

A VIEW ON THE EVOLUTION OF TURKEY'S RELATIONS WITH EUROPEAN UNION

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I.

Relations between Turkey and European Union take place within the framework of the Association Agreement, often referred to as the Ankara Agreement, signed on September 12, 1963 and effective December 1, 1964, and the Additional Protocol signed in Brussels on November 23, 1970 and effective January 1, 1973. The Agreement of March 6, 1995 is Decision 1/95 (Customs Union) of the Association Council set up under these earlier arrangements. Relations with the later Community members are affected by protocols signed in June 1973 covering the accession of Ireland and Denmark, in July 1987 covering that of Spain and Portugal and in 1988 that of Greece.

The Ankara Agreement provided for the possibility of Turkey's eventual membership in the Community. A „preparatory stage” during which the Community would give support to Turkey to strengthen in economy, has been followed by a „transitional stage”, aimed at preparing both Turkey and the Community for eventual full Customs Union. An „Association

* This represents the personal view of the author

Council" was founded on ministerial level to supervise progressive implementation of these aims. Financial support from the Community for the Turkish adjustment process was arranged in a series of Financial Protocols, of which the fourth, from 1981, has not been implemented. On March 6, 1995, the Community declared it was resuming financial co-operation¹.

The transitional stage was ushered in by the Additional Protocol. Under this, tariffs between Turkey and the Community were to be reduced to zero, over a 12-year period for some goods and a 22-year period for others. Over the same periods, Turkish customs tariffs to third countries were to be aligned to the Common Customs Tariff.

Some reductions were made in 1973 and 1976, but the economic difficulties of the late 1970s caused a delay in subsequent reductions. Shortly after Turkey's application for EU membership in 1987, the Ozal government resumed tariff cuts in 1988 with a 10% reduction in the legal (1970 base levels) tariffs on goods imported from the Community. Although the EU chose not to accept Turkey's application for membership in 1989, further 10% reduction continued from 1989².

On the part of the Community, all tariffs on Turkish exports of industrial goods were abolished as of January 1973. From January 1987, tariffs on exports of agriculture goods were abolished, though quotas are applied to Turkish exports of fresh or dried hazelnuts (25,000 tonnes/year), tomato paste (8,500 tonnes/year), peeled tomatoes (8,000 tonnes/year) and apricot pulp (90,000 tonnes/year). On 11 fresh fruits and vegetables, the EU only grants Turkey tariff reductions out of peak season. Otherwise the Common Agriculture Policy applies. The Community has also acted to restrain Turkish textile exports to the Community. Turkey has emerged as the Community's largest supplier of textile products, but since 1985, following consultations with representatives of Turkish textile and clothing exporters, arrangements foreseeing „voluntary" export restraints - i.e. quotas - on various categories of textiles and clothing have been introduced³.

Under the terms of the Additional Protocol, free movement of workers between the Community and Turkey was to have been introduced over a period of 10 years, beginning December 1, 1976. This stipulation has not yet been implemented and is likely to remain one of the long-term issues between Turkey and the Community

II. Following the military take-over in 1980 and allegations of widespread human rights abuses, EU-Turkey relations went into a deep freeze. The EU continued to apply the trade provisions of the Agreement, but suspended all financial assistance. When the army returned to barracks and civilian government was restored in phases along with most civil liberties, a process began in 1986 to rebuild relations in stages. Protocols of Adaptation of the Association Agreement to take account of Spanish and Portuguese accession were signed by the Council in July 1987 and received the European Parliament's consent in January 1988. The Protocol of Adaptation of the Association Agreement to take account of Greece's accession to the Community was agreed in 1988⁴.

III. The goal of Customs Union between the European Union and Turkey is enshrined in the Association Agreement signed in Ankara in 1963. The practical arrangements are set out in detail in the 1970 Additional Protocol which entered into force in 1973, and which initiated the transitional arrangements.

On the EU side customs duties and quantitative restrictions on industrial products were abolished according to the schedule laid down in the Additional Protocol, and since 1973 all Turkish manufactured goods have entered the Community free of customs duties without quota. Exports of textiles and garments were later subject to voluntary restraint arrangements following sharp increases in their export to the EU at low prices. These arrangements have been negotiated with the associations representing the exporters of both textiles and garments. Turkey has been able to increase exports to the

Community in this sector from \$ 298 million in 1980 to \$ 3,900 million in 1992 and \$ 3,766 million in 1993⁵.

The abolition of duties on EU imports of Turkish primary agricultural products came into effect on 1 January 1987, but this right to duty-free access is subject to quantitative restrictions and seasonal limits for some items. For processed agricultural products there are tariff reductions, usually similar to those for GSP beneficiaries. Variable levies and additional duties on sugar and other products remain applicable to Turkey on the same basis as they are applied to third countries.

Turkey has been slow in dismantling its protective tariff structure. Pleading general economic problems and balance of trade difficulties, the Safeguard Clause of the Association Agreement was invoked over 11 successive years. Annual tariff reductions in favour of the EU were only resumed in January 1988⁶.

Turkey has since applied several rounds of tariff reductions on EU industrial goods. In January 1994 preferential reductions on the 12 and 22 year lists of industrial products had reached 90% and 80% respectively. Alignment on the EU's Common Customs Tariff (UCT) had reached 70% and 80% for the 12 and 22 year lists. 1995 has been set as the deadline for the abolition of all duties and non-tariff protection on EU industrial goods and for the adoption of the CCT for third country imports, effectively marking the start of Customs Union. This is envisaged for the end of 1995 (effective from 1 January 1996)⁷.

Turkey's 1993 import regime introduced for the first time clear, though modest preferences for EU and EFTA countries for a wide range of products. Nominal protection levels nonetheless remain significant due largely to Mass Housing Fund (MHF) charges on imports. The overall protection levels on the bulk of the EU's industrial exports to Turkey (on a trade-weighted basis) fell from 22% in 1992 to 15% in 1993 and 12% in 1994. The margin of preference of EU/EFTA industrial exports was estimated at 5% in 1994. Protection

levels on agricultural products in 1994 averaged 45%, and for processed agricultural products continue to be high. The combination of the Mass Housing Fund levy on imports, strongly contested by the European Commission as contravening Article 7 of the Additional Protocol, accounts for about two-third of overall tariff protection⁸.

IV. The Customs Union is far more than the simple removal of tariff and quantitative restrictions and the adoption of a common tariff for third countries. Officials from the European Commission and Turkey have since early 1993 conducted intensive discussion in the framework of a Customs Union Steering Committee to define rules on:

- adoption of EU external trade policy;
- competition and state aids;
- intellectual property protection;
- harmonisation of standards and industrial regulations;
- customs procedures;
- liberalisation of services and public procurement;
- decision making;
- provisions for trade in coal, iron and steel;
- agricultural and processed agricultural products.

The impetus to complete preparations for Customs Union began with the European Council's Declaration in June 1992 at the Lisbon Summit. This underlined that „the Turkish role in the present European political situation is of the greatest importance and that there is every reason to intensify cooperation and develop relations with Turkey in line with the prospect laid down in the Association Agreement of 1964 including a political dialogue at the highest level"⁹.

Turkey's commitment to fulfilling its obligations for completing Customs Union was confirmed at the Association Council meeting of November 1992, and has been repeated at the highest level ever since. The two sides launched a series of meetings of a Steering Committee of senior officials from the European Commission

and the Turkish administration to oversee preparations for completing Customs Union. This Committee met 8 times in Ankara and Brussels between February 1993 and June 1994.

The Association Council of November, 1993 resolved to take whatever measures were necessary, in the time required, to put Customs Union into effect during 1995. It established a Work Programme to be followed by the Steering Committee. The implementation of a tariff regime in January 1994, offering clear preferences to EU and EFTA countries, was the first significant step taken by Turkey in the transition to free circulation of goods.

By July 1994 the two sides had clarified their respective perceptions of the modus operandi of a Customs Union. Sir Leon Brittan, Member of the Commission for External Economic Relations, presented to the Council of Ministers a communication on the Achievement of Customs Union, requesting a mandate for completing the negotiations on Customs Union with Turkey. The Turkish Government's White Paper issued at the same time presented its own version of a customs Union. Both documents are taken into consideration in preparing a draft Decision for adoption by Association Council meeting in Brussels on 19 December 1994.

On the matter of timing, it is agreed that the Customs Union should take effect from the end of 1995, rather than the beginning, to allow as much time as possible to complete preparations. The starting date is envisaged for 1 January 1996¹⁰.

Several diverging points of view have become apparent in the discussions. Turkey took exception to proposed conditions for the liberalisation of the textile and garment arrangements, namely, that the system of quotas would expire once progress had been made in passing laws on intellectual property, competition and adoption of EU textile and

garments agreements with third countries. Turkey expressed opposition to agreeing a set timetable for introducing these laws. There is reluctance to accept the EU's insistence on maintaining anti-dumping and anti-subsidy measures, as well as other defensive commercial instruments, until such time as Turkey has a competition law and rules on state aids in line with the particular provisions of the Treaty of Rome, and that they are seen to be effectively applied. There are also differences of approach over harmonisation of industrial standard and legislation, with Turkey favouring an agreement on mutual recognition.

Turkey differs with the EU over the level of participation in decision-making in trade-related matters. A joint EU-Turkey Customs Union Committee which would meet as and when required has been proposed by the EU. Active consideration is being given to Turkey's request for financial cooperation to assist the transformation of industry and services to the competitive environment associated with Customs Union.

The slow rate of progress of preparation and passage of Customs Union legislation through the Turkish Grand National Assembly has caused concern in the EU. New laws on protection of patents, copyright, trade and service marks and industrial design, as well as the ratification of various international conventions on intellectual property are considered essential for the proper functioning of Customs Union and the control of piracy and counterfeiting. By mid-October 1994 only a draft patent law, still defective in several key areas, had been presented to parliament. A draft law on competition is at an advanced stage of consideration in the parliament. A substantial body of legislation equivalent to the *acquis communautaire* has yet to find its way into Turkey's statute books in preparation for Customs Union.

V. AGREEMENT OF MARCH 6, 1995.

The Agreement, formally Decision No. 1/95 (Customs Union) of the Association

Council, is a 31-page document, supported by 10 annexes, with its chapters covering:

<i>Chapter:</i>	<i>Implications:</i>
Free Movement of Goods and Commercial Policy	Elimination of customs duties and charges, of quantitative restrictions, acceptance by Turkey of EU textile regime
Agricultural Products	Alignment by Turkey to Common Customs Tariff Adjustment by Turkey to the EU's Common Agricultural Policy (period unspecified) and subsequent free movement of agricultural products
Customs Provisions	Turkey adopts EU practices
Approximation of Laws	Enactment by Turkey of a wide range of laws protecting intellectual, industrial and commercial property; acceptance of EU competition laws; joint approach to trade defense instruments; negotiation on opening government procurement; ending of discriminatory taxation
Institutional Provisions	Establishment of a EU/Turkey Customs Union Joint Committee, consultation with Turkey on relevant new legislation
General and Final Provisions	Allows for a six-month delay in launching of the Customs Union ¹¹ .

The load on the main institutions concerned - the Ministries of Foreign Affairs and Finances and the Undersecretariat of Treasury - is heavy. But the main bottleneck appears to be the legislation process in Turkey, where, in order to achieve equivalency and harmonisation with European Union law, the Turkish Parliament has to show far more agility in introducing new legislation than it has in recent years.

The underlying principle of the Customs Union is the freedom of movement of goods.

As set out below, Turkey has already made considerable advances in this area. On the launching of Customs Union, Turkey has to reduce to zero all duties and equivalent charges on imports of industrial goods from members of the European Union. It also has to adjust its tariffs and equivalent charges on imports of industrial goods from third countries to the Common Customs Tariff of the EU. This last point offers a particular threat for certain Turkish industries. For cars and trucks, for instance Turkey's charges on imports from the Far East are currently around 30%, while the

Common Customs Tariff of the EU is only 10%¹².

Article 15 of the March 6 Agreement gives Turkey five years to make this harmonisation for the „sensitive products" listed in Annexa I of this report. These include liquid fuels, various kinds of bags, cases and containers of leather, plastics, textile materials, paper etc.; certain categories of footwear and ceramic products; cars, minibuses, new and used tractors and lorries. The full list is given in Annexa II. In such cases reductions are expected to be gradual at first, gaining momentum as the deadline advances.

The Agreement on Customs Union was supplemented by four statements issued at the same time. These covered:

- Strengthening the political dialogue through increased high-level meetings.
- Broadening co-operation in the fields of industry, trans-European networks, transport, telecommunications, agriculture, environment, science, statistics, justice and home affairs, consumer protection and culture.

- A fuller dialogue on the situation of Turkish workers.
- Launching negotiations on reciprocal concession on agricultural products.
- Achieving free movement of coal, iron and steel.
- Starting a dialogue on macro-economic policy.

Apart from Cyprus and human rights, the statements also included a Community declaration on resuming financial co-operation with Turkey. Such co-operation has been blocked for over a decade as a result of Greek objections. But the Community has now committed itself to including Turkey in aid programmes totalling an estimated ECU 2.2 billion (\$ 2,7 billion) during the next five years¹³.

VI. For Turkish officials, Customs Union represents a step towards full membership of the EU. For Europe, it represents a major extension of the European economic space and the opening of Turkey's highly protectionist market of 60 million people.

The Turkish consumer should benefit from reduced prices in a wide range of products, from an improved offer of products, and from significantly enhanced rights and protection.

For the European consumer, the main change will result from the ending of quotas on Turkish textiles and garments. Turkish manufactured products have entered Europe without duty since the early 1970s. For Turkish industry, the immediate benefits are likely to be less than for European industry. The key issue is how Turkey's manufacturing units, many of them far smaller than their European counterparts, will weather a major increase in competition¹⁴.

VII. It is very difficult for a Turk to understand the dichotomy that exists in the European attitude. On the one hand, Turkey and EU have signed a Customs Union and accepted recommendations for measures to develop integration of Turkey into European economic, social and legal systems, and on the other Turkey will not even be briefed on the planning work for the future of Europe.

What turns the December decision of the EU Council into an enigma, if not a snub, for Turkey is that the Turkey-EU Association agreement has reached its final phase through a customs union, and Turkey is more integrated with EU than most CEE countries which have European treaties with EU.

Turkey's membership in NATO constitutes an additional dimension of defense and security integration of the West, although Turkey has been carefully left out of the scope of the European Security Identity¹⁵.

Under these circumstances if there is an overlapping security interests between Turkey and EU, and the Association process is still valid, there is no explanation why EU keeps excluding Turkey from among its endeavours to structure Europe of the 21st century, where Turkey has to play a role because of its vital interests, and presence.

Turkish public opinion may have been perceiving the EU attitude towards Turkey as ambivalent, while current political leadership in Europe may have other interpretations regarding the Association status of Turkey. They may have been considering the Association treaty and its supplements as a political Treaty which may or not be implemented, or as a treaty with limited aim of establishing a smoothly functioning customs union. Furthermore, they may assume that Turkey's prospective membership may be put off sine die, because of the current problems of Turkey with some of the EU countries. Given the binding nature of the Ankara Treaty and subsequent protocols and the fact that they are considered as part of the *acquis communautaire* by the European Court of Justice, the failure of EU for fulfilling some of the terms of the Association such as free circulation of services etc., and excluding Turkey from the European construction process, runs, in the opinion of many, contrary to the legally binding terms of the Association and the actual state of the relations. The arguments voiced against admission may be:

- Turkey is a large and populous developing country, its accession will be very costly for the Community Budget (circa 6bn ECU per annum for a certain number of years).
- If Turkey is admitted to full membership, Turkish population in EU countries may

increase at least to 6 million from the current level of 3 million.

- The level of democracy and human rights in Turkey not conform to European norms.
- There is a significant cultural differences between an Islamic Turkey and Christian EU.
- From the security point of view while Turkey's place on the side of Europe is indispensable, yet, Turkey is situated in a highly vulnerable location and EU may not wish to establish a common defence identity with Turkey, that would bring additional security risks for EU security and defense systems.
- Greece is a persistent objector to any improvement in Turkey-EU relations. Since decisions for enlargement require unanimity this hurdle may not be overcome¹⁶.

Looking at these issues from a Turkish viewpoint there are answers that may be given to each argument:

- It is true that Turkey is a large country with a dynamic young population. Its economy is adequately developed to sustain a customs union with the EU, with minimal financial support by EU. With its economic development potential Turkey could most probably within a few years become a net contributor to the Community budget. In respect to trade balance EU countries are already favoured by about 4,5 billion dollars a year. The difference in their favour will no doubt increase since Turkey has eliminated its customs duties and accepted joint European tariffs in its trade with third countries and European Union's standards. Assistance from Community funds therefore will be indirectly made up by trade deficits of Turkey. While argument about the cost of Turkey's accession may have some validity for a very short period in the long term the main beneficiary will be the common EU purse¹⁷.

- Regarding the arguments about „invasion“ of Europe by Turkish workers, historical experience shows the opposite. After the Second World War, large number of Italian workers sought jobs in Western Europe, but most of them returned home after the EC was formed and Italian economy developed. The similar experiences can be cited for Greek, Spanish and Portuguese workers employed

outside their countries. There is no reason why a reverse migration should not take place from Germany to Turkey after Turkey's accession, and a certain degree of development in its economy.

- Democracy and human rights have been much debated and used as a political leverage in European dealings with Turkey since the 19th century. In these debates, not yet internationally defined, group rights are mixed with individual rights. It is true that in the course of its rapid transformation from an agricultural economy to the industrial and post industrial stage and from rural life to an urban one, there are indigenous and imported problems affecting Turkey's human rights practices and democracy. Yet, Turkey, in this respect has accepted the jurisdiction of the European Human Rights Commission and Court also for individual applications. Turkish public opinion have become much more dependable and effective advocates of human rights and democracy in Turkey than any European political institution. They have already achieved great progress. Turkey, in regard to human rights and democracy does not lag behind any of the countries that are considered as candidates for membership under the European Treaties of Association¹⁸.

- The cultural and religious difference is often cited at an unofficial level as a factor that would never make Turkey a European country, by the opponents of Turkey's membership in the EU. Europe is composed of people of different ethnicities and of different cultures. On occasions these differences are wide and on others very small. The very fact that in modern European societies, democracy and human rights are accepted as a common denominator, implies the prevalence of multi-culturism and pluralistic societal norms. The richness of Turkish culture can only be a valuable acquisition for Europe¹⁹.

In respect to religion, it is true that a very large segment of the European population profess Christianity of one form or other yet with the exception of a few countries the state and societal structures are secular. On other hand, in Turkey, for many decades secularism has been one of the main pillars of the Turkish state and society (although a great part of the Turkish population accept Islam as their religion). If European Union is going to be a Union of peoples conditioned by the narrow

concepts of an exclusivist religious culture and based on such conceptions a European identity is created, obviously Turkey as a secular, but Moslem country will have no place in Europe's political and societal structures. Furthermore, such a development in Europe will no doubt create a cultural cleavage contributing to instability and conflicts in religiously mixed societies in Western Europe and the Balkans. The accession of Turkey into the EU, may, on the contrary contribute to greater harmony among different cultures and religious prevalent in Europe²⁰.

VIII. The panorama of Turkey's relations with the European Union moved like fast-paced film in 1997. At the end of this year, as the days

of the Luxembourg summit approached, Ankara's ties with the UE became tense as various declarations from European capitals indicated that Ankara would get less than it desired.

Worse than that, the Luxembourg summit (December 1997) signified an all time low in relations. After the summit Ankara announced that the decision is not acceptable for many reasons. The Turkish government, in a statement of December 14, 1997, underlined that: „unless this approach and mentality (of the EU) are changed, one cannot expect our relation to be developed within a constructive and multifaced dialogue". For the time being the Turkey's relations with EU are again into a deep freeze²¹.

¹ Representation of the European Commission, Ankara, *A Report on EU-Turkey Relations*, 1994, p. 2-4.

² *Ibidem*, p. 8-9.

³ *Ibidem*, p. 16-17.

⁴ *Turkey and Europe*, IBS Briefing Papers, 1995, p. 13-14.

⁵ *Ibidem*, p. 19-22.

⁶ *Ibidem*, p. 30-34.

⁷ *Turkey and European Union. Nebulous Nature of Relations*, Ankara, 1996, p. 6-7.

⁸ *Turkey and Europe*, *op. cit.*, p. 9-10.

⁹ *Ibidem*, p. 18-19.

¹⁰ *Ibidem*, p. 20.

¹¹ *Ibidem*, p. 8-9.

¹² *Ibidem*, p. 11.

¹³ *Turkey between East and West. New Challenges for a Rising Regional Power*, Boulder, 1996, p. 122-123.

¹⁴ Arthur Cyr, *Turkey and the West*, in „Perceptions" (Ankara), vol. I, no. 3, p. 110-111.

¹⁵ *Ibidem*, p. 113.

¹⁶ *Ibidem*, p. 115-116.

¹⁷ Onur Oymen, *Turkey's European Foreign Policy*, in „Perceptions", vol. II, no. 1, p. 9-10.

¹⁸ *Ibidem*, p. 12; Halil Inalcik, *Turkey and Europe*, in „Perceptions", vol. II, no. 1, p. 86-90.

¹⁹ Ismail Cem, *Turkey: Setting Sail to the 21st Century*, in „Perceptions", vol. II, no. 3, p. 9-10; Sadi Ergurenc, *Turkey, Strategic Partner of the European Union*, in „Foreign Policy" (Ankara), 1996, nos. 1-2, p. 8-9.

²⁰ Seyfi Tashan, *A Turkish Perspective on Europe-Turkey Relations*, in „Foreign Policy" (Ankara), vol. XX, 1996, nos. 1-2, p. 63-65.

²¹ Mazlan Ertan, *Turkish-EU Relations*, in „Turkish Probe", February 1998, no. 266, p. 17; *Turkey and EU*, in „Briefing", February 1998, no. 1180, p. 8; *News about Turkey and EU*, in CIDC „Insight", January 1998, p. 39-41.