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# Europe should keep Turkey close

By Luigi Scazzieri

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- ★ EU-Turkey relations have deteriorated sharply in recent years. Turkey's accession process is frozen, as are the plans to reform the EU-Turkey customs union. The erosion of human rights and the rule of law in Turkey are the main culprits, but the lack of a viable positive agenda to structure relations has also been an important contributing factor.
- ★ Europeans sometimes forget that Turkey has also been drifting away from the US and NATO. Ankara feels betrayed by US support for the Syrian Kurds, while Washington is upset about Ankara's purchase of an S-400 air defence system from Russia.
- ★ The re-election of Recep Tayyip Erdoğan as president in June 2018 means that Turkey's domestic politics and foreign policy are unlikely to change in the near future. Even maintaining transactional EU-Turkey co-operation could become increasingly difficult if trust erodes away.
- ★ The challenge for Europe is how to prevent its relationship with Turkey from souring further. The EU should avoid the temptation to end accession negotiations until there is a better alternative in place, and maintain high-level dialogue with Turkey to help preserve a degree of trust and facilitate co-operation.
- ★ The EU should also resume negotiations for an updated customs union to re-engage Turkey and help it to develop its economy. And it should seek dialogue with Turkey to better address foreign policy challenges in the region, especially the stabilisation of Syria and Iraq.
- ★ In the medium term, the EU needs to think beyond accession, and consider what framework could better serve to structure its relations with Turkey as long as membership remains unlikely. The EU should develop an ambitious 'special partnership' model, offering participation in the single market for goods, services and capital to regain its power of attraction. The EU-UK continental partnership model, proposed by the Bruegel think-tank, could serve as a blueprint.
- ★ There are good reasons for the EU to develop such a model. Accession has lost much of its power as the EU has become less keen to enlarge, and halfway houses between membership and non-membership, such as association agreements, do not offer enough to countries that do not aspire to be full-blown members of the EU, or cannot. If the EU had more attractive options between non-membership and membership, it would regain influence throughout its neighbourhood and be able to project stability better.

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Turkey is a vital partner for the EU in addressing challenges such as migration, terrorism and energy security. It is also the largest country by far in the queue to join the Union. But the June 2018 European Council conclusions on Turkey capture the dismal state of EU-Turkey relations. EU leaders stated that Turkey “has been moving further away from the European Union”, and expressed concern over its “backsliding on the rule of law and on fundamental rights”. They also stated that Turkey’s accession negotiations “have effectively come to a standstill”, and that “no further chapters can be considered for opening or closing, and no further work towards the modernisation of the EU-Turkey customs union is foreseen”. At the same time, however, the conclusions state that Turkey is a key partner, and that it is important to continue co-operation in “essential areas of joint interest”.<sup>1</sup> Turkey reacted to the conclusions by complaining: “The EU’s unjust and dishonest treatment of Turkey can be seen once again”.<sup>2</sup>

This policy brief analyses the state of EU-Turkey relations, in the broader context of Turkey’s souring relations with the US and NATO. Both the EU and the US have quarrelled with Ankara over the deterioration in the rule of law and respect for human rights in Turkey, and because of the arbitrary arrest of European and American citizens on terrorism charges. Ankara has also clashed with Washington over American support for the Kurds in Syria, which Turkey sees as a betrayal. Ankara has increasingly re-aligned its foreign policy, growing closer to Russia and Iran.

President Erdoğan’s re-election on June 24<sup>th</sup> 2018 suggests there is unlikely to be a significant change in the trajectory of Turkey’s domestic and foreign policies. But because of size, geographic location, and history, Turkey will remain a country of great strategic importance to the EU. Europe’s leaders need to take stock of their policy towards Turkey, recognise the risks of a breakdown in relations, and take measures to prevent it. Erdoğan is set to be both head of state and head of government until at least 2023, on the basis of constitutional amendments passed in the referendum

of April 2017 that abolished the post of prime minister and greatly increased the powers of the president. Although his AK Party (AKP) lost its absolute majority in parliamentary elections held on the same day as the presidential vote, the powers of parliament have been very much reduced following the constitutional amendments. Moreover, the AKP can count on its hard-line Turkish nationalist allies in the Nationalist Movement Party (MHP) to maintain a working majority in parliament.

This policy brief explores how Europe can move towards a more positive agenda to prevent its relationship with Turkey from souring even further, and to preserve the prospect of renewed engagement, and ultimately membership. The brief maps the state of EU-Turkey relations and also discusses the relationship between Turkey, the US and NATO, identifying the main sources of friction. It then argues that the EU should take action to prevent its relationship with Turkey from disintegrating further, by launching negotiations on modernising the customs union, and deepening political dialogue and foreign policy co-operation.

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## Turkey after the June elections

The elections on June 24<sup>th</sup> ushered in a new constitutional system in Turkey, based on a powerful executive presidency. Erdoğan has far greater powers today than he had as prime minister. He now has the ability to appoint his cabinet without involving parliament, and to make senior appointments in the judiciary and the civil service single-handedly. He will also be able to issue presidential decrees, and will have tight control of the army and police. By contrast, the powers of parliament are significantly reduced, although it will still pass the budget, legislate and

potentially challenge his decrees. At the June elections, the AKP gained 42 per cent of the vote, seven points less than it got in November 2015, and lost its majority in parliament. However, it will be able to rely on its allies in the MHP for support. The two have built up a relatively solid alliance, and it is difficult to see parliament as an obstacle to Erdoğan’s exercise of his powers.

However, Erdoğan himself has emerged somewhat weakened from the election. Along with the narrow

1: ‘Council conclusions on enlargement and stabilisation and accession process’, EU General Affairs Council, March 26<sup>th</sup> 2018.

2: ‘Turkey slams hypocritical EU report on accession talks’, *Reuters*, June 27<sup>th</sup> 2018.

win in the constitutional referendum, the results of the election made clear that around half of Turkey's population do not support his agenda – he won the presidency with 52 per cent of the vote. Despite the end of the two-year state of emergency in mid-July, a more conciliatory approach from the president seems unlikely: on the eve of his inauguration, almost 20,000 civil servants, policemen and academics were fired for alleged links to terrorist groups.<sup>3</sup>

*“The new key role of the MHP in Turkish politics may push policy in a more nationalist direction.”*

Erdoğan will now have to address a formidable set of domestic and foreign challenges. Turkey's economy is not in good shape, and many observers speculate that this prompted him to bring forward the presidential and parliamentary elections that had been scheduled for November 2019. While growth is strong (7 per cent year-on-year in the first quarter of 2018) this is largely the result of rising government spending, and has come at the cost of accelerating inflation and a depreciating currency.<sup>4</sup> Consumer price inflation surged to a 14-year high of 15 per cent in June and the lira is down by 25 per cent against the dollar since July 2017.<sup>5</sup> Turkey is heavily dependent on foreign investment, and investors are concerned by what they see as a rapidly overheating economy. The new government's first moves have not reassured investors. Erdoğan has appointed his son-in-law Berat Albayrak as economics and finance minister, while Mehmet Şimşek, a former Merrill Lynch banker and

pillar of stability for foreign investors, is no longer deputy prime minister. This has reinforced investors' fears that the new government will continue with its current economic policies, and push ahead with Erdoğan's unorthodox view that high interest rates fuel inflation.

Ankara also faces serious security challenges, both domestic and external. Domestically, it faces threats from the so-called Islamic State (IS) and the Kurdistan Workers Party (PKK) – a group that has waged an insurgency against the Turkish state since the 1980s and is recognised as a terrorist organisation by the EU. Both groups have carried out deadly attacks in recent years, and the PKK has resumed its conflict in south-eastern areas of the country since the collapse of peace talks in 2015. The Turkish government thinks Syria is the biggest external threat the country faces. The government is concerned that any eventual settlement of the Syrian war might result in the emergence of a consolidated Kurdish region in the north of Syria and Iraq, perhaps under American patronage. It has sought to avoid this outcome at all costs, intervening militarily in Syria to counter the Syrian Kurdish YPG militia and setting up military bases in Iraq to counter the PKK. Foreign Minister Mevlüt Çavuşoğlu has stayed on in the new cabinet, but the new key role of the MHP in Turkish politics may push policy in a more nationalist direction. This shift could be particularly evident on the Kurdish question, as the party takes a much tougher stance than the AKP. Not only is this likely to push the government towards a tougher stance against the PKK domestically; it will also strengthen its determination to avoid a YPG presence to its south, meaning that Turkey is likely to become further enmeshed in Syria and Iraq in coming years.

## A deep freeze in EU-Turkey relations

Turkey's accession negotiations with the EU began in October 2005. However, they quickly stalled because Turkey refused to recognise the Republic of Cyprus. In December 2006, the European Council vetoed the opening of eight negotiating chapters until Turkey recognised Cyprus and opened its ports and airports to Cypriot aircraft and ships. The Council also decided that no negotiating chapters could be regarded as fully agreed until Turkey complied.<sup>6</sup>

What is more, many member-states, such as France, Austria and Germany, were (and are) opposed to Turkish membership of the EU. Chancellor Angela Merkel's longstanding stance is that Turkey should have a 'privileged partnership' with the EU, but not be a full member.<sup>7</sup> Despite these constraints, the accession

process lumbered on in the late 2000s and early 2010s, without either side thinking Turkish membership would happen in the near term. Eventually, 16 out of a total of 25 negotiating chapters were opened, but only one was provisionally closed.

However, relations started to deteriorate seriously in 2013 following the government's crackdown on the protests over the redevelopment of Gezi Park in Istanbul, which the EU (and the US) condemned as heavy-handed. Relations worsened further after a failed military coup in July 2016 which left over two hundred dead and thousands wounded. Ankara thought that the Western response to the coup was slow, with many European leaders failing to issue statements immediately to condemn the plotters. By contrast, Moscow swiftly

3: 'Turkey fires thousands of state employees in anti-terrorism purge', *The Guardian*, July 8<sup>th</sup> 2018.

4: 'Erdoğan hails growth figures as proof of Turkey's economic strength', *Financial Times*, June 11<sup>th</sup> 2018.

5: 'Turkish inflation hits 14-year high, lira slides', *Reuters*, July 3<sup>rd</sup> 2018.

6: 'Council conclusions on enlargement', General affairs and external relations Council, December 11<sup>th</sup> 2006.

7: 'Merkel says still against Turkey joining the EU', *Reuters*, October 8<sup>th</sup> 2015.

condemned the coup. Erdoğan was particularly furious with Berlin after a German court forbade him from addressing a crowd of supporters in Germany via video link.<sup>8</sup> This left Ankara with the lingering impression that many Western leaders would not have cared too much had the plotters succeeded in overthrowing his democratically elected government – as, indeed, they had not opposed the Egyptian army's overthrow of Mohamed Morsi's government in 2013.<sup>9</sup>

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The aftermath of the coup has also soured the relationship. The EU and the US sharply criticised Turkey for the crackdown on alleged sympathisers during the state of emergency after the attempted coup: according to the European Commission's 2018 Progress Report, 78,000 people were arrested and 110,000 civil servants were dismissed (40,000 were later re-instated).<sup>10</sup> For its part, Ankara feels the West has condemned the crackdown more than the coup itself, and that it has not fully appreciated the severity of what happened.

The migration crisis forced the EU to revive its relationship with Turkey and seek Ankara's co-operation in shutting the Eastern Mediterranean route through its territory into the EU. Turkey demanded a price for co-operation. As part of the March 2016 EU-Turkey deal, the EU promised to help Turkey financially to care for refugees on its soil, but also to revive the accession negotiations, grant Turks visa-free travel to the EU and upgrade the EU-Turkey customs union. However, the EU quickly realised that even symbolic progress on accession negotiations was not politically possible, due to the opposition of some member-states and the ongoing erosion of human rights in Turkey.

Even modernising the customs union appears to be increasingly difficult, as tensions between Turkey and many member-states escalated during the 2017 referendum campaign on Erdoğan's constitutional amendments. The Netherlands and Germany prohibited Turkish ministers from holding campaign rallies on their territory. The Turkish government saw this as unfair treatment, and lashed out, accusing them of “Nazi” practices.<sup>11</sup>

In the second half of 2017, Turkey's relationship with Germany deteriorated even further, with the arrest of German citizens in Turkey accused of supporting Fethullah Gülen (a former Erdoğan ally whom Ankara believes to have orchestrated the coup attempt) or the PKK. Ankara also accused Germany of allowing PKK-inspired rallies, though it had forbidden government ministers from campaigning before the constitutional referendum.<sup>12</sup> Turkey prevented German MPs from visiting German troops in Incirlik air base, and in response Germany moved its troops to Jordan. Berlin also advised its citizens not to travel to Turkey, and imposed a €1.5 billion limit on export guarantees to Turkey.<sup>13</sup> And during the German election campaign, Merkel advocated an end to Turkey's accession talks.<sup>14</sup> Other member-states were not prepared to go that far, though they eventually agreed to cut pre-accession financial assistance to Turkey and to suspend negotiations on reforming the EU-Turkey customs union.<sup>15</sup>

The EU knows Turkey's accession process is frozen, and yet it has decided against formally ending it because it believes it is one of the only ways to maintain a structured dialogue with Turkey and prevent any further drift. Ending talks without an alternative framework to replace them could help push Turkey further away from the EU. The Union is also aware that terminating the accession process would disappoint those Turks in favour of EU membership, and undermine the prospect of accession even in the long-term.

For its part, Ankara no longer sees accession as a genuine prospect. It was never fully clear whether Erdoğan actually wanted Turkey to join the EU, or whether he mainly saw the accession process as a way to access European markets and capital, and as a tool to legitimise his leadership and extract political and economic concessions. In recent years, he has himself flirted with the notion of dropping the quest for EU membership and instead joining the Shanghai Co-operation Organisation (SCO – whose members include China, Russia, four Central Asian states, India and Pakistan).<sup>16</sup> Turkey has been a ‘dialogue partner’ of the SCO since 2012, and, while membership is not a serious prospect, Erdoğan's flirtation with the SCO shows that membership of the EU is no longer crucial to his political platform. In many ways EU membership is unappealing to Ankara, as it would limit its room for manoeuvre in domestic and foreign policy. Finally, Turkish public opinion has also turned against membership: according to the March 2018 Eurobarometer only 29 per cent of Turks think that

8: ‘Erdoğan blames ‘foreign powers’ for coup and says West is supporting terrorism’, *The Independent*, August 2<sup>nd</sup> 2016.

9: Carl Bildt, ‘Europe, stand up for Erdoğan’, *Politico*, August 2<sup>nd</sup> 2016.

10: European Commission, ‘Turkey 2018 Report’, April 17<sup>th</sup> 2018.

11: ‘Erdoğan accuses Germany of ‘Nazi practices’ over blocked political rallies’, *The Guardian*, March 5<sup>th</sup> 2017.

12: ‘Turkey summons German envoy over Kurdish rally in Cologne’, *Reuters*, September 16<sup>th</sup> 2017.

13: ‘Germany warns against Turkey travel after spate of arrests’, *Reuters*, September 5<sup>th</sup> 2017.

14: ‘In shift, Merkel backs end to EU-Turkey membership talks’, *Reuters*, September 3<sup>rd</sup> 2017.

15: Jacopo Barigazzi, ‘EU leaders agree to explore cutting accession funds to Turkey’, *Politico*, October 20<sup>th</sup> 2017.

16: ‘Fed up with EU, Erdoğan says Turkey could join Shanghai bloc’, *Reuters*, November 20<sup>th</sup> 2016.

membership of the EU would be 'good', down from 47 per cent in the autumn of 2017.<sup>17</sup>

While both the EU and Turkey have learnt to live with the stalled accession process, ultimately stasis has

undermined trust between the two, contributing to the broader deterioration of relations. The status quo is tolerable, yet it has also continued to poison relations, making even transactional co-operation difficult.

## Turkey's foreign policy drift

European observers of Turkey are sometimes tempted to analyse EU-Turkey relations without considering the broader context: Erdoğan's relations with the US and NATO have also worsened. Above all this has been driven by sharp disagreements between Ankara and Washington over the Syrian conflict. Early in the war, Turkey called for the removal of President Bashar al-Assad. Between 2012 and 2015 Ankara advocated military intervention to protect civilians and force him to step down. The US, along with France and the UK, initially sought to provide support to Syrian rebel forces to overthrow Assad. However, it gradually became clear that this goal was unrealistic, given the limited resources that the US, France and the UK were willing to commit to the effort.

In 2014, with the consolidation of IS in Syria, the focus of US policy shifted to fighting the terrorist group. From October 2014, the US began to provide support to the YPG, seeing it as the only force strong enough to counter IS. This angered Ankara, as the YPG is allied with the PKK. Turkish policy in Syria gradually shifted its primary goal from overthrowing Assad to containing the YPG and preventing it from consolidating its presence in northern Syria. To this end, Turkey launched a series of military operations in Syria, and began to co-operate more closely with Russia and Iran – the main players on the ground – even though they supported Assad.

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Since 2015, the US has directed its support away from the YPG, and instead focused on helping a broader coalition, the Syrian Democratic Forces (SDF), which includes some Arab forces. France and the UK have also provided support. However, Turkey still feared that the YPG would be able to expand its territory in northern Syria. In early 2018, Turkey stepped up its anti-YPG/SDF operations in Syria, and came close to clashing openly with US troops near the city of Majlib.<sup>18</sup> The US and Turkey have sought to reduce tensions since then, forcing the YPG to retreat from the city and setting up joint patrols. But there are still questions about the future of the US, French and

British strategy towards Syria. At times, US President Donald Trump has signalled he wants to scale back the presence of US troops, while on other occasions he has hinted that a continuing US presence is necessary to limit Iran's sway in the region.

On the whole, it is likely that Trump will want to maintain a degree of US presence, at least to contain Iranian influence in Syria, but without increasing the number of American troops committed to the effort. This means he will continue to rely on the SDF as ground forces to counter IS, the Syrian regime, and Iran. And, as Russia and Iran cement their influence over Syria, it is also unlikely that Ankara will end its co-operation with them to prevent the YPG from consolidating its presence. As a result, it will not be easy to defuse US-Turkey tensions over Syria. Should the US keep supporting the YPG, as seems likely, it will continue to create friction with Turkey. It is difficult to overstate the degree to which the clash over Syria has damaged Turkey-US relations; even Turkey's opposition parties are highly critical of US support for the YPG.

While disagreements over Syria have been the main bone of contention between the US and Turkey, they have also clashed on other foreign policy issues. Turkey has long taken a soft approach to Iran, while the US has toughened its stance and is considering imposing fines on Turkey's state-owned Halkbank for its past role in violating US sanctions against Tehran. Turkey sees the move as political, arguing that the US has not been as tough towards other banks accused of violating sanctions. The disagreements over Iran are getting worse, after Trump's decision to re-impose sanctions on Tehran – a move strongly opposed by Turkey.<sup>19</sup> The US decision to move its embassy to Jerusalem, and the pro-Israeli slant of US policy towards the Middle East peace process, has also irritated Ankara, especially as the AKP sees itself as a patron of the Palestinian cause.

US support for the YPG has reinforced the anti-American, anti-Western strain in Turkish politics. The government has lashed out regularly against the US, and insists that the US was behind the coup attempt, pointing to the Americans' refusal to extradite Gülen, who has lived in Pennsylvania since 1999. Polling suggests that hostility to the US runs deep in Turkey, and that it is not limited to the AKP's core supporters: 72 per cent of the Turkish public

<sup>17</sup>: March 2018 Eurobarometer.

<sup>18</sup>: 'On Northern Syria front line, US and Turkey head into tense face-off', *New York Times*, February 7<sup>th</sup> 2018.

<sup>19</sup>: Soner Cagaptay, 'Sanctions on Turkey: Reconciling Washington's Diverging Views', *The Washington Institute for Near East Policy*, June 1<sup>st</sup> 2018.

view US power and influence as a major threat.<sup>20</sup> Only 23 per cent have a favourable view of NATO.<sup>21</sup>

In early October 2017, tensions broke into the open as Ankara arrested US consulate employees in Turkey on terrorism charges. The US stopped issuing visas to Turkish citizens and Turkey retaliated in tit-for-tat fashion, with Erdoğan going as far as saying he no longer recognised the outgoing US Ambassador.<sup>22</sup> Finally, the restriction of civil liberties in Turkey has also upset the US, despite the fact that the Trump administration has sought to de-emphasise the importance of human rights norms in its foreign policy. Ankara has detained several American citizens, most notably Andrew Brunson, a pastor accused of being a supporter of Gülen.

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Turkey’s closer relations with Russia have also raised concerns within NATO. The recent NATO summit showed that there is still good co-operation with Turkey in some areas, with Turkey contributing to the new NATO training mission in Iraq. However, this risks being overshadowed by a series of decisions over procurement, which point to deepening military co-operation with Moscow. NATO allies are worried about Ankara’s decision to buy an S-400 missile defence system from Russia. It might not be possible to integrate that system into the alliance’s air defences, and the system could also allow Russia to acquire intelligence on the F-35 fighter jet programme. The decision to acquire the S-400 was motivated in part by Washington’s refusal to sell Patriot missile defence systems on what Ankara considers to be favourable terms (Turkey wanted more knowledge about the technology that underpins the system). The purchase of the S-400 system is not yet finalised, and it is possible that Turkey is holding out for a better deal from the US. But this seems unlikely in the current context of a broader deterioration in Turkey-US relations. In response to Turkey’s purchase of S-400, and its detention of Brunson, Congress is considering delaying Turkish participation in the F-35 programme and even imposing other sanctions on Ankara for its purchase of Russian equipment.<sup>23</sup> Some lawmakers are also advocating that the US blocks loans from the World Bank and the IMF – a measure that could hit Turkey hard.<sup>24</sup> For its part, Ankara says the US is discriminating against it, as Greece also has a Russian

air defence system, albeit an older S-300 model, and has faced no US penalties.<sup>25</sup>

While Turkey’s ties with the West have soured, they have not been replaced by good relations with other powers. Turkey is at odds with traditional partners – such as Egypt, Saudi Arabia and the UAE – who are annoyed by Ankara’s friendly relations with the Muslim Brotherhood and support for Qatar in its recent spat with Saudi Arabia. It is true that Ankara has been developing closer ties with Moscow, based on a degree of co-operation in both the Syrian civil war and energy generation, with Russia set to build a nuclear power plant in Turkey. It has also been working with Iran to manage the Syrian conflict, and it has stated that it wishes to continue trading with Tehran despite the US re-imposing sanctions.

However, these relationships are riddled with mistrust and remain adversarial at heart. In 2015 Moscow imposed tough sanctions on Turkey after it shot down one of its aircraft, while Iran and Turkey are competing for influence in Iraq and Syria. The MHP is also virulently anti-Russian, so Erdoğan may struggle to build closer relations with Moscow even if he wanted to.

Historically, Turkey has seen itself as both a culturally unique regional power and as a European power. However, in recent years, the government has become disillusioned with the West, and no longer sees ties with the EU and the US as the most important pillar of Turkish foreign policy. Erdoğan sees the EU as anti-Islamic, pointing to the increasingly extreme reaction to refugees and migration in some member-states in contrast to Turkey’s generous acceptance of millions of Syrian refugees. At the same time, the AKP believes the West has been actively undermining Turkey’s security – with the US supporting the YPG in Syria and refusing to extradite Gülen, while Europe is accused of not doing enough to counter the PKK.<sup>26</sup> These perceptions combine with the notion that the West is losing some of its ability to influence global affairs, and so Turkey needs to be an independent regional power with strong links to China, Russia and Iran. The rise in influence of the MHP in Turkey’s domestic politics is likely to strengthen this trend: the party does not support Turkey’s membership of the EU or have a positive view of Turkey’s relationship with the US. A rapprochement with the US is also unlikely as the White House is unable to offer Turkey what it wants: even if it promises to cut back its support for the SDF, they will simply ally with the Syrian government, with whom they have co-operated in the past.<sup>27</sup>

20: ‘Globally, more people see US power and influence as a major threat’, Pew Global, August 1<sup>st</sup> 2017.

21: ‘Global Indicators Database: Turkey’, Pew Global, 2017.

22: ‘US and Turkey visa crisis ends after three-month standoff’, *Washington Post*, December 28<sup>th</sup> 2017.

23: Bryant Harris, ‘Congress puts US military sales to Turkey in jeopardy’, *Al Monitor*, May 16<sup>th</sup> 2018.

24: ‘Senators introduce bill demanding Turkey end unjust detention of US citizens’, United States Senate committee on foreign relations, July 19<sup>th</sup> 2018.

25: ‘Erdoğan: “Why did NATO not say anything to Greece who has used the S-300 system?”’, *The Greek Observer*, July 25<sup>th</sup> 2017.

26: ‘US, EU are not with Turkey in terror fight: Erdoğan’, *Hürriyet*, October 20<sup>th</sup> 2017,

27: ‘Friend or foe? Assad quietly aids Syrian Kurds against Turkey’, *Reuters*, February 11<sup>th</sup> 2018.

## The limits of the EU's transactional approach

The EU's attempt to forge a more transactional relationship with Turkey based on ad-hoc co-operation on single issues has encountered several difficulties. Turkish-German relations are improving, with Berlin cancelling its travel warning and removing its cap on export guarantees after Turkey ended the state of emergency in July 2018. However, fresh splits have opened. Turkey recently detained two Greek soldiers accused of straying into Turkish territory. Many Greeks see their detention as direct retaliation for Athens' refusal to extradite to Turkey eight soldiers who had applied for asylum after the failed coup of 2016.<sup>28</sup> Tensions over Cyprus are also rising, as Turkey is preventing Nicosia from looking for oil in its exclusive economic zone – an area which Turkey contests. The European Council in March sharply criticised the move, calling on Turkey to respect the sovereign rights of Cyprus to exploit its natural resources.<sup>29</sup> Relations between Ankara and Vienna are also strained due to the Austrian government's longstanding opposition to Turkish membership of the EU, with Turkey saying it would only hold "minimum dialogue" with the Austrian Presidency.<sup>30</sup> And in March Turkey openly clashed with France over its criticism of Turkish operations in Syria and its military support for the SDF.<sup>31</sup>

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The EU's attempt to engage with Turkey by negotiating an updated customs union has fallen foul of these bilateral tensions. The Council and the European Parliament have not yet given the Commission a mandate to negotiate the proposed upgrade. And even if they do, the mood is such that the proposal is likely to include significant conditions on improving the rule of law and human rights, which will be unpalatable to Ankara.

Other elements of transactional co-operation have also proved difficult to implement in practice. The March 2016 migration deal remains fragile but it has held up, despite Turkey threatening to terminate it on several occasions. However, there have been disagreements over who should receive EU funds, with Ankara arguing that the EU should give the funds to the government rather than NGOs, and accusing the EU of being slow

to provide the second tranche of the €6 billion it had promised. Ankara has also complained that the EU has not fulfilled its commitment to take in Syrian refugees directly from Turkey.<sup>32</sup> And the EU will not grant Turkey visa liberalisation for its citizens until Ankara revises its anti-terrorism legislation. Some revisions are possible but ultimately the European Parliament will have to sign off visa liberalisation, something that still seems unlikely.

It has also proved difficult for the EU and Turkey to co-operate in foreign policy, even in areas where they agree. In particular, the EU and Turkey share an interest in stabilising Syria and Iraq, and the EU also opposed the independence referendum held by the Iraqi Kurds in September 2017.<sup>33</sup> Turkey and the EU largely agree on policy towards the Middle East peace process, and on the need to preserve the nuclear deal with Iran despite US withdrawal from the agreement. But in practice, co-operation in addressing these challenges has been limited. Working together to counter terrorism can also be difficult, partly because Turkey and the EU see the issue very differently: in particular, Ankara thinks the EU is not serious about fighting the PKK and the YPG.<sup>34</sup>

A transactional approach clearly has its limits. It constricts the parties to a zero-sum mentality where each concession must be traded for another concession, and makes win-win approaches harder. Moreover, to be sustainable, transactional relationships need to be underpinned by shared expectations and stable relations. This is not the case in EU-Turkey relations, which are characterised by mutual suspicion, ambiguity over the accession process, and strained bilateral ties between Turkey and many member-states. The lack of any viable positive agenda means that relations are unlikely to significantly improve, and that even transactional forms of co-operation could deteriorate in time.

Nevertheless, it would be a mistake for the EU to turn its back on Turkey. The EU recognises that Turkey is an essential partner, and that its co-operation in managing migration and countering terrorism is vital. Without Turkey's co-operation, it would have been difficult to contain the migration crisis in 2015-16. Even today, Turkey hosts over 3.5 million Syrian refugees.<sup>35</sup> But Turkey is also important in other ways. Above all it remains a prosperous and relatively stable country in a region where both adjectives can rarely be applied. If relations

28: 'Greeks vent fury over soldiers being 'held hostage' in Turkey', *The Guardian*, March 12<sup>th</sup> 2018.

29: 'Council conclusions on enlargement and stabilisation and accession process', EU General Affairs Council, March 26<sup>th</sup> 2018.

30: 'Ankara to have minimum dialogue with new EU president Austria', *Hürriyet*, July 3<sup>rd</sup> 2018.

31: 'Turkey lashes out at France over support for YPG in Syria', *Hürriyet*, March 30<sup>th</sup> 2018.

32: Ömer Çelik, 'The future of Turkey-EU relations in a time of global uncertainty', *Turkish Policy Quarterly*, June 1<sup>st</sup> 2018.

33: 'Statement by High Representative/Vice-President Federica Mogherini on the proposed Kurdish referendum in Iraq', EEAS, September 19<sup>th</sup> 2017,

34: Ömer Çelik, 'The future of Turkey-EU relations in a time of global uncertainty', *Turkish Policy Quarterly*, June 1<sup>st</sup> 2018.

35: 'Registered refugees from Syria – breakdown by country of asylum', UNHCR, July 5<sup>th</sup> 2018.

with Turkey continue to deteriorate, the EU would not only have to deal with a difficult neighbour, but it would also find it even harder to project its influence in the Middle East, the Caucasus and Central Asia. Poor relations

mean the EU is already seeing Turkey as a competitor for influence in the Balkans, with French President Emmanuel Macron arguing that he did not want Balkan states to “turn towards Turkey or Russia”.<sup>36</sup>

## Halting the negative spiral

The trajectory of EU-Turkey relations in coming years will largely depend on the domestic and foreign policy choices that Ankara makes. The challenge for the EU will be managing relations with Turkey and preventing them from souring further, while keeping open the chance of renewing the accession process if circumstances radically change. There are several steps that the EU could take to achieve those goals.

*“Ending the talks without an alternative could precipitate a rupture in relations and a complete breakdown of co-operation.”*

First, the EU should avoid the temptation to end accession negotiations unless there is an alternative framework in place. Ending the talks without an alternative could precipitate a rupture in relations and a complete breakdown of co-operation. The EU should continue to engage regularly with Turkey at the highest level, such as the EU-Turkey summit held in Bulgaria in March 2018. More bilateral and high-level meetings would also be beneficial. These allow the parties to discuss issues of common concern as equals outside the accession framework, where the onus is on the aspiring nation to adhere to the EU’s *acquis*. In time, these summits could focus not only on narrow matters of EU-Turkey relations but also on regional foreign policy issues such as the stabilisation of Iraq, the reconstruction of Syria, and efforts to maintain the Iran nuclear deal. To maintain Turkey’s co-operation on migration, the EU should provide Turkey with the second tranche of the €6 billion it was promised in March 2016, to recognise its key role in managing migrant flows.

Second, the EU should signal it is open to resuming negotiations over the customs union. It is wrong to see this as a capitulation: launching customs union talks is one of the only tools the EU has to provide new momentum to the bilateral relationship. It is in the EU’s interest that the scope of the customs union is expanded and that the Turkish economy becomes more

aligned with the EU single market in sectors other than industrial goods and processed agricultural products. The modernisation of the customs union should include two aspects. It should be expanded in scope to services, procurement and agricultural products. The EU should also offer Turkey a consultation mechanism to address its complaint that it is not party to free trade agreements (FTAs) that the EU concludes with other countries. Turkey wants a mechanism to negotiate FTAs in parallel with the EU, so that they can be concluded at the same time. Finally, the customs union also needs an effective dispute resolution mechanism.<sup>37</sup>

There is no guarantee that Turkey will take the EU’s offer of an upgraded customs union seriously – the adjustment costs could be high. Turkey might also want to wait and see what kind of customs deal emerges from the UK-EU negotiations. However, if the Turkish economy continues to struggle with inflation, Ankara could be tempted to launch negotiations to reassure business.

The exact landing point of talks would matter less than the negotiations themselves. The EU can increase the chances of the offer being taken up if it de-emphasises conditionality: while the completion of the upgrade requires ratification by the European Parliament and will therefore necessarily be based on a degree of political conditionality over human rights, the EU should not make the launch of negotiations conditional.

Third, while the EU should focus on modernising the customs union for now, it should also plan further ahead for the development of its relationship with Turkey in the medium term. Should unforeseen events lead to the formal end of the accession negotiations, there would be no other existing format in which EU-Turkey relations could be managed. The EU should develop a ‘special partnership’ model as an ambitious halfway house between membership and non-membership. The EU-UK continental partnership model, proposed by the Bruegel think tank, could serve as a blueprint.<sup>38</sup> In essence, the EU would offer countries participation in the single market for goods, services and capital, with only limited labour mobility. There could be a common rulebook developed in consultation with partner countries, but the EU

36: ‘Turkish Foreign Ministry responds to Macron on Balkans’, *Anadolu Agency*, April 18<sup>th</sup> 2018.

37: ‘Recommendation for a Council decision authorising the opening of negotiations with Turkey on an agreement on the extension of the scope of the bilateral preferential trade relationship and on the modernisation of the Customs Union’, European Commission, December 21<sup>st</sup> 2016.

38: Jean Pisani-Ferry, Norbert Röttgen, André Sapir, Paul Tucker, Guntram B. Wolff, ‘Europe after Brexit: A proposal for a continental partnership’, Bruegel, August 25<sup>th</sup> 2016.

rules would predominate. Crucially, such a partnership model need not rule out accession in the long term. In its 'Relaunching the EU' report, the CER argued that Brexit could well lead to an EU with different levels of integration: an inner core and an outer one in which the UK, Turkey, and others might one day aspire to join.<sup>39</sup> Indeed, the EU already has several layers of integration – with selective participation in the Common Security and Defence Policy, Schengen, and the euro.

*“Some flexibility would help make the EU more attractive, regain leverage and influence in its neighbourhood, and project stability.”*

There are good reasons for the EU to develop such a model in its toolkit: its current neighbourhood policy is deeply flawed, and as instability in the neighbourhood rises, and competition for influence becomes fiercer, the EU's power to influence developments in the neighbourhood is waning. There are two reasons for this. First, the EU has become less keen to accept new members as it involves the extension of free movement rights to large numbers of new people, something that has become politically toxic in Europe. European leaders also see the backsliding in the rule of law in existing member states as an issue. Second, the EU's current halfway houses between membership and non-

membership, such as association agreements, offer too little, and have also lost much of their appeal to countries that do not aspire to be full-blown members of the EU, or cannot.

Politically, such a partnership model presents difficulties, as in the context of Brexit many member-states are opposed to granting substantial concessions to non-member states. But ultimately, some flexibility would help make the EU more attractive, regain leverage and influence in its neighbourhood, and project stability. And it would allow its neighbours to become more prosperous, and gradually lead to a strengthening of the rule of law, human rights, and democratic governance.

Ankara might not be immediately interested in forging a new 'privileged partnership' with the EU, but this might change if such a model of co-operation could be fleshed out. Senior Turkish officials remain enthusiastic about the concept of partial membership. In any case, it is clear that Turkey-EU relations cannot be forever based on a purely transactional approach, as this is too difficult to sustain. The choice for the EU is between standing by as the relationship deteriorates further or taking concerted action to prevent this from happening.

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39: Charles Grant, Sophia Besch, Ian Bond, Agata Gostyńska-Jakubowska, Camino Mortera-Martinez, Christian Odendahl, John Springford, Simon Tilford, 'Relaunching the EU', CER report, November 2017.