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# EU-TURKEY RELATIONS: STEERING IN STORMY SEAS

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## SUMMARY:

Turkey's EU accession process has come to a standstill and the emerging consensus is that Turkey's EU membership was probably never meant to be. This policy paper cautions against shelving Turkey's EU prospects for good and endorsing a purely transactional approach that confuses realism with short-termism and narrowly defined interests. The brief argues for revived Turkey–EU engagement, starting with serious pragmatic efforts toward upgrading the 1995 Customs Union. Put in historical perspective, most recent tensions between Turkey and the West do not and should not justify a strategic divorce of sorts. Turkey's anchoring to the EU remains important from the perspectives of both Turkey, the EU, and the United States.



Last June, the Council of the European Union adopted new conclusions on enlargement after years of relative stagnation in the process. While these expressed revived optimism about prospects for the Western Balkans countries, the section on Turkey was the most negative — and definitive — since the start of its accession process in 2005. The concluding paragraph read like a requiem:

The Council notes that Turkey has been moving further away from the European Union. Turkey's accession negotiations have therefore effectively come to a standstill and no further chapters can be considered for opening or closing and no further work towards the modernization of the EU-Turkey Customs Union is foreseen.<sup>1</sup>

Coming just two days after historic elections that confirmed in power Turkey's Islamic-nationalist bloc and President Recep Tayyip Erdoğan, the conclusions reinforced the view that recent tensions between the country and Europe, and the West, have become an immutable reality that will lead to unavoidable and growing mutual estrangement. Europe should think twice before accepting such an outcome. At this time of maximum concern — and understandable loss of hope — ongoing difficulties between the two sides should be put into perspective. The EU, and the West generally, need to gauge the longer trajectory of relations with Turkey and appreciate the stakes that they still have in anchoring the country to a common future.

Turkey's relations with the West are multifaceted and deep-rooted; they also remain volatile and open-ended. As a long-time member of NATO, the Organization for Economic Cooperation and Development (OECD), the Council of Europe, and the Organization for Security and Cooperation in Europe (OSCE), and as a candidate for joining the EU having signed a customs union agreement with it in 1995, Turkey stands out as a unique example of a Muslim-majority country between Asia and Europe that has sought structural ties with the West. Among these, the EU accession process has been undoubtedly the most demanding and ambitious project. Turkey and the EU understand that, if and when

achieved, the former's membership would have far-reaching consequences not only on their respective long-term trajectories but also on their identities. Inversely, without a European perspective, Turkey's political and economic relations with the EU and its member states risk remaining merely transactional — a sub-optimal situation that at best can serve only narrowly defined short-term interests. If the EU gives up leverage on Turkey by focusing on a small set of functional cooperation issues — such as the fight against terrorism — rather than anchoring the relationship to a common long-term project of socialization and transformation, challenges from the country and the Middle East would become more acute and even less manageable for Europe.

Despite all the shortcomings of the current relationship, the EU remains in a unique position vis-à-vis Turkey. The country's place in Western institutions dates back to the years following World War II but, with the exception of the EU, these have had only limited effects in moving Turkey toward a pluralistic and democratic society with a European outlook. This is because security concerns, often narrowly defined, have largely trumped other considerations in the West's relations with it. In this regard, although both sides were motivated by the strategic objectives of containing Soviet influence during the Cold War and mitigating Middle East instability in the post-Cold War era, Turkey's relations with the United States have also been mainly transactional. They have not been premised on the cultivation of common values. Rather, they have largely been based on an evolving set of overlapping interests, mainly in the security domain. Today the fragility of these relationships has become evident.

By contrast, the process for Turkey's long-pursued accession to the EU is distinctively normative, premised on its willingness to undertake profound economic and political change. Not coincidentally, while it had transitioned to a multi-party system in the 1950s, Turkey only embraced ambitious reforms toward full democratization when it was granted EU candidate status in 1999. It is widely accepted that the peak of Turkey's political development and Europeanization was reached in the early 2000s when parliament passed reform packages by large majorities to kick-start the accession talks. For example, the National Program presented to the EU

<sup>1</sup> Council of the European Union, "Enlargement and Stabilisation and Association Process — Council conclusions," June 26, 2018, <http://www.consilium.europa.eu/media/35863/st10555-en18.pdf>.

in those years included the abolition of the death penalty and reform of the National Security Council in the direction of political oversight and democratic control of the security apparatus.

After having been on life support for years due to setbacks attributable to both parties, the EU accession process is now dead in all but name as a result of differences that seem to have become irreconcilable. In Europe, concerns about Turkey's flirtation with adversaries of the West, such as Russia, are compounded with harsh assessments about its deviation from liberal norms and values. In Turkey, Europe and the West are seen as obstinately prejudiced toward its Muslim-majority society as well as inexcusably insensitive to the country's top national security concerns, in particular domestic and foreign-born terrorism. The estrangement has reached such a level that it has become commonplace to conclude that this marriage was perhaps just never meant to be.

However, this emerging consensus, now ratified by the Council of the EU, is wrongheaded. A European perspective for Turkey remains important politically and strategically for both — even at one of the indisputably lowest points in their relations. Despite the fact that it has become near impossible to maintain the accession process under current circumstances, it would be wrong to squander past achievements and to miss out on important mutual gains that are still available. Upgrading the customs union, a goal shared by several European and Turkish constituencies, is a key entry point for the EU to re-activate a dialogue with Turkey that is focused as much on norms as on economic gains. However, in its latest conclusions the Council has confirmed that the EU will not move forward with modernizing the customs union for the foreseeable future. This is regrettable and shortsighted. If there is a change of political direction in Turkey and it sought détente through meaningful gestures, the EU should be in the position to offer it, under clear conditions, the prospect of a revised customs union as a way to revive the relationship more broadly.

## Turkey's European Perspective, and What Went Wrong

Turkey's interest in Europe is deep-seated and predates the European integration project. As the Ottoman empire moved from expansion to decline, it came to see participation in the Concert of Europe as an insurance policy of sorts in the late 19th century, even if it was with the unenviable title of "Europe's sick man." This did not shield the decaying empire from its fate. Despite having a seat at the table, it also became part of the menu when it was partitioned at the end of World War I. The republic Kemal Atatürk founded in 1923 initially opted for a neutral course, trying to avoid further partition and disintegration by protecting the new national experiment from foreign interference as well as by giving Turkey the assets to deal on a par with the European developed world. State-run modernization became a matter of national security while reform became synonymous with Europeanization in key areas from law to economics.

This European choice was so fundamental that it survived the continent's quasi-suicide during World War II. As the United States emerged as the leader of the "free world," Turkey joined the newly established Atlantic security system and became a member of NATO in 1952, but this did not diminish its European vocation. It signed an association agreement with the European Community, already envisaging ultimate membership, in 1962. The goal remained Europe-oriented modernization to consolidate the national project and to secure development on an even basis with European countries. For Turkey, the value of eventual EU membership was not limited to the political and material benefits this would unlock; rather, it came to be seen as the factual and symbolic culmination of its decades-old trajectory of Europeanization.

The peak in this trajectory, so far, was reached in the early 2000s, under the unlikely leadership of the Justice and Development Party (AKP), a political

“ ***Upgrading the customs union is a key entry point for the EU to re-activate a dialogue with Turkey that is focused as much on norms as on economic gains.*** ”

force rooted in Islam whose forerunners had been deeply euro- and Western-skeptic. It is widely argued that these constituencies' interest in European integration was never as deep as that of the secular Kemalist establishment, and that opportunism led to their superficial and short-lived commitment at best.

Two reasons were behind the choice by the new ruling elite, neither merely opportunistic even if both were instrumental to their political project. On the one hand, Turkey's rulers understood that the EU could become their strongest ally in the battle against the traditional Kemalist order, in particular the still powerful and widely respected military. The latter had at once been a guardian of Turkish sovereignty, independence, and republican principles, but it had also acted as a major impediment to a civilianization and democratization of the political system. The second reason was the recognition that embracing European norms was a precondition for the Islamic movement to be credible internationally and acceptable domestically to a society split between conservative and progressive tendencies. More decisively, echoing previous modernization aspirations, Turkey's new Islamic rulers assessed that their social and cultural project would not have a chance of success if it came at the expense of economic development, an objective that only an ever-closer relationship with the EU could sustain over the long run. Albeit motivated by political and even partisan aims, their chosen course tapped long-term drivers of Turkey's Europeanization.

Seen in this light, what is most striking is not so much Turkey's growing ambivalence toward the European goal since the mid-2000s, but how indecisively the EU reacted to Turkey's interest. France and Germany expressed deep reservations about its accession in the mid-to-late 2000s, though Turkey was still very much on a reform-oriented, EU-compliant track. Such skepticism originated from legitimate concerns ranging from the European integration

project's cultural homogeneity to the institutional and budgetary implications of enlargement to a developing country of 80 million people. Yet, this undermined Turkey's faith in the process and created uncertainty about the likelihood of EU membership even if all the legal, political, and economic requirements were met.

Not only did the EU seem hesitant to welcome Turkey, it also seemed unwilling to address some of the biggest challenges the country was facing. Under the influence of Europeanization, Turkey embraced for a time a process of de-securitization that led to a more balanced and tolerant approach to domestic challenges as well as rapprochement with old adversaries such as Greece. This inspired the "zero problems with neighbors" policy that gained Turkey wide approval in the late 2000s. However, the EU never seriously engaged to help Turkey address such existential challenges as the Kurdish issue. Almost a century after the creation of the republic out of a multi-ethnic empire is still seen across the political spectrum (with the exception of Kurdish and pro-Kurdish groups and parties) mainly through the lenses of national security and territorial integrity.

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## ***Turkey still needs a European perspective***

Despite the history and shortcomings set out above, the EU accession process, and the European perspective more broadly, have served for both parties extremely important interests that remain relevant. From a Turkish perspective, socialization into (although not always the full adoption of) European norms has provided a compass to orient development on many levels. This has paid significant dividends domestically for the authorities, including during the AKParty era. As the party has consolidated its grip on power, its emphasis has shifted to the economic benefits of the relationship while political

and administrative reforms came to be seen as less useful or even burdensome. But, whereas in recent years state institutions have deeply suffered from the rise of the ruling elite's majoritarian tendencies, Turkey's system of checks and balances has not been fully dismantled because civil society — which has benefited significantly from European exchanges, influences, and support — has showed remarkable resilience under formidable pressure. While the state has moved away from a liberal model of government in recent years, the public remains divided, with wide sections of society resolutely opposed to authoritarian regression.

The relationship with the EU has also allowed Turkey to develop a strong foreign policy posture. Through the customs union and its status as a candidate country, it has boosted its political and economic clout in its neighborhood, and cultivated the image of a gateway to Europe for several developing countries as well as offering itself as a platform for Europe and the West to project influence in the Middle East and beyond. Before the most recent upheavals in the region, Turkey had tried to reproduce the logic of European economic integration in the Levant, lifting visa regulations for several neighboring countries and envisaging the establishment of a common market with Syria.

### *Turkey is backsliding, but it is not alone*

As the EU and Western focus has increasingly been on Turkey's domestic developments, the wider background against which its recent setbacks have taken place has been largely neglected. The question should not so much be whether Turkey still has a chance to join the EU, but rather how to reframe EU–Turkish relations at a time when the idea of Europe and of Europeanization seems to have become less of a gravitational factor for EU countries as well for Turkey. While Turkey has diverged from EU standards, member states, including some of the founders, have embarked on a path of renationalization of not just their foreign policies but also their political cultures more broadly. In some instances, this has included growing ambivalence toward democratic principles. The union's standards have come under a lot of

pressure as EU governance was found unprepared to shield societies from the problems of globalization and from shocks such as the financial and migration crises.

Against this backdrop that has exposed the weakness of European solidarity and the receding appeal of European values, one can ask whether it is Turkey that has deviated more from its European path or the EU member states that have deviated more from the values of the union. It is not surprising that a country with shallower democratic roots like Turkey has gone through a more visible regression in recent years. Yet it stands on a continuum that has seen European countries also backsliding and finding it increasingly difficult to tame populist, xenophobic, and nationalist instincts. For its part, Turkey has never formally reneged on its commitment to a European perspective even while embracing a more nationalistic and defiant course. Common statements heard in Turkey — such as that the EU is hypocritical and biased, or that Turkey has outpaced several member states already despite the stalled accession talks — indirectly confirm the continuing importance of EU as a reference point, even if it has ceased to be the only or primary pole of attraction.

### *Is Europe ready to give up its influence?*

From an EU perspective, the accession process has offered a unique and unprecedented tool to attempt to shape Turkey's evolution. However stalled, it still offers a vehicle for the EU to have influence on the country's internal developments, which is much needed now that the domestic situation is fraught with challenges. The only situation worse for the EU than a Turkey that goes through prolonged domestic involution is one in which the EU idly stands by as the country turns from a buffer to a potential transmitter of instability directly into the union. The leverage that the accession process still provides on many levels — for instance, through the significant funds that the EU disburses — give the union and its member states much needed say vis-à-vis Turkey's authorities and public (however tarnished the image of the EU in Turkey may have become since the start of the accession talks).

Keeping the accession process in place is a way to keep Turkey's future open, preventing a normalization of most recent political developments. The EU has an interest in supporting those sizable sectors of Turkish society that are worried as much as Europeans about the political trends in the country. The EU deciding to bury definitively the accession process would be tantamount, under the current circumstances, to concluding that Turkey is irremediably "lost" instead of accepting that a mix of responsibilities and factors on both the sides have created a situation that is for the time being not conducive to progress in membership talks.

Rather than escalating a largely sterile confrontation about respective responsibilities for the current state of affairs, Turkey and the EU should refocus on appreciating the benefits that the European project still offers when navigating an international environment in which great-power competition has re-emerged and in which non-Western actors are increasingly central, not only in terms of economic power but also in political and normative influence. While certainly attracted by ideological and geopolitical alternatives, Turkish officials seem nonetheless convinced of the need to confirm their country's European perspective amid these global shifts. The minister of European Union affairs and chief negotiator for accession, Ömer Çelik, stated in June that "Turkey's EU membership is more important than ever given the new dynamics and changes in the world order."<sup>2</sup> Shelving for good accession talks would only create the false impression for the EU that it has one less problem to deal with while in fact leaving all challenges on the table. Rather, what is needed is a frank and far-sighted dialogue on a common future in a transformed but hopefully not diminished Europe.

<sup>2</sup> Ömer Çelik, "The Future of Turkey-EU Relations in a Time of Global Uncertainty," *Hürriyet Daily News*, June 7, 2018, <http://www.hurriyetdailynews.com/opinion/omer-celik/the-future-of-turkey-eu-relations-in-a-time-of-global-uncertainty-132872>.

## The United States' Stake in Turkey's European Perspective

The United States is an important stakeholder in Turkey's relationship with the EU, and more broadly, in the country's "Western" trajectory. In the 1990s, it was instrumental in helping them reach the customs union agreement and set the accession process on its original course. The transatlantic diplomacy around this breakthrough came in the wake of a particularly dangerous episode of brinkmanship between Greece and Turkey. The United States was driven by the belief that Turkey having an explicit European perspective would anchor it as a NATO partner and defuse tensions over the Aegean Sea and Cyprus. This belief remains embedded in U.S. policy, even as developments in Turkey and Europe have made EU membership a very distant prospect. However, the latest shifts in U.S. foreign policy are also part of the equation, as Turkish-American relations face daunting challenges.

***"The United States tends to paint Turkey policy in broad strokes, with relatively little attention to the technical details that loom large in Brussels."***

Arguably, the United States' strategic interest was never in Turkey's EU accession per se, although successive administrations repeated this policy mantra. More precisely, it has a stake in Turkey's gradual convergence with European and Western norms, encompassing its internal

evolution and foreign policy. For more than two decades, U.S. policymakers and analysts stressed the strategic logic of integration with the EU, but as Turkey's candidacy progressed and then stalled it became very clear that its accession prospects depend on more than geopolitics. The Copenhagen criteria, the requirements of the European acquis, and the political and legal framework associated with membership are the real issues at stake.

The United States tends to paint Turkey policy in broad strokes, with relatively little attention to the technical details that loom large in Brussels. At times of particular stress in transatlantic relations, notably during the Iraq War, Turkish observers also worried about the effect of strong U.S. support for accession on European attitudes, and some European

policymakers, already inclined to skepticism over Turkey's place in the EU, reacted negatively to perceived U.S. pressure over the issue.

The United States' interest in Turkey's European perspective remains overwhelmingly geopolitical, however. In sharp contrast to Europe, it has never had a well-developed relationship with Turkey outside the foreign and security policy realms. Bilateral trade and investment are modest, and civil society links are limited in comparison with patterns across the Atlantic. There is no large scale Turkish diaspora in the United States. The backbone of their relations has been defense cooperation, including military-to-military relations and defense industrial cooperation. Even within the U.S. foreign policy establishment, Turkey has been a relatively esoteric concern. Without question, U.S. policy continues to endorse the country's EU ambitions and convergence with European norms. Most American analysts would agree that, as the risk of Turkey's strategic estrangement from the West has increased, the accession process and its web of institutional ties has acquired greater importance. Turkey's flirtations with Russia and Eurasian alternatives, however fragile and impractical they may be, have concentrated American minds about the risks of drift in its relations with the EU, and NATO.

The United States' views are nonetheless evolving. The Trump administration attaches less importance to the place of the EU in transatlantic relations. Its nationalistic approach to trade suggests that the United States is unlikely to be a force behind efforts to modernize the EU-Turkey customs union. (Conversely, the Obama administration's push for the Transatlantic Trade and Investment Partnership with the EU had produced unease in Turkey and spurred interest in revising the customs union.) Growing pressure for protectionism and the renationalization of economic relations in the United States echo inside the EU, which also works against a new customs union initiative. At the same time, the strategic lobby for close relations with Turkey is also under siege. The steady erosion of the rule of law and media freedom in Turkey, as well as the detention of U.S. citizens there, has angered even traditional friends of Turkey in Congress. Turkey's commitment to purchasing the S-400 air defense system from Russia, the collapse of Turkish-Israeli relations, and the constant barrage

of anti-Western rhetoric from Ankara has alienated U.S. strategists and defense officials. Wall Street is no longer enamored of Turkey and other emerging markets either.

In the current circumstances, the United States is unlikely to be a leading advocate for Turkey in the EU, and its activism of the 1990s is probably a thing of the past. But the longer-term U.S. stake in a functioning EU-Turkish relationship remains. Competition with Russia, the likelihood of protracted chaos in the Middle East, and the need for durable détente with Greece are all part of this equation. For the United States, the geopolitical logic of binding Turkey to Western institutions endures, even as transatlantic relations as a whole have come under strain.

## Upgrading the Customs Union to Preserve the EU-Turkish Relationship

With Turkey's EU accession process at a standstill and its partnership with the United States in trouble, focusing on updating the customs union could go a long way for all parties in preserving a sense of strategic purpose in an otherwise increasingly transactional and shallow relationship. This would keep the European perspective open for Turkey, and also present it with incentives and requirements that would deeply affect its course. An updated customs union appears to be the most likely institutional basis for EU-Turkish relations in the near future, as a platform for closer cooperation as well as for more commercial integration.<sup>3</sup> A hypothetical membership of the EU has lost all its charm for Turkish political class in recent years, and this is accompanied by the decline of the political leverage that the EU had over the country. Nevertheless, the EU retains significant economic leverage as Turkey's biggest trade partner and investor. Despite the fact that the country is diversifying its regional trade and acquiring new economic partners, the EU remains the most important economic bloc for it.

3 Ufuk Alkan, "The Modernization of Turkey's Customs Union with the European Union: Reasons and Possible Outcomes," College of Europe, October 2017, <https://www.coleurope.eu/research-paper/modernization-turkeys-customs-union-european-union-reasons-and-possible-outcomes>.

With a population now exceeding 80 million and its economic potential, Turkey also continues to be an important market for the EU.

EU–Turkish cooperation becomes even more important for both sides when rapid changes in the global landscape are creating new dynamics and conditions that could not have been imagined five or ten years ago. In recent years, the transatlantic world has experienced major changes. The efforts to create the largest free trade area in the world between the EU and the United States have been replaced by talk of trade war. The United Kingdom is preparing to leave the EU and will end up in a trade regime with it that will be less than a customs union. At the same time, serious political tension between the EU and Turkey block the process of modernization of the customs union. Though the European Commission’s proposal to modernize this agreement is on hold and the Council’s conclusion in June confirmed that the EU will not move forward with this, the current trade and investment relationship is insufficient and unsustainable in the longer run given the importance of these areas for both sides.

The EU’s approach in discussions on upgrading the customs union would have repercussions on the modality of future relations and consequently on the future of the accession process. Today, the question that is often asked is whether their future relations will be rules-based or transactional and focused on economic interests. In this context, while an upgraded customs union will not be an alternative to full EU membership for Turkey, it may nevertheless be a rules-based foundation for their relations. It would also be a driving factor keeping alive certain dynamics for accession, in case one day the conditions for this become more favorable.

## Why upgrade the Customs Union?

The preferential trade relations between Turkey and the EU are based on their association agreement and the subsequent decisions taken under it that include the

customs union agreement and selected liberalization in agriculture. A free trade agreement covering most coal and steel products was also signed in 1996. The instruments that regulate those trade relations were agreed upon between 1995 and 1998.<sup>4</sup> The custom union has brought substantial economic benefits to Turkey and the EU since entering into force in 1996, and it has contributed to the high level of integration between their economies. It has also helped Turkish businesses to integrate in the international market and become more competitive, which brought more discipline and predictability to the country’s business sector.

“ **The most important reasons for updating the customs union relate to its various institutional problems.** ”

Despite the limited scope of the customs union, the EU is Turkey’s largest trading partner (accounting for 41 percent of Turkish trade) while Turkey is the EU’s fifth-largest (accounting for 4 percent of EU trade).<sup>5</sup> The potential for

trade between them is not fully exploited, however, and there are important shortcomings related to the limited scope of the preferential trade relationship that make the modernization of the customs union important. The customs union is increasingly regarded as being asymmetrical and unsustainable.

The most important reasons for updating the customs union relate to its various institutional problems: asymmetry in negotiation of free trade agreements signed by the EU with third countries,<sup>6</sup> lack of mechanisms for consultation and decision-making, lack of a dispute-resolution mechanism, problems related to transport quotas and permits granted by the EU to Turkish trucks, and problems related to the implementation of non-tariff barriers by Turkey. Another factor that makes modernization essential is the narrow scope of the customs union, which covers only manufactured goods and processed agricultural

4 “Report of the Senior Officials Working Group (SOWG) on the Update of the EU–Turkey Customs Union and Trade Relations,” April 27, 2015, [http://trade.ec.europa.eu/doclib/docs/2016/march/tradoc\\_154367.pdf](http://trade.ec.europa.eu/doclib/docs/2016/march/tradoc_154367.pdf).

5 Krisztina Binder, “Reinvigorating EU–Turkey Bilateral Trade: Upgrading the Customs Union,” European Parliamentary Research Service, March 2017, p. 3, [http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_BRI\(2017\)599319](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2017)599319).

6 While third countries that sign a free trade agreement with the EU can have tariff-free access to the Turkish market, if Turkey cannot manage to achieve such agreements with them, it will not have the reciprocal advantages and access to their markets.

products. Studies by the World Bank,<sup>7</sup> the European Commission,<sup>8</sup> and Turkey's Ministry of the Economy<sup>9</sup> have concluded that addressing deficiencies in the agreement and extending trade preferences to new areas — notably services, agriculture, and public procurement — would be beneficial in terms of GDP and employment for both sides.

The context in which the customs union was established also explains why it will be difficult to keep it in its current form. Turkey accepted the asymmetric nature of the agreement with the expectation that it would join the EU one day. It also could not foresee the consequences that future EU trade agreements would have for its trade relations with third countries.<sup>10</sup> In this context, a failure to modernize the customs union could eventually lead to its dismantling, which would be a blow not only to vital economic relations but also to political ones.

## *An anchor for relations and an incentive for reform*

Updating the customs union would also enable important dynamics for Turkey's political trajectory. It would not only increase economic integration with the EU but also create momentum for the normalization of overall relations. With Turkey facing serious political and democratic challenges, as well as longstanding structural economic problems, and its relationship with the EU at a low point, updating the customs union might help to break the current impasse between the two sides. The customs union might serve as an important anchor the future of relations technically as well as psychologically.

7 Ian Gillson et al., "Evaluation of the EU-Turkey customs Union", World Bank, March 2014, <http://documents.worldbank.org/curated/en/298151468308967367/pdf/858300ESWOP1440disclosed090260140TR.pdf>.

8 European Commission, "Study of the EU-Turkey Bilateral Preferential Trade Framework, Including the customs Union, and an Assessment of Its Possible Enhancement: Final Report." October 26, 2016, [http://ec.europa.eu/smart-regulation/impact/ia\\_carried\\_out/docs/ia\\_2016/turkey\\_anx6\\_en.pdf](http://ec.europa.eu/smart-regulation/impact/ia_carried_out/docs/ia_2016/turkey_anx6_en.pdf).

9 Ministry of Economy, Turkey, "Gümrük Birliği Güncellenmesi Etki Analizi Basın Bildirisi [Press Release on the Impact Analysis Regarding the Updating of the customs Union]", January 18, 2017, <http://bit.ly/2gaGoLJ>.

10 Erdal Yalcin, Rahel Aichele and Gabriel Felbermayr, "Turkey's EU integration at crossroads", Bertelsmann Stiftung, April 2016, p.9, [https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW\\_Turkey\\_s\\_EU\\_integration.pdf](https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/GrauePublikationen/NW_Turkey_s_EU_integration.pdf).

The customs union has played the very first role, albeit a very limited one, in Turkey's European integration process. The first country to be a part of such a union without being a EU member, Turkey was making small steps toward accession. The fact that the customs union was not only a trade agreement, but part of a larger framework pushed the country to harmonize its rules and practices with those of the EU in intellectual and industrial property rights, competition, state aid, monopolies, and technical legislation.<sup>11</sup> The customs union also created the basis for achieving candidate status in 1999 as well as the opening of negotiations in 2005. An updated customs union covering nearly all facets of economic activity — such as public procurement, agriculture, and services — will drive more economic integration between the two sides, thereby entrenching positive cooperation. It would also help to bring more transparency and more rules-based economic governance to Turkey, which will also help to improve the rule of law.<sup>12</sup>

For all of this to happen, however, rapid steps for normalization of democracy are necessary in Turkey. Though the state of emergency imposed after the failed coup attempt of 2016 has now expired, President Erdoğan's AKParty has submitted a legislative amendment that would keep some "anti-terror" measures in place for up to three more years. This has caused concern about the rule of law and the future of long-awaited normalization. Nevertheless, if there is a change of political direction, the EU should use this opportunity to help Turkey before it becomes completely unanchored from Europe. Starting negotiations to reform the customs union could create a new momentum for constructive long-term communication and cooperation.

Even though the accession process is practically frozen, the process is still open and constitutes an important institutional base for monitoring the candidate countries through the political conditionality principle. With the agreement on the customs union, political conditionality was imposed on Turkey with regard to the anti-terror law, freedom of expression, and political participation.

11 F.H. Burak Erdenir, "A Long and Narrow Road: Turkey's Europeanization Process," *Uluslararası İlişkiler*, Volume 12, No. 45, 2015, p.27.

12 Sinan Igen, "Trade As Turkey's EU Anchor," Carnegie Europe, 2017, p.9, <http://carnegieeurope.eu/2017/12/13/trade-as-turkey-s-eu-anchor-pub-75002>.

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The European Parliament ratified it after some rapid political reforms undertaken by Turkey. However, these measures were more about transposing individual pieces of legislation than a structured adoption of legal and institutional reforms. Moreover, as Turkey did not have the status of candidate country at the time, there was no mechanism of control to monitor political reforms and their implementation after the ratification of the customs union. Therefore, the EU's conditionality did not have a significant effect on the democratization process in Turkey until the country became officially a candidate.

As the customs union negotiations would take years, during this period the EU could follow and monitor the developments in Turkey regarding human rights and the rule of law. When the moment comes to ratify a new customs deal, the EU will be able to refer to the political conditionality clause to assess the political and democratic situation in the country. In any case, if there is no improvement in the state of law, democracy, and transparency in Turkey, success in negotiating an updated customs union cannot be assured, because such an ambitious economic integration also requires important political convergence.



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#### About Turkey, Europe, and Global Issues

The GMF-TOBB Fellowship on Turkey, Europe, and Global Issues, launched in 2017, organizes a series of roundtable discussions and analyses in partnership with the Union of Chambers and Commodity Exchanges of Turkey (TOBB).

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The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 as a non-partisan, non-profit organization through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.

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