



HOUSE OF LORDS

Library Note

Debate on 13 January: Economic and Strategic Role of Turkey

This Library Note provides background reading for the debate to be held on Thursday 13 January:

“To call attention to the economic and strategic role of Turkey in Europe and the Middle East”

This Library Note summarises some of the key issues regarding the economic and strategic importance of Turkey. It also outlines some of the recent developments in Turkey’s accession negotiations with the European Union.

Matthew Purvis
7 January 2011
LLN 2011/001

House of Lords Library Notes are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of the Notes with the Members and their staff but cannot advise members of the general public.

Any comments on Library Notes should be sent to the Head of Research Services, House of Lords Library, London SW1A 0PW or emailed to brocklehursta@parliament.uk.

1. Introduction

On 27 July 2010 David Cameron, the Prime Minister, visited Turkey. In a speech made in Ankara Mr Cameron explained the rationale behind the visit:

I have come to Ankara to establish a new partnership between Britain and Turkey. I think this is a vital strategic relationship for our country. As Prime Minister, I first visited our two largest European Union partners, then Afghanistan, then North America and now, I come to Turkey. People ask me, 'Why Turkey?' and, 'Why so soon?' Well, I can tell you why: because Turkey is vital for our economy, vital for our security and vital for our politics and our diplomacy.

(Number 10 press release, ['PM's speech in Turkey'](#), 27 July 2010)

Geographically, Turkey is where the West and the East meet. It shares borders with both European and Middle Eastern countries. As a result of this Turkey also shares features associated with both. For example, politically it has a functioning secular democracy but it is a largely Muslim country. It is this mix of features, a mix which is found at all parts and levels of Turkish society, that contributes to it being, as Andrew Mango states in his portrait of modern Turkey, "hard to sum up the state of Turkey today". Mango illustrates this by way of example:

After arriving in the gleaming, efficient new terminal of Atatürk airport in Istanbul, the traveller may book electronically a seat in a modern Turkish-built intercity coach with a properly trained driver. But he might still face a collision with a tractor driven by a villager on the wrong side of the road or with a private car whose undisciplined driver has bought his way out of previous offences.

(Andrew Mango, *The Turks Today*, 2004, page 9)

A picture of Turkey can also be drawn from statistical comparisons between Turkey and its neighbours. Depending on the context Turkey is either large and relatively prosperous or large and poor. When compared with countries in the EU, in terms of size, Turkey is second only to Germany (82.1m) with an estimated populace of 75.8m. It also has a bigger population than those Eastern neighbours it shares a border with: Iran (75.1m), Iraq (31m) and Syria (22.5m). In terms of respective wealth, in contrast, Turkey ranks only above Romania and Bulgaria when compared to EU countries. Using the GNI per head measure (US \$), Turkey averages \$8,730, significantly lower than the highest in the EU (Denmark \$58,930) and only a little higher than Bulgaria, who rank lowest (\$5,770). Compared to its neighbours to the East however, Turkish GNI per head is higher than that of Iran (\$4,530) and Iraq (\$2,210) ([BBC website, Country Profiles](#)).

This Note provides background information and statistics about some of the broad issues that contribute to the economic and strategic role of Turkey in Europe and the Middle East. In addition to this it provides a picture of the current status of the EU-Turkey accession negotiations. It concludes with a selection of recent reflections on the future of these negotiations.

Readers who are interested in some of the other issues affecting Turkey are invited to consult the House of Commons Library Research Paper *Turkey Today* ([8 December 2008, RP 08/09](#)). Similarly, readers who are interested in the historical chronology of Turkey should consult a reference work, such as *Europa World Year Book 2010*. More detail on the progress of the accession negotiations can be found in the Congressional

2. Economic Importance

In his speech in Ankara, David Cameron summarised some of the reasons why Turkey is viewed as economically important to both Europe and the Middle East:

I ask myself this: which European country grew at 11% at the start of this year? Which European country will be the second fastest growing economy in the world by 2017? Which country in Europe has more young people than any of the 27 countries of the European Union? Which country in Europe is our number one manufacturer of televisions and second only to China in the world in construction and in contracting? Tabii ki Türkiye.

Everyone is talking about the BRICs, the fast-growing emerging economies of Brazil, Russia, India, and China. Turkey is Europe's BRIC.

(Number 10 Press Release, ['PM's speech in Turkey'](#), 27 July 2010)

The US State Department economic profile of Turkey describes it as “a large, middle-income country with relatively few natural resources. Its economy is currently in transition from a high degree of reliance on agriculture and heavy industry to a more diversified economy with an increasingly large and globalized services sector” (US Department of State, ['Background Note: Turkey'](#), 19 November 2010). Recent estimates show the Turkish economy is predominantly based upon services (64.9 per cent of GDP) followed by industry (25.8 per cent) and agriculture (9.3 per cent). Whilst agriculture makes up less than 10 per cent however, it represents 29.5 per cent of the labour force, second only to the service industry (45.8 per cent) (*CIA World Fact Book*, ['Turkey'](#), 27 December 2010).

In 2009, Turkey ranked 17 in the world's biggest economies, ranking higher than EU members Belgium, Poland and Portugal (World Bank, ['Gross domestic product 2009'](#)). An article in *The Economist* recently compared Turkey today to ten years ago. In 2001 “its economy was both sclerotic and erratic, its banks were bust, and inflation was dizzyingly high. It was forever calling in the International Monetary Fund for help (Turkey has run up some 18 IMF programmes, a near-record)” while:

...ten years on Turkey stands transformed. The economy suffered badly in the global recession of 2009, but over the previous five years it had been unusually vigorous, and it has bounced back so quickly that this year it is likely to grow faster than those of almost all other European countries. Turkey has largely escaped the Mediterranean sickness that has taken hold in Greece, Spain, Portugal and even Italy. It is on the verge of acquiring an investment-grade credit rating, inflation is in single figures and the government has been able to dump the IMF.

(*The Economist*, ['Anchors aweigh'](#), 23 October 2010)

Between 2002 and 2007 Turkey's economy grew an average of 6.0 per cent per year which was “one of the highest sustained rates of growth in the world” (US Department of State, ['Background Note: Turkey'](#), 19 November 2010). However, Turkey suffered from

the global economic crisis that followed:

Turkey's economy was hit by the global financial crisis of 2008–09 through trade and financial channels. In the first half of 2009 export earnings fell by a third. Private investment was similarly affected, falling by a third in the first quarter of 2009, as domestic financial intermediation and capital inflows both contracted. Unemployment exceeded 16 per cent in the first quarter of 2009 (with more than one in four workers aged 25 and under unemployed).

(World Bank, [‘Country Brief 2010: Turkey’](#), 5 October 2010)

Although Turkey was directly affected by the global crisis the OECD has said it “showed considerable resilience thanks to important reforms implemented after the 2001 crisis” (OECD, [‘Economic Survey of Turkey’](#), September 2010, page 1). The “resilience” of the Turkish economy has allowed it to recover successfully from the global economic crisis:

The underlying strengths of the Turkish economy—a highly capitalized and well regulated banking sector and well managed monetary policy, fiscal policy, and public debt—have minimized systemic effects. Turkey's economy has now recovered, with year-on-year GDP growth of 11.4 and 10.3 per cent in the first two quarters of 2010 and unemployment falling back towards pre-crisis levels around 10 per cent. GDP growth is expected to reach 7 per cent in 2010 and the fiscal targets in the Medium Term Program should be attained easily.

(World Bank, [‘Country Brief 2010: Turkey’](#), 5 October 2010)

Table 1 (see appendix) presents a selection of economic indicators to give a snapshot of the Turkish economy today and the International Monetary Fund (IMF) projections for each indicator for each year up to 2015. In this timeframe the size of the Turkish economy is expected to grow and inflation and unemployment are predicted to fall. However, the size of the current account balance is likely to grow larger. The World Bank highlighted this as a worry in their profile of the country: “of concern in the medium term is the return to current account deficits of the order of 5 percent of GDP, about one-third of which have been financed with short-term capital inflows in the past year” (World Bank, [‘Country Brief 2010: Turkey’](#), 5 October 2010).

Taking the projections made by the IMF for the annual percentage change in the size of GDP growth in Turkey, table 2 (see appendix) presents this information in comparison to the UK and the countries in the Euro area, in the European Union and in the Middle East and North Africa (as defined by the IMF). In 2010 Turkey's economic growth was projected to rise by 7.8 per cent, compared to an average of 1.7 per cent in the Euro area and the UK. This was also expected to be higher than the growth projected in the Middle East and North Africa.

On his visit to the country last year, David Cameron referred to the trade relationship between the UK and Turkey. The UK is Turkey's fourth largest source of imports from the EU, with a value of US\$6.5bn (UKT&I, [‘Doing business in Turkey’](#), 21 May 2010). Turkey's largest import partner is Russia (13.99 per cent) followed by Germany (10.01 per cent), China (9 per cent), US (6.09 per cent), Italy (5.45 per cent) and France (5.03 per cent) whilst in exports its largest partner is Germany (9.58 per cent) followed by France (6.08 per cent), UK (5.79 per cent), Italy (5.77 per cent) and Iraq (5.02 per cent) (*CIA World Fact Book*, [‘Turkey’](#), 27 December 2010). In his speech David Cameron set

a target to increase the value of trade between the two countries:

We are welcoming new business to Britain. And we are delighted that so many Turkish people are visiting, studying, and doing business so successfully in the United Kingdom. And we are encouraging British business to be more ambitious in developing new markets, as Turkish businesses have done. Vodafone, Tesco and HSBC are just three of the big British investments already in Turkey. I want to see many, many more.

Today the value of our trade is over \$9 billion a year. I want us to double this over the next five years. We cannot let the protectionists win the argument. The truth is that trade is the biggest wealth creator we have ever known. And when we talk about stimulus it is trade and a trade deal that can give the biggest stimulus to our economies right now.

(Number 10 press release, [‘PM’s speech in Turkey’](#), 27 July 2010)

In spite of its positive appraisal of the Turkish economy *The Economist* has said that “it, for all its recent strength, is still a work in progress”. It notes that “inflation is not wholly defeated, the current-account deficit is large and Turkey’s competitiveness in manufacturing is a matter for concern. Worst of all, unemployment is distressingly high, especially in the East and South-East and among women and the young” (*The Economist*, [‘Anchors aweigh’](#), 23 October 2010).

The OECD, in its recent economic survey of the country, also issued a note of caution by raising the following concern:

Potential growth in Turkey is held back by high inactivity and not sufficiently broad-based productivity growth, which is also linked to serious skills mismatches. The low capacity to create new jobs is clearly linked to excessive labour market regulation, which provides incentives for informal arrangements, which in turn hinder productivity growth. Informal firms have less access to finance, cannot efficiently participate in innovation networks and invest less in human capital. Their productivity is therefore much lower than in fully formal, rule-abiding firms.

(OECD, [Economic Survey of Turkey](#), September 2010, page 1)

3. Strategic Importance

Straddling East and West, Turkey shares borders with Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Iran, Iraq, and Syria. It is with the latter three that Turkey shares the longest borders. In part due to its economic strength and this geographic position Turkey plays a significant role both regionally and internationally. *The Economist* has noted that “whereas ten years ago it seemed a peripheral country, now it has become a pivotal one. Its geographical position, wedged between the European landmass, Russia and the Middle East, has given it a new strategic importance” (*The Economist*, [‘Anchors aweigh’](#), 23 October 2010). This has been recognised by political leaders. David Cameron told his audience in Ankara that it is “Turkey’s unique position at the meeting point of East and West [that] gives you an unrivalled influence in helping us to get to grips with some of the greatest threats to our collective security” (Number 10 press release, [‘PM’s speech in Turkey’](#), 27 July 2010).

In addition to this a number of observers have drawn attention to Turkey's unique situation and present it as a 'role-model' to its Muslim neighbours. This is exemplified by this extract from an article in *The Economist*:

Turkey has an especially significant place in the Muslim world. Thanks to the legacy of Ataturk, it is a rare example among Muslim countries of a functioning secular democracy. Compared with much of the Arab world, it has been hugely successful in economic, diplomatic and military terms. A Turk currently serves as secretary-general of the Organisation of the Islamic Conference. And since his country's diplomatic spat with Israel earlier this year Mr Erdogan has become a hero to the Arab street. Many Arabs compare him favourably with their own gerontocratic (and undemocratic) rulers.

(*The Economist*, '[Anchors aweigh](#)', 23 October 2010)

The Times has also noted that "Turkish TV is now watched across the Middle East, and relaxed visa restrictions mean that Arabs are flocking to Turkey". The paper reports the Turkish President, Mr Gül, as arguing that the "West should welcome this engagement, saying that millions of Arabs were comparing Turkey's success with their own countries. 'Our friends in the West should appreciate that Turkey is indirectly spreading all these values in our neighbourhood,' he said" (*The Times*, 'Turkey still seeks EU entry', 2 July 2010).

Western politicians see this as significant. Writing in 2007, David Milliband, the then Foreign Secretary, argued that "Turkey gives lie to the argument that democratic values and a secular democratic state are incompatible with a Muslim majority". Linking this to its geographical position, he added that "in bridging the gap between Europe and Asia, in showing that common humanity overshadows religious differences, there is no more pivotal country than Turkey" (David Milliband, '[Turkey is vital to Europe's future](#)', *Daily Telegraph*, 5 September 2007). This view of Turkey has been maintained by the present Government. David Cameron referred to this aspect of Turkish foreign policy in his speech saying "whether in Afghanistan or in the Middle East, Turkey has a credibility that others in the West just cannot hope to have" (Number 10 press release, '[PM's speech in Turkey](#)', 27 July 2010).

In recent years Turkish foreign policy has undertaken a change of direction. F Stephen Larrabee has argued that "After decades of passivity, Turkey is now emerging as an important diplomatic actor in the Middle East. Over the past few years, Ankara has established close ties with Iran and Syria, with which it had tense relations during the 1980s and 1990s; adopted a more active approach toward the Palestinians' grievances; and improved relations with the Arab world more broadly. This new activism is an important departure from recent Turkish foreign policy" (F Stephen Larrabee, '[Turkey Rediscovered the Middle East](#)', *Foreign Affairs*, July/August 2007). This 'new activism' is the subject of an article by Robin Niblett, Director of Chatham House. He describes Turkey as "a significant player" internationally. In the article Niblett identifies four broad, overlapping strands to Turkish foreign policy, which are joining the EU (see section 4 below), diplomatic, enhancing security and economic.

In diplomacy, Niblett argues that Turkey is engaging with many of its most troublesome local difficulties. He writes "Turkish diplomats are reaching out to Armenia, meeting regularly with the Gulf Arab states, and are now engaging in an active dialogue both in Baghdad and in the Kurdish Autonomous Region to build a secure and stable Iraq. More controversially, the government has set aside Turkey's past close relationship with Israel in order to become a more outspoken champion of the Palestinian cause" (Robin Niblett, '[Turkey's Expanding Role](#)', 2010). As Senem Aydın Düzgün and Nathalie Tocci state

“Turkish foreign policy today is far more proactive and multi-dimensional than at any time in the history of the republic. Turkey presents itself as a mediating power in the European neighbourhood, intent on developing relations with all actors in order to promote peace and regional integration” (Senem Aydın Düzgüt and Nathalie Tocci, [Transforming Turkish Foreign Policy: The Quest for Regional Leadership and Europeanisation](#), Centre for European Policy Studies, November 2009). This “newly assertive foreign policy”, it has also been said, is also making headway in China and Africa, not just in neighbouring countries (*The Economist*, ‘[Anchors aweigh](#)’, 23 October 2010)

In international and regional security James Ker-Lindsay has said that there are three reasons why Turkey occupies a vital strategic position, of which two—the geographical and the physical—are relevant here. The EU and Turkey share similar energy concerns. Geographically, Ker-Lindsay says, Turkey therefore plays a central role in European energy security. Both the existing Baku-Tbilisi-Çeyhan pipeline and the prospective Nabucco pipeline run through Turkey. The construction of the latter was agreed in 2009 as an attempt to secure energy from an alternative source to Russia (BBC News, ‘[Europe gas pipeline deal agreed](#)’, 13 July 2009). Turkey is also important in this context because of its experience in tackling terrorism. The energy pipelines would be a likely terrorist target (James Ker-Lindsay, ‘Turkey’s Strategic Position and the Need for Dialogue’, [RUSI: Combating International Terrorism—Turkey’s Added Value](#), October 2009, page 26).

Physically, Turkey is viewed as “a transit for terrorists and as a base for those planning terrorist operations elsewhere. It has been noted that Turkey is often viewed by many terrorist organisations as a relatively safe haven for holding meetings and arranging money transfers” (*ibid*). This aspect of security though also recognises the shared security concerns of Turkey and the West. For example Turkey contains an estimated 14 million Kurds and its border with Iraq has left it vulnerable to the activities of the rebels of the Kurdistan Workers Party (PKK). This has wider implications as “the last thing the Americans want to see, as they pull out of Iraq, is a war between Turkey and Iraqi Kurds” (*The Economist*, ‘[An endless war](#)’, 24 July 2010).

During the Cold War Turkey was a reliable NATO ally. By utilising its capabilities Niblett argues that “Turkey is seeking to become a more active contributor to international security” and provides a general picture of Turkey’s security activities today:

It is already an important contributor to international peacekeeping operations, with 1,300 Turkish troops currently present in Afghanistan and 1,000 in Lebanon. In addition, Turkey also took up its place as a non-permanent member of the United Nations Security Council in 2009, after receiving unprecedented support of 151 votes in the General Assembly. And, importantly, Turkey is the only Muslim member of the NATO alliance and one of the major contributors to its military capabilities. This desire to be recognised as a major player in international security received new prominence as Turkey inserted itself actively into the international community’s dealings with Iran over its nuclear programme. Turkey’s joint attempt with Brazil in the first half of 2010 to negotiate a settlement with Iran over its stocks of enriched uranium led to some sharp disagreements with Washington and European capitals, but underscored Turkey’s new diplomatic self-confidence.

(Robin Niblett, [Turkey’s Expanding Role](#), 2010)

Finally, Turkey’s economic weight is also being used as a tool of influence. In 2007, David Milliband wrote that “strong trading relationships are developing, with Turkey now

a major investor in Iraq” (David Milliband, [‘Turkey is vital to Europe’s future’](#), *Daily Telegraph*, 5 September 2007). According to Niblett, “Turkey is actively promoting trade and investment with its former regional antagonists, including Syria and Iran. Turkey’s annual trade with the Arab world now stands at US\$ 30 billion, compared to less than US\$ 2 billion a decade ago. Turkey is leading efforts to establish a nascent free trade zone in the Middle East, which accounts for 25 per cent of Turkey’s total foreign trade volume” (Robin Niblett, [Turkey’s Expanding Role](#), 2010). In 2008 trade with Middle Eastern countries accounted for 8.7 per cent of its imports and 19.3 per cent of its exports—both record figures. This compares to falling trade with the EU. In 2008 this dropped below fifty per cent for the first time (Fadi Hakura, ‘Moving East or West?’, *The World Today*, March 2010, page 25). In recognition of its economic significance in the region Turkey is now also a member of the G20 (Robin Niblett, [Turkey’s Expanding Role](#), 2010).

However, there are concerns that by adopting this confident foreign policy Turkey is beginning to turn its back on the West. It is argued that this is demonstrated by the number of independent lines taken by Turkey that jar with the policies of the West. For example, “it has been too nice to Sudan’s ghastly president, Omar al-Bashir, ignoring his indictment for war crimes. It made a mistake by joining Brazil in an ill-fated Iranian nuclear initiative that led to the embarrassing sight of Turkey, a member of the UN Security Council in 2009–10, voting against tougher sanctions on Iran. And its increasingly strident attacks on its once-close ally, Israel, have angered not only the Israelis but also many Americans, especially after the Turkish-led flotilla that tried to ‘relieve’ the siege of Gaza this summer” (*The Economist*, [‘Is Turkey turning its back on the West?’](#), 23 October 2010). Further evidence of cooling relations with the West can be found, it is argued, in the problems that surround the Turkey-Armenia reconciliation process, the faltering Cyprus peace negotiations and that EU accession is “on life-support” (Fadi Hakura, ‘Moving East or West?’, *The World Today*, March 2010, page 25). These developments are said to have caused the US, in particular, some concern. The US are said to fear that it could weaken Turkey’s ties to the West or lead to the ‘Islamization’ of Ankara’s foreign policy (BBC News, [‘US Defence Secretary Gates blames EU for Turkey ‘drift’](#)’, 9 June 2010).

F Stephen Larrabee argues though that “these concerns are misplaced” and “Turkey’s greater engagement in the Middle East is part of the gradual diversification of Turkish foreign policy since the end of the Cold War”. He adds “in effect, Turkey is rediscovering the region of which it has historically been an integral part. Especially under the Ottomans, Turkey was the dominant power in the Middle East; its republican period—with its emphasis on noninvolvement in Middle Eastern affairs—was an anomaly. Turkey’s current activism is a return to a more traditional pattern (F Stephen Larrabee, [‘Turkey Rediscovered the Middle East’](#), *Foreign Affairs*, July/August 2007). This opinion is shared by Fadi Hakura, of Chatham House, who has said that “Turkey was bound to re-integrate economically and politically into the Middle East and Eurasia, including with neighbouring Iran and Syria... Another critical driver of the foreign policy re-orientation is Turkey’s acute energy dependency. It is reliant on Russia and Iran for 63 per cent and twenty per cent respectively of its gas consumption; this impacts directly on foreign policymaking” (Fadi Hakura, ‘Moving East or West?’, *The World Today*, March 2010, page 25). Robin Niblett suggests simply that “Turkey, like other existing and emerging powers, is pursuing a more self-interested foreign policy” (Robin Niblett, [Turkey’s Expanding Role](#), 2010).

This appears to be borne out by statements made by Turkey. For example, the Turkish President, Mr Gül, has said “I consider it very wrong to interpret Turkey’s interests with other geographic regions as it breaking from the West, turning its back on the West or

seeking alternatives to the West. Turkey is part of Europe” (*The Times*, ‘Turkey ‘still seeks EU entry’, 2 July 2010).

4. European Union Accession Negotiations

Though it has aspired to become a member since the 1960s, Turkey has only been a candidate to join the EU since 1999. Eleven years on it appears no closer to joining:

Turkey’s membership negotiations have all but ground to a halt. Of the 35 ‘chapters’ into which the talks are divided, as many as 18 are blocked by the EU as a whole, by Cyprus or by France. They include areas where Turkey might be expected to have a lot to offer, such as external relations and energy. Only one chapter, on science, has been closed. So far this year just one new chapter, on food-safety standards, has been opened. Next year it may prove impossible to open any at all.

(*The Economist*, [‘A fading European dream’](#), 21 October 2010)

David Cameron made it clear in Ankara that he thought these membership negotiations should be accelerated:

When I think about what Turkey has done to defend Europe as a NATO ally and what Turkey is doing today in Afghanistan alongside our European allies, it makes me angry that your progress towards EU membership can be frustrated in the way that it has been. My view is clear: I believe it is just wrong to say that Turkey can guard the camp but not be allowed to sit in the tent.

(Number 10 press release, [‘PM’s speech in Turkey’](#), 27 July 2010)

The Prime Minister praised Turkey for the reforms it had already implemented and urged the country to press on with a solution for Cyprus and make the further reforms necessary to progress with the accession negotiations. He recognised however that Turkish membership was opposed for a number of reasons. Mr Cameron categorised these into three groups—what he called the protectionists, the polarised and the prejudiced—but argued they could be taken on. The Prime Minister said that those who saw Turkey as economic threat (the ‘protectionists’) failed to realise “the whole point about trade is that everyone can benefit from it”. He added that those who viewed Turkey through the prism of East v West (the ‘polarisers’) had failed to grasp “the fact that Turkey can be a great unifier, because instead of choosing between East and West, Turkey has chosen both” and cited Turkey’s positive influence in its region. Finally, Mr Cameron said that those who wilfully misunderstood Islam (the ‘prejudiced’) should recognise the values Turkey and Europe share, such as secularism and democracy (*ibid*). He concluded by saying:

To the doubters—I would just ask this: more than any other country, which European country’s growth could drive growth for us all? More than any other, which country’s influence over security in the Middle East could help us to tackle the causes of terrorism and bring greater security for all of us? More than any other, which country’s accession to the EU could make a stronger EU with greater global influence for us all? And the answer I simply give is this: Tabii ki Türkiye.

(*ibid*)

However, many of the 'doubters' appear to be found among the general public. Polls suggest current public opinion across Europe contrasts to Mr Cameron's support for Turkey joining the EU. In September 2010 the annual *Transatlantic Trends* survey was published. The survey, conducted in 11 EU countries, the US and Turkey, by the German Marshall Fund of the United States, returned some significant results. *The Guardian* reported that "a quarter of the Europeans polled thought Turkey should join the EU, but the figure for Germans and French, the two big governments opposed to Turkish entry, stood at just 16 per cent". An important finding was that support in Turkey for membership had declined. The poll found that "20 per cent of Turks believed their primary partners should be Middle East countries, while 13 per cent favoured the EU. Compared with last year, that almost halved support for the EU while doubling the figure for engagement with the Middle East" (*The Guardian*, '[Turks believe focus should be on Middle East and away from Europe](#)', 15 September 2010).

Taken alongside this decline in support for membership in Turkey and the caution expressed in Europe, *The Economist* argues three factors have made matters worse for Turkey's application:

The first is Cyprus, which joined the EU along with the east Europeans in May 2004. As a prelude, the then UN secretary-general, Kofi Annan, tried one last time to reach a deal on unifying the divided island. But although the Turkish-Cypriots overwhelmingly said yes to the deal in a referendum, the Greek-Cypriots even more overwhelmingly said no. As a consequence the (Greek-Cypriot) republic joined the EU as the legitimate government with the *acquis communautaire* of EU legislation, suspended for the (Turkish-Cypriot) north. Cyprus is now the biggest single obstacle to Turkey's EU hopes.

The second problem has been domestic political upheaval as the secular establishment and military top brass have battled against the AK government. A series of coup threats, conspiracies and constitutional court cases have created the impression of a country in political turmoil, helping to stoke European opposition to Turkish membership.

Third was the economic crisis that began in 2008 and hit Europe especially hard in 2009. Recession and rising unemployment have put paid to most thoughts of further EU enlargement. As it is, the deteriorating economy, the recent troubles of the euro zone and a backlash against immigration from the east have all lent force to widespread complaints that the central and eastern European countries were let into the EU too early.

(*The Economist*, '[A fading European dream](#)', 21 October 2010)

The last point clearly applies to the Turkish case. Some argue the costs of Turkish membership would be too big. With a larger population than those central and eastern European countries that were admitted, some fear membership would produce a huge influx of Turkish workers in other member states. A report in 2008 by the House of Commons Business and Enterprise Select Committee, which examined Turkish accession to the EU, recognised that "the migration of labour from Turkey will inevitably be an important issue in the accession negotiations". However, it added that "even if Turkey acceded in 2014, free movement of labour would not come into effect until at least 2021". The Committee concluded that "given the understanding and realism that exists on both sides, migration may be the negotiating issue of greatest public interest, but it should not prove an insuperable barrier" (House of Commons Business and Enterprise Select Committee, '[Keeping the door wide open: Turkey and EU accession](#)', 23 June 2008, HC 367-I, page 12). Some would argue that even if free movement was

applied after a lengthy transition, Turkey is now a young and growing country—32 per cent of its population are school age—and it is therefore not an insignificant issue (Andrew Mango, *The Turks Today*, 2004, pages 239–41).

Similarly with a large agricultural sector Turkey is also expected to benefit from European farm subsidies (Andrew Mango, *The Turks Today*, 2004, pages 239–41). The European Commission and organisations such as Human Rights Watch have also continued to raise their concerns about human rights in Turkey, for example in relation to its minorities, such as the Kurds (Human Rights Watch, [‘Statement to the Human Rights Council on Turkey’](#), 22 September 2010).

As a result of a combination of these factors it has been asserted that “few people, either in Brussels or in Ankara, any longer believe that Turkish membership will come about in the foreseeable future” (*The Economist*, [‘Anchors aweigh’](#), 23 October 2010). This political sclerosis, *The Economist* has suggested, could legitimately change Turkish thinking:

The country’s political leaders these days speak less and less about their EU aspirations. Why should Turkey implement difficult reforms to meet European standards, some ask plaintively, if EU membership will not be forthcoming in return? Indeed, why continue on the path of free-market liberal democracy at all?

(*ibid*)

Daniel Hannan, the Conservative MEP, argues that throughout the accession process Europe has treated Turkey badly by applying different standards to its application. He contends that Europe knows full membership of the EU is unlikely. He concludes:

For what it’s worth, if I were Turkish, I would be against EU membership. Turkey is a dynamic country with—in marked contrast to the EU—a young population. The last thing it needs is the 48-hour week, the Common Agricultural Policy, the euro and the rest of the apparatus of Brussels corporatism. Why tie yourself to a shrinking part of the world economy when you have teeming new markets to your east? Why submit to rule by people who barely trouble to hide their contempt for you? (Similar arguments apply, *mutatis mutandis*, to Britain; but that’s another story.)

There is a difference, though, between choosing not to join and being told that you’re not good enough to join. Turks are as entitled to their pride as any other people. The way they have been messed around can hardly fail to make them despise the EU. Which, in the broader sweep of history, is likely to hurt the EU more than it does Turkey.

(Daniel Hannan, [‘The EU will regret its dishonest, humiliating treatment of Turkey’](#), *Daily Telegraph*, 28 July 2010)

Turkey remains insistent that it wants to become a member of the EU. The accession negotiations are still formally active (*The Times*, ‘There is no reason to have any doubts about Turkey. We are part of Europe’, 2 July 2010). In recognition of the slow progress though a number of suggestions have been made as to what should happen next. For example, Riccardo Perissich, a former Director General for the Internal Market and Industry in the European Commission, offers an alternative to what he calls the EU’s ‘as

if' approach: "as if membership was still a credible prospect". He writes:

Is there an alternative way? I believe that there is; it is difficult, but preferable to the present approach. The first step should be to declare the emperor naked and acknowledge that enlargement is no longer on the table. It is unlikely that the Turks would be the first to move; it is for the EU to take the lead in an 'operation transparency'. The political implications would have to be managed with great care. In the first place, the EU should not drop the Cyprus problem, however intractable, and make a serious and determined commitment to find a solution acceptable for the Turkish minority. Equally, members of the EU should reassure Turkey that Greece would not be allowed to exploit its privileged position as a member of the club in possible future bilateral confrontations; and Greece should be left in no doubt about it. Common economic projects, particularly in energy, should be accelerated. Finally, and most importantly, the EU should engage alongside the US, in a serious dialogue with Turkey in order to reconcile the country's perceived national interests with those of the west. It would probably be unnecessary, and possibly counterproductive, to invent institutional structures and grand names to define the new relationship; these may come later, when there is enough substance to justify them. What would be required is above all a serious, prolonged and sincere commitment, based on the recognition that Turkey is one of the main foreign policy priorities of the EU.

(Riccardo Perissich, [Turkey and the EU: A play in search of a script](#), Centre for European Policy Studies, 28 September 2010)

A similar, narrower, solution for the interim has been suggested by Heather Grabbe and Sinan Ülgen, of the Open Society Institute in Brussels. They argue that Turkey should become part of the EU's foreign and security policy, whilst it waits to become a full member:

As long time supporters of Turkey's bid to join the EU—both as analysts and policy actors—we oppose anything that could undermine Turkey's track toward EU accession. We propose a strategic dialogue at several levels to engage Turkey and the EU in resolving regional conflicts and problems of common concern as part of the preparations for membership. An effective dialogue on foreign, security, and defense issues would complement the accession process. It could even help to re-invigorate it by reminding all sides of their many mutual interests. In practice, the EU and Turkey should adopt informal but regular talks in the form of four meetings per year, at the summit, ministerial, and working levels. The format would be "27-plus-one," with all of the 27 EU member states and Turkey participating, and intensified dialogue between EU High representative for Foreign and Security Policy, Baroness Catherine Ashton, and Turkish Foreign Minister Ahmet Davutoglu. In addition, Turkey should meet the EU heads of state and government once a year to discuss major strategic questions.

(Heather Grabbe and Sinan Ülgen, [The Way Forward for Turkey and the EU: A Strategic Dialogue on Foreign Policy](#), December 2010, page 1)

Appendix

Table 1: Turkey: Selected Economic Indicators 2008–2015

Country	Selected Indicator	2008	2009	2010	2011	2012	2013	2014	2015
Turkey	GDP Constant Prices (Turisk Lira, bn)	101.922	97.144	104.721	108.491	112.505	116.78	121.405	126.261
	GDP Constant Prices (% annual change)	0.659	-4.688	7.8	3.6	3.7	3.8	3.96	4
	Inflation (Average Consumer Prices % annual change)	10.444	6.251	8.68	5.706	6.026	4.824	4.294	4.014
	Unemployment (% of total labor force)	10.945	14.028	11	10.658	10.315	9.97	9.624	9.277
	Current account balance (% of GDP)	-5.744	-2.272	-5.214	-5.401	-5.621	-5.883	-6.106	-6.161

Source: International Monetary Fund, *World Economic Outlook Database*, October 2010

Table 2: Projected Average Annual Percentage Change in Gross Domestic Product (GDP)

Country	2008	2009	2010	2011	2012	2013	2014	2015
Turkey	0.659	-4.688	7.8	3.6	3.7	3.8	3.96	4
United Kingdom	-0.065	-4.897	1.702	2.018	2.285	2.437	2.512	2.58
Euro area	0.473	-4.069	1.682	1.485	1.79	1.847	1.844	1.711
European Union	0.757	-4.101	1.652	1.695	2.116	2.223	2.242	2.173
Middle East and North Africa	4.995	2.043	4.085	5.08	4.846	4.723	4.874	4.93

Source: International Monetary Fund, *World Economic Outlook Database*, October 2010

