Turkey in Europe:
More than a promise?

Report of the Independent Commission on Turkey
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Introduction

"If the European Council in December 2004, on the basis of a report and a recommendation from the Commission, decides that Turkey fulfils the Copenhagen political criteria, the European Union will open accession negotiations with Turkey without delay "
Conclusions of the Copenhagen European Council, December 2002

With this decision, European Heads of State and Government for the first time offered Turkey a concrete prospect of accession negotiations, more than four decades after its application for association with the European Economic Community in July 1959. Europe's leaders were motivated by the impressive reforms Turkey had undertaken following its recognition as a candidate state at Helsinki in December 1999. Since then, the Turkish Government has further intensified its efforts to transform the country into a modern, participatory democracy and to fulfil all aspects of the Copenhagen political criteria. It can justifiably be said that Turkey is undergoing a "silent revolution", even if the speed of the process means that it will take time until the effects are felt in all parts of Turkish society and widely recognised by public opinion outside the country.

The European Council's 1999 and 2002 decisions on Turkish accession were in line with official positions taken repeatedly by European governments in the preceding forty years. Never was Turkey's eligibility for membership openly put into doubt. On the contrary, it was explicitly confirmed on many occasions; but Turkey was told at the same time that prevailing political and economic conditions did not allow accession negotiations to begin. The consistent message from European governments was therefore that Turkey would be welcome in the Union, the date of accession depending solely on the fulfilment of membership criteria.

It is perhaps no coincidence that fundamental questions began to be raised only after the country had been formally declared a candidate state, turning accession from distant prospect into realistic possibility. The approaching 2004, involving an unprecedented number of mainly Central European states, meanwhile revived the debate on the Union's future and purpose. Discussions of "European identity" and "the limits of Europe" stimulated awareness of some of the challenges associated with Turkish membership.

Over the past few years public opinion in several countries has become markedly sceptical at the prospect of a large state like Turkey joining the Union, situated as it is on the fringes of Europe, with an overwhelmingly Muslim population and socio-economic conditions well below the European average. In the often-heated debate many arguments have been raised. Some reflect genuine problems; others are of a more emotional nature.

Nobody can deny that Turkish accession would have considerable economic, institutional and societal implications, both for the European Union and for Turkey itself. An extensive discussion of these issues was therefore legitimate and timely. The equally undeniable opportunities connected with Turkish membership should, however, also be taken into account, as should the potential costs for the European Union if Turkey's aspiration were to be rejected. Clichés or sweeping statements abound, purporting that Turkey is not a European country or that its membership would mean the end of the European Union. Some raise the spectre of a Muslim invasion of Europe destroying its culture and civilisation. To facilitate constructive discourse on this complex issue, such approaches should be avoided.

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The accession process could be accompanied by an increasingly acrimonious public debate should the European Council agree later this year to the opening of negotiations. There is a danger of a rift between government positions and public opinion in parts of Europe, which would not augur well for the ratification of an eventual accession treaty. In this context, the positions of the European Parliament will be of particular importance.

In these circumstances, a group of concerned Europeans, deeply committed to the integration process and having held high public office, formed an Independent Commission on Turkey in March

2004. Their purpose was to examine the major challenges and opportunities connected with Turkey's possible accession to the Union. They met regularly for intensive discussions, visited Turkey and analysed expertise from various sources. Close contact was maintained with European institutions. The Independent Commission's work programme did not include issues under review by the European Commission for its forthcoming Progress Report on Turkey.

This report presents the findings of the Independent Commission on Turkey, which are the personal views of its members. The Commission hopes to contribute to a more objective and rational debate on Turkey's accession to the European Union, which is rightly considered one of the major challenges for Europe in the coming years.

I Turkey in Europe

"The Union shall be open to all European States which respect its values and are committed to promoting them together"
Article 1 of the Treaty Establishing a Constitution for Europe

The conditions for membership of the European Union are set out in this provision and similar wordings contained in earlier treaties, beginning with the Treaty of Rome of 1957. A state must be "European". It must adhere to the Union's values enumerated in Article 2 of the constitutional treaty, namely "respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights". Furthermore, the Copenhagen European Council established concrete criteria in 1993 covering political and institutional aspects, the economy and obligations of membership including the aims of a political, economic and monetary union.

One element of the Copenhagen criteria may be of particular relevance for the timing of Turkish accession: "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".

Finally, Article 1 of the Constitutional Treaty must be interpreted as giving candidate countries a claim to accession once all necessary conditions obtain, rather than making it a favour to be granted by present members.

Is Turkey a European country?

The answer to this question depends on a variety of factors: geography, culture, history, the choices made by Turkey itself and the acceptance of other European countries.

After the break-up of the Ottoman Empire, Turkey's territory was reduced to the point where only 3% fell within continental Europe. However, 11% of the Turkish population as well as Turkey's economic and cultural capital, Istanbul, are to be found within that space. Turkey lies clearly on the dividing line between Europe and Asia, its territory forming part of both continents. Whereas Europe's borders to the north, west and south are undisputed, those to the east and south-east remain fluid and open to interpretation. It is obvious that geography alone cannot provide an answer.

Turks entered Anatolia in the eleventh century and gradually established the Ottoman Empire, leading to the conquest of Constantinople in 1453. They became heirs not only to Byzantine and the Eastern Roman Empire, but also to a rich Greco-Latin and Judeo-Christian culture in Anatolia. Names such as the 'father of history', Herodotus of Halicarnass; Aesop, who inspired La Fontaine's fables; Lucullus, the patron of gourmets; Saint Nicholas, bishop of Myra and ancestor of our Father Christmas; and Croesus, who became the richest man of his time, are connected with this region, as are places like Troy, Pergamon, Ephesus, and Mount Ararat where Noah's Ark came to rest. Saint Peter preached to the first Christian community in Antioch. Tarsus was the birthplace of Saint Paul, who made his first missionary journey to Anatolia, extending Christianity beyond the limits of Judaism and thereby laying the foundations of a worldwide religion. All this reminds us that the region which today is the heart of Turkey was one of the cradles of European civilisation.

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For the greater part of its history, the Ottoman Empire was an important factor of European politics, often acting as conqueror, like most European powers, and sometimes in close alliance with major European countries such as France. At other times the Empire became a safe haven for Europe's oppressed and persecuted, as in 1492 when thousands of Jewish refugees from Spain were given shelter. This reflected the traditions of the Ottoman Empire, where different religious communities lived together side by side, granted - in return for their loyalty - rights and privileges going beyond the Koranic requirement to treat the other 'Peoples of the Book' (Christians, Jews and Zoroastrians) with special tolerance. The Ottoman Empire was so much part of European history that in 1856, at the end of the Crimean war, the Sublime Porte was invited to join the 'European Concert' deciding Europe's destiny, alongside Austria, France, Great Britain, Prussia, Sardinia and Russia.

This recognition of Turkey as a European power coincided with major efforts by successive Sultans to 'westernise' their realm, begun at the start of the nineteenth century with the purpose of instilling new vigour into a declining empire. These reforms, strongly inspired by France, led to the abolition of typical Ottoman institutions, the modernisation of the army, a centralisation of the state administration, the establishment of a postal service and of an Ottoman Bank printing paper money for the first time, compulsory primary education including the founding of the Galatasaray school teaching in French, the teaching of modern medicine and the adoption of new civil and penal codes. It is no coincidence that reforms petered out after the defeat of France by Prussia in 1871 and that a reaction affirmed the Islamic character of the empire to the detriment of westernisation. The period of reform had nevertheless profoundly changed the empire, even if not all of its aims were achieved.

In the following years it was again influence from Europe, in particular from France and England, that inspired the 'Young Ottomans' movement to propose a constitutional government and openly to raise questions of liberty and the political rights of citizenship. The idea of a 'fatherland' (Turks prefer 'motherland') meanwhile emerged, splitting the loyalties that traditionally had belonged to the Sultan alone. Confronted with a strong reaction by the ruler, the Young Ottomans eventually withdrew from the political scene to constitute the first liberal opposition of sorts, preparatory to the establishment of a constitutional monarchy. Their ideal of liberty survived and was taken up by the 'Young Turks', who – supported by the westernised officer elite – chose the path of revolution. They too, like other political movements of the time, were strongly influenced by European schools of philosophy and sociology. The lasting achievement of the Young Turks was to initiate the process of building a Turkish national identity combined with a consistent westernisation, which they considered indispensable for Turkey's survival.

These were the conceptual underpinnings of the reforms undertaken by Mustafa Kemal Ataturk following the break-up of the Ottoman Empire and his successful fight for national independence. Ataturk wished to turn his country into a modern and civilised state. For him and reformist Turks, civilisation meant western civilisation: "Peoples who are not civilised are condemned

to remain under the domination of those who are. And civilisation is the West, the modern world, of which Turkey must be part if she wishes to survive. The nation is determined to adopt exactly and completely, both in substance and in form, the way of life and the methods which contemporary civilisation offers to all nations."

Ataturk's reforms included the abolition of the Sultanate, Califate and Ulema, the renunciation of Sharia law, the adoption of a new Civil Code modelled on that of Switzerland, the replacement of the Arabic by the Roman alphabet, the elimination of words of Arabian and Persian origin, the switch from the lunar to the solar calendar, the substitution of Friday by Sunday as a day of rest, and the granting of political rights to women. These measures should not be misunderstood as aiming at the elimination of Islam and Islamic values altogether from Turkish society. Ataturk's project was to terminate the political functions of Islam and the powers of religious institutions in Turkish law and justice, turning religion into a matter of personal conscience; and in this he was successful. With his reforms, Turkey began to develop into a modern secular state.

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Turkey and European integration

The Council of Europe, guardian of European values and principles, admitted Turkey as full member in August 1949 only a few months after the Treaty of London had been signed. It judged that the Turkish Republic fulfilled its two conditions for membership – to be a European country and to respect human rights, pluralistic democracy and the rule of law. On the latter questions, the Turkish constitution contained the necessary guarantees.

The question of Turkey's European credentials was never raised, the strategic interest to firmly integrate Turkey in the western camp during the Cold War being the overriding factor at the time. In 1951 Turkey joined the North Atlantic Treaty Organisation (NATO) and became a cornerstone of the Euro-Atlantic defence system. It also acceded to the Organisation of European Economic Cooperation (OEEC, later OECD), the Conference on Security and Cooperation in Europe (CSCE, later OSCE) and the European Bank for Reconstruction and Development (EBRD). Turkey today is a full member of all major Europe-wide institutions, the European Union being the sole exception.

In 1959, Turkey applied for associated membership of the European Economic Community (EEC). After a delay caused by the Turkish military coup of 1960, the Ankara Agreement of association was signed in 1963. Article 28 contains a cautiously worded perspective of membership: "As soon as the operation of this Agreement has advanced far enough to justify envisaging full acceptance by Turkey of the obligations arising out of the Treaty establishing the Community, the Contracting Parties shall examine the possibility of the accession of Turkey to the Community".

The main thrust of the agreement was the gradual establishment of a customs union, which in accordance with details set out in the Additional Protocol of 1970 was to be finalised after a period of 22 years. An Association Council was tasked to examine at regular intervals progress made in implementing the Ankara Agreement. After several delays, the customs union entered into force only in 1996. It led to a wide-ranging abolition of customs duties and quotas, without achieving the free movement of people, services and capital originally envisaged.

On 14 April 1987, Turkey submitted an application for membership to the European Community (EC). It took the European Commission until December 1989 to produce an Opinion, approved by the European Council two months later, refusing accession negotiations on several grounds. It was pointed out that the Community itself was undergoing major changes following the adoption of the Single Act; it would therefore be inappropriate to become involved in new accession negotiations at this stage. Furthermore, the economic and political situation in Turkey, including "the negative consequences of the dispute between Turkey and one Member State of the Community, and also the situation in Cyprus" led the Commission to believe that it would not be useful to open accession negotiations with Turkey straight away. The Commission instead recommended a series of supporting measures for Turkey, "without casting doubt on its eligibility for membership of the Community." Interestingly, an application for membership of the EC submitted also in 1987 by Morocco was rejected out of hand as coming from a non-European country.

Turkey's eligibility for membership was reconfirmed on many occasions.

During the following decade, Turkey's eligibility for membership was reconfirmed on many occasions by the European Council, the General Affairs Council and in the Association Council.

At the same time it was consistently pointed out that political and economic problems, including Turkey's human rights record, remained obstacles to accession negotiations. This was the case in particular at the Luxembourg European Council of 1997, when the accession process was begun for the central and eastern European countries and Cyprus, excluding Turkey.

A major breakthrough in Turkish relations with the European Union took place at the Helsinki European Council of 10-11 December 1999, which concluded that "Turkey is a candidate State destined to join the Union on the basis of the same criteria as applied to the other candidate States." With this decision, Turkey was put firmly on the track toward accession. An Accession Partnership, annual Progress Reports by the European Commission and preparatory Acquis Screenings were instituted, stimulating and supporting Turkish reform efforts. The process of change received a strong impetus, leading the Brussels European Council in October 2002 to conclude: "Turkey has taken important steps towards meeting the Copenhagen political criteria and moved forward on the economic criteria and alignment with the Acquis, as registered in the Commission's Regular Report. This has brought forward the opening of accession negotiations with Turkey." The Union also encouraged Turkey to pursue its reform efforts and to take further concrete steps on implementation.

Two months later, in December 2002, the Copenhagen European Council recognised the important progress achieved by Turkey in fulfilling the criteria for membership, pointing at the same time to remaining shortcomings in particular with regard to implementation. In response to Turkey's pressing demand for a date for opening negotiations, the European Council decided to examine in December 2004 whether Turkey fulfils the Copenhagen political criteria and if it does, to open accession negotiations without delay. To assist Turkey towards membership the Accession Partnership was strengthened, significantly increasing pre-accession financial assistance and the EC-Turkey customs union was extended and deepened. Since the beginning of 2003 the Turkish Government has dramatically accelerated and intensified its reform efforts, demonstrating its determination to fulfil the European Council's conditions.

Official declarations and decisions of European institutions over the years convey an impression of great consistency: Turkey was welcome to join the European Union as soon as it complied with all membership criteria. But this hides the fact that several European governments at times displayed ambiguity with regard to Turkey's European ambitions, raising doubts about Turkish membership. A variety of arguments were deployed, ranging from the size and socio-economic backwardness of the country and its poor human rights record to the expected costs, the threat of uncontrolled immigration or the extent to which the Union was institutionally unprepared. However, the principal motive for hesitations – societal or cultural differences, used as euphemisms for the religious dimension – was only mentioned with considerable reluctance. In spite of such reservations, the strategic importance of Turkey for Europe and the overriding wish to preserve close relations won out on every occasion, and every European government joined in the consensus.

Turkey meanwhile never left any doubt as to its European orientation. It has pursued full participation in the European integration process with single-minded determination. Turks complain with some justice about the persistence of negative emotions with regard to their country, and the fact that the so-called 'Crusader Spirit' of centuries past has not fully disappeared today. In the words of Ataturk, "The West has always been prejudiced against the Turks, but we Turks have always consistently moved towards the West."

Today Turkish leaders are concerned that "the closer Turkey gets to EU membership, the more the resistance grows in Europe." In this context, they tend to downplay the fact that some of the problems connected with Turkish membership are both real and serious and that many of the obstacles to an early accession are homegrown. It was only after the momentous decisions of the European Council in 1999 on candidate status and in 2002 on accession negotiations that the reform process moved into high gear. But the necessary measures are now being undertaken by the Turkish Government with unprecedented determination and efficiency.

II The Opportunities

There can be no doubt that Turkey's accession to the EU would present both the Union and Turkey itself not only with serious challenges, but also with considerable opportunities and benefits. Moreover, the costs of rejecting Turkey's request to join the Union and other negative consequences must also be taken into consideration.

What does the European Union stand to gain?

Admission of Turkey to the European Union would provide undeniable proof that Europe is not a closed "Christian Club". It would confirm the Union's nature as an inclusive and tolerant society, drawing strength from its diversity and bound together by common values of liberty, democracy, the rule of law and respect for human rights. In the great cultural debate of the twenty-first century, all too often fuelled by ignorance and prejudice and misused by criminal phenomena such as international terrorism, a multiethnic, multicultural and multifaith Europe could send a powerful message to the rest of the world that the "Clash of Civilisations" is not the ineluctable destiny of mankind. Presenting an alternative model to the exclusive, sectarian and closed society propagated by radical Islamists, Europe could play an inestimable role in future relations between the "West" and the Islamic world. The Union would gain wide respect and credibility, enhancing its "soft power" in many parts of the globe.

Turkish membership would further give evidence of the compatibility of Islam and democracy. It is true that Turkey's experience is unique, based on diverse cultural roots, two centuries of western orientation and Ataturk's revolutionary transformation to secular democracy; it cannot simply be transferred to other Islamic countries. The successful inclusion of Turkey in the European integration process, however, would show the Islamic world that it is indeed possible to find answers to the dilemma of combining religious beliefs and traditions with the universally accepted principles of modern societies.

At a time when the European Union is set to assume greater responsibility in world politics, Turkish accession would considerably strengthen the Union's capabilities as foreign policy actor. Both the European Union's new security strategy, "A Secure Europe in a Better World" (adopted in December 2003) and the "Wider Europe – Neighbourhood" concept developed by the European Commission and the European Parliament put great emphasis on the importance of the Southern periphery for European security, stressing the need to project stability into the continent's neighbourhood. Due to its geo-strategic position, Turkey would add new dimensions to the Union's foreign policy efforts in such vitally important regions as the Middle East, the Mediterranean, Central Asia and South Caucasus.

Europe could send a powerful message to the rest of the world that the "Clash of Civilisations" is not mankind's ineluctable destiny

In the Middle East, an area of special interest to Europe both for historical reasons and because of its impact on European security, the Union has much to gain in profile and status. Despite being the largest provider of aid to the Palestinians and entertaining strong commercial links with Israel and Arab states, Europe has only played a modest part to date in the search for a solution to the Israeli-Palestinian conflict. There are good arguments for a more effective and assertive European role, without intention to challenge the leadership of the United States of America in this complex issue. Turkey entertains good relations with both sides and enjoys credibility in Israel and the Arab world alike. Its membership would no doubt increase the Union's weight in the Middle East, which could be put to good use in common efforts towards peacemaking and stabilisation in this strategically critical region.

Similar opportunities present themselves in the Black Sea basin, South Caucasus and Central Asia, where the European Union has kept a low profile in the past, but Turkey, for reasons of geography, culture, religion and language, has been an active player. As a party of the "Barcelona Process", Turkey, together with Malta and Cyprus, could give much-needed impetus to thus far disappointing co-operation in the Mediterranean.

In general, it is to be expected that Turkish accession would lead to stronger EU policies on the South, adding to the "Northern Dimension" initiated by Finland a new and powerful "Southern Dimension". This should not be seen as a danger, but rather as an opportunity. The argument sometimes heard that Turkish membership would draw Europe into the conflicts of the Middle East is unconvincing. Developments in this turbulent region already have profound repercussions on Europe's stability and security, whether or not the EU has direct borders with countries like Iraq, Iran and Syria. Turkey, with its pivotal position at the heart of the Eurasian region and as a western pillar of the wider Middle East, can be of indisputable benefit to European action in this area.

For the emerging European Security and Defence Policy (ESDP), Turkey's considerable military capabilities and the country's potential as a forward base would be important and much-needed assets. Over the years Turkey has made considerable contributions to international peacekeeping operations, including those in Croatia, Bosnia and Herzegovina and Kosovo, and has participated in the EU-led military and police missions in Macedonia (FYROM). Until December 2002 it led the International Security Assistance Force (ISAF) in Afghanistan. Turkey's agreement to the comprehensive deal reached in 2002 on EU-NATO relations allowed co-operation in military crisis management, lifting obstacles to the implementation of the "Berlin Plus" agenda.

Turkey's geopolitical position makes it a vital factor for Europe's security of energy supplies

Furthermore, Turkey has actively participated in the work of the Convention to the Future of Europe with a view to contributing on the improvement of ESDP's efficiency and capabilities to meet the international security challenges of today. As one of the strongest NATO partners, with a clear orientation toward ESDP, Turkey would be of great value for the European defence system. Meanwhile, with regard to new threats to security and stability like international terrorism, organised crime, trade in human beings and illegal migration, Turkey's EU membership would result in closer and mutually beneficial cooperation in Justice and Home Affairs.

In addition to enhancing the Union's role in the political and security field, Turkey could add in no small way to Europe's economic weight in the world. Even if the Turkish economy will continue to suffer deficiencies and imbalances for some time to come, it has great potential. The country is large, has substantial resources and a young, well-trained and highly qualified work force. With a population of close to seventy million at present and its purchasing power expected steadily to increase, Turkey's potential as a market for goods from EU member states will gain in importance.

The construction of the Baku-Tbilisi-Ceyhan oil pipeline following the emergence of the Caspian basin as one of the world's largest sources of oil and natural gas highlights Turkey's role as a key transit country for energy supplies. Moreover, Turkey's geopolitical position and close links with tens of millions of Turkic people in neighbouring countries could help secure European access to the enormous wealth of resources in Central Asia and regions of Siberia, making Turkey a vital factor for Europe's security of energy supplies coming from the Middle East, the Caspian Sea and Russia. In this context, Turkey's decisive importance for the water supply of neighbouring countries in the Middle East would be of considerable additional value.

Turkey needs Europe

Prime Minister Recep Tayyip Erdogan has repeatedly pointed out that Turkey has to undergo sweeping reforms for its own sake, not just to "please Brussels". This is a fair and far-sighted judgement. But there can be no doubt that the realistic prospect of EU membership and the concomitant need to fulfil the Copenhagen political criteria by December 2004 to ensure the start of accession negotiations served as catalyst for the reform process undertaken by the Turkish Government in recent years.

Progress achieved to date through a large number of constitutional amendments and eight legislative "harmonisation packages" is indeed impressive. The measures taken include the abolition of the death penalty, safeguards against torture and ill-treatment, and a reform of the prison system. With regard to freedom of expression, association and the media, several notorious laws that cost journalists, scholars and human rights activists their freedom have been repealed, draconian restrictions lifted and provisions introduced ensuring greater accountability and transparency. The State Security Courts that have been a source of systematic violations of human rights were abolished altogether. In this context, an important measure concerns the recognition by Turkey of the precedence of international human rights legislation

over national laws, and of judgements by the European Court for Human Rights as basis for retrials before Turkish Courts.

Progress has been made in streamlining public administration and government, in strengthening the role of parliament, promoting gender equality and upgrading religious rights and freedoms. The duties, powers and functioning of the National Security Council (NSC) have been substantially amended, bringing the framework of civil-military relations closer to accepted practice in EU member states. These and related measures, including full parliamentary control over military expenditures, should further reduce military interference in the political processes of the country.

The lifting of the state of emergency that curtailed basic liberties in the Southeast for 25 years has led to a remarkable improvement in the quality of life of Kurds living in that region. The legalisation of radio and TV broadcasts and of education in languages other than Turkish and greater tolerance of cultural activities of minority groups should also have beneficial effects on interethnic relations.

It can be fairly said that Turkey has achieved more reform in just over two years than in the whole of the previous decade. The political and legal system of the country has changed profoundly. In recognition of this, and of the broad progress made in democracy, human rights and the rule of law, the Parliamentary Assembly of the Council of Europe decided at its recent spring session to end the monitoring procedure applied to Turkey since 1996. Beyond these achievements, however, determined efforts are necessary in order to ensure the effective implementation of the new legislation in all state structures and all parts of the country. In particular with regard to the rule of law, the rights of ethnic and religious minorities and civil-military relations, legislative measures have to translate into a change of mentalities and conduct on the part of all concerned. The Monitoring Group set up by the government is playing a useful role to this end. Equally, continued European engagement and monitoring by the European Commission are of vital importance for the reform process to be followed through.

Kurdish citizens of Turkey have greatly benefited from reform measures, and are therefore among the strongest advocates of Turkish EU membership. A failure of the accession process would mean a serious setback for the aspirations of the mainstream of Turkish Kurds to find a proper and satisfactory place in their homeland. It would play into the hands of radical groups intent on preventing – through violence – the successful conclusion of ongoing efforts towards accommodation. In this context the impact for the stability of the whole region of the fate of Kurds in Turkey on the one hand, and in neighbouring states like Iraq on the other must also be kept in mind.

Although solving the Cyprus problem is not a precondition for opening accession negotiations with Turkey, early reunification of the island would have given Turkish aspirations a considerable boost. The constructive attitude of the Turkish Government and its strong support for the efforts of UN Secretary General Kofi Annan have been widely noted. Whatever turn developments in Cyprus may take in the coming years, it could confidently be predicted that at the latest, Turkey's accession to the EU would see the island's division brought to an end.

Turkey's relations with Greece have continued to improve over recent years, and Greece now supports Turkish EU membership. Efforts to solve a number of contentious bilateral issues are underway, and exploratory talks are being held between the two foreign ministries on the disputes in the Aegean Sea. It is likely that the opening of accession negotiations with Turkey would greatly facilitate the search for solutions here. Equally, Turkey's rapprochement to the EU should have beneficial effects on relationships with other neighbouring states. In particular with regard to Armenia, it is to be hoped that the opening of borders and an improvement in bilateral relations may become possible, including Turkey's recognition of the tragic events of the past in the spirit of European reconciliation.

Turkey has achieved more reform in just over two years than in the whole of the previous decade

In view of the tremendous efforts undertaken by the Turkish Government and society to adapt to European standards in all their aspects, there is a widespread expectation that by year's end an irreversible step towards EU membership will be taken. A negative decision by the European Council would be considered as confirming Turkey's deeply rooted perception of rejection by Europe, with less-than-perfect compliance with membership criteria serving as an excuse for the real reason: religious and cultural differences. Erosion of public support and the likely emergence of a more visible opposition to EU membership could decisively weaken the Erdogan government and bring the transformation process to a halt. At the same time, it should be evident that Turkey does not possess a viable alternative to integration with Europe. The possibility of a grand alliance with the countries of Central Asia or

the Black Sea region is mere illusion. It is for this reason that Turkey's political class and society have consistently put their focus on Europe. If Turkish hopes are disappointed, an advance of ultra-nationalist as well as Islamist currents should be expected and a revival of violence in the Kurdish populated regions would be likely leading to increased instability and the return of the military establishment to a more assertive role.

III The Challenges

Turkey is large, poor and Muslim. These three factors turn Turkey's accession to the EU into a major challenge, raising anxieties and resistance in many parts of Europe.

The Impact on the EU

If membership negotiations were to begin in 2005, and assuming that they would be difficult and lengthy, Turkey's accession could become possible in about ten years at the earliest. By then both the Union and Turkey will have undergone major changes. In 2015 the EU is likely to have at least 28 members (including Bulgaria, Romania and Croatia), the status of the other Balkan states depending on political and economic developments in the region. Constitutional arrangements allowing European institutions to better adapt to the needs of an enlarged membership will be in place, and the end of the 2007-2013 budget period will have provided the opportunity to assess and possibly modify the Union's regional and agricultural policies in the light of experiences with the new member states.

Turkey, meanwhile, will have deepened and widened its transformation, for a successful conclusion of the accession negotiations will rely on all the membership criteria being fulfilled. It is expected that the opening of negotiations will give a strong boost to the Turkish economy, improving the country's comparative position with EU countries and in particular with the new members. Despite a declining birth rate, Turkey's population will reach over eighty million by 2015, almost equal to Germany's and forming about 14% of the EU's new population total.

In view of many uncertainties for the Union and Turkey, it is difficult to predict with accuracy what implication Turkish membership would have for the functioning of European institutions, the project of political union and the financial policies of the Union. It is obvious that institutional arrangements based on population would give Turkey considerable weight on a par with the present "big four" (Germany, France, Britain, Italy). This is true in particular for the European Parliament, where Turkey is expected to be allocated a similar number of seats as Germany. However, the impact of this large representation would be much reduced by the fact that voting in the European Parliament normally follows party lines rather than the national positions of member states.

As for voting in the European Council, the new constitutional treaty's double majority system requires in most cases 55% of the membership representing 65% of the EU's population to pass a decision. This strikes a fine balance between the principle of equality of member states and the recognition of their different demographic weight. Turkey would have the same standing as Luxembourg or Malta in the first tier of the voting system and that of Germany and the other big countries in the second, giving it considerable leverage especially for forming blocking minorities.

On the other hand, the continuation of the consensus principle in important areas of EU action, in particular common foreign and security policy, defence policy and fiscal policy, diminishes the relevance of the population size of member states for the Union's decision-making process. Turkey's accession is unlikely to have any impact on the composition of the European Commission, since by that time the decision on a reduced number of Commissioners and the introduction of rotation on an equal basis should have been implemented.

With regard to the three dominant axes in the EU – large versus small states, poor versus rich and federalists versus intergovernmentalists – Turkey's impact is easier to predict. It would strengthen the group of big countries, redressing somewhat the balance, which continued to shift with the accession of smaller states in previous enlargement rounds. Because of its weak economy, Turkey's entry would result in a lowering of average economic standards in the Union, making the EU as a whole poorer and raising demands on the richer member states. Finally, Turkey is expected to support the intergovernmental approach, favouring a continuation of the status quo regarding the balance between European institutions.

Much has been said about the risk of Turkey's accession leading to the end of the political Union and the vision of a United Europe. It is certainly true that the membership of a large Muslim country, in a unique geopolitical position and with strong interests in regions like Central Asia, South Caucasus and the Middle East, will alter the Union's profile and influence its foreign policy orientation. As far as the fundamental question of "finalité Europeenne" is concerned, however, the fact is that the European project has changed with every enlargement round, including and in particular the first in 1973, when Britain, Denmark and Ireland joined the European Community.

The tight political union which in time might have become a reality among the six founding countries is hard to envisage for a heterogeneous group such as the present membership of twenty-five, desirable as this vision may remain for many ardent Europeans. It is a matter for argument whether deep divisions among member states on the future of the Union can best be overcome by a system of integration at different speeds or by continuing the pragmatic, hesitant approach which over the past decades has moved the process forward in a steady, if often frustratingly slow manner. In this context, Turkish accession – on top of that of the ten new members – may well add to the complications in finding consensus solutions, but it will hardly bring about a qualitative change in the basic discourse.

Judging from Turkey's performance in other international organisations, it can be expected to display a responsible and cooperative attitude in European institutions, at the same time pursuing its interests with vigour and determination. As a candidate country Turkey has been particularly careful to conduct a foreign policy compatible with EU positions. This was acknowledged by the European Commission in its Progress Report 2003, which states that "Turkey has continued to position its foreign and security policy in line with that of the European Union" and that it "has played a constructive role within the framework of the CFSP". Nevertheless, it is in this field that Turkey could have the strongest impact, strengthening the Union's focus on regions in its southeast neighbourhood included in the Union's new Wider Europe concept because of their vital importance for Europe's security.

As for the financial costs of Turkish accession, it is impossible at this stage to make concrete predictions. Various recently published projections have been based on current EU policies and the present

performance of the Turkish economy, and are therefore highly speculative. The nature and amount of transfers to Turkey would depend on a number of changing factors, including the EU's regional and agricultural policies and the budgetary provisions in place at the time of accession. It is likely that the Union's budget will be capped at somewhere between the present 1.24% of EU GDP and the 1% proposed by six major contributing states, making an "explosion" of the budget impossible. In addition, the restriction of transfers to a maximum of 4% of the recipient country's GDP – considered the limit of absorption capacity – may continue to apply. Finally, in the light of the increasing requirements of new member states, it is an open question to what extent the principle of solidarity will continue to be applied as before in the Union.

On the Turkish side, much will depend on the country's economic development over the next ten years. Many experts believe the confidence generated by accession negotiations would bring immediate benefits, including an inflow of foreign direct investment, sustained growth rates of 5% to 6% and the elimination of the periodic crises that have plagued the Turkish economy. On the other hand, Turkey's large agricultural sector will remain a serious problem despite its continuing steady contraction, as will the many regional imbalances and disparities between urban and rural areas. In view of the many imponderables connected with the financial implications of Turkish membership, the only prediction that can reasonably be made at this time is that Turkey would be a candidate for considerable assistance. The details would however depend on the circumstances prevailing at the time of entry and on the outcome of the accession negotiations.

The Muslim factor

The prospect of Turkey's EU membership causes considerable discomfort among many Europeans because of its large and predominantly Muslim population, often perceived as the bearers of alien social and cultural traditions. Further, it is feared that political Islam, making full use of the democratic system and unrestrained by a military establishment diminished in its influence, could come to power in Turkey and thereby gain control of an important EU member state.

There is no denying that in parts of Turkish society, traditional practices abusive to women and girls continue. They include domestic violence, "crimes of honour", arranged marriages and inadequate schooling for girls, resulting in female illiteracy and the exclusion of women from jobs and healthcare. As the Co-Rapporteurs of the Committee on the Honouring of Obligations and Commitments by Member States of the Council of Europe indicated in their report earlier this year, there appears to be a great divide between modern and traditional Turkey and between West and East as far as women's rights are concerned. Nearly 95% of the crimes of honour recorded are committed in eastern and south-eastern Turkey, where the suicide rate among women – apparently imposed as an alternative to murder by a family member or to escape a forced marriage – is twice as high as elsewhere. Certainly, this situation is intolerable in a modern state and cannot be justified by social and cultural traditions or a region's lack of economic development.

The secular system has the overwhelming support of Turkey's population

On the positive side, the Turkish authorities have pledged firmness in totally eliminating such practices belonging to another age. A number of legal provisions favouring their continuation have been revoked by Parliament. "Honour killings" and other problems confronting woman are intensely debated in the media and in society, hopefully preparing the ground for a change of attitudes in all parts of the country.

As far as the political role of Islam is concerned, the nature of the secular system imposed by Ataturk after the foundation of the Turkish Republic should be properly understood. His concept may have been inspired by the French principle of 'laïcité', but it in no way means a separation of church and state as practised in France. In Turkey, secularism signifies the relegation of religious beliefs to the private sphere and the elimination of the Koranic laws from public life. Islamic institutions remain under state control; the government oversees religious facilities and education, regulates the operation of mosques and charitable religious foundations, including schools, hospitals and orphanages, and employs local and provincial imams as civil servants.

After the adoption of a multi-party system in 1946 and the representation of political Islam in that system, the debate on the role of religion in the Turkish state became more intense and acrimonious, leading to political tensions, the intervention of the

military and the banning of 'Islamist' parties. The argument was in essence between Islamists advocating a more visible role of religion in public life as something only normal in a Muslim country and as a democratic right, and secularists considering such demands as attempting to establish a theocratic state and as a serious threat to the founding principle of the Turkish Republic.

In view of Turkey's possible accession to the European Union, it is legitimate to ask how strongly rooted secularism has become in Turkish society 80 years after its inception, and whether there is any real danger that Turkey's political system could be transformed through democratic processes in a manner incompatible with European standards.

A survey published in 2000 and conducted by TESEV, Turkey's leading think tank, confirms the assurances of the Turkish Government and of many representatives of civil society that the secular system has the overwhelming support of the country's population. In particular, the majority of people considered themselves as devout Muslims, striving to fulfil the obligations of their religion, without believing that religion should play a role in political life. The study also reveals strong conservative currents, mainly on gender issues and their direct relationship with education: as the level of education increases, radical expressions of religiosity and conservatism decrease and modern civic values gain in importance. As far as identity is concerned, most people identify themselves first as Turks and only then as Muslims.

There can be no doubt that, as in any democracy, the risk of radical groups misusing the Turkish democratic process for their purposes cannot be totally excluded. On the other hand, Turkey's secular system appears to be firmly rooted in society, as is the orientation of the country towards Europe and the West. The completion of the Government's reform process, progressive modernisation and the anchoring of Turkey in the union of European democracies would therefore be the best way to bring about a change of mentalities in more backward parts of society and to safeguard Turkey's secular political system.

Public Opinion

The approaching decision on accession negotiations with Turkey has caused strong reactions in many parts of Europe, from both public opinion and political leaderships. While in some countries the general attitude towards Turkish membership seems favourable, clear opposition is articulated in others. However, reliable opinion polls have been conducted on the issue in only a few countries, and no comprehensive overview of peoples' attitudes and motivations across the EU as a whole is available. In particular, little is known about currents of opinion in the new member states. Their governments are following a cautious line, opting to await the Commission's forthcoming report and recommendation before taking a position.

Having said this, scepticism seems to be strongest in countries with a substantial Turkish minority, especially in Germany, France, Austria, the Netherlands and Belgium. This indicates that Turkey is seen through the prism of experience of Turkish immigrants, who often find it difficult to integrate into the societies of host countries. The main factors determining negative attitudes towards Turkey's EU membership are "cultural differences" including the religious dimension, the size of the country's population and the fear of a flood of new immigrants. More prosaically, there is little inclination to accept additional financial burdens in order to bring Turkey's economy up to European standards.

Should the European Council approve accession negotiations in December, a rift between government policy and public opinion could deepen in some countries. While this divide would not directly affect the negotiations, it could develop into a serious problem by the time an eventual accession treaty came to be ratified. In the intervening time, considerable effort should be applied by the governments concerned, the European Commission and Turkey itself to address legitimate concerns but also misconceptions and anxieties, so as to turn public opinion around.

Sustaining the Reform Momentum

The real European perspective offered to Turkey by the European Council in 1999 and 2002, combined with the landslide victory of the Justice and Development Party (AKP) in November 2002 and

the overwhelming support for EU membership on the part of the Turkish people, have opened a window of opportunity for reforms which is being fully used by Recep Tayyip Erdogan's government. It is nonetheless reasonable to assume that such far-reaching changes in Turkey's political and legal system affecting a variety of vested interests, as well as the profound transformation of Turkish society, are resented in many quarters. Opposition to EU accession, or rather to the reforms necessary to attain it, cannot be discounted. Nationalists, Islamists, parts of the civilian and military establishment and traditional Kemalists have surely not given up their resistance, and are just biding their time.

Public support cannot be taken for granted either. Recent surveys show that around 75% of the electorate would vote in favour of accession if a referendum were to be held at this time, the principal motive being the expectation of important economic benefits. Somewhat in contradiction, however, answers to other questions indicate the persistence of a strong Euroscepticism among Turkish people. Anxieties concern the possible loss of national and religious identity, erosion of traditional values and the weakening of Turkish independence and sovereignty. Moreover, there is a widespread fear of being excluded by Europe and a perception that much harsher membership conditions are being imposed on Turkey than on other candidates.

To prevent a reversal of public opinion and to allow the reform process to move forward, it is therefore of vital importance that the momentum of Turkey's advance towards membership of the European Union be maintained. A decision by the European Council in December to set an early date for the opening of accession negotiations would go a long way to dispel lingering doubts about Europe's real intentions and about the sweeping changes in Turkish society. At the same time, public opinion in Turkey must be made aware that – as in previous accession processes – the start of negotiations will not end the need for transformation. Rather, it will require reform efforts to be intensified and extended to areas like the economy. The EU will continue to closely monitor progress until the decision on accession is finally taken.

As in previous accession processes the start of negotiations will not end the need for transformation

IV Migration and Demography

The number of Turkish migrants living in the countries of the European Union today is estimated at 3.8 million, with the majority (2.6 million) in Germany and substantial groups in France, the Netherlands, Austria and Belgium. Large-scale immigration from Turkey dates back to the 1960s and the early 1970s, when European governments, driven by a shortage of labour, introduced guest-worker programmes; many of the temporarily employed Turkish workers settled permanently in the large cities of their host countries. Since then immigration policies have become more restrictive. Turkish migration flows into EU countries were drastically reduced, becoming limited mainly to family reunification and migration through marriage, alongside a number of asylum seekers from Turkey after the military coup of 1980 and as a consequence of the Kurdish problem.

Most Turkish immigrants were unskilled workers from rural areas of Anatolia, having to overcome the double shock of moving from country to city and from their homeland to a foreign environment. This in part explains the difficulties many of them encountered in integrating into the society of their host country. Moreover, migrants' destinations depended primarily on network effects, leading to strong concentrations of Turkish immigrants in specific areas and often to the settlement of workers in clusters according to their localities of origin. Especially for the first generation of immigrants these factors, combined with a feeling of economic and social exclusion, favoured the establishment of ethnic and religious enclaves characterised by family-based structures, the preservation of the native language and a strong adherence to religious believes and cultural traditions. Islamic organisations and community associations have become an important factor in providing Turkish immigrants with a sense of belonging and

identity, maintaining at the same time extensive cultural, political and commercial ties with the country of origin.

Judging by the experience of the large community of Euro-Turks in Germany, immigrants are by no means a homogenous group; attitudes vary considerably. Many Turks in Germany have shown willingness to incorporate themselves into the political, economic and social system of their new home country. More than a third have acquired citizenship, with many more planning to apply. Over the years, an emerging middle class of Euro-Turks has engaged entrepreneurially in sectors like services, tourism, catering, telecommunications and construction. Others are affiliated with political parties and participate in their activities on local and national level. As a general rule, integration takes place in the second or third generation and can be measured by indicators such as increased mastery of the local language, better performance at school, improved position on the socio-economic ladder, rise in "mixed" marriages, decline in birth rate and decrease in religious practices.

In most European countries the capacity of the Turkish community to integrate is not judged by the many immigrants who succeed, but by those who fail. It is they who become the triggers for discomfort and anxiety, with complaints ranging from poor educational performance, high unemployment and alienation from the broader society to the isolation of woman, wearing of the veil, forced marriages and "honour killings". Much of this behaviour is attributed to Islam and religious tradition. It deepens latent anti-immigrant feelings, in any case aggravated by 9/11 and other instances of fundamentalist terrorism.

On the positive side, there is growing awareness among governments and civil society that integration is a two-way street. Just as immigrants have to make an effort to integrate, host governments must adopt policies to help their integration. Even more important, society itself has to change, reconsidering attitudes and perceptions bordering on xenophobia (if not outright racism). The fine line between integration and assimilation needs to be better understood. Requiring immigrants to adopt common universal values does not necessitate depriving them of their culture and religious freedoms.

The effect of Turkey's EU accession on migration is difficult to forecast. It will depend on several factors: demographic developments in Turkey and the EU, the economic situation at home including relative income levels, prospects of employment and economic opportunities, foreign demand for labour and the development of European countries' migration policies over the coming years. Migration to Turkey from neighbouring countries and the related Turkish legal requirements could also be of relevance. There is a possibility that, in line with the practice in previous enlargement rounds, long transition periods would be negotiated with Turkey delaying full application of the freedom of movement of people for a number of years after accession.

Immigration from Turkey could constitute one of the positive economic impacts of Turkish accession

Moreover, Turkey's birth rate has sharply fallen over the years. The total fertility rate (average children per woman) stands at 2.5, down from 3.5 in the 1970s, and is expected to decline further as economic prosperity increases. This trend is also supported by Turkey's population growth rate which has fallen to 1.4% according to the latest UN figures.

Given the many uncertainties involved, estimates of the migration potential from Turkey vary considerably, the most frequent forecast being of 2.7 million people in the long term. This would represent a relatively modest 0.5% of the EU's total population. However, the destination of migrants is not expected to be evenly distributed among EU member states; those countries with large Turkish communities like Germany may well receive the major share of migration flows. Future Turkish migration is likely to include more professional and better-educated people, reducing the integration difficulties encountered by the unskilled immigrants of the past. Finally, Turkish EU membership could lead to greater mobility among migrants, many moving back and forth and others deciding to return to Turkey for good as its economy grows and prospers in the EU.

Table 1 contains a projection of demographic developments in Turkey and selected EU countries. Table 2 shows actual Turkish population in major EU immigration countries. The figures suggest that in view of decreasing populations in European countries, the relatively modest immigration expected from Turkey would not only be sustainable – it could constitute one of the positive economic impacts of Turkish accession.

Table 1: Total Population 2003, 2015, 2025, 2050 (thousands)

	2003	2015	2025	2050
Turkey	71 325	82 150	88 995	97 759
Germany	82 467	82 497	81 959	79 145
France	60 144	62 841	64 165	64 230
UK	59 251	61 275	63 287	66 166
Italy	57 423	55 507	52 939	44 875
Spain	41 06	41 167	40 369	37 336
Poland	38 587	38 173	37 337	33 004
Romania	22 33	21 649	20 806	18 063
Netherlands	16 149	16 791	17 123	16 954
EU 25	454 187	456 876	454 422	431 241
EU 28 (incl.Turkey)	555 743	567 842	570 832	552 318
Turkey as % of EU 28	**12%**	**14.4%**	**15.5%**	**17.7%**

Source: UN Population Division, World Population Prospects: the 2002 Revision

Table 2: Turkish Population in EU countries (thousands)

	Total	Turkish nationality	EU naturalised
Germany	2642	1912	730
France	370	196	174
Netherlands	270	96	174
Austria	200	120	80
Belgium	110	67	43
UK	70	37	33
Denmark	53	39	14
Sweden	37	14	23

Source: Eurostat, Federal German Statistics office: Turkish Studies Center, Essen 2003

V The Economy

Ensuring stability

Turkey's long history of macroeconomic instability culminated in the 2001 financial crisis, the causes of which were poor public finance management and a fragile banking system. It led to a fall of 7.5% in Turkish GDP, interest rates reaching 400%, a large currency devaluation and public debt soaring to above 90% of GDP. For Turkey's economy this crisis was a serious setback; but it also showed its resilience, dynamism and flexibility. Due to a far-reaching reform programme backed by the International Monetary Fund, including a clean-up of the banking system, independence of the Central Bank, the closure of numerous extra-budgetary funds, flexible exchange rates, tough fiscal policies and new legal frameworks for the energy sector, agriculture, civil aviation and telecommunication, the recovery was swift. Within a year growth resumed at over 7%, inflation dropped significantly, the debt to GDP ratio declined, the Turkish lira regained its value and the foundations for a sustainable economic upturn were in place.

In spite of these positive developments, much remains to be done to overcome the many deficiencies and imbalances from which the Turkish economy continues to suffer. Public debt and the government budget deficit are still high, at 87.4% and 8.8% of GDP respectively: well above the targets of the Maastricht Criteria. So are interest rates, with inflation standing at 18.4% at the end of 2003 (although it continued its steady decline into 2004), whereas unemployment at 10.8% corresponds to the European average. At less than 1% of GDP, the remarkably low level of foreign direct investment can be attributed to Turkey's macroeconomic volatility and political uncertainties, but also to an adverse institutional environment troubled by bureaucratic inefficiency and corruption.

For a country of 70 million people, Turkey's GDP is modest and its per capita income comparatively low, just approaching that of Bulgaria and Romania. (see also Table 3)

In this context, existing disparities of regional income present a serious problem, causing large-scale migration flows inside Turkey. The Marmara (Istanbul) region has a population of 17.3 million and a per capita income standing at 153% of the Turkish average; the 9 million people of the Aegean region earn 130% of the average income, Central Anatolia has 11.6 million people earning 97% of average income, while East Anatolia's 8.1 million people have the lowest income, at 28% of the average.

The large agricultural sector employs 32.8% of the Turkish workforce, but places a heavy burden on the country's taxpayers. In the past, price support and various subsidies lowering the costs of inputs such as capital, fertilisers, seeds, pesticides and water have resulted in transfers to farmers amounting to about 5% of GDP. The total support to agriculture, including higher prices paid by consumers is estimated at 8% of GDP. In view of WTO requirements, the IMF programme and the prospect of EU accession, Turkish agricultural policy is now gradually being reformed. Price supports and subsidies will be phased out and replaced by direct payments to farmers based on land holdings. Import tariffs will be reduced, and state enterprises in the agricultural sector privatised. If the reforms are brought to completion, Turkey will have an agricultural policy similar to the EU's Common Agricultural Policy (CAP).

Turkey's foreign trade has been rising steadily over recent years, reflecting the continuing economic recovery and the ongoing reorientation of industry towards export markets. EU countries were the most important trading partners, accounting for 52% of exports and 46% of imports. In parallel with the increase of trade volume, Turkey's foreign trade deficit widened substantially, partially offset by the strong performance of the services sector (in particular tourism, with a record high of 14 million foreign visitors in 2003).

Due to the small size of its economy – at present less than 2% of the EU's GDP – Turkey's accession would have a minimal impact on the EU economy. For Turkey, on the other hand, the consequences would be significant and highly beneficial. According to estimates, full access to the internal market, including for agricultural products not covered by the Customs Union of 1996, and the elimination of administrative and technical trade barriers could lead to bilateral trade increasing by around 40%. An improved investment climate

made possible by the anchoring of the Turkish economy to a stable system would give a strong impetus to both domestic and foreign investment, resulting in job creation and a higher level of economic growth.

Judging from the past experiences of accession countries, much of the benefit of future EU membership would already begin to accrue with the opening of negotiations. Moreover, the accession process would motivate the Turkish Government to continue institutional and structural reforms and to maintain a rigorous economic regime in close cooperation with the EU and IMF. Present economic risks and political uncertainties would thus be reduced, and confidence in the sustainable stability of the Turkish economy strengthened.

Economic indicators in comparison

Table 3 compares Turkey's economic performance with two of the present candidate countries, Bulgaria and Romania, as well as the EU-10 (new member states) and EU-25. The comparison is based on data for the year 2003. The performance was excellent in terms of longer-term growth (2003 over 1995), with respect to trade deficit, which was relatively low, and the current account, which was almost balanced. The latter fact is remarkable and indicates that Turkey's relatively high overall price level (at 50% of the EU average) did not hurt the competitiveness of the real economy.

Turkey's data with respect to the budget deficit and gross debt of the public sector were significantly inferior, while unemployment did not differ substantially from the other countries' average.

ER Exchange rate
PPP Purchasing power parity
FDI Foreign direct investment

1 Turkey and EU: GDP concept i.e. including indirect labour costs; Bulgaria, Romania: Gross monthly wages as reported in national statistics.
2 Excluding Malta and Cyprus.
3 Year 2002.

Sources: wiiw database, AMECO, IMF, Eurostat, Employment in Europe 2003, European Commission: Economic Forecast, Spring 2004.

Table 3: A comparison of economic indicators (year 2003)

	Units	Turkey	EU-10	Bulgaria	Romania	EU-25
Economic performance indicators						
GDP at exchange rates (ERs)	Mrd. Euro	**212.3**	437.6	17.6	50.4	9732.6
GDP at purchasing power parity (PPP)	Mrd. Euro	**443.3**	878.00	52.9	152.5	10172.9
per capita	Euro	**6256**	11839	6761	7030	22278
GDP growth over 2002	%	**5.8**	3.6	4.3	4.9	0.9
GDP growth over 1995	%	**28.0**	32.9	9.3	9.0	18.8
Public sector (consolidated) in % of GDP						
Budget surplus	%	**-8.8**	-5.7	0	-2.3	-2.7
Gross debt	%	**87.4**	42.2	46.2	21.8	63.1
Nominal stability						
Rate of inflation (consumer prices) at year-end	%	**18.4**		5.6	14.1	
Relative price level	EU-15=100	**48**	50	33	33	96
Labour market						
Employment (LFS), Year 2002	mn persons	**20.1**	28.8	2.7	9.2	199.3
Share of agriculture	%	**32.8**	13.0	9.6	36.5	5.4
Share of industry	%	**23.9**	31.7	32.7	29.5	25.9
Share of services	%	**43.3**	55.3	57.7	34.0	68.7
Rate of unemployment	%	**10.8**	14.3	13.7	8.0	9
Monthly compensation of employees at ERs [1]	Euro	**534**	739	145	179	2543
Monthly compensation of employees at PPP [1]	Euro	**1116**	1483	439[1]	542	2658
Foreign trade, current account and FDI						
Exports of goods in % of GDP	%	**22.0** [3]		37.9	31.0	
Imports of goods in % of GDP	%	**26.6** [3]		50.4	38.9	
Balance of goods in % of GDP	%	**-4.6**		-12.5	-7.9	
Current account in % of GDP	%	**-0.8**		-8.5	-5.8	
FDI (inward stock) per capita, 2002	Euro	**267**	1937 [2]	450	376	6089

Table 4 compares Turkey's economic situation in 2003 with that in Bulgaria, Romania, Poland and Slovenia on the eve of their accession negotiations (1999 for Bulgaria and Romania, and 1997 for Poland and Slovenia). This approach allows us to compare the starting conditions and indicates that Turkey's position is not fundamentally worse than those of the other countries. GDP per capita at purchasing power parity, an important measure for a country's degree of development, was between that of Bulgaria and Poland, although half as high compared to Slovenia. The budget deficit as a proportion of GDP was much higher in Turkey compared to the other countries, whereas public debt was high, but not substantially worse than in Bulgaria. Inflation was much higher in Romania.

Latest figures confirm the positive trend of Turkey's economic indicators

Employment figures show that the GDP share of agriculture was very high in Turkey in 2003, but significantly lower compared to Romania in 1999. Unemployment was also in a 'normal' range. With regard to the current account, Turkey's situation is better than it was in Bulgaria, Poland and Romania in the year prior to the beginning of negotiations. Finally with respect to foreign direct investment, taken per capita, Turkey did not differ from the other countries.

These comparisons give the impression that from an economic perspective, Turkey is certainly not a 'strange animal' in the company of present and former candidate countries. Latest figures confirm the positive trend of its economic indicators. Morgan Stanley Dean Witter has reported that in the first quarter of 2004, driven by productivity improvements, Turkey's real GDP was one of the fastest growing in the world, rising by 10.1% year on year. At the same time, according to the Institute for Statistics, inflation fell by over half to 8.9%.

Table 4: A comparison of economic starting conditions: Turkey, Bulgaria, Romania, Poland, Slovenia

Selected economic indicators for the year preceding accession negotiations

	Units	**Turkey**	Bulgaria	Romania	Poland	Slovenia
Year preceding the start of accession negotiations		**2003**	1999	1999	1997	1997
GDP per capita (at purchasing power parities)	Euro	**6256**	5120	4980	7410	12600
GDP growth rate (at constant prices)	%	**5.8**	2.3	-1.2	6.8	4.8
Public sector (consolidated): Budget surplus (EU-def.), in % of GDP	%	**-8.8**	-0.9[1]	-1.9[1]	-2.6	-1.2[1]
Public sector: gross debt (EU-def.), in % of GDP	%	**87.4**	79.3	24.0	44.0	21.6[1]
Rate of inflation (consumer prices) at the year-end	%	**18.4**	7.0	54.8	13.2	8.8
Shares in total employment (LFS)						
Agriculture	%	**32.8**	25.8[2]	41.8	20.5	12.7
Industry	%	**23.9**	28.9[2]	27.6	31.9	40.1
Services	%	**43.3**	45.4[2]	30.7	47.5	47.2
Rate of unemployment	%	**10.8**	15.7	6.8	11.2	7.4
Balance of goods in % of GDP	%	**-4.6**	-2.2	-3.5	-0.5	-0.1
Current account in % of GDP	%	**-0.8**	-4.8	-4.0	-4.0	0.2
Foreign direct investment (inward stock) per	Euro	**267**[3]	292	243	342	1007

1 National definition.
2 Registration data.
3 Year 2002.

Sources: wiiw databases, AMECO, IMF, Eurostat, Employment in Europe 2003, European Commission: Economic Forecast, Spring 2004.

Conclusions

1 The Independent Commission on Turkey is of the view that accession negotiations should be opened as soon as Turkey fulfils the Copenhagen political criteria. Further delay would damage the European Union's credibility and be seen as a breach of the generally recognised principle that "pacta sunt servanda" (agreements are to be honoured). Turkey, on the other hand, must accept that fulfilment of the political criteria includes the implementation of all legislation passed by parliament. Accession criteria apply to all candidate countries alike and there can be no shortcuts in individual cases. Equally, fairness demands that no candidate state should be submitted to more rigorous conditions than others. It is incumbent on the European Commission to assess whether Turkey's compliance with the Copenhagen criteria has reached the critical mass necessary to recommend opening accession negotiations.

The opening of accession negotiations is politically imperative

2 As far as Turkey's European credentials are concerned, Turkey is a Euro-Asian country, its culture and history closely entwined with Europe, with a strong European orientation and a European vocation which has been accepted for decades by European governments. In this, Turkey is fundamentally different from countries of Europe's neighbourhood in both North Africa and the Middle East. Its accession to the European Union would therefore not necessarily serve as a model for the Union's relations with these states. Any objections in principle against Turkey joining the European integration process should have been raised in 1959 at the time of Turkey's first application, in 1987 when Turkey applied for the second time, or in 1999 before Turkey was given candidate status. No government can claim that these decisions, including the conclusions of the Copenhagen European Council of 2002 on accession negotiations, were not taken in full knowledge of all circumstances.

3 The decision the European Council is taking in December will not be on Turkey's membership of the EU, but on the opening of accession negotiations. Their duration and outcome will depend on progress made, in particular with regard to economic criteria and the acquis communautaire. It is expected that this process will take a long time, reflecting the scale of difficulties faced by such a large and complex country and the need for consolidation of the Union following the accession of ten new member states. This interval will present an opportunity for both sides to address the most urgent problems and to mitigate any negative effects Turkey's accession could have. In other words, by the time a final decision is taken both Turkey and the European Union will have profoundly changed.

The decision in December will not be on Turkey's membership but on the opening of accession negotiations.

4 Turkey's accession would offer considerable benefits both to the European Union and to Turkey. For the Union, the unique geopolitical position of Turkey at the crossroads of the Balkans, the wider Middle East, South Caucasus, Central Asia and beyond, its importance for the security of Europe's energy supplies and its political, economic and military weight would be great assets. Moreover, as a large Muslim country firmly embedded in the European Union, Turkey could play a significant role in Europe's relations with the Islamic world.

For Turkey, EU accession would be the ultimate confirmation that its century-old orientation towards the West was the right choice, and that it is finally accepted by Europe. EU membership would also ensure that the country's transformation into a modern democratic society has become irreversible, enabling Turkey to fully exploit its rich human and economic resources.

A failure of the Turkish accession process would not only mean the loss of important opportunities for both sides. It could result in a serious crisis of identity in Turkey, leading to political upheaval and instability at the Union's doorstep.

5 In spite of its size and special characteristics, and although it would unquestionably increase the Union's heterogeneity as a member, Turkey would be unlikely to fundamentally change the EU and the functioning of its institutions. Turkey's entry may accentuate existing divergences on the future of the integration process, but it would not cause a qualitative shift in the debate. It should be borne in mind that the decision-making process in the European Union is based on ever-changing alliances, and that the political influence of member states depends at least as much on economic power as on size or demographic weight.

Turkey would be unlikely to fundamentally change the EU and the functioning of its institutions

As far as the costs of Turkish membership are concerned, Turkey is likely to require financial assistance from the European Union for many years, the level of transfers depending on the EU's financial policies and the economic situation in Turkey at the time of accession.

A considerable problem could develop in several European countries in connection with the ratification of an accession treaty with Turkey, should public resistance persist and government policy continue to diverge from popular opinion. This issue must be addressed in a common effort by governments concerned, Turkey and the European Commission.

The best answer to the fears in parts of Europe about Turkey's different religious and cultural traditions and perceptions of a danger that Turkey could become a fundamentalist Muslim state is to ensure the continuation of the ongoing transformation process, and to protect Turkey's long-standing secular political system by firmly anchoring Turkey in the union of European democracies.

6 Unprecedented reform efforts undertaken by the Turkish Government and substantial support for EU membership in Turkish public opinion should not hide the enormous task that the ongoing and far-reaching transformation of the country's legal, political and societal system represents for Turkey. It would be wrong to underestimate the latent resistance to such profound changes in many parts of Turkish society. Sustaining the reform process will to a large degree depend on whether the momentum of Turkey's accession process can be maintained.

7 Turkey's economy has traditionally been plagued by macroeconomic instability and structural deficiencies, many of which persist today. But the crisis of 2001 has shown the resilience of the Turkish economy, leading to a swift recovery and to far-reaching reforms of the institutional and regulatory frameworks. It is now of vital importance that the Turkish Government persists with the economic reform process in close cooperation with the International Monetary Fund and the European Union.

In view of the country's size, geographic location and young and dynamic workforce Turkey's economic potential is undeniable. It is equally evident that EU membership would be highly beneficial for the Turkish economy, providing a firm link to a stable system. The opening of accession negotiations by itself would considerably strengthen confidence in Turkey's economic stability.

8 Migration pressure from Turkey, which raises concern in some countries, would depend on several factors, including economic and demographic developments in Turkey and the European Union. Free movement of labour is likely to apply only after a long transitional period, so that governments would retain control of immigration for many years after Turkish accession. Based on the experience of previous enlargement rounds, migration flows from Turkey are expected to be relatively modest, at a time when declining and aging populations may be leading to a serious shortage of labour in many European countries, making immigration vital to the continuation of present generous systems of social security.

The decision in December will not be on Turkey's membership but on the opening of accession negotiations.

9 Turkish eligibility for EU membership having been confirmed on many occasions over the past decades, Turkey has every reason for expecting to be welcome in the Union, provided it fulfils the relevant conditions. The Independent Commission therefore feels strongly that in dealing with this issue the European Union must treat Turkey with all due respect, fairness and consideration.

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Annex

The 'Copenhagen Criteria' (from the Conclusions of the Copenhagen European Council, June 21-22, 1993):

"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, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

"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."

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