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The Worsening EU-Turkey Relations

[Birol A. Yesilada](#)

[Turkey's Role in the Twenty-First Century](#)

In recent years, two developments have challenged Turkey's national and cultural identity--a growing Islamist movement at home and the European Union's (EU) orientation toward Turkey. While the Turkish government and the military continue to pursue a pro-NATO foreign policy orientation, an increasing number of Turks have begun to question whether the country could not be better served by reducing their ties to the EU. The apparent dissatisfaction with the West stems, to a significant extent, from the EU's decision to exclude Turkey from the next wave of EU membership expansion. At the Luxembourg summit in December 1997, the European leaders added insult to injury by including Cyprus (the internationally recognized Greek Cypriot government) among the first wave of the next members. ¹

Today, EU-Turkey relations stand at an all time low with little prospect for improvement. The European Parliament recently invited Turkey to enter into political dialogue with the union. However, it listed the same conditions for membership that were outlined in the EU's earlier rejection of Turkey's candidacy. ² The Turkish reaction has been a flat refusal of dialogue with the EU as long as the union maintains its position on Turkey's membership.

These developments raise questions over how Turkey might revise its foreign, economic, and security policies to better position itself in the next century. During the 1990s, Turkish leaders initiated bold economic, political, and security relations with the Turkic republics of **[End Page 144]** Central Asia and Azerbaijan, brought together the Black Sea states in an economic framework known as the Black Sea Economic Cooperation Zone, and signed agreements with Israel. Can these efforts replace the key position the EU currently holds in Turkish external trade and security relations? To what other alternatives can the Turks look?

Clearly absent from these agreements is any serious attempt to improve Turkey's ties to the Islamic states of the Middle East. Even the Islamist Refah (Welfare) Party, when it was the majority coalition partner in the Erbakan-Çiller coalition, failed to achieve tangible results in Turkey's economic relations with the Islamic world. In general, the Islamists would like to cut Turkey's ties to the West and improve relations with the Islamic world. This is most apparent in the position taken by the Refah and Fazilet (Virtue) Parties in recent years. Would continued problems with the EU help the Islamists in their objectives? ³ As these questions imply, Turkish leaders face important challenges as they prepare their country for the next millennium. The purpose of this paper is to examine the current state of EU-Turkey relations and assess the implications of the recent problems for Turkey's foreign and domestic policy orientation in the twenty-first century.

A Brief History of EU-Turkey Relations

Turkey's relations with the EU date back to the late 1950s, when the Menderes government applied for an associate membership in the European Economic Community (EEC). Following lengthy negotiations, the EEC granted this membership to Turkey under the Ankara Agreement of 1963 soon after it entered into a similar agreement with Greece. ⁴ Since then, relations between the EU/EEC and Turkey have been mixed. At times, political and economic ties improved beyond anyone's expectations. Following the military interventions in Turkey in 1971 and 1980, however, the Europeans suspended economic assistance to the military governments. With the transition to civilian rule,

relations between the two parties improved rapidly. In 1987, the Özal government applied for membership in the EU, then called the European Community (EC), because it felt confident that the country's economic transformation and integration with global capitalism would ease its accession to the EC. Despite the Turkish government's enthusiasm, European leaders quickly dismissed the issue and announced that Turkey was not ready for full membership.⁵ While many authors' assessments of the reasons for Turkey's ineligibility for membership vary, they all agree that full membership is not probable in the near future.⁶ Conditions for membership for [End Page 145] prospective applicants have been outlined by the EU, in chronological order with increasing specificity, in the Treaty of Rome, the Birkelbach Report of 1962, the Maastricht Treaty, Agenda 2000, the Amsterdam Treaty, and most recently in the proceedings of the Luxembourg summit. There are four specific conditions that a prospective candidate must meet in order to qualify for membership in the union:

Political. Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities.

Economic. Membership requires the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.

Europeanness. Membership requires that candidates must belong to the European family of nation-states.

Other. Membership requires the ability to take on the obligations of membership, including adherence to the [EU's] aims of political, economic, and monetary union.⁷

Turkey failed to convince the Europeans that it was ready for membership on economic and political grounds. Turkey's economy could present a huge burden to the regional and structural funds, and the Common Agricultural Policy (CAP); it has exhibited all the signs of a structurally weak economy with high inflation, low per capita income, and a large deficit. An additional problem was the high degree of similarity between Turkish exports to the EC and those of Greece, Portugal, and Spain.⁸ These members had strong incentives to oppose Turkish products from gaining free entry into the EC markets. In terms of politics, Europeans still viewed the Turkish political system as being a weak democracy that did not guarantee its citizens full civil and political rights. At the time, the Turkish political system resembled a combination of limited pluralism and state authoritarianism of the corporatist nature.⁹ As far as the Europeans were concerned, the Turkish political system fell short of a Western-style representative liberal democracy because of restrictions on civil and political rights.

On the positive side, Turkey's emerging market, its dynamic private sector, growing consumer market, and direct economic links to the other Turkic states of the former Soviet Union made it difficult for the European leaders to simply reject the Turkish application without searching for an alternative outcome. Furthermore, Turkey's increasing strategic importance for NATO's regional interests suggested that Washington would not be pleased with excluding this country from the EC.

As a result of these important considerations, European and Turkish leaders began a series of talks that eventually resulted in a [End Page 146] compromise solution which neither shut the door for future membership in the EU nor granted the Turks immediate accession. The outcome was the Customs Union (CU) agreement of 1995, which commenced on December 31, 1995. This agreement gave the Turks closer economic ties with the EU than any other nonmember country at the time, with the exception of Iceland and Norway. While the details of the CU will be discussed later, it is important to note that this agreement opened the Turkish market of 65 million consumers to EU companies. In addition, easier access to other Turkic republics through Turkey further increased the investment opportunities of the Europeans. The CU also provided an opportunity for third party companies, such as those from America and Japan, to take advantage of the lower cost Turkish labor market to manufacture products for sale in the EU. For the Turks, the CU symbolized their membership in Europe and acceptance by the EU, thus putting Turkey on track for full membership. For the Europeans, however, the CU was the most Turkey could ever expect from the union.

Membership was still not an option.

A crucial factor that convinced the EU to ratify the CU was the growing Islamist movement in Turkey. Officials throughout Western capitals and in Turkey feared that rejection of the CU would strengthen the hand of the Islamic political forces against secular oriented political parties during the national elections of December 1995. In fact, the U.S. administration exerted pressure on EU members to ratify the treaty. Despite the ratification of the CU, the Islamist Refah Party received 21 percent of the votes in the 1995 elections and asserted itself as a major player in Turkish politics.

The Current Situation

At the Luxembourg summit of the European Council, EU officials announced their plans for future expansion of the union ¹⁰ in line with the recommendations of the European Commission that were outlined earlier in Agenda 2000. The announcement emphasized the EU's economic and political interests in inviting Eastern and Central European countries to join the union and called for the implementation of a comprehensive program to prepare these countries for membership. The bewildering part of this plan for the Turks was the decision to exclude Turkey from the list when such weak democracies as Slovakia, Bulgaria, and Romania were included. In addition, almost all of the potential members have weaker economies than Turkey. The final insult for the Turks was the decision to include the Greek side of Cyprus with complete disregard for international treaties concerning the **[End Page 147]** establishment of the Cyprus Republic. As for Turkey, the EU ignored pressure from the United States to include it among the second group of candidates and announced the following European strategy for Turkey:

Turkey will be judged on the basis of the same criteria as the other applicant states. While the political and economic conditions allowing accession to be envisaged are not satisfied, the European Council considers that it is nevertheless important for a strategy to be drawn up to prepare Turkey for accession by bringing it closer to the European Union in every field. This strategy should consist of: Development of the possibilities afforded by the Ankara Agreement; Intensification of the Customs Union; Implementation of financial cooperation; Approximation of laws and adoption of the Union *acquis* [sic]; Participation, to be decided case by case, in certain programmes and in certain agencies provided for in paragraphs 19 and 21 [referring to such programs as education, training and research, and participation in the Community agencies]. ¹¹

The EU further stressed that strengthening Turkey's ties with the union depended on five conditions beginning with Turkey's pursuit of political and economic reforms. Second, Turkey must improve its human rights record and its treatment of the Kurdish minority. Third, Ankara needs to improve relations with Greece and settle Aegean disputes through legal processes, including the International Court of Justice. Fourth, Turkey must support the UN mediation efforts in Cyprus and not object to Cyprus's membership in the EU. Lastly, the Turkish government should persuade the Turkish Cypriot community to join the Greek Cypriots at the accession talks with the EU. Anticipating Turkey's reaction to the Luxembourg announcement, the EU attempted to soften the blow by inviting Turkey to the European Conference in March 1998 alongside the eleven candidate countries. The purpose of the conference was to launch the process of EU accession for the ten Eastern European countries and Cyprus.

The Turkish Reaction

The initial Turkish reaction to the Luxembourg declaration was harsh and swift. Turkish political, business, and military leaders called the EU decision a betrayal. Prime Minister Mesut Yilmaz argued in an interview with CNN that Turkey was the only country that had signed a CU agreement with the EU and at the same time had been kept outside the union's membership plans. ¹² He also pointed to the fact that since the CU entered into effect, Turkey's trade deficit with the EU surpassed \$22 billion, suggesting that the Turks were now partly financing the EU's expansion plans. Yilmaz further argued

that the EU [End Page 148] had no real reason to fear Turkey's membership because the Turkish economy was sound and its political system free of any fundamentalist threat. As a direct message to EU leaders, Turkish Airlines immediately chose Boeing for its next purchase of forty-nine aircraft worth \$2.5 billion.

On the foreign policy front, the Turkish government announced that it would go ahead with plans to integrate northern Cyprus if the EU launched accession talks with the island's Greek Cypriot government. ¹³ This process would be gradual and would parallel EU-Cyprus integration. Furthermore, the Turks declared that they no longer considered the EU a neutral third party in the Cyprus problem and thus the EU would be viewed as a non-player in the mediation efforts. The Turkish Cypriots welcomed the Turkish officials' announcements. The President of the "Turkish Republic of Northern Cyprus" (TRNC), Rauf Denktas, hardened his negotiating position by announcing that "if they want our participation [in accession talks], then they should recognize our state, there is no other way." ¹⁴

During the time between the Luxembourg summit and the European Conference in London, the world witnessed intense diplomatic traffic aimed at defusing tensions between the EU and Turkey. American diplomats attempted to persuade the Turks to attend the meeting in London and, at the same time, pressed their European partners to provide Turkey with an explicit statement about when it can expect to join the group of new members. The Americans emphasized that Turkey belongs in the EU and that the Turks would be more likely to make the right choices about their own future if the EU made clear that it was holding a place for them. The problem with this view is that it is *not* clear when "Turkey will be ready for membership" and more importantly, who is making that decision.

In earlier studies, ¹⁵ this author has argued that the Turkish economic burden on the EU's budget represents the greatest obstacle for its membership in the union. Once a member, Turkey would qualify for assistance from the structural funds and could bankrupt the CAP. On the political front, while Turkey's democracy still fails to meet Western standards in terms of individual civil and political rights, it is clearly more developed than most of the current candidate countries' political systems. The current political system, based on the 1982 constitution, still places restrictions on these rights. While gradual liberalization is underway, the present system is not as open as the previous constitutional order of 1961-80. However, there have been signs of a return to a more open and pluralist political order during the last decade. This is a slow process that needs the recognition and support of Turkey's Western allies. [End Page 149]

Finally, on legal grounds, Turkey is a member state in all other European intergovernmental organizations. This qualifies Turkey for membership as a European state. Culturally, however, most Europeans do not view the Turks as belonging to Europe due to Turkey's Islamic and Middle Eastern character.

Implications of these Problems for Turkey

Growing strains in EU-Turkey relations have resulted in renewed debate among Turks about their cultural identity and the country's future orientation. For many, rejection of membership by the EU had more to do with the country's Islamic culture and Greece's opposition to Turkey than with the development of the Turkish economic and political systems. This view is reinforced when Turks compare their country's economy and democratic government to those of their East European neighbors. As Sabri Sayari explains, "many secularist Turks also believe that Turkey's rejection by the EU will only strengthen the political appeal of the Islamists, who have argued for many years that Turkey should limit its relations with the West and instead seek closer ties with the Islamic states in the world." ¹⁶ This outcome is indeed possible given the current struggle between the Islamists and the Turkish military. Furthermore, the Turks' apparent conviction that the EU now supports Greece's position in the Greek-Turkish dispute further adds to pressures to move away from European orientation in foreign policymaking.

The Islamist Threat

Is there an Islamist threat to the secular Turkish republic? While policymakers and scholars disagree on the danger of political Islam represented by the Refah/Fazilet Parties in Turkey, recent developments demonstrate how serious the Turkish military considers Islamic fundamentalism in the country. The generals' pressure on the Refah-DYP (Welfare-True Path Party) coalition brought down the government in 1996. Their "civilian coup" was followed by the decision of the Constitutional Court to close down Refah and ban its key leaders, including former Prime Minister Erbakan, from political life on grounds of anti-secular activities aimed at establishing an Islamic state in Turkey. Since then, Refah members of the National Assembly formed a successor political party, the Fazilet (Virtue) Party. At the time of writing, the state prosecutor stated that Fazilet would face the same fate as Refah if it fails to transform into a system-oriented political organization.

Despite the secular elite's forceful exclusion of Islamist politicians from politics, the Islamic fundamentalist movement in the country **[End Page 150]** continues to grow. As this author has explained in other studies, ¹⁷ the reasons behind this phenomenon are complex and deeply rooted in Turkey's republican history. In recent decades, these anti-Atatürkist forces (Refah/Fazilet members) established powerful partnerships with Islamist groups outside the country and created an influential capital base in Turkey. ¹⁸ The institutional framework of the Refah Party highlights how successful the Islamists have been in capitalizing on the growing economic gap between the rich and poor classes in the country; Refah was the only political party that practiced true grassroots politics. Through its neighborhood representatives, the Refah Party provided economic, financial, and educational assistance to the lower social classes and questioned the secular elite's pro-Western policies. Its 3.5 million strong membership is a tribute to this success. Despite Refah's closure, its infrastructure remains intact and ready to continue the mission of the Islamists under the Fazilet Party. Turkey's problems with the EU, as well as occasional difficulties with the United States, provide additional ammunition for the Islamists in their recruitment of new followers.

Implications for Greek-Turkish Problems

On the security front, Turkish leaders are convinced that the EU is increasingly adopting an attitude that ignores and complicates Turkey's legitimate security concerns. They point out that the EU tells Turkey that solving its problems with Greece is a precondition for membership even though this in itself does not guarantee accession. Turkey is also asked to agree to unfavorable conditions in the Aegean and Cyprus in order to avoid a Greek veto of EU enlargement. Furthermore, Cyprus has been invited to join the EU in total disregard of the 1960 agreements, which contain some restrictions on its membership in international organizations. The Luxembourg decision appears to have been a victory for Greece. It succeeded in transforming the Greek position on Greek-Turkish problems into an EU position. The opposition of the German government to Turkish membership, though based on economic reasons, further enhanced Greece's interests.

After two decades of determined political lobbying, Greece won a clear victory against Turkey within the union on two important fronts. First, the Greek position on the Islet of Imia or Kardak in the Aegean became the official EU position. Thus, the EU no longer posits itself as a neutral party in the Aegean disputes. Second, Greece succeeded in obtaining the backing of the EU on the Cyprus problem despite active pressure against this move from the United States. Americans feared that a "train wreck" at the Luxembourg summit, an apparent reference to the clash of EU and Turkish interests, could potentially destroy **[End Page 151]** special envoy Richard Holbrooke's mediation efforts in Cyprus. By threatening to block the entire enlargement process if Cyprus is excluded from the list, Greek officials forced the Greek position to the forefront of the EU's enlargement agenda.

Unfortunately, the Cyprus issue will remain a major obstacle to improving EU-Turkey relations and is likely to present additional problems for Turkey in the Council of Europe. There is no doubt that Turkey will remain a member of the Council of Europe regardless of its membership status in the EU. That is, the Turkish government is unlikely to opt out of the European Council just because it is not a member of the EU. However, Turkey will now face problems in the council due to Cyprus's pending accession to the EU. As long as the EU was a neutral third party in the Cyprus problem, Turkey was safeguarded against the Greek Cypriot attempt to expel it from the council. With the recent decision

to bring Cyprus into the EU, this picture may change as the Greek and Greek Cypriot governments attempt to secure a common EU foreign policy position toward Turkey. The Turks may feel good about their policies to integrate northern Cyprus into Turkey (if they are pushed hard enough, some future Turkish government may go as far as annexing the TRNC under a quasi-federal treaty with Turkey) but the danger in such a move lies in the reality that the EU will surely object to a Turkey-TRNC integration and would support the Greek Cypriots' position in the international arena. Already, the European Court of Justice is on record for passing decisions against the TRNC and Turkey regarding reparations for property left behind by the Greek Cypriots following the 1974 war.

Can the Turks advance their views on the future of Cyprus without further damaging their relations with the EU? It seems that the only option, although not without complications, is the legal one. The EU-Cyprus accession talks can be challenged for violating treaties that established the Cyprus Republic. ¹⁹ The Turks have already raised this issue to threaten to block Cyprus's membership in the EU. They point out that whereas there was a mutual decision of the Greek and Turkish Cypriots to apply for membership in the EEC in 1962, the subsequent civil war indefinitely postponed this idea. The current decision to apply for EU membership is a direct violation of the clause of the Cyprus Constitution, ²⁰ regardless of whether or not a vice-president is present. Not only did the Greek Cypriots not consult the Turkish Cypriots, Turkey is not a member of the EU, and therefore, has the right to object to Cyprus's membership. Fearing long and costly litigation on this issue, the EU announced at the opening of the Cyprus accession talks that it will proceed with Cypriot membership whether or not Turkey objects. **[End Page 152]** The EU's hope is that if the Turks realize the union's determination on this matter, they will drop their argument.

A Positive Development in the EU-Turkey Relations: The Significance of the CU

Despite the above mentioned problems and Prime Minister Yilmaz's complaint about the growing trade deficit with the EU, the CU agreement, from which both parties seem to have realized significant economic benefits, is one positive development in EU-Turkey relations. Both parties can gain from the CU and eventually it will help the latter in its bid for membership in the EU. Turkey has been moving steadily ahead with structural reforms to integrate its economy with the global market. With the deepening of the CU, this trend is expected to gain additional momentum. Turkey has also been harmonizing its economic legislation with that of the union. As a result, EU companies operating in Turkey will face familiar economic and legal conditions and receive the same treatment as national companies. The elimination of customs duties will, on the one hand, raise Turkish exports to the EU and on the other hand, enable Turkish companies to reach economies of scale due to competition from EU firms. This should improve the international competitiveness of Turkish companies as they adjust to real competition from global firms.

The aggregate impact of the CU on EU-Turkey trade is presented in [Table 1](#). Turkish imports from EU countries accounted for more than half of its total imports in 1997, with exports to the union representing 46.6 percent of all exports. While these figures are not substantially different from pre-1996 figures, they are expected to increase by a few percentage points as the two sides complete the provisions of the CU.

Among EU countries, Germany remains the biggest single trade partner, accounting for an average of 20 to 25 percent of annual Turkish exports and 15 to 18 percent of annual imports. In addition to trade, foreign direct investment (FDI) has also increased as a result of the CU. This is best indicated by the sudden jump in investments by French companies in Turkey since 1995. According to figures provided by the State Planning Organization in Turkey, FDI by French firms increased as follows: \$0.255 billion in 1994, \$0.476 billion in 1995, and \$2.371 billion in 1997. A noticeable increase can also be observed for Dutch companies: \$0.194 billion in 1994 and \$0.559 billion in 1995. German firms' investments remained stable at around \$0.280 billion per year. When one considers the dynamic investment environment of the Istanbul Stock Exchange, the attraction of the **[End Page 153]** Turkish markets for European investors, including institutional investors in the funds market, becomes more clear.

The political benefits of the CU are also significant. This treaty has the promise of firmly anchoring Turkey to the West and to the EU in particular. It will strengthen the position of those in Turkey who support a pluralist and secular model of development and increase the appeal of the Turkish model to other states in the region. From the Turkish perspective, the agreement can lead to the consolidation of Western values in Turkey. Deepening of economic integration with the EU can have a spillover effect in the political arena by promoting individual freedoms and liberalization of Turkey's constitutional and legal systems. Such liberalization, in turn, can benefit both the EU and Turkey in the future assessment of the country's qualification for membership in the union.

In summary, both the EU and Turkey stand to gain economically and politically from the CU agreement. However, as is the case in all EU-Turkey relations, opposition by Greece has spoiled official expectations. To date, Greece has refused to lift its veto on the financial protocol that would provide monetary assistance to Turkey in the amount of \$500 million to ease the pressures of the harmonization of customs schedules. **[End Page 154]**

Are There Alternatives for Turkey Besides the EU?

Turkish leaders realize that unless they pursue options for improving Turkey's economic and political relations with other regions of the world, they risk placing their country in a vulnerable situation in the twenty-first century. While EU membership represents an important priority for completing Turkey's integration with the West, there are other options available for strengthening the country's global position. The first is the deepening of economic and political ties to the Turkic states of the former Soviet Union, while a second option is economic integration in the Black Sea region. In addition, increased security and economic cooperation with Israel and improved trade relations with Japan, Russia, and the United States will enhance Turkey's position in the world economy and strengthen its regional security.

The Turkic States

Relations with the Turkic world represent the greatest potential for Turkey in the next century. Since these countries gained their independence from the Soviet Union, Turkey has been a major player in assisting them with institution-building, economic development, and foreign security cooperation. While the degree of Turkey's relations with Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan, and Uzbekistan varies, all parties have a common interest in bringing out a greater degree of cooperation with one another. Turkey has assisted these countries in gaining membership in international organizations and has provided them with diplomatic representation at Turkish foreign missions until they establish their own offices.

During the last few years, Turkey and the Turkic republics signed agreements to assist the latter with economic training and education of their youth. Agreements called for: establishing Turkish cultural centers in the Turkic states; receiving 5,000 secondary school and 5,000 university students from the Turkic states for education in Turkish schools, starting in the 1992-93 academic year; providing Turkish university entrance examinations to students in the Turkic republics; publishing a dictionary of Turkic languages; and promoting secular control over religious education. It is too early to assess the success of these initiatives. However, it is worth noting that they are underway and that the parties plan to expand them. Through the Turkish International Cooperation Agency (TIKA), attached to the Foreign Ministry, Turkey has been coordinating direct assistance to the Turkic states in sectors such as agriculture, education, small and medium enterprises, energy, tourism, civil aviation, and insurance. According **[End Page 155]** to information provided by TIKA, the total value of program and investment credits extended to the Turkic states to date is \$700 million. These credits also constitute important encouragement for Turkish businesses to enter Central Asian markets. The total amount of letter of credits opened by the Turkish Ex-Im Bank stands at \$509 million. In addition to these credits, agreements were reached for the sale of foodstuffs on credit, worth around \$355 million, with Kyrgyzstan and Uzbekistan. Thus, the official Turkish economic assistance and cooperation program reaches almost \$1.1 billion.

In addition to public sources of assistance, the Turkish private sector plays an important role in this new partnership. Around four hundred Turkish companies currently do business in these republics through a wide range of investment projects worth a total of \$4.44 billion. Some of these efforts are joint ventures with European or North American companies that highlight Turkey's strategic significance as a crossroads between Central Asian and Western markets. For example, a consortium established between Turkish and German companies signed a contract with the Kazakh government for the construction of a \$600 million power plant in the Aktubinsk region.

Energy exports from Central Asia and Azerbaijan represent the greatest potential for increasing Turkey's influence in the region. Once again, the great powers of the region and the oil companies of the West are engaged in a "Great Game" of geopolitics and *realpolitik* to exploit the energy resources of these countries. At the heart of this game is the pipeline(s) needed to export oil and natural gas. The Turkish government argues that Turkey is the most economic and safe route for oil and gas transport to the European markets. This argument is debatable considering the shorter Russian option of exporting oil from the port of Novorossiisk. However, the Russian route assumes that the Turkish straits (Bosphorus and Dardanelles) are capable of handling the heavy supertanker traffic.

Although the final decision on the pipeline issue has not yet been made, the United States has announced its preference for the Turkish option of the Baku-Ceyhan pipeline through Georgia. The Turkish plan gained additional endorsement from the exporters in March 1998, when the foreign ministers of Georgia, Azerbaijan, Kazakhstan, Turkey, and Turkmenistan signed an energy cooperation agreement on building a large pipeline for oil exports from the Caspian Sea across Georgia and Turkey to Western markets.²¹ In addition, they also backed a project to transport oil and gas from Turkmenistan and Kazakhstan via an underwater pipeline from the eastern shore of the Caspian Sea to Baku. If this last point becomes a real option, it will significantly enhance Turkey's **[End Page 156]** position among the oil pipeline options, over the Russian alternative.

The Black Sea Economic Cooperation Zone

Another potentially important initiative undertaken by Turkey is the Black Sea Economic Cooperation Zone (BSECZ). This is an eleven-nation regional organization founded in 1992 following the initiatives of the late Turkish President Turgut Özal. The founding agreements envision a gradual process that will eventually create a free trade zone around the Black Sea. However, given the fact that several of these countries currently have strained political relations with each other, the future success of the BSECZ is highly debatable. Nevertheless, the heads of government of the member countries have held annual conferences to chart the future course of economic cooperation in the region. In late June 1998, the BSECZ held its fifth annual conference to discuss regional security issues in addition to the possibility of setting up a regional free trade zone and stock exchange. This meeting followed an earlier initiative in May 1998 between Russia and Turkey, when the two sides signed an agreement for cooperation in the fields of navigation, oceanography, and environmental protection of the Black Sea.²² Thus far, very little gain has been achieved with regard to the establishment of a regional free trade agreement. For its part, however, Turkey signed an agreement with Bulgaria and Romania to establish a free trade zone between the three countries. If all goes according to plan, this agreement is to take effect by early 1999.

Conclusions

The above analysis demonstrates that EU-Turkey relations, while being at an all time low, present important challenges to Turkish officials as they prepare their country for the next millennium. Despite initial Turkish anger with the EU, it is highly unlikely that Turkey will abandon its traditional pro-Western foreign policy in the future. There are significant economic, military, and political ties to the West that assure the continuation of Turkey's pro-Western orientation. Moreover, if the Turks take advantage of their strategic position, Turkey will be poised to be a key player in the crossroads of Europe, Asia, and the Middle East. With a growing dynamic economy, a secular and democratic political system, and a modern military infrastructure, Turkey remains a crucial member of the

Western alliance in the region.

Without full membership in the EU, Turkey can still benefit from the CU agreement and facilitate commerce, investment, and banking between Europe and the new markets. At the same time, Turkey is an **[End Page 157]** ideal country for non-EU firms to invest in for the manufacture of products to be sold in EU markets. Innovative investment policies, which are only possible by completing structural adjustments in the Turkish economy, can achieve this goal. Furthermore, to protect the Turkish economy against external shocks from the EU (associated with EMU), rational fiscal and monetary policies must be implemented. The challenges include how to safeguard Turkey against regional threats while improving economic ties with its neighbors, expanding trade links around the globe, completing the process of financial integration with global capitalism, serving as a model for other Turkic states, and improving relations with the EU (including Greece). These tasks are not easy and require innovative and independent policymaking free of Cold War-era thinking. Parallel to improving relations with the EU, some modest modification of economic priorities may be needed to broaden Turkey's trade ties with the rest of the world. Already, efforts have begun to increase trade relations with the United States and countries of the Far East.

In security affairs, Turkey's relations with the United States and NATO continue to improve and serve as a reassurance of continued pro-Western foreign policy orientation. The recent increase in Israeli-Turkish military cooperation further guarantees this orientation, although the regional Islamic states and Greece view the Israeli-Turkish military cooperation as a threat. At a recent Arab League Summit of the Arab foreign ministers in Cairo, the participants called upon Turkey to reconsider its military relations with Israel and added that this cooperation presents a clear threat to the Arab world. [23](#)

Finally, a brief mention of the Cyprus problem is in order because this issue will continue to threaten EU-Turkey relations. While the current deadlock in the Cyprus negotiations and the drastic reaction of both Greece and Turkey to the status quo leave very little hope for a meaningful resolution of the problem, the rational alternative for Turkey is to push ahead for a compromise on Cyprus before the latter joins the EU. It is difficult to envision this when the Greek side demands such major concessions from the Turks for a settlement. After all, the Greek Cypriots do not have an incentive to make large concessions because they will soon join the EU. The United States must exert pressure on both sides to come to a middle ground. The earlier UN confidence-building measures might be the logical place to start. [24](#) At the same time, the United States and the EU ought to consider how Greece and Turkey might be brought together through technical agreements (economic functionalism) similar to the beginning of French-German economic integration. The functionalist approach, **[End Page 158]** though it may raise some eyebrows in Ankara and Athens, is not impossible to implement. Many in the Greek and Turkish business circles would welcome such opportunities. Cooperation in the energy sector, industry, and shipping could serve as the starting points.

In conclusion, contrary to predictions by Turkey's foes that this country's strategic significance would diminish after the end of the Cold War, Turkey has become that much more important for the economic and security interests of the Western powers. Creative policies that capitalize on Turkey's geopolitical and economic assets can position Turkey to play a significant and ascendant role in the region. This calls for maintaining strong economic and political relations with the EU, regardless of membership and Greek-Turkish problems, coupled with Turkish initiatives aimed at strengthening the Black Sea Economic Cooperation Zone and ties with the Turkic states.

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Notes

[1](#). The other five candidates are the Czech Republic, Estonia, Hungary, Poland, and Slovenia. The second wave of candidates includes Bulgaria, Latvia, Lithuania, Romania, and Slovakia.

[2.](#) Turkish Dailies, September 18, 1998.

[3.](#) Whereas it is beyond the scope of this paper to examine Islamic fundamentalism in Turkey, it is important to note that this political movement is indeed a serious threat to the secular republic. The rise of an Islamist political party to prominence in Turkey has its roots in the anti-Atatürkist movement of the religious orders. See Birol Yesilada, "Islam Dollar and Politics: The Political Economy of Saudi Capital in Turkey," paper presented at the 1989 Annual Conference of the Middle East Studies Association, Toronto, Canada, November 15-18, 1989. It was not until the formation of the National Order Party that the Islamists entered the political scene and became power brokers in the coalition governments. Since then, this movement has grown and has been represented in the National Assembly by the National Salvation Party (until 1980), the Refah Party (1983-98), and the Fazilet Party (successor to Refah). For a detailed discussion of Islamic fundamentalism in Turkey and its political movement see Serif Mardin, "Religion and Secularism in Turkey," in Ali Kazangil and Ergun Ozbudun, eds., *Atatürk: Founder of a Modern State* (Hamden, CT: Archin Books, 1981); Mustafa Okutucu, *Istikamet Seriyat: Refah Partisi* [Direction Sharia: The Welfare Party] (Istanbul: Yeryüzü Yayinlari, 1996); Sabri Sayari, "Turkey's Islamic Challenge," *Middle East Quarterly* (September 1996): pp. 35-43; Gencay Saylan, *Islam ve Siyaset: Türkiye Ornegi* [Islam and Politics: The Turkish Example] (Ankara: Verso, 1987); Mehmet Ali Soydan, *Dünden Bugüne Türkiye'nin Refah Gerçeği* [From Yesterday to Present: Turkey's Refah Reality] (Erzurum: Birey Yayin, 1994); and Birol Yesilada, "The Refah Party Phenomenon in Turkey," in Birol A.Yesilada, ed., *Comparative Political Parties and Party Elites: Essays in Honor of Samuel J. Eldersveld* (Ann Arbor: University of Michigan Press, 1999)forthcoming.

[4.](#) Atila Eralp, "Turkey and the European Community," in Atila Eralp, Muharrem Tunay, and Birol A. Yesilada, eds., *The Political and Socioeconomic Transformation of Turkey* (Westport, CT: Praeger Publishers, 1993) pp. 194-95; P. Tsakaloyannis, "The European Community and the Greek-Turkish Dispute," *Journal of Common Market Studies* 19, no. 1 (1980): pp. 35-53.

[5.](#) Birol A. Yesilada, "Prospects for Turkey's Membership in the European Union," *International Journal of Turkish Studies* 6, nos. 1&2 (Winter 1996): pp. 37-53.

[6.](#) There are several works that provide an in-depth analysis of the prospects for Turkish membership in the EU. See Eralp, "Turkey and the European Community"; Haluk Kabaalioglu, "Turkey's Future in a Deeper and Wider Community," in *Turkey and the European Community* (Forum Europe Conference, Brussels: 1991); Ridvan Karluk, *Avrupa Birliği ve Türkiye* [The European Union and Turkey] (Istanbul: Istanbul Stock Exchange Publications, 1996); John Redmond, "Turkey and the European Community: Past Experience and Future Prospects," paper presented at the inaugural conference of the European Community Studies Association, George Mason University, Fairfax, Virginia, May 24-25, 1989; John Redmond, *The Next Mediterranean Enlargement of the European Community: Turkey, Cyprus, and Malta?* (Aldershot, UK: Dartmouth, 1993); Yesilada, "Prospects for Turkey's Membership in the European Union"; and Birol Yesilada, "The Mediterranean Challenge," in John Redmond and Glenda G. Rosenthal, eds., *The Expanding European Union: Past, Present, Future* (Boulder, CO: Lynne Rienner, 1998) pp. 177-93.

[7.](#) European Commission. *Agenda 2000* (Brussels: Official Publications of the European Communities).

[8.](#) Yesilada, "Prospects for Turkey's Membership in the European Union."

[9.](#) Yesilada, "Problems of Political Development in the Third Turkish Republic," *Polity* 21, no. 2 (Winter 1998): pp. 345-72.

[10.](#) European Union, *EC Presidency Conclusions*, December 12-13, 1997.

[11.](#) *Ibid.*

[12.](#) CNN, December 20, 1997.

- [13.](#) *Milliyet*, December 14, 1998.
- [14.](#) Anatolian News Agency, December 14, 1998.
- [15.](#) Yesilada, "Prospects for Turkey's Membership in the European Union" and "The Mediterranean Challenge."
- [16.](#) Sabri Sayari, "Turkey's Changing Political Dynamics," Private Report. (Cambridge, MA: Cambridge Energy Research Associates, 1998) p. 2.
- [17.](#) Yesilada, "Problems of Political Development in the Third Turkish Republic" and "The Refah Party Phenomenon in Turkey."
- [18.](#) Okutucu, *Istikamet Seriyat: Refah Partisi*; Sayari, "Turkey's Islamist Challenge"; Soydan, *Dunden Bugüne Türkiye'nin Refah Gerçeği*; and Yesilada, "Islam Dollar and Politics."
- [19.](#) Article I (2) of the Treaty of Guarantee states "[Cyprus is] not to participate in whole, or in part, in any political or economic union with any state whatsoever." Whereas the EU is not a state, it is an intergovernmental organization with state-like aspirations as outlined in the Treaty on European Union (the Maastricht Treaty). Article I (12) further elaborates on economic and political union, by prohibiting "all activity likely to promote, directly or indirectly, union with any other state." Furthermore, Article 50, Paragraph 1 (a) of the Cyprus Constitution states that: "The President and the Vice-President of the Republic, separately or conjointly, shall have the right of final veto on any law or decision of the House of Representatives or any part thereof concerning: (a) foreign affairs, except the participation of the Republic in international organizations and pacts of alliance in which the Kingdom of Greece and the Republic of Turkey both participate" (see the Constitution of the Cyprus Republic).
- [20.](#) See *ibid.*
- [21.](#) United States Energy Information Administration (USEIA), *Profile Turkey* (Washington: USEIA, July 1998).
- [22.](#) Anatolian News Agency, May 28, 1998.
- [23.](#) *Hürriyet*, September 17, 1998.
- [24.](#) UN Sec. General (S/26026). *Report on Cyprus: Confidence Building Measures*. November 24, 1992.