

## Together Beyond Accession: Turkey as the EU's Indispensable Partner

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### Executive Summary

- > Following turbulent years in European Union-Turkey relations, the June 2018 elections in Turkey and the prospective appointment of a new European Commission following the 2019 European Parliament elections provide a window of opportunity to take stock of the deadlock in Turkey's EU bid.
- > Incoming European leaders should engage in a profound rethinking of EU-Turkey relations, beyond the accession perspective.
- > Concretely, the incoming Commission and especially High Representative should push for a renewal of EU strategic engagement with Turkey to ensure 'togetherness' in addressing changing geopolitical, economic and security equilibria. This engagement should rely on a four-pillar, multidimensional approach:
  - > Amid growing economic instability in Turkey, we suggest advancing towards an updated Customs Union, while seizing on Turkey's potential as a central hub in the Southern Energy Corridor.
  - > This strong economic asset could leverage further EU engagement on human rights, rule of law and democracy and enable the Union to adopt innovative measures in support of Turkish civil society.
  - > International developments have positioned Turkey as a crucial, albeit ambivalent, foreign policy partner, especially in the Middle East. For this reason, the EU should promote active foreign policy coordination and cooperation with Turkey.
  - > Migration has been a rare, yet sensitive area of cooperation. In this domain, emphasis should be placed on enhancing the implementation of the 2016 EU-Turkey Statement.

Following the pivotal general elections held in Turkey on 24 June 2018 and ahead of the European Parliament elections of May 2019, this policy brief explores options for the incoming High Representative for Foreign Affairs and Security Policy to renew European Union (EU) engagement with Turkey. Assuming that the stalemate in accession negotiations will remain even after a new European Parliament and Commission will have been designated, it suggests that alternative forms of engagement are paramount for the EU.

In a more "connected, contested and complex world" (High Representative 2016), EU-Turkey cooperation has become indispensable. However, it faces unprecedented challenges: the out-datedness of the Customs Union (CU) in the context of Turkey's growing economic instability; the downgrade in its human rights and democratic records; President Erdogan's increasingly authoritarian grip on Turkish society; and diverging security and foreign policies.

This policy brief argues that the EU and Turkey should view these challenges as opportunities to pursue their interests *together*. After new European leaders emerge from the 2019 elections, and especially a new High Representative, there will be a window of opportunity to reconsider policy options that reflect the indispensable relationship that binds the EU and Turkey. Combining analysis and policy recommendations, the policy brief advises that the EU's leadership should promote a four-pillar approach to Turkey relying on: deeper economic integration; firm and innovative commitment to human rights, democracy and rule of law; coordinated responses to peace and security challenges in the Middle East; and enhanced implementation of the 2016 agreement on migration.

### **Together to achieve shared prosperity**

Economic ties represent the greatest success of EU-Turkey relations. Since 1995, Turkey has participated in the CU,

under which both partners benefit from common external tariffs for industrial goods and processed agricultural products. These arrangements have been of utmost importance for Turkey's transformation into a modern market-based economy and for its impressive annual GDP growth for most part of late 1990s and the 2000s (World Bank 2018). As a result, the EU also remains Turkey's primary trading partner, with 39% of imports and 73% of foreign direct investment into Turkey coming from the Union in 2016 (European Commission 2018; Mertzanis 2017). In return, the EU benefits from Turkish shipments of textiles and clothing, agricultural products, iron, steel and ever-increasing Turkish investments in EU countries. However, more recently President Erdogan has been battling a structurally flawed economy on the verge of a meltdown: in the context of Turkey's longstanding economic and financial limitations (weakness of the domestic capital market, high borrowing rates, limited rise in productivity rates, fiscal mismanagement), the threat and use of sanctions by the United States (US) in August 2018 prior to the release of an American pastor and the refusal of the Central Bank to raise interest rates, have resulted in record lows for the Turkish lira.

The two partners' wider commercial relationship is additionally impacted by energy, with Turkey coming to be seen as a potential new transit country for gas and oil. The EU imports more than half of its primary energy resources from non-EU states and heavily relies on Russian natural gas and petroleum (37.4% and 30.9% of total supply respectively, see Eurostat 2018). In an effort to diversify energy sources, the realization of the Southern Energy Corridor is of vital importance to both sides. In addition to the commissioning of the South Caucasus pipeline in 2006, the inauguration of the Trans-Anatolian gas pipeline (TANAP) in Turkey in June 2018 constituted a major step towards the completion of the Southern Gas Corridor, which would allow the transfer of natural gas from Azerbaijan to Europe through Georgia, Turkey, Greece, Albania, and Italy. The remaining part of the Corridor consists in the project of Trans-Adriatic Pipeline (TAP), whose fate is now questioned by the current Italian government.

The Southern Corridor may also transfer natural gas from Turkmenistan via the planned Trans-Caspian Pipeline, the construction of which is feasible after the recent successful division of Caspian waters. Huge finds in the Eastern Mediterranean may further elevate Turkey's role as a central hub in the Southern Energy Corridor, although it remains unclear how willing the EU will be to use Turkey's infrastructure for gas transit, rather than Egypt's already existing and strong infrastructure.

The EU must consider these developments as a window of opportunity to build on existing economic ties and support Turkey in its path towards renewed stability:

- To sustain and build on strong economic ties and shared benefits, the EU should first adopt a principled, pragmatic approach by advancing an updated CU. Consensus in Turkey has long been to call for CU modernization to include agriculture, services and public procurement, and visa liberalization to advance labour migration. Although EU Member States have argued for maintaining the CU as it is, progress achieved in Turkey's path towards rule of law following the implementation of the CU in 1995 suggests that EU inflexibility on economic matters remains unwise (Alessandri, Lesser & Tastan 2018). The EU must stay firm on its criticism of Turkey's human rights record, but the modernization of the CU could be used as important leverage to pursue further economic gains for both parties, domestic stability in Turkey, and greater strategic alignment.
- The EU should seek energy diversification by pushing for the completion of the Trans-Adriatic Pipeline to strengthen cooperation with Turkey as a transit country. With the Southern Corridor operational starting in 2020, energy pricing and cooperation could be key negotiating points in the updated CU.

### **Together to safeguard democracy, rule of law and human rights**

Turkey's domestic political landscape raises concerns, both in terms of its increasingly deteriorating rule of law framework and because of numerous human rights violations that have occurred following the failed coup in 2016. Moreover, the constitutional reform approved in the April 2017 referendum has further watered down the powers of the judiciary and legislative branches, marking a historic shift in the country's constitutional architecture from a parliamentary to a hyper-presidential system. President Erdogan's re-election in June 2018, although with margins narrower than expected, has further increased his grip on the country. All of these trends highlight Turkey's slide towards 'illiberal democracy'.

At the same time, Turkish civil society is not yet equipped to act as a driver for change, although the EU has undeniable leverage in this area. It remains the most important donor for Turkish civil society, working actively to integrate Syrian refugees, improve women's rights, reduce ethnic tensions with the Kurds and combat radicalization, in particular through the EU's Civil Society Facility and the European Instrument for Democracy.

As a global leader regarding democracy support, the EU must prevent a normalization of the recent democratic backsliding and move beyond a risk-averse approach to civil society cooperation, while remaining firm on maintaining stable and democratic state institutions and taking all appropriate vetting measures so that under no circumstances support will be granted to entities with proven links to terrorist organizations. To this end, we suggest two courses of action:

- It is paramount that European institutions be steadfast in insisting on Turkish commitment for the respect of human rights. In particular, the next High Representative should continue to raise concerns about human rights violations in any future high-level meetings, while other EU institutions, such as the European Parliament and the European Council, should display active support for Turkey's democratic system through official resolutions and statements. In this regard, it is noteworthy that the Parliament has decided to definitively cut the 70 million euros in pre-accession funds it had placed in reserve when the 2018 budget was approved in 2017. Moreover, it should be made clear in informal discussions that any advancement towards EU modernization should be met with an improvement of Turkey's rule of law and human rights record.
- The EU should also engage in a critical reassessment of its strategies to support Turkey's civil society and aim at empowering grassroots political change. Moving away from a 'one-size-fits-all' approach – as reflected in most of the EU guidelines for civil society support –, the Union should consider supporting less formal civic groups. It should also encourage cooperation between civil society and the Turkish government, to facilitate inclusive and accountable policy-making.

### **Together to address challenges stemming from the Middle East**

International developments, especially in the Middle East, have positioned Turkey as a key actor for global and regional peace and security. Partnering with Turkey in terms of foreign policy remains more than ever indispensable for the EU in the context of shifting US policies towards the Middle East. However, European and Turkish strategic interests seem to increasingly diverge on various issues.

On security and defence issues, Turkey is an essential partner in counter-terrorism given its geographical position. This partnership has consisted in bilateral cooperation and common multilateral efforts, notably in the international coalition against the so-called Islamic State of Iraq and the Levant (ISIL) and between Turkey and the EU's law enforcement agency Europol. However, Turkey's main red

lines lie in the definition of terrorism, which is not shared by the EU: Turkey deems the Syrian Kurdish People's Protection Units (YPG) and the Gülen movement to be terrorist organizations, but the EU and the US do not subscribe to the same classification. This divergence led to tense exchanges between the Presidents of Turkey and the US in particular over the extradition of US-based Muhammed Fethullah Gülen, whom Turkey holds responsible for the 2016 attempted coup. With the US and Turkey further growing apart, the EU is in a sensitive yet crucial position to uphold counter-terrorism cooperation.

In terms of defence cooperation, Turkey's position in the European geopolitical equilibrium seems to be shifting. Despite its NATO membership since 1952, recent developments such as the purchase of S-400 defence missiles from Russia have called Turkey's place in the Alliance into question in the context of the US' mounting criticism of its NATO allies. At the same time, the activation of the Permanent Structured Cooperation on Security and Defence (PESCO) by the EU has been a cause of concern for Turkey, which fears that it could weaken the Alliance.

On broader foreign policy issues, Turkey shares the EU's preference for a two-state solution to the Israeli-Palestinian conflict, but has turned into a vocal advocate for Palestine and a harsh critic of Israel. In the Syrian conflict, Turkey has proved to be a key partner, but also waged military interventions in Northern Syria to fight US- and EU-backed Kurdish organizations. Meanwhile, Turkey has engaged with Iran and Russia within the Astana format over ceasefire agreements and de-escalation zones, resulting in the 17 September 2018 Sochi Agreement aimed at preventing a humanitarian disaster in Idlib. This demonstrates how crucial Turkey is in counterbalancing Russia's and Iran's involvement in the region. Regarding Iran, Turkey, like the EU, remains committed to the Joint Comprehensive Plan of Action allowing for the lifting of international sanctions in exchange for the end of Iran's military nuclear programme and thorough international monitoring of its civilian nuclear programme. As such, Turkey has been vocal in criticizing US President Trump's withdrawal from the nuclear deal. However, it remains unclear how Turkey will be affected by the reinstatement of US sanctions, in particular on oil, for the US might grant Turkey an exemption to such sanctions.

This blurred context is likely to worsen given President Erdogan's feud with President Trump and the country's longing for influence in the region. Therefore, the EU – to the extent it has the competence to do so – should step in as the guarantor of Turkey's alignment with Western interests in the Middle East and uphold European interests in

the region at a moment when US policies tend to follow an increasingly conflicting path:

- First, the EU should push for the coordination of its Member States' diplomatic and military actions with Turkey to take advantage of shared goals and facilitate strategic alignment. In this regard, the incoming High Representative should promote joint efforts towards the two-state solution in the Near East (e.g. scaling up support to the United Nations Relief and Works Agency for Palestine Refugees, now that the US has cancelled its funding). Further, to advance towards a political solution in Syria, the EU should foster Turkey's participation in the Brussels Conferences on supporting the future of Syria and the region and build on the country's engagement with Russia by replicating the 27 October 2018 meeting between Russia, Turkey, France and Germany.
- On other specific security challenges, the EU should also push for further EU-Turkey cooperation. Regarding counter-terrorism, cooperation is essential given the enduring threat of lone fighters and ISIL. The new High Representative should especially promote information-sharing by fast-tracking negotiations on the exchange of personal data between Europol and Turkey. On broader military and defence issues, PESCO could seek to include Turkey on a case-by-case basis in relevant military projects.

### **Together to address the challenges of migration**

Migration has been an important, although controversial, area of cooperation between the EU and Turkey. The 2016 EU-Turkey Statement is the defining aspect of relations in this area. In simplified form, Turkey agreed to take back irregular migrants crossing into Greece in exchange for financial aid and expedited visa liberalization. The immediate goal has been met: sea arrivals along the Eastern Mediterranean route, from Turkey to Greece, are down to 24,821 for 2018 (UNHCR 2018). However, implementation has been flawed. Greek facilities that house asylum-seekers remain overcrowded, integration of Syrian refugees into Turkish labour markets has been insufficient and visa liberalization talks are stalled.

Despite these challenges, and although President Erdogan has complained about the rate at which EU funds are disbursed, the Agreement will likely survive. For the EU, backing out could result in a surge of refugees from Turkey, for which it is ill-prepared. For Turkey, reneging would cost financial assistance and visa liberalization, as European publics would not forgive Turkey for allowing a new wave of refugees across the Aegean.

Against this backdrop, the EU should focus its efforts on working with Turkey to enhance implementation of the deal and on improving internal coordination on migration:

- To improve together refugee integration in Turkey, the new High Representative should first lobby the Turkish government to amend certain policies, such as municipal funding that does not factor in the number of refugees living in a given district, and relax its over-centralization of migration management. This would allow for a greater role of local governments and civil society, who have shown in Europe that they can take the lead on refugee integration, thanks to their better knowledge of local contexts. The EU has one other lever to pull: through its Facility for Refugees in Turkey (FRT), it can choose how to allocate the second round of Agreement funds (3 billion euros). The High Representative should insist that these new funds focus on socioeconomic support, for example by financing programmes that support refugee self-employment and small businesses, invest in vocational training, and adopt best practices from European countries, like Germany's 'one-stop service points' (Selin Okyay 2017).
- At the same time, the EU must prepare for the unlikely event that the Agreement collapses by improving its own coordination on migration, first by taking practical steps to address the abhorrent conditions in Greek asylum facilities, such as amending the 2018 European Asylum Support Office (EASO) Operating Plan to provide more than the planned 170 caseworkers, a clearly insufficient number. Furthermore, additional funds could be allocated from the formal EU budget to migration-related emergencies, thereby obviating the need for ad-hoc arrangements like emergency EU Trust Funds or the FRT. Although it is likely not politically tenable, the new Commission should also strongly consider activating the Voluntary Humanitarian Admission Scheme to expedite resettlement, while the incoming High Representative should further advocate for replacing the Dublin Regulation system with a new Resettlement Framework.

### **Conclusion**

Both the EU and Turkey enter a more complex era of changing geopolitics, face increasingly divergent US policies and battle stagnating or even faltering economies. In this context, both should acknowledge the indispensability of their relationship, which cannot be taken for granted but must instead be equipped to meet the increasing challenges of our times. Only together can they build a resilient and mutually beneficial partnership. For the EU, a stronger

partnership with Turkey will help advance sustainable economic growth, increase Europeans' security, safeguard their interests and uphold their values in a changing world, while adopting adequate responses to key challenges such as migration.

The European Union must thus accept that Turkey's EU candidacy status has failed to secure lasting strategic alignment. Turning the page of this deadlocked process, the EU

should pursue an alternative style of engagement: pragmatic and flexible when possible, firm and principled when necessary, comprehensive and ambitious at all times. In the window before the next Turkish elections in 2023, and with a new European Commission, Parliament and especially High Representative in 2019, the EU can either capitalize on a relatively stable political situation in Turkey, or let an opportunity for renewed cooperation slip away.

## Further Reading

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