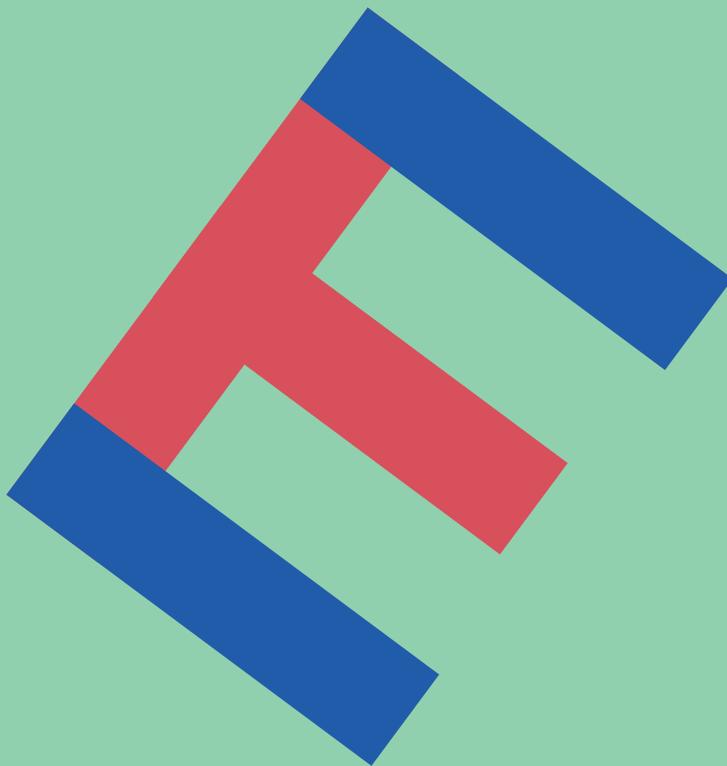


Turkey in Europe

The Imperative for Change



**Third Report of the Independent Commission on Turkey
March 2014**

Turkey in Europe

The Imperative for Change

Third Report of the Independent Commission on Turkey
March 2014

The Independent Commission on Turkey

Martti Ahtisaari (Chairman)

Former President of Finland
Nobel Peace Prize Laureate 2008

Kurt Biedenkopf (until 2011)

Former Prime Minister of Saxony, Germany

Emma Bonino

Former Minister of Foreign Affairs of Italy
Former European Commissioner

Hans van den Broek

Former Foreign Minister of the Netherlands
Former European Commissioner

Bronisław Geremek († 13 July 2008)

Former Foreign Minister of Poland

Anthony Giddens (until 2011)

Former Director of the London School of
Economics and Political Science

Wolfgang Ischinger

Chairman of the Munich Security Conference
Former Deputy Foreign Minister of Germany

David Miliband

Former Secretary of State for Foreign and
Commonwealth Affairs

Marcelino Oreja Aguirre

Former Foreign Minister of Spain
Former Secretary General of the Council of
Europe
Former European Commissioner

Michel Rocard

Former Prime Minister of France

Albert Rohan

Former Secretary General of Foreign Affairs,
Austria

Nathalie Tocci¹ (Rapporteur)

Deputy Director, Istituto Affari Internazionali

The Independent Commission on Turkey is
supported by the Open Society Foundation

¹ ICT would like to thank Emanuela Pergolizzi for her invaluable research assistance to this work.

Contents

6	Introduction
11	Political Reforms
25	The Economy
32	Energy
39	Foreign Policy
45	Conclusions
49	Annex I: Conclusions of the Second Report of the Independent Commission on Turkey, 2009
54	Annex 2: Conclusions of the First Report of the Independent Commission on Turkey, 2004

Introduction

The Independent Commission on Turkey began its work in 2004. Turkey was experiencing a profound transformation, possibly the most profound since the establishment of the Turkish Republic in 1923. The transformation had started in 1999, the year Turkey officially became a candidate country for EU membership. Many laws and regulations aimed at convergence with EU norms were launched by the two Ecevit governments, including new banking laws, as well as the abolition of the death penalty. The reform process accelerated on the economic front with the macroeconomic and regulatory reforms implemented to overcome the February 2001 financial crisis. The reforms were then pursued by the Erdogan-led governments after 2003. Beyond the sheer magnitude of political, social and economic change, what was significant was that such change was anchored to the process and prospect of European Union membership. The agents of change in Turkey were domestic. Within governing institutions, political parties, civil society and the private sector, Turkey mobilized a powerful coalition of actors from different walks of life who united in propelling the country towards a distinctly higher level of democracy and economic development. These domestic actors had taken the European Union as their guiding light. Reminiscent of the democratic consolidation in southern Europe of the 1980s and the Central and Eastern European transition of the 1990s, the EU's soft power emerged in all its might in early 21st century Turkey.

At the time, we were well aware of the challenges that bedeviled Turkey's accession path and the greater heterogeneity that Turkey's membership would bring upon the Union. But not only did we consider these challenges to be manageable, but we also noted the formidable strategic, economic and ideational assets

that Turkey's entry would contribute to the Union. Above all, we believed that the existential question regarding Turkey's eligibility to full membership had been settled at the very least in 1999 when Turkey's EU candidacy was recognized by the European Council, if not back in 1963 when the association agreement between Turkey and the European Community entered into force.² As such, pros and cons aside, we argued in our first Report – *Turkey in Europe: More than a Promise?*³ – that accession negotiations with Turkey should be opened upon Turkey's fulfillment of the 1993 Copenhagen political criteria. Delaying further the opening of accession talks would have meant breaching the EU's commitments and seriously imperiling the credibility of the European Union.

We thus welcomed the launch of Turkey's accession negotiations in 2005, expecting this would have opened a new era of deeper integration between Turkey and the European Union and a further acceleration of Turkey's reforms towards a mature democracy and prosperous economy. As the years passed, we noted with deep concern how this did not happen. What should have been a crowning moment in Turkey's path to Europe, paradoxically became the point of inflection into a vicious cycle: European second thoughts about Turkey's EU membership pushed Turkey away, reinforcing in Turkey those actors who had little interest in pursuing EU integration and felt emboldened by Turkey's regional rise in those years. As Turkey-sceptics in Europe became more vocal, Euro-sceptics in Turkey gained the upper hand. The strengthening of Euro-sceptics in Turkey and the ensuing slowdown of Turkish reforms, fed opposition in Europe to Turkey's membership.

In our 2009 Report – *Turkey in Europe: Breaking the Vicious Circle*⁴ – we analysed political developments and set forth a number of concrete suggestions aimed at strengthening EU-Turkey relations. We stressed how important it was for the EU to live up to its commitments and negotiate with Turkey in good faith. We argued that doing so was critical in order to strengthen those domestic actors in Turkey that were struggling against multiple challenges from old guard opponents. We also explored

2 The 1963 EC-Turkey association agreement envisaged the establishment of a customs union and opened the door to accession if and when the political and economic conditions were met.

3 See Annex II for the conclusions of the first report of the Independent Commission on Turkey.

4 See Annex I for the conclusions of the second report of the Independent Commission on Turkey.

the reform steps that Turkey still needed to take, including the drafting of a new civilian constitution, the establishment of a functioning ombudsman, a further strengthening of the freedoms of expression, association and religion, the rebalancing of civil-military relations, and the granting of full language and cultural rights to Turkey's Kurdish citizens. Alongside, we discussed broader strategic and economic questions, which, while not technically related to Turkey's accession process, undeniably affect its progress. We welcomed Turkey's opening towards Iraq and its broader engagement with the neighbourhood; we observed Turkey's economic resilience in light of the global financial crisis; we encouraged the pursuit of the Turkish-Armenian rapprochement; and highlighted the imperative to unlock the Cyprus impasse, inter alia, by delivering on the EU's promise to lift the isolation on the Turkish Cypriots.

Four years have passed since then. During this period, the Independent Commission on Turkey watched closely developments in Turkey, in the European Union and in the relationship between the two. We dwelled on whether to publish a new report on Turkey, but were discouraged by the events unfolding before our eyes. Between June 2010 and October 2013

Crisis-stricken Europe had lost most of its appetite for further expansions. The stalling of Turkey's accession process was not exclusively due to the EU. Turkey also shared part of the responsibility.

no new chapter was opened in Turkey's accession talks. Out of the 35 chapters of the EU acquis, Turkey was negotiating only 13. Most remaining chapters were blocked, either by Cyprus, by France or by the European Council as a whole. On top, the Eurozone crisis that broke out in 2010 deepened the alienation between Turkey and the EU. In view of the existential crisis facing the Union, EU enlargement in general and Turkey's EU membership in particular slid down

the list of priorities. With the stalling of Turkey's accession process and the EU absorbed in its internal battle for survival, Turkey was rarely discussed in the context of enlargement. Crisis-stricken Europe had lost most of its appetite for further expansions.

The stalling of Turkey's accession process was not exclusively due to the EU. Turkey also shared part of the responsibility. Turkey did not open its ports and airports to Greek Cypriot vessels and airplanes, although this was a legal commitment that Turkey itself had made by signing the Ankara Protocol in 2005. More generally,

the Turkish government under the Justice and Development Party (AKP), while remaining in principle committed to the accession process, in practice seemed to be attaching less importance to it since 2007. We noted for instance the absence of any reference to the EU in Prime Minister Tayyip Erdoğan's 2023 vision speech at the 2012 AKP congress, and the repeated suggestions that Turkey might join the Shanghai Cooperation Organization. The Turkish opposition also failed to genuinely put the EU back on the domestic political agenda. Underpinning this lukewarm neglect at elite level is the Turkish public's turn away from the EU. In 2004, a high 73 percent favoured Turkey's EU membership. This figure dropped dramatically after 2007, hovering between 34 percent and 48 percent over the last seven years.

By mid-2013, we started seeing the signs of a new beginning between Turkey and Europe. These have encouraged us to examine how these signs could be capitalized on and galvanized into a reset of relations between Turkey and the European Union. After

By mid-2013, we started seeing the signs of a new beginning between Turkey and Europe.

the victory of Francois Hollande in the French presidential elections in 2012, France hinted that it may lift its veto over the five chapters unilaterally blocked by France. The veto over one such chapter was lifted in February 2013 and, after a three year hiatus, accession negotiations between the EU and Turkey restarted with the European Council opening the regional policy chapter in November 2013. The improved political climate between France and Turkey was revealed during President Hollande's visit to Turkey in January 2014. In Germany, explicit talk about a "privileged partnership" has dropped from the official lexicon, and although the new Christian-Democrat-Social Democrat government is unlikely to become an active promoter of Turkey's EU membership, the language of the coalition agreement is cautious, neither embracing nor opposing membership. In January 2014 Prime Minister Erdoğan visited Brussels, the first such visit in five years. In 2014 the EU presidencies of two member states that have supported Turkey's accession process – Greece and Italy – hold the promise of opening further accession chapters. As regards the EU as a whole, while the Eurozone crisis is not over, it has hopefully exited its existential phase in which the survival of the single currency was in danger. The transition towards economic recovery is slow, the path towards

institutional reform is bumpy, and the political fallout from the crisis is still unfolding before our eyes. But with the lowest point of the crisis behind us, not only can the EU gradually lift its gaze, but may also develop through differentiated forms of integration in a manner that may, in the long term, facilitate further enlargements, including to Turkey.

In this context, in December 2013 Turkey and the EU signed a readmission agreement and launched a visa liberalisation roadmap that is expected to result in the lifting of EU Schengen visas on

The visa exemption would tear down an important psychological barrier between Turkey and Europe, facilitate the functioning of the EU-Turkey customs union agreement, and put the EU-Turkey relationship on a healthier footing.

Turkish citizens in 3 years. The visa liberalisation roadmap is an important breakthrough insofar as Schengen visas – and the bureaucratic hurdles in obtaining them – have been amongst the main sources of Turkish resentment towards the EU. The visa exemption would tear down an important psychological barrier between Turkey and Europe, facilitate the functioning of the EU-Turkey customs union agreement,⁵ and put the EU-Turkey relationship on a healthier footing. Furthermore, as and when the visa exemption actually comes into force, the high probability

that this will not generate a surge in Turkish migration into the EU could ease the debate about Turkey's full membership, in which fears of migration have fueled opposition to Turkey's EU entry.

Alongside these signs of a new beginning, the Independent Commission on Turkey is deeply concerned about the turbulence that Turkey is living through. Moreover, Turkey's neighbourhood is undergoing profound turmoil, while Europe is very slowly recovering from its crisis. In this context, we are ever more firmly convinced that Turkey and the EU ought to pursue a re-energised accession process.

⁵ Although the EU-Turkey customs union agreement allows Turkish manufactured goods to travel freely to the EU, the Schengen visa requirement has meant that Turkish businesspersons cannot follow their goods in order to market them in Europe. Turkey has long argued that in this respect the EU visa requirement on Turkey has hampered the effective functioning of the customs union agreement.

I Political Reforms

The absence of a common European umbrella under which diverse political and societal groupings could unite has played itself out in Turkey's troubled political transformation in recent years.

Despite the loosening of the EU anchor in Turkey, the impulse towards political reform has continued albeit in a much weakened form. In some areas, important steps forward were made since

2009 – notably in the rebalancing of civil-military relations. But in other areas, there have been setbacks – freedom of expression and the reform of the judiciary – or critical obstacles yet to be overcome – the peace process with the PKK. The pending and at times exacerbating problems in Turkey's political transformation have been due to the deep divisions and mistrust between the principal domestic players. Polarisation and the ensuing reluctance to

compromise have hampered Turkey's transition towards a mature democracy. The absence of a common European umbrella under which diverse political and societal groupings could unite has played itself out in Turkey's troubled political transformation in recent years.

Civil-Military Relations

Civil military relations had been an issue for many decades. The Turkish military as an institution never showed any desire to establish long-term military rule. Turkey had embarked on multi-party democracy immediately after the Second World War. On many occasions, however, the military interfered in the workings of democracy. They went as far as temporarily removing civilian governments arguing that the constitution called on them to protect the secular nature of the state, as well as its territorial indivisibility. Since 2009, Turkey has accelerated

efforts to fully rebalance civil-military relations. Notably, after the infamous 2007 e-memorandum in which the military issued a statement on its official website hinting at the threat to secularism posed by the eventual election of Abdullah Gül to the presidency, governing authorities ratcheted up their efforts to curb the military's interference in politics. Two parallel sets of developments unfolded in the years that followed. First, judicial authorities pursued the *Ergenekon* and *Balyoz* cases, the former being an alleged clandestine ultranationalist group suspected of wanting to overthrow the Justice and Development Party (AKP) government, and the latter a military-inspired coup plot against the government. Taken together the cases represented an effort to dislodge the so-called "deep state" and to redress definitively civil-military relations in Turkey. The September 2012 *Balyoz* verdict and the August 2013 *Ergenekon* verdict sentenced hundreds of officers, including a former chief of staff, as well as journalists, academics and opposition politicians. These trials definitively signaled the end of the era of military coups and interventions in Turkey.

The conduct and conclusion of these two cases was deeply contested, most recently by the government itself.

However, the conduct and conclusion of these two cases was deeply contested, most recently by the government itself. Many felt that the trials had become witch hunts against government critics (and critics of the Fethullah Gülen movement),⁶ that procedural law was severely violated, and that the verdicts were based more on the alleged identity of suspects than on actual evidence. Taken collectively there appears to be ample evidence that these cases were unfortunately used as a tool of psychological intimidation inducing self-censorship.

Second, a number of legislative and constitutional reforms were pursued after 2009 entrenching civilian control over the military. In June 2009 a law was passed allowing civilian courts to try military personnel in peacetime, while lifting the remaining

⁶ The Gülen Movement – known in Turkey as Cemaat (Movement) or (by its supporters) as Hizmet (Service) is led by Fethullah Gülen, a religious preacher, who has been living in the US since the late 1990s. The Gülen movement supports an extensive network of schools, and businesses across the world. At the same time, the Movement is viewed by some with scepticism. Concerns have been expressed with respect to the Movement's transparency, finances, political agenda, commitment to women's rights and pluralist democracy. There are also allegations that the Movement has placed members and sympathisers in the Turkish police, judiciary and intelligence and that these people have played an important role in the *Ergenekon* and *Balyoz* cases and arrest of military officers, as well as in the corruption scandal that enveloped Turkey in late 2013.

powers of military courts to try civilians in peacetime. In January 2010, the parliament abolished the Protocol on Cooperation for Security and Public Order (EMAYSA), which allowed the military to conduct operations to combat internal security threats without prior civilian consent. These reforms were followed by the September 2010 constitutional amendments which strengthened judicial oversight over the decisions of the Supreme Military Council, lifted restrictions on the trial of the perpetrators of the 1980 military coup, allowed for the trial of top military officials for any offences committed during official duties, and restricted the jurisdiction of military courts to cover exclusively crimes related to military service. In December 2010, the Law on the Court of Auditors, strengthened civilian control over the military budget, by allowing for external ex post audits of military expenditure as well as defence expenditure that falls outside designated budgetary resources. Finally, in 2013 an amendment to the Internal Service Law of the Armed Forces explicitly banned military personnel from engaging in political activities.

The rebalancing of civil-military relations is still incomplete. Parliamentary oversight over military expenditure remains

limited, the military retains wide autonomy in intelligence gathering, the Law on the National Security Council still includes a broad notion of security, civilian oversight of the gendarmerie is wanting, and further reforms are still needed in the military justice system. In practice, the pending shortcomings in civil-military relations were revealed by the dismissal of the charges in the Uludere case, in which 34 villagers along the Iraqi border were killed in a Turkish military air raid in December 2011. Yet on a whole, as far as

civil-military relations are concerned, 2014 Turkey is an entirely different country compared to its previous self, now approximating Western standards regarding civilian control over the military.

In the political struggle between civilian and military forces in Turkey, the former have definitively won the upper hand.

As far as civil-military relations are concerned, 2014 Turkey is an entirely different country compared to its previous self, now approximating Western standards regarding civilian control over the military.

Human rights and fundamental freedoms

In the case of human rights and fundamental freedoms, Turkey's performance over the last few years has been far patchier than in the case of civil-military relations. In some areas, such as the fight against torture, important steps forward were made, including the ratification of the Optional Protocol to the UN Convention against Torture. In other areas, such as the rights of non-Muslim minorities, progress was more gradual. Amendments in 2011 to the Law on Foundations for instance broadened the scope of return of confiscated properties to religious foundations and allowed such foundations to receive compensation when their properties were sold to a third party and could not be returned. This was followed by symbolic gestures such as allowing religious services to take place in the Armenian Church on Akhtamar (Akdamar) island in Van (banned since 1915) or returning confiscated property to an Assyrian monastery in 2013.

In other areas however, such as the freedom of expression, judicial reform, or the rights of the Alevi community, steps forward were matched or overtaken by parallel steps backwards. As regards the Muslim Alevi community, reforms remain wanting. Despite the official talk of an Alevi opening in 2009, little concrete action has followed suit. Alevis in Turkey continue to feel discriminated by the official non-recognition of their places of worship (*cemevis*), the persistence of compulsory (Sunni) religious education, and the unreformed Directorate General of Religious Affairs which represents only Sunni Islam. On top, since Turkey turned against Bashar al-Assad's regime in Syria in 2011 and despite the differences between Syria's Alawites and Turkey's Alevis, the latter have distinctly felt a ratcheting up of discrimination against them.

Recent years have also witnessed a severe deterioration of the freedom of expression in Turkey. Whereas in 2005 there were no citizens imprisoned for the non-violent expression of opinion, in late 2013 there were 40 journalists behind bars (although the number went down from 61 in October 2012). Linked to this, Turkey has seen a serious downturn in media freedom. By December 2013 close to 36000 websites had been blocked.⁷ In February 2014 the Turkish parliament passed a controversial Internet law that allows the telecommunications authority to

⁷ <http://engelliweb.com/istatistikler/>

block any website within 24 hours and requires all Internet providers to store data on users' activities and make it available to authorities upon request. Authorities have reportedly held citizens on custody for Twitter messages. State officials reportedly continue to apply pressure on the media, triggering the firing of journalists and widespread self-censorship.

Whereas in 2005 there were no citizens imprisoned for the non-violent expression of opinion, in late 2013 there were 40 journalists behind bars.

Media outlets criticising the government have suffered disproportionately. After the *Hurriyet* daily connected the AKP with a charity scandal in Germany in 2008, the state fined the parent company – the Doğan Group – \$523 million in tax evasion and a further \$2.5 billion for unpaid taxes in 2010, putting the amount owed at more than the value of the company itself.⁸ The

Doğan tax scandal triggered growing self-censorship in Turkey. As a consequence, Turkey, which in 2005 ranked 98th out of 178 surveyed countries in the Reporters Without Borders' Annual Index of Press Freedom, dropped to 154th position in 2013. Largely owing to the violations in the freedom of expression, there has been a renewed increase in the number of European Court of Human Rights applications against Turkey in 2013 (approximately 11,200, compared to 8000 in 2012, of which approximately 450 relate to cases pertaining to the freedom of expression).

Problems related to the freedom of expression are caused by the pending shortcomings in Turkey's constitution and penal code, alongside the 2006 Anti-Terror Law. Taken together, constitutional and legal provisions have seriously curtailed the freedom of expression on the basis of broadly construed notions of national security, public order and national unity. These legal provisions have been used by overzealous prosecutors and judges to curb the freedom of expression and impose pre-trial detention of hundreds of individuals against whom there is hardly any evidence of support for or involvement in acts of political violence. Individuals allegedly associated with the Kurdish nationalist movement or critical of the government have suffered disproportionately from the strict application of lax legal provisions.

⁸ In 2010 the Court suspended the implementation of the tax fine against the Doğan TV Holding unit.

The judiciary

Problems related to the freedom of expression and Turkish judiciary have also worsened. Shortcomings in the judiciary are not new. In the past, the judiciary was a bastion of the secular establishment, acting as a political – and politicised – force against all non-establishment actors, including the ruling AKP. Nowhere was this clearer than in 2008, when the AKP narrowly escaped closure by the Constitutional Court on the grounds of its alleged threat to secularism. Problems linked to judicial independence compound those linked to the structure and functioning of the legal system. Turkish law has allowed for abnormally long – until 2013 up to three years for normal cases and 10 years for state security cases – pretrial detention periods. On top, indictments have often been made on the basis of flimsy evidence as well as evidence obtained through opaque and at times unlawful means. Defendants often have been unaware of the charges made against them and have not been able to access legal counsel. Investigations and ensuing trials have been extremely long often owing to the heavy workload of the courts. Taken together, these legal and structural shortcomings have led to a system in which human rights and the rule of law are frequently violated. When added to the practices of an insufficiently independent and impartial judiciary, the threat to democracy has been stark.

In order to rectify this situation some steps have been made. In 2009 the government announced a Judicial Reform Strategy, the main provisions of which were put to popular referendum in September 2010. The 2010 constitutional referendum, approved by 58 percent of the electorate, introduced individual applications to the Constitutional Court and, reformed, *inter alia*, the High Council of Judges and Prosecutors (responsible for judicial career paths) and the Constitutional Court. These reforms theoretically aimed at democratising the judiciary by increasing the number and diversifying the societal background of Constitutional Court and High Council members. The amendments also partly aimed at increasing the judiciary's independence. The constitutional reform was followed by four judicial reform packages. The first two packages in 2011 essentially aimed at reducing the workload of the judiciary by decriminalising several offences (now subject to administrative fines), introducing legal fees for applicants to regional courts of appeal and the Court of Cassation, and

reviewing the competences of courts, the Court of Cassation and the Council of State. The third judicial reform package in 2012 enhanced the freedom of expression, inter alia, by abolishing the heavy penal courts with special powers, replacing them with the narrower anti-terror courts. It also reduced the long periods of pretrial detention by lifting the three year limit for judicial control and allowing for pretrial detention only when there are founded suspicions that a crime was actually committed. The fourth judicial reform package narrowed the scope of terror-related crimes, which, if duly implemented, should reduce significantly the number of cases against Turkey at the European Court of Human Rights.

In part the reforms aimed at increasing the independence, impartiality and efficiency of the judiciary. These steps, while important, are insufficient however to fully liberalise speech, avoid arbitrary detention, ensure effective defence, and narrow the net of indictments for acts of terrorism. Excessive workload remains

Political dynamics ominously point to a potentially severe weakening of judicial independence and impartiality.

a key problem, with a judge in Turkey facing over 1000 cases on average, compared to the approximately 200 cases of his/her peer in the EU. Improvements in judicial independence and impartiality have been made, but these are insufficient. Moreover, in light of the graft probe that enveloped Turkey at the close of

2013, the government has proposed a draft law – not be subject to referendum – that would increase significantly the powers of the Ministry of Justice on the High Council of Judges and Prosecutors. In the current context, the risk is thus that of replacing one set of politicised prosecutors and judges with another, instead of creating a truly independent and impartial judiciary. The reform packages indicate a degree of goodwill that falls short of what a wholesale reform of the judiciary would warrant. On the contrary, political dynamics ominously point to a potentially severe weakening of judicial independence and impartiality.

The Kurdish Question

An area which has lived through tumultuous ups and down in recent years is Turkey's protracted Kurdish question. In 2009, the Turkish government announced a Kurdish Opening (later redefined as a Democratic Opening), with three main headings:

cultural and language rights; criminal justice and amnesty; and political participation. The Democratic Opening came to an abrupt close with the political flop of the operation to return a small group of Kurdish refugees and outlawed Kurdistan Workers Party (PKK) affiliates from Iraq in September 2009, the banning of the pro-Kurdish Democratic Society Party (DTP) in December 2009 and the intensification of arrests of Kurdish activists involving alleged members of the Kurdistan Communities Union (Koma Ciwaken Kurdistan KCK) since 2010.⁹ By the summer of 2011, no less than 3,000 persons, including politicians, mayors, journalists, publishers, writers and academics were arrested, despite the lack of evidence of their involvement in acts of violence. The security situation also aggravated with over 700 deaths in 2012, the highest number of casualties since the PKK's ceasefire in 1999. The eruption of the Syrian civil war made matters worse, insofar as a PKK-affiliated group – the Democratic Union Party (PYD) – took control in 2012 of an area bordering Turkey, emboldening the PKK and fueling Ankara's false temptation to crush the PKK militarily.

It is in the context that Turkish Prime Minister Recep Tayyip Erdoğan launched a peace process with jailed PKK leader Öcalan in 2013. The process – known in Turkish as *süreç* – saw a first victory in March 2013, when Öcalan called for a ceasefire and for the PKK to retreat from Turkish territory. By May 2013, the first group of PKK fighters took refuge in Northern Iraq. However, the ceasefire was to be only the first step in a normalisation process. Reconciliation on the Kurdish question would require the agreement and implementation of Kurdish individual and collective rights, and ultimately the reintegration of former PKK combatants into civilian life.

In response to these demands, in September 2013 the government announced a much awaited democratisation package. The package exempted elementary school children from taking their oath of allegiance to the Turkish nation, allowed for the use of the letters x, q and w (used in Kurdish but not in Turkish) in official documents, legalised education in Kurdish in private schools, allowed politicians to use Kurdish in their election

⁹ The KCK is an umbrella Kurdish organization, including PKK affiliates from Turkey, Iraq, Iran, Syrian and the diaspora, inspired by Abdullah Öcalan's concept of "democratic confederalism".

campaigns and political parties to have two co-chairs,¹⁰ and entitled parties that receive over three percent of the vote to benefit from public financial assistance. The package also allowed for the possibility for Turkey to lower its abnormally high (ten percent) electoral threshold, either by lowering the threshold to five percent and narrowing electoral constituencies to five seats, or by removing the threshold altogether in a single member district system. Alongside these measures, specifically designed in the context of the Kurdish peace process, the democratisation package slipped in several other reforms that catered to the demands of other constituencies, including allowing female public servants to wear the headscarf and returning some confiscated property to the non-Muslim community.

The reforms announced in the democratisation package can be read in two ways. Optimists see them as yet another step in the protracted reconciliation between Turkey and its Kurdish community, which has seen, after the capture of PKK leader Abdullah Öcalan in 1999, the lifting of the state of emergency, the removal of constitutional bans on the use of Kurdish, the permission to broadcast publically and privately in Kurdish, the teaching of the Kurdish language first in private courses, then in universities, and then – albeit in a circumscribed manner – in secondary schools. In this reading, the current package represents a step further in the right direction with the permission of education in and not simply of Kurdish in private schools. Ultimately, optimists argue, gradualism will see the full entrenchment of Kurdish cultural and linguistic rights with, *inter alia*, education in and of Kurdish in public schools. Pessimists see the democratisation package as being too little too late. Many of the reforms in the package included practices that had already become commonplace – for instance the fact that the pro-Kurdish Peace and Democracy Party (BDP) already had two co-chairs, or that in BDP-controlled municipalities the letters x, q and w were already used in official correspondence. Other measures in the package were deemed badly wanting. Private education in Kurdish, for instance, has been criticised due to the fact that many Kurdish families cannot afford private schooling. Other measures

¹⁰ This would allow, *inter alia*, parties to have male and female co-chair. It would also legalise the existing practice in the pro-Kurdish BDP of having two co-chairs.

still were rejected outright. The two options for lowering the electoral threshold were opposed by the BDP on the grounds that they would trap the pro-Kurdish party in the Kurdish-dominated south-east.¹¹ Critics also note what was not in the democratisation package, including a much-awaited revision in the Anti-Terror Law that would have allowed for the release of hundreds of BDP and alleged KCK members currently in jail.

The Independent Commission on Turkey applauds the courage demonstrated so far by the Turkish state and the Kurdish nationalist movement. In this context, it welcomes the democratisation package as an important step in the right direction. It notes, however, that the road towards a full reconciliation between Turkey and its Kurdish citizens remains long and riddled with obstacles. At the very least, a resolution of the Kurdish question and Turkey's democratic consolidation will require a new civilian constitution, which would redefine citizenship, ensure greater autonomy of local government, lift restrictions on public education in mother tongues, specify cultural rights, entrench non-discrimination and raise the bar for the closure of political parties. The Independent Commission on Turkey regrets the failure of the constitution-making process and believes that a civilian constitution is imperative if Turkey is to become a mature liberal democracy that reconciles itself with all its citizens.

A civilian constitution is imperative if Turkey is to become a mature liberal democracy that reconciles itself with all its citizens.

Domestic Polarisation

Over the last four years the only area that has unequivocally seen a clear-cut democratic improvement is the rebalancing of civil-military relations. This is the only domain in which the political empowerment of one set of actors – civilian forces – over another – military forces – has been unambiguously good news for Turkey's democracy. In all other areas discussed above, we note progress coupled with backsliding. In some cases, the former outweighs the latter, in others the reverse holds true. Underpinning this mixed picture is the fact that, as opposed to the civil-military balance, divisions between different political and societal groups

¹¹ The BDP proposes to lower the threshold to 3 percent instead.

in Turkey have severely hindered the country's democratisation. In this respect, the absence of a credible EU accession process has been extremely harmful. The EU no longer represents the

Turkey is living through times of acute polarisation between different political forces as well as between the government and important segments of civil society.

umbrella under which diverse political and societal forces in Turkey find joint refuge. As a consequence, Turkey is living through times of acute polarisation between different political forces as well as between the government and important segments of civil society. The botched attempt to agree on a civilian constitution, the demonstrations sparked by Gezi Park, and the corruption scandals that enveloped the

AKP government in late 2013 and early 2014 are the most acute symptoms of such polarisation.

A new civilian constitution has been the first victim of Turkey's political polarisation and the most concrete demonstration of how such polarisation represents a key hindrance to Turkey's democratic consolidation. After the third electoral victory of the AKP in June 2011, the domestic political scene

A new civilian constitution has been the first victim of Turkey's political polarisation.

became dominated by debates over a new constitution. Having undergone an unending series of constitutional amendments, the Turkish body politic had rightly concluded that only a new civilian constitution could decisively consolidate the country as a mature liberal

democracy. Support for a new constitution prevailed not only at elite levels amongst government and opposition alike, but also at public opinion level, where a high 68 percent of respondents declared themselves to be in favour in 2011.¹² The constitution-making machinery was consequently set in motion. It was conducted within the Turkish Grand National Assembly in which a Constitutional Conciliation Commission including three members from each of the four political parties represented in parliament – the AKP, the Republican People's Party (CHP), the Nationalist Action Party (MHP) and the Peace and Democracy Party (BDP) – was supposed to agree on a draft by consensus.

With fears of (AKP) majoritarianism in the country already prevalent in 2011, an inclusive and consensual constitution-

12 TEPAV, "Social Demands Grew for a New Constitution", 2 March 2011, <http://www.tepav.org.tr/en/haberler/s/1982>

making process made sense. But in view of the polarisation in the country, the prospects for agreement on a draft constitution were low. Two inter-locking cleavages separated the four parties: a first regarding the separation of powers and civil-military relations – exacerbated, *inter alia*, by the conduct of the Ergenekon and Balyoz cases –, pitting the AKP against the CHP; and a second on citizenship, governance and rights, including questions of secularism, decentralisation and identity, where the lines of division ran between the AKP and CHP as well as between the MHP and the BDP. Whereas agreement was reached on 60 out of 150 articles of the new constitution, the most salient political issues, ranging from the separation of powers, to the definition of citizenship and decentralisation remain deeply contested. In view of the lack of consensus, rather than working on an adequate dispute resolution mechanism, the AKP pulled out of the Constitutional Conciliation Commission, effectively putting an end to the work of the Commission in December 2013.

Whereas the stalled constitution process epitomised the polarisation within Turkey's political society, the mobilisation sparked by the government's plans to demolish the small Gezi Park in order to build a shopping mall in Istanbul's city centre symbolised the deep divisions between the Turkish government and varied segments of Turkey's vibrant civil society. In May-June 2013, Gezi Park became the object of dissent by a disparate group of protesters, prompting demonstrations across the country following the police's forceful intervention using tear gas to disperse the crowds. Secularists balked at the newly minted evidence of the government's Islamists inclinations, including the adoption of a law that severely restricted the marketing, sale and consumption of alcoholic beverages, justified by Prime Minister Tayyip Erdoğan by making explicit reference to religious tenets. Alevis were dismayed at the government's decision to name the third bridge over the Bosphorous after Selim the Grim, the Ottoman Sultan remembered for his massacres of Alevi Muslims. Environmentalists and elite city dwellers contested the AKP's construction frenzy, cementing over the city's few green spots or erecting another shopping mall on the site of Istanbul's oldest movie theatre. Many others, including youngsters, socialists, nationalists, Kemalists, Kurds, Muslims, LGBT, football fans, hackers, academics, anarchists, anti-war activists and women all brought forward their specific complaints against the government.

Content aside, what united this disparate group of dissenters, which rapidly mushroomed beyond Gezi Park across the country, was a growing frustration with what they felt as the government's authoritarian style of governance: a disdain for compromise, consensual politics and deliberation, a majoritarian understanding of democracy, a hierarchical and non-inclusive leadership, and a growing appetite to regulate private lives. The flip side of the mobilisation was the growing frustration with the political opposition's inability to effectively channel their concerns through parliamentary politics.

The events sparked by Gezi Park highlighted both sides of the coin of Turkey's democracy. On the one hand, the societal heterogeneity and peacefulness of the mobilisation demonstrated in full force the dynamism of Turkey's civil society, a dynamism manifested only by countries that are well on the way towards full democratic consolidation. The nature of the mobilisation in and around Gezi Park would have been unthinkable in Turkey only a decade ago. The fact that secular leftists and Kurds, pious Muslims and lesbians, gays, bisexuals and transgender (LGBT) all coexisted

What Gezi Park brought to the fore is the imperative of seeking a new social contract in Turkey, which consolidates a political culture of deliberation, openness and tolerance.

peacefully for days during the demonstrations, united by the same spirit and cause, attested to the vibrancy of Turkey's democracy. On the other hand, the police's use of excessive force, the government-imposed media blackout (exacerbated by the widespread self-censorship of the mainstream media) and the uncompromising tone of the Prime Minister in reaction to the protesters' demands suggested that Turkey is yet

to make the final jump to a mature liberal democracy. Above all, in a country in which divisions run high, dialogue and consensus-building are of the essence. Majority rule, particularly like that enjoyed by Turkey's ruling party, can do miracles in breaking taboos, be these regarding the previously sacrosanct role of the military in Turkish politics, the dominant understanding of Turkish secularism or the entrenched Kurdish question. Yet seeing these processes through to their happy end requires the ability to engage openly and horizontally the plurality of Turkish society and ridding the country of its state-centric, illiberal and Jacobin instincts. More broadly, what Gezi Park brought to the fore is the imperative of seeking a new social contract in Turkey, which consolidates a political culture of deliberation, openness and tolerance.

Last but not least is the growing rift within Turkey's conservative camp between Prime Minister Tayyip Erdoğan and the *Cemaat* led by Fethullah Gülen. Erdoğan's AKP and the Gülen movement had been long time allies. Not only do they hold a similar religion-leaning worldview, but they shared a common enemy: the military. As time went by and the battle against the military was effectively won by civilian forces, these two souls of Turkey's religious camp began diverging, as each grew suspicious of the other's growing power. The government was irked by the Movement's growing permeation within the police, the judiciary and the media. The Movement became increasingly uncomfortable with the government – and the Prime Minister's – accumulation of power and authoritarian style of leadership.

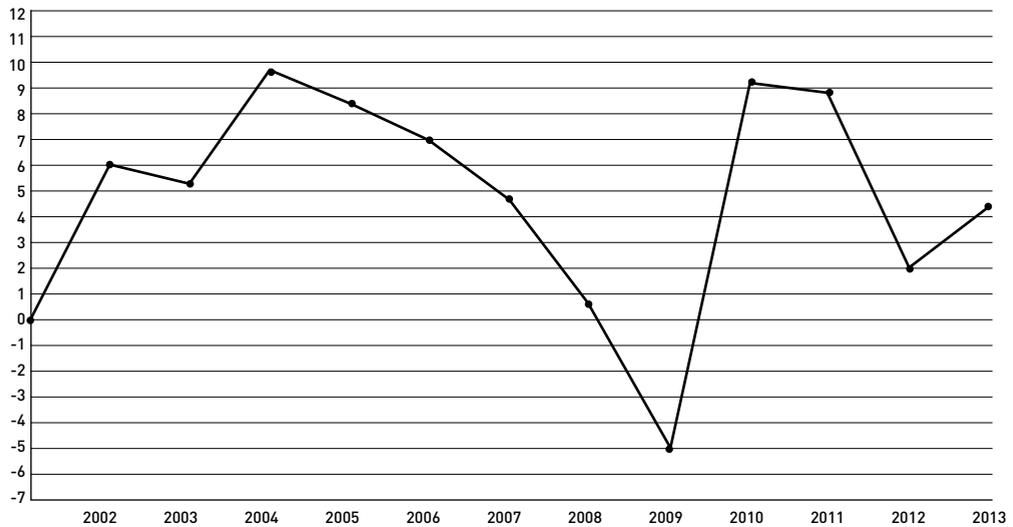
The first concrete manifestation of the division came in 2012, when the police intelligence (allegedly close to Gülen) summoned the National Intelligence chief and close collaborator of the Prime Minister, Hakan Fidan for conducting secret talks with jailed PKK leader Öcalan. The rift deepened when in the fall of 2013 the government prepared a draft bill to ban private prep schools (*dershane*), many of which are run by the Gülen movement. The draft bill caused an uproar that resulted in the postponement of the bill's implementation to September 2015 after the end of the upcoming electoral cycle. The most recent and dramatic incident in this ongoing saga is the eruption of a major corruption scandal that has implicated several cabinet ministers and prominent members of the ruling AKP and their families, leading to a major government reshuffle and uproar within the AKP. At the time of writing, the outcome of this power struggle is unclear, as are the merits and demerits of its manifestations. While it is clear that the rule of law must be respected and the replacement of hundreds of police officers suggests an unveiled attempt at concealing facts, it is equally true that the launch of the investigation weeks after the exacerbation of the government- Gülen conflict is unlikely to be coincidental. Suffice it to say here that at the current juncture in which Turkey's reforms remain unfinished, the current climate of polarisation and domestic conflict in the absence of a strong EU anchor is compromising further Turkey's democratisation. In this context, the Independent Commission on Turkey reiterates the importance of judicial independence, the separation of powers, rule of law and freedom of expression in Turkey.

II The Economy

Turkey weathered the global financial and economic crisis since 2008 remarkably well.

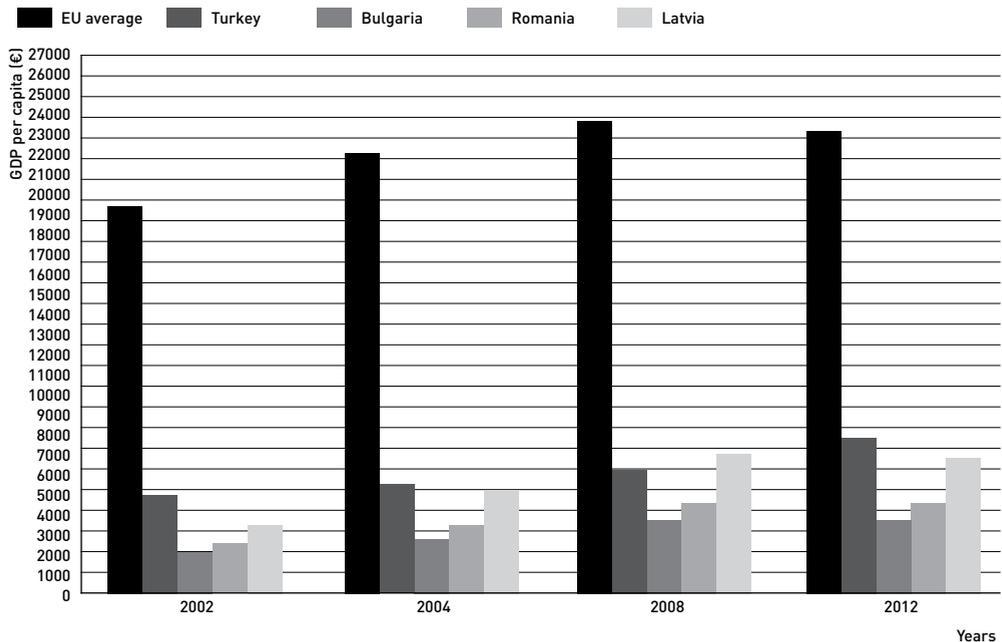
Turkey weathered the global financial and economic crisis since 2008 remarkably well. After taking a deep dip in 2008-2009, with annual growth rates of 0.7 percent in 2008 and -4.8 percent in 2009, the Turkish economy bounced back with an impressive 9.2 percent growth in 2010 and 9 percent in 2011 (see Figure 1). Turkey's impressive growth rates have led to a steady improvement of Turkish GDP with respect to the EU average (see Figure 2) Underpinning Turkey's ability to stand up to the crisis was the soundness of its banking system following the reforms launched in 2001, and followed through by subsequent AKP governments for several years. The financial and economic reforms meant that Turkey had few toxic assets and limited mortgage exposure, which meant that the government did not need to channel public funds to rescue banks. Public funds were directed instead to economic stimulus measures, such as temporary tax cuts on consumer goods, leading to a surge in the production of durable consumer goods. The Turkish Stock Market and credit rating agencies responded positively to these developments.

Figure 1: Turkish GDP Growth
Turkey GDP Annual Growth Rate 2002 – 2013



Source: <http://stats.oecd.org>; <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

Figure 2: Turkey's GDP in Comparative Perspective



Source: Eurostat <http://epp.eurostat.ec.europa.eu/tgm/refreshTableAction.do?tab=table&plugin=1&pcode=tsdec100&language=en>

Turkish economic resilience coupled with the Eurozone crisis set the stage for two mutually reinforcing trends. On the one hand, Turkish external trade has increased dramatically reaching 26 percent GDP in 2012 compared to an initial level of 5 percent in 1980 (see Figure 4). The number of Turkish companies involved in foreign trade has risen from 31,000 in 2002 to over 50,000 a decade later, and the benefits of foreign trade have become more evenly shared across the country. Whereas in 2002 only 5 provinces in Turkey recorded exports of over \$1 billion, by the end of 2012, this figure had reached 16, and continues to grow. Particularly over the last decade, there has been a surge of trade with the eastern and southern neighbours, as well as with China (see Table 1). On the other hand, the impressive growth of Turkish trade with its non-EU neighbours and other global actors, coupled with the deceleration of Turkish-EU trade in view of the Eurozone crisis since 2010, has led to a reduction of the EU share of Turkish exports from 56 percent in 2002 to 38 percent in 2012. The relative decoupling of the Turkish economy from that of the EU has fed a narrative that Turkey no longer needs the EU insofar as it is finding its own, national, way towards modernisation and development.

Table 1: Foreign trade relations between Turkey and its neighbors in million USD

	2005			2009			2011		
	Export	Import	TOTAL	Export	Import	TOTAL	Export	Import	TOTAL
Germany	9455	13633	23 088	9783	14096	23 880	13100	21400	34 500
France	3805	5887	9 692	6208	7091	13 299	6805	9229	16 035
Greece	1126	727	1 854	1634	1131	2 765	1553	2568	4 122
Italy	5617	7566	13 183	3204	4024	7 228	4330	6949	11 279
EU	41365	52696	94 061	47013	56509	103 522	62347	91128	153 475
US	5375	4910	10 286	8575	3222	11 798	16033	4596	20 630
Israel	1466	804	2 271	1 528	1 074	2 598	2391	2057	4 449
Russia	2337	12905	15 242	3202	19719	22 921	5993	23 953	29 946
China	549	6885	7 434	1599	12676	14 275	2467	21692	24 159
Iraq	2750	458	3 208	5126	952	6 078	8310	2504	10 814
Azerbaijan	528	272	800	1399	752	2 151	2065	1388	3 453
Iran	912	3469	4 381	2024	3405	5 429	3589	12461	16 050

Source: <http://www.ekonomi.gov.tr/>

The Independent Commission on Turkey considers this narrative as misleading. The Turkish economy still suffers from important deficiencies. The formidable expansion of the Turkish economy in 2010 and 2011 can be attributed largely to the surge in consumption, driven by growing consumer credit. In turn, there has been a rise in imports, dominated by consumer durables and

Growing exports have not matched this import surge, leading to a high current account deficit.

energy (Turkey imports approximately 90 percent of its liquid fuel consumption). Growing exports have not matched this import surge, leading to a high current account deficit, reaching up to 10 percent GDP in exceptionally high growth years like 2011.¹³ Alongside this, Turkey suffers from historically low savings rates, which have fallen further over the last decade to approximately 14 percent in 2011.¹⁴ Since savings fall short of investments, Turkey needs capital to finance its current account deficit, and the ensuing overdependence on foreign hot money overexposes Turkey to external shocks. Hence, the inherent tension in Turkey's economic development model: high growth leads to high current account deficits, which, in view of low savings, increases dependence on foreign capital, with a sudden halt in foreign capital flows due to external shocks risking to trigger a crisis in Turkey. With hot money from the United States petering out and Turkey enveloped in political instability leading to a devaluation of the Turkish lira (and thus the prospect of a higher current account deficit), in 2014 the fragility of the Turkish economy is being exposed in full light.

The vulnerability of the economy has further increased in recent years, particularly after 2011, because the Turkish government has reversed some of the key regulatory reforms that had been

The day-to-day interference of the government in the workings of the markets seems to have increased dramatically.

part of the reform programme led by Economy Minister Kemal Derviş. Most independent regulatory agencies, such as those in the energy and telecommunication sectors, were re-attached to the sectoral ministries. The day-to-day interference of the government in the workings of the markets seems to have increased dramatically.

The public procurement law, which had been a hallmark of the 2001-2002 reforms, was changed many times, decreasing the transparency

¹³ The World Bank, Current Account Balance, <http://data.worldbank.org/indicator/BN.CAB.XOKA.GD.ZS>

¹⁴ World Economic Outlook database, www.imf.org/external/pubs/ft/weo/2013/01/weodata/index.aspx

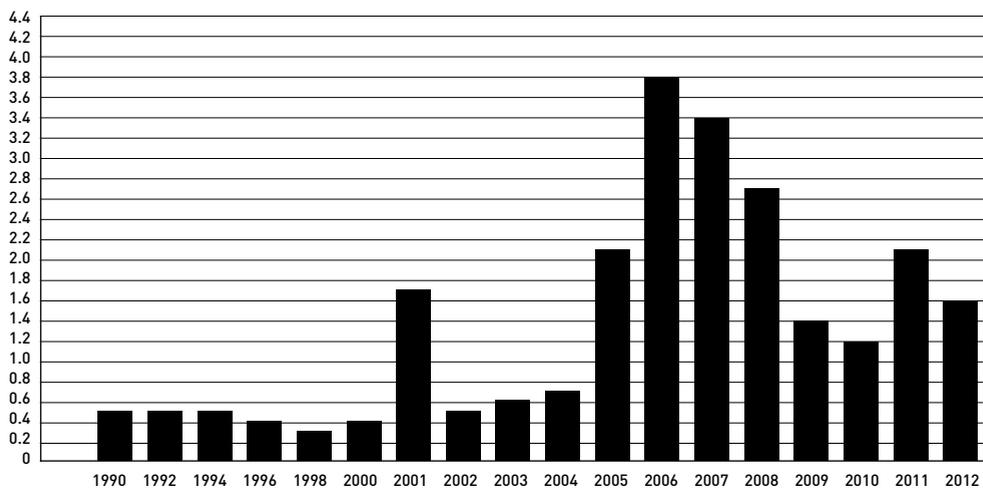
of the procurement process. The way public administration and economic regulation function today in Turkey is a far cry of what had been the case in the middle of the last decade.

Beyond the risk of short-term economic crisis there is therefore the danger that Turkey in the long term remains “trapped” in a much lower growth environment, much less attractive to both domestic and foreign long-term investors. Often called the “middle income trap”, such a deceleration of growth refers to the tendency of fast growing emerging economies to slow down once their GDP per capita has reached a certain threshold. Turkey runs this risk in view of its low savings rate as well as its still alarmingly low percentage of high-technology production. The share of Turkey’s high-technology exports stands at an abysmally low 2 percent of total exports, well below the average of both Organization for Economic Co-operation and Development (OECD) and emerging market countries.¹⁵

Alongside these structural and regulatory flaws in the Turkish economy is the fact that Turkey’s economic development continues to be closely intertwined with the EU. The growth of the Turkish economy over the last decade can be credited to Turkey’s growing integration with the global economy. The 1996 customs union between Turkey and the EU and the ensuing prospect of EU accession had been the key vehicles and external triggers for the implementation of this outward looking economic orientation. Beyond deepening trade with the EU, the customs union and the accession process raised the competitiveness of Turkish industry in the global economy, nurtured a culture of competition in Turkey, and transformed Turkey into a key destination for FDI. It is no coincidence that the peak years of FDI in Turkey were in the second half of the 2000s, when the accession process moved ahead (albeit slowly), Turkey’s reforms continued apace, and economic crisis had not yet gripped the European continent (see Figure 3). But the benefits of the customs union have now leveled off. This can be clearly seen in Turkey’s export performance, where after a peak of 27 percent in 2001, the growth of exports in Turkey has tended to underperform the growth of the economy as a whole. Only in 2012 did total exports reach a similar share as in 2001 (see Figure 4).

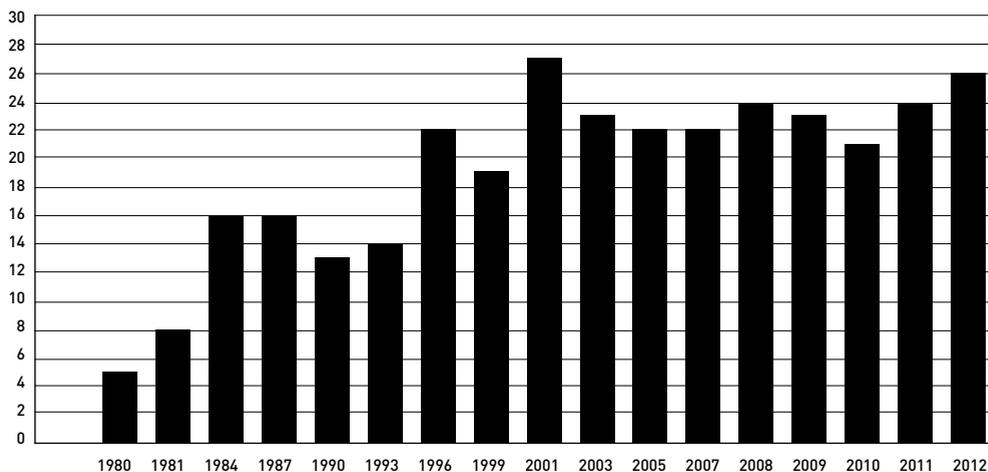
¹⁵ World Bank, Development Indicators Database, <http://data.worldbank.org/data-catalog/world-development-indicators>

Figure 3: FDI as % of GDP in Turkey
Foreign direct investment in Turkey (%GDP)



Source: <http://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?page=1>

Figure 4: Total Exports as a % of GDP in Turkey
Total Exports (%GDP)



Source: <http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS>

This has led some to question the benefits of the customs union in Turkey and the rationale for its continuation, let alone deepening. But on closer inspection facts reveal that the EU still

represents approximately 40 percent of Turkish exports and 75 percent of Turkey's FDI stock. With regard to the geographical distribution of the FDI flows to Turkey, the EU remains the

There is much potential for trade between the EU and Turkey in the field of services and public procurement as well as agricultural goods.

dominant source by far, with the Netherlands topping the list of member states. With regard to trade, Turkish trade with the EU has the highest value added of total Turkish trade. Most Turkish-EU trade is concentrated in the manufacturing business and intermediate or processed products, including machinery and transport equipment, clothing and textiles, as well as chemicals.

Beyond existing trade, there is much potential for trade between the EU and Turkey in the field of services and public procurement as well as agricultural goods, were the EU-Turkey customs union to be extended to these sectors. Seen from an EU perspective, Turkey is the sixth largest trading partner. In 2012 the EU exported to Turkey approximately 75 billion Euro and imported 48 billion Euro, resulting in a large EU trade surplus vis-à-vis Turkey. This shows how much EU exporters need the Turkish market.

Turkey's structural deficiencies, the prospects for overcoming these, and the deep interconnectedness between the Turkish and EU economies are all intertwined.

Turkey's structural deficiencies, the prospects for overcoming these, and the deep interconnectedness between the Turkish and EU economies are all intertwined. With the EU in crisis and European FDI in decline, there has been a sharp deterioration in the nature of foreign capital financing the Turkish current account deficit, with a surge of volatile portfolio investments. All this

does not necessarily point to a hard landing for Turkey's economy. So long as measures are taken to contain the current account deficit, address structural rigidities and fuel the growth of the skilled manufacturing and service sectors by devoting increasing attention to education and training, Turkey can proceed along a healthy growth path, albeit at a more contained rate of 3-5 percent per annum. In order to do so, however, the re-launch of a healthy EU accession

process remains the best guarantee for Turkey's economic success. In short, Turkey can continue to represent an economic powerhouse for Europe, the EU can and should continue to serve as an anchor to prevent Turkey from falling into short-term crisis or a long-term middle income trap, and the Turkish and EU economic futures will continue to be deeply intertwined.

III Energy

Since the late 1990s Turkey has been heralded as an energy transit bridge to Europe. The over 10,000 tankers that pass through the Bosphorus Strait every year, and the ensuing construction of the Baku-Tbilisi-Ceyhan oil pipeline and the Baku-Tbilisi-Erzurum gas pipeline transporting the first Azerbaijani sources to Europe placed Turkey firmly on the EU's energy map. At the turn of the century, Turkey had become a key component of the EU's quest for energy security through the diversification of energy sources and routes.

More recently, Turkey has held out the promise of becoming not simply an energy transit country, but also an energy hub.

More recently, Turkey has held out the promise of becoming not simply an energy transit country, but also an energy hub: a price-setting actor able to leverage its connections with multiple buyers and sellers. This would require Turkey importing gas from different sources to the Turkish gas pool, where domestic and European energy companies could trade volumes and re-export surplus volumes to European markets. As a hub, Turkey would contribute to smoothing fluctuations between demand and supply by limiting dependency on any single source and developing significant storage facilities that would help buffer against possibly supply interruptions. This vision would not only enhance Turkey's geopolitical standing and foster business opportunities through new storage, export and trading facilities, but would also enhance the flexibility of Turkish and European energy markets and create more competitive pricing schemes. As such Turkey's value to Europe could potentially increase significantly.

In order to become an energy hub, Turkey is seeking to increase and diversify its energy imports. Turkey represents one of the fastest growing gas markets in the world, and the fastest

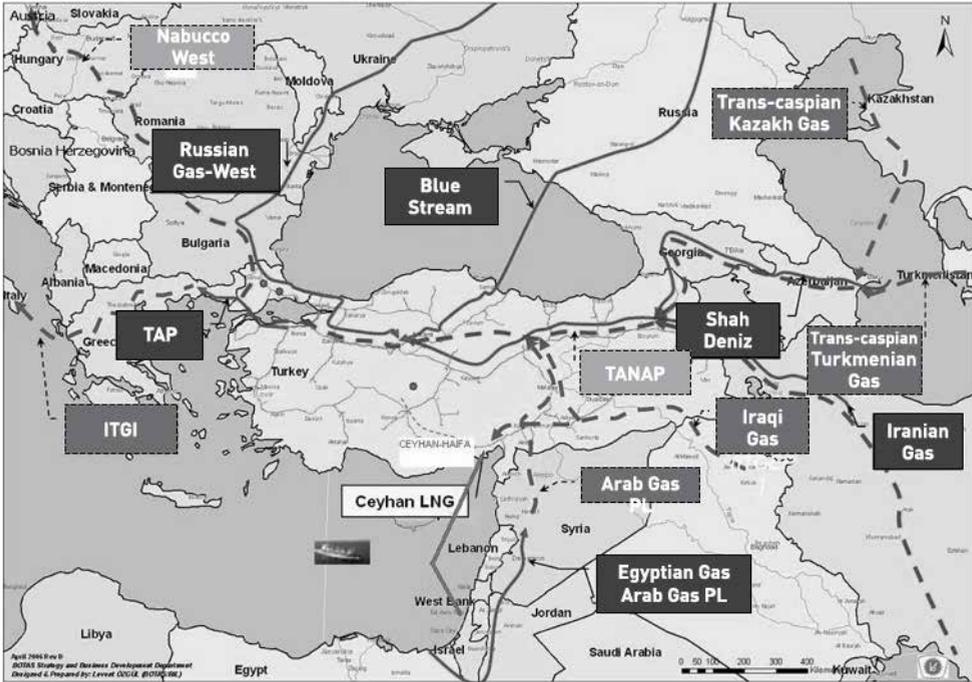
growing market amongst members of the International Energy Agency, with demand expected to increase from 45 billion cubic metres (bcm) in 2012 to 69 bcm in 2030. Alongside this, Turkey, lacking resources of its own, is heavily dependent on energy imports. 75 percent of its domestic energy demand is met by external resources. Specifically, natural gas has overtaken oil in Turkey's energy mix, becoming the most important fuel in terms of consumed energy. Two major sources of Turkish gas imports are Russia (55 percent of imports) and Iran (19 percent of imports).¹⁶ Beyond the fact that Russian and Iranian gas is imported at a high price (and in the case of Iran has at times been commercially unreliable), with both countries Turkey has traditionally had complicated relations. At the current juncture, complications have been mainly caused by the different positions adopted over the Syrian crisis. Vis-à-vis both, Turkish foreign policy-makers yearn to have greater space for manoeuvre. Reducing dependence on these two countries by diversifying energy imports (and concentrating on renewables and nuclear energy) is thus viewed as critical by Turkey.

There are three main pillars in Turkey's energy diversification strategy that merge with the EU's own search for energy security through the construction of a Southern Energy Corridor.¹⁷ The first and most advanced pillar is Azerbaijan. Since the 1990s and notably through the construction of the Baku-Tbilisi-Ceyhan oil pipeline and the ensuing Baku-Tbilisi-Erzurum gas pipeline in the early 2000s, the Turkish-Azeri energy relationship has become a cornerstone of Turkey's and the EU's quest for energy diversification and in particular the main source of the EU's Southern Energy Corridor. Building on these transport routes, the 2012 decision to construct the Turkish-Azeri Trans-Anatolian gas pipeline (TANAP) and the ensuing decision in 2013 to transport Azeri gas to Greece, Albania and Italy through the Trans Adriatic Pipeline (TAP) have added an important piece of the EU energy security puzzle. TANAP is expected to provide Turkey with 6 bcm of natural gas, and a further 10 bcm would be destined for export to Europe through TAP (see Figure 5).

¹⁶ US Energy Information Administration, "Turkey," <http://www.eia.gov/countries/cab.cfm?fips=TU>, 01 February 2013

¹⁷ The European Commission's Southern Energy Corridor aims at tapping into Caspian and Middle Eastern natural gas reserves, bypassing Russia.

Figure 5: International Gas Pipeline Projects



Source: BOTAŞ website, <http://www.botas.gov.tr/images/icerik/harita/BotasProjeE.jpg>.

Second, Turkey is deepening its energy relationship with Iraq, and notably with the Kurdish Regional Government (KRG). A pipeline to export oil directly from Northern Iraq to Turkey has been completed and agreements have been reached between Ankara and the KRG, welcomed by Baghdad, on oil pipelines, gas exports, and export payment methods. The gas agreement provides for the export of 10 bcm per year at relatively low prices. So far, there is no infrastructure for delivering the gas, though an export pipeline could be built within a relatively short period of time. With the deepening of the Turkish-Iraqi (notably KRG) relationship, Iraqi gas could eventually be channeled into the Southern Corridor complementing Azeri sources. Beyond the agreements reached so far, what is notable are the gas reserves in the KRG, estimated between 2.8 and 5.6 trillion cubic meters – four times Azerbaijani proven resources – that is a potential game changer in the Southern Energy Corridor.

The recent gas finds in the Eastern Mediterranean and particularly in Israel and Cyprus could become another element of Turkey and the EU's energy diversification strategy.

Third, the recent gas finds in the Eastern Mediterranean and particularly in Israel and Cyprus could become another element of Turkey and the EU's energy diversification strategy. Gas finds in the Levant basin have been estimated at approximately 3.4 trillion cubic metres (tcm).¹⁸ Although the precise quantities are a moving target, as companies are allotted licenses and constantly revise their estimates, as of 2013 most reserves seem to lie within the Israeli and Cypriot Exclusive Economic Zones (EEZ). Whereas smaller reserves are expected within Lebanese, Palestinian and Syrian territorial waters and EEZ, political instability and conflict have pushed the prospects for exploration and production in these cases to a more distant future. This leaves the estimated Israeli resources standing at approximately 480-560 bcm and the more limited Cypriot resources of 100-170 bcm.

Part of these reserves could eventually be exported to Turkey and be channeled into the Southern Gas Corridor, supplementing sources from Azerbaijan. To do so an underwater pipeline could be envisaged that would run from Israel to Turkey through Cypriot territorial waters (or EEZ), and then from the Turkish domestic network on to European markets. The pipeline at the very least would carry Israeli gas, but could ideally be envisaged as a multi-source solution to transport gas from the various East Mediterranean producers, including Cyprus. The commercial viability of a Turkish-Israeli pipeline as well as its geostrategic advantages explain why this is an option which the Israeli and Turkish authorities are seriously considering.

Two major political challenges question the viability of this option. The first is the state of Turkish-Israeli relationship. While it is true that energy could act as the glue consolidating the Turkish-Israeli rapprochement, it is equally true that in view of the fragility of the reconciliation, Israel may have second thoughts about depending entirely on Turkey for its gas exports. It is for this very reason that while Israeli authorities speak openly about the Turkish pipeline option, they do not exclude alternative (or possibly additional) transport options including Liquefied Natural

¹⁸ Proven reserves in January 2013 were much lower, around 1bcm.

Gas (LNG) facilities in Israel, Cyprus or also a short pipeline to Egypt and the use of the liquefaction facilities there. The second, more challenging, issue is the Cyprus question. According to the UN Convention on the Law of the Sea states that whereas pipelines can be built in a coastal state's Exclusive Economic Zone (EEZ), that coastal state must consent to the pipeline's trajectory across its EEZ. As such, the Republic of Cyprus would need to agree to the Turkey-Israel pipeline project. Currently, the Republic of Cyprus is not considering this option and is rather wedded to an LNG facility project in Cyprus. However, an LNG facility in Cyprus processing only Cypriot gas is unlikely to be commercially viable.

Provided that proven reserves were to justify multiple transport options, a possible solution would be an LNG facility in Cyprus plus an Israel-Turkey pipeline. Cyprus would thus consent to an Israel-Turkey pipeline if Israel were to send part of its gas to the LNG facility in Vasilikos. This would mean that Eastern Mediterranean gas would be partly channelled to Turkey and the Southern Corridor but also that Cyprus and Israel would liquefy

A possible solution would be an LNG facility in Cyprus plus an Israel-Turkey pipeline.

part of their natural gas for exports to more profitable global – notably Asian – markets. Moving forward, Eastern Mediterranean gas could act as a catalyst for the resumption of a Cyprus peace process, where negotiations have stalled since March 2012. Such a peace process

would ideally lead to a comprehensive settlement on the basis of a bizonal and bicomunal federation. At the very least there would be a partial agreement on resource governance and revenue sharing. Coupled to this, Ankara would be called to open its ports to Cypriot ships, while Cyprus would finally consent to the direct trade between northern Cyprus and the European Union. The EU-Turkey accession process would thus gain momentum with the lifting of EU and Cypriot vetoes on 13 of the chapters. Were this to happen, Eastern Mediterranean gas would concomitantly contribute to peace in the Eastern Mediterranean, to European energy security, and to closer EU-Turkey relations.

In order for Turkey to become and be perceived as a reliable energy hub, multiple sources are a necessary but insufficient condition. Perhaps the most important component of an energy hub is the transparency of the domestic energy regulatory framework and the openness of its energy market. To the extent

that such transparency and competitiveness are not in place, the prospects for it to become a gas hub would consequently diminish. Ideally, Turkey would need to harmonize its rules and laws to the EU's Third Energy Package, in particular unbundling its gas supply, transmission and system operations, and allowing transparent third party access to the pipelines crossing its territory.¹⁹ This would mean that the major Turkish state energy company BOTAŞ would lose control over strategic energy routes.²⁰ But it would also mean that Turkey would ultimately safeguard itself against regional suppliers abusing their dominant positions. Turkey has

it would indisputably be in Greek Cypriot interests to see Turkey develop into a reliable and efficient energy hub.

so far refused to enter the Energy Community which would entail Turkey's adoption of the EU energy *acquis*. It understandably prefers to adopt the energy *acquis* in the context of the accession process. Given the interest of the EU in seeing Turkey become a reliable and transparent energy hub, it is counterintuitive that the energy chapter

has not been opened yet. It is even more paradoxical that since 2009 the blockage of the energy chapter has come from Cyprus, as a result of the conflict with Turkey (and the Turkish Cypriots) over energy exploration rights in the Eastern Mediterranean. Insofar as transporting Cypriot gas to Europe through Turkey is an option that, at the very least, the Cypriots cannot exclude – given the uncertain prospects for a LNG facility in Cyprus – it would indisputably be in Greek Cypriot interests to see Turkey develop into a reliable and efficient energy hub.

In conclusion, there is an evident and growing interdependence between Turkey and the European Union in the energy sphere. Since Turkey's accession process began in the early 2000s, the energy futures of Turkey and the European Union have become more deeply intertwined. Both value highly their energy security and consider diversification of sources as the key instrument to ensure such security. Both have turned their gazes to Azerbaijan, and eventually Iraq, the Eastern Mediterranean

¹⁹ The original Nabucco pipeline project, that was eventually turned down in favour of TANAP and then TAP, had the strategic advantage of being regulated by intergovernmental agreements that complied with EU rules throughout the entire length of the pipeline, including those on Third Party Access and unbundling. This is not the case for TANAP.

²⁰ In principle the Turkish Natural Gas Market Law passed in 2001 introduced competition into the Turkish gas market, legally unbundling market activities and eliminating the market's monopolistic structure. However, in practice BOTAŞ is still responsible for the construction and operation of gas pipelines, imports gas, and sets an artificially low Turkish gas wholesale price, thus preventing the entry of potential participants in the wholesale gas market.

(and Iran pending resolution of the nuclear question) as major sources for the Southern Corridor in the making. Some seem to believe that EU-Turkey cooperation in the energy sphere can deepen irrespective of the destiny of the accession process. To an extent this is true. Turkey's geography means that it will continue to represent a key transit state in the Southern Corridor. But if the aspiration is for Turkey to become a reliable energy hub, then multiple sources are necessary but not sufficient. As, if not more, important than resources is the transparency, reliability and efficiency of the Turkish energy regulatory framework and market. The best guarantee for the necessary reforms in this regard would be the harmonisation of Turkish energy rules with the EU's energy *acquis* and Turkey's entry in the European Energy Community, which can only be realistically achieved through the opening of the energy chapter in accession talks. Opening such chapter would be unambiguously in the interests of Turkey, of the EU, and specifically of the Republic of Cyprus. In other words, the full potential of energy cooperation between Turkey and the European Union can only be realised within the confines of a credible accession process.

IV Foreign Policy

As noted in our 2009 report, 21st century Turkey has seen a remarkable build-up of its foreign policy, especially in the neighbourhood. With the end of the Cold War, Turkey's neighbourhood transformed beyond recognition. All of a sudden, borders that had been closed and relations that had been frozen for decades, closely conditioned by the East-West conflict, opened up. Across its neighbourhood and in areas as diverse as diplomacy, security, trade, energy and migration, Turkey began engaging at times autonomously at other times in concert with its Western partners in its northern, eastern and southern neighbourhoods. Having shed its Cold War mantle, Turkey's foreign policy became increasingly outward looking, deploying the whole array of hard and soft power tools to deepen its outreach in the region.

In the 2000s the area that has seen the most significant and intense, but also erratic and contested Turkish involvement has been the Middle East. Ever since the 2003 US-led war in Iraq, Turkey became increasingly engaged in its southern neighbourhood. The 2003 war initially transformed the Kurdish issue and concerns over Iraq's territorial integrity into a cause for unity between Iraq's neighbours. In the 2000s, Turkey and Iran started cooperating in the security realm, stepping up efforts to protect their common border against the PKK and its affiliates. Vis-à-vis Syria, joint concerns over Iraq's territorial integrity alongside Turkey's defiance of US efforts to isolate Syria in 2003-5 fostered Turkish-Syrian relations, culminating in the establishment of a Strategic Cooperation Council between the two countries in 2009. Albeit later, Iraqi-Turkish relations also picked up. The beginning of US-Iraqi-Turkish cooperation in the fight against the PKK in 2007 alongside the prospects of the US's military withdrawal from Iraq gave way to a burgeoning relationship

between Turkey and Iraq, and notably the Kurdish Regional Government (KRG). Since 2007-8 Turkey has come to accept Iraqi Kurdish autonomy, has opened official ties with the KRG and has deepened its social, political and economic influence in Iraq. Bilateral trade boomed (see Table 1) and the two countries established a High-Level Strategic Cooperation Council in 2009. In the first decade of the 21st century, Turkey was also heavily engaged in mediation in the Middle East. The two most important instances of these mediation efforts instance were between Israel and Syria between 2004 and 2008, and between the P5+1 and Iran when in 2010 Turkey and Brazil attempted to broker a nuclear swap deal.

In those years, there was a single caveat to Minister of Foreign Affairs Ahmet Davutoğlu's "zero problems with neighbours" vision. The exacerbating Israeli-Palestinian conflict since the second intifada and notably after the 2008-9 Israeli attack on Gaza complicated bilateral relations between Turkey and Israel. After a decade of deep strategic cooperation in the 1990s, Turkish-Israeli relations lived through a severe downturn. Bilateral ties reached their nadir in June 2010 when the Israel Defense Forces killed eight Turkish citizens and one Turkish American on board a Turkish vessel (the Mavi Marmara), part of an international *flotilla*, carrying humanitarian goods to Gaza in defiance of Israel's closure of the Strip. In 2013, after almost three years of diplomatic stalemate, a Turkish-Israeli rapprochement was brokered by the United States, whereby Israel apologised to Turkey for the Mavi Marmara incident. Relations have not reverted back to the strategic alliance of the 1990s. But Turkish interest in Eastern Mediterranean gas finds and the eruption of the civil war in Syria in which both Israel and Turkey positioned themselves against the al-Assad regime generated new common ground between the two countries. On top, trade and investment between the two countries have consistently increased in recent years, with trade volumes between the two exceeding USD 4 billion in 2012, and over thirty flights between Istanbul and Tel Aviv, all attesting to the density of Turkish-Israeli contact.

It is against this backdrop that the Arab uprisings, with the potential to upend the whole regional order, started to unravel in 2011. Initially, Ankara welcomed what many hoped would be a democratic transition in the Arab world. Thus Prime Minister

Erdoğan was the first Western leader to call for the resignation of Hosni Mubarak in Egypt and welcomed the downfall of Zine El-Abidine Ben Ali in Tunisia. Similarly, Ankara tried to leverage its relationship with Bashar al-Assad's Syria to steer him in the direction of reforms. Turkey's encouragement of democratisation in the region was grounded in the belief that a more economically and politically open region would entail greater political and

Turkey's encouragement of democratisation in the region was grounded in the belief that a more economically and politically open region would entail greater political and economic opportunities.

economic opportunities for Turkey. The Turkish government also expected that in many of these countries, a genuinely democratic contest would bring to power cadres associated with political Islam. Given the affinity between Turkey's AKP that also traces its roots to political Islam and the various incarnations of the Muslim Brotherhood in Egypt, Tunisia, Morocco, Libya, Syria and beyond, the Turkish leadership was convinced that democratic transition in the Arab world would consolidate Turkey's regional influence.

Initially, Turkey's high expectations were met with partial success and spurred enthusiastic talk in Europe and beyond about the ways in which the Turkish "model" could be promoted in the southern neighbourhood. Hence, Turkey was viewed as an order setter and a source of inspiration in terms of economic liberalisation, the rebalancing of civil-military relations and the compatibility between democracy and Islam. In North Africa in particular, Turkey expanded its political and economic clout. In this respect, the key country was Egypt, with which Ankara was determined to pursue a full reset of relations with the Muslim Brotherhood in power in Cairo.

By 2013 the context had dramatically changed. With the military coup in Egypt overthrowing President Mohammed Morsi and the exacerbation of the Syrian civil war in which Bashar al-Assad's regime began regaining the upper-hand, Turkey, at the forefront of the pro-transformation front in the Middle East, has seen its regional role questioned. Turkish-Egyptian relations have soured after the military coup in Cairo. Consequently, Turkish relations with the Egyptian military's backers in the Gulf, notably Saudi Arabia and the United Arab Emirates have also seen a downturn. Over Syria, Turkish foreign policy has been even more troubled. Turkey's relationship with President al-Assad had turned

acrimonious after the Syrian leader refused to heed Ankara's call for reforms and engaged in large-scale massacres of its people. Ankara decided not only to be deservedly critical of the Assad regime but to play an active role in spurring regime change in its neighbour. Thus Ankara started to give clear support initially to the Syrian civilian opposition and then to the military opposition. The calculation was that the al-Assad regime's days were numbered and helping the opposition would only hasten events. This also compromised significantly Turkey's relations with Iran and Iraq. However, the Syrian regime proved more resilient than expected. Following months of military setbacks, it established a line of defence and staved off any imminent threat to its rule in Damascus. The unwanted prolongation of the conflict turned into a major concern for Ankara. Turkey was faced with a set of problems, including the ever growing number of Syrian refugees, the empowerment of the Syrian Kurds – notably the pro-PKK Democratic Union Party (PYD) – raising the prospect of yet another autonomous Kurdish entity in this volatile region, and the growing influence of extremist Islamist groups linked to al-Qaeda such as the al-Nusra Front and the Islamic State of Iraq and Syria.

When observing the transformation of Turkish foreign policy over the last two decades, two main features stand out. First and most evidently, Turkey's foreign policy projection has significantly increased. Whether measured in terms of diplomatic initiatives, trade volumes, movement of people flows, levels of development assistance, engagement in military missions, or cultural outreach, Turkey's presence in its region is unambiguously on the rise. This does not mean that Turkish foreign policy initiatives are always successful, as evidenced by Turkey's growing problems in Syria or Egypt, or its aborted reconciliation efforts vis-à-vis Armenia in 2009. But it does mean that Turkey is a regional actor to be reckoned with.

Second, Turkish foreign policy is far more autonomous than during the Cold War and early post-Cold War periods, when Turkey was largely dependent on the West. Turkey today responds to a diverse set of domestic, regional and global impulses, which push for a greater and more independent engagement with all its surrounding regions. This is not to say that Turkey is now at loggerheads with the West. Initiatives such as the 2004 Turkish Cypriot acceptance of the UN-sponsored Annan Plan for Cyprus, the Turkish-EU-US cooperation over the Southern Energy

Turkey today responds to a diverse set of domestic, regional and global impulses.

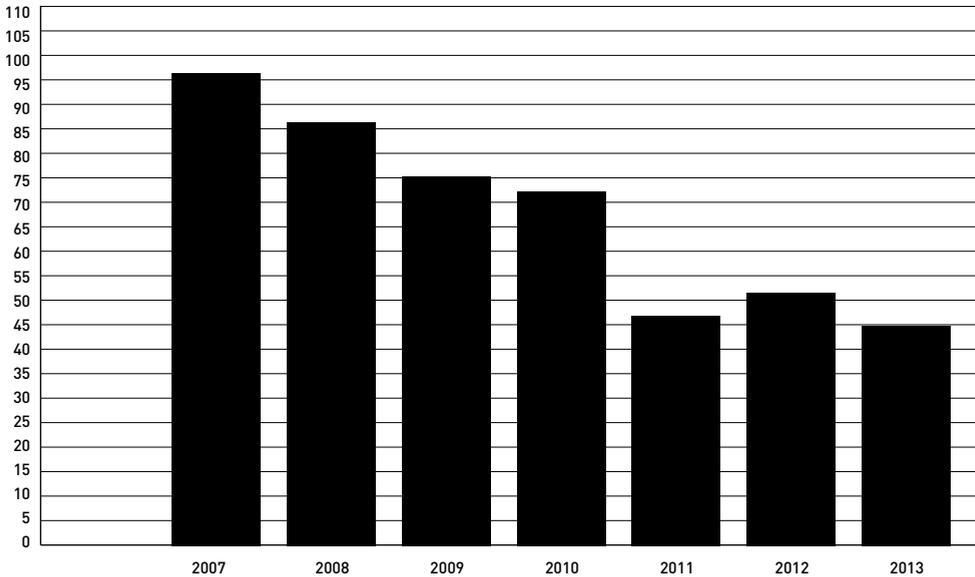
Corridor, or Turkey's amelioration of relations with Iraq's Kurdish Regional Government (KRG) all signal Turkey's convergence with Europe as well as the United States. With Turkey's growing appreciation of the risks generated by the radicalisation of the Syrian civil war as well as the growing unsustainability of the Syrian refugee crisis requiring concerted multilateral action, the Middle East can and should become an area of deeper collaboration between Turkey and Europe. However, as a result of international, regional and domestic factors, Turkish foreign policy today has acquired an unprecedented degree of autonomy. While remaining embedded in the Western fold, Turkish foreign policy strives to establish the country's strategic autonomy more than at any other point of its republican history.

Turkey's growing regional prominence coupled with its instincts towards autonomy have important implications for the European Union. Across the European Union there has been a rising appreciation of Turkey's strategic relevance and a deepening consensus on the desirability of close foreign policy cooperation with Turkey. Notably in the Balkans, the Caucasus and the Middle East, Turkey is now recognised by all EU member states, including opponents of Turkey's EU membership bid, as a strategic partner. In particular, since the outbreak of the Arab uprisings, Turkey, while striving to maintain its foreign policy autonomy, has been more inclined to act multilaterally and seek collaboration with the EU as well as the US. At the same time, the EU and its member states appreciate, more than ever before, the importance of acting together with Turkey in a neighbourhood undergoing historic transformation.

Some believe that EU-Turkey foreign policy coordination can take place irrespective of the accession process. As in the case of energy, to an extent this is true. The EU and Turkey have established regular foreign policy dialogue, and such dialogue has intensified in recent years when the accession process was dormant. In particular, EU High Representative of the Union for Foreign Affairs and Security Policy Catherine Ashton and Turkish Foreign Minister Ahmet Davutoğlu have carried out constructive regular talks since 2010, covering the Western Balkans, North Africa and the Middle East, the Horn of Africa, Afghanistan/Pakistan, Russia, the Southern Caucasus, Central Asia, counter-

terrorism and non-proliferation. The Turkish Foreign Minister has also occasionally participated in the EU's Gymnich meetings.

Figure 6: Turkey's Alignment with CFSP Declarations



Source: European Commission Progress Reports on Turkey

Without a credible accession process, Turkey will not feel bound to cooperate and align itself with the European Union.

However, much like in the case of energy, it would be a grave mistake to believe that EU-Turkey cooperation on foreign policy matters can flourish beyond the confines of enlargement. Without a credible accession process, Turkey will not feel bound to cooperate and align itself with the European Union. It is no coincidence that the rate of Turkey's alignment with Common Foreign and Security Policy statements has decreased significantly since negotiations have stalled (see Figure 6).

The Independent Commission on Turkey, while recognising the strategic value of closer cooperation between Turkey and the European Union, is firmly convinced that such cooperation can only be maximised by revamping enlargement, ideally by opening chapter 31 in accession talks with Turkey.

Conclusions

1. Since our last report – *Turkey in Europe: Breaking the Vicious Circle* – the Independent Commission on Turkey has watched closely developments within Turkey and between Turkey and the European Union. We observed how the vicious circle between Turkey and the EU that we sketched in 2009 deepened significantly in the years that followed. Between 2010 and 2013 no new accession chapter was opened and none of the vetoes on other chapters were lifted. Turkey’s mistrust and disaffection towards the European Union grew, while the European Union, absorbed

Moreover, developments in and around Turkey suggest that the EU anchor is needed more than ever.

by its internal crisis, largely neglected the accession process towards Turkey. By 2013, we started seeing signs of a possible new beginning between Turkey and the EU. French President Hollande’s greater openness towards Turkey, the opening of one chapter in Turkey’s accession talks, the absence of any reference to a privileged partnership by the Christian Democrat-Social Democrat coalition government in Germany, Prime Minister Erdoğan’s visit to Brussels, and perhaps above all, the agreement between Turkey and the EU on readmission and a visa liberalisation dialogue, encouraged us to believe that in 2014 Turkey’s accession process could be revamped and put on a healthier footing. Moreover, developments in and around Turkey suggest that the EU anchor is needed more than ever.

2. Recent years in Turkey have witnessed important efforts along the path of political reform. In many respects Turkey has made important leaps forward. Civil-military relations in Turkey now approximate the standards in EU member states. The era of military interference in civilian life seems to be definitively over. Regarding the Kurdish question, the Turkish government

has undertaken a courageous process of reconciliation with the Kurdish nationalist movement. The road ahead is long and bumpy, but the results achieved so far – when compared to where Turkey stood only two decades ago – are truly historic. We also note, however, that in other important respects – notably freedom of expression, judicial reform, separation of powers, and rule of law – steps forward were matched or overtaken by parallel and at times greater steps backwards. The deepening polarisation in the country between political forces as well as between the state and segments of civil society underpins many of the difficulties that Turkey has been encountering in consolidating its democracy. The failure to agree on a new civilian constitution, the protests sparked in Gezi Park and the corruption scandal that enveloped Turkey at the close of 2013 all epitomise diverse manifestations of such nefarious polarisation. A credible EU accession process that can assist Turkey’s democratic consolidation lies in the EU’s ability both to inspire reforms and to act as a glue between a disparate set

For such a reset in relations, the Independent Commission on Turkey strongly believes there is no better place to start than to open chapters 23 and 24 in accession talks on the judiciary and fundamental rights, and justice, freedom and security.

of actors in Turkey, who have otherwise been torn apart by centrifugal forces. At the same time, a healthy relationship between Turkey and the EU is predicated on Turkey’s efforts to reverse its political shortcomings and resume the path of democratic reform. Much like in 2001-2 when the momentum in the accession process propelled Turkish authorities into a momentous reform effort, we believe that a reset in the EU-Turkey accession process in 2014 could have a similar impact on the new leadership that will emerge after the year-long electoral cycle that Turkey is entering, with local (March 2014),

presidential (August 2014) and parliamentary (June 2015) elections ahead. For such a reset in relations, the Independent Commission on Turkey strongly believes there is no better place to start than to open chapters 23 and 24 in accession talks on the judiciary and fundamental rights, and justice, freedom and security.

3. As regards economic development, Turkey has continued to demonstrate considerable resilience, having weathered the global financial storm and the ensuing repercussions on the Eurozone remarkably well so far. However, neither is Turkey immune to short-term shocks, which could seriously compromise

its ongoing economic success, nor can its transition from a middle to a high income country be taken for granted. In order to make the necessary structural economic reforms that would allow Turkey to hedge against short-term crisis and above all to jump into the high income country category, the Independent Commission on Turkey remains firmly convinced that a credible accession process remains the best guarantee for success.

4. Since Turkey's accession process began, the EU-Turkey relationship has deepened significantly also in a number of areas which, at first glance, may seem detached from the accession process. In the realm of energy, the interdependence between the EU and Turkey has grown in recent years, notwithstanding the stalling of the accession process. Turkey has firmly established itself as a key transit country in the Southern Energy Corridor, and the recent agreements to transport Azerbaijani gas through the TANAP and TAP represent the first concrete manifestations of the Southern Corridor in the making. But as a fast growing and energy hungry country, close to multiple sources of gas, Turkey aims at becoming not only a transit state, but also an energy hub. In particular, Turkey could become a major destination and route for new gas sources from the Eastern Mediterranean and Iraq. In the case of the Eastern Mediterranean, a pipeline from Israel to Turkey passing through Cyprus' Exclusive Economic Zone could also catalyse progress in the Cyprus peace process. However, while Turkey and the EU will continue to cooperate on energy matters irrespective of Turkey's EU membership prospects, the ambition for Turkey to act as a reliable, efficient and transparent energy hub for Europe can be best realised by opening the energy chapter in negotiations.

5. More broadly, 21st century Turkey's foreign policy projection in the neighbourhood and beyond has lived through a remarkable rise. In terms of diplomatic initiatives, trade, movement of people, development assistance, military missions, or cultural outreach, Turkey's regional and global role is unambiguously on the rise. This does not mean that Turkish foreign policy initiatives are always successful. Turkey's acute problems with Syria, the downturn of relations with Egypt, its complicated relations with Iran, Iraq and Israel, and its failure to move forward on Cyprus and Armenia all testify to this. All notwithstanding, however, 21st century Turkey is clearly a regional

power to be reckoned with. Across the European Union there has been a rising appreciation of Turkey's strategic relevance and a deepening consensus on the desirability of close foreign policy cooperation with Turkey. The Independent Commission on Turkey is convinced that the full potential of EU-Turkey cooperation on foreign policy can only be reaped by opening chapter 31 of Turkey's accession negotiations.

6. In the turbulent times we are living in, a stable, democratic and prosperous Turkey is ever more in the vital interest of the European Union and Turkey. We call upon Turkey to resume

In the turbulent times we are living in, a stable, democratic and prosperous Turkey is ever more in the vital interest of the European Union and Turkey.

its democratisation and reverse its political shortcomings. In this context, we are firmly convinced that re-launching a credible accession process can buttress Turkey's efforts to cure its internal rifts and accelerate political reform. It can also support Turkey in pursuing the necessary economic reforms to avert crisis and progress along the path of economic development. And it can maximize the full

potential of cooperation between the EU and Turkey on strategic questions such as energy and foreign policy.

The Independent Commission on Turkey strongly believes that change in both Turkey and the European Union has become imperative.

Annex I

Conclusions of the Second Report of the Independent Commission on Turkey, 2009

1. The European Council's decision to begin accession negotiations with Turkey in 2005 opened the way for the country's full integration into European structures, an ambition pursued by the Republic of Turkey since its foundation and which accelerated after World War II with Turkey's membership of the Council of Europe and many other European organizations. Unfortunately, negative statements by some European leaders soon after the EU's Heads of State or Government had taken their unanimous decision, efforts to substitute alternative arrangements to accession as the agreed objective and obstacles put in the way of the negotiations have all but derailed the process. In Turkey, this led to a dramatic drop in support for EU convergence from the Turkish public and reinforced the government's lack of resolve in proceeding with Turkey's transformation. This, in turn, fed arguments to the sceptics in European countries for whom the lack of reforms presented the proof that Turkey was unworthy of EU membership. The Independent Commission is of the view that the vicious circle thus created must be broken urgently, in the interest of both Turkey and the European Union. This will require a change of attitude of both European and Turkish leaderships. European governments must honour their commitments and treat Turkey with fairness and the respect it deserves. Turkey, including both its government and opposition, has to encourage its many supporters in Europe through a dynamic, broad-based reform process, thus confirming that it is willing and serious in its ambition to join the EU.

2. The decision by the European Council was very clear: the shared objective of negotiations with Turkey is accession, not

any alternative such as “privileged partnership” or an unspecified “special relationship”. Such concepts would exclude Turkey from participating in the EU’s political decision-making but offer little added value to its present status as an associate member and partner in a customs union. Moreover, these negotiations, by their nature, have to be geared towards membership. No country would take upon itself the large number of difficult reforms needed to adopt the *acquis communautaire* if full integration was not the objective. As in other negotiations, however, there is no guarantee that the agreed goal can be reached. In that sense Turkey’s accession negotiations are certainly an open-ended process.

3. After the golden era of Turkish transformation in 2000-2005, Turkey failed to sustain the reform momentum. The slow-down was partly a reaction to negative attitudes towards Turkey and a general loss of direction in the EU, but was also due to AKP’s lack of resolve and domestic disruptions. A plot to topple the government, a Constitutional Court case to close AKP down and a public threat of intervention by the military were all linked to secularist factions in the army, judiciary and political parties. Such problems have now abated, and the ruling party has been strongly endorsed by the electorate in 2007 and 2009. The government has drawn up a new National Programme of EU reforms. It should now make good on its promises to both the EU and its own people to renew the reform process, in particular enacting a new constitution, a functioning ombudsman, full freedoms for religious organizations, respect for cultural liberties and wider freedom of expression.

4. The ongoing talks between the leaders of the two communities in Cyprus present the best and probably last chance to end the division of the island and come to a mutually acceptable federal solution of this long-lasting dispute. A positive outcome would not only bring major benefits to both sides, it would also remove a pernicious obstacle to Turkey’s EU accession process and enhance the stability of this part of the Mediterranean region. Failure would likely lead to a long-drawn out partition of the island that would prove highly divisive for the EU. EU negotiations with Turkey would come to a halt. While the prime responsibility for an agreed settlement rests with the two communities and its leaders, European governments, in particular those of Greece and Turkey, should use all their influence to bring the negotiations

to a successful conclusion. Moreover, Turkey must implement its obligations under the Additional Protocol and open its ports to Greek Cypriot traffic. At the same time the EU has to fulfil promises made in 2004 to end the isolation of the Turkish Cypriot community and allow it direct trade with the EU.

5. Helped by a new openness and greater tolerance in the wake of the 2000-2005 era of EU reforms, the ruling AKP has presided over more progress on Turkey's long-running Kurdish problem than any previous government. Kurdish culture is now more broadly tolerated, a Kurdish-language 24-hour state television station was opened earlier this year and the government began implementing a poverty relief programme sponsored by the World Bank. Old taboos about dealing with the Kurdistan Regional Government in Iraq have been put aside, bringing Turkey more genuine cooperation in combating the PKK. These are certainly positive developments. However, in the interest of Turkey's stability, more has to be done and with greater urgency. To grant Kurds the full use of their language and respect for their identity, securing genuine equality for all citizens of Turkey, combined with continued efforts to overcome social and economic deficiencies in the South-East, is the only way to eliminate dangerous tensions and to uproot this problem once and for all.

6. The importance of Turkey's geo-strategic position for Europe is highlighted by its role as hub for vital energy supplies from the Caspian Sea, Central Asia and the Middle East. In addition, Turkey has the potential of offering European economies easy access to markets in Central Asian states, where it retains a strong presence based on geography, language and ethnic ties. In recent years, Turkey's new regional policy allowed it to settle outstanding disputes with most of its neighbours and to actively engage in crisis solving efforts in the wider region. The Independent Commission believes that Turkey's full integration into Europe would not lead to further entanglement of the EU in dangerous situations in the Middle East and South Caucasus, but on the contrary enable it to better help solve these problems and to project stability into its volatile neighbourhood.

7. Turkish-Armenian relations have long been burdened by differences over the nature of Ottoman-era massacres of Armenians, the lack of diplomatic relations, the closure of the border and – indirectly – the Nagorno Karabakh conflict between

Armenia and Azerbaijan. As a consequence of dynamics triggered by Turkey's EU candidate status and the opening of accession negotiations, progress was achieved on most of these issues. In Turkey, the process of coming to terms with the past has begun in earnest and the events of 1915 are now being openly discussed. This is a task, however, which has to be carried out by Turkish society itself. Outside pressure, in particular resolutions by foreign parliaments labelling the events of 1915 as genocide, is counterproductive and should be avoided. On bilateral relations, last year's visit of President Gul to Yerevan has opened the way for full normalisation. The Independent Commission is of the view that this path should be continued by both parties without further delay and without linking it to the issue of Nagorno-Karabakh. Ending Armenia's isolation and establishing friendly relations between Turkey and Armenia would surely have a positive impact on that conflict which has defied international mediation for almost two decades.

8. During past years the importance of religion in Turkish society has been on the increase and the observance of religious practices and traditions by the faithful has become more visible. The secular establishment perceives this development as "creeping Islamisation" instigated by the ruling AKP and as a threat to Turkish secularism. For others it is the consequence of a more open atmosphere as Turkey evolves and of massive migration of people from traditionally more religious rural areas to western cities. For the overwhelming majority of Turks the secular system which constitutes one of the main pillars of the Republic of Turkey is not in doubt and no relevant political factor in Turkey advocates a state based on Islamic principles. In addition, as Turkish supporters of accession to the EU have pointed out, firmly anchoring the country in Europe would be the best protection for secularism in Turkey, and highlight Turkey's positive experience of the modernization of Islam for Muslims in Europe and in the broader Muslim world.

9. Individual freedom of worship has long been guaranteed in theory and practice in Turkey. However, non-mainstream Muslim communities as well as the much smaller Christian churches are faced with a number of difficulties, some of them of a legal character. The government has taken certain measures recently to improve the situation. Nevertheless, more determined action is

required to address these problems in a fully satisfactory manner.

10. Turkey's economy demonstrated considerable resilience during the recent global financial crisis. No Turkish bank failed, partly due to a shake-out during a domestic 2000-2001 financial crisis, and partly due to structural transformations anchored by the accession process and a strict IMF programme. Until 2008, Turkey's economy grew by an average of 7%, and attracted unprecedented foreign investments, much of it from European banks and businesses. On the other hand, regional imbalances, a large agricultural sector and a high rate of unemployment continue to be of serious concern.

11. The Independent Commission remains convinced of the huge benefits of Turkish convergence with Europe and an eventual EU membership of a transformed Turkey, both for the country itself and the European Union. The impressive progress Turkey has made in all fields over the last ten years was clearly linked to the country's EU candidate status and the accession process. To ensure a continuation of Turkey's transformation its European perspective must be preserved. Nobody can predict the outcome of the accession process and whether the stated goal can be reached. To give it a fair chance, however, is a matter of the EU's credibility, of self interest and of fairness due to all candidate countries.

Annex II

Conclusions of the First Report of the Independent Commission on Turkey, 2004

1. The Independent Commission on Turkey is of the view that accession negotiations should be opened as soon as Turkey fulfils the Copenhagen political criteria. Further delay would damage the European Union's credibility and be seen as a breach of the generally recognised principle that "pacta sunt servanda" (agreements are to be honoured). Turkey, on the other hand, must accept that fulfilment of the political criteria includes the implementation of all legislation passed by parliament. Accession criteria apply to all candidate countries alike and there can be no shortcuts in individual cases. Equally, fairness demands that no candidate state should be submitted to more rigorous conditions than others. It is incumbent on the European Commission to assess whether Turkey's compliance with the Copenhagen criteria has reached the critical mass necessary to recommend opening accession negotiations.

2. As far as Turkey's European credentials are concerned, Turkey is a Euro-Asian country, its culture and history closely entwined with Europe, with a strong European orientation and a European vocation which has been accepted for decades by European governments. In this, Turkey is fundamentally different from countries of Europe's neighbourhood in both North Africa and the Middle East. Its accession to the European Union would therefore not necessarily serve as a model for the Union's relations with these states. Any objections in principle against Turkey joining the European integration process should have been raised in 1959 at the time of Turkey's first application, in 1987 when Turkey applied for the second time, or in 1999 before Turkey

was given candidate status. No government can claim that these decisions, including the conclusions of the Copenhagen European Council of 2002 on accession negotiations, were not taken in full knowledge of all circumstances.

3. The decision the European Council is taking in December will not be on Turkey's membership of the EU, but on the opening of accession negotiations. Their duration and outcome will depend on progress made, in particular with regard to economic criteria and the *acquis communautaire*. It is expected that this process will take a long time, reflecting the scale of difficulties faced by such a large and complex country and the need for consolidation of the Union following the accession of ten new member states. This interval will present an opportunity for both sides to address the most urgent problems and to mitigate any negative effects Turkey's accession could have. In other words, by the time a final decision is taken both Turkey and the European Union will have profoundly changed.

4. Turkey's accession would offer considerable benefits both to the European Union and to Turkey. For the Union, the unique geopolitical position of Turkey at the crossroads of the Balkans, the wider Middle East, South Caucasus, Central Asia and beyond, its importance for the security of Europe's energy supplies and its political, economic and military weight would be great assets. Moreover, as a large Muslim country firmly embedded in the European Union, Turkey could play a significant role in Europe's relations with the Islamic world. For Turkey, EU accession would be the ultimate confirmation that its century-old orientation towards the West was the right choice, and that it is finally accepted by Europe. EU membership would also ensure that the country's transformation into a modern democratic society has become irreversible, enabling Turkey to fully exploit its rich human and economic resources. A failure of the Turkish accession process would not only mean the loss of important opportunities for both sides. It could result in a serious crisis of identity in Turkey, leading to political upheaval and instability at the Union's doorstep.

5. In spite of its size and special characteristics, and although it would unquestionably increase the Union's heterogeneity as a member, Turkey would be unlikely to fundamentally change the EU and the functioning of its institutions. Turkey's entry may accentuate existing divergences on the future of the integration

process, but it would not cause a qualitative shift in the debate. It should be borne in mind that the decision-making process in the European Union is based on ever-changing alliances, and that the political influence of member states depends at least as much on economic power as on size or demographic weight. As far as the costs of Turkish membership are concerned, Turkey is likely to require financial assistance from the European Union for many years, the level of transfers depending on the EU's financial policies and the economic situation in Turkey at the time of accession. A considerable problem could develop in several European countries in connection with the ratification of an accession treaty with Turkey, should public resistance persist and government policy continue to diverge from popular opinion. This issue must be addressed in a common effort by governments concerned, Turkey and the European Commission. The best answer to the fears in parts of Europe about Turkey's different religious and cultural traditions and perceptions of a danger that Turkey could become a fundamentalist Muslim state is to ensure the continuation of the ongoing transformation process, and to protect Turkey's long-standing secular political system by firmly anchoring Turkey in the union of European democracies.

6. Unprecedented reform efforts undertaken by the Turkish Government and substantial support for EU membership in Turkish public opinion should not hide the enormous task that the ongoing and far-reaching transformation of the country's legal, political and societal system represents for Turkey. It would be wrong to underestimate the latent resistance to such profound changes in many parts of Turkish society. Sustaining the reform process will to a large degree depend on whether the momentum of Turkey's accession process can be maintained.

7. Turkey's economy has traditionally been plagued by macroeconomic instability and structural deficiencies, many of which persist today. But the crisis of 2001 has shown the resilience of the Turkish economy, leading to a swift recovery and to far-reaching reforms of the institutional and regulatory frameworks. It is now of vital importance that the Turkish Government persists with the economic reform process in close cooperation with the International Monetary Fund and the European Union. In view of the country's size, geographic location and young and dynamic workforce Turkey's economic potential is undeniable. It is equally

evident that EU membership would be highly beneficial for the Turkish economy, providing a firm link to a stable system. The opening of accession negotiations by itself would considerably strengthen confidence in Turkey's economic stability.

8. Migration pressure from Turkey, which raises concern in some countries, would depend on several factors, including economic and demographic developments in Turkey and the European Union. Free movement of labour is likely to apply only after a long transitional period, so that governments would retain control of immigration for many years after Turkish accession. Based on the experience of previous enlargement rounds, migration flows from Turkey are expected to be relatively modest, at a time when declining and aging populations may be leading to a serious shortage of labour in many European countries, making immigration vital to the continuation of present generous systems of social security.

9. Turkish eligibility for EU membership having been confirmed on many occasions over the past decades, Turkey has every reason for expecting to be welcome in the Union, provided it fulfils the relevant conditions. The Independent Commission therefore feels strongly that in dealing with this issue the European Union must treat Turkey with all due respect, fairness and consideration.

After years of standstill, there are timid signs of a new beginning in relations between Turkey and the European Union. At the same time, Turkey is living through deep turbulence, Europe is slowly recovering from crisis, and the neighbourhood is undergoing profound crisis and transformation. In this context, re-launching a credible accession process between Turkey and the European Union is both possible and in the vital interests of the two sides.

The Independent Commission on Turkey was established by prominent European politicians for the purpose of analysing some of the most pressing aspects of Turkey's accession to the EU. Its first report "Turkey in Europe: More than a Promise?" was issued in September 2004 and its second report "Turkey in Europe: Breaking the Vicious Circle" was issued in September 2009.



OPEN
SOCIETY
FOUNDATION

Members of the Independent Commission on Turkey would like to thank the Open Society Foundation for its support to this report.