

## THE EUROPEAN UNION EXPANSION AND TURKEY'S DESIRE FOR MEMBERSHIP

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### ABSTRACT

European Union (EU) expansion has taken place four times already. The EU announced twelve-candidate countries in 1997 at the Luxembourg meeting. Turkey became a candidate country at the Helsinki European Council meeting on December 10, 1999. The European Union accepted ten new members in to the union on May 1, 2004. This was the largest EU expansion and it was very costly and difficult to manage admitting these countries. Turkey has been seeking EU membership for four decades. This 45-year adventure to become a member of the European Union produced a major agreement, the Custom Union, which went into effect January 1, 1998. Turkey is committed to becoming a part of the EU and has recently made substantial political and economic reforms necessary to meet the Copenhagen Criteria. In my paper, I will discuss Turkey's path towards economic and political integration with the EU and some of the recent economic, political and cultural developments that are taking place in Turkey towards the goal of meeting the Copenhagen Criteria required for EU membership. I will also present some of the barriers and benefits for Turkey becoming a member of the European Union.

### INTRODUCTION

Turkey has a dynamic mixed economic structure with a strong, rapidly growing private sector. The state still plays a major role in basic industries such as banking, transportation and communication. The private sector dominates the most important industries of textiles and clothing, which are the largest exporters in Turkey. The economic situation has been marked by erratic economic growth and serious imbalances in recent years. In 2001, the country went through its worst economic crisis in a generation, although by year's end, the economy began to recover. The Turkish currency (Lira) depreciated nearly 50 percent and the economy shrank by 8.5 percent. Turkey has embarked on a strengthened economic reform program, backed by the International Monetary Fund (IMF) and World Bank funding (Dun and Bradstreet, 2002/03).

Turkey has a flourishing democracy, a lively free press and a stable government with a large parliamentary majority. The economy is booming over the past two years, GDP has been growing by an annual average of 8.4 percent and inflation has fallen by three-quarters, close to single figures. Turkey is a secular country with a tolerant society and a young, educated and growing population (The Economist, Sept. 18, 04).

Turkey has desired membership in the EU since 1959. In December 1995, the EU Parliament approved the Customs Union with Turkey, which went into effect January 1, 1996. Turkey's 45 years of adventure in trying to become a member of the EU produced a major agreement, the Customs Union.

Despite the implementation of a Custom Union with the EU, foreign direct investment (FDI) remains low (less than one billion dollars annually) because potential investors around the world are concerned about the political and economic stability of the country. The future may be brighter for Turkey as far as foreign investments are concerned. Recently the government is stable (There is no coalition government-Justice and Development party has been in power since November, 2002) and has been implementing a major economic reform program. It includes a tighter budget, social security, banking reforms and an accelerated privatization program (Dun and Bradstreet, 2003/04). On December 10 1999 Turkey become a candidate country of the Helsinki European Council meeting and has recently made substantial political and economic reforms necessary for becoming an EU member ([www.hurriyet.com.tr/arsivim](http://www.hurriyet.com.tr/arsivim))

### EUROPEAN UNION EXPANSION

European Union Expansion took place four times already ([www.europea.eu.int](http://www.europea.eu.int) and Cateora/graham, 04) and the EU accepted twelve-candidate countries in 1997. Turkey was announced as a candidate country on December 10, 1999 in Helsinki. Ten new members joined the Union on May 1, 2004 and it was the largest expansion in the EU history (Wood and Yesilada, 2004). It was very costly and difficult to admit these countries, as they all met the Copenhagen Criteria, which are as follows (The Economist, September, 18, 04):

- Having stable institutions that guarantee democracy, rules of law, human rights and respect for minorities
- A functional market economy
- The capacity to cope with competition with in the EU
- The ability to take on obligations of membership

At the December 12-13, 2002 Copenhagen Meeting, the EU decided to give dates to commence accession negotiation with new members but Bulgaria and Romania will wait until the year 2007. Turkey will wait until a 2005 date in order to see the application of the Copenhagen Criteria to daily life in Turkey. Human rights issues were the biggest stumbling block. Turkey recently has passed legislation to meet many of the political requirements of the Copenhagen criteria. It appears that Turkey is being treated differently than other EU candidate countries with different standards being applied to its membership bid. EU officials say they need to see that legislated reforms are fully implemented before Turkey can be given a timeline for its accession; but Turkish officials have noted that six countries that had not met all of the political criteria, were given negotiation dates and they all become members of the EU on May 1, 2004.

Turkey has been waiting for the EU membership for four decades and the EU has accepted countries which applied for full membership only five or ten years ago. The EU does not seem to be sincere in its decision to set a date for opening accession negotiations with Turkey. Turkey has been a faithful member of NATO for 50 years and has spent tremendous amounts of resources: money and manpower to protect herself and European security and western interests against communism during the Cold War. Turkey is also growing very fast economically and is one of the emerging markets, with the following characteristics (Cateora/Graham, 04):

- 1- It is a physically large country
- 2- It has a significant population, which is young and highly educated
- 3- It represents a considerable market for a wide range of products
- 4- It has strong economic rates of growth or potential for significant growth
- 5- It has undertaken significant political and economic reform programs
- 6- It is a regional economic driver and affects other economies in the region

- 7- It will encourage further expansion in neighboring markets as the country's economy grows
- 8- It is a crossroad between Europe and Asia and adopted a market economic system a long time ago.

Turkey also needs to meet economic criteria and free herself from financial problems in order to be part of the EU. Turkey is a long way from adapting the Euro as currency, but she must meet the convergence criteria related to inflation, long-term interest rates, government budget deficit, gross government debt and exchange rates (The Economist, September 25, 04). Turkey needs rapid economic development to increase tourist revenues, export levels and to attract foreign direct investment (FDI) within a short period of time. Turkish foreign trade partners are Germany, United States, Italy, France, United Kingdom and Russia. Turkey is highly dependent on trade with the EU, which is close to 70 percent of foreign trade ([www.die.gov.tr](http://www.die.gov.tr)). If Turkey is committed to becoming part of the EU, trade relations with the EU need to strengthen and continue and at the same time trade relations with USA, Russia, Japan, China, neighboring countries and other emerging markets in the world need to increase. Turkey should not put all their eggs in one basket but should diversify trade relations in the world market. This would put Turkey strategically in a better foreign trade position in the future. I believe that Turkey will sooner or later become a part of the EU in a very dignifying way. Turkey has lots to offer to the EU and both sides will gain political and economic strengths. Turkey historically belongs in Europe (The Economist, December, 02). This is an official government policy, which was established by the founder of the Turkish Republic, Mustafa Kemal Ataturk. It is my opinion that 2005 is too long a time for Turkey to await possible membership to the EU. It is hard to predict what will happen to world economy, politics and the European Union. Some literature is already saying that the EU is a mature market and has lost its competitive edge in a number of sectors and future growth will be in emerging markets, which are mostly located in Asia.

### **BARRIERS AND BENEFITS**

Turkey's European identity has always been a controversial matter of discussion by politicians, scholars and ordinary people in Europe and Turkey. Some Europeans are reluctant to start accession negotiations in early 2005. The people against Turkey's membership have a lot of excuses, such as: Turkey is too large, too poor and will not integrate

with European culture. Some argue that Turkey must make progress on key issues like civilian control of the military, civil liberties, freedom of the media, eliminating torture in detention. Turkey would be the most populous country in the EU after Germany, and one of the less prosperous members, which would allow her to receive extensive subsidies and financial support from EU funds (Turkish Forum web site, articles can be accessed at [www.mehmetogutcu.com](http://www.mehmetogutcu.com)).

### **ECONOMY**

Turkey is a dynamic large emerging market and has made great strides in significant economic development over the last four decades by substantially increasing per capita income, education levels and industrial production. The population is 72 million and per capita income is \$5,890. Two-thirds of the population lives in urban areas and Turkish economy grew at an average annual rate of 4 percent between 1965 and 2001. The agricultural production rate is 16 percent of its GDP; industry is 24 percent and services 60 percent. The unemployment rate is little over 10 percent. A substantial increase in economic activities will start creating new jobs. In terms of purchasing power parity, Turkey is the world's 19<sup>th</sup> largest economy with a 2002 GDP at around \$430 billion. It has the 10<sup>th</sup> largest area of arable land in the world and is the world's 17<sup>th</sup> most populous nation. According to some estimates, Turkey's DP could arguably rise six-fold to \$ 1.2 trillion by 2023, population is estimated to reach 92 million and average per capita income would be \$13,000. The goal of Turkey is to become a regional hub for energy and water interconnections, trade, transportation, finance and investment through increased interdependence with its neighbors. This situation will positively affect the EU's future energy supply security. Turkey was burdened with a huge domestic (\$140 billion) and foreign debt (\$147 billion) at the end of 2003. It has a \$19 billion standby agreement with the IMF and the economic reform program provided a strict budget discipline. Turkey has a lot to offer for foreign investors; especially an inexpensive, educated labor force, a sound infrastructure and very good location (Turkish Forum, [www.mehmetogutcu.com](http://www.mehmetogutcu.com)). Turkey may receive some economic benefits to join the EU such as; free flow of labor and capital, monetary aid and might have to adapt the Euro as a currency in the long term ([www.byegm.gov.tr](http://www.byegm.gov.tr), Dis Basinda Turkiye, November 29, 2004).

### **POPULATION**

The Turkish population is young and educated; 60 percent of the population is under the age of 35. Its domestic market has a great potential for growth; its labor force is hard working and cost-effective; and its unique location gives it access to Europe, Central Asia and the Middle East. More than 60,000 foreign companies have invested in Turkey. Politicians, economists and sociologists in the EU predict that Turkey's population will continue to increase due to the momentum and growth potential of the young population structure. The total size of population is likely to be stabilized at around 95 million towards the middle of the 21st century. Turkey's population is expected to be stabilized at 99 million towards the year 2070 (Turkish Forum, [mehmetogutcu.com](http://mehmetogutcu.com)).

### **RELIGION AND CULTURE**

Some Europeans will continue to oppose admitting an Islamic country to the EU, because its values have been shaped by Christian/Western tradition. Some parts of Europe are still haunted by a frightening vision of the Turks storming the gates in Brussels looking for jobs. Few people now insist that the EU is a "Christian club" but the feeling that it should be is widespread, especially among Christian Democratic Parties and conservative people in Europe (The Economist, September 18, 2004). The EU political strength is first and foremost based on values of democracy, human rights and the rule of law. Turkey is a Muslim populated country but a secular state and she is ready and willing to embrace and abide by these values, which are universal in the western world. EU countries have been home to 3.6 million Turkish immigrants of which 1.2 million are citizens of the EU. Europe hosts a Muslim immigrant population of millions. They constitute three to five percent of the total population in Germany, Belgium, France and the Netherlands. According to current estimates roughly 15 million people of the Muslim faith live in the 15 nations of the EU. Two other potential candidates for membership (Albania and Bosnia) are partly or wholly Muslim. In fact, Islam has already become a significant element of Europe's cultural landscape (Turkish Forum, [www.mehmetogutcu.com](http://www.mehmetogutcu.com)). Turkish entry to the EU would in a broader sense be positive to the Muslim world; a no vote to Turkey would be a slap in the face delivered by the West against Islam. Ever since September 11<sup>th</sup>, the West has been anxious to avoid a "clash of civilizations", and to show that democracy and liberal economics are compatible with Islam (The Economist, September 18, 2004).

The EU leaders are facing a huge challenge but nobody is expecting that Turkey will become a member of the EU today or tomorrow. Turkish negotiations will take place over the next ten years with a target date of perhaps 2015 for actual entry to the EU. Turkey's entry needs to be approved unanimously by the existing members. It is hard to understand why negotiation dates are not being given to Turkey if she meets the Copenhagen Criteria. Other applicants; such as Bulgaria and Romania have implementation problems of the Copenhagen Criteria, but are ready to start talks and possibly join the EU by 2007. Turkey is in many ways ahead of these countries. There seems to be unwritten criteria and other factors that come into play. The EU must not apply a double standard to Turkey and Islam. The EU countries should adopt a multi-cultural attitude when applying policy for the future peace and prosperity of Europe.

No country has ever agreed to sacrifice so many fundamental aspects of its culture in order to affirm its European identity. Modern Turkey went so far as to abandon its old Arabic alphabet, replacing it with Roman letters; Turks were obliged to abandon traditional dress and wear western clothing all in the name of official secularism inspired by law passed in France in 1905 ([www.mondediplo.com](http://www.mondediplo.com), English edition, November 2004).

### RECENT DEVELOPMENTS

Turkey has a series of substantial reforms packets passed through the national assembly to meet the Copenhagen Criteria. She made 43 amendments in the constitution between 2001 and 2004. More than 66 laws including eight harmonization packages, 49 circulars and 29 regulations and one rulebook were assessed and implemented. Turkish people were recently affected by 175 laws that influence their life daily. Listed below are some of the laws which were mentioned in an article written by Mehmet Ali Brand which was published in the Turkish Daily News internet web site on November 25, 2004 ([www.turkishdailynews.com](http://www.turkishdailynews.com)).

- A new civil code and a new media law
- Abolition of the death penalty
- End of emergency rule in the Southeast
- Lifting of the ban on Kurdish and allowing broadcasts in local languages
- Purchase of tangible assets by non-Muslim communities and restricting the opening of places of worship was eased
- Foundations and associations laws were changed

- Limits imposed on the right to gather and hold rallies were lifted and the matter was harmonized with EU norms
- Important changes on laws of torture and mistreatment were made, and the laws that protected state servants found guilty of such crimes were abolished
- The maximum time spent in police custody was decreased to 48 hours
- State Security Courts (DGM) were abolished
- The European Court of Human Rights decisions (such as retrials) become applicable
- The National Security council (MGK) was transformed into an advisory body and its executive powers were changed
- The appointment of a civilian as the secretary-general of the MGK was made possible
- Amendments to ensure that the Office of Chief of General Staff expenses were put under scrutiny.

Hopefully these laws will pressure the EU to get a date during the December 17<sup>th</sup>, 2004 EU Summit negotiations for the opening of entry talks sometime in 2005 without any further delay or pre-conditions attached. Turkish Prime Minister Recep Tayyip Erdogan concedes that implementation of these laws is essential for the future of Turkey even if EU leaders say no at the December EU meeting. These reforms are needed to make Turkey a modern democratic state. But he insists that the EU must not apply double standards to Turkey because other applicants who had implementation problems have been deemed ready to start negotiations for the opening of entry talks (The Economist, September 18, 2004).

### CONCLUSION

Turkey has made progress in enacting demographic reforms and satisfying their "Copenhagen Criteria". This includes having stable institutions that guarantee democracy, the rule of law, human rights and respect for minorities, a functioning market economy, the capacity to cope with competition within the EU and the ability to take on the obligations of membership (The Economist, September 18, 2004). The prospect of EU membership has already reinforced Turkey's democratization, secularism and respect for human rights. Turkey's membership will provide a concrete message of hope, peace, prosperity, stability, better governance and democracy in the region. For that reason; Turkey needs to aggressively pursue EU

membership and stay the course. This task will a very difficult and long winding road for Turkey but it is worth it to try in the long-run. Both the EU's and Turkey's expectations are so high that it might be impossible to satisfy both sides. The EU is divided about Turkish negotiation talks; entry is supported by England, Greece, Poland, Italy, Spain, and Portugal. EU members against are Austria, Denmark, Belgium, and Holland, also Slovakia for cultural and political reasons. Germany's and France's leaders support Turkey but have a lot of pressure from conservative parties and groups ([www.milliyet.com.tr](http://www.milliyet.com.tr), 11/10/2004). Turkey must improve trade relationships with the USA as well as with developing and emerging markets such as China, Russia, India, South Korea, Latin America and neighboring countries. Turkey is already trading with these countries but there are tremendous export-import opportunities available for both sides, because economic growth will continue in Asia and other emerging markets in the next decade.

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