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# The EU and Türkiye

## Can shared threats overcome mutual suspicion?

By Thomas Maddock

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- ★ Despite potential co-operation on some areas of common interest, EU-Türkiye relations have reached a costly stalemate. This impasse is driven by mutual suspicion and bilateral disputes. Türkiye remains a candidate country for EU membership, yet democratic backsliding under President Recep Tayyip Erdoğan, the unresolved Cyprus dispute, and foreign policy frictions over Russia and Gaza mean that its accession bid is effectively at a dead end. Neither side is willing to fully break off engagement, yet neither side is willing to take the necessary steps to improve ties.
- ★ The worsening geopolitical environment means a rethink is urgently needed. Russia poses an existential security threat to the EU and a challenge to Türkiye in the Black Sea. The US under Donald Trump has become an unreliable security and trade partner. China is aiding Russia's war in Ukraine and is undermining EU and Turkish industrial bases.
- ★ Türkiye's geography and military capability as NATO's second-largest standing army, make it not just an unavoidable partner, but an essential asset to securing Europe against Russia. With considerable drone manufacturing capacity, covering uncrewed aerial, surface, and ground vehicles, Türkiye could fill gaps in Europe's defence industrial supply chains. Even if Türkiye remains locked out of EU-level initiatives, the bilateral level presents a credible path forward.
- ★ The EU-Türkiye customs union, in force since 1995, is not fit for purpose. A reluctance to modernise it results in frictions in EU-Türkiye trade. EU FTAs create trade asymmetries with third countries automatically accessing Türkiye's market, removing incentives for these countries to open their markets to Turkish exports; an asymmetry that is particularly impactful as the EU enters new agreements including the EU-India FTA. The EU should engage in customs union modernisation talks, with a view to expanding the sectoral scope of its agreements with Türkiye to cover services, digital trade and public procurement.
- ★ Beyond the customs union, other economic ties remain underdeveloped. The EU and Türkiye should establish a critical minerals partnership, including expertise-sharing to fill Turkish technology and governance gaps and to exploit better the potential rare-earths deposits in Türkiye. Both sides should establish a digital partnership, to ease cross-border data flows.
- ★ A successful EU-Türkiye reset will require a shift of mindset by both sides, moving from transactional leverage towards managed engagement. The EU should pursue sector-by-sector progress where interests align; Türkiye should demonstrate genuine commitment to the principles of rule of law, civil liberties and political freedoms. Neither side can afford to wait for ideal conditions, and should re-engage in high-level dialogues on security and economic co-operation.

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The EU and Türkiye are back on speaking terms following years of disengagement. On June 30<sup>th</sup> 2026, Turkish Foreign Minister Hakan Fidan met with the EU's High Representative Kaja Kallas and Enlargement Commissioner Marta Kos. Both sides signalled support for a more constructive relationship, emphasising that security collaboration was a common interest, and agreed on improving the implementation of the customs union.<sup>1</sup> The discussion reflected a broader re-engagement between the EU and Türkiye, echoing the statement following Commissioner Kos's previous Ankara visit in February 2026.<sup>2</sup> A timid re-engagement might be underway.

The worsening geopolitical and geoeconomic environment is driving this rethink. Russia, especially since its full-scale invasion of Ukraine in 2022, presents an existential security threat to Europe, and poses challenges to its neighbour, Türkiye. The US, under the second Trump administration, has become an unreliable security partner and Trump's tariffs and war in Iran have already damaged European economies. China is supporting Russia's war in Ukraine, its subsidy-driven exports and manufacturing overcapacity are undermining Europe's industrial base, and its control over critical minerals and certain technology supply chains threaten the foundations of Europe's economy. The EU is responding to these threats in two ways: rearmament and an economic security and competitiveness agenda.

*“In an increasingly harsh global environment, it is harder for the EU to justify estrangement from Türkiye.”*

Türkiye could play a role in achieving both these objectives, strengthening its own economy and security in the process. Yet a recent statement from Commission President Ursula von der Leyen, in which she appeared to compare the perceived threat posed by Türkiye to that from Russia and China, underlines the extent to which

some in the EU view Türkiye solely as a problematic neighbour.<sup>3</sup> To some extent, suspicion from EU leaders is understandable. An array of deep bilateral disputes, especially with EU member-state Cyprus, has stalled any further co-operation. The targeting of Erdoğan's political opponents has only heightened EU concerns around Türkiye's democratic decline, effectively killing off their EU accession bid.

Nonetheless, the magnitude of their shared challenges and their close proximity mean that leaders in Brussels and Ankara should change mindsets. The EU should seek positive collaboration with Türkiye in both security and economic ties, rather than mirror its approach to Russia. Türkiye should meaningfully address the EU's concerns regarding rule of law violations. Political disagreements are likely inevitable and, in some circumstances, warranted; however, when these arise, the approach should be to manage the EU and Türkiye's differences rather than resort to further isolation.

In this increasingly harsh global environment, it is harder to justify estrangement from Türkiye, whose geographical position, among other factors, means it will remain fundamental to Europe's future. Failure to seize this opportunity could result in a yet further deterioration of relations.

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## The trust gap in EU-Türkiye relations

EU-Turkish relations have been at a virtual standstill for 20 years. Neither side is willing to break off connections entirely, nor are they willing to take the necessary steps to improve ties. Both sides view the relationship in highly transactional terms with low degrees of mutual trust. Türkiye's domestic political situation and an array of bilateral disputes with EU member-states have resulted in a strained relationship.

### Turkish domestic politics

Turkish democratic backsliding has been a major obstacle. After Türkiye was awarded candidate status in 1999 and full membership negotiations opened in 2005,

modest progress has since given way to an EU political consensus against Turkish accession. Since Erdoğan won office in 2003 as prime minister and especially since the failed coup attempt against his government in 2016, he has shifted the country away from a relatively inclusive parliamentary system to highly centralised, authoritarian governance with limited checks on his authority. The Turkish government has suppressed civil society and undermined judicial independence. Political opponents, most notably the Mayor of Istanbul, Ekrem İmamoğlu, have been jailed as part of a wider crackdown on critics of Erdoğan's government; Özgür Özel was recently suspended as leader of the opposition Republican People's Party.<sup>4</sup> A European Parliament report cast Türkiye

1: European Commission, 'Joint Press Release by Türkiye's FM Hakan Fidan, HR/VP Kaja Kallas, and EU Commissioners Marta Kos and Magnus Brunner following their meeting in Ankara', June 30<sup>th</sup> 2026.

2: European Commission, 'Joint statement by Turkish Foreign Minister HE Hakan Fidan and EU Commissioner for Enlargement HE Marta Kos following their meeting in Ankara', February 6<sup>th</sup> 2026.

3: Hella Kemper, 'Ursula von der Leyen fordert von Europa, sich völlig neu aufzustellen', *Die Zeit*, April 19<sup>th</sup> 2026.

4: Cinar Kiper, 'Turkish police storm offices of the main opposition CHP party, firing tear gas and rubber bullets', *The Washington Post*, May 24<sup>th</sup> 2026.

as a leading perpetrator of transnational repression within EU member-states.<sup>5</sup> Türkiye's political repression is not yet at the current levels of Vladimir Putin's Russia, but the clear shift away from political pluralism, democracy, and rule of law has significantly expanded the rift between Türkiye and the rest of Europe.

Beyond rule of law and democracy, Erdoğan has undermined minority rights. Over decades, the Turkish government has suppressed the political and language rights of the Kurds, Türkiye's largest ethnic minority group. Kurdish political figures have been detained and Turkish security operations in the mid-2010s displaced up to half a million people according to Amnesty International, though recent years have seen progress in Kurdish-Turkish peace-making.<sup>6</sup> Turkish authorities have also prosecuted organisations and activists advocating LGBTIQ+ rights.<sup>7</sup>

*“Democratic backsliding under Erdoğan, the Cyprus dispute, and foreign policy frictions mean Türkiye's accession bid is effectively unviable.”*

Türkiye has a way to go to comply with economic conditions for EU membership. The 2025 Commission report on Türkiye found only partial alignment with EU public procurement rules, noting issues like excessive use of negotiated procedures, a less transparent and competitive process where contracting authorities negotiate directly with selected bidders rather than fully competitive tenders.<sup>8</sup> Türkiye's economy remains highly integrated with the EU's, but gaps remain in the functioning of its market economy, particularly around its lack of state aid transparency and its wide price-setting interventions.

EU accession requires adherence to the so-called Copenhagen criteria, centring on democratic governance, rule of law, minority rights, but also economic conditions of a functioning market economy. Türkiye's demonstrable shift away from those principles has undermined its accession process. In 2018, talks on Türkiye's accession and on modernising the EU-Türkiye customs union were effectively frozen.<sup>9</sup> In May 2025, the European Parliament voted overwhelmingly in favour of keeping talks frozen.<sup>10</sup>

5: Nate Schenkkan, Zselyke Csaky, Emile Dirks, and Alexander Dukalskis, 'Perpetrators and methods of transnational repression and possible counter strategies', European Parliament, January 2026.

6: Amnesty International, 'Turkey: UN findings of mass displacement of Kurds confirm Amnesty International research', March 10<sup>th</sup> 2017.

7: Amnesty International, 'Türkiye: Absurd charges against board of LGBTIQ+ organization must be dropped', April 7<sup>th</sup> 2026.

8: European Commission, 'Türkiye 2025 Report', November 4<sup>th</sup> 2025.

9: Council of the European Union, 'Council conclusions on enlargement and stabilisation and association process', June 26<sup>th</sup> 2018.

## The Cyprus dispute

The Cyprus dispute is the most significant political roadblock to closer EU-Türkiye relations. Türkiye does not recognise the Republic of Cyprus, an EU member-state, and is the only country globally to recognise the Turkish Republic of Northern Cyprus, which occupies the northern part of the island. Following the Turkish invasion of 1974, the rights and legal status of displaced Greek Cypriots remain deeply politically contentious; for its part, the Turkish government has been highly critical of the treatment of Turkish Cypriots living in the Republic of Cyprus. Recurrent rounds of optimism and talks have given way to stalemate. In June 2026, Cypriot President Nikos Christodoulides explicitly tied future progress in EU-Türkiye ties to tangible improvements on the Cyprus question.<sup>11</sup>

Cyprus and Greece have vetoed various initiatives to engage Türkiye. In turn, Türkiye has blocked Cyprus' ambitions to join NATO and opposes allowing Cyprus to be involved in closer institutional ties between NATO and the EU, forcing EU and NATO civil servants to work together informally and without being able to exchange classified information. Türkiye does not apply benefits of the EU-Türkiye customs union to Cyprus. Beyond the island of Cyprus, Greece and Türkiye have extensive disagreements over territorial claims in the Eastern Mediterranean; France, which signed a defence agreement with Greece in 2021, has also clashed with Türkiye over these disputes. Since Cyprus overtook Türkiye in joining the EU, Türkiye has not viewed the EU as a mediator on the issue, which it was historically, but as being one-sided in its approach.

## Foreign policy disputes

Despite Türkiye and most EU member-states being NATO allies, foreign policy has also been a contentious area between Türkiye and its partners. Türkiye's procurement of Russian S-400 air-defence systems in 2019 caused a rift with Washington, prompting Ankara's exclusion from the US F-35 fighter jets programme. Türkiye long opposed Sweden's NATO accession, due to historic Swedish support to Kurdish groups. The dispute took almost two years to resolve, with Sweden toughening some anti-terrorism legislation to overcome Ankara's veto.<sup>12</sup>

10: European Parliament, 'Türkiye's EU accession process must remain frozen', May 7<sup>th</sup> 2025

11: James Morphakis, 'Christodoulides ties Turkey-EU progress to Cyprus settlement', *Cyprus Mail*, June 14<sup>th</sup> 2026.

12: Maddy Savage, 'Sweden hails historic step as Turkey backs NATO bid', *BBC News*, July 11<sup>th</sup> 2023.

Ankara's approach to Moscow has been deeply controversial in EU capitals, particularly following Russia's full-scale invasion of Ukraine. Even as Türkiye has been crucial in supporting Ukraine, providing critical military equipment and brokering the Black Sea grain deal, which enabled Ukrainian exports, Ankara has maintained engagement with Moscow. Türkiye has refused to implement sanctions against Russia and sought to join Russia's BRICS grouping, though was reportedly blocked by India. Türkiye's energy dependence on Russia partly informs this approach, but it is also reflective of Erdoğan's multi-aligned foreign policy, and a desire to mediate between Kyiv and Moscow.

*“Each side views the other as unreliable and therefore seeks to maximise its interests during any engagement.”*

Türkiye and the EU have also diverged over conflicts in the Middle East. Turkish officials have criticised perceived double standards in the EU's approach to Israel's war and genocidal acts in Gaza, claiming EU credibility on championing human rights has been shredded over their support for Israel.<sup>13</sup> The EU criticises Türkiye's stance

towards Hamas and for not condemning the October 7<sup>th</sup> attacks. Ankara, unlike the EU, has not designated Hamas a terrorist organisation.<sup>14</sup>

The EU and Türkiye have managed to agree on measures to control refugee flows and irregular migration from Syria, Afghanistan and elsewhere via Türkiye to Europe. Since 2016, the EU has entered agreements with the Turkish government whereby Türkiye limits the flow of people entering the EU in exchange for EU funds and commitments to discuss other aspects of the relationship. Yet this has exacerbated the transactional, interest-based nature of the relationship, reducing migration and refugee rights to points of political leverage rather than representing a genuine partnership.

The breadth and depth of these disputes, among others, results in a major trust gap. Türkiye views the EU as exclusionary and not delivering on its commitments; the EU views Türkiye as a problematic partner and, to some in the EU, as a threat on par with Russia. Each side views the other as unreliable and therefore seeks to maximise its interests during any engagement. This mindset on both sides significantly reduces the scope for compromise in addressing common challenges. Both parties urgently need to change their approach.

## Why a mindset shift is urgently needed

The status quo or deeper estrangement between the EU and Türkiye is neither in the EU's interests, nor that of Türkiye.

The EU finds itself beset by threats in a world of rising great power competition and major security and geoeconomic threats at its gates. Russia presents an existential security threat, especially to Eastern member-states; EU efforts to support Ukraine and to rearm are placing significant financial pressures on countries with limited fiscal space. The second Trump administration has been an unreliable backer of Ukraine and NATO and is still seeking to take control of Greenland from NATO ally and EU member-state Denmark. The US has destabilised transatlantic trade with arbitrary and erratic tariff increases. China is a less direct military threat to Europe but is supporting Russia's war in Ukraine. Moreover, China's industrial overcapacity is laying waste to European manufacturing, and it is exploiting its critical position in supply chains, including critical minerals, to coerce or reward other countries.

To address these risks, the EU is investing more in defence and economic security. On defence, the EU has developed instruments to increase its military industrial capacity and strengthen the European pillar of NATO. The Security

Action for Europe (SAFE) Instrument provides €150 billion in loans for defence capability investments.<sup>15</sup> The Council has loosened debt rules to allow member-states to increase defence budgets, potentially enabling them to spend an extra €650 billion over the next four years, although in practice the figure is likely to be much less.<sup>16</sup>

On economic security, the EU has pursued an agenda with both internal and external dimensions. Internally, the European Commission has sought to strengthen domestic industries and supply chains. It has simplified regulations and developed industrial policies like the Critical Raw Materials Act, which aims to expand the EU's role throughout supply chains for critical minerals. The proposed Industrial Accelerator Act aims to boost EU clean industrial capacity and competitiveness. Externally, the EU has armed itself with deterrent measures such as the Anti-Coercion Instrument and sought to diversify its trade partnerships to mitigate worsening trading relations with the US and China.

In many of these areas, Türkiye faces similar challenges to the EU. Though Erdoğan and Trump have relatively good relations, Trump's volatile foreign policy has exposed Türkiye to the destabilising effects of the war in Iran. Türkiye shares the EU's concerns that a weaker NATO

13: Lizzie Porter, 'Europe has lost moral high ground over Gaza, Turkish official says', *The National*, October 27<sup>th</sup> 2025.

14: European Commission, 'Türkiye 2025 Report', November 4<sup>th</sup> 2025.

15: European Commission, 'Factsheet: ReArm Europe Plan/Readiness 2030', March 19<sup>th</sup> 2025.

16: Council of the EU, 'Council activates flexibility in EU fiscal rules for 15 member-states to increase defence spending', July 8<sup>th</sup> 2025.

could further embolden an aggressive Russia, especially in the Black Sea region where Türkiye has strong interests. Chinese industrial overcapacity is likewise affecting Türkiye, which has raised additional barriers to Chinese EVs and steel in response.

Co-ordination between Türkiye and the EU on these shared threats has been lacking, however. The EU has either left Türkiye's place within its defence and economic security initiatives unclear or explicitly excluded it. To some extent this is understandable as Türkiye is not an EU member, so is not by default eligible to benefit from EU funds. The UK, which withdrew from the Union, is likewise unable to benefit from funds such as SAFE. Proponents of boosting the EU's indigenous defence industry and economic security might wonder why EU funds should be directed towards a non-EU state. And whereas most EU member-states would like to find a way to work more closely with the UK, particularly in the defence field, the array of disputes make Türkiye a less attractive partner. Poor relations between Erdoğan and most EU leaders compound the difficulties caused by substantive disputes.

*“The mindset should be engagement where possible and managing divergence where unavoidable, not mirroring the approach to Russia.”*

Yet alienating Türkiye in this period of high geopolitical and geoeconomic threat is not in the EU's interest. As a NATO ally and potentially a counterweight to Russian influences in the Middle East, some parts of Africa, and in Central Asia, Türkiye could be an asset in dealing with the EU's most immediate security threat. Improving defence industrial co-operation and economic ties would yield benefits for both sides. Full Turkish participation in EU industrial policy is probably politically unfeasible, yet a Turkish role in EU clean tech supply chains could help facilitate European competitiveness.

Even if the global environment were not worsening, a more constructive approach would still serve common interests. Türkiye's geography, as a neighbour of the EU, Russia, and the Middle East, means it cannot be

ignored. For European leaders who fear that conflicts in the Middle East risk driving refugee flows and migration from the Middle East toward the EU and destabilising their societies, there is little alternative to engaging with Erdoğan.

What would this mindset shift mean in practice? Both sides should handle the accession question delicately. They should accept the political reality that enlargement is not realistic for the foreseeable future, given the gap between Türkiye's political situation and the Copenhagen criteria, and the depth and breadth of disagreements with EU member-states. The EU should not abandon Türkiye's accession as a long-term goal, however. Erdoğan will not be in power forever, and a successor might put the country back on the road to meeting EU standards. An explicit EU statement that Türkiye was no longer a candidate country would undermine those within Türkiye who support a Western orientation and embolden those who look to diverge from the EU. For the EU, a more credible approach would be to co-operate in areas of common interest and to continue to link the possibility of membership to democratic standards and rule of law.

The EU cannot afford to wait for a post-Erdoğan Türkiye before re-engaging, not least given the real possibility that he may seek to circumvent constitutional term limits to extend his rule. Yet re-engagement should not mean abandoning criticism. The EU should insist that Türkiye demonstrate a real willingness to address its most serious shortcomings, particularly on political freedoms and judicial independence. On Cyprus, even if it remains politically complex to get Türkiye to recognise the government in Nicosia fully, Ankara might be persuaded to extend customs union provisions to Cyprus, which would be a positive step forward.

Overall, addressing all facets of the relationship simultaneously is unrealistic and not necessary. A better approach would be to push ahead sector-by-sector where interests converge. The overall mindset should be one of engagement where possible and managing divergence where unavoidable. Defence and security represent the most important starting point, as the next section examines.

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## Defence and security policy co-operation

On July 7<sup>th</sup>-8<sup>th</sup> 2026, NATO leaders will meet in Ankara for a NATO summit. The summit is supposed to be an opportunity to take stock of progress in increasing defence spending by the US's allies, following agreement at The Hague last year that by 2035 NATO members would spend 3.5 per cent of GDP on defence and 1.5 per cent on wider security. In private, however, it will probably focus on the future of the alliance and the wide gap between the US and the rest of the alliance over the war in Iran. European leaders are already undertaking efforts

to Europeanise NATO, but they should also use this as an opportunity to re-think how best to include Türkiye in their work

### Limitations of EU-Turkish defence and security co-operation

Although Türkiye and most EU member-states belong to NATO, the Cyprus dispute severely limits the scope of defence and security co-operation.

Türkiye does have some role in the EU's Common Security and Defence Policy (CSDP), including participation in the CSDP mission Operation Althea in Bosnia-Herzegovina and support to the EU's civilian mission to Kosovo, EULEX Kosovo. Yet outside CSDP, co-operation is limited. Türkiye is excluded from PESCO, the EU's framework for groups of member-states to collaborate on defence and military capabilities. PESCO does allow non-EU states to participate, with Canada, Norway, the UK, and the US all participating in projects. Yet Austria blocked Türkiye's PESCO application and it would probably also face vetoes from Cyprus and Greece. Türkiye is similarly excluded from the European Defence Agency, the EU's hub for co-ordinating development of defence capabilities. Obstruction is not exclusively from the EU side; Türkiye opposes any Cypriot NATO accession, not least because of the Cypriot veto on Türkiye's EU accession.

*“Both sides should commit to a regularly-held high-level dialogue on security, covering issues of common interest.”*

This low level of EU-Turkish engagement on defence and security is problematic. If NATO's effectiveness were threatened, especially by a US decision to withdraw from the alliance, the EU and Türkiye would have scarcely any institutional structure to help them address common security threats.

On defence industrial integration, the picture is slightly better, but gaps remain. Türkiye is excluded from any participation in SAFE projects because it has no security pact with the EU. Solidarity with EU member-state Cyprus is likely to override any support for Turkish inclusion. The prospects of Turkish integration in EU-level defence industrial policy initiatives are therefore dim.

There are better opportunities for bilateral or multilateral defence industrial co-operation between Türkiye and individual EU member-states. EU countries can be broadly grouped into three categories. The first are the “resistant states”. These member-states have low or no bilateral defence industrial engagement with Türkiye. This group includes countries such as Cyprus, Greece, France, and Austria, and they tend to oppose Turkish involvement in EU-level and wider European defence initiatives.

The second grouping is the “pragmatic engagers”, which have more tentatively engaged with Türkiye. Germany, particularly under the Merz government, has sought to expand its defence industrial capacity rapidly since Russia's invasion of Ukraine. As part of this, the Turkish company Repkon is establishing an artillery factory in Germany. Germany also supported Türkiye's integration into the Sky Shield Initiative, a German-led missile

17: Polish Ministry of National Defence, ‘Strengthening strategic co-operation with the Republic of Türkiye’, December 15<sup>th</sup> 2025.

defence systems initiative, and withdrew its veto on selling Eurofighter jets to Türkiye.

The group of “enthusiastic engagers” have gone further and faster in deepening bilateral defence ties, approving various joint ventures with Turkish defence firms. Italy's Leonardo will soon produce uncrewed aerial vehicles with Baykar, a Turkish firm. Poland purchased reconnaissance and surveillance kit from Türkiye's Aselsan, and a security co-operation agreement between the Polish and Turkish governments signalled further future initiatives.<sup>17</sup> Hungary, Romania, Portugal, Spain, (and non-EU states Ukraine and the UK) fit into this category, having also made similar deals with Turkish firms in recent years.

## Where could Türkiye and the EU improve defence and security co-operation

Türkiye could play a decisive role in reinforcing European security against Russia. Türkiye has already joined the ‘Coalition of the Willing’, a group of countries committed to supporting and upholding a potential ceasefire between Ukraine and Russia. If Türkiye were to decide to contribute troops to a joint ‘reassurance force’ following a ceasefire, NATO's second-largest standing army could provide considerable power. But Türkiye's main contribution might instead be in the Black Sea, which is Türkiye's main security concern vis-à-vis Russia. Türkiye controls access to the Black Sea via the Bosphorus, and there has reportedly been progress in putting together a Turkish-led naval mission with Ukraine's allies.<sup>18</sup> True, Türkiye's efforts to balance its Western alliances with ties to Moscow raise questions for EU allies. Yet Türkiye shares Europeans' concerns about potential Russian dominance in the Black Sea. The EU and its member-states should therefore pursue co-operation in this common interest. Any ambition to end Turkish hedging is likely unrealistic; better to focus on where co-operation is most achievable.

The main anchor of Europe's security ties with Türkiye is NATO, yet with the alliance's future uncertain, it is time to redevelop institutional links between the EU and the Turkish government. How this co-operation could take place is politically complex. A formalised EU institutional security structure, such as a ‘European Security Council’, raises questions of how it might fit into (or conflict with) existing NATO and EU activities and co-operation. It remains unclear who the members of such a Council would be, what the role of non-EU states would be, how decisions would be made, and who would implement those decisions. National governments have historically resisted any measures which might surrender their sovereignty over defence, so any Council would likely need to be intergovernmental and flexible. A binding security and defence agreement with Türkiye, similar to EU agreements with Canada and the UK, is highly unlikely given opposition from some member-states.

18: Ragıp Soylu, ‘Turkey edges closer to leading Black Sea mission under Ukraine security guarantees’, *Middle East Eye*, January 6<sup>th</sup> 2026.

A looser ad hoc arrangement, similar to the Coalition of the Willing, might avoid some of these issues. Groups like these are more agile and responsive by their nature, with states opting in for deeper co-operation and others sitting out depending on the issue. This would avoid the national vetoes that have held EU foreign policy-making hostage on a number of key issues, and allow non-EU states to participate in initiatives. Yet these ad hoc arrangements also have their limits. In the absence of deeper institutionalisation, contributions from participating states are not bound by rules, undermining the certainty and predictability that comes from treaties. Long-term diplomatic buy-in is not guaranteed with ad hoc agreements, and could crumble in the face of diplomatic disputes.

*“Türkiye’s defence industrial manufacturing capacity could fill gaps in Europe’s supply chains, especially for uncrewed systems.”*

Ideally, therefore, the EU and Türkiye should pursue a soft institutionalism of sorts. This would avoid a binding agreement, which member-states would block, but provide more than the current level of discussion. Both sides should agree to either a regular, informal dialogue on security or an official high-level dialogue on security. Türkiye and the EU already have high-level dialogues, meetings of ministers and EU commissioners, covering themes including trade, migration and climate.<sup>19</sup> And if there is sufficient political will, both sides should go further, establishing a regularised security dialogue, perhaps annually with the Enlargement Commissioner, her EU colleague on defence, and their Turkish counterparts. Member-state ministers could opt-in to such talks. The February trip of Enlargement Commissioner Marta Kos, as well as her recent trip with Kallas, represent a positive first step in this regard. While the EU and Türkiye should strengthen institutional ties with meetings of high-level officials, they should avoid leaders’ summits, which risk being derailed by political developments or by the already-fraught personal relationship between von der Leyen and Erdoğan.

Such an arrangement would be less ambitious than, for example, intelligence-sharing or integrating Türkiye officially into the EU’s Common Foreign and Security Policy. Yet a regularised dialogue could allow Türkiye, the EU, and participating member-states to forge ahead with co-operation on topics of common interest. The initial purpose of this regularised dialogue could focus on three strands: Black Sea security, Levant security (especially promoting stability in Syria), and developing European defence industrial supply chains.

19: Turkish Ministry of Foreign Affairs, ‘Türkiye- EU high level dialogue meetings’.

20: PESCO, ‘European medium altitude long endurance remotely piloted aircraft systems – MALE RPAS (Eurodrone)’.

On industrial capacity, the EU and Türkiye should build on current progress made in defence industrial co-operation. Türkiye’s sizeable munitions manufacturing sector could help supply European demand, especially given the constraints on supplies from the US, caused in part by the US/Israel war in Iran.

The main contribution, however, might be in uncrewed vehicles. The EU is currently looking at expanding its uncrewed systems capacity, for example through the Eurodrone programme.<sup>20</sup> Türkiye already has considerable drone manufacturing capacity, covering uncrewed aerial, surface, and ground vehicles. In a February 2026 NATO exercise, Türkiye showcased the ASLAN ground vehicle, for example.<sup>21</sup> The wars in Ukraine and Iran have demonstrated the centrality of uncrewed vehicles in modern conflict, but also the importance of accelerated production cycles and iterative innovative development to maintain a technological lead. Türkiye’s manufacturing capacity could supply much of Europe’s demand, and policy-makers should draw lessons from Ukraine’s experience in accelerating defence technological innovation.

This integration could be a win-win. Türkiye’s defence industry suffers from duplication, with several firms producing similar kit. Such redundancy can improve resilience and generate competition, driving down costs or spurring innovation, but is hard to sustain when demand is low. Expanded demand from Europe could swallow up the surplus and make Türkiye’s industry more viable. As the EU seeks to develop its indigenous defence industrial capacity and make it independent of US inputs, integration with Türkiye could get it there faster.

What form this defence industrial co-operation should take, at the EU-level or the national level, is the more politically complex question. For better or worse, Türkiye has dim prospects of accessing SAFE funds, facing vetoes from member-states and lacking a security partnership with the EU. Even at the lower level of participation that non-EU firms are eligible for (up to 35 per cent of the total value of the project) as a subcontractor, this participation is conditional; the SAFE regulation mandates a two-year period to study replacing any non-EU contribution with an EU, Ukrainian, or EEA/EFTA alternative. Yet Türkiye losing out on SAFE need not derail the whole process. Much of the EU’s work on rearmament lies outside the SAFE instrument, through increased domestic defence spending. It is at this national level, where progress has already been strongest, that efforts to integrate should be prioritised.

This national level co-operation could take several forms. For the Turkish side, joint ventures between Turkish and

21: Emily Ryan Miller, ‘Turkey showcases ASLAN armed robot in NATO exercise in Germany’, Defence Blog, February 23<sup>rd</sup> 2026.

EU firms would be the optimal path. Yet other options are available. Subcontracting, where a prime contractor in the EU subcontracts part of production to a Turkish firm, or greenfield investments by Turkish defence firms in EU territory could be other avenues for further co-operation. Joint ventures could and should emphasise alignment with NATO standards, in an effort to ensure interoperability with other allies. Enabling the trade of cutting-edge Turkish military equipment, particularly in uncrewed vehicles and munitions, should be the leading EU priority.

European leaders will be in Ankara for the NATO summit next week. This event will be primarily overshadowed by questions about the alliance's future, measuring European progress in expanding defence spending, and keeping Trump engaged. Yet European leaders should use this also as a symbolic opportunity to imagine what a more ambitious defence partnership with Türkiye might look like. Leaders should use bilateral meetings with Erdoğan, Fidan, and other Turkish counterparts, to establish the basis for further co-operation.

## Economic co-operation and managing competition

In January 2026, the Turkish Foreign Economic Relations Board, a grouping of business councils, wrote an open letter to the presidents of the European Commission, Council, and Parliament, calling for a “paradigm shift” in EU-Türkiye relations, emphasising customs union modernisation and Türkiye's potential role in globally competitive and secure European supply chains.<sup>22</sup> Economic ties are the most fleshed-out component of the EU-Türkiye relationship. In its 2025 report on Türkiye, the European Commission noted that Türkiye is highly integrated with the EU economically, with Türkiye being the EU's fifth-largest trading partner and the EU being Türkiye's largest trading partner.<sup>23</sup> EU countries accounted for 64 per cent of total foreign direct investment received by Türkiye in 2025.<sup>24</sup> The customs union between the EU and Türkiye, in force since 1995, affords Türkiye a level of economic access largely unrivalled by states outside the EU and EFTA; trade flows have grown more or less consistently each year over the past decade.<sup>25</sup> Yet just as the broader relationship has become more politically fraught over the past two decades, so too have gaps grown in economic ties.

### The EU-Türkiye customs union

The customs union between Türkiye and the EU entered into force on December 31<sup>st</sup> 1995. It eliminated tariff barriers on specific goods and applied a common external tariff level, set by the EU. However, the agreement left out significant sectors, and additional gaps have emerged since. Despite periodic calls, there has been no substantive modernisation. In 2016, as part of the EU-Türkiye deal to limit flows of asylum seekers fleeing Syria to the EU, leaders agreed to look at updating the customs union. In the decade since, no progress has been made.

This is largely due to a lack of political will on the EU side. The European Commission's mandate for negotiations with Türkiye has still not been approved by the Council of the EU. The EU tends to view customs union

modernisation as a point of leverage with Türkiye, with the potential to persuade Türkiye to make progress on meeting EU rule of law requirements and extending the benefits of the customs union to Cyprus. The absence of high-level contact effectively precludes modernisation; the Association Council, tasked with addressing this and other topics, has not met since 2019.<sup>26</sup>

Gaps are to some degree inherent in any trading arrangement. An agreement concluded in the 1990s would inevitably not correspond to the pattern of trade in the 2020s. Some degree of regulatory lag (the period following new EU legislation during which Türkiye seeks to align its rules with evolving EU requirements) is also inevitable. The EU-Türkiye customs union is not a full regulatory union, meaning EU rules and regulations do not automatically apply in Türkiye. Regulatory convergence is still important for smoother trade, but to do so, Türkiye often awaits the outcome of EU legislative procedures before undertaking its own revisions, creating an unavoidable lag in regulatory convergence. Yet even by those standards, the lack of any modernisation or accompanying agreements is notable.

The limited sectoral scope of the current arrangement is a major shortcoming. Though industrial goods and processed agricultural goods are covered, several key areas like services, other agricultural products, and public procurement are not covered. This contrasts with the scope of more recent EU free trade agreements (FTA), such as the March 2026 EU-Australia FTA, which included provisions on services, procurement access, and agricultural goods, albeit with some remaining protections.<sup>27</sup>

The EU has no agreement on digital trade with Türkiye, in contrast to partners like Japan, Singapore, Australia, and Canada. Cross-border data flows for companies operating in Türkiye and the EU are complicated by each side's data protection laws. True, Türkiye's recent

22: Ugur Aslanhan and Mehmet Kadir Kilinc, 'Turkish business community urges EU to advance Ankara's membership bid, update Customs Union in open letter', *Anadolu Agency*, January 31<sup>st</sup> 2026.

23: European Commission, 'Türkiye 2025 Report', November 4<sup>th</sup> 2025

24: Global Angle, 'Turkey's FDI Landscape', February 19<sup>th</sup> 2026.

25: European Commission, 'European Union, trade in goods with Türkiye', May 8<sup>th</sup> 2025.

26: Turkish Ministry of Foreign Affairs, 'Association Council'.

27: European Commission, 'MEMO: EU-Australia free trade agreement: Chapter-by-chapter summary'.

regulatory updates have brought Turkish legislation closer to the EU's GDPR. But without an adequacy decision on either side (i.e. a decision affirming that the other side meets adequate standards of data protection for the data to flow securely), businesses operating in the EU and Türkiye are constrained in what data they can transfer.<sup>28</sup> Moreover, governance of e-commerce customs duties, which had been effectively eliminated by a WTO e-commerce moratorium, are now unclear, following Brazil and Türkiye's blocking of an extension to the moratorium in early April.<sup>29</sup> These frictions risk impeding the development of EU-Türkiye digital supply chains, something which would otherwise contribute to EU efforts to reduce its dependency on tech giants from China and the US.

*“Both sides should modernise the customs union, and pursue co-operation on critical minerals and digital trade.”*

EU FTAs have a large, mostly negative, impact for Türkiye and the broader state of the customs union. Under current arrangements, third countries which enter FTAs with the EU are automatically afforded tariff-free access to Türkiye, though Türkiye does not benefit from the reciprocal benefits of the FTA. This creates an asymmetry in trading terms; third countries have little incentive to negotiate an FTA with Türkiye if they have already negotiated an EU FTA. EU trade diplomacy, in which Türkiye has no say, undermines Turkish industry by increasing competition from third countries while not opening those foreign markets to Turkish business. The recent EU-India FTA is the most obvious example; Türkiye will struggle to compete with India's low-cost manufactured products.

The customs union with Türkiye remains one of the deepest, most successful projects of economic integration between the EU and a third country. But if there is no modernisation and the gaps go unaddressed, especially in emerging sectors like digital trade, trade frictions will grow, and the customs union will become increasingly unfit for purpose.

## Other economic ties

Beyond the customs union, there are other gaps in EU-Turkish economic co-operation. The EU's Industrial Accelerator Act, a proposal to boost the EU's industrial base in strategic sectors, allows for the participation of non-EU states which have a trade agreement or customs union with the EU. This could allow potentially some

28: Jurcom GRC Services, 'Navigating GDPR & KVKK with new SCC', September 9<sup>th</sup> 2024. Hilal Temel, 'Navigating Türkiye's updated international data transfer rules: What you need to know', Slaughter and May, January 31<sup>st</sup> 2025.

29: Reuters, 'Group of WTO states agrees not to impose e-commerce duties', April 2<sup>nd</sup> 2026.

30: European Commission, 'Türkiye 2025 Report', November 4<sup>th</sup> 2025.

Turkish firms to participate in certain measures under the Act. In practice, however, there are two important caveats. First, the proposal is still in legislative process, and provisions to include non-EU states could be watered down by member-states, especially France. Second, the current proposal requires reciprocity in public procurement access, curbing Türkiye's access to EU-backed projects unless it opens its own public procurement market to competition from EU firms. The 2025 Commission report on Türkiye found only partial alignment with EU rules on procurement, noting various issues like excessive use of negotiated procedure and discriminatory practices.<sup>30</sup> To participate, Türkiye might need to update its public procurement rules and implementation to meet EU standards.

Critical minerals remain largely unaddressed in EU-Türkiye co-operation, despite Türkiye being resource-rich, including potentially in rare earths. The EU needs rare earths for strategic technologies, and China's dominant position in global supply and production of these elements leave the EU highly vulnerable to Chinese economic coercion. Though the EU is similarly dependent on Türkiye for borates, there has been little mutual engagement to explore partnership on other critical minerals, including rare earths. Under the EU's Critical Raw Materials Act, of the 13 strategic projects outside Union territory currently approved by the Commission,<sup>31</sup> none involve Türkiye.

Limitations in EU-Türkiye critical minerals co-operation is not wholly the fault of Brussels, however. Türkiye has an expertise and technology gap, limiting its ability to extract the resources it has, and its critical minerals policy-making is split across several government departments, which has hampered development.<sup>32</sup> Turkish critical minerals diplomacy is similarly limited. The Turkish government has sought to engage both the US and China, joining the US-led Minerals Security Partnership (MSP) and signing a memorandum of understanding with China in October 2024 to co-operate further in rare earths mining.<sup>33</sup> However, Türkiye did not attend the MSP's successor, the Washington Critical Minerals Ministerial, in February 2026 and it is unclear whether the MoU with China has led to tangible improvements in Türkiye's technology and expertise.

In recent years, Brussels and Ankara have clashed over inter-regional connectivity projects. The EU's support of the India-Middle East-Europe Corridor (IMEC), a large patchwork of infrastructure projects to support trade, energy supplies and data flows, has been highly controversial in Ankara. The corridor aims to connect India, the UAE, Saudi Arabia, Jordan, Israel, Cyprus, and

31: European Commission, 'Selected strategic projects', [as of April 10<sup>th</sup> 2026].

32: Abdullah Bozkurt, 'Turkey's bid to develop rare earth minerals hits wall of technology restrictions', *Nordic Monitor*, January 21<sup>st</sup> 2026.

33: Turkish Ministry of Energy and Natural Resources, 'Minister Bayraktar signed in China', October 16<sup>th</sup> 2024.

Greece, and had previously drawn support from the Biden administration and the European Commission. To the Turkish government, this initiative seemed designed to bypass Türkiye and cut it out of its historic role in linking East-West markets. Türkiye responded by backing the Iraq Development Road (IDR), linking Europe through Türkiye to the Iraqi port of Basra.

*“Without a base of institutional engagement, the EU and Türkiye cannot manage their political and policy differences.”*

Both connectivity projects could significantly reduce trans-shipment times and costs. Yet they are held back by financing gaps and fraught geopolitics. IMEC’s participants are involved in numerous bilateral disputes, including the recent friction between the UAE and Saudi Arabia, while Israel’s relations with its neighbours are in a bad state. Additionally, the Trump administration has not shown the same degree of interest in funding the routes as the Biden administration. Meanwhile, Iraqi political instability and its lack of full sovereignty due to internal and external security threats have complicated long-term infrastructure projects like IDR. Above all, the US/Israel war in Iran has reinforced the vulnerability of trade routes and other forms of infrastructure around the Gulf, pushing up costs and threatening the viability of both IMEC and IDR.

## How to improve economic co-operation and better manage competition

Diversifying trade partnerships is central to the EU’s competitiveness and economic security agendas. Improving trade conditions with Türkiye would provide tangible benefits here. But the EU and Türkiye cannot manage their political and policy differences without a decent base of institutional engagement. Türkiye and the EU have conducted High Level Dialogues on Trade in July 2024 and 2025, and both sides should commit to continuing these annually.

More broadly, both sides should accept the logic of pursuing economic co-operation where possible and managing tension where it cannot be avoided. Crucially, the EU should shift from viewing customs union modernisation as a powerful bargaining chip to exact concessions from Türkiye, to seeing it more as a technical procedure to bring the customs union into line with the modern pattern of EU-Türkiye trade. To the extent that modernisation represents geopolitical change, economic integration would help anchor Türkiye more closely to the West, which would serve EU interests. The Council should therefore approve a negotiating mandate for the Commission to start talks with Türkiye.

34: Turkish Minute, ‘Turkey considers new authority to oversee critical minerals, rare earths’, December 16<sup>th</sup> 2025

Modernisation should be viewed as a regular, incremental process. Rather than taking a comprehensive approach to negotiations, where a big package of negotiations is hammered out simultaneously, a piece-by-piece approach to modernisation would be more strategically sound. The more politically feasible aspects of modernisation could be prioritised over more contentious ones, such as agricultural products. Agreements on services and public procurement should be priorities, subject to Türkiye further reforming its public procurement system to align with EU standards. The EU and Türkiye should agree to a digital partnership, accompanied by mutual data adequacy agreements to facilitate cross-border data flows and a mutual agreement to not raise e-commerce tariffs.

Addressing EU FTA impacts on Türkiye and the scope for Türkiye to influence EU negotiating positions is thornier. It is hard to conceive that the EU would allow Türkiye a direct say over EU trade policy, given the difficulty the EU already has in building consensus on trade deals and the fact that Türkiye is not an EU member. Offering an observer position for Türkiye in EU FTA negotiations with third countries would however be a helpful step. Even if it would not give Türkiye direct influence over trade terms nor resolve the asymmetry, it would build trust and provide a foundation for Türkiye to initiate its own talks with the third country upon conclusion of talks with the EU.

On industrial policy, Türkiye has potential to contribute to European supply chains, especially in green tech, and should be included in ‘Made in Europe’ initiatives. On critical minerals, the EU should explore expertise-sharing with Türkiye to address its technology and expertise gaps. Given that Turkish critical minerals governance structures are in flux, with a separate authority for critical minerals reportedly being considered,<sup>34</sup> EU efforts should prioritise private sector engagement in Türkiye.

Trade connectivity should be an area of co-operation between the EU and Türkiye, not competition. The EU and Türkiye should co-ordinate trade connectivity investments in projects which serve mutual interests. A “more the merrier” approach to connectivity will leave both sides less dependent on chokepoints such as the Red Sea and the Strait of Hormuz. One potential case in point could be the Middle Corridor, connecting Central Asia, the South Caucasus, Türkiye, and Europe, as an alternative to transit via Russia and the Middle East. Projects like these should be assessed based on whether potential risks (in this case, that the corridor might primarily serve Chinese commercial interests) are offset by mutual gains. Co-ordination of EU-Turkish connectivity agendas could take place through the high-level economic dialogue mechanism.

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## Conclusion

The EU and Türkiye need to move beyond their current costly stalemate. With military threats from Russia, an unreliable US, and a challenging China, it is time to shift from a mutually transactional, suspicion-led relationship to better managed co-operation. Defence is the most immediate priority, with an opportunity to launch a structured EU-Türkiye security dialogue, perhaps covering defence industrial co-operation, Black Sea security, and Levant stability. On the economic side, the EU should approve a Commission mandate to modernise the customs union and pursue near-term agreements on critical minerals co-operation and digital trade. Both sides should adopt a mindset of engagement where possible, managed competition where unavoidable.

Re-engagement is not without its own costs. It is legitimate to ask about the risks that concessions made to Ankara by the EU, such as modernising the customs union and deepening defence co-operation, could be pocketed by the Turkish government, even as it refuses to move on the rule of law and Cyprus questions. Yet, the cost of inaction is all too apparent. The current stalemate has held for roughly 20 years and delivered little in the way of tangible improvements; the status quo or an even deeper estrangement all but ensures the EU and Türkiye will remain apart on security and economic issues at

a time when neither can afford it. Re-engagement, by contrast, at least creates channels for the EU to press Ankara on its most serious issues and to manage areas of competition better, especially if the EU adopts a sequenced, step-by-step approach which prioritises co-operation on common interests and dialogue, rather than the question of enlargement.

An EU-Türkiye reset will not fix everything. Parts of the relationship can already be improved at the national level, without needing to overcome member-state vetoes. Other bilateral disputes are likely to remain, especially on the most politically sensitive areas like Cyprus. Türkiye should address the EU's most pressing concerns about its domestic situation, and in return the EU should signal support for and meaningfully pursue co-operation. Given rising global geopolitical and geoeconomic instability, the costs of Türkiye's continued estrangement now clearly outweigh those of re-engagement. Both sides should seize this window of opportunity before it closes.

Thomas Maddock

**Clara Marina O'Donnell fellow (2025-26)  
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