

June 2021

From partners to rivals?

The future of EU-Turkey relations

By Luigi Scazzieri



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- ★ Relations between the EU and Turkey have become fractious. In 2018, the EU froze Turkey's accession negotiations in response to the deterioration of Turkish democracy. Ankara's naval operations near Greek islands and Cyprus have increased tensions, and Turkey's involvement in the Libyan and Syrian conflicts has led many Europeans to see its policies in the Middle East as destabilising. Ankara's relations with Washington have also soured, due to tensions over Turkey's growing ties with Russia and over the Syrian conflict.
- ★ The EU has condemned Turkey's actions towards Greece and Cyprus as violations of sovereignty and imposed some symbolic sanctions. Some member-states, like France, thought a tougher approach was necessary to deter Turkey and de-escalate tensions, but most others disagreed, seeing Turkey as an important partner. The EU countries eventually agreed to offer Turkey a 'positive agenda' if it halted unilateral actions, while saying they would impose additional sanctions if it did not.
- ★ Ankara has now paused its naval activities towards Greece and Cyprus and signalled that it wants better relations with Europe and the US. But there is little chance of a real improvement in relations in the near term. President Recep Tayyip Erdoğan's foreign and domestic policy will continue to cause friction with the EU. Erdoğan has not eased internal repression, while talks with Greece and negotiations over Cyprus are unlikely to make progress.
- ★ At the same time an assertive, militarised foreign policy remains popular with many Turkish voters and tensions with Europe and the US could flare up again. However, a complete break with the West remains improbable. Turkey's economy is relatively weak and closely entwined with Europe's. And even though Turkey and Russia have co-operated in Syria and elsewhere, their relations are volatile – making NATO membership an important insurance policy.
- ★ Starting talks on updating the EU-Turkey customs union could inject a more positive dynamic in the relationship and spur reforms in Turkey, especially if Europe made concluding negotiations conditional on a strengthening of democracy in Turkey. But member-states are sceptical about opening negotiations, seeing this as an unwarranted concession in current circumstances. Even if negotiations start, they will probably proceed very slowly.
- ★ The EU has to maintain co-operation with Turkey in areas of core interest. Putting co-operation on migration on a firmer footing should be a priority: the EU should provide a new funding package to support to the millions of refugees in Turkey for the next few years. Turkey is an important player in Europe's neighbourhood, and it is in the EU's interest to explore opportunities to co-operate more closely with it in Afghanistan, Iraq, Libya, Syria and Ukraine.

- ★ At the same time, the EU should try to prevent a resurgence of tensions. The EU should be firm with Turkey while encouraging Ankara and Athens to negotiate, promoting dialogue in Cyprus and trying to reduce tensions between Turkey and other states in the region. The EU should not hesitate in expressing its concerns about the state of democracy and human rights in Turkey.
- ★ The Union should leave its door open for Turkey. Ending accession negotiations would not solve existing problems, but it risks pushing Turkey further away from the West and leading to more confrontation. It would be less risky for the EU to keep the accession process alive, at least until the next Turkish elections in 2023, when there may be a change of government.

EU-Turkey relations have been stuck in a downwards spiral for years. Following a failed coup against him in 2016, President Recep Tayyip Erdoğan severely curtailed democratic freedoms and civil rights. In response, the EU froze the already stalled negotiations on Turkey's accession to the Union in June 2018. Turkey also embarked on a more assertive foreign policy in its neighbourhood, clashing with the EU. The Turkish navy has operated near Greek islands and around Cyprus, challenging Athens and Nicosia's claims to the waters there and to hydrocarbons in the eastern Mediterranean. Tensions with Europe were particularly high in the summer of 2020, with a collision between Turkish and Greek ships and a standoff between a Turkish and a French ship near Libya. Turkey's involvement in the conflicts in Libya, Syria and Nagorno-Karabakh has led many member-states to see Turkish foreign policy as destabilising.

In response to Turkey's actions against Cyprus and Greece, the EU sanctioned some Turkish officials involved in naval operations, but member-states could not agree on imposing broader sanctions. While some saw Turkey as a threat, and viewed sanctions as a deterrent, Turkey remains an important partner for many others. At the end of 2020 the member-states agreed on a dual strategy: they threatened more sanctions if Ankara did not halt its actions, but also said that if Turkey desisted, the EU was ready to launch a 'positive agenda' centred on modernising the EU-Turkey customs union. In 2021, Ankara took steps to defuse tensions with the EU, pausing its naval activities, resuming diplomacy with Greece and signalling that it wanted better relations with Europe.

Despite this, EU-Turkey relations will continue to be characterised by a high degree of friction for the foreseeable future. Ankara's recent de-escalation in the eastern Mediterranean does not reflect a deeper strategic shift. Turkey has not abandoned its claims in the eastern Mediterranean or changed its stance towards Cyprus. At home, the government continues to

lash out at the opposition. Domestic political incentives encourage Erdoğan to pursue an assertive foreign policy that damages relations with EU member-states, and discourage him from undertaking the democratic reforms that would be necessary to durably improve ties with the EU.

The challenge for the EU is to defend its interests and prevent dangerous tensions from re-emerging. The Union should redouble its efforts to promote dialogue in Cyprus and try to reduce tensions in the eastern Mediterranean. At the same time, it is in the EU's interests to try to work with Turkey in managing migration and in addressing common foreign policy challenges, for example in Afghanistan and Libya. The EU should leave the door open for Turkish membership of the Union, at least until the next Turkish elections in 2023, when there might be a change of government in Ankara. Ending accession negotiations now would not solve existing issues, but it risks pushing Turkey further away from the West and leading to more confrontation.

A worsening relationship

Turkey applied to join the European Union in 1987 but accession negotiations only began in 2005. Completing the negotiations was always going to be challenging. Cyprus acceded to the EU in 2004, despite the failure of the UN-led effort to reunify the island. Turkey maintained its policy of not recognising Cyprus and decided not

to include it in its customs union with the EU. In 2006, European leaders vetoed the opening of eight accession negotiating 'chapters' (out of a total of 35) until Turkey recognised Cyprus and opened its ports and airports to direct traffic from it.¹ The EU also decided that no negotiating chapters could be fully closed until then.

¹: Countries negotiating EU membership must adopt the whole of the Union's *acquis communautaire*, which is divided into 35 areas, called chapters.

In 2009 Cyprus blocked the opening of six additional negotiating chapters. Many member-states, including France and Germany, were ambivalent about the prospect of a large Muslim nation like Turkey becoming an EU member: German Chancellor Angela Merkel talked of Turkey having a privileged partnership with the EU, rather than becoming a full member. Accession negotiations hobbled on, with negotiations on 16 chapters eventually opened and one of them provisionally closed. However, there was never much momentum behind the talks.

“The migration crisis of 2015-2016 briefly revived EU-Turkey relations.”

The stalling of the accession process bred mistrust and locked the two sides in a relationship of mutually unmet expectations. The deterioration of democracy in Turkey dealt a second blow to the relationship. In his first years after being elected Turkish leader in 2002, Erdoğan presented his government as a modernising engine of growth and a regional force for stability. He enacted democratic reforms, reduced the power of the military, expanded Kurdish minority rights and started peace talks with the Kurdistan Workers’ Party (PKK) terrorist group, which had waged a deadly insurgency against the Turkish state since the mid-1980s. Turkey attracted large amounts of foreign investment and real GDP per capita grew by a sizeable 44 per cent between 2003 and 2012.² Erdoğan’s Justice and Development Party (AKP) won election after election, but at the same time became increasingly intolerant of dissent. This began to trouble the EU and the US, especially after the government crackdown on protests against its plans to redevelop Gezi Park in Istanbul in 2013. The EU was critical of the deterioration of human rights and the rule of law in Turkey but, with the accession process stalled, had little leverage to change Ankara’s behaviour.

The migration crisis of 2015-2016 briefly revived EU-Turkey relations. In March 2016, the EU and Turkey struck a deal to stop the entry of migrants into Europe. Turkey agreed to take back migrants who reached Greece and who were considered ineligible for asylum, and to better police its border. In exchange the EU agreed to take in some refugees from Turkey directly, pledging to take in one refugee for each person returned from Greece to Turkey. The EU also agreed to provide Ankara with €6 billion to help it support the over 2.5 million Syrian refugees it was hosting, to revitalise its membership bid,

to upgrade the EU-Turkey customs union, and to allow Turkish citizens visa-free travel to the EU. The funds the EU provided to Turkey did not flow directly into the Turkish government’s coffers: out of two €3 billion tranches, 80 per cent of the first and 50 per cent of the second were given to international organisations and NGOs. The remaining funds went directly to Turkish ministries, mostly those of education and health.³

Then came the attempted military coup of July 2016, in which hundreds of Turks lost their lives. European and US leaders condemned the coup attempt, but the Turkish government and many Turks were left with the impression that the West might not have minded if the plotters had succeeded in overthrowing the government, as when the Egyptian military overthrew Mohamed Morsi’s government in 2013. The EU and the US were also highly critical of the crackdown that followed the coup, which saw the government arresting 78,000 people and dismissing 110,000 civil servants.⁴ The new presidential system following the April 2017 constitutional referendum expanded the president’s powers, curtailed those of parliament, and strengthened executive control over the civil service and judiciary. At the same time, Turkey’s relations with several member-states, in particular with Germany and the Netherlands, took a nosedive due to bilateral disputes, including Turkey’s detention of European citizens accused of supporting terrorist organisations.

All this meant that there was little appetite amongst European leaders to fulfil the promises they had made to Ankara in the 2016 migration deal. Given the domestic situation in Turkey member-states were unwilling to revitalise accession negotiations or open talks on upgrading the EU-Turkey customs union. At the same time, the EU was unwilling to grant Turks visa-free travel to Europe, arguing that Turkey did not meet its benchmarks on issues like the fight against corruption, judicial co-operation, data protection and anti-terror legislation. In June 2018, Erdoğan won the presidential elections, consolidating his authority. A few days later, European leaders said that Turkey “has been moving further away from the European Union”, expressing concern over its “backsliding on the rule of law and on fundamental rights”. They said that accession negotiations had “effectively come to a standstill”, and that “no further chapters can be considered for opening or closing, and no further work towards the modernisation of the EU-Turkey customs union is foreseen”.⁵

2: World Bank, ‘GDP per capita (constant 2010 US\$) – Turkey’

3: European Commission, ‘EU facility for refugees in Turkey: List of projects committed/decided, contracted, disbursed’, January 2019 and March 2021.

4: European Commission, ‘Turkey 2018 report’, April 2018.

5: EU General Affairs Council, ‘Conclusions on enlargement and stabilisation and association process’, June 26th 2018.

The rise of confrontation

Democratic backsliding in Turkey is just one reason why EU-Turkey relations are bad: the EU has decent relations with many states that are much less democratic than Turkey, such as Egypt. Ankara's gas exploration in the eastern Mediterranean in 2019 and 2020 proved to be the trigger for rows with the EU because Turkey directly clashed with EU member-states. The discovery of substantial hydrocarbon deposits in the eastern Mediterranean in the early 2010s had been hailed as a possible way of fostering regional co-operation and facilitating Cypriot reunification.⁶ Instead, the deposits proved to be a source of confrontation. Turkey, which imports 93 per cent of its oil and 99 per cent of its gas, sought to assert its claims to a share of the region's resources, including those off the southern coast of Cyprus.⁷

“Democratic backsliding in Turkey is just one reason why EU-Turkey relations are bad.”

Ankara argues that Turkish Cypriots have a right to a share of Cypriot gas, and that Cyprus cannot commercialise gas until it agrees a consultation and revenue sharing agreement with Turkish Cypriots – or until an overall solution to the Cyprus question can be found. Separately, Turkey also contests the size of Cyprus's exclusive economic zone, claiming part of it. For over a decade, Turkey has sent its navy to assert its claims and sometimes harassed foreign exploration vessels. The frequency of Turkish operations has increased in recent years. In July 2019, taking note of Turkey's “unauthorised drilling activities”, the EU suspended negotiations with Turkey on a comprehensive air transport agreement, and cancelled meetings of the EU-Turkey Association Council and existing ‘high-level dialogues’ on issues such as security, energy, economy and transport. The EU also cut pre-accession funding to Turkey and instructed the European Investment Bank to review its lending activities in the country.⁸ And in November 2019 the EU adopted a framework for sanctions on Turkey.⁹

Tensions increased in 2020. Erdoğan had long threatened to stop co-operating with the EU on migration. At the end of February, he encouraged tens of thousands of refugees to make their way to the Greek border. Few were allowed to enter the EU. The EU nevertheless condemned Turkey's actions as a “use of migratory pressure for political purposes”, and leaders proclaimed their solidarity

with Greece.¹⁰ The coronavirus pandemic meant that the situation stabilised quickly, with Turkey closing its borders, but co-operation on migration did not resume. Since then, Turkey has refused to accept returns of migrants from Greece.¹¹ Turkey continued to explore for gas off the coast of Cyprus and began to send its ships to an area south of the Greek island of Kastellorizo that both Greece and Turkey claim as part of their maritime zones. Ankara has also sharpened its rhetoric towards Greece and carried out military flights over Greek islands.

Greece responded to these actions by mobilising its naval forces, and France sent warships to the region to support Greece and Cyprus. Tensions ran high, with a collision between Greek and Turkish ships in September. Germany sought to reduce tensions and NATO also intervened to set up a ‘de-escalation mechanism’, including a hotline between Greece and Turkey, to avoid a military incident. There were also growing tensions on Cyprus itself. In October 2020, Ersin Tatar, who opposes Cypriot re-unification, was elected Turkish Cypriot leader. This led Turkey and the Turkish Cypriots to advance the idea of a two-state solution, going against the notion of a re-united island, which remains the UN-endorsed framework for resolving the dispute.

Ankara's foreign policy in the broader Middle East has also created tension with the EU, leading many Europeans to see Turkish foreign policy as destabilising. In October 2019 Turkey launched an operation against the Kurdish People's Protection Units (YPG) in Syria. The US and many European countries had been supporting the YPG in its fight against the so-called Islamic State (IS). But Turkey sees the YPG as the Syrian branch of the PKK. While this was the third Turkish operation against the YPG in Syria, it resonated most with European politicians and publics. French President Emmanuel Macron said that the lack of co-ordination with NATO allies over the offensive meant that the alliance was ‘brain-dead’. European leaders pledged not to conclude new agreements to sell arms to Turkey, while stopping short of imposing an arms embargo.

The EU has also objected to Turkey's actions in Libya and Nagorno-Karabakh. In late 2019 Turkey intervened in the Libyan civil war. Libya's UN-backed Government of National Accord (GNA) had been asking for European and US help to fight the warlord Khalifa Haftar, who was trying to seize power by taking over Tripoli. But once the GNA realised that the US and Europe would not help it, it turned to Turkey instead. In exchange for Turkish

6: Rem Korteweg, ‘Gas on troubled waters’, CER insight, January 13th 2014.

7: International Energy Agency, ‘Energy policy review: Turkey 2021’, March 2021.

8: European Council, ‘Conclusions 20 June 2019’, June 20th 2019.

9: Council of the European Union, ‘Council decision concerning restrictive measures in view of Turkey's unauthorised drilling activities in the eastern Mediterranean’, November 8th 2019.

10: EU Foreign Affairs Council, ‘Statement’, March 6th 2020.

11: European Commission, ‘State of play of EU-Turkey political, economic and trade relations’, March 22nd 2021.

assistance against Haftar, in the form of Syrian mercenaries and drones, the GNA signed a maritime delimitation agreement with Ankara that divided up much of the eastern Mediterranean between Libya and Turkey, without taking into account the maritime zones of Crete and other Greek islands. For Turkey the deal was very valuable, as it consolidated its claims to large areas of the eastern Mediterranean and its resources, and made it harder to advance a Cypriot-Greek-Israeli project for a pipeline to bring Cypriot and Israeli gas to Europe. But the agreement angered Greece and the EU rejected it, stressing that it did not comply with the UN Convention on the Law of the Sea. With the benefit of hindsight, Turkey's intervention benefitted the EU in some ways: thanks to Ankara's assistance the GNA was able to repel Haftar's forces. This revived the UN-led political process which led to the creation of a Libyan unity government in March 2021.

In the autumn of 2020, Turkey supported Azerbaijan in its successful effort to retake its breakaway Nagorno-Karabakh region, which had been under separatist Armenian control. Europeans were not directly affected, but many were annoyed at being completely excluded from the resolution of the conflict, with Turkey and Russia able to end the war on their own terms. Finally, Turkish policy in the Western Balkans has also created some friction with Europe. Some Europeans have seen Turkey's political, commercial and cultural links with the region as a threat, with Macron saying he did not want countries in the region to turn towards Turkey. For its part, Ankara says it favours the Western Balkans' integration with NATO and the EU. Ultimately, the biggest threat to the EU's influence is probably not the influence of other actors but its own unwillingness to advance the accession process for candidate countries in the region.

Europe's response

The EU has repeatedly condemned Turkey's actions in the eastern Mediterranean as violations of Greek and Cypriot territorial integrity and sovereignty, arguing that all disputes should be resolved through negotiations, and in accordance with international law. In February 2020, the EU imposed largely symbolic sanctions on Turkey, in the form of asset freezes and visa bans on two Turkish officials involved in Turkey's energy exploration activities.¹²

“Paris sees Turkey's foreign policy as one of the main challenges facing Europe.”

Member-states were divided over whether to impose tougher sanctions. Greece called for stopping the export of military equipment and suggested the EU consider suspending the customs union with Turkey. France and Austria also supported a tough stance. Paris sees Turkey's foreign policy as one of the main challenges facing Europe. In large part this is because Turkey's policy in the Middle East and North Africa is often directly at odds with France's own. In Libya's civil war, France was among the countries that backed Haftar against the GNA, hoping he could stabilise the country and help fight terrorism. More broadly, France's policy in the Middle East tends to be aligned with that of Turkey's regional rivals, and in particular the UAE – which opposes Turkey's support for the Muslim Brotherhood. Turkey has also expanded its influence in North and West Africa, something that France sees as a threat to its interests there. There are also commercial considerations, with France's Total involved in efforts to exploit Cyprus's gas reserves. Finally, Erdoğan has repeatedly questioned Macron's mental health,

accused him of Islamophobia and called for a boycott of French goods.

The hawkish member-states did not succeed in persuading the others to enact tougher sanctions, however. In part, this was because Turkey withdrew its ships before each European summit, making many European leaders unwilling to take steps that could escalate the situation. But the EU's unwillingness to impose sanctions also reflected a deeper scepticism amongst member-states. Germany, Italy, Spain, Bulgaria and Malta emerged as the most wary of sanctions, in part for economic reasons. Turkey is the EU's fifth largest export market.¹³ In the case of Bulgaria, almost 20 per cent of extra-EU exports go to Turkey, and Spain's BBVA bank is the most exposed European bank to Turkey's banking sector.¹⁴ A second reason was that, while the dovish countries view Turkey's foreign policy as problematic, they do not see it in the same threatening terms as the more hawkish member-states. For example, Italy supported the GNA in Libya and as a result did not view Turkey's intervention there in the same negative light as France. Third, dovish member-states also thought that sanctions risked escalating tensions with Ankara, a NATO ally, without necessarily succeeding in changing its policy. Finally, many member-states, but particularly Germany, were concerned that Turkey could respond to sanctions by pushing migrants towards the EU, leading to another migration crisis.

Nevertheless, the member-states' positions towards Turkey toughened during the course of 2020. The EU coalesced around a dual approach, as reflected in the European Council conclusions of October and December

12: Council of the European Union, 'Turkey's illegal drilling activities in the eastern Mediterranean: EU puts two persons on sanctions list', February 27th 2020.

13: European Commission, DG Trade, 'Countries and regions: Turkey', May 2021.

14: Eurostat, 'Turkey-EU - international trade in goods statistics', March 2021; Reuters, 'European banks with Turkish exposure', March 22nd 2021.

2020. The Union condemned Turkey's "illegal activities vis-à-vis Greece and Cyprus", urging Turkey to resolve its differences through "peaceful dialogue and in accordance with international law". If Turkey acted in a more constructive manner, the EU said it was ready to launch a 'positive agenda' centred on modernising the EU-Turkey customs union, facilitating people-to-people contacts, dialogue and co-operation on migration.¹⁵ The current customs union facilitates the circulation of industrial goods but does nothing to facilitate trade in services, public procurement and most agricultural products. It does not remove the need for border checks and many regulatory restrictions on trade remain. Turkey is also not fully included in trade agreements between the EU and other countries, encouraging it to follow up EU trade deals by negotiating parallel agreements with third countries in order to achieve similar benefits. Ankara wants to improve the customs union and to be included in EU trade agreements with third countries. The EU also has an interest in upgrading the customs union, both because of its inherent economic benefits and because it wants to ensure that the dispute resolution mechanism is made more effective.¹⁶

“The EU welcomed Turkey's more constructive approach. But European leaders remained cautious.”

In early 2021, Turkey halted its energy exploration activities and said that it wanted better relations with Europe and the US. Erdoğan reached out to Macron, signalling he was ready to ease tensions. In January, Turkey and Greece resumed talks, last held in 2016, on how they could settle bilateral disputes. Turkey adopted a less confrontational tone towards many of its neighbours in the Middle East, especially Egypt and Saudi Arabia. Erdoğan also signalled that he wanted to

change course domestically. To stabilise Turkey's ailing economy, Erdoğan replaced Turkey's finance minister and the governor of the central bank. The government also announced an action plan to improve human rights and said it wanted to adopt a new constitution.¹⁷

The weakness of Turkey's economy underpinned these policy shifts. The Turkish lira lost 30 per cent of its value against the US dollar between January and November 2020, and the central bank had used up nearly all its foreign currency reserves. If Ankara had continued with its unilateral actions in the Mediterranean, this would have hurt relations with the US and scared away international investors, further damaging the economy and hurting the government's popularity. The expectation that newly elected US President Joe Biden would take a tougher stance towards Turkey compared to former president Donald Trump, and that the EU would follow suit, also encouraged Ankara to take a step back. Finally, Ankara probably thought that having confrontational relationships with most of its neighbours was unsustainable.

The EU welcomed Turkey's more constructive approach. But European leaders remained cautious. At the March 2021 European Council, they stated Turkey had to continue to de-escalate for them to launch the positive agenda they had promised, and agreed to discuss relations again in June.¹⁸ However, shortly after the European Council, a visit by the presidents of the European Council and Commission to Ankara resulted in the so-called 'Sofagate' incident. In what appeared to be a snub to Commission President Ursula von der Leyen, there was only one chair beside Erdoğan, which European Council President Charles Michel took, forcing von der Leyen to sit on a nearby sofa. Even though responsibility for the episode appears to lie at least in part on the EU side, it nevertheless injected further tension into discussions of a renewed EU-Turkey partnership.

Turkey's fraying alliance with the US

Turkey's relationship with the US has deteriorated in parallel with that with the EU. Many Turks thought Washington's response to the attempted coup of 2016 was slow, and believe that the US was ultimately behind the attempt. The US has refused to extradite Fethullah Gülen, a cleric and former Erdoğan ally who lives in Pennsylvania and who most Turks see as having orchestrated the 2016 coup attempt, saying that Turkey has not put forward sufficient evidence to warrant his extradition. Polling suggest that most Turks perceive the

US as a hostile actor, with 60 per cent naming it as the biggest threat to Turkey, according to a 2021 study by the German Marshall Fund.¹⁹

US policy in Syria has been one of the main sources of tension. The scarcity of effective opposition groups in Syria pushed the US to work closely with the YPG, providing it with extensive support against IS. This created a rift with Turkey, which feared that the YPG could establish a state-like entity on its border and foment

15: European Council, 'Conclusions on external relations, 1 October 2020; October 1st 2020.

16: Fadi Hakura, 'EU-Turkey customs union prospects for modernization and lessons for Brexit', Chatham House, December 2018.

17: Anadolu agency, 'President Recep Tayyip Erdoğan announces ground-breaking human rights action plan, set to be implemented over two-year period; March 2nd 2021.

18: European Council, 'Statement of the members of the European Council', March 25th 2021.

19: German Marshall Fund, 'Turkish perceptions of the European Union', April 29th 2021.

separatism on its territory. The US tried to reassure Turkey, seeking, ultimately unsuccessfully, to dilute the YPG's influence within the broader umbrella of the Syrian Democratic Forces coalition by including groups that are friendlier with Turkey. Ankara's anger increased when the US continued to work with the YPG even after IS's defeat, leading Turkey to fear that Washington supported the establishment of an autonomous Kurdish region in Syria.

Although values have been less important to the US than the EU, Washington has been concerned by the deterioration of Turkey's democracy. Turkey's arrest of US citizens and local embassy employees accused of supporting terrorist organisations or conspiring against the government has also been a source of discord, with Trump imposing sanctions on Turkey to push it to free an imprisoned US clergyman. And Washington has also been concerned by Turkey's foreign policy in the eastern Mediterranean.

“Russia-Turkey relations are volatile and there are big disagreements.”

The biggest problem for the US, however, is Turkey's purchase of the Russian S-400 air defence system. Following the 2016 coup attempt, and reflecting Erdoğan's increased suspicion of his Western allies, Turkey and Russia have developed closer ties. This was in large part driven by Turkey's need to work with Russia to achieve its goals in Syria: the military operations against the YPG have only been made possible by working with Russia. Closer ties between Turkey and Russia are also driven by a shared sense of anti-Americanism. Turkey's purchase of the S-400 system cemented the alliance. The US argues that the S-400 is not compatible with NATO's own systems and that the S-400's radar can capture information about how advanced US F-35 stealth jets work, if any are operating nearby. After Turkey's purchase of the S-400, the US urged Ankara not to proceed with the transaction and then not to activate the system. Washington also suspended Turkey as a partner in the F-35 programme, from which the Turkish defence industry would have benefitted greatly. Trump sought to reach an

arrangement with Turkey whereby the S-400 would not be deployed, while resisting pressure from Congress to impose sanctions on the country – as mandated by the countering America's adversaries through sanctions act.²⁰ Despite this, Ankara chose to complete the purchase and then tested the system in late 2020. In response, in December 2020 the US imposed sanctions on Turkey's state defence procurement agency, restricting its ability to work with US firms and to source military equipment with US components.

The US is also concerned about Turkey's broader co-operation with Russia. Energy links are substantial: Russia provides around a third of Turkey's gas imports and is building Turkey's first nuclear power plant. And Russia and Turkey have been able to work together to mutual benefit in the conflicts in Syria, Nagorno-Karabakh and Libya, despite supporting different sides in each of those. All this does not mean that Turkey and Russia are allies. Russia-Turkey relations are volatile and there are big disagreements: for example, Ankara has expressed strong support for Ukraine's territorial integrity and sovereignty, and Turkey's defence industry works closely with its Ukrainian counterpart.

Nevertheless, Turkey's co-operation with Russia and its acquisition of the S-400 have led it to lose friends in the US military, which has traditionally been one of the strongest supporters of the US-Turkey alliance. The US has invested more in relationships with other allies in the region, particularly with Greece. In late 2019, the US Congress passed the eastern Mediterranean security and energy partnership act. The act lifted the US's 33 year-old arms embargo on Cyprus, authorised financial assistance to the Greek military and aimed to foster closer co-operation between Cyprus, Greece and Israel. In 2020 Washington and Athens updated their mutual defence co-operation agreement, with the US increasing its presence at the Souda Bay base in Crete.²¹ President Joe Biden's April 2021 statement that the Ottoman Empire's massacre of Armenians during WW1 amounted to a genocide, something that previous US administrations had not wanted to say for fear of annoying Ankara, showed how bad relations had become. Turkey's response to the move has been muted.

Explaining Turkey's assertive foreign policy

There are three interconnected driving forces behind Turkey's shift towards a more militarised and assertive foreign policy over the past decade. The first is Erdoğan's ambition to restore Turkey as a major regional power, independent of the West, which he sees as imperialist and in relative decline. Ankara has built a strong defence industry and expanded its military forces, particularly its

navy. It has established military bases in Iraq, Libya, Qatar, Somalia and Syria, and has become highly skilled in using military drones. To balance its ties with the West, Turkey has built closer relations with Russia and, to a lesser degree, China. Erdoğan's ambition is tinted with both nationalism and religion. Turkey has positioned itself as the patron of Turkic peoples, supporting Azerbaijan in the

²⁰: The act says the US will impose sanctions on countries that co-operate with Russia, Iran and North Korea in certain fields, including arms purchases.

²¹: Lara Jakes, 'US will base mammoth ship in Greece, near disputed territory', *New York Times*, October 1st 2020.

war against Armenia; and an aspiring leader of the Sunni world, for example taking up the Palestinian cause and converting Hagia Sophia into a mosque. Erdoğan has also positioned Turkey as the patron of Muslim Brotherhood-inspired movements across the Middle East. These actions have been popular amongst ordinary citizens in the Middle East but also led to rivalry with Egypt, the UAE and Saudi Arabia, all of whom view Ankara's support for the Brotherhood as a threat to their regimes.²²

“Regional rivalry and maritime disputes became entwined in Libya, prompting Turkey to intervene in the conflict.”

Ankara's desire to stake its claim to a large maritime zone in the eastern Mediterranean and a share of its gas resources has been one of the drivers of conflict in the region. Turkey, which has no gas reserves of its own in the eastern Mediterranean, wants to be included in the development of the region's resources. But poor relations with its neighbours mean that Turkey has been excluded from joint efforts to develop gas fields. Regional rivalry and maritime disputes became entwined in Libya, prompting Turkey to intervene in the conflict there to prevent its adversaries from consolidating their position at its expense.

The second factor is the more threatening regional environment that has emerged since 2011. Turkey bore the brunt of the regional impact of the conflicts in Syria

and Iraq. These led to the emergence of IS on Turkey's border and to the strengthening of an autonomous entity in Syria led by the YPG and supported by the US. At the same time, Russia and Iran consolidated their influence in Syria, on Turkey's southern border. Ankara thinks that its Western allies do not fully understand its security concerns and have not provided it with enough support. At the same time, Ankara increasingly sees itself as encircled by Cyprus, Egypt, Greece, Israel and the UAE – even though co-operation between them is largely a result of Turkey's own actions. US disengagement from the region, exemplified by Washington's lack of involvement in addressing the conflict in Libya, created a vacuum that sharpened these rivalries. The perceived proliferation of threats on Turkey's borders creates incentives for Ankara to pursue a militarised foreign policy.

The third force driving a more assertive foreign policy is Turkish domestic politics. The shift towards a more forceful policy took place at the same time as the peace process with the PKK failed and the AKP became allied with the ultranationalist Nationalist Movement Party (MHP). A militarised foreign policy helps the government to consolidate its nationalist base and deflect attention from Turkey's economic difficulties. Pursuing a nationalist course is also an attempt to split the opposition, by driving a wedge between the predominantly Kurdish People's Democratic Party (HDP) and the non-Kurdish opposition, the Republican People's Party (CHP) and the Good Party (İYİ). It is difficult for the CHP and İYİ to criticise the government on foreign policy on issues portrayed as essential to national security.

A new beginning?

A key question for European policy-makers is whether Turkey's more moderate stance since the start of 2021 heralds a more substantial policy shift. Ankara says it wants to revive dialogue with the EU, modernise the customs union, conclude visa liberalisation and restart accession negotiations. However, there is little sign that Turkey is willing to take steps that will tangibly improve relations with the EU. Better relations with Europe would, as a minimum, require Erdoğan to substantially strengthen the rule of law and stop lashing out at the opposition. But prominent political prisoners, including opposition MPs, remain jailed despite exhortations by the EU and the US to free them. Momentum among government supporters is growing for closing down the HDP, which is seen as linked to the PKK. The government has also cracked down on university students' protests. And it has abandoned the Istanbul Convention on violence against women, prompting criticism by EU leaders. Economic policy-making has not become more technocratic: in late March the newly installed governor of the Central Bank, who had raised interest rates to stem

inflation, was fired and replaced with a loyalist. A pivot towards a more moderate stance domestically is unlikely as it would undermine the government's power while not necessarily winning back many of the more moderate voters alienated by the AKP in recent years.

At the same time, Turkey has not given up on its maritime claims in the Mediterranean. Even though Ankara is not a signatory to the UN Convention on the Law of the Sea, a compromise on maritime boundaries could be possible, with both Greece and Turkey conceding on some of their claims. But this is not the only issue at stake for Turkey, which also contests the size of Greece's territorial waters, its claimed airspace, sovereignty over certain small Greek islets and the demilitarised status of some Greek islands – all issues that Athens is unwilling to discuss. Ankara has also not changed its stance on the Cyprus question, and it wants to maintain its maritime delimitation agreement with Libya. Compromises on all these contentious issues will be difficult for the Turkish government, because they would anger its nationalist supporters. And, because a

²²: Arab barometer 'Whither Erdoğan? Regional leadership and the struggle for Arab hearts and minds', April 21st 2021.

muscular foreign policy is popular with nationalist voters and cements the AKP's alliance with the MHP, at some point Ankara may resume exploration activities in the eastern Mediterranean, causing renewed tensions with Europe and the US.

An improvement in US-Turkey relations will also be difficult. Washington says it wants Turkey to give up the S-400; and US law stipulates that existing sanctions cannot be removed unless Turkey does so. Ankara may be willing to agree to a monitoring mechanism for the S-400, but it has so far been unwilling to give up the system. Instead, Turkey is considering acquiring more Russian equipment, like jets. Giving up the S-400 risks unravelling co-operation with Russia, with a range of negative consequences. Moscow could impose sanctions on Turkey and restrict the number of Russian tourists visiting Turkey (seven million in 2019) by banning flights. Russia could also pressure Ankara in Syria – for example by supporting the YPG and attacking the last remaining opposition-held areas in the north, pushing millions of refugees into Turkey. A US-Turkey compromise over Syria will also be difficult. The US seems intent on continuing to support the YPG, to prevent a resurgence of IS, counter Iranian influence and maintain some leverage over the political process to end Syria's civil war. And there is little chance of Ankara compromising with the YPG.

There is some scope for enhanced US-Turkey co-operation in Afghanistan, Iraq, Libya and against Russia in the Black Sea, but that is unlikely to be sufficient to fully offset tensions over the S-400 and Syria. In fact there is ample room for US-Turkey relations to get worse. If Turkey launches new large-scale military operations against the YPG and PKK in Syria or Iraq, the US could view these as

destabilising. And if Turkey buys more Russian military equipment, the US is almost certain to impose additional sanctions, perhaps affecting the broader Turkish economy. Finally, it is possible that the US will impose a fine on state-owned Turkish bank Halkbank, which US prosecutors accuse of involvement in a scheme to avoid US sanctions on Iran. Considering the size of past US fines for sanctions avoidance, a fine on Halkbank could amount to billions of dollars and do significant damage to Turkey's banking system.

All this means that it will be tempting for Erdoğan to conclude that democratic reforms and genuine compromises with the EU and the US are not in his interest, and that he can afford to keep some tensions simmering, as long as they do not seriously harm the economy. Even if Turkey's economy strengthened, this calculation would probably not change much. Although there would then be fewer reasons for Erdoğan to try to distract public opinion with foreign policy, he would be less constrained by the economy. However, while there are few incentives for Turkey to take steps to improve relations with Europe and the US, Ankara will not risk a decisive break with the West. Turkey's economy remains relatively weak: it is over-reliant on foreign direct investment and cheap credit, unemployment stands at 14 per cent and inflation almost 17 per cent.²³ Moreover, Turkey's economy is closely entwined with that of the West. The EU is Turkey's largest export market, accounting for around 40 per cent of all Turkish goods exports, and the largest source of foreign direct investment in Turkey.²⁴ At the same time, tensions with other members of NATO are likely to leave Turkey more exposed if relations with any of its adversaries, including Russia, worsen.

The EU's challenge

Looking ahead, in the near-term EU-Turkey relations will almost inevitably continue to be characterised by a degree of tension. The challenge for the Union when dealing with Turkey is to protect its interests, while trying to reduce friction and preserving the possibility of better relations in the future.

“EU-Turkey relations will almost inevitably continue to be characterised by a degree of tension.”

It won't be easy for the EU to maintain unity. To steer Turkey away from confrontation, European leaders put forward an approach based on incentives and disincentives. But the threat of sanctions can only be a

deterrent if Turkey thinks that Europe is willing to impose them. It is doubtful whether this is currently the case, given that a single member-state could veto them, and that many remain sceptical of imposing substantial economic sanctions on a NATO ally. In practice, while it is possible that the EU will increase the number of Turkish officials subject to asset freezes and visa bans, it is unlikely that the Union will impose broad economic sanctions unless Turkey becomes significantly more hostile towards Greece and Cyprus than it was late last year. For example, a military clash clearly caused by Turkey would be almost certain to provoke EU sanctions. To a degree, the EU will follow the US's policy: if Washington becomes tougher on Turkey, the EU will probably do the same, because the voices of those member-states pushing for a tougher stance would be strengthened. If the EU decides to impose economic sanctions, these are likely to be gradual

23: Reuters, 'Turkish unemployment rose to 13.9% in April', June 10th 2021; Anadolu agency, 'Turkey's annual inflation rate at 16.59% in May', June 3rd 2021.

24: European Commission, 'State of play of EU-Turkey political, economic and trade relations', 22nd March 2021.

and reversible. Sanctions would probably target certain sectors of Turkey's economy rather than amounting, for example, to a suspension of the EU-Turkey customs union. Overall, the impact of sanctions is difficult to predict, and they may increase the potential for conflict, while doing little to change Turkey's policies.

“The EU should try to reach a more stable migration co-operation agreement with Turkey.”

The EU's focus should be trying to defuse tensions between Turkey and other countries in the eastern Mediterranean and the Middle East. The EU should encourage Turkey and Greece to negotiate to resolve their differences in good faith, submitting their disputes for international arbitration. The Union should also try to promote dialogue in Cyprus. The most recent round of talks between Greek and Turkish Cypriots in April 2021 resulted in deadlock, with the UN Secretary-General concluding that there was not enough common ground for formal negotiations. The EU should help slowly build trust between Greek and Turkish Cypriots, promoting dialogue and public consultations between citizens to gauge grassroots views on how to solve the conflict and build momentum for a resumption of negotiations. The EU should also facilitate Turkish Cypriots' access to COVID vaccines and try to devise a mechanism for the two communities to consult on hydrocarbon exploration and on ways to share its potential revenue without prejudicing a broader political settlement.

Europe should not take sides in the disputes between Turkey and its non-EU neighbours but instead try to help ease friction between them. Member-states have tasked the EU's High Representative for Foreign Affairs and Security Policy with organising a multinational conference on the eastern Mediterranean. It will not be easy to get all countries in the region to sit around the same table and have productive conversations, not least because of the question of whether the Turkish Cypriots could participate. Informal consultations would be more helpful in fostering understanding of each actor's positions. The EU cannot decide for countries in the eastern Mediterranean how the region's gas resources should be exploited. But the Union could put forward ideas for how they can co-operatively exploit gas, if they put aside their differences. One possibility is including Turkey in the Eastern Mediterranean Gas Forum, an international organisation to exploit regional gas formed by Cyprus, Egypt, France, Greece, Israel, Italy, Jordan, and Palestine. Turkish involvement would not be a panacea, and members of the forum are wary of involving Turkey, concerned that Ankara would be disruptive, but if tensions ease the EU should push for consultations. Economically, it would make sense for Turkey to be involved, given the size of its economy and its energy needs.

Deepening EU-Turkey co-operation will be difficult. Visa liberalisation for Turkish citizens will probably not happen soon, because the EU will insist that Ankara should fulfil all criteria, including changing its current anti-terrorism legislation, which the EU views as too broad. The EU could benefit from starting talks on upgrading the customs union, as this could create a more positive dynamic in EU-Turkey relations. The proposed upgrade would require Turkey to carry out significant internal reforms, for example to its public procurement and state aid rules, potentially spurring other domestic reforms. Concluding negotiations could be conditional on Turkey meeting a pre-determined set of criteria, for example on improving human rights and the rule of law. Many member-states are sceptical of formally opening negotiations, seeing this as an inappropriate concession to Ankara in the current circumstances. But even if negotiations start, they will progress very slowly. To remove ambiguity, the EU should spell out in detail what conditions Turkey should meet to open and conclude negotiations.

The main avenue of EU-Turkey co-operation in the near future will be migration. It is in Europe's interest to work with Turkey to manage migration flows, unless it wants to rely only on policing its borders, which ultimately relies on brute force. However, Turkey's ability to threaten Europe with an influx of migrants is not as great as many member-states fear. When Turkey pushed migrants towards the Greek border in early 2020, few actually entered EU territory. Ankara's role in solving the 2015-16 migration crisis is also over-estimated. The number of migrants arriving in Europe started to drop well before the March 2016 EU-Turkey agreement, once member-states and countries in the Western Balkans had tightened border controls along the Balkan route.

The EU should try to reach a more stable migration co-operation agreement with Turkey. With about 65 per cent of funds under the 2016 EU-Turkey deal already disbursed, the EU agreed in July 2020 to provide an extra €485 million to ensure its core humanitarian funding continued until early 2022. But the EU and Turkey both agree more funding will be necessary. The Union should offer to strike a longer-term agreement to help sustain the over four million refugees that Turkey is hosting, providing funding of the same magnitude as it did in the past. The EU should extend funding to cover non-Syrian refugees, who make up an increasing proportion of refugees in Turkey, and try to find ways to help internally displaced people in the rebel-controlled Idlib area of Syria. EU support should also be refocused to reflect the changing needs of refugees, including their integration and participation in the Turkish economy. Member-states should also offer to take in a substantial number of the most vulnerable refugees from Turkey every year, as they had promised to do in 2016. In return, Turkey would resume co-operation, accepting the return from Greece of migrants who entered the EU from Turkey and whose asylum applications had been rejected.

Foreign policy is another area where the EU has an interest to try to work closely with Turkey. With the exception of the eastern Mediterranean, the EU and Turkey share some common interests in the Middle East. For example, while Turkey's intervention in Libya was criticised by the EU, it facilitated the resumption of the peace process, contributing to a more stable Libya. It may be possible for the EU and Turkey to work together to help the recently formed Government of National Unity establish its legitimacy and to hold elections later this year. Turkey and the EU also share an interest in stabilising Iraq and applying pressure on Russia to ensure that there is no large-scale renewed fighting in Syria, which could push millions more refugees towards Turkey and Europe. Bolstering Ukraine could also be another area of co-operation, given that Turkey has good relations with Kyiv. In Afghanistan, the EU and Turkey share an interest in ensuring international support continues to flow to Afghanistan and Turkey seems poised to take an important role by providing security for Kabul airport. Countering terrorism should be an important area of co-operation. As a recent EU document put it, "bilateral co-operation between Turkey and EU Member States' security services is working well".²⁵ In theory, Turkey and the EU could also work more closely in the defence field, with Ankara recently requesting to join an EU project aimed at removing physical and regulatory barriers to shifting troops and equipment across European borders – a focus of EU-NATO co-operation. Finally, there could be space for co-operation in policy areas like the EU's Green Deal, especially if Turkey ratifies the Paris climate agreement. But climate could equally be contentious: under the EU's current plans for a carbon border adjustment mechanism, countries that lacked stringent emissions-reduction systems, such as Turkey, would face tariffs on their exports.

“The EU and Turkey share some common interests in the Middle East.”

The EU should be vocal in expressing its concerns about democracy and the state of human rights in Turkey in its contacts with the Turkish government, but it should not

have any illusions about its ability to convince Turkey to meaningfully change its stance. Over the past few years, the EU has already reduced its pre-accession funding to Turkey and redirected money to supporting democracy and the rule of law. The EU should work on maintaining societal links, fostering academic and cultural contacts between Turkish and European institutions. These are crucial in encourage mutual understanding and building trust.

While the prospect of Turkish membership of the EU is very remote, the EU should not shut its door to Turkey. Ending the accession process would remove some ambiguity from the EU-Turkey relationship and a weapon from the arsenal of anti-EU populist parties. It could also show other membership candidates that they needed to double down on reform efforts. Ending accession talks could even make the domestic situation in Turkey less of a sore point in bilateral relations. But it would do nothing to solve the disputes between Turkey and EU member-states, while it risks weakening Turkey's opposition parties, and pushing Turkey further away from the West. Anti-Western sentiment is widespread in Turkish public opinion, but Turks still say that they would prefer working with the EU to Russia, the US or China; and 60 per cent would vote to join the EU in a hypothetical referendum on membership.²⁶ Moreover, even if the EU suspended the accession process rather than ending it, in practice it would be very difficult to revive, as many member-states would be opposed.

It would be less risky for the EU to keep the accession process frozen but alive, at least until the next Turkish elections in 2023. This would preserve the possibility that Turkey's membership bid could be revived if there was a change of government in Ankara. Turkey's next presidential and parliamentary elections are both scheduled for 2023, and polls indicate that the AKP has lost popularity since the start of the pandemic, dropping by around 5 percentage points on average. The AKP has suffered two splits, with former senior figures forming their own conservative parties. Polling suggests that if the opposition manages to back a single candidate, as it did in the local elections of 2019 (ensuring victory in Ankara and Istanbul), it stands a chance of winning.

Conclusion

EU-Turkey relations have been deteriorating for years as a result of the stalling of the accession process, the erosion of Turkish democracy, and Ankara's actions and rhetoric towards some EU member-states. While tensions have cooled since last summer, there is little chance of a genuine improvement in relations in the near term. Turkey's recent turn towards moderation is driven by economic necessity rather than a change of heart. Ankara has not changed its stance over Cyprus or the

eastern Mediterranean, and pursuing an assertive foreign policy appeals to many of Erdoğan's supporters. At the same time, his government has not eased domestic repression and has few incentives to strengthen the rule of law. All this means that tensions between Turkey, the EU and US will probably simmer, and could flare up again over issues such as the eastern Mediterranean or Ankara's ties with Russia.

²⁵: European Commission, 'State of play of EU-Turkey political, economic and trade relations', March 22nd 2021.

²⁶: German Marshall Fund, 'Turkish perceptions of the European Union', April 29th 2021.

The challenge for the EU and its member-states is to protect their interests while trying to contain tensions and maintain essential co-operation with Ankara. The EU's focus should be on encouraging Greece and Turkey to negotiate on their differences, promoting dialogue in Cyprus and trying to reduce tensions between Turkey and other states in the region. The Union should also try to put migration co-operation with Ankara on a more stable footing. Given Turkey's importance as a foreign policy player in the EU's neighbourhood, the Union should be open to working with Ankara in Afghanistan, Iraq, Libya,

Syria and Ukraine – if their interests are aligned. Finally, Europe should keep the accession process alive, at least until the next Turkish elections in 2023. Ending it would only push Turkey further away from the West.

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June 2021