

EUROPE – TURKEY relations

Challenges for Turkey and the European Union

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Speech by Jacques Santer

I am very delighted to address the audience of your well-known University, the professors and particularly the students in economic and political affairs.

Indeed we are living in very challenging times. Not only the world is becoming closer since the end of the cold war and the confrontational situation between East and West, but we all are suffering for the first really globalize crises in modern world. With this background the EU-Turkey relations would have new perspectives based on the need of solidarity and mutual understanding.

Let us start with Europe and especially with the process of European unification.

Since the 1st May 2004 the EU is a Union of 27 Member States and 493 mio inhabitants. It is the most important single integrated market of the world based on the 4 fundamental freedoms – freedom of circulation for goods, services capital and persons. But it is more than a commercial or economic entity, it is a political union based on values.

In fact the process of the European unification is the history of a success story. Who would have predicted that only 5 years after world war 2, the hereditary enemies , France and Germany, would reconcile themselves and forge a lasting community. The starting point was the declaration of the 9th May 1950 of Robert Schuman, then Minister of Foreign Affairs of France, but native from Luxembourg. At the beginning there were six countries who joined the first community, afterwards GB, DK, Ireland, Greece, Spain, Portugal and so on joined this economic community which was muted in a political Union in 1991. After the fall of the Berlin Wall, 20 years ago at the 9th November 1989, and the collapse of the Soviet Empire the emergent new democracies in Central and Eastern Europe joined this Union. It was the first time since the 15th Century that we had the privilege to unite our continent in peace and freedom. Nowadays our countries enjoy the longest period of peace we ever had in our history!

What are the reasons of this success.

1. First, the Union is founded on common values; the values of respect for human dignity, liberty, democracy, equality, the rule of law and respect for human rights. These values are common to the Member States in a society of pluralism, tolerance, justice, solidarity and non discrimination.

2. Second, the objectives are quite clear. The Unions' aim is to promote peace, its values and the well-being of its peoples. The Union shall work for a Europe of sustainable development based on balanced economic growth, a social market economy, highly competition and aiming at full employment and social progress and with a high level of protection and improvement of the quantity of the environment. It shall promote scientific and technological advances.

3. Third in its relations with the wider world, the Union shall uphold and promote its values and interests, contribute to peace, security, the sustainable development of the earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and protection of human rights as well as to strict observations and development of international law.

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All European States which respect its values and share its objectives and which are committed to promoting them together with all Member States shall be member of the EU.

In this respect the Union has engaged the relations with European States who wanted to become Member and addressed their application to their Institutions. Not every application would have been approved; Turkey makes an application for full membership in April 1987. In December 1997, Turkey is declared eligible to become a Member, and 2 years later in 1999, at the Helsinki Council Turkey is recognized as an EU candidate country on an equal footing with other candidate countries and in March 2001 the Council of Ministers adopts the Accession Partnership for Turkey.

In fact the relations with Turkey started in September 1959 as Turkey applies for associate membership of the European Economic Community (EEC) and in September 1963 (45 years ago) an association agreement (known as Ankara Agreement) is signed, aiming at bringing Turkey into a Customs Union with the EEC and to eventual membership.

Though, let's speak about the relations between Turkey and the EU

The importance of the 1963 Association Agreement for EU-Turkey relations is sometimes forgotten. Yet it is the basis of long-standing close relationship between Europe and Turkey. It provides the origins of the deepening economic, political and institutional relations for the last 45 years.

The aim was to improve living conditions in Turkey and the then European Economic Community through economic cooperation and trade. It has also, since the beginning, been part of a broader political project, namely Turkey's integration into Europe with the prospect of accession clearly mentioned.

Then Commission President Walter Hallstein was very clear when, on the occasion of the signature in Ankara, he stated that "Turkey is a part of Europe".

Since then we have moved a long way forward. The Ankara Agreement opened the way to the establishment of the Customs Union in 1995, the deepest economic and trade relationship that the EU has ever had with any third country. The vision of Hallstein of opening our doors to Turkey in the European Union has moved closer to becoming reality, with the opening of accession negotiations in October 2005.

I will come back to accession negotiations in a moment. But let me first focus on the achievements of the Association Agreement in promoting trade and further enhancing our economic relations.

We have sound reasons to be satisfied with the results of the Association Agreement. It has allowed for close cooperation and dialogue over the years on a wide range of issues, which include now Turkey's efforts to meet the accession criteria. The bodies set up by the Agreement, such as the Association Council, the Customs Union Joint Committee or the specialized sub-committees, meet regularly. They are useful to take stock of Turkey's progress and to identify needs for improvement.

One of the main achievements of the Association Agreement certainly is the establishment of the Customs Union. It was my Commission which succeeded after many difficulties to realize the achievement. It has allowed for a qualitative and quantitative jump in the integration of our economies. The EU has become an important and stable market for Turkish exporters.

Since 1995, trade between the EU and Turkey has almost tripled. EU-Turkey trade levels have reached almost 100 billion EUR in 2007 and continue to grow. The EU is now by far the most important trade partner of Turkey, and Turkey is the seventh biggest trade partner of the EU. About half of Turkey's trade is with the EU.

European and Turkish companies are increasingly taking advantage of this large integrated market. EU foreign direct investment in Turkey has increased sharply in recent years, from about 450 million EUR in 2003 to almost 9 billion EUR in 2007 – a twenty-fold increase. More specifically, FDI inflows grew from an average of 0,5% of GDP between 1990 and 2004 to about 3,5% of GDP in 2006-2007. EU FDI in Turkey represents around two-thirds of total FDI inflows in the last six years.

Mergers and acquisitions involving EU and Turkish companies have increased dramatically. Major European companies have long-standing and well-established relations with Turkish partners in all sectors of the economy. Turkish companies are becoming increasingly active in the EU. The recent Turkish acquisitions of EU companies in sectors such as foodstuffs and electric appliances are a good illustration of this.

Despite some shortcomings, Turkey and the EU have become increasingly interdependent and will continue to grow closer. Turkey has already become a key element of Europe's competitiveness in the global economy. Turkey is the fifteenth biggest economy in the world, offers a huge domestic market and is a strong industrial power. Turkey is at the crossroads of Europe and Asia, and can provide EU companies with access to developing markets.

At the same time, with its internal market of more than 500 million people, regulated by a solid system of common rules and standards, the European Union is for Turkey a huge market and an anchor for reform, modernization and stabilization.

Turkey's economy has so far performed well in spite of the global financial turbulence. This is certainly due to the strong stabilization program that Turkey has carried out in the past years.

I am convinced that the very solid institutional framework we have built together in the past 45 years, together with the prospect of EU accession, are helping Turkey to weather the effects of the current financial turmoil.

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Since 1963 the EU and Turkey have worked together to make our common relations ever stronger and deeper. We have achieved a high level of economic interdependence which makes this relationship of great value to both sides today.

Now the objective must be to move further beyond the Customs Union with the aim of Turkey accession of member of the EU. That depends on the negotiations which started – as I said – formally in October 2005. Despite all the disruptions the accession process carries on.

Eight policy areas out of 34, are opened for negotiations. A core principle of the process of negotiations is that speed of reforms in Turkey determines the pace of negotiations. Therefore it is essential that Turkey continues making progress on legal, political and economic reforms.

In an article published under the signature of Mr. Olli Rehn, the European Commissioner responsible for enlargement in a Turkish Newspaper on the 25th of August 2008, Mr. Rehn writes. "All recent calls in Turkey for accelerated modernization through EU reforms are welcome. These reforms are necessary in order for Turkey to break its cycle of annual political crisis ... Such crises undermine the country's political stability and, thus, its EU prospects."

The Turkish EU reform agenda is comprehensive. It concerns issues such as civil-military relations, judicial and public administration reform and further measures to promote women's rights and freedom of expression and the fight against corruption.

Ladies and Gentlemen,

We are all aware that in many countries member of the EU, citizens are discussing the future accession of Turkey, that is a long lasting debate which is to be expected in democracies with lively discussions in the press and in politics. This debate would continue until the end of the accession process – and even beyond.

As an example for this lively debate I quote some opinions of the European Parliament which reflects as a direct elected Institution the opinion from the European citizens. In a motion adopted a year ago on Turkey's progress report, the Parliament

“welcomes the commitment of Prime Minister Erdogan that 2008 is going to be the year of reforms; urges the Turkish government to fulfill its promises by making use of its strong parliamentary majority to resolutely pursue reforms that are crucial for Turkey's transformation into a modern and prosperous democracy based on a secular state and a pluralistic society;

stresses that such modernization is first and foremost in Turkey's own interest; acknowledges also the strategic importance for the EU of a stable, democratic and prosperous Turkey; reiterates that fulfillment of the commitments set out in the Accession Partnership is vital for Turkey and its future relations with the EU;

underlines its belief that only a society which is guided by respect for human rights and fundamental freedoms and which is based on democracy, the rule of law and a socially oriented market economy can develop into a peaceful, stable and prosperous society.”
(end of quotation)

The Parliament

“encourages the Turkish government, following the positive step taken with the adoption of the Law on Foundations, to fulfill its commitments regarding freedom of religion by establishing, in line with the ECHR and the case-law of the European Court of Human Rights, a legal framework enabling all religious communities to function without undue constraints, in particular as regards their legal status, the training of clergy, the elections of the hierarchy, religious education and the construction of places of worship; calls for protection of the religious and cultural heritage; reiterates its call for the immediate re-opening of the Greek Orthodox Halki Seminary and the public use of the ecclesiastical title of the Ecumenical Patriarch; shares the concern expressed by the Council on 24 July 2007 over the ruling of the Turkish Court of Cassation on the Ecumenical Patriarchate and expects that this decision will not further impede the exercise by the Patriarchate and other non-Muslim religious communities of their rights guaranteed under the ECHR;

urges the Turkish government to launch, as a matter of priority, a political initiative favoring a lasting settlement of the Kurdish issue, which can only be based on tangible improvements in the cultural, economic and social opportunities available to citizens of Kurdish origin, including real possibilities to learn Kurdish within the public and private schooling system and to use it in broadcasting, in public life and in access to public services;

calls on the DTP, its members of parliament and mayors to distance themselves clearly from the Kurdistan Worker's Party (PKK) and to engage constructively in the quest for a political solution to the Kurdish issue within the democratic Turkish state; also asks all other political parties in Turkey to engage constructively in the quest for the same goal;”
(End of quotation).

On the other hand the EP

“commends Turkey on the positive development of its economy; reiterates its view that only a socially coherent society, backed up by a strong middle class, can enjoy prosperity; regrets, therefore, the low impact of the strong economic growth on the continuously weak employment market; points out the need to tackle the problem of the black economy and to place the social security system on a sustainable footing; considers that a bigger role for small and medium-sized enterprises could help to bring about faster economic growth;

points out the potential of an effective social dialogue to build the partnerships needed for the functioning of a socially oriented market economy;”

“acknowledges Turkey’s role as an important partner of the EU with a view to the realization of EU foreign policy goals in the Black Sea region, Central Asia and the broader Middle East; calls on the Commission and the Council to better exploit the potential of close EU-Turkey relations in these regions;

commends Turkey’s contribution to European Security and Defense Policy missions and operations in Bosnia-Herzegovina and the Democratic Republic of the Congo, and its contribution to NATO-led operations in Kosovo, Darfur and Afghanistan.”

“recognizes Turkey’s ambition of becoming an Eurasian energy hub and the role it can play in contributing to Europe’s energy security; commends the progress achieved by Turkey in the field of energy; recalls its above-mentioned resolution of 24 October 2007 supporting the opening of negotiations on this chapter; encourages Turkey to join the European Energy Community as a full member, so as to strengthen energy cooperation between EU and Turkey, which can benefit all parties involved; calls on Turkey to fully support the Nabucco pipeline project, which is a European priority project.”

And finally the European Parliament

“welcomes the nomination of Istanbul as European Capital of Culture 2010 as an opportunity to strengthen intercultural dialogue and cooperation between the EU and Turkey;

reiterates its supports for the EU-Turkey Civil Society Dialogue, and asks the Commission to report on activities carried out within that framework, as well as on assistance provided to Turkish civil society under the IPA; calls on the Turkish government to involve its civil society more closely in the reform process.”

You see the debate is quite lively, controversial; it causes a lot of sound and fury, but it should not distract Turkey and the EU from their efforts. They have to work in the same direction – towards a closer and closer integration between the two economies and the two societies with the aim of Turkey becoming a member of the EU.

The rewards do not come just at the end of the process when Turkey joins. The integration that is progressively being achieved and the reforms that Turkey is conducting in order to meet EU standards, are already bringing concrete benefits to

Turkish and EU citizens in terms of trade, investment and energy ties. It has to be a win-win game.

In the economic field we have already witnessed a sharp increase in foreign direct investment to Turkey thanks to the accession process: between 2002 and 2007, total FDI flows into Turkey have grown 16-fold, while FDI flows originating from the EU have grown 24-times in those five years.

It is true that Turkey is still facing steep challenges in terms of FDI and more generally in terms of structural economic reforms, but the initial impact of the accession process and of Turkey's economic reforms has been strong.

In every day life, we can see the speed at which Turkey is changing, through the pre-accession projects which the EU funds and organizes jointly with the Turkish administration, business sector and civil society organizations. Turkish citizens feel a strong sense of EU standards and values in the broadest sense, such as respect of freedom of expression and the fight against corruption.

The joint EU-Turkey projects bring a wide variety of benefits, such as better food safety, a cleaner environment, a modernized judicial system and improved women's rights. These projects meet the highest expectations and ambitions of the Turkish citizens, irrespective of the political ups and downs of the accession process.

Ladies and Gentlemen,

Turkey is a key ally of the EU. We highly appreciate its important and positive diplomatic role in the Middle East. We also share many economic and strategic interests.

But strategic considerations cannot be the only, or even the primary basis of our relationship with Turkey, as stated Commissioner Olli Rehn. The very existence of the European Union rests on the basic values of democracy and the rule of law that we share among ourselves. They are the basis of the so called "contract of marriage" (Olli Rehn) in which we Europeans have engaged ourselves in building our Union.

In this respect I expect that 2010 when Istanbul would be the European Capital of Culture the interregional cultural dialogue would enhance the development of our common basic, fundamental values.

Ladies and Gentlemen,

As I said before since 1963 we have worked together to make EU-Turkey relations ever stronger and deeper. We have achieved a high level of economic interdependence which makes this relationship of great value to both sides today.

Together, we have to work to move even further forward, by making Turkey's accession process irreversible.

Thank you for your kind attention.