



CENTRE FOR EUROPEAN REFORM

When negotiations begin: the next phase in EU-Turkey relations

By Heather Grabbe

- ★ Turkey has shown an impressive ability to transform itself, and the forthcoming negotiations with the EU will be an important catalyst for further change. However, the accession preparations will prove much harder than Turkey's political and business establishment is expecting.
- ★ Membership of the EU requires much more profound change than joining NATO or other international organisations. The EU will intrude into the most sensitive areas of Turkish life, such as rights for the Kurdish minority and relations with neighbouring countries.
- ★ The experience of the latest countries to join the EU offers important lessons for Turkey, such as the value of enlisting the Commission negotiators as allies.

Turkey has succeeded in completing the first group of Herculean tasks set by the EU. Ten years ago, it was hard to imagine that Turkey would abolish the death penalty, permit children to learn in Kurdish and place a civilian in charge of national security. Less than a decade ago, the military forced an Islamist party out of government. Now the successor to that party has made Turkey a more liberal democracy. The Turkish political system has proved itself capable of radical and very positive change.

But these reforms are just the beginning of what Turkey will have to do before it can join the EU. At their December 2004 summit, the 25 current member-states are likely to set a date for Turkey to start accession talks. The European Commission confirmed in October that the Turkish government has enacted most of the reforms demanded by the EU as a pre-condition for starting negotiations. In particular, the EU wanted to see improvements in the protection of minorities and human rights. However, in order to qualify for EU membership, Turkey will now have to comply with the other exacting criteria for accession, known as the 'Copenhagen conditions'.

In 2005, the Commission will set out in detail those other conditions for entry – particularly those that concern economic reform and the implementation of the EU's rule-book, known as the '*acquis communautaire*'. EU accession requires an enormous range of changes, from environmental policy to financial services. Many of these reforms will be difficult for Turkey to swallow because they will entail significant costs, as well as deep restructuring of the public administration over a long period.

Accession negotiations could take a decade to complete. During that period, Turks will learn much more about the EU and how it works. They may well be disappointed to discover that most of the *acquis* is about market regulation and common EU policies; implementation of the *acquis* does not automatically lead to West European levels of prosperity.

This essay is about the challenges that lie ahead for the EU and Turkey once accession negotiations begin. It considers which aspects of the accession process and the EU's rule-book will be unpalatable to various Turkish interest groups. The essay concludes with

the lessons which Turkey can learn from the experience of the Central and East European countries which joined the EU in May 2004.

Managing expectations on both sides

Once negotiations begin, the most important task for politicians on both sides will be to manage expectations. In the EU, many people secretly hope that Turkey's accession negotiations will take a very long time – perhaps 15 years – which would allow the Union to put off the difficult issues implied by Turkey's membership. Many politicians now in office would like to leave the tricky questions to future governments, and will therefore support very tough demands on Turkey. They could raise objections to the closing of chapters too. For example, the Austrians or Danes might insist on very strict adherence to the EU's environmental standards, as they did with the Central and East European candidates; and Britain could demand greater Turkish co-operation in stopping organised crime and people-trafficking. The requirement for Turkey to provide evidence of implementation before a chapter can be closed is also likely to slow down the process.

However, accession talks are unlikely to last longer than a decade. The previous round of enlargement showed that accession negotiations develop a momentum of their own. If a country is really determined to get in, it can complete the process faster than the EU expects. A united political elite and a well-run public administration can work through all the difficult issues in just a few years, as Latvia, Lithuania and Slovakia have just proven. Even for Turkey, which is a much bigger and more complicated candidate, negotiations could be completed in eight to ten years if the whole country is galvanised by the objective of accession.

On the Turkish side, expectations need even more careful management. The accession process is always long and complex. Turkey will have to complete 31 'chapters' in the negotiations, covering every area of EU policy from fisheries to defence. It will have to write 80,000 pages of EU rules into national law.

Many Turks – including otherwise well-informed politicians, journalists and business-people – are unaware of what the EU will demand of their country. They look at the difficult changes in policy the Turkish government has undertaken in the past few years – such as on the penal code and on Cyprus – and conclude that now it is the EU's turn to make concessions. However, the EU will demand further political reforms in the years ahead. The European Parliament and the member-states will continue to press for change in very sensitive areas, for example in eradicating torture and facilitating the use of the Kurdish language. Parliamentarians and EU governments could also make new demands; for example French politicians might call for Turkey to

apologise for the treatment of Armenians in 1915-16, while the Germans and Swedes are likely to press for better conditions for the Kurds.

The EU now has well-established accession criteria and a standard procedure which it uses with every candidate, including Turkey. However, the conditions may be interpreted particularly strictly in Turkey's case, mainly because of the problems the Union experienced in previous enlargements. In the past decade, the Union has learned that it is not enough for a candidate country to change its legislation, because EU policies do not function properly without implementation and enforcement. In the case of Turkey, the EU will take this lesson very seriously, not least because Turkey is such a big country and weaknesses in implementation would significantly affect the rule of law in the enlarged EU. For this reason, Turkey will have to prove it is enforcing the relevant EU laws before it can 'close' each chapter.

The very term 'negotiations' is a misleading way of describing the accession talks. The EU is a tough and unyielding partner because 95 per cent of its agenda is immovable, as the Central and East European countries found. The EU's common rules and policies were agreed between all the existing member countries, often years ago, and the Union will not change them to suit a newcomer. Nor is the EU likely to grant any more permanent opt-outs, such as those won by Denmark and Britain over the euro. As a result, there is little to negotiate about, except 'transition periods' that allow a newcomer more time to adopt difficult or expensive EU rules after it has joined the club.

The need to build trust

The EU is different from the clubs which Turkey is used to, such as NATO and the UN. EU membership requirements reach much further into a country's political system and economy than those of any other international organisation. EU decisions affect most areas of a member's political life. The member-states pool their sovereignty when they draw up laws and policies together. For the EU to function, all member-states need to have the same rules and procedures in many areas, and they have to trust each other to apply them.

Since trust is such an important ingredient of a well-functioning Union, a candidate country has to prove to the existing member-states that it is willing and able to implement EU economic policies and live up to EU political standards. The Union therefore often asks applicants to undertake reforms in areas that are not in fact covered by common EU policies; for example, streamlining the tax system or improving prison conditions. The Union thus concerns itself with the internal business of candidate countries more than it does in existing member-states. Its accession requirements include

areas that most Turks think of as purely domestic matters, such as training judges, protecting minorities and reforming public procurement.

This need for trust also means that EU accession is partly a public relations exercise: Turkey had to persuade the EU member-states that it is like them. Turkey will not be allowed to join unless all the member-states are convinced that the Turks share European values. That is why the political issues – like torture, treatment of the Kurds, Armenia, and the role of the army – are so crucial: they determine how the EU's political elites and media view Turkey. These issues are bound to arise again and again, and the way the Turks respond will strongly affect EU perceptions of their country. They need to meet criticism not with prickliness and nationalist rhetoric, but with moderation and coolness.

Turkey needs to win the hearts and minds of the European public. The accession negotiations are between governments and institutions, but the people will have to give their assent too. The Central and East European applicants did not have to face a referendum on their membership in any of the existing member-states, but Turkey will. France is planning a popular ballot before Turkey can join, and other member-states – such as Austria, Denmark and the Netherlands – might well follow suit. The worst possible outcome of the negotiations would be a deal between Turkey and the EU that the governments accept and the people reject. But that could happen if the majority of public opinion in the 25 EU countries does not abandon its current hostility to Turkish membership.

EU leaders have to do much of the job of persuading the public, but Turkey must play its part too. Turkey needs to present itself as a country where women and minorities are treated well, and where diversity is respected. Journalists will pay close attention to reports on conditions in Turkey not only by official bodies like the UN, but also by respected NGOs like Amnesty International (on human rights generally,

and especially on violence towards women) and Transparency International (on corruption).

Economic stability and foreign investment matter greatly. If economic conditions in Turkey steadily improve over the course of the negotiations, people will have little incentive to migrate elsewhere. As Kemal Derviş, former Turkish economy minister, points out: "Rapid economic growth would change Turkey's image by diminishing fears of instability and migration." People in the EU would start to see Turkey as an asset for the European economy, rather than a poor relation putting out the begging-bowl for EU transfers.

When Estonia and Hungary started receiving massive inflows of foreign direct investment in the 1990s, journalists in the EU stopped referring to them as poor post-communist countries and began writing about the Central European tigers. That made a big difference to their accession prospects by turning the arguments about their membership around, from negative to positive. Instead of presenting themselves as potentially unstable countries that needed to join the EU to remain stable, the Central and East Europeans could argue that the EU should let them in because they would give new dynamism to the EU's sclerotic economy. If Turkey can achieve a rise in investment from abroad, it will meet the official economic criteria and also help to relieve the EU's anxieties about how much its accession will cost.

How Turkey deals with Cyprus will also affect EU perceptions. The Erdoğan government gained a lot of credit in the EU for its support of the Annan plan prior to the referendum in April 2004. That support helped to achieve a 'yes' vote from the Turkish Cypriots. But more issues will arise during the negotiations. Turkey will have to recognise Cyprus before it will be able to join the EU, and to remove Turkish troops from the island. Turkey would be wise to attempt to improve relations with the Nicosia government well before the end of

The Copenhagen conditions for membership

1. Membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.
2. Membership requires the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union.
3. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.
4. The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries.

negotiations, to build trust and to gain improvements in the condition of the Turkish Cypriots; for example, the Cypriot government is still blocking EU aid and trade with the Turkish community on the island. Turkey would be well advised to keep to the moral high-ground and leave the rest of the EU and the international community to press Cyprus on this issue, rather than escalating problems that might threaten its own accession. Turkey's best means of defence would be to maintain a dignified stance and not respond to provocation.

The sticking-points in the negotiations

Turkey's focus on meeting the political part of the accession criteria over the past few years has obscured the other tasks involved in preparing for the EU. Most of the substantive effort for Turkey will lie in meeting the economic conditions and in taking on the EU's rule-book – the second and third conditions in the box on page three. What the EU calls "the candidate's ability to take on the obligations of membership" means adopting, implementing and enforcing more than 80,000 pages of rules and regulations.

When it comes to economic rules, Turkey does not have to start from scratch. It formed a customs union with the EU in 1995, which required it to scrap tariffs on EU goods and adopt the Union's common trade policies for business with third countries. But Turkey will find that membership of the EU's deeply integrated single market is qualitatively different. It involves vastly more legislation than the customs union, and the EU insists on much tighter implementation and enforcement of the rules. Under the single market, the EU will determine product standards for Turkish goods; health and safety regulations for its factories; and strict limits on the government's industrial subsidies.

The EU will also take a keen interest in Turkey's budgetary and monetary policies – long the Achilles' heel of the Turkish economy. An economic crisis in Turkey, or a return to the runaway inflation seen in the 1990s, would have a direct and immediate impact on the rest of the EU, especially if Turkey is aiming to join the euro at some point. Turkey does not have to meet the Maastricht 'convergence criteria' for the euro prior to entry, but it needs to show the Union that it really can sustain single-digit inflation and steady growth. The EU worries about the macro-economic stability of candidate countries because that is a requirement for being a functioning market economy.

The Central and East Europeans found some EU rules difficult to adopt because they cost a lot. For example, the costs of compliance are very high in areas such as environmental standards for cleaner air and water. The Central European countries have estimated that the total cost of EU-related

expenditure from their national budgets after membership is about 3-4 per cent of their GDP. Not all the costs will be borne by the public sector; private businesses will have to pay too. For example, Turkish industry will have to invest in new machinery and technology to comply with the EU's strict health and safety provisions. Turkish businesses will argue that they should be treated more leniently as long as their economy is still catching up. But EU businesses will insist that the same standards have to apply to all firms across the Union, to ensure a level playing-field and fair competition in the single market. For example, the EU regards the use of child labour as an economic problem as well as an abuse of human rights.

Many Turkish businesses will find it harder to compete once they start having to comply with the EU's rules. The government will receive bitter complaints about the additional costs of meeting the new rules. For this reason, the Turkish government needs to explain clearly the short-term costs and long-term gains of adapting to EU standards. Otherwise it could find itself losing the support of parts of the Turkish business community. Already, interest groups in Turkey are resisting some of the EU's requirements. The pharmaceuticals industry dislikes EU rules on the free movement of goods. Local authorities are also bridleing at the EU's demands that they should allow more competition for public contracts, both from local and foreign companies. And the EU will force Turkey to stop giving tax breaks to foreign investors, and eliminate its free trade zones.

So far, Turkish business has been the most vocal supporter of EU entry. But the pro-EU lobby may begin to fracture once the full costs of accession become known. In the long run, Turkish business will benefit from having full access to lucrative EU markets, and increased competition within the single market will make Turkey's economy more efficient and so raise overall standards of living. But the adjustment to EU standards may well be painful and unpopular. Some Turkish business-people may lose their enthusiasm for moving quickly into the EU, because they will want more time to adapt to the EU's requirements and to make the necessary investments.

For this reason, the Turkish government needs to publish its own 'impact assessment' to explain the costs and benefits of accession in detail. It also needs to publicise its timetable for implementing EU legislation, so that companies and local authorities can avoid nasty surprises.

The two Turkeys

Accession preparations will be demanding, but they will also be an important catalyst for change in Turkey. In particular, they will affect how Turkey deals with its under-developed regions.

The EU will entice Turkey to implement reforms not just by using sticks – such as the accession conditions – but also carrots like aid and technical assistance. To gain access to the EU's funds, Turkey will have to upgrade its public administration and formulate policy-making for the long-term. This process could help to address the problem of the 'two Turkeys', whereby the east lags far behind the more prosperous western half of the country.

To qualify for the EU's large regional aid funds, Turkey will have to come up with a development strategy for the poor eastern and south-eastern regions of the country, including the Kurdish areas. That will require a higher degree of political attention to the economic and social problems in these regions. More Turkish money as well as EU funds will have to be spent on them too. The government will also have to improve the number and quality of the civil servants dealing with regional policy. And the EU will require better statistics in a

standard format, making it easier to get data on conditions across Turkey that allow comparisons. In other countries, like Ireland, Greece and Hungary, these processes resulted in a shift from highly centralised government to more management of development programmes at regional and local level.

These changes may not sound very exciting or dramatic, but over time they could make a big difference to how Turkey is governed. For example, the statistics could be quite revealing, for the Turkish media as well as the EU, by highlighting the enormity of the divide between the western and eastern halves of the country. The need to prepare for the EU's regional policy will encourage successive Turkish governments to work on a long-term strategy for some of the country's most difficult problems. The EU's aid money, even if it is not enormous in financial terms, will thus give the Union a great deal of political leverage in very sensitive areas such as local autonomy.

Lessons from the most recent enlargement

The ten countries which joined the EU in May 2004 have many useful tips to offer Turkey from their own successful negotiations:

★ **Persuade the people, not just the EU institutions.** The Turkish government will have to spend a lot of time explaining why its accession is good for the EU in the 25 member-states' capitals. It will need to spend even more time explaining the process to the Turkish people, because they need to consent to the terms of accession. As the Czech Republic's former chief EU negotiator Pavel Telička observes, "Accession negotiations are 80 per cent in your own country, 15 per cent in the EU member-states and only 5 per cent in Brussels".

★ **Get the press involved.** The media's support for the EU accession drive is vital, to sustain the reform process over many years, and to maintain continuity of policy if there is a change of government.

★ **Expect interference in foreign policies.** The EU presses candidates to align their policies with its own right from the start, including external policy.

★ **Don't expect real negotiations until the last two years.** Initially, there will be a long period of screening Turkey's legislation, preparing budgets and establishing timetables, rather than bargaining.

★ **Ask for flexibility on a limited number of substantial issues, rather than dozens of concessions.** The more a candidate seeks in negotiations, the less it generally gets from the EU.

★ **Streamline the bureaucracy for the accession preparations.** If a single body co-ordinates all the accession negotiations, little time is wasted on the internal co-ordination of policy, for example between the foreign minister and the prime minister.

★ **Plan the financing of accession preparations right from the start.** Many directives are expensive to implement; for example, complying with the EU's standards for waste water treatment may require major investments in new infrastructure over many years.

★ **Enlist the Commission negotiators as allies.** They share the goal of accession, whereas not all of the member-states may do. The Commission's job is to get a candidate country so well-prepared that no EU government can object to its entry.

Conclusion

Turkey's fulfilment of the EU's first set of political criteria qualifies the country to start negotiations. But EU membership is much more demanding than most of Turkey's political and business elite realise. They hope that they can bargain away many of the onerous requirements for EU membership. But the accession process is not about finding common interests between equal partners. Rather, it is about agreeing a timetable for the candidate country to apply the EU's laws at home. "Negotiations are a humiliating process," observed one of Poland's negotiators in 2004. "The EU makes it very clear that you are joining them, not the other way round."

Most Turks will welcome the start of accession negotiations as confirming their country's identity as a modern, European country. The political elite hopes that it will ensure Turkey's future as a democracy with a stable economy. But the Turks will find that the EU is not just a club based on a shared identity, but also a huge set of rules and regulations. Its day-to-day business is not about values but about fire safety in shops and hygiene standards in dairies. European integration reaches deep into a country's policies and institutions. It affects not just high politics but daily life: how animals are slaughtered, how sewage is treated, and what products can be advertised on billboards. The EU covers foreign and security policies too, many of which are very sensitive in Turkey. For example, Turkey will have to demand visas from countries on the EU's black-list, including from the Russian and Iranian tourists which contribute significantly to the Turkish economy. Turkey will also have to align its policies towards neighbouring countries such as Iran, Syria and Armenia with those of the Union.

Turkey will find it hard to accept such a strong external influence. The practical consequences of membership negotiations will be difficult, but the

change in mentality required will be even harder. The Ottoman Empire was a great power. Britain's experience shows how hard it can be for ex-empires to accept sharing sovereignty in the EU, especially if they go on thinking that it is primarily an economic union. The Turkish republic created in the 1920s is a proud, nationalistic state with an established role in most international institutions. Its circumstances are different from the countries of Central and Eastern Europe, which were actively seeking outside help with their post-communist transformation when they applied for EU membership.

Turkey needs to enter the negotiations with its eyes wide open. The technicalities of preparing for EU membership will require an enormous effort. But the Turkish and EU governments also have to persuade the European public and the Turkish people that accession will benefit them in the long run. The eastward enlargement of the EU was an elite-led project that succeeded despite the half-hearted support of much of the public. Turkey's accession cannot follow that example, because it poses much greater challenges and the negotiations will start amid unpopularity. EU leaders have to support their decision to start negotiations with a public campaign on why Turkey should eventually join. And Turkey's leaders have to start explaining to their country that the long road to EU membership will be hard, but the destination will be worth it.

Heather Grabbe is deputy director of the Centre for European Reform. This essay reflects her personal views, not those of any institution. The CER is grateful to the Open Society Institute Assistance Foundation Turkey, APCO Europe and the German Marshall Fund of the United States for their support of its work on Turkey and the EU.

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★ *An asset but not a model: Turkey, the EU and the wider Middle East*, essay by Steven Everts, October 2004

Turkey could be the EU's biggest success in foreign affairs. Europeans should be proud that they are transforming, in a peaceful manner, the political system of a country as large and as complex as Turkey. 'Regime change' EU-style is cheap, voluntary and long-lasting. Turkey also has a lot to contribute to EU policies for the wider Middle East: credibility, political access and economic leverage. But compared to the rest of the Middle East, Turkey's case is unique: it has long-standing ties with the West; a secular state structure; and the bait of EU membership has transformed its political elite. Steven Everts argues in this essay that Turkey is an asset for the EU, but not a model for the Middle East.

★ *From drift to strategy: why the EU should start accession talks with Turkey*, essay by Heather Grabbe, July 2004

This essay by Heather Grabbe sets out an agenda for the EU to use its conditionality more effectively, to help Turkey to reform itself in ways that will ease the path to EU membership.

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