EU. French and Dutch voters rejected the EU constitutional treaty in their referenda. Angry negotiations about the EU budget resulted in a failed summit in June 2005. Many people see Turkey's membership aspirations as a nuisance at a time when the EU's agenda is already so challenging. Many also suffer from 'enlargement fatigue'. They are still struggling to come to terms with the increase in membership from 15 to 25 countries in 2004.

While most citizens in the current EU supported eastward enlargement, many feel that Turkey is a step too far – politically, geographically and psychologically. Turkey's membership is unpopular. Only one-third of people in the EU-15 countries are in favour of Turkey joining, with more than half against it, according to Eurobarometer. Such polls show that political leaders in the EU have not done a good job in making the case for starting negotiations with Turkey. They have to explain to their electorates that the difficulties surrounding Turkish membership – the threat of instability beyond EU borders, the EU's uncertain identity, the need to reform the EU's institutions and policies – will not disappear if negotiations are postponed, suspended, or if Turkey withdraws its application altogether.

The stakes for Turkey

Turkey has a very high stake in the accession process. The centre-right AK party, whose leaders have their roots in Islamic political parties, won a landslide election victory in November 2002. Since

then, the AKP government has been treading a fine line in its EU policy, convincing sceptical middle-class secularists and the armed forces to accept controversial reforms in the name of the EU. Prime Minister Recep Tayyip Erdoğan looks likely to succeed as long as Turkey is making progress towards EU accession. The AKP government has formed an uneasy and fragile coalition with the military in favour of the EU and reform. EU aspirations are the glue that binds together Turkey's key groups – the Muslim democrats, arch-secularists, the armed forces and business. But the Turkish establishment could quickly turn against Erdoğan if the EU was seen as unwelcoming and disingenuous. There are reactionary forces in the army, the state administration and in politics that oppose EU accession because of the radical reforms it requires. These forces would seize on any EU foot-dragging as proof of the Union's bad faith. The uneasy alliance favouring reform would quickly dissolve.

Turkey's EU aspirations are not new. But before the AKP came to power in 2002, the country was ruled by weak coalition governments which struggled to implement the reforms that the EU demanded. The AKP's overwhelming victory in the November 2002 election gave it a much stronger mandate and a clear majority in parliament. The AKP has pushed through four major reform packages, some of which required significant changes to the Turkish constitution. The packages included greater cultural, language and educational autonomy for minority groups, especially the Kurds; more civilian control over the military and the diminution of its political role; the release of political prisoners; the abolition of the death penalty; a clamp-down on torture by the police; reform of the judiciary; and greater protection for the media and for freedom of expression. These measures are starting to change the Turkish state fundamentally, but they could still provoke a backlash from the many interest groups who benefited from the previous status quo.

Turkey has also made dramatic changes in its foreign policy in recent years, often to conform with EU demands. In 2003, Erdoğan rejected the UN peace plan for Cyprus because of domestic pressure. But in

April 2004, his government played an active role in persuading the Turkish Cypriots to vote Yes to the plan in a referendum on the island's future. This about-turn on Cyprus policy would have been inconceivable just a few years earlier, when the Turkish military might have threatened to intervene to prevent any change on the island. Greek-Turkish relations have also improved greatly in the past few years. Partly this is because of changed views in Athens about the value of reconciliation, but partly because of a strong willingness on the Turkish side. And Turkey has swung away from the United States – partly because of its opposition to the war in Iraq – and towards the EU in its general foreign policy orientation.

So much still to do

Significant though recent reforms have been, they are just the beginning of the many difficult changes Turkey will have to make before it can join the EU. Once negotiations begin, the EU will spell out the economic conditions for accession in more detail. It will demand that Turkey take over EU rules and regulations. It will encourage Turkey to overhaul its state administration to ensure that EU rules are properly implemented and enforced. The EU will also set further conditions for democracy and human rights, to address such deeply entrenched problems as honour killings and violence against women. In short, the EU will keep leaning on Turkey to do more and more throughout the entire accession process, just as it did with the Central and East European applicants.

The Turks will probably find it much harder to accept EU conditionality than the ten countries that joined in May 2004 (see Chapter 3). Turkey is best described as a 'modern' state, to use the term coined by British diplomat Robert Cooper: its political culture is not used to 'post-modern' ideas about pooling sovereignty or political integration in a wider entity like the EU.⁷ Nevertheless, the current Turkish consensus on EU accession and the strength of the Erdoğan government mean that there is a

⁷ Robert Cooper, *The breaking of nations: order and chaos in the 21st century*, Atlantic Books, 2003.

window of opportunity for the EU to help transform Turkey into a more democratic, stable and economically competitive country. However, the EU needs to remember that Turks will accept its long list of demands only if it provides a clear road map for accession.

Five recommendations for the EU

1. Recognise Turkey's membership aspirations as a strategic opportunity, not a threat to European identity. The identity questions – about the values at the heart of what it means to be European, and about where Europe ends – are there already. Further delays, foot-dragging or even a suspension in Turkey's accession process will not make them go away.
2. Acknowledge how far Turkey has come already. This is a country that experienced four military coups in the last half-century, but is now pursuing previously unthinkable reforms. The current government has shown not only a firm commitment to make Turkey fit for EU membership, but also the capacity to do so.
3. Work on reforms that will help the EU accommodate Turkey as a member. Many of these changes are needed in any case, such as reform of farm policy and regional aid – and others will be forced on the Union by existing members, such as more flexible modes of integration.
4. Make the membership conditions very clear. The EU's accession criteria are rather vague. In the case of the Central and East European candidates, this was not a major problem because the countries were smaller and they competed against one another to fulfil the conditions. But Turkey will need more detailed guidance, because it is a large country and will be in negotiations for much longer.
5. Start preparing public opinion for eventual Turkish membership of the EU. The worst-case scenario would be that, after many years of difficult negotiations, the public in one or more EU countries rejected the accession treaty.

Five recommendations for Turkey

1. Prove that Turkey is willing and able to do whatever is necessary to become an EU member. The best way to convince sceptical member-states is to ensure consistent implementation of the measures agreed with the EU. That will be a long and arduous process because it requires extensive changes on the ground – for example in police stations, schools and local government all over Turkey.
2. Persuade the European public, not just the Commission and heads of government. Although the Commission will manage the negotiations, Turkey's eventual accession depends on the member-states and their domestic politics. The Ankara government needs to persuade the whole panoply of EU opinion formers – journalists, commentators, parliamentarians and businesspeople – that it can one day be an asset as a member-state. The Eastward enlargement of the EU was a largely elite-led exercise. None of the existing member-states held a referendum on it. But Turkey's accession has to be accepted by the European public, because it will inevitably transform the EU's nature.
3. Quietly ask the United States to refrain from calling publicly for Turkey's admission to the EU. Such calls are counter-productive, raising hostility in the most sceptical member-states. As President Chirac remarked in June 2004, for the American president to ask the EU to let Turkey in is like France telling the US how to handle its relations with Mexico.
4. Educate the Turkish political and business elites about the scale of the changes needed to meet the EU's accession requirements. Many of the enthusiasts for entry are unaware of how profoundly the EU's demands will change Turkey's political institutions and economy. They will become much less keen when they start to realise that EU accession will require Turkey to do unpopular things like cutting state subsidies to ailing industries, imposing tougher hygiene standards on its food producers, and taking on costly EU environmental rules. Economic interest groups will start to complain

loudly when the full price of joining the EU becomes clearer, so the Turkish government needs to start a more informed debate about the overall balance of costs and benefits.

5. Make the Turkish public aware of the likely timetable. A series of governments – as many as four or five – will have to follow a consistent strategy for meeting the EU's many requirements if Turkey is to achieve accession. This strategy can be politically viable only if the public knows it will take a long time but can see tangible progress from one election to the next.

Conclusion

Back in the 1960s the EU accepted the idea of Turkish membership in a fit of absent-mindedness, not as part of a coherent strategy. EU leaders and their voters are mostly unenthusiastic about the idea of Turkey joining the EU, and many prominent politicians openly oppose it. Yet the EU has made a series of half-hearted promises over four decades that will eventually force it to accept Turkey – grudgingly and with great misgivings.

Now the EU needs to think strategically about this relationship rather than continue to drift. Turkey's membership aspirations are widely seen as a threat to European integration, but they are really an astonishing opportunity for the EU. Turkey is the largest and strategically most important country ever to apply for membership. It is a valuable partner for the EU in the Black Sea region and the Middle East. Every time the EU has set new conditions for starting negotiations, Turkey has met them. The current government in Ankara has pushed through deeply controversial reforms of the Turkish state, to comply with EU accession requirements. The EU is able to exercise 'soft power' in Turkey on an unprecedented scale – and in a strongly nationalistic, proud country. The United States cannot boast that any country has ever adopted its norms and followed its policy preferences as closely as Turkey has followed the EU's. For anyone who wants the EU to have a credible foreign policy,

the Union's relationship with Turkey is a great success story. But for that success to continue, negotiations have to start and progress.

There are good and bad reasons for the EU to accept Turkey as a member. The worst reason to pursue accession is that the member-states can find no alternative, even if their populations remain largely opposed to Turkish membership of the EU. In that case, negotiations will be slow and antagonistic, and the Turks will become increasingly frustrated.

The best reason for Turkey's accession is if the Turkish authorities use the accession process as an anchor for much-needed political and economic reforms, and if the EU uses it to confirm the changing nature of the Union and its European identity. European societies are becoming more diverse, more secular, and more multi-cultural. They are more heterogeneous than they used to be, and they have already moved beyond the idea of a 'Christian Europe'. This presents an opportunity for politicians in Turkey and the EU to make a strong case in favour of Turkish membership. They should start now.

3 The economics of Turkish accession *by Katinka Barysch*

Countries that want to join the EU need to comply with a number of accession criteria, both political and economic ones. Turkey has already made much headway with fulfilling the EU's criteria on democracy, the rule of law and minority rights. Although the EU will continue to watch Turkish politics closely, the main focus of the accession negotiations – scheduled to start in October 2005 – will be on economics. According to the so-called Copenhagen accession criteria, EU aspirants need to have a well-functioning market economy and they need to be able to compete within the EU's single market. In its 2004 assessment report on Turkey, the European Commission concluded that despite good progress in recent years Turkey did not yet fulfil either condition. So Turkey still has a lot of work to do to get its economy fit for membership. The economic entry criteria are vague, and that is intentional: they allow the EU to get involved in everything from banking sector liberalisation to education policy. If previous enlargements are anything to go by, the EU will be making a lot of demands on Turkey.

The EU accession process has the potential to transform Turkey's economy. It certainly did so in the case of the Central and Eastern European countries that joined in 2004. These countries reaped massive economic gains in terms of growth, investment and better policies long before they actually joined the Union. Can Turkey look forward to similar gains? Perhaps. But Turkey may find it a little harder to benefit economically from accession than its East European peers did, for two reasons: first, Turkey has already gained a lot from EU integration through its customs union with the EU. And second, Turkey will find it more difficult to use the EU as an external anchor for reforms.

What the EU wants

In its 2004 'regular report' on accession preparations, the EU lists the reforms that Turkey will have to implement in order to fulfil the two economic entry criteria, namely a well-functioning market economy and the ability to compete in the single market. Among other things, the EU is asking Turkey to: cut its budget deficit and make budget planning more efficient; continue to reduce inflation; streamline administrative procedures; strengthen the rule of law; make commercial courts more efficient; sell off state-owned banks and improve financial sector supervision; speed up privatisation of state-owned companies and utilities; invest more in education, and tailor it to the needs of a market economy; and make the business climate more attractive for foreign investors.

In addition, Turkey will have to take over, implement and enforce EU rules and regulations in more than 30 areas, including the four freedoms of the single market (free movement of goods, services, capital and people); agriculture and fisheries; monetary union; transport, energy and telecoms; competition and state aid; policies for small businesses; research, education and culture; consumer protection; environmental rules and foreign and security policy.

Economics is also crucial from an EU perspective. Many West Europeans fear that the entry of such a large and poor country could add to the EU's own economic woes by increasing competition and adding more low-cost workers to already troubled labour markets. Such fears are overdone, in particular since Turkish accession will not take place much before 2015. By that time, the EU will hopefully have addressed its internal economic problems. If not, it will be slow-growing and unwelcoming, and Turkey may well have second thoughts about joining.

Too poor, too different?

Many West Europeans are daunted by Turkey's accession because they think of the country as too big, too poor, too backward and too unstable. True, Turkey has almost as many people as the ten new members combined. And unlike the current EU countries, Turkey's population is still growing at fairly solid rates. But in other respects, Turkey is not that different from previous candidates. The average GDP per head in Turkey is less than 30 per cent of the EU-25 average while that in the new members in Central and Eastern Europe is closer to 50 per cent. But it is unfair to compare Turkey, which is at the start of the journey, with the new members that have already arrived. Ten years before accession, Poland's GDP per head stood at 35 per cent of the EU average, and that of Romania was much lower still. By the time Turkey joins, its per capita GDP may well be similar to that of the East European members today.⁸

⁸ Kemal Derviş and others, 'Relative income growth and convergence', CEPS EU-Turkey working paper No 8, September 2004. Independent Commission on Turkey, 'Turkey in Europe: more than a promise?', September 2004.

Turkey's economy is split between a modern competitive manufacturing and services sector, and a large backward farm sector. The modern part of the economy is dominated by sprawling, often family-controlled, conglomerates that are involved in anything from car production to banking and retail. Productivity levels in manufacturing are as high, or often higher, than in the Central and East European countries. Agriculture, on the other hand, is hugely inefficient and still employs one-third of the labour force. Again, this is not that different from, say, Poland, where one-fifth of the people still live on the land and where there are big regional income gaps.

What sets Turkey apart from previous candidates is its history of economic instability. The East European countries went through a deep but brief post-transition slump, and some saw inflation skyrocket in the wake of price liberalisation. But they swiftly returned to stability, whereas Turkey has been on a rollercoaster of booms and busts for decades. Economic crises have regularly derailed what little progress there had been in terms of reform and

prosperity. After the last crisis in 2001, GDP collapsed by 7 per cent and inflation went up to over 70 per cent.

Before the journey begins

	Turkey	Bulgaria	Romania	Poland	Slovenia
Year before start of accession talks	2004	1999	1999	1997	1997
GDP per head, €, at PPP	6,260	5,150	4,980	7,410	12,600
Budget deficit, per cent of GDP	-8.8	-0.9	-1.9	-2.6	-1.2
Public debt, per cent of GDP	87	79	24	44	22
Employment in agriculture, per cent of total	33	26	42	21	13
Unemployment rate, per cent	11	16	7	11	7
Foreign direct investment, stock per head, €	270	290	240	340	1,000

Source: Independent Commission on Turkey. Figures are rounded. FDI figures for Turkey are 2002. PPP stands for purchasing power parity, a measure that strips out exchange rate misalignments.

Since then, however, two successive governments have made remarkable progress with stabilising the economy. The three-party coalition government of Bülent Ecevit, and in particular its economy minister Kemal Derviş, called the IMF back in to help restore financial stability, and it also launched a broad-based structural reform programme. The government of Recep Tayyip Erdoğan, elected in a landslide in late 2002, has broadly stuck to Derviş' tight macro-economic policies and liberalising agenda. As a result, the budget deficit has halved and inflation is now in single-

digit figures for the first time in three decades. At the start of 2005, the government knocked six zeros of the currency – a hugely symbolic move that signals the end of Turkey's high-inflation era. The newly independent central bank has slashed interest rates, thus encouraging companies to borrow and invest. Investment spending rose by more than 30 per cent in 2004 while real GDP grew by almost 9 per cent, making Turkey one of the fastest growing countries in Europe.

An anchor for reform?

The Ecevit and Erdoğan governments have used the economic upswing to push through some much-needed economic reforms, such as cleaning up the banking sector, rewriting labour and tax laws, selling off some state-owned companies and slimming down the bloated public administration. The main driving forces for change have been Turkey's determination to leave its turbulent economic past behind, and to keep the IMF on board as an insurance against renewed financial turmoil. But the IMF will not be holding Turkey's hands forever. The current IMF agreement expires in 2008, and some analysts already worry that economic policy could start drifting again thereafter. Most Turks have so far seen the EU mainly as a driving force for political reform. But economists hope that the EU will take over from the IMF in guiding Turkey's economic development during the accession process. In the case of the Central and East European countries, the prospect of membership provided a rock-solid anchor for economic reform for years. For Turkey, the anchor will be less firm, for several reasons:

- ★ In the 1990s, the Central and East Europeans were driven by an overwhelming desire to 'return to Europe'. Although 75 per cent of all Turks support their country's EU aspirations, for most of them EU membership is not about a – however defined – European identity. What they hope for are personal benefits, such as higher incomes, better jobs, and the freedom to travel and work in the EU. If these benefits are not forthcoming during

the accession process, Turks may become disillusioned with the EU rather quickly.

- ★ The East Europeans wanted EU entry as much for security reasons as for economic ones. NATO membership looked a distant prospect in the early to mid-1990s, so the candidate countries hoped that joining the EU would give them some kind of guarantee against renewed Russian domination. In the minds of many East Europeans, the alternative to EU membership was a return to the Soviet past, and they were willing to pay almost any price to prevent that. For the Turkish people, the alternative to EU membership is the status quo, which does not look too bad to most of them. Turkey has, of course, been a member of NATO since 1952. When it comes to security policy, Turks believe that the EU needs them more than they need the EU.
- ★ The Central and East Europeans competed against each other in the race for EU accession. The EU insisted that each country would join if and when it was ready, and that reluctant reformers risked being left behind. This ‘regatta principle’ worked wonders to focus the minds of politicians from Bratislava to Vilnius. Turkey is not racing against any other country in its accession process (Croatia is also likely to start accession talks soon, but the two countries are probably too different to create a regatta effect between them). So Turkey thinks it has a stronger hand in the negotiations.
- ★ In all East European candidate countries there was a strong cross-party consensus that EU membership was the only way forward. In Turkey, the consensus is much weaker and nationalist voices are louder. The way Turkish politicians and journalists are criticising the EU would have been unthinkable in Central and Eastern Europe in the 1990s. There is a risk that Turkey’s political opposition will depict every agreement in the accession negotiations as Turkey’s ‘surrender’ to EU demands.

- ★ Last but not least, the Central and East Europeans were safe in their knowledge that the EU would let them in eventually. Of course the EU always retained the right to suspend accession negotiations in case a country backtracked on political reforms. But eastward enlargement was backed by fairly strong public and political support across western Europe. This is not necessarily the case for Turkey. Public opposition to its membership bid and the EU’s constant reminder that accession negotiations are ‘open-ended’ make Turkey feel unwelcome and insecure. As a result, its motivation to do what the EU wants is weaker, as is the EU’s leverage over Turkish policies.

Turkey will not be able to anchor its reform process to EU accession in the way Hungary or Lithuania did. Ankara will find it more difficult to sell painful reforms in the name of EU entry. Many Turks already grumble that the EU is making unnecessary demands in an attempt to slow down their country’s accession. So the only way for the government to sustain momentum is to argue that reforms are necessary to make Turkey richer, stronger and more stable – EU or no EU. Since accession talks are likely to be protracted, the timing of reforms is crucial. The government should probably try to push through the bulk of difficult measures quickly, say within five years, irrespective of whether the actual EU negotiations proceed that fast. Early reform successes would crush vested interests, for example those of powerful conglomerates or immovable bureaucrats. These interest groups would then be less likely to oppose reforms later on, when the momentum for EU accession may be slowing.

A test case for membership

West European doubts about Turkish membership would be weakened if Ankara just got on with reforms, without much prodding from Brussels. Turkey could also impress its critics by improving the functioning of the customs union, which many in

the EU regard as a test case for full membership. Under the customs union agreement, signed in 1995, Turkey and the EU have removed all barriers to trade in industrial goods, and Turkey has adopted the EU's external tariffs for trade with non-EU countries. It has also taken over certain EU rules that are needed to create a level playing field for bilateral trade, such as intellectual property protection and some competition policy rules. Trade between Turkey and the EU has roughly doubled since the customs union came into force. And Turkey has reaped substantial economic gains from lowering trade barriers not only vis-à-vis the EU but also for goods from non-EU countries.

⁹ OECD, *Competition law and policy in Turkey*, 2005. The impact of the customs union agreement goes beyond exports and imports. For example, until 1996 Turkey did not have a competition policy – a big omission in an economy that is in large parts dominated by private conglomerates and state-owned monopolies. After the customs union agreement, Ankara adopted competition laws that are modelled on those in the EU. And it set up an independent anti-trust authority that is now described by the OECD as “Turkey’s most effective and best administered agency”.⁹ However, while some aspects of the competition regime work well, for example controlling mergers and fighting cartels, others do not. Like most non-EU countries, Turkey does not have an effective system for state aid control, which leaves the government free to support pet industries through subsidies, cheap energy or directed loans. Partly in response to EU pressure, Turkey has now drawn up state aid legislation. But the government cannot make up its mind who should enforce the new law: the independent competition agency, the treasury (which actually pays out most of the subsidies) or a third body.

As long as Ankara does not get a grip on state aid, the EU retains the right to slap anti-dumping duties on Turkish goods, arguing that these benefit from ‘unfair’ support. The EU is also unhappy that Turkey has not implemented the technical regulations that are

needed to make trade flow smoothly. For example, Turkey is still busy taking over EU standards for the production of cars, chemicals and foodstuffs, although the deadline for the implementation of these passed in 2001. Even in those areas where EU rules are already in place, the EU often refuses to let in Turkish goods, arguing that the agencies that issue the relevant quality certificates cannot be trusted. So Turkish companies that want to sell into the EU market have to first get their goods tested in EU laboratories, which is both time-consuming and expensive.¹⁰

¹⁰ Sinan Ulgen and Yiannis Zabariadis, *The future of Turkish-EU relations*, CEPS EU-Turkey working paper No 5, August 2004.

Both sides occasionally accuse each other of protectionism. Turkey dislikes the fact that the customs union agreement does not cover agricultural goods – which happen to make up a large part of its exports to the EU. In return, Turkey does not allow in animals and meat products from the EU, claiming that these do not comply with its food standards. The EU thinks that Turkey is just trying to protect its own farmers.

Another area that has so far been excluded from the customs union agreement is trade in services. Turkey is already a major exporter of services, particularly through its thriving tourism sector. But trade in other services is restricted, which rankles with companies on both sides. EU banks or telecoms providers struggle to get a foothold in the Turkish market. And Turkish companies cannot sell construction or transport services to the EU. The two sides have been talking about trade in services for some time, but they have made little progress. On the Turkish side, one obstacle has been the slow progress in opening up services markets, for example for energy and telecoms, which are still controlled by large state-owned monopolies (although privatisation was making headway in 2005).

On the EU side, fears of an influx of low paid Turkish builders or truckers have slowed progress. A services agreement would entail the right of Turkish companies to set up shop in the EU, and also

bring in their own workers under certain circumstances. But many West Europeans are wary of such a step, especially following eastward enlargement. They think that the new members in Central and Eastern Europe have exploited this so-called freedom of establishment to allow their butchers and builders to work in the EU at low wages. Outrage over an alleged inflow of 'Polish plumbers' made some French and Dutch people vote No in the referenda on the EU constitutional treaty. The EU therefore has little appetite for extending similar rights to a country of 70 million.

Economists think that Turkey and the EU would gain more from freeing up trade in services than from further integrating their goods markets. Turkey already does more than half of its trade with the EU. And even if the customs union was fully implemented, a surge in bilateral trade in goods would be unlikely. But EU companies are keen to get into Turkey's underdeveloped but fast-growing services market (West European banks are already queuing to buy Turkish ones in 2005). And Turkey could do with more competition in banking, transport, telecoms and energy. Just like in the EU, such market opening would drive down prices and boost efficiency, which would hugely benefit consumers and companies.

¹¹ Arjan Lejour and others, 'Assessing the economic implications of Turkish accession to the EU', Netherlands Bureau for Economic Policy Analysis, March 2004.

The biggest impact of Turkey's accession would come through improvements in the business environment and a reduction in state interference. According to one estimate, Turkey's GDP would jump by 5-6 per cent if its level of corruption fell to that of Portugal.¹¹

Although the Ecevit and Erdoğan governments have done much to improve labour markets, banking and so on, doing business in Turkey is still a challenge. Companies struggle with red tape and regulations, high and complicated taxes, widespread corruption, and a slow and sometimes biased court system. As a result, foreign direct investment (FDI) has largely bypassed Turkey, despite its strategic location and its potential as a cheap export producer and a fast-growing consumer market. Although Turkey has successfully

maintained political and macro-economic stability since 2002, investors have remained cautious. In 2002-04, FDI flows to Turkey totalled only US\$2.2 billion. Compare that to the US\$14 billion that Poland received over the same period. Even Bulgaria, which has one-tenth of the Turkish population, gets more FDI.

Turkey's very low investment numbers also imply massive room for improvement – FDI inflows picked up in the first half of 2005, but it is too early to tell whether this constitutes a turn around. If the government continued its drive to cut red tape, fight vested interests and corruption and enforce competition, FDI could soar in the run-up to accession. The economic benefits are potentially huge, since FDI not only brings in long-term capital but also often comes with cutting edge technology, management skills and good links to western export markets.

What Turkey needs to do

Turkey's accession preparations will not be that different from those of the Central and East Europeans. As explained above, Turkey has already done quite a lot of the work needed for integrating its goods markets with the EU. Full membership in the single market would still require Turkey to open its services and utilities markets, adopt all EU product standards, improve testing and certification, better protect intellectual property rights and so on. None of these things represent insurmountable challenges to Turkey. By building a fairly effective competition policy regime, Turkey has already shown that it can deliver.

In many ways, Turkey is better prepared for accession than say, Poland or Bulgaria were when they started negotiating with Brussels. For example, although the Turkish government still plays a large role in certain economic sectors, it does not have to privatise whole industries, as the East Europeans had to. Many of the companies still in state hands, such as tobacco, energy and telecoms, are already being prepared for privatisation. Poland,

Hungary and the other East European countries relied on FDI to build up efficient banks, western-style supermarkets, modern telecommunications and high-value added manufacturers. Even without big FDI inflows, Turkey has managed to create a sizeable number of successful and competitive businesses, for example Koç Holding, which produces cars in joint ventures with Ford and Fiat (in addition to running supermarkets, hotels, banks, power stations and IT companies); Arçelik, one of Europe's top-five white goods makers; Migros, a retail giant (controlled by Koç) that is successfully expanding in Russia and elsewhere; or Turkcell, a mobile phone company with almost 25 million subscribers.

However, there are also a number of areas where Turkey's challenges go beyond those faced by previous candidates:

★ Maintain confidence

Turkey has made remarkable progress with stabilising its economy since the 2001 crisis. However, its big pile of government debt, large external deficit and lack of long-term investment leave it unusually vulnerable to swings in investor confidence. Turkey's government debt, although falling, still amounts to more than 70 per cent of GDP. Most of it is in short-term bonds that expire in less than two years. So the government constantly needs to go back to markets to roll over its debt. Although debt servicing costs are falling, the government still spent half of its budget (the equivalent of 13 per cent of GDP) on interest payments in 2004. Since much of the debt is either linked to local interest rates or denominated in dollars, an interest rate hike or a fall in the Turkish lira would immediately push up debt servicing costs again.

Investors also worry about Turkey's external imbalances. Exports have more than doubled since the 2001 crisis, but imports have nearly tripled, leaving the country with a US\$25 billion trade deficit. Real currency appreciation and successive hikes in the minimum wage have started to undermine the competitiveness of Turkish

producers. Although growing numbers of tourists are bringing piles of cash into the economy, Turkey still needs to find US\$15 billion a year to finance its current-account deficit (the equivalent of 5 per cent of GDP). External financing would be less of a problem if it came from long-term FDI inflows, as is usually the case in Central and Eastern Europe. But in Turkey's case the money largely comes in the form of short-term investments, and these can be very volatile.

Following four years of reforms and stability, investors now trust the government much more than they used to. A new three-year IMF agreement, signed in May 2005, will help to keep government policies on track. Nevertheless, confidence remains fragile. The lira still goes through bouts of instability. Signs of budgetary overspending, political trouble or setbacks in the EU accession process could quickly unsettle financial markets. If investors dump the lira, Turkish interest rates will have to rise, which would increase debt servicing costs, depress growth and boost the government deficit. Some analysts fear that any piece of bad news could set off a vicious circle of falling confidence and growing budget spending. Others are more sanguine, arguing that the lira has now become a 'convergence play', a currency whose stability is underpinned by the prospect of EU accession. But the key point remains: Both sides, the EU and Turkey, need to manage the accession process very carefully so as not to endanger Turkey's hard-won macro-economic stability.

★ Create jobs

Although Turkey's economy has expanded by one-quarter since 2001, the recovery has not improved the labour market. The pace of job creation in the dynamic private sector has not been fast enough to offset layoffs in the public sector, with the result that the unemployment rate has been stuck at around 10 per cent. Turkey's population is still growing at 1.5 per cent a year, which means the economy needs to create 500,000-800,000 new jobs every year just to keep unemployment at its current level.

The labour market situation is even more dire than official unemployment numbers imply. Unemployment would be a lot higher if it was not for thousands of people dropping out of the labour force altogether. But this fact is reflected in an employment rate that is lower than in any of the current EU members, including countries such as Slovakia and Poland, where unemployment is twice as high as in Turkey. Only 45 per cent of all Turks of working age actually have a job, compared with over 50 per cent in Slovakia and Poland, and more than 70 per cent in the UK and the Nordic countries.

And even those statistics may paint too rosy a picture. Unlike the EU, Turkey counts ‘unpaid family work’ as employment. Economists think that only 20-25 per cent of the working age population have a ‘normal’ (full-time, salaried) job. Most women in Turkey are not part of the formal labour market. The female employment rate is only 25 per cent, by far the lowest in Europe. Youth unemployment is also a serious problem, with one-fifth of

¹² OECD, ‘*Economic survey of Turkey*’, December 2004. young Turks looking for a job. In the cities, the share is higher still.¹²

Although a new labour law brings Turkish legislation more in line with international standards, Turkey’s employment rules are still among the most restrictive in Europe. Moreover, the tax burden on workers is unusually high. Payroll taxes and social security levies add more than 40 per cent to employers’ wage bills. High taxes and cumbersome legislation – alongside the large number of subsistence farmers – mean that more than half of all employment is in the informal economy. Bringing Turkey’s workforce into the formal sector and creating new jobs for the hundreds of thousands of unemployed will not be easy. The government needs to cut payroll taxes and social security contributions, but the high debt-servicing burden leaves it little room for fiscal manoeuvre.

Budgetary constraints will also slow down education reforms – another precondition for improving the labour market. Although expenditure is rising, Turkey still spends less of its GDP on

education than most EU countries. Its educational indicators are correspondingly worse. Two-thirds of the Turkish population have only basic education, or none at all. And although student numbers are rising, less than one-quarter of Turks have completed secondary education and less than 10 per cent have a university degree. Cash is not the only obstacle to educational reform. Many politicians, students and teachers are wary because they fear that the Erdoğan government might be pursuing a hidden agenda of ‘Islamising’ the education system.

★ Reform the farm sector

The farm sector in Turkey employs one-third of the labour force but generates less than 12 per cent of GDP, which implies huge inefficiencies. Like the economy as a whole, the agricultural sector is split into a modern and a backward part. A small number of efficient farm enterprises grow fruit, vegetables and nuts for export. But the vast majority of Turkey’s three million farms are tiny, and they barely yield enough to sustain their owners. Incomes per head in the rural areas along Turkey’s Eastern border are less than 10 per cent of the EU average.

The farm sector has helped to soak up much of Turkey’s excess labour. But it also represents a huge burden on the economy. Turkey’s farm policies are, if anything, even more interventionist than the EU’s Common Agricultural Policy. The OECD estimates that Turkish government support for the farm sector amounted to 4.4 per cent of GDP in 2003. Like the EU, Turkey is gradually moving away from setting prices and intervening in markets and towards paying direct support to farmers. But in Turkey, agricultural reform has huge social implications. If the government wanted to reduce employment in farming to nearer of the sector’s share in national output, it would have to uproot or retrain eight million families over the coming decades. Finding alternative jobs for former farmers will be tricky, not least because many have little or no education.

★ Streamline the bureaucracy

The Turkish government has traditionally played a big role in running the economy. In recent years, the state has been on the retreat. It has sold off state enterprises, cut regulations, slimmed down the state administration, phased out price controls and set up independent regulatory agencies. Nevertheless, an overly complex legal framework still allows Turkey's two million bureaucrats to interfere with business at all levels. The quality of the administration is getting worse as bright young people prefer private sector jobs with much higher pay cheques.

Similarly, Turkey's judges are overloaded, underqualified and at times open to political pressure. Since Turks are quite litigious, everything from energy sector regulation to anti-trust rulings ends up in front of the courts. But judgements are slow and often inconsistent. So the inefficient judicial system acts as a brake on economic reform and market opening.

The EU accession criteria require candidate countries not only to adopt EU rules and regulations, but also to implement and enforce them. Turkey will struggle to do so as long as its bureaucracy remains inefficient and often corrupt. Another problem for law enforcement is the size of the shadow economy. Economists estimate that some 40 per cent of Turkish GDP is produced in the informal sector, where it is beyond the reach of tax inspectors, officials and judges.

Parochial worries

The accession process, if handled well, has the potential to hugely improve the Turkish economy. For the EU economy, Turkish accession is much less important. Since EU entry is still at least a decade away, it is almost impossible to say what the consequences would be for the existing EU members. One thing is certain: the direct impact would be limited simply because Turkey's economy is so small (the equivalent of only 2-3 per cent of EU-25 GDP). And even if Turkish growth continued to outstrip that of the EU,

its GDP would remain tiny compared to that of the Union. Nor is Turkey of great importance as a trading partner. Although the customs union has been in place since 1996, Turkey accounts for only around 3 per cent of the EU's total external trade. Economists calculate that Turkey's accession to the single market will benefit many of the existing members, but the impact will be very small.

Nevertheless, many West Europeans fear that Turkish EU entry could have other pernicious effects on the EU, such as busting the EU's budget, leading to gridlock in EU decision-making and flooding EU labour markets with cheap workers. However, such worries are unfounded.

Take the EU budget. Most EU spending still goes on help for farmers and poorer regions. Since Turkey has plenty of both, the current EU members fear that Turkey's accession will be expensive. Assuming that the EU budget stays as it is today and that Turkey gains the same access to funds as the East European countries, its accession could cost around 0.2 per cent of EU GDP.¹³ However, both assumptions are questionable. The EU has said explicitly that it does not want Turkey to join before 2014, so it will not have a say in negotiating the 2014-2021 budget framework. Brussels will probably phase in payments to Turkey, like it did for the East Europeans. So Turkey may not become a full beneficiary of the EU budget until well after 2020 – if ever: both the Commission and EU leaders have suggested that Turkey may have to forsake full access to the EU budget even after accession. Moreover, the current row about the EU's 2007-2013 budget shows that EU countries disagree about what the money should be spent on. By 2020, the EU will hopefully spend much less on agriculture and more on research, innovation or foreign aid.

Many West Europeans also fear the impact of Turkish accession on labour markets. There are already around 3 million Turkish residents in the EU, almost 80 per cent of whom live in Germany and most of the

¹³ Daniel Gros, 'Economic aspects of Turkey's quest for EU membership', CEPS policy brief No 69, April 2005.

remainder in France, Austria, the Netherlands and Belgium. People in these countries worry that accession will result in a flood of Turkish workers, and that competition for jobs will get tougher.

Like the East European members, Turkey will probably have to wait many years after accession before its workers are allowed to apply for jobs across the EU. Assume that Turkey joins the EU in 2015 and that its transition period will be the same as for the East European countries, namely seven years. So there would be no free movement of labour until at least 2022. Experts disagree widely on how many Turks may emigrate once restrictions are lifted, with estimates ranging from 0.5 million to 4.4 million. Even 4.4 million would account for only 0.7 per cent of the EU-28 population of more than

¹⁴ Daniel Gros, 'Economic aspects of Turkey's quest for EU membership', CEPS policy brief No 69, April 2005. 570 million. Ask the Turks whether they want to move and the numbers are even smaller: although more than 6 per cent say they may consider emigrating, only 0.3 per cent have the firm intention to do so.¹⁴

Nevertheless, the EU will probably retain a 'permanent safeguard', which will allow other EU countries to keep Turkish workers out if they fear 'serious disturbances' in their labour markets. However, by 2020 West European countries may well be wooing Turkish workers rather than trying to make them stay away. Labour forces will start shrinking in almost all EU countries over the next couple of decades, which implies the risk of pension crises and slowing growth. Turkey, with its growing population, could help EU countries to alleviate some future labour market shortages.

A brighter view

The critics of Turkish accession tend to take a very short-term view. They look at the EU as it is today – with its sluggish growth, high unemployment and slow decision-making. They add today's Turkey, which is still in the midst of economic and political transition. Then they conclude that accession would be a mess. But

Turkey's EU accession is many years away, and both the EU and Turkey will look very different by the time it happens.

Turkey still has a lot of work to do to get its economy in shape for EU membership. But Turkey's economic shortcomings should be an argument in favour of starting accession talks, not against. The EU accession process itself will help Turkey to address these problems. EU monitoring will help Turkey to spot problems and set priorities. EU advice will support the government in drawing up reform policies and writing better laws. EU money will alleviate financial constraints. But the main responsibility for sorting out the Turkish economy lies with the Turkish people and their government. And they know that they need reform, modernisation and investment irrespective of whether they join the EU or not.

Meanwhile, the 2004 eastward enlargement is forcing the EU to change in a way that will, eventually, make it much easier for Turkey to join. The constitutional treaty probably cannot be revived, following its rejection in the French and Dutch referenda. But at some point the EU will have to revisit the question of how to adjust its institutions and decision-making procedures to fit a membership of 27 or more countries. Eastward enlargement is also turning up the heat on EU governments to reform their economies. West European countries can keep out Polish or Czech workers until 2011. But they cannot prevent their companies from moving their factories to Central and Eastern Europe, where labour costs are lower. So in order to compete, create jobs and boost growth, Germany, France and others will have to make their labour markets more flexible, cut payroll taxes and invest more in education.

By the time Turkey is ready for membership, the EU will hopefully have tackled these problems. It will have more efficient decision-making procedures and policies that can accommodate a larger and more diverse membership. And it will have a more dynamic economy, with lower unemployment and better immigration policies. If so, Turkish accession will look a lot less scary to the

people in the EU. If the EU fails to solve its internal problems, the Union in 2015 will be gridlocked, slow-growing, inward looking and unwelcoming. There is no reason why Turkey should want to join such a club.

Turkey in comparison

	Turkey	Poland	Spain	Germany	UK	EU-25
Population, million	72	38	42	83	60	457
Population in 2050, million	100	32	43	78	67	450
GDP, € billion	240	190	840	2,200	1,700	10,200
GDP per head at PPP, per cent of EU average	30	47	98	109	118	100
Employment, per cent of the labour force	45	52	61	67	72	64
Workers with tertiary education, per cent of total, 2002	9	13	24	23	27	N/A
Poverty risk after social transfer, per cent of population, 2001-2002	25	17	19	15	19	15
Spending on R&D, per cent of GDP, 2002	0.7	0.6	1.0	2.5	1.9	1.9

Sources: Eurostat, United Nations, OECD and Economist Intelligence Unit. Data are for 2004 unless otherwise indicated.

Turkey and EU foreign policy

Opponents of Turkish accession often claim that it would damage the cohesiveness of the EU's Common Foreign and Security Policy (CFSP). They argue that a country such as Turkey, with pronounced views on several contentious international questions, and a strong sense of its national interest, would be harder to integrate into the CFSP than, say, Slovenia.

Turkish membership of the EU could potentially create problems for the CFSP. But it could also be an asset. Turkey's proximity to, and ties with, troubled zones such as the Balkans, the Arab Middle East, the Caucasus, Iran, Iraq and Central Asia, could strengthen the EU's role and influence in such places. Furthermore, Turkey's critics often fail to appreciate – as Steven Everts points out in Chapter 4 – that Turkey's attitude towards its neighbours has evolved greatly in recent years. Turkey now gets on much better with most of its neighbours – including Greece – than it used to. That evolution has left Turkey quite closely aligned with EU policies.

On Iran, for example, Turkey shares American and European objectives that Tehran should be dissuaded from developing nuclear weapons. However, like the EU, Turkey believes that threats to use force against Iran are likely to be counter-productive. On Syria, too, the Turks share the EU's reluctance to promote regime change. Ankara fears that a Syrian revolution could produce a worse leader than Bashar Assad, and incite Syrian Kurds to rise up.

On Iraq, Turkey has played a generally constructive role and accepted a federal constitution for the country, although that gives strong autonomy to Iraq's Kurds. However, if Iraq's Kurds became independent, that would be a major issue for Turkey: more Turkish Kurds could demand independence, and the Turkomen in the Kurdish part of Iraq would fear persecution.

In the Balkans, Turkey's policies have long been aligned with those of the EU. Turkey has provided thousands of peacekeepers for the NATO- and EU-led peacekeeping missions in Bosnia and Kosovo. And in

Afghanistan Turkey has provided over 1,000 peacekeepers for the NATO-led mission.

Turkey has also supported the European Security and Defence Policy (ESDP). During the development of that policy, Turkey's concern has been that it should be involved in rather than excluded from decision-making; but the closer Turkey moves towards EU membership, the less of an issue that becomes. Turkey's troubled relationship with Cyprus has created problems for the ESDP's links with NATO, but if Turkey does move towards EU membership such problems will have to be ironed out long before Turkey reaches that destination. Turkey has taken part in every EU-led military operation except that in the Republic of Congo. In the long run, the size and quality of Turkey's armed forces could be a considerable plus for Europe's defence policy.

One of the big worries about Turkish accession, seen from 'core' EU countries such as France and Germany, is that it would be a Trojan horse for American interests in Europe. Turkey's critics worry that, rather like Britain, it may be incapable of diverging significantly from American foreign policy. Historically there was some basis for such expectations. The Turkish armed forces have very close links with their American counterparts. Turkey is also the only country in the region that has had close ties to Israel, like the US.

However, as Turkey has moved closer to the EU, so have its views on many global issues. The Erdoğan government has sought close relations with the Palestinians as well as the Israelis. And when the US asked Turkey in early 2003 to provide troops for the invasion of Iraq, the Turkish parliament narrowly voted against it. Not just the policies, but also the style of Turkish

¹⁵ Michael Emerson and Nathalie Tocci, 'Turkey as a bridgehead and spearhead: integrating EU and Turkish foreign policy', CEPS EU-Turkey working paper No1, August 2004.

diplomacy have become more European. As two shrewd observers note: "While in the past Turkish foreign policy has focussed on the importance of military security and balance-of-power politics, it now increasingly appreciates the value of civilian instruments of law, economics and diplomacy, as well as multilateral settings in which to pursue its aims."¹⁵

The increasing distance between the American and Turkish governments on some international questions has been underpinned by a growth of anti-American sentiment in Turkish public opinion. According to one recent survey, the Turkish public has a less favourable impression of the US than

the people of any other European country. Asked if the US and Europe should move closer together, only 21 per cent of Turks said Yes, while in France, Germany and Italy the scores were 30-32 per cent.¹⁶

¹⁶ German Marshall Fund of the US, 'Transatlantic trends 2004', September 2004.

Two issues could create particular problems for Turkey's participation in the CFSP: Armenia and Kurdish separatism. Turkey keeps its border with Armenia closed, at considerable economic cost to the Armenian economy (and that of Eastern Turkey). Turkey does this to express solidarity with Azerbaijan; Armenia is illegally occupying about 20 per cent of Azerbaijan, including the Armenian-speaking Nagorno-Karabakh enclave. In the long run, if Turkey wants to become an EU member, that border will have to open, since the EU has friendly relations with Armenia. However, for the time being Azerbaijan is putting pressure on Turkey to keep the border shut, on the grounds that opening it would reduce the pressure on Armenia to be more constructive about Nagorno-Karabakh. Armenia itself could help to encourage more constructive attitudes in Turkey, for example by recognising Turkey's borders, which currently it does not.

The other worrying issue is an apparent revival of violence by Kurdish separatists. In 2005 Turkey has suffered several bomb attacks from Kurdish terrorists. A revival of the civil war in Turkey's South-East could trigger a clamp-down by the Turkish army. Any human-rights abuses in the course of such a conflict would greatly concern the EU. Furthermore, renewed fighting would also make it harder for the Turkish government to press ahead with reforms, such as strengthening regional administrations or extending cultural rights to the Kurdish minority.

Extended fighting between the army and PKK guerrillas could also affect Turkish foreign policy: if there were signs of the guerrillas being supplied or aided from the Kurdish parts of Syria, Iran or Iraq, the Turkish army could launch raids outside its own borders. And that would lead to much less friendly relations with Turkey's neighbours – and to a much more strained relationship with the EU.

Charles Grant

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4 An asset but not a model: Turkey, the EU and the wider Middle East *by Steven Everts*

Many politicians and commentators tend to disparage the EU's nascent foreign policy. They should travel to Turkey. It is true that the EU has a relatively poor record in making its mark on global crises. But its ability to exert influence in countries wishing to join the EU has been nothing short of revolutionary.

In recent years, successive Turkish governments, and especially the new AKP government led by Recep Tayyip Erdoğan, have passed raft after raft of demanding reform packages. These reforms have brought Turkey more in line with the EU's exacting Copenhagen membership criteria on democracy and human rights. It is striking that the prospect of EU accession has made issues that had been political taboos for decades, such as the role of the army in Turkish politics, suddenly ripe for reform. This form of 'regime change' EU style is cheap, voluntary and hence long-lasting. If enlargement is by far the EU's most successful foreign policy tool, then Turkey could be the EU's biggest success in foreign affairs.

EU leaders have always been rightly mindful of public opposition and the effects that Turkey's membership could have on the Union's cohesion and capacity to act. Following the two No votes in the French and Dutch referenda on the constitutional treaty, these concerns have only increased. At present, a majority of voters in the EU opposes Turkish accession, according to the Eurobarometer polls.

The concerns of European citizens about whether Turkey will be able to take on all the requirements of EU membership deserve a fair

hearing. Equally, the impact of eventual Turkish accession on the functioning of the EU, its capacity to take decisions and forge effective policies is a matter for careful deliberation and debate. A Union of democracies cannot ‘impose’ continuing enlargement on unwilling electorates.

But it would be a triumph of EU foreign policy to welcome a successful Turkey, which has laid to rest the ghosts of military authoritarianism and chronic economic instability. And the best way for the EU to help to consolidate Turkey’s democratisation process is through the accession process. EU leaders should make this choice in a spirit of self-confidence and optimism, not resignation and dejection. Europeans should say, loudly and repeatedly, that no one else has managed to transform, in a peaceful and deliberate manner, the political system of a country as large and complex as Turkey.

From its inception, the EU’s foreign policy has contrasted sharply with that of the US. The US’s preferred method for dealing with other countries is direct, initially awe-inspiring and heavily military in nature. The downside of this type of engagement is that it is also mostly short-term, superficial and expensive. The EU’s approach is the opposite: indirect, underwhelming and economic-legal in nature. The benefits are that EU foreign policy is long-term, structural and comparatively cheap. As Mark Leonard, the CER’s foreign policy director, has rightly pointed out: “Upon entering the EU’s sphere of influence, countries are changed forever”.¹⁷ The EU’s track record in dealing with the instability and insecurity in its backyard is

¹⁷ Mark Leonard, ‘The road to a cool Europa’, *New Statesman*, June 16th 2003. impressive. Just look at the success that the EU has had in securing the transitions in Central and Eastern Europe – and in goading Turkey to go down that path as well.

Hence, European leaders and citizens should be proud that Turkey is becoming the latest and most impressive example of the EU wielding ‘soft power’, its ability to shape international events by attraction rather than coercion. The EU has successfully changed

critical aspects of Turkey’s political and legal systems in a way that the US, despite having a long and intimate relationship with Ankara, has never managed to do. It is a great pity that so few Europeans are willing to describe and sell the EU-Turkey relationship as a geostrategic success story for the EU, and a vindication of its distinctive foreign policy style.

Europe badly needs a debate on the consequences of Turkey’s possible accession for the EU’s institutions, budget and policies. The prospect of Turkish membership also begs a number of larger questions, such as: What kind of club should the EU be? And: where are the borders of Europe? If Turkey moves towards membership, should Ukraine and others have a chance to join too? And if enlargement continues, would an inner core of EU countries committed to deeper integration be necessary and desirable?

Another important set of questions concerns Turkey’s impact on EU policies towards the wider Middle East. Do the member-states and Turkey have similar, or at least compatible, interests and objectives in the region? How would Turkey’s complex ties with the Arab Middle East, Iran and Israel affect EU policies and influence? Is Turkey really a bridge between East and West? And if so, what does that mean in concrete terms? Would EU membership for Turkey “emphatically repudiate the spectre of a clash of civilisations”, as Michael Emerson and Nathalie Tocci of CEPS – and many others with them – have suggested?¹⁸ And what about the claims that Turkey, a democratising country with a Muslim population and a moderate but pro-Islamic government, is an inspiring ‘model’ for the progressive democratisation of the wider Middle East? Graham Fuller, a US academic, has expressed the view of many, especially Americans, when he argued that “today’s Turkey has truly become a model for the Muslim world”.¹⁹

¹⁸ Michael Emerson and Nathalie Tocci, ‘Turkey as a bridgehead and spearhead: integrating EU and Turkish foreign policy’, CEPS EU-Turkey working paper No1, August 2004.

¹⁹ Graham Fuller, ‘Turkey’s strategic model: myths and realities’, *The Washington Quarterly*, summer 2004.

This chapter will look at these two sets of broader questions, first analysing the consequences of Turkey's accession for EU policies in the wider Middle East and then probing the 'Turkey as a bridge' or 'model' arguments. It will argue that Turkey is an asset for the EU, but not a model for the democratisation of the wider Middle East. It will conclude with recommendations for policy-makers in Turkey and the rest of Europe.

The impact of Turkey's accession on EU foreign policy

No one can say for certain how, once inside the EU, Turkey will influence EU policy on the Middle East. EU accession, if it happens, will be at least ten years away, if not longer. In that period EU and Turkish foreign policy, as well as the Middle East itself, are bound to change in unpredictable ways. Therefore, the debate should focus on Turkey's influence on EU Middle East policy in the pre-accession phase.

With its large population and strategic location Turkey can expect to exert some influence over EU policies towards the Middle East. But its influence will be limited. Already 25 member-states (soon 27 or 28), plus the Brussels-based institutions, have their say in shaping EU policies. EU foreign policy is a bit like an oil tanker – slow to change course even if the crew wants to. Moreover, in the decade ahead, Turkey will remain in a position of being a *'demandeur'*, with its membership aspirations crowding out whatever other EU policy objectives it may have.

Nonetheless, the prospect of Turkey's accession is already forcing the EU to devote more resources and develop more coherent policies towards the Middle East. Turkey's accession will increase the salience of the Middle East, and accelerate the Union's already deepening involvement in the region. The Middle East matters greatly because of the many threats to European interests that emanate from the area. As a result, the EU's relations with the Arab Middle East, Iran and Israel – and Turkish views on these issues – will become a more central topic on the Union's agenda in the years ahead.

From their side, leaders in the Middle East are already becoming frequent visitors to Brussels. In future, more may pass through Ankara on their way to Brussels for consultations. By the same token, representatives from civil society in the Middle East will expand their contacts with both Turkey and the EU. Arab NGOs are sceptical about overall US intentions and object to the growing conditions attached to US funding. For instance, as a result of the 2002 Patriot Act, US-linked organisations can only commit funds to an NGO if all people associated with the project are cleared of having links with terrorist groups and have never been imprisoned for terrorist offences. These conditions are resented by many Arabs and make it extremely hard for US donors to do work involving Palestinians. The pro-EU orientation of Arab civil society is also having a positive influence on their views about Turkey.

At the macro level, the biggest impact of future Turkish membership will be on the mind maps of EU officials and politicians. The process of European integration has its historical origins in the Rhine delta, the areas which once formed the Carolingian Empire. It was conceived and driven by post-war leaders such as Jean Monnet, Robert Schuman, Konrad Adenauer and Alcide de Gasperi, many of whom were steeped in Catholic, Christian Democratic philosophy. Their dream was a cohesive and federal union of West European states. But the EU has changed a lot since the early 1950s, as its membership and policy remit have expanded over the years. Turkey's accession will accentuate this shift whereby the EU has become a continent-wide, heterogeneous Union with a religiously diverse population and a political outlook that is increasingly externally oriented.

The EU's Middle East policies

Over the years, the EU has built up a dense web of relations with the countries in the Mediterranean and the Middle East. At a multilateral level the EU has the Euro Mediterranean Partnership (EMP), also known as the 'Barcelona process', which ties twelve countries from

the Middle East and North Africa to the EU. Through MEDA, the financial arm of the EMP, the EU is spending around €1 billion annually in grants and €2 billion in soft loans on economic and political reform projects in the region. At a bilateral level the EU has concluded 'Association Agreements' or 'Trade and Co-operation Agreements' with most countries in the region. Important exceptions are Syria and Iran. Negotiations with Damascus on an Association Agreement have finished but the agreement remains on hold because of Syrian behaviour in the region. And the EU has frozen negotiations on a Trade and Co-operation Agreement with Tehran, due to concerns over Iran's nuclear activities.

In March 2003, the EU sought to inject new momentum into the EMP and announced an 'EU strategic partnership with the Mediterranean and the Middle East'. The principal innovations compared to the 'old' Barcelona process were a greater degree of differentiation, allowing those countries willing and able to develop deeper ties with the EU to do so; and greater emphasis on promoting good governance and human rights. And in May 2004, the EU launched its new 'European neighbourhood policy' with the aim of creating a "ring of friends" around the enlarged EU. The plan is to make EU policies more flexible and action-oriented, to take more

²⁰ Heather Grabbe, 'How the EU should help its neighbours', CER, June 2004. influence on the domestic politics of neighbouring countries, without, however, offering the prospect of membership.²⁰

No outsider should expect quick results in the Middle East, given the exceptional levels of instability, political tensions and economic deprivation. But a common complaint among European analysts and officials is that the EU is underperforming in the Middle East. Institutional incoherence and a lack of emphasis on promoting good governance and democracy have taken their toll.²¹ While the EU has set itself the right objectives and developed a dazzling array of

²¹ Steven Everts, 'The EU and the Middle East: a call for action', CER, January 2003. policies, partnerships and programmes, it lacks credibility and clout. Turkey, as a Muslim country straddling Europe and the

Middle East, could be of help here, making EU policies perhaps more acceptable to countries in the region, especially in the pre-accession phase.

Turkey's international strategy

Turkey's main foreign policy challenge has been the need to reconcile its geographic location (bordering the Middle East, as well as the Caspian region and the Caucasus) with its Western vocation and orientation. Sean Yom of Harvard University has aptly captured Turkey's dilemma: how to embrace the West without turning its back on the East.²² Turkey's elite has mostly stuck to three core tenets: conservative nationalism, strict secularism and a strategic alliance with the US. For decades, Ankara's relationship with Washington was the lodestar of its foreign policy. This US-centric orientation chimed with, and was reinforced by, the huge influence of the military establishment on Turkish foreign policy. Relations with the rest of Europe and the EU mattered, but were always of secondary importance. The deep ambivalence on the West European side about Turkey's membership aspirations fed this atmosphere of mutual suspicion.

The strong alliance with Washington (and the Pentagon in particular) has meant that, in their overall outlook, the Turkish elite is more 'Hobbesian' than 'Kantian'. Turks have mostly seen the world as consisting of threats; they have tended to distrust other countries' motives and actions; and they have been great believers in the effectiveness of 'hard power' tools. Put differently, in the now-familiar terminology of Robert Kagan, Turks, like Americans, tend to live on Mars, while Europeans are from Venus.²³

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Throughout the 1990s, and many times before, Turkey embarked on some confrontational, hard-line strategies, usually with US backing.

²² Sean Yom, 'Turkey and the Middle East: challenges, choices and consequences', *Insight Turkey*, January-March 2004.

²³ Robert Kagan, 'Of paradise and power: America and Europe in the new world order', *Atlantic Books*, London, 2003.

Notable examples include the frequent incursions in northern Iraq in pursuit of Kurdish militants, and the threat of force against Syria in 1998 over Syria's support for the Kurdistan Workers' Party (PKK) and for sheltering its leader, Abdullah Öcalan. Until recently, many Turkish diplomats were better at lecturing West Europeans on their double standards and their failure to take the threat of terrorism seriously, than at convincing them that Turkey is a European country, committed to pooling sovereignty inside the EU.

In the past few years, however, Turkish foreign policy has changed profoundly. Turkey has made its EU membership aspirations the central tenet in its foreign policy. Its pro-US stance remains solid, but is less automatic. In March 2003, the Turkish parliament dared to say No to letting US troops pass through Turkey to open a second front against Iraq. But the prospect of EU membership has also affected Turkey's regional strategy. For example, Ankara has moderated its position on the touchstone issue of Cyprus.

Perhaps because it feels less like an 'abandoned' country that must guarantee its own survival in an anarchic world, Turkey's behaviour has become more balanced and sophisticated. Turkish officials and leaders are still keen defenders of their perceived national interests, as they should be. But they have started to moderate their inclination to think mainly in zero-sum terms, acknowledging the possibility of win-win solutions.

With respect to the Middle East, Turkey has concentrated heavily on bilateral relations, in contrast to the EU's regional approach. The legacy of the Ottoman Empire means that ancient political ties and trading patterns persist to this day – but also resentment and memories of oppression on the non-Turkish side. After all, the rise of Arab nationalism at the beginning of the 20th century was fuelled by a desire to throw off the 'Ottoman yoke'. In diplomatic terms, Ankara has had reasonably good relations with countries like Jordan, Egypt and, since the early 1990s, Israel; but mostly poor relations with Syria and Iran. The Kurdish question – the fight

against Kurdish separatist groups and the need to prevent the emergence of an independent Kurdistan – has always loomed large in Turkish policy for the region.

An 'Islamic' foreign policy?

Turkey has sometimes tried to assert some form of regional leadership role. For example, in 1996 when the Welfare Party formed the country's first pro-Islamic government, it called for a political opening towards the rest of the Islamic world. The first foreign visit of the then prime minister, Necmettin Erbakan, was not to Washington but a tour of the Middle East. However, this tour also highlighted the practical difficulties of, and domestic opposition to, an 'Islamic' foreign policy as well as the deep ambivalence in Arab countries towards Turkey. Libyan leader Muammar Ghadaffi used Erbakan's visit to praise the PKK, while Egyptian President Hosni Mubarak was contemptuous of Erbakan's support for the Muslim Brotherhood, an Islamic political group that opposes western and secular forms of politics.

Undeterred, Erbakan called for an Islamic common market and declared that "we shall never become the lackeys of the Christians". But soon afterwards, Erbakan was forced to accept the co-operation agreements with Israel that the Turkish military had wanted and negotiated. With his credibility in ruins, Erbakan was forced to resign in 1997 under pressure from the powerful National Security Council (NSC) which, until recently, gave the Turkish army the final say on key aspects of Turkey's international strategy and domestic policy. Many on the NSC and elsewhere considered the Erbakan experiment a threat to the legacy of Mustafa Kemal Atatürk.

Erbakan's ill-fated adventure was a formative experience. The current leaders of the AKP have concluded from Erbakan's failure that Turkey's interests – in terms of domestic stability and international credibility – require that nothing jeopardises the country's pro-Western orientation or the secular nature of its state

structure. Thus, any initiative towards the Middle East region should complement and build upon, but not rival, Turkey's alliance with the US and the EU.

Europeans, with high hopes of what Turkey may contribute to the EU's Middle East policies, should realise that, most of the time, Turkey has played a low-key role in the region. Turkey's non-Arab status, coupled with the Ottoman legacy and Turkey's pro-Western orientation mean that in Turkish-Arab relations, ambivalence and ambiguity are always present. Some Arabs and Iranians have accused Turkey of betraying its Islamic identity. At times they have blasted the Turks for being a stooge of US imperialism and of having an unacceptably close relationship with Israel. For instance, the 1997 summit of the Organisation of Islamic Conferences (OIC) in Tehran adopted a resolution that criticised Islamic countries for having military co-operation agreements with Israel. This resolution was deeply embarrassing for Turkey, forcing the then Turkish president, Süleyman Demirel, to leave the summit early.

²⁴ Kemal Kirişçi, 'Turkey, the EU and the Middle East: can Turkey help with the democratisation in the Middle East?', Paper for a workshop on Turkish foreign policy, University of Otago, New Zealand, August 2004.

In the past few years, Turkey has sought and achieved a rapprochement with neighbours such as Syria and Greece with which it had fraught relations. Kemal Kirişçi of Bogaziçi University has rightly remarked that there has been a striking process of 'Europeanisation' in Turkish foreign policy.²⁴ At a basic level, Turkey has adjusted its stance on various

international issues in line with the EU mainstream, for instance on the International Criminal Court. But more importantly, Turkey has started to adopt the EU's distinct foreign policy 'style' of promoting security through multilateral mechanisms and institutional integration. For instance, the Turkish government has started to embrace the idea that a solution to the Cyprus question can only be found in the context of EU and UN involvement. This socialisation process should continue even before Turkey joins the EU. Both the EU and Turkey should nurture this development and make sure it

becomes more deeply embedded in Turkey's political class and the wider national debate.

What Turkey offers the EU

Although Turkey's links with the Middle East should not be overstated, this does not mean that Turkey has nothing to offer for EU foreign policy in the region. Turkey can contribute expertise and knowledge of the Middle East region. While Turkey has fewer Arabic speakers than one might expect, the country's network of contacts, combined with the political capital of the AKP government and the burgeoning economic ties, will be assets for the EU. But the biggest effect of Turkey's pre-accession status will be at the level of political symbolism. The EU may have a much better image in the Middle East than the US. But for many Arabs and Iranians, the EU is a white, Christian club with dubious colonial legacies. There is a deep sense that the 'West', of which Europe is a constituent part, is a hostile force to Muslims worldwide. If the EU took in Turkey, it would send an immensely powerful signal to the contrary. Public statements by Egyptian and Iranian leaders from the region make it clear that they support Turkey's membership bid – and regard it as a litmus test for the EU's reputation in the Muslim world. The unusual move by the Israeli defence ministry to warn Ankara privately that EU membership would harm Turkish- Israeli relations underlines the same point, while highlighting the ambivalence of EU-Israeli relations.²⁵ *Ha'aretz*, July 5th 2004.

Apart from these general effects, what would be the impact of Turkey on EU policies towards specific countries in the pre-accession phase? It is worth looking at a few concrete cases.

★ Israel-Palestine

Turkey's relations with Israel have been close, especially for a country with a Muslim population. While the Turkish people have shown a great deal of solidarity with the Palestinian cause, the

government and military establishment have maintained exceptionally strong relations with Israel. The two countries share certain characteristics: both are non-Arab democracies, market economies and strategic allies of the US. Both countries also have an acute sense of vulnerability in the face of a serious terrorist threat. So it is not surprising that Turkey and Israel feel they are like-minded countries, bridgeheads of the West in a hostile region. Bilateral relations experienced a genuine upswing in the 1990s. Co-operation at the military and defence industrial level intensified after a set of bilateral agreements in 1996, while trade flows between the two countries benefited from a 1997 free trade agreement.

In recent years, however, Turkish-Israeli relations have become more strained, as the peace process has stalled and Palestinian hardship has increased. In 2002, the then Turkish prime minister, Bulent Ecevit, openly criticised Israeli incursions in territories administered by the Palestinian Authority. The AKP government has gone somewhat further. Foreign Minister Abdullah Gül has stated that the AKP does not just want to use Turkey's good relations with both parties to promote a settlement – which has been the default Turkish position on the conflict – but also that any solution must do justice to the Palestinians' rights. In January 2004 Prime Minister Erdoğan accused Israel of 'state terrorism'. And in April that year Turkey joined the EU in condemning Israel's assassination of the leader of Hamas' political wing, Abdül Aziz al-Rantissi.

Sympathy for the Palestinians is not an empty slogan for the new government. Erdoğan is reported to have called for a reduction in military co-operation. And he declined to meet the Israeli deputy prime minister, Ehud Olmert, when he visited Turkey in July 2004. Throughout 2003 and 2004, Israeli-Turkish relations also suffered because of alleged Israeli support for Kurdish groups in northern Iraq. In short, the relationship has lost some of its shine and strength. But there has been no abrupt break in Israeli-Turkish relations, and none is likely to occur in the near future since both countries benefit from a close partnership.

Turkey's relatively constructive relationship with Israel could benefit the EU. The Union is Israel's biggest trading partner, but politically relations are troubled. The Europeans are critical of Israeli actions, for instance on the security wall or the constant expansion of illegal settlements. Israel in turn accuses the EU of having a pro-Palestinian bias and it resists an EU role in the peace process. The EU is trying to improve its relations with Israel, but it rightly insists that this will also depend on changes in Israeli behaviour, especially towards the Palestinians.

With the Palestinians the EU has a long-standing relationship and it remains by far their most important international donor. Politically, the EU has stuck to the line that a negotiated settlement is the only acceptable outcome to the conflict, giving the Palestinians the state they deserve and the Israelis the security they crave. The Union's refusal, in contrast to the US, to accept 'facts on the ground' as a proper basis for a final settlement, has created the – false – impression among Israelis that the EU is blindly taking the Palestinians' side. In reality, senior EU diplomats acknowledge that the Palestinian state might not include some parts of the West Bank but that there would then have to be land swaps, giving the Palestinians land of equivalent size and quality. They also add that, while the Palestinians may have to recognise limits on how refugees exercise their rights – for example by settling in Palestine rather than Israel – it is for them to negotiate that in final status talks with Israel. In recent years, the EU has also increased its insistence on internal reform of the Palestinian Authority and on the need to crack down on violent groups. Through training and assistance, the EU is helping the Palestinian police forces so that they are better able to tackle militant groups.

The EU and Turkey could work together fruitfully on Israel-Palestine, trying to break the deadlock in the peace process. The objectives of both sides are the same, while the respective starting positions and relative diplomatic strengths complement each other well. Peacemaking in the Middle East is an intensely frustrating

business. And any settlement will depend on the choices the parties themselves make. But outsiders such as the EU and Turkey can play a useful, supporting role. In practical terms, EU-Turkey co-operation could focus on reforming political institutions, organising elections and training police forces. Significantly, Israeli Deputy Prime Minister Olmert has said that Israel would not object to Turkish troops helping to provide security in the context of an agreed political framework.

★ Iran

Ever since the Islamic revolution in 1979, Ankara's relations with Tehran have been tense. Turkey has systematically opposed Iranian attempts to export its brand of Islamic radicalism. Ankara has also clashed repeatedly with Tehran over Iran's support for Kurdish separatist groups. But more recently relations have thawed. For the first time in years, senior Iranian ministers visited Turkey in 2003, while Erdoğan travelled to Tehran in July 2004. The completion of the Tabriz-Erzurum gas pipeline confirmed that both countries are looking at ways of co-operating economically. This pipeline is, of course, also of great interest to Europe as it should allow Iranian gas – and that of other countries in the Caspian sea – to reach European markets at a competitive price. Bilateral trade between Turkey and Iran more than doubled from \$1.2 billion in 2002 to \$2.8 billion in 2004. This was an unexpectedly large increase, even if Iran still only provides 3 per cent of Turkish imports.

²⁶ Steven Everts, 'Engaging Iran: a test case for EU foreign policy', CER, March 2004. Turkey shares US and EU concerns regarding Iran's behaviour in southern Iraq and its nuclear ambitions. For years, Turkey's close defence relationship with the US was in part driven by its worries over Iranian ambitions. But in terms of diplomatic strategy, Turkey's thinking is more in line with the EU's policy of conditional engagement than the US, which believes that the best way to deal with Iran is through isolation, pressure and punishment.²⁶ Like most Europeans, the Turks see a complex domestic political picture in

Iran, not a monolithic, hostile force. Turks and Europeans agree that many aspects of Iranian behaviour are unacceptable, but they do not believe Tehran's choices are irrational or impossible to change.

Turkey's growing political ties with Iran are an asset for the EU as it seeks to expand its influence and save the deal it forged in October 2003 on Iran's nuclear programme. The access of AKP leaders to Iranian leaders, coupled with the visa-free travel conditions, strengthen the argument that, especially in the pre-accession phase, Turkey could be a useful bridge between the West and Iran. As the international stand-off over Iran's nuclear programme moves to a crisis point, Turkey and the EU have a shared interest in seeking a diplomatic yet effective solution. Both Turkey and the EU have some leverage over Iran, and both will want to forestall a US military attack. Together, they should try to persuade the Iranians that national greatness does not depend on having a nuclear bomb, and that their interests are best served by staying non-nuclear. Together, they must underline that if Iran continues to defy the demands of the International Atomic Energy Agency, targeted economic sanctions will follow. Together, they should also explain to the US and Israel that plans for 'surgical strikes' against Iranian nuclear installations will likely be counterproductive by triggering a nationalist backlash. While air strikes may delay a nuclear Iran, they will not succeed in eliminating the two key ingredients of a military nuclear programme: technological know-how and a keen desire to acquire a nuclear deterrent.

★ Syria

Turkey and Syria have had frosty relations for decades, with tensions peaking in 1998, when Turkey threatened military action. Political disagreements abounded: over Syrian support for the PKK, over access to water from the Euphrates – exacerbated by the building of the Atatürk dam – and over Syria's close ties with Iranian and Palestinian militant groups. Economic ties have also been weak, reflecting these fraught political relations.

But after the Syrians expelled Öcalan in 1998, bilateral relations have started to improve. A first step came when Ahmet Necdet Sezer, then Turkey's president, attended the funeral of Hafez al-Assad, Syria's longstanding leader. When Bashar al-Assad became the new Syrian president in 2000, this rapprochement gathered pace. However, a genuine improvement in relations only occurred after the Turkish elections in November 2002 when the AKP took office. In the run up to the Iraq war, both countries intensified political consultations in an attempt to avoid military action. A truly transformative moment in recent Turkish-Syrian relations came in January 2004, when Bashar al-Assad became the first Syrian president to visit Turkey. During his trip, the Turkish media showered Assad with praise. On the vexed question of Syrian support for the PKK, Assad denied that the PKK had any bases in Syria, while his hosts praised Syria for its co-operation in fighting terrorists.

These improvements in the Turkey-Syria relationship took place while the EU was trying to persuade Damascus that closer links with the EU would be possible – provided Syria was willing to meet EU concerns. After the Iraq war, and with Washington adopting a hardening line towards Damascus, the Syrians showed great interest in getting closer to the EU. As a result, negotiations on the Association Agreement, which had long been stalled, suddenly picked up speed. The EU has successfully ensured that the clauses in the agreement relating to non-proliferation issues were sufficiently robust, for example requiring Syria to sign and ratify the Chemical Weapons Convention. In the summer of 2005, the ratification of the EU-Syrian Association Agreement was on hold, due to EU concerns over Syrian behaviour in the region.

Turkey and the EU should work together closely in drawing Syria into a wider web of international co-operation and reciprocal obligations. The EU can offer trade, technology, know-how and investment, all of which the Syrian economy desperately needs. In political terms, Damascus also needs more friends in the region and beyond. If it wants better relations with Europe, Syria will have to

heed precise European concerns and demands, especially with regard to the proliferation of weapons of mass destruction, its attitude towards Lebanese politics and its support for Palestinian militant groups. Turkey's budding relationship with Syria may offer an additional means of influencing the choices that the Syrian regime will make. As the dominant land route for Syrian exports, Turkey stands to gain considerably from an intensification of EU-Syrian trade relations. Together, the EU and Turkey have an interest in demonstrating that a deft political strategy can achieve better results than America's penchant for issuing threats and isolating countries.

Not a 'model' for democratising the wider Middle East

Traditionally, Turkish political leaders shied away from speaking about the need for greater accountability, wider political participation and more respect for human rights in the Muslim world. They recognized that these are ultra-sensitive issues; that Turkey has an ambivalent relationship with most Muslim countries; and that its own democratisation process is still incomplete. But after the September 11th attacks, when relations between the West and the Muslim world shot to the top of the international agenda, many commentators and politicians started to view and describe Turkey as a 'strategic case'. Americans, especially, have grown fond of describing Turkey as an inspiring example of a democratic Muslim country where 'moderate Islam' has been remarkably successful.

Most Turks, however, have long felt uncomfortable with being labelled a 'model' or 'beacon' for countries in the Muslim Middle East, lest such talk annoy the neighbours, detract from the shortcomings in Turkey's political system, or worse, make Turkey's EU membership aspirations seem less credible. Nigar Göksel of the ARI movement, a Turkish NGO, has rightly pointed to the problems of Americans and Europeans seeing and describing Turkey in this way. Reform-minded Turks want to get closer to Europe, and fear that loose talk of Turkey as a model, pulls it back into the Middle East. Göksel argues: "The more Turkey is defined as a model or

²⁷ Nigar Göksel, *Thematic priorities as the NATO summit nears*, ARI position paper, May 2004.

mentor of the Middle East, the less Turkey appears to the EU as a European country facing European concerns.”²⁷

Recently, however, Turkish politicians, including from the AKP, have started to call for a gradual democratisation of Islamic countries, implying along the way that Turkey could play some form of leadership role in this area. For example, at the OIC meeting in May 2003 in Tehran, Foreign Minister Gül declared that: “Turkey is in a position to be an intermediary that can promote universal values shared with the West, such as democracy, human rights, the supremacy of the law and a market economy in the region.” Both the location and the occasion for that speech indicated that Gül was not simply saying what a Western audience might want to hear.

In many respects Gül’s speech was a pivotal event for Turkey, since it “...may well be the first occasion when Turkey has openly attempted to live up to the frequent calls of becoming a model for other Muslim countries with some credibility”, according to Kemal Kirişçi. In June 2004, a Turk, Ekmeleddin İhsanoglu, became the first-ever elected secretary-general of the OIC, partly on a platform of promoting political and democratic reforms. This election was important symbolically, highlighting Turkey’s growing self-confidence in taking on the role of trustworthy advocate of democratic practices in the Islamic world. Thus, advocates of Turkey’s European aspirations are right to stress that one reason why Turkey deserves to start accession negotiations in October is the country’s potential contribution to the promotion of more democratic forms of governance in the Muslim world. However, Turkey cannot be a model for the progressive democratisation of the wider Middle East.

Turkey is a unique case. Its successful, if incomplete, democratisation process cannot be transplanted to other countries in the region for at least three reasons. The first is the most straightforward: unlike

any other country in the region, Turkey has a long-standing relationship with the West: institutionally through NATO, and bilaterally with Washington and capitals in Europe. No other country in the region has the same, or even a comparable, starting position. Nor was any other country in the region born out of an empire, which gives Turks greater political self-confidence than countries in the region that started off as colonies. Second, ever since the beginning of the Turkish republic, the strict secular nature of its political system has put Turkey in a distinct international category. Turkey’s secular state structure makes it akin to France – see for instance the similarity in policies on women’s headscarves – but very different from Arab states, never mind Iran.

Turkey’s secular state does not mean that Islam is absent from its political and cultural life. On the contrary, the main beneficiaries of Turkey’s recent democratisation process have been political groupings, such as the AKP, which believe that Islam should inform the country’s political choices. This is somewhat ironic, as Turkey’s secularists have always seen EU membership as a way of escaping the influence of political Islam and the turmoil of the Middle East generally. In recent years, Turkey has undoubtedly become a more mature democracy. But culturally Turkey may well become more ‘Islamic’ as the AKP and other groups try to expand the role of Islam in public life, while respecting the main tenets of Turkey’s secular state structure. Put succinctly, in Turkey more democracy and more power for Islamic political groups have gone hand in hand. But this was only possible in the context of a firmly secular political system, which is absent in the rest of the Middle East.

The third reason why Turkey is unique is that the deepening of Turkey’s democratisation took place largely because of the ‘golden carrot’ of EU membership. It is true, as Turkish leaders often stress, that the reforms were necessary in themselves. But the prospect of EU membership has had a transformative effect on the Turkish elite. This also means that a different Turkish government will probably persist with the current reform agenda, even if, as is likely, there will

be setbacks on the road to EU membership. But apart from the countries of the Balkans, the EU is not offering a membership perspective to any other country. Thus the EU will have to influence the rest of the Middle East with only the 'silver carrot' of deeper co-operation in the context of its neighbourhood policy.

Conclusions and policy recommendations

Even though the recent increase in public opposition has complicated the question of Turkey's membership aspirations, Turkey deserves the prospect of eventually entering the EU. Provided Turkey meets all the remaining conditions set by the European Council in December 2004, accession negotiations should start in October 2005. But in return, Turkey must maintain the reform momentum, accept stringent monitoring, and make greater efforts to persuade a sceptical West European public that Turkey's accession is in their interest too.

The practical and symbolic effects of Turkey's possible membership on the EU's policies and (self) image would be considerable, though not revolutionary. As Chris Patten, the former commissioner for external relations, said in a speech in Oxford in April 2004: "The case that this is a pivotal moment in the EU's relationship with the Islamic world can be, and is, overstated. But our approach to Turkey does matter. It says a great deal about how we see ourselves, and want to be seen, in terms both of culture and of geopolitics...We cannot help but be conscious of the symbolism, at this time, of reaching out a hand to a country whose population is overwhelmingly Muslim."

Turkey has a lot to contribute to EU policies on the Middle East: credibility, political access, know-how and economic leverage. If handled deftly, the prospect of Turkey's accession could be a real boon for EU influence in the region. The reverse is also true: a rejection of Turkey would not only jeopardise the reform momentum inside the country, but also counter the pro-EU and

moderating shift in its regional policy. The EU would forego Turkey's contributions. And a shunned Turkey will more likely side with the US – both in particular instances such as Iran or Israel-Palestine, and in its overall foreign policy philosophy. Turkey and the EU should deepen their political relations well ahead of formal accession. Here are some policy recommendations for both sides to maximise the potential benefits:

For the EU:

- ★ Use the prospect of Turkey's accession to deepen EU engagement in the Middle East. The centre of gravity in the Union's foreign policy is shifting south anyway. So leaders should make the most of Turkey's know-how and political links to strengthen EU policies for the region. Israel-Palestine, Iran and Syria provide good opportunities for early joint EU-Turkish action.
- ★ Recognise that compared to the rest of the Middle East, Turkey's case is unique in three key respects: it has long-standing ties with the West, it has a secular state structure, and the bait of EU membership has transformed its political elite. Moreover, Turkey has ambivalent relations with most of its neighbours in the region. Thus, it is best to tone down the 'Turkey as a bridge' argument and avoid the 'Turkey as a model' rhetoric altogether. Turkey is an asset for the EU but not a model for the Middle East.

For Turkey:

- ★ Use the anchor of EU accession to step up the normalisation of relations with Iran and Arab countries such as Syria. The paradox is that the closer Turkey gets to EU membership, the more it should be able to forge closer ties with the Middle East. Both domestic and Western support for a strategy to reach out to the Islamic world will be greater once Turkey's European destination has been confirmed. And the more Turkey can

champion its Middle Eastern ties in Brussels and elsewhere, the more the EU will see Turkey's accession as a help for achieving its own Middle East objectives.

- ★ Prepare for membership not just in terms of adopting the *acquis communautaire* – the body of EU rules and policies – but also by incorporating the EU's distinct foreign policy 'style' of projecting stability through political and economic integration. Turkey's leaders must ensure that the current 'Europeanisation' of Turkey's foreign policy continues, and permeates the country's political class.

5 When negotiations begin: the next phase in EU-Turkey relations by Heather Grabbe

Turkey has succeeded in completing the first group of Herculean tasks set by the EU. Ten years ago, it was hard to imagine that Turkey would abolish the death penalty, permit children to learn in Kurdish and place a civilian in charge of national security. Less than a decade ago, the military forced an Islamist party out of government. Now the successor to that party has made Turkey a more liberal democracy. The Turkish political system has proved itself capable of radical and very positive change. The European Commission has confirmed that the Turkish government has enacted the reforms demanded by the EU as a pre-condition for starting negotiations. In particular, the EU wanted to see improvements in the protection of minorities, human rights and the rule of law. Turkey has also been required to extend the Ankara Agreement on its customs union with the EU to all the new member-states, including Cyprus.

However, in order to qualify for EU membership, Turkey will now have to comply with all the other exacting conditions for accession, the 'Copenhagen criteria'. They include economic reforms and the implementation of the EU's rule-book, known as the '*acquis communautaire*'. EU accession requires an enormous range of changes, from environmental policy to financial services. Many of these reforms will be difficult for Turkey to swallow because they will entail significant costs, as well as deep restructuring of the public administration over a long period.

Accession negotiations could take a decade or more to complete. During that period, Turks will learn much more about the EU and

how it works. They will find out that most of the *acquis* is about market regulation and common EU policies. They may well be disappointed to discover that the implementation of the *acquis* does not automatically lead to West European levels of prosperity.

This chapter is about the challenges that lie ahead for the EU and Turkey once accession negotiations begin. It considers which aspects of the accession process and the EU's rule-book will be unpalatable to various Turkish interest groups. The chapter concludes with the lessons that Turkey can learn from the experience of the Central and East European countries which joined the EU in May 2004.

Managing expectations on both sides

Once negotiations begin, the most important task for politicians on both sides will be to manage expectations. In the EU, many people secretly hope that Turkey's accession negotiations will take a very long time – perhaps 10-15 years – which would allow the Union to put off thinking about the difficult issues implied by Turkey's membership. Many politicians now in office would like to leave the tricky questions to future governments, and will therefore support very tough demands on Turkey. The negotiation framework for Turkey also allows them to raise objections to closing negotiations on certain parts of the *acquis* (so-called chapters). For example, the Austrians or Danes might insist on very strict adherence to the EU's environmental standards, as they did with the Central and East European candidates. Or Britain could demand greater Turkish co-operation in fighting organised crime and people trafficking. The EU has decided to require Turkey to provide evidence of implementation before a chapter can be closed, which is also likely to slow down the process.

However, those that are secretly hoping for a long accession process may be in for a surprise. Turkey and the EU may well finish the negotiations in a decade or less. The previous round of enlargement showed that accession talks develop a momentum of their own,

provided a candidate is sufficiently determined. A united political elite and a well-run public administration can work through all the difficult issues in just a few years, as Latvia, Lithuania and Slovakia showed during their own accessions. Even though Turkey is a much bigger and more complicated candidate, it could complete the negotiations faster than the EU expects if the whole country is galvanised by the objective of membership.

On the Turkish side, expectations need even more careful management. Even if Turkey managed to complete negotiations within a decade, Turks will perceive them as long and complex, just like the East Europeans did before them. In Turkey, even otherwise well-informed politicians, journalists and business-people are unaware of what the EU will demand of their country. They think that after the difficult political changes Turkey has already made, it is the EU's turn to make concessions. However, the European Parliament and the member-states will demand further political reforms in the years ahead, until they are fully satisfied that Turkey complies with EU standards. Some of these standards, such as women's and minority rights, raise sensitive issues for Turkey. Moreover, national parliamentarians and governments in EU countries could make demands that go beyond the Copenhagen political criteria. For example, French politicians might call for Turkey to apologise for the treatment of Armenians in 1915-16, or German and Swedish parliamentarians could demand materially better conditions and more autonomy for the Kurds living in south-eastern Turkey.

The negotiations themselves will mainly focus on the adoption of the EU *acquis*. Like the East Europeans, Turkey will have to complete numerous chapters in the negotiations, covering every area of EU policy from fisheries to defence. It will have to write some 80,000 pages of EU rules into national law. The procedures for screening, negotiating and applying EU laws are by now fairly well established. But the EU may appear particularly strict in the case of Turkish accession. Turks will complain that this is due to

political opposition to their membership. But they should not forget that the EU has learnt lessons from previous enlargement rounds and that it is determined not to repeat past mistakes. In particular, the EU has found out that it is not enough for a candidate country to change its laws in line with the *acquis* to get ready for accession. EU policies do not function properly unless all members implement and enforce EU laws. In the case of Turkey, the EU will take this lesson very seriously, not least because Turkey is such a big country and shortcomings in implementation would significantly affect the rule of law in the enlarged EU. That is the reason why Turkey will have to prove it is enforcing the relevant EU laws before it can close a chapter.

Turks will find that very term ‘negotiations’ is a misleading way of describing the accession talks. The Central and East Europeans found the EU a tough and unyielding partner, simply because 95 per cent of its agenda is immovable. The EU’s common rules and policies were agreed between all the existing member countries, often in acrimonious compromises that date many years back. The Union will not change them to suit a newcomer. Nor is the EU likely to grant any more permanent opt-outs, such as those won by Denmark and Britain over the euro. As a result, there is little to negotiate about, except ‘transition periods’ that allow a newcomer more time to adopt difficult or expensive EU rules after it has joined the club.

The need to build trust

The EU is different from the clubs that Turkey is used to, such as NATO and the UN. EU membership requirements reach much further into a country’s political system and economy than those of any other international organisation. EU decisions affect most areas of a member’s political life. The member-states pool their sovereignty when they draw up laws and policies together. For the EU to function, all member-states need to have the same rules and procedures in many areas, and they have to trust each other to apply them.

Since trust is such an important ingredient of a well functioning Union, any candidate has to prove itself capable of implementing EU economic policies and living up to EU political standards. The Union therefore often asks applicants to undertake reforms in areas that are not strictly speaking covered by common EU policies; for example, streamlining the tax system or improving prison conditions. The Union thus concerns itself with the internal business of candidate countries more than it does in existing member-states. Its accession requirements include areas that most Turks think of as purely domestic matters, such as training judges, protecting minorities and reforming public procurement.

PR is crucial

This need for trust also means that EU accession is partly a public relations exercise: Turkey has to persuade the EU member-states that it is like them. Turkey will not be allowed to join unless all EU countries are convinced that the Turks share European values. That is why the political issues – like torture, treatment of the Kurds, Armenia, and the role of the army – are so crucial: they determine how the EU’s political elites and media view Turkey. These issues are bound to arise again and again, and the way the Turks respond will strongly affect EU perceptions of their country. They need to meet criticism not with prickliness and nationalist rhetoric, but with moderation and coolness.

Turkey needs to win the hearts and minds of the European public. The accession negotiations are between governments and institutions, but the people will have to give their assent too. The Central and East European applicants did not have to face referenda on their membership in any of the existing member-states, but Turkey will. France and Austria are planning popular ballots before Turkey can join, and other member-states – such as Denmark and the Netherlands – might well follow suit. The worst possible outcome of the negotiations would be a deal between Turkey and the EU that the governments accept and the people reject. But that could happen if

the majority of public opinion in the 25 EU countries does not abandon its current hostility to Turkish membership.

EU leaders have to do much of the job of persuading the public, but Turkey must play its part too. Turkey needs to present itself as a country where women and minorities are treated well, and where diversity is respected. Journalists will pay close attention to reports on Turkish developments, not only by official bodies like the UN, but also by respected NGOs like Amnesty International (on human rights generally, and especially on violence towards women) and Transparency International (on corruption).

Turkey's economic development also matters greatly for public perceptions in the EU. As Turkey's former economy minister, Kemal Derviş, has put it: "Rapid economic growth would change Turkey's image by diminishing fears of instability and migration." If economic conditions in Turkey keep improving during the accession process, the Turks will have little reason to move elsewhere. Steady economic growth would also alter the perception that the West Europeans have of Turkey. They would start seeing it as an asset for the European economy, rather than a poor relation putting out the begging-bowl for EU transfers.

When Estonia, Hungary and other candidates in the region started receiving massive inflows of foreign direct investment in the 1990s, West European journalists stopped referring to them as poor post-communist countries and began writing about "Central Europe's tigers". Such a change in perception made a big difference to their accession prospects, by turning the key argument for their membership from negative to positive. Initially, the East Europeans argued that unless the EU let them in, they may descend into political instability and economic chaos (a similar negative argument is used by some Turks now). But with their economies booming and German, French or Austrian investment flowing in, the East Europeans could argue that their accession would add much-needed dynamism to the EU's sclerotic economy. If Turkey reforms its

economy and attracts more foreign investment it will not only meet the EU's economic entry criteria, but it will also look like an asset rather than a threat to the EU economy. Steady growth and economic stability would also alleviate EU anxieties about migration and about the impact of Turkey's accession on the EU budget.

Another issue that will affect EU perceptions is how Turkey deals with the Cyprus question. The Erdoğan government gained a lot of credit across the EU for its support of the Annan plan prior to the referendum on the future of the island in April 2004. That support helped to achieve a Yes vote from the Turkish Cypriots. But Cyprus is likely to remain a contentious issue during Turkey's accession talks. Turkey will have to officially recognise Cyprus and remove its troops from the island. Turkey would be wise to attempt to improve relations with the Nicosia government well ahead of the end of negotiations, to build trust and to gain improvements in the condition of the Turkish Cypriots. For example, the Cypriot government is still blocking EU aid for, and trade with, the Turkish community on the island. Turkey would be well advised not to respond to any provocation, to keep to the moral high-ground and leave it to the EU and the international community to put pressure on Cyprus. If Ankara escalated problems, it would only endanger its own accession.

The sticking points in the negotiations

Turkey's focus on meeting the political part of the accession criteria over the past few years has obscured the other tasks involved in preparing for the EU. Most of the substantive effort for Turkey will lie in meeting the economic conditions and in taking on the EU's rule-book – the second and third conditions in the box on page 76. What the EU calls "the candidate's ability to take on the obligations of membership" means adopting, implementing and enforcing more than 80,000 pages of rules and regulations.

When it comes to economic rules, Turkey does not have to start from scratch. It formed a customs union with the EU in 1995, which

required it to scrap tariffs on EU goods, adopt certain EU rules and follow the Union's common trade policies for business with third countries. But Turkey will find that membership of the EU's deeply integrated single market is qualitatively different. It involves vastly more legislation than the customs union, and the EU insists on much tighter implementation and enforcement of the rules. Under the single market, the EU will determine things such as product standards for Turkish goods; health and safety regulations for its factories; and strict limits on the government's industrial subsidies.

The Copenhagen conditions for membership

1. Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
2. Membership requires the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.
3. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.
4. The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries.

The EU will also take a keen interest in Turkey's budgetary and monetary policies – long the Achilles' heel of the Turkish economy. An economic crisis in Turkey, or a return to the runaway inflation seen in the 1990s, would have a direct and immediate impact on the

rest of the EU, especially if Turkey is aiming to join the euro at some point. Turkey does not have to meet the Maastricht 'convergence criteria' for budget deficits, inflation and interest rates prior to EU entry. But it needs to show that it can sustain single-digit inflation and steady growth. The EU insists that macro-economic stability is part and parcel of having a functioning market economy.

The Central and East Europeans found that complying with some EU rules is very expensive, for example EU environmental standards for cleaner air and water. The new members estimate that EU-related budget expenditure amounts to 3-4 per cent of their GDP. In addition, private businesses are also incurring costs. For example, Turkish industry will have to invest in new machinery and technology to comply with the EU's stricter health and safety provisions. Turkish businesses will argue that they should be treated more leniently as long as their economy is still catching up. But EU businesses will insist that the same standards have to apply to all firms across the Union, to ensure a level playing-field and fair competition in the single market.

The costs of complying with EU rules will make it harder for many Turkish businesses to compete. Already, some interest groups in Turkey are resisting EU demands. The pharmaceuticals industry dislikes EU rules on the free movement of goods. Local authorities are bristling at EU's demands for allowing all businesses, including foreign ones, to compete for lucrative public contracts. Foreign companies in Turkey are not happy about the EU asking the government to eliminate tax breaks for foreign investors and special economic zones.

So far, Turkish business has been the most vocal supporter of EU entry. But the pro-EU lobby may begin to fracture once the full costs of accession become clearer. In the long run, Turkish business will benefit from having full access to lucrative EU markets, and increased competition within the single market will make Turkey's economy more efficient and so raise overall standards of living. But the adjustment to EU standards may well be painful and unpopular.

Some Turkish businesspeople may lose their enthusiasm for moving quickly into the EU, because they will want more time to adapt to the EU's requirements and to make the necessary investments.

For this reason, the Turkish government needs to publish its own 'impact assessment' to explain the costs and benefits of accession in detail. It also needs to publicise its timetable for implementing EU legislation, so that companies and local authorities can avoid nasty surprises.

The two Turkeys

Accession preparations will be demanding, but they will also be an important catalyst for change in Turkey. In particular, they will affect how Turkey deals with its under-developed regions.

The EU will entice Turkey to implement reforms not just by using sticks – such as the accession conditions – but also offering carrots like aid and technical assistance. The process of applying for EU funds could help Turkey to address regional disparities between the more prosperous western half of the country and the backward east.

To qualify for regional aid from the EU budget (the so-called structural funds), Turkey will have to upgrade its public administration, including that in the regions. And it will have to formulate a medium to long-term development strategy for the poor eastern and south-eastern regions, including the Kurdish areas. That will require a higher degree of political attention to the economic and social problems in these regions. More Turkish money, not only EU funds, will flow into these areas. More and better qualified officials will focus on regional policy in Turkey. And Turkey will have to provide better and standardised statistics on regional living standards and developments. In other countries, like Ireland, Greece and Hungary, these processes resulted in a shift from highly centralised government to more management of development programmes at regional and local level.

Such changes may not sound very exciting or dramatic, but over time they could make a big difference to how Turkey is governed. Even the standardised data required by the EU will be important in revealing the enormity of the divide between the western and eastern halves of the country. The need to prepare for the EU's regional policy will encourage successive Turkish governments to work on a long-term strategy for some of the country's most difficult problems. The EU's aid money, even if it is not huge in financial terms, will give the Union political leverage in the sensitive area of local autonomy.

Conclusion

The fulfilment of the EU's basic political criteria qualifies Turkey to start negotiations. But the real work still lies ahead. Getting ready for membership is much more demanding than most of Turkey's political and business elite realise. They hope that the government can bargain away many of the onerous requirements for EU entry. But the accession process is not about finding common interests between equal partners. Rather, it is about agreeing a timetable for the candidate country to apply EU laws at home. "Negotiations are a humiliating process," observes one of Poland's former chief negotiators. "The EU makes it very clear that you are joining them, not the other way round."

Most Turks will welcome the start of accession negotiations as confirming their country's identity as a modern, European country. The political elite hopes that it will ensure Turkey's future as a democracy with a stable economy. But the Turks will find that the EU is not just a club based on a shared identity, but also a huge set of rules and regulations. Its day-to-day business is not about values but about fire safety in shops and hygiene standards in dairies. European integration reaches deep into a country's policies and institutions. It affects not just high politics but daily life: how animals are slaughtered, how sewage is treated, and what products can be advertised on billboards. The EU covers foreign and security policies too, many of which are very sensitive in Turkey.

Lessons from the most recent enlargement

The ten countries that joined the EU in May 2004 have many useful tips to offer Turkey from their own successful negotiations. These include:

- ★ Persuade the people, not just the EU institutions. The Turkish government will have to spend a lot of time explaining why its accession is good for the EU in the 25 member-states' capitals. It will need to spend even more time explaining the process to the Turkish people, because they need to consent to the terms of accession. As the Czech Republic's former chief EU negotiator Pavel Telička observes, "Accession negotiations are 80 per cent in your own country, 15 per cent in the EU member-states and only 5 per cent in Brussels."
- ★ Get the press involved. The media's support for the EU accession drive is vital. It can help to sustain the reform process over many years, even if there is a change in government.
- ★ Expect interference in foreign policies. The EU presses candidates to align all their policies with its own right from the start.
- ★ Do not expect the real negotiations to start until the last couple of years before accession. Initially, there will be a long period of 'screening' Turkey's legislation, preparing budgets and establishing timetables, rather than bargaining.
- ★ Ask for flexibility on a limited number of substantial issues, rather than dozens of concessions. The more a candidate seeks in negotiations, the less it generally gets from the EU.
- ★ Streamline the bureaucracy for the accession preparations. If a single body co-ordinates all the accession negotiations, little time is wasted on the internal co-ordination of policy.
- ★ Plan the financing of accession preparations right from the start. Many directives are expensive to implement; for example, complying with the

EU's standards for waste water treatment may require major investments in new infrastructure over many years.

- ★ Enlist the Commission negotiators as allies. They share the goal of accession, whereas not all of the member-states may do. The Commission's job is to get a candidate country so well-prepared that no EU government can object to its entry.

For example, Turkey will have to demand visas from countries on the EU's black-list, including from the Russian and Iranian tourists who contribute significantly to the Turkish economy. Turkey will also have to align its policies towards neighbouring countries such as Iran, Syria and Armenia with those of the Union.

Turkey will find it hard to accept such a strong external influence. The practical implications of the accession talks will be difficult for Turkey to manage, but the change in mentality required will be even harder to accept. The Ottoman Empire was a great power. Britain's experience shows how hard it can be for a former empire to accept sharing sovereignty in the EU, especially if it sticks to the idea that the EU is primarily an economic club. The Turkish republic created in the 1920s is a proud, nationalistic state with an established role in most international institutions. Its circumstances are different from the countries of Central and Eastern Europe, which were actively seeking outside help with their post-communist transformation when they applied for EU membership in the 1990s.

Turkey needs to enter the negotiations with its eyes wide open. The technicalities of preparing for EU membership will require an enormous effort. But the Turkish and EU governments also have to persuade the European public and the Turkish people that accession will benefit them in the long run. The eastward enlargement of the EU was an elite-led project that succeeded despite the half-hearted support of much of the public. Turkey's accession cannot follow that example, because it poses much greater challenges and the negotiations will start amid public opposition. EU leaders have to

support their decision to start negotiations with a broad campaign to explain why Turkey should eventually join. And Turkey's leaders have to start explaining to their country that the long road to EU membership will be hard, but the destination will be worth it.

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WHY EUROPE SHOULD EMBRACE TURKEY

Katinka Barysch, Steven Everts and Heather Grabbe

A majority of voters in the EU, and many politicians, oppose Turkish accession. The essays in this pamphlet examine the fears concerning Turkey's membership and argue that many of them are misplaced. The authors consider the geo-strategic and economic consequences of Turkey joining the EU. They explain the accession process and advise the Turks on how to conduct the negotiations. And they suggest ways in which European politicians could convince voters that Turkey is, potentially, an asset rather than a burden for the EU.

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