

CHARLES UNIVERSITY IN PRAGUE

FACULTY OF SOCIAL SCIENCES

**INTERNATIONAL ECONOMIC AND POLITICAL
STUDIES**



MASTER THESIS

**Possible Membership of Turkey to European Union
and its Economic Aspects**

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Master Thesis Proposal



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Proposed Topic:

Possible membership of Turkey to European Union and its economic aspects

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Topic Characteristics:

My thesis will focus on the possible membership of Turkey to European Union and on the analysis of its aspects mainly within the framework of economics. Turkey's relations with the European Economic Community had started shortly after its creation in 1959. From that time on, Turkey has signed several agreements with the European Union and became a candidate country whose membership has not been completed yet. This paper will be focused on the relations of Turkey with the European Union, its development through time, and the latest situation after the economic crisis in the 21st century. The economic characteristics of the Union and Turkey will be analyzed and the possible positive and negative consequences after the membership will be discussed. The demographic structure of Turkey, the young population of Turkey versus the ageing European Union, GDP differences between the regions and resources will be analyzed.

Working hypotheses:

1. Slow progress of Turkey in the accession to the EU is not simply due to a failure to comply with the "official" membership criteria. We argue that European attitude towards these official requirements represents a double standard, which can be searched in the context of unspoken cultural and religious fears, that do not exist in the official criteria (Copenhagen Criteria).
2. Economically, Turkey's membership to the European Union will contribute to the European Economy and will lead to a stronger structure against the deepening of the current crisis and for the prevention of possible further crisis.
3. Turkey's membership to the European Union will not have a significant effect to the social and demographic structure in the Union as predicted. "Migration" is the most fearing fact for the European Union because of the worker immigration experience between Germany and Turkey in 1960's, however Turkey's demographic trend will be helpful to the European Union in the prospected years.
4. European Union will benefit more from the Turkey's membership, than Turkey in means of FDI and trade volume, with the free movement of the people and workers. E.g.: Number of Turkish tourists will increase with the lifting of the visa regime, and more Turkish companies will be investing in Europe by bringing their own workers from Turkey because of know-how, language and budgetary reasons.
5. Turkey must be considered as one of the biggest growing economies and with its geopolitical location, it can be one of the most critical members. Geographically, as Turkey is a bridge between Europe and Asia, its membership to the European Union will be an improvement for the stabilization of EU – Middle East relations.

Methodology:

At the first part of the thesis, I am going to employ the qualitative literature review methodology, to analyze the collected macroeconomic data about Turkey and the European Union. Thus, my macro-analysis will be supported by the descriptive and statistical inferences about the demographic and cultural tendencies of both economies. A detailed comparative analysis of both economies and the expectations from the mutual cooperation will be held at the second part of my thesis and will be supported by both quantitative and qualitative

methods such as input-output analysis. The input-output analysis will provide a better understanding to the effects of Turkey's accession to the European Union.

Declaration

The author hereby declares that he compiled this thesis independently, using only the listed resources and literature.

Istanbul, 16 May, 2014

Hamit Onur Dandul

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ABSTRACT

This study argues that the slow progress of Turkey in the accession to the European Union is not simply due to a failure to comply with the "official" membership criteria. It is argued that European attitude towards these official requirements represents a double standard, which can be searched in the context of unspoken cultural and religious fears, that do not exist in the official criteria. It is argued that there are many positive reasons to Turkey's accession to the EU. There is the aspect of energy-security, demography, acting as a bridge between the West and the East, and keeping the European Union away from being Eurocentric. However, seen the recent developments in Turkey's accession negotiations with the EU, the current political climate in Europe suggests that cultural homogeneity of the European Union remains a strong desire. Turkey, being the "Other", suffers the consequences of this. And while Turkey can make changes to its economy and political system to fulfil the EU's accession criteria, there are two 'givens' that cannot be changed—namely, religion/culture and geography/physical location. Thus, understanding these fixed characteristics of Turkey, and their perception by the European Union is crucially important in understanding the European Union - Turkey process overall.

INTRODUCTION

The relations between Turkey and the European Union date back to 1959, the year Turkey first applied for a membership to the European Economic Community. Soon after the first application, in 1963, the *Ankara Agreement* has been signed between the two parties, launching the official association by considering Turkey as an “associate member”. Turkey has applied for the full membership in 1987, under the rule of the “Motherland Party” and the Prime Minister of the time, Turgut Özal, however, finally considered as a candidate country in 1999 at Helsinki Summit. The three military coups in 1960, in 1971 and in 1980, had significant effects on the country’s domestic affairs and foreign relations, therefore impoverished the country and froze the relations with the European Union. Despite the long-established relations, the official membership negotiations started in 2005, and have not been completed yet today.

Turkey is not a member of the European Union, but she is a member of the Customs Union since 1996, therefore the flow of the goods between Turkey and the member states are not restricted. As a result, in the area of international trade, Turkey acts as a member state, being the only country which is not a member of the European Union but a member of the Customs Union. European Union is the biggest trade partner of Turkey and undoubtedly, the Customs Union developed the economic relations between Turkey and the European Union by increasing the volume of trade and flow of information. On the other hand, the biggest problem of Turkey’s economy, the foreign trade deficit kept increasing. Even though the European Union is the biggest trade partner of Turkey, Customs Union is not a major reason of Turkey’s foreign trade deficit. However, the fact that promised financial aids by the European Union were not realized completely, Customs Union, which was seen as the first step for the full membership, did not become as advantageous as it was expected by Turkey.

Turkey has the longest accession process and the most difficult one in the history of enlargement of the European Union, including the complexities over the United Kingdom's accession in 1973 and the vast Eastern Enlargement with 10 new member states and the economical burden in 2004. Turkey applied for membership to European Coal and Steel community in 1959, and signed the Ankara Agreement in 1963 with the European Economic Community. The aim of the agreement was to;

“Promote the continuous and balanced strengthening of trade and economic relations between the Parties, while taking full account of the need to ensure an accelerated development of the Turkish economy and to improve the level of employment and the living conditions of the Turkish people.” (European Economic Community, 1963)

From this initial agreement onwards, relations between Turkey and the European Economic Community developed, and a Customs Union was signed in 1995. Through this agreement, both parties benefited in terms of trade, and still benefits. Later on, the European Union agreed to formally open accession negotiations in December 2004. Since the opening of accession negotiations in 2004, Turkey continues to undertake reforms to comply with Copenhagen and the *acquis communautaire*, particularly “The stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.” (European Council, 1993) “As confirmed in the progress reports, Turkey has made great progress on these fronts in the last few years.” (Gerhards and Hans, 2011: 3; European Commission, 2009) It is evident that Turkey has made a significant economic and social progress in line with the Union requirements since its first application to the European Union and the fact that it is still not a full member disappoints the majority of Turkish citizens, decreases the belief in the membership to the European Union, and as well decreases the trust that the Turkish citizens have towards the European Union. The latest economic facts of the current decade shows that the tide is turned on behalf of Turkey and Europe can benefit more from Turkey’s membership, compared to previous years.

PLAN

In this study, it is argued that the slow progress of Turkey in the accession to the European Union is not simply due to a failure to comply with the "official" membership criteria, due to political and economical insufficiencies. It is argued that European attitude towards these official requirements represents a double standard, which can be searched in the context of unspoken "cultural and religious fears", that do not exist in the official criteria.

In the first chapter of this study, I will examine the Turkey – European Union relations from a historical perspective, beginning from the Ankara Agreement signed in 1963 upto today. Demographic, social, economic structures and characteristics of the European Union and Turkey will be examined in this chapter.

In the second chapter, I will first begin by drawing the theoretical framework of this study. To begin with, the "unofficial" European concerns that play a role in rejecting Turkey's accession bid will be examined. Secondly, the progress of Turkey in fulfilling the official requirements in the economic criteria of the Copenhagen Criteria will be analyzed. Thirdly, the possible positive effects of Turkey's accession to the economy of European Union will be analyzed. While Turkey can make changes to its economy and political system to fulfil the EU's accession criteria, there are two 'givens' that cannot be changed—namely, religion/culture and geography/physical location. Thus, understanding these fixed characteristics of Turkey, and their perception by the European Union is crucially important in understanding the European Union - Turkey process overall.

CHAPTER I

1. TURKEY – EU RELATIONS FROM A HISTORICAL PERSPECTIVE

1.1 EEC and Turkey, Ankara Agreement

As cited in the introduction part, the European Union – Turkey relations date back to 1959, with its application to the European Economic Community. The relations are followed by an agreement signed in Ankara, “The Treaty of Ankara” on 12 September 1963. At that time, Ankara Agreement was considered as the legal basis for Turkey’s accession to the European Economic Community and led to the Turkey’s membership to the Customs Union which was initial for the economic integration. Therefore, Ankara Agreement is also considered as the “Association Agreement” between Turkey and the European Economic Community. The purpose of the agreement was stated at its second article as;

“The aim of this Agreement is to promote the continuous and balanced strengthening of trade and economic relations between the Parties, while taking full account of the need to ensure and accelerated development of the Turkish economy and to improve the level of employment and the living conditions of Turkish people” (TOA, 1963).

The agreement also gives importance on necessity of the financial aids for the development of the Turkish economy and it divides the partnership between the Parties into three stages such as the *preparation stage*, *transition* and the *final* one. At the first stage, financial loans with the amount of 175 million ECU (European Currency Unit) was provided to Turkey, whereas at the second stage, the aim was to harmonize the economic policies of Turkey with the ones of the Community. After completing the first two stages, the final stage of the agreement was related to the Customs Union.

In 1970, an additional protocol was added to Ankara Agreement that made it also related with the free movement of workers that provides another basis for the social and economic integration of Turkey to the European Economic Community. The free movement of workers is one of the key tools to increase the economic activities between the parties and therefore critically related with the membership, but it is still an unsolved critical issue that causes problems between the Parties.

After the military coup in 1980, Turkey could not benefit from the financial aids and loans for 6 years. In 1987, Turkey made its official application for the full membership that was resulted with a rejection. After 1987, for the development and integration of the Turkish economy, financial aids and loans continued to be provided for some special cases.

1.2. Customs Union and The Treaty of Lisbon

After the two devastating wars in the 20th century, to bind up the wounds, European states had to form some political and economic organizations. European Economic Community is foremost of those and Customs Union is its stronger mechanism (Hatipler, 2012). Customs Union is the key factor for the economic integration and in 1996 Turkey became the first state to join the Customs Union without being a member of European Union. With the membership of Turkey to the Customs Union, a special program for the efficient integration of Turkish economy to the Customs Union was planned. The program consisted a special assistance with the amount of 375 million Euros for the following 5 years of the Customs Union and a 750 million Euros loan to make the Turkish economy more competitive (Kocak, 2009). However, a consensus between the member states was not realized and thus Customs Union aids were not provided. Undoubtedly, Turkey considered the membership of the CU as a cornerstone of the membership to the European Union, however, within those 18 years without the membership of European Union, Customs Union has started to be criticized by Turkish politicians and economists. Before the Customs Union, Turkey's main exports to the European Union were the textile goods. With Turkey's membership, European Union started to provide its textile needs from the third countries with special agreements such as China and India, therefore a significant decrease on the Turkish textile exports was spotted. Moreover, the promised financial aids and loans were not provided because of the vetoes and Turkey's foreign trade deficit kept increasing within those 18 years. One more negative aspect of Customs Union for Turkey is that; Turkey is not in the decision-making committee of Customs Union as it is still not a member of European Union and thus, this fact prevented the development of Turkey's trade relations with third parties.

As stated in the European Commission's data, "The European Union is Turkey's number one import and export partner while Turkey ranks 7th in the European Union's top import and 5th in export markets" (Eurostat Regional Statistics, 2013). This statement gives a clear understanding that the trade between the two Parties is inevitable and crucial and the fact that Turkey's exports to the European Union increased more than its imports after the

Customs Union proves the importance for both Parties. For a better and fair development and functioning of Customs Union, Turkey's membership to the European Union is a necessity.

The Treaty of Lisbon, which was signed between the member states in 2007 and entered to force in December 2009, was an indispensable movement for the legal and constitutional changes of European Union after the expansions of 2004 and 2007. Lisbon Treaty is a "Treaty of Reforms", and it brought new arrangements for a more transparent and democratic European Union. As Turkey, is a candidate state and the treaty of Lisbon is an important tool to shape the future of European Union, it should be analyzed carefully for its effects on Turkey – European Union relations.

The Treaty of Lisbon is important for Turkey because with the treaty, the European Union now has a stronger structure as a peace protector in the international arena that serves the purpose of Turkey, which acts as a "peace-keeper" state in its region. As Turkey is located in a geostrategic region, bordering with problematic countries of Middle East such as Iraq and Syria, the European Union will thoroughly benefit from its membership in the international setting with the extension of the Union's borders through one of the peace-desiring regions of the World. Through Turkey's membership to the European Union, the Union will become a stronger actor in the region and for the same reason, the United States, which is a significant power in the region, supports actively its membership to the European Union.

Moreover, the Treaty of Lisbon brought changes in the system of decision-making process because of fears about Turkey's population and potential dominance in decision-making, and decreased the ratio dependent to population to sustain a more balanced and democratic system.

1.3. Trade Relations Between Turkey and EU Through Time

The relations between Europe and Turkey have a very long established history as Turkey can be considered as a successor of Ottoman Empire who controlled the trade routes and ruled Europe for centuries. With the weakening of Ottoman Empire, many capitulations started to be given to the former European states that suffered the Empire until its collapse. With the efforts of Mustafa Kemal Atatürk, a new democratic Turkish Republic was formed in 1923, Caliphate was removed, and the relations between Turkey and Europe changed from that time on.

Mustafa Kemal Atatürk aimed for the modernization and Europeanization of a country ruled as an Oriental Empire for centuries and realized the reforms to reconstruct a new economic, social and political structure. The economy advanced from state-owned corporations to the private enterprises and a significant increase in national and international trade activities took place. After 1923, Turkey's international policy was always towards Europe. Turkey did not participate to the Second World War, however perceived its political and economic pressure. By being a former member of the Council of Europe in 1949, Turkey's willingness to be a part of European institutions became clear.

Turkey was always an exporter of chrome to Europe where the history of chrome exports date back to the Second World War. Lately, Turkey became an exporter of textile goods, cotton, tobacco and machinery. Agricultural goods also constitute an important part of Turkish exports to the European Union where they are regulated by additional protocols. Turkey's main imports from European Union are machinery, chemicals, medicines and manufactured goods. As stated by Hayati Yazıcı, the Minister of Customs and Trade of Turkey, "Before the Customs Union, consumer goods had the biggest share of Turkey's exports to the European Union, after the Customs Union, agreement, however, the share of consumer goods has decreased while the share of investment and intermediate goods has increased"(Yazıcı, 2008). Especially after the membership to the Customs Union, there is a significant increase in the import of medicines and vehicles, the sectors which Turkish domestic production is weak.

Economically, with the Customs Union, Turkish society's consumer surplus has increased, together with the social welfare. Turkish infant industries became more competitive and there was a significant increase in research and development. The flow of goods, together with the flow of know-how and new business ideas, benefitted the Turkish economy by enriching the product range and increasing the volume of economy.

1.4 Recent developments in relations between Turkey and the EU

In December 2009, the Republic of Cyprus blocked 6 chapters of Turkish accession negotiations, such as those on Judiciary and Fundamental Rights, Energy and Education and Culture, by proposing that Turkey first need to normalize relations with Cyprus. As a result, no chapter has been opened since June 2010.

Cyprus Issue

Here I need to elaborate the Cyprus issue that constitutes an obstacle to Turkey's membership to the European Union. This issue is important to understand the dynamics of the accession process of Turkey, as Cyprus issue is a very problematic fact between the EU and Turkey. Turkey invaded Northern Cyprus in 1974 in retaliation for a Greek-sponsored coup attempt to gain POLIS control over the island. The result was, the previously mixed Turkish and Greek Cypriot communities divided, a majority Turkish-Cypriot began living in the North and a Greek-Cypriot began living in the south. In 1983, The Turkish north declared itself "Turkish Republic of Northern Cyprus", a state which is only recognised by Turkey alone. Former UN Security-General Kofi Annan presenting a plan for reunification, known as the Annan Plan. A 2004 referendum on the Annan Plan got accepted by the Turkish community, but got rejected by the Greek-Cypriots. The attempt to reunite the two communities under the "Republic of Cyprus", under a flag featuring an outline of the whole island, failed. The EU's decision to ignore the negative result of the Annan Plan referendum, as well as the ongoing internal issues over territory, and sovereignty, and growing cultural tensions between the countries can be understood as laziness on the part of the EU (Toghil, 2012: 9). The EU was determined on and occupied by the success of 2004 enlargement, that it completely chose to ignore these problems of Cyprus and Turkey, and the accession process of Turkey to the European Union. On 2009 Turkish minister Egemen Bağış makes stated that, "the Cyprus problem was not a prerequisite for the membership of Cyprus itself. So would it why be a prerequisite for the membership of another country?" (EurActiv 2009) I believe it is true, in the sense that, if it was not a problem for the membership of Greece and Cyprus, it shouldn't become a problem for Turkey neither, it is not fair. The issue of freedom of movement, with Turkey's refusal to accept Greek-Cypriot shipping into its ports is simply an extension of this problem unfortunately.

Considering that the same issues have not been a problem for Greek, Cypriot, Romanian or Bulgarian accessions, signals that the Turkish accession to The European Union is a different one, and that there are other issues effecting the accession. There seems to be an evident double-standard when it comes to discussions of Turkey joining the EU. Economically, Turkey ameliorates herself to meet European Union standards and it won't be wrong to say that she has dealt with the financial crisis much better than any of the European Union's current member states. Of course, there are political insufficiencies which still need to be addressed, such as the Cyprus issue and human rights. However, what is evident and unfair is that these kinds of issues have been ignored in the earlier negotiations with other candidate

states of the time, or at least the European Union offered more tolerance and eased the process of negotiations, while these are being vigorously insisted in the Turkish case.

After over 2 years of no chapter openings, the European Commission set up a "Positive agenda" designed to focus on common European Union - Turkey interests. European Union Commissioner for Enlargement Stefan Füle describes that the goal was "to keep the accession process alive and put it properly back on track after a period of stagnation which has been a source of frustration for both sides." The main elements of the Agenda provided by the European Commission were "intensified dialogue and cooperation on political reforms", "visa", "mobility and migration", "energy", "fight against terrorism", "further participation of Turkey in Community programmes", "town twinning", "trade and the "Customs Union" and "supporting efforts to align with the *acquis*, including on chapters where accession negotiations cannot be opened for the time being". The proposal was considered to have a positive effect on the condition of negotiations as it serves as an instrument in support of and complementary to the negotiation process with the EU. In the framework of "Positive Agenda", Working Groups were established on 8 chapters ("3-Right of Establishment and Freedom to Provide Services", "6-Company Law", "10-Information Society and Media", "18-Statistics", "23-Judiciary and Fundamental Rights", "24-Justice, Freedom and Security", "28-Consumer and Health Protection" and "32-Financial Control"). As a result of the Working Groups meetings held so far, a total of four closing benchmarks were confirmed to have been met by Turkey in three chapters. (Company Law, Consumer and Health Protection and Financial Control chapters).

Latest political developments with the Gezi Park protestations got reaction from European Union officials and questioned the determination of Turkey in the accession process, due to the monopoly of media (that didn't report the protests and violent police attack), extreme use of force by the police towards the protestors, violation of human rights, etc. Due to the use of extreme police force and Prime Minister's provocative speeches, the peaceful environmentalist protests turned into a social uprising, unifying different groups against Erdogan Government's oppressive policies. Human rights violations, which is a hot issue since the start of EU - Turkey membership discussions peaked with the Gezi Protests and drew the reaction of many European Union officials. EU Enlargement Commissioner Stefan Füle stated that *"The duty of all of us, European Union members as much as those countries that wish to become one, is to aspire to the highest possible democratic standards*

and practices. These include the freedom to express one's opinion, the freedom to assemble peacefully and freedom of media to report on what is happening as it is happening". (Hürriyet Daily News, 2013). Despite the reactions of EU officials, the police violence continued in an increasing trend and stressed the tensions in the domain of international politics.

(<http://bigstory.ap.org/article/eu-defends-right-peaceful-protest-turkey>)

2. EUROPEAN UNION'S STRUCTURE AND MAIN CHARACTERISTICS

2.1. Demographic Structure of European Union

From centuries, Europe faced the rule of huge empires and the formation of new states after the fall of them. Wars, treaties, organizations, and trade shaped today's Europe and the boundaries of its states changed through time. After the two devastating wars, which turned Europe into ruins, securing the peace became the most essential aim by those states that shared the common values for ages.

After the 1950s consequential changes and transformations in the demographical structures of societies have occurred. Population growth rates, age structures, death – birth ratios and average life expectancies faced important changes. Those changes affected directly the economic structures as well, and the power shifts in the World politics were spotted. (Such as, India and Japan became critical powers in World politics. Turkey, also, became a much stronger political actor in the World politics, comparing to 1950s.) For that reason, the demographic changes in the structures of Europe and Turkey should be analyzed carefully to underline the comparative and absolute advantages of both Parties in a possible future membership.

Since the ancient times, Europe, as a continent, is one of the cultural and economic capitals in the World which highly influenced the World history. With its cultural and philosophical legacy, today, Europe continues to keep his advantageous place in the domain of qualified population. There is a strong positive correlation with the level of development of the countries and with their population characteristics. In the developed countries, the life expectancy is high and the birth-death ratio is low. Therefore the population is ageing rapidly as seen in the table provided below (from EuroStat), and there is difficulty in finding labor force in the country. In contrary, in the developing countries, the life expectancy is relatively lower and the birth-death ratio is higher. The population is dense and it is easier and the labor force is relatively cheaper. As of 2013, according to the statistical data provided by Eurostat, the average life expectancy of European Union is 79,90 and it is getting higher each year. In

addition to this, the European population is ageing which is threatening the EU economy in near future. Fears about the future functioning of the pension system are keeping its importance and obligatory reforms are taken into account in every European state. Despite the reforms, an undeniable part of the young population thinks that the pension systems have lost their credibility. According to Cimen and Yildirim, “*In context of EU ageing society; when fertility rate is low, life expectancy is high and the ratio of older people to the population of working age (dependency ratio) is high as well, increase in migration from Turkey and other new member states can compensate all of these obstacles*” (Çimen and Yildirim, 2012: 172). As the governments are incapable to increase the birth rates easily, other ideas such as supporting the population with legal immigrants can be taken into consideration, which would justify one of the reasons for Turkey’s membership to the European Union.

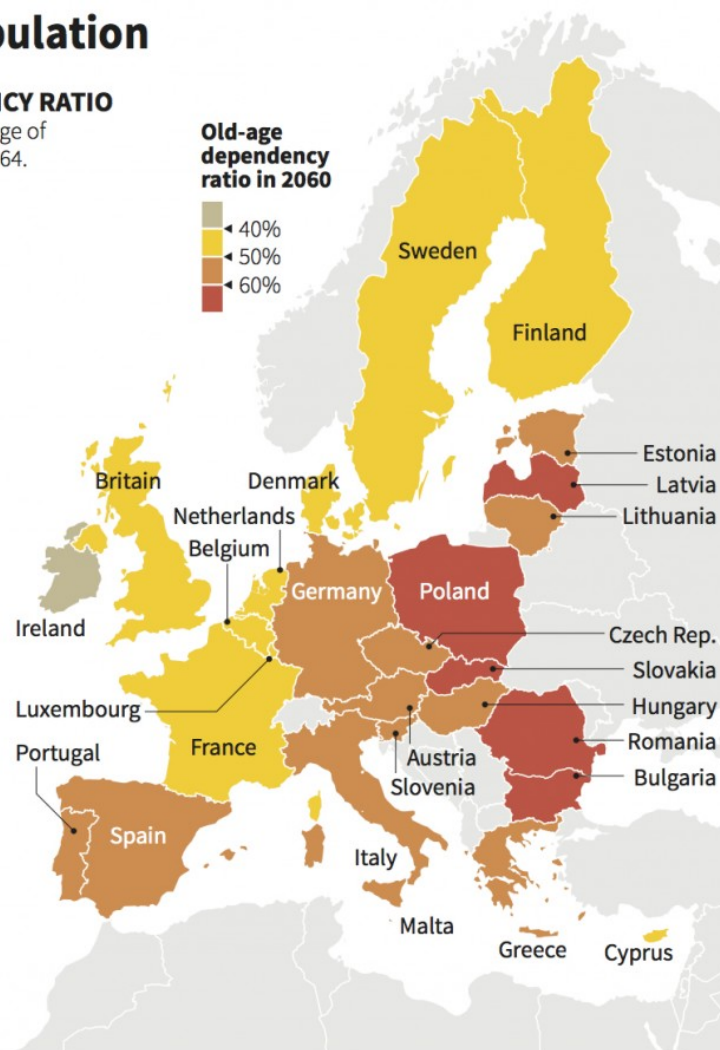
Figure 1. Europe's Ageing Population

Europe’s ageing population

PROJECTED OLD-AGE DEPENDENCY RATIO

Number of persons aged 65 as a percentage of number of persons aged between 15 and 64.

	2010	2060	
Latvia			68
Romania			64.8
Poland			64.6
Slovakia			61.8
Bulgaria			60.3
Germany			59.9
Hungary			57.8
Slovenia			57.6
Portugal			57.2
Greece			56.7
Italy			56.7
Lithuania			56.7
Spain			56.4
Malta			55.6
Estonia			55.5
Czech Rep.			55
Austria			50.7
Cyprus			47.6
Netherlands			47.5
Finland			47.4
France			46.6
Sweden			46.2
Luxembourg			45.1
Belgium			43.8
Denmark			43.5
U.K.			42.1
Ireland			36.7



Source: Eurostat

W. Foo, 24/04/2013

REUTERS

2.2. Social Structure of European Union

Besides being a political and economical association, European Union also represents common cultural values. As stated by Domanic; “From its start, the European Union has been a visionary project of achieving ‘unity in diversity’ by bringing various nationalities and cultures to work together towards common objectives of peace and prosperity” (Domanic, 2006: 7). Cultural diversities and pluralism are the constituents of this social union and therefore its inalienable elements. 28 States of the Union share a strongly interpenetrating culture shaped by wars and relations. With the free movement of people, the member states gained another opportunity to closely interact with the other cultures. Nugent states that; “As the EU has enlarged over the years, its membership has inevitably become more heterogeneous” (Nugent 2005, p.16). For the development of a common pluralistic culture, generating intercultural ideas and for a stronger foreign policy, the free movement is an essential factor. With the free movement of people, it became easier to share the cultures within the member states, and with the increase in students studying in a different country than their local ones, European Union plays a binding role for the member states.

Education levels are very high in the European Union, which proves the correlation between the education and the development index. Programs such as Erasmus increase the mobility of students and thus, merge students from different states. As Turkey is also a member of the Erasmus program since 2004, Turkish students also benefit from this interaction. Even though the contribution to Erasmus programs by Turkish students is not at the desired level yet, it is a decent way to integrate the young population.

Religion, even its importance is decreasing in the modern societies, is also a conjunction for the European Union. The majority of the Union is Christian, and Catholics have the biggest share within them. The share of the Muslims in the population of European Union was about 6% in 2011 and expected to reach 8% by 2020 (Pew Research Center, 2011). Domanic states that, “The Turkish accession into the European Union would further strengthen Europe’s global soft power and substantiate the intercultural dialogue between the Christian and Muslim populations” (Domanic, 2006: 7). Even mentioned by some critics that the European Union is a Christian Catholic Union and the importance of religion within its governance mechanism is undeniable. For that reason, it is often criticized by Turkish politicians, that European Union is a Christian Club without Turkey and the membership of Turkey will contribute to the pluralistic structure of European Union by increasing the religious diversity.

2.3. Economic Structure of European Union

After the Second World War, the European continent was ruined and not only to maintain peace but also to recover the economy, OECD and then EEC was formed. These economic organizations constructed the basis for European Coal and Steel community, and today, economy still keeps its importance in being the main binding idea for the member states.

For the membership to the European Union, economically, the state should comply with the Copenhagen Criteria since 1993, which is a necessity on the existence of a fully functioning of a market economy and the capability to compete with the market forces.

Since 2009, there is a financial crisis burning the European Union. The states with the weaker economic structures became the first victims of the Eurozone crisis and the future of European Union is critically discussed after 2009. The Eurozone crisis is a complex one covering the banking sector, government debts and economic growth however the European Union was late to take the needed measures to prevent the current situation. The unemployment rate among youngsters is around %25 in the Eurozone, which is directly related with the economic growth. The fact that European states were slow on strengthening the banking capitals, the crisis continues.

European Union is very important for Turkey as its Turkey's biggest trade partner. Turkey is EU's 5th biggest trade partner as seen in the table below. Therefore the latest crisis in the European Union will affect the Turkish economy as well. With the decrease of purchase power in Europe, Turkish economy started suffering from the exports and thus the growth rates already started to decrease in 2012 and 2013. In the long run, if severe measures are not taken, the crisis will continue affecting Turkey more deeply.

Figure 2. Trade partners of the European Union

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPORTS											
Extra EU-28	885.3	861.7	945.2	1 049.5	1 152.4	1 234.3	1 309.1	1 094.0	1 353.2	1 554.3	1 683.1
United States	248.0	227.4	235.7	250.8	267.0	259.6	248.1	203.8	242.7	264.1	292.8
China (*)	35.1	41.5	48.4	51.7	63.7	71.8	78.3	82.4	113.5	136.4	144.0
Russia	34.5	37.3	46.1	56.7	72.4	89.2	105.0	65.7	86.3	108.6	123.4
Switzerland	72.9	71.4	75.3	86.3	88.5	93.1	100.6	88.8	110.5	142.1	133.5
Norway	28.2	27.7	30.8	33.7	38.4	43.5	43.7	37.5	41.9	46.8	49.9
Turkey	26.6	30.9	40.2	44.6	50.0	52.8	54.5	44.5	61.8	73.3	75.4
Japan	43.5	41.0	43.5	43.7	44.8	43.7	42.4	36.0	44.0	49.1	55.6
Brazil	15.7	12.4	14.2	16.0	17.7	21.3	26.3	21.6	31.5	35.8	39.7
India	14.3	14.6	17.2	21.3	24.2	29.2	31.4	27.5	34.9	40.6	38.5
South Korea	17.7	16.5	17.9	20.2	22.8	24.7	25.5	21.6	28.0	32.5	37.8
IMPORTS											
Extra EU-27	937.0	935.2	1 027.4	1 183.9	1 364.6	1 446.8	1 585.2	1 235.6	1 532.1	1 728.3	1 798.1
United States	182.9	158.4	159.7	159.2	170.7	177.4	182.8	155.3	173.4	192.0	206.5
China (*)	90.4	106.6	129.2	161.0	195.8	233.9	249.1	215.3	283.6	294.8	291.6
Russia	65.2	71.3	84.9	114.0	142.7	146.9	180.4	119.6	162.1	201.3	215.0
Switzerland	61.9	59.2	62.2	66.7	71.6	77.0	82.6	80.9	85.5	93.5	105.9
Norway	48.1	51.1	55.3	67.2	79.2	76.6	95.9	68.9	79.0	93.9	101.0
Turkey	24.7	27.4	32.9	36.2	41.9	47.4	46.3	36.4	42.8	48.4	48.3
Japan	73.8	72.6	74.9	74.4	78.4	79.3	76.5	58.4	67.4	70.8	64.7
Brazil	18.5	19.2	21.8	24.1	27.3	32.9	36.0	26.1	33.4	39.1	37.4
India	13.7	14.1	16.4	19.1	22.6	26.7	29.6	25.5	33.4	40.0	37.5
South Korea	24.7	26.1	30.8	34.6	40.9	41.7	39.7	32.5	39.5	36.3	38.0
TRADE BALANCE											
Extra EU-27	-51.7	-73.5	-82.2	-134.4	-212.2	-212.5	-276.1	-141.7	-178.9	-174.1	-115.0
United States	65.1	69.0	76.0	91.6	96.4	82.2	65.3	48.5	69.3	72.1	86.3
China (*)	-55.3	-65.1	-80.8	-109.3	-132.1	-162.0	-170.8	-132.9	-170.1	-158.4	-147.6
Russia	-30.7	-34.0	-38.8	-57.3	-70.3	-57.7	-75.5	-53.9	-75.8	-92.7	-91.6
Switzerland	11.0	12.2	13.1	19.6	16.8	16.1	18.0	7.9	25.0	48.6	27.6
Norway	-19.9	-23.4	-24.6	-33.5	-40.8	-33.2	-52.2	-31.4	-37.1	-47.0	-51.1
Turkey	2.0	3.5	7.3	8.4	8.1	5.5	8.2	8.0	19.0	24.9	27.1
Japan	-30.3	-31.6	-31.5	-30.6	-33.7	-35.5	-34.1	-22.5	-23.5	-21.7	-9.2
Brazil	-2.7	-6.8	-7.6	-8.1	-9.6	-11.6	-9.7	-4.5	-1.9	-3.3	2.3
India	0.6	0.5	0.7	2.1	1.6	2.5	1.7	2.0	1.5	0.5	1.0
South Korea	-7.0	-9.7	-12.9	-14.3	-18.1	-17.0	-14.2	-10.9	-11.6	-3.8	-0.2

(*) Partners are sorted according to the sum of imports and exports in 2012.

(†) Excluding Hong Kong.

Source: Eurostat (online data codes: tet00040 and DS-016894)

3. REPUBLIC OF TURKEY'S STRUCTURE AND MAIN CHARACTERISTICS

3.1. Demographic Structure of Turkey

Turkey is a developing country, and thus, the demographic structure is different than the EU's average. Turkey has a young and dynamic population with more than 75 million inhabitants that would make it the second most crowded state after Germany, in case of membership. European Union has fears about Turkey's immense population and still sees it as one of the barriers of its membership to the Union despite the changes with the Lisbon Treaty. The fears about migration of young Turkish population to the European cities and changing the current values are seen as possible threats. As Heinz Kramer states, "There is a general fear that the EU would experience another wave of labor migration from Turkey induced by considerable differences in the level of development which could negatively impact on the social fabric of member states, especially Germany" (Kramer, 2006: 30).

According to Turkish Statistical Institute, Turkey's population growth rate has decreased in 2012, comparing to the previous year. The population growth rate was announced as 1.2% comparing to the rate in 2011, which was 1.35% (TÜİK, 2012). The decreases in birth rate after 2007 can be explained by the increase in education and women's active participation to the work force. Despite the Prime Minister Erdogan's speeches about promoting the birth of at least 3 children, the realization of slight decreases does not signal any alert, and the data should be analyzed in the long-run as the reasons of the decrease are not same with the low rates in member states. As stated before, the young and active population in Turkey is higher comparing to the European Union which decreases the labor costs. The table 3 below shows the demographic comparison of Turkey and European Union according to several age groups.

Table 3: Demographic Comparison of Turkey and EU (CIA Factbook, 2012)

	European Union	Turkey
0-14 years:	15.45%	26.2%
15-24 years:	11.57%	17.1%
25-54 years:	42.49%	42.5%
55-64 years:	12.6%	7.7%
65 years and over:	17.9%	6.4%

According to the table showing the 2012 statistics of demographic structures, the differences of young population contribution to the total population can be distinguished. As

shown in the table, the high values of 0-14 years and 15-24 years validates the strength of Turkish demographic structure and justifies the better functioning of the economy.

3.2. Social Structure of Turkey

In 1923, when the Republic was founded, a great majority of the country was underdeveloped by the imperial regime and devastated by wars. Under the reign of Ottoman Empire, enough importance was not given to the education and the development of the society. However with the formation of the Republic, Mustafa Kemal Atatürk started to change the patterns of the society by implementing reforms to conform the needs of the modern World.

With the start of the Westernization process, apart from economic and legal reforms to modernize the country, social reforms in education, clothing and alphabet took place. Reforms to secularize the country were realized and Turkey became one of the most laic countries in the World that was secured by the constitution.

The most part of the society is gathered in metropolis such as Istanbul, Ankara and Izmir. Istanbul, whose majority territories lie in the European continent is the biggest city in Turkey. Even though Ankara is the capital of Turkey, Istanbul, which was the European Capital of Culture in 2010, is regarded as the most developed city and the cultural capital of Turkey.

The regional differences between the West and the East part of Turkey can be seen as the biggest problem of the country, however, with the increasing amount of investments in the recent years and the decrease of terrorism caused by Kurdish separatists, the East part is also developing.

The increase in the number of universities in recent years, also increases the level of education and researches throughout the country. Even though the level of education is still not attained at the European level, the expectations show that Turkey will attain the desired levels in near future.

As Turkey is a secular country, everyone is free to choose its own religion. However, it is difficult to speak about a religious diversity where most part of the society is Muslim. Even though 99% of the society is said to belong Islam, the share of people daily practicing the religions duties is lower and there is a common respect to other religions. Christian and Jewish minorities are integrated with the rest of the society and are living in a harmony since hundreds of years.

3.3. Economic Structure of Turkey

Turkey belongs to the "developing country" status according to the United Nations. Compared to the average GDP of European Union member states, GDP per capita in Turkey rests low¹, although shows an increasing trend. Compared to new member countries like Bulgaria and Romania, with US\$6,977, and US\$8,437 GDP/capita respectively in 2012, Turkey's US\$10,666 GDP/capita stays high. (World Bank, 2013)

According to the International Monetary Fund, Turkey is the 17th biggest economy in the World (IMF World Economic Outlook Database, April 2014). Turkey is also a member of G20 and plays an important role in means of international trade in its area. According to the famous Armenian originated Turkish economist Acemoglu, "*...the Turkish economy is doing reasonably well, and one optimistic read — but not the only one as we noted there — is that this is because Turkish economic institutions are becoming more inclusive...*" (Acemoglu, 2013). This inclusivity suggested by IMF, complies with the European Agenda, and constitutes the basis of Turkish economic success.

Turkey's strongest sectors are agriculture, textile and automobile industry. As the country is the main producer and exporter of many agricultural products such as hazelnuts, cherries and types of citrus, it has a strong comparative advantage in agriculture. Automotive sector and the consumer electronics are the leading industries in the Turkish economy, and according to the data provided by the Turkish Ministry of Economy, Turkey ranks 8th in world cotton production and 4th in cotton consumption (Turkish Ministry of Economy, 2014).

With a population over 76 million, Turkey equals to 15,1% of the total population of EU-28 countries. Turkey has a different demographic pattern than the European Union. While the population increases with a ratio of 1,29% in Turkey, this is 0,4% for EU-28 (Turkish Ministry of Economy, 2014).

Two over third of the total population in Turkey resides in Istanbul, capital Ankara, İzmir and other metropolitan cities around the country. 80% of the overall production is gathered in these cities. This is why, particularly Istanbul but also other big cities attract a high amount of immigration from the rural area. The division between the productivity level

¹ According to the World Bank, GDP/Capita in Turkey is US\$10,666 in 2012, while in the same year GDP/capita in the EU is US\$32,999. Retrived from, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>, reached on 08.05.2014)

of urban and rural areas in the country causes severe regional economic differences. The West gets richer everyday, while the East rests poor. To indicate the drastic difference between the two edges of the country, we can give the example of Kocaeli (OECD, Regional Policy report, 2011) as an industrial city from the West, and Ağrı, a city from the East known for its though climatal and natural conditions that makes it hard to result in sustainable agricultural or industrial production. While the GDP per capita in Kocaeli is 90% higher than the country average (and 46% of EU-25), in Ağrı the GDP per capita only equals to one third of country average (and only 8% of EU-25).

The Economic stability is important for a healthy functioning economy and for the advancement of the society's welfare. Before 2001, it is difficult to speak about an economic stability and a continuous growth in the Turkish Economy, due to the three economic crisis that the country passed over. The economic crisis of 1994, 1999 and the latest on 2001 has hindered the economic development and made it impossible to maintain economic stability. However, with the launching of "Turkey's Transition Program for Strengthening the Economy" the government adopted the financial and fiscal reforms suggested by International Monetary Fund. According to Babakr, "While Turkey's geographic location is the major reason for its economic success, fiscal and financial measures that have been taken by the government after the 2001 crisis are other important factors that resulted in today's remarkable achievements" (Babakr, 2012: 2). Together with the political stability after the elections in 2002, Turkey's economy showed a significant growth each year. As Canan Balkir states, "Improving the effectiveness of public services, restructuring the health and social security systems, improving energy infrastructure, increasing R&D activities and innovative capacity and increasing productivity in agriculture are some of the main structural challenges ahead" (Balkir, 2011:9).

One of the biggest problems of Turkish economy, the high inflation values have started to decrease since 2001. However, it is still very high for the convergence criteria. According to the Turkish Statistical Institute, the inflation rate of 2013 is %7.52 (TUIK, 2013). Even though this value does not show Turkey's eligibility for the membership to the EU by itself, it still has an important value for the understanding of economic problems in Turkey.

In addition to this, within the period of 1963 – 2006, comparing to Greece, which started its relations with the European Union around the same time with Turkey, Turkey received only \$2.2 billion of financial aid that is %2.5 of Greece and %1.8 of Spain. This lack also has impacts on the malfunctioning of some elements in the Turkish economy (Akçay,

2008).

The existence of a fully functioning market economy, which is one of the Copenhagen Criteria, with the transition period, Turkish market became more competitive. The weight of state economic enterprises was decreased with the privatization and liberalization of the economy by structural and functional measures.

CHAPTER II:

THEORETICAL FRAMEWORK

This study argues that the slow progress of Turkey in the accession to the European Union is not simply due to a failure to comply with the "official" membership criteria. I argue that European attitude towards these official requirements represents a double standard, which can be searched in the context of unspoken cultural and religious fears, that do not exist in the official criteria. In this chapter of the study, I will be analyzing some of the main reasons underlying the long-lasting problematic Turkey – European Union negotiation process. Particularly, I will be focusing on the perspective of the European Union and try to understand the dynamics behind this undulant process of Turkey's possible membership to the European Union. Here, I will be underlining some concepts such as; "the other", "secularism", "nation-state" that stand as a barrier in front of Turkey's possible membership. While I will be analyzing the official requirements and progress of Turkey in the economic sense, to become a member, I will be revealing "the unofficial" European concerns that do not stand for an argument in rejecting Turkey's accession efforts. While Turkey can make changes to its economy and political system to fulfil the Union's accession criteria, there are two 'givens' that cannot be changed, namely; religion/culture and geography. Thus, understanding these fixed characteristics of Turkey, and their perception by the European Union is crucially important in understanding the European Union - Turkey process overall.

I will begin this chapter by elaborating the unofficial obstacles to Turkey's accession to the EU; those are cultural and religious fears. Here we will underline concepts such as; "identity" of the European Union, "the other", in the light of several theoreticians such as; Kant, and Habermas. Here I will be mentioning the "cosmopolitan civilization" Kant envisaged and its connection to EU's grounds, and the current lack of Kantian ambition of the EU, in its process with Turkey. I argue that the Union's Kantian lines are questioned with Turkey's accession negotiations, given the unambiguous existence of unspoken cultural requirements. I will argue that putting aside the need for amelioration in political and economical aspects in Turkey, to meet the Copenhagen Criteria, there are "unofficial" necessities that create an obstacle to Turkey in her long-lasting attempts to join the EU.

Later on, I will examine the progress realised by Turkey in meeting the Copenhagen Criteria, in the economic criteria particularly. And finally, I will propose the potential advantages of Turkey's accession to the EU, in the economic aspects. I will conclude the study by summarizing the study and my arguments.

1. UNOFFICIAL OBSTACLES TO TURKEY'S ACCESSION TO EU: CULTURAL AND RELIGIOUS FEARS

Literature that analyses Turkey's progress in meeting the official criteria through the accession negotiations with the European Union is very wide. Economics, geography, human rights, geopolitical situation, and democracy, these aspects play an important role in the discussion of Turkey's candidacy to European Union. These aspects are represented within the "official" criteria proposed by the European Union, that is required to be met for becoming a full -member. Since years Turkey is attempting to reform its political and economic structures in a dedicated manner to conform with the Union's official standards. However, a deeper analysis of the European Union, the "European identity" and the "European culture" perception of its members, show that these criteria do not represent the whole picture, and there are other dynamics that play a role in Turkey's accession negotiations with the European Union.

“Even if economic and political obstacles to Turkey’s accession are lifted, even if Turkey is deemed to be in unambiguous conformity with the Copenhagen criteria, European opposition to Turkish membership will persist ... the Turkish case is controversial in cultural and religious terms, as it involves the potential accession of a Muslim-majority country to an arguably, at least historically Christian Europe”. (Hurd, 2006: 402)

Mirela Bogdani summarises this argument by stating that, “fulfilment of the Copenhagen Criteria or other specific issues seem to be a 'fig-leaf' to hide the real religion and culture based reservations.” (Bogdani, 2011: 47) Identity and values form the unofficial reasons why Turkey cannot enter Europe today. Of course it is impossible to say politically and economically Turkey is ready for the European Union, however through the enlargement process of the European Union, countries that have been in a worse shape than Turkey, both economically and politically, have been accepted to the European Union. The will to

"protect", "maintain" the cultural and religious values of the European Union lead the European Union towards constantly rejecting Turkey's accession movements.

However, it is not possible to generalise these "cultural and religious fears that form an unofficial obstacle" to the totality of the member states of the European Union. The European Union forms of 28 members, and even though they share the identity to be "European", historically and geographically some are closer to Turkey than others. And some member states, such as Portugal, Spain, Italy or Poland have a warmer look towards Turkey's accession, while Germany and France have a harsher look. Furthermore, the accession criteria for Turkey today is much tougher than that for the earlier candidates. (Verney, 2007) Thus it is possible to say that "European Union is torn, in the case of Turkey.

"The European Union is in the process of building a civilization in which Turkey has no place" states the European Christian Democrats to Financial Times on 1997 (EU Center of University of North Carolina). Yet, just two years later, in Helsinki, the European Council grants Turkey full candidate status. In the recent years, especially with the imprisonment of journalists due to limitation of freedom of speech, Islamisation of the society by restriction of freedoms, police violence towards civil protestors, restrictions in the freedom to access Internet, Turkey's negotiations are moving slowly and only symbolically, with several chapters of the *acquis* still blocked. The public opinion polls conducted by the Eurobarometer reveals widespread scepticism and opposition towards Turkey's membership to the European Union. The possible membership of Turkey to the European Union is found to be a divisive issue in the Union, between its member states. What exactly is it that makes the European Union so torn when it comes to Turkey?

Turkey raises questions on the "identity" and the "culture" understanding of the European Union: is the European Union the offspring of a tradition of cosmopolitanism as formulated by Immanuel Kant? Or is the European Union despite the oratory a closed club for Christian states located in between the Urals and the Atlantic? These are two radical poles of different conceptions of what the European Union is or ought to be. Turkey's accession attempt, calls for an inquiry of self-understanding, and self-positioning of the European Union.

1.1 The “Identity” of the European Union

The idea that “European and Turkish cultures and values are completely different to each other, and the conflict between those two is so great that they are incompatible together” is a very common one, among those who are against the Turkish accession to the EU. This argument is backed up by prejudgements and predefined assumptions of the “Turkish” image and the existence of a common European culture, together with a European Union identity.

Before beginning, I should first clarify what I mean by "*identity*" throughout the discourse in this thesis. What is important matter of analysis in this thesis is to discuss, by which properties the European Union wants to be recognised and how it wants to perceive itself. The identity of the EU in this sense, is not how much the member states identify themselves with the European Union; but how the European Union launches itself as a political and economical union, which additional factors count in the forming of the EU identity, what is the image of the EU identity that Europe wants to maintain?

In the recent years, identity-based arguments that oppose Turkey's membership have been popular in several EU member states, mainly Germany and France. Eurobarometer study below, Figure 3, on Turkey's accession to the EU shows that public opposition is mainly high in these two countries, and as well higher than the EU average.

The leading center right parties in France and Germany, UMP (Union for a Popular Movement) and CDU (Christian Democrat Parties) officially position themselves as against the Turkish membership of the EU, because of the perception that “Turkey is not European”. They proposed an “alternative” to full-membership, that was “privileged partnership”. The UMP-dominated French parliament went so far as to pass a constitutional amendment, subjecting Turkey’s EU membership to a public referendum. (Yılmaz, 2008: 294) A right-wing group in France, named "European Citizens' Resistance Campaign", started a campaign to "cross Turkey off the Euro map". "Turkey is not a part of the European bloc by any stretch of imagination, be it on sociological, historical, or geographical, political, cultural, religious grounds" said the campaign leaders. As a matter of their campaign, they called the European citizens to cross in red Turkey in the map behind the euro banknote. (Yılmaz, 2008: 294)

Figure 3. Net Support For Turkey's Membership of the EU - (Eurobarometer)

Table 1. Net support for Turkey's membership of the EU by country (supporters minus contesters)

	For	Against	Net support
EU-25	31	55	-24
EU-15	29	57	-28
NMS-10	38	44	-6
Sweden	48	41	7
Spain	40	33	7
Poland	42	37	5
Portugal	40	38	2
Malta	39	40	-1
Hungary	41	43	-2
United Kingdom	38	42	-4
Slovenia	49	55	-6
Ireland	33	40	-7
Netherlands	41	52	-11
Latvia	31	51	-20
Lithuania	27	50	-23
Belgium	36	60	-24
Estonia	27	53	-26
Denmark	33	59	-26
Czech Republic	30	57	-27
Slovakia	28	56	-28
Italy	27	57	-30
Finland	31	64	-33
France	21	68	-47
Greece	29	79	-50
Germany	21	74	-53
Luxembourg	19	74	-55
Cyprus	16	80	-64
Austria	11	80	-69

Note: The difference between the percentages for and against is those persons who did not answer or did not know.

Source: Eurobarometer 64.2 (2005).

Why Turkey is politically, culturally, historically, religiously, perceived as the "Other"? The Copenhagen Criteria sets three criteria to meet in order to become a member country to the EU, that must be common to all "European" states. Firstly, there are the political criteria of (1) *stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities*; secondly, the economic criteria calls for the (2) *existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union* and finally, a candidate country must demonstrate its (3) *acceptance of the Community acquis: ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union*

(www.europa.eu). These are features that are *meant* to characterize the idea of Europe. They are not shared history; rather, they are normative ends that attempt to the Europe image that it is thought it ought to be. Thus, the term ‘a common European identity’ have an instrumental use, and used as a political tool (Zentrum für Türkeistudien, 1992).

According to the Copenhagen Criteria, that sets the criteria to be "European", the European Union only takes into account the functioning of rule of law, democracy, market economy, minority rights, human rights, in his enlargement policy, without any cultural determinations. However, public opinion calculations by Eurobarometer signals other hesitations, that are not cited above. Such as; "cultural differences between the EU and Turkey being so much to allow for accession." (Standard Eurobarometer, 2005) And although Turkey is determinant in fulfilling the Copenhagen Criteria, its accession negotiations are kept at bay. It is those unspoken cultural requirements that form the fundament of a European cultural identity, Casanova argues. (Casanova, 2003). Turkey's progress in meeting the accession criteria will be examined in the following part of this study, and it will become more clear that not only political and economical characteristics play a role in the accession process of Turkey, but there are other points.

“The Other”: Turkey is in but not of Europe

Culture

Even though member states of the EU share common grounds, they are each individual different states with specific interests, and share a history of war with each other. So, becoming "Europe" with one goal is not an easy one, regarding their history with full of hostilities to each other. Thus, as each collective identification, the European Union also needs a boundary drawing, that define the "insiders" and "outsiders" of the Union, so separating the world as the "us" and "the others". This mentality eases the process of harmonization of countries/cultures that are similar but somehow different to each other.

In a round-table discussion, namely, ‘EU-Turkey relations: the media perspective’, 2009, participants argued that overall, Turkey is more likely to get media-coverage when the news can be on negative cases in Turkey. (Turkey-EU Relations: the media perspective, 19 March 2009). In addition to media-coverage, Lauren McLaren has demonstrated that, popular opposition to Turkey's EU accession is strongest in countries with large Turkish immigrant populations (McLaren, 2007), such as Germany. It is possible to resemble this issue to a vicious circle: The more media selection is dominated by negative news on Turkey, the more

the perception of the Europeans towards the Turkish changes; and the more it changes, the more their tolerance towards the Turkish immigrants become low, as the less importance given to the amelioration of immigrant policies. Thus, the continued understanding of Turkey as Europe's Other is being kept alive through an interplay of representations of prejudice and actual experiences.

To better understand what is meant by the "Other", I will be focusing on the discourses and the modern definitions of the European Union by the member states, particularly those definitions proposed by right-wing parties of the member states. Hakan Yılmaz finds a connection between the political orientation and being pro-Turkish accession, or anti-Turkish accession. "The main line dividing the pro-Turkish and anti-Turkish positions among the political elites in both France and Germany appears to be the left –right axis" he says. (Yılmaz, 2008: 294) From the perspective of right-wing political elites, three major constituents of European identity seem to be geography, history and religion. Geography serves to determine the definitive territorial borders of Europe. According to the OPTEM 's study geography appears to become an essentially exclusionary device in the forming of today's Europe and its culture. Respondents used the term 'geography', they meant to exclude certain peoples and countries from Europe: "When geography is mentioned ... it is to exclude countries or areas ...i.e. Russia ...and, by extension, Ukraine and Belarus. Turkey is also often spontaneously considered to be non-European." (Yılmaz, 2008: 296; OPTEM, 2001,p. 7). Borders serve to exclude people, and mark them as "outsiders" and "others", in this sense it is instrumental in keeping the constructed "European image".

As stated in earlier paragraphs, geographical, historical and religious arguments with the purpose of proving that Turkey does not belong to Europe can be found in the statements of right-wing French and German politicians in recent times. 'Turkey is not European', 'neither by its history, nor by its geography, nor by its culture.'⁸ said De Villiers, French Deputy of the European Parliament. In similar way, Michael Glos, in a 2001 article titled 'Is Turkey Ready for Europe?', claimed that fulfilling the political and economic Copenhagen criteria were not enough to judge a country's "European"ness. In his view, a country must also comply with the 'cultural criteria' of EU membership:

"In accepting new candidates we must expect them not only to meet the criteria laid down in Copenhagen, but also to integrate easily into the European cultural context.... precisely

this capability is in doubt in the case of Turkey, a country which belongs to a different political and cultural sphere.”(Glos, 2001)

These arguments from the member states of the European Union, puts the Kantian understanding of the European Union into question. Ingrid Kylstad explores the influence of Kant’s philosophy of cosmopolitan unity and perpetual peace, on the formation of the political grounds of the European Union. (Kylstad, 2010) According to Anthony Pagden, professor of political science at University of California, the European Union complies with the three principles of Kant proposed in his philosophical essay *Perpetual Peace*, and this makes the European Union, Kantian. The three propositions of Kant in *Perpetual Peace* article are; ‘*The Civil Constitution of Every State Shall be Republican*’ (Kant, 1991: 99), ‘*The Right of Nations shall be based on a Federation of Free States*’ (Kant, 1991: 102) concerning the nature of the federation, and finally Kant’s third and final proposition states that ‘*Cosmopolitan Right shall be limited to Conditions of Universal Hospitality*’ (Kant, 1991: 105). In the scope of this thesis, our main concern will be on the third point, that is to understand what Kant mean by saying ‘*Cosmopolitan Right shall be limited to Conditions of Universal Hospitality*’. According to Ingrid Kylstad, this implies that, while every man has a right to freely migrate as he pleases, there is no automatic right to reside. In this line of reasoning, it is seen that the European Union applies the cosmopolitan right generously within its borders through right to free movement and the abolition of frontier controls and . abolition of customs taxes. However, it should be underlined that the EU is cosmopolitan internally, in its closed inner sphere, and not externally. However, to be externally compatible with cosmopolitanism the Union must be willing to pursue enlargement.

Kant’s articles can be interpreted as an aim to enable peaceful coexistence between diverse states through interdependence and law-governed relations. On the contrary, there is the idea of European Union that is culturally homogenous and that is a super-state to all the nations under it (I differ here being supranational, from being a super-state. EU is a supranational entity, however not supposed to be a super-state), nourished by its political and cultural identity discourses. “A political identity implies that the EU cannot articulate ethnic, cultural (traditions, folklore), religious or historical requirements for candidate countries; instead, Kant can be read as arguing that politics deals with ethics and not culture or values.” (Kylstad, 2012) Here, stating Habermas’s argument will also be useful. He says that a distinction must be made between the lived experience of national or ethnic identity and on

the other hand, constructed nationalism (Matustík, 1993). Similarly Samuel Huntington, in “*Clash of Civilizations*” argues that, for a state to have a new civilizational identity it is crucial that ‘...the dominant elements in the host civilization, in most cases the West, have to be willing to embrace the convert.’ (Casanova, 2003; Huntington, 2007: 129).

1.2 RELIGION

Hans Van Mierlo states in a speech to the European Parliament in 1997, that the problem is whether to admit a large Muslim country into the European Union or not. He invites the participants to “be honest”, and explain the reasons behind Turkey’s non-successful attempts to accession. Noone has previously posed this problem in an official meeting earlier. (Neumann 1999: 62) The issues of “East and West”, “Islam and Christianity” are the unofficial issues concerning the compatibility of Turkey and Europe. Issues involving culture, values and identity have constitute a critique principle within EU enlargement policy, that help to define who is “us” and who is “others”. The definition of “different culture” in the Turkish case is assumed to be used as a code-word for “Muslim religion”. (Bogdani 2011: 164) This religion issue, and connectedly culture that is partly formed of it; results in some European Union members to exclude Turkey out of the Union. Opponents of accession tend to cite differences in culture and values and stress on the incompatibility of Islam and the West, showing Turkey’s unsuitability to become a member of the EU. (Huntington and Lewis, 1993) Those who are for the accession of Turkey, have a tendency to point out the positive similarities between the two entities and their shared “histories”, and positive economical and political effects of Turkey’s membership to the EU, as well as exposing the ignorance of Western and EU policy and attitudes towards it’s “other”, in particular, Turkey and Islam. (Norris and Inglehart, 2003; Said, 2003) *The following lines from the Pew Forum summarize the role of religion in EU-Turkey relations.*

“The argument over Turkey goes beyond geopolitical pluses and minuses of EU membership and raises the larger issue of Europe’s troubled relationship with Islam. It is an old acquaintance, one stretching back more than 1,300 years. And it is marked by countless wars and occupations as well as a vibrant, steady cultural exchange.” (Pew Forum 2005)

2. Effects of EU Accession Process on Turkey

As Turkey is a member of Customs Union, the goods can travel between Turkey and European Union with no barriers, however the people can not. This fact causes a huge social disgrace for the Turkish citizens, and demotivating them to travel to European Union. Tourists have to express all their personal documents, prove their financial means and pay costly amounts for the issuance of touristic visas to be able to travel to Europe. Students and businessmen, as well, are subject to a very strict visa regime, and therefore have to express all the similar documents as tourists and have to wait up to 4 months for the issuance of a long-term visa. The purchasing power of Turkish citizens has significantly increased since the beginning of the century, and they want to travel to Europe, however the demotivating visa process forces them to steer for other alternatives. In contrary, most of the European citizens can travel to Turkey with no visa or can obtain the visas at the airport for a fair amount of charges. As the amount of Turkish tourists are increasing each year, the lifting of visas will boost the tourism and there will be a significant increase of tourism revenues of the member states while solving a social disgrace problem. In addition to this, together with facilitating the company forming processes and supporting entrepreneurial activities, the free movement of people will continue increasing the revenue of the member states and providing employment for the locals. With the free movement of the work force, the Turkish companies will be willing to bring their own workers, invest in big amount of reality and contribute to the production. For example in the construction sector, which is one of the leading industries in the Turkish economy at the moment, using its own work force will be a treasure for the companies who are afraid of working with the locals because of know-how, language and budgetary reasons. The entrance of Turkish companies to the European market will increase the competition by decreasing the costs and therefore will strengthen the current structure. Moreover, with Turkey's membership to the European Union, and facilitation of FDI and trade relations, the amount of investment to Turkey from the European Union based companies will increase the competition in Turkish market as well, by contributing to the Turkish economy.

European Union will contribute to Turkey by decreasing the human rights violations and increasing the freedom of speech and democratic measures. Turkey has gained grounds on democratization of the society since the negotiations with the European Union has started. As stated by Acemoglu, "And Turkey was taking surefooted steps towards accession to the European Union, a process promising to anchor democracy, human rights and civil liberties to

European standards” (Acemoğlu, 2013: 1). However it was seen on the Gezi Protests in June 2013 that it still has a long way to advance. With the Membership to the European Union, more strict measures will be taken for the democratization of society and to prevent the human rights abuses. With these measures on the long run, Turkish political and social structure will develop and integrate better with the European Union.

With the Turkish membership to the European Union, the membership process that started with the Customs Union will be completed, and therefore the problems caused by this absence will be solved. Turkey will take advantage from the bilateral agreements previously signed between the member states and the third parties, and therefore the country will regain its secure position in international trade. For example, Turkish textile industry that was harmed after the agreements made between EU – India and EU – China, will regain its strength and therefore will gain a competitive position in the market.

Last but not least, an increase of foreign direct investments to Turkey will be observed in case Turkey becomes a member. Literature² shows that EU negotatiton process has positive impacts on FDI inflows to Turkey, however due to complicated regulations, corruption, high inflation rate, external dept and current account deficit, Turkish business environment is still not very attractive for foreign investors. Thus Turkey is not yet able to profit the best out of its EU accession process. For attracting more FDI, Turkey’s current investement environment should further be improved by the implementation of long-delayed economical and political structural reforms as well as judicial and legal reforms.

3. TURKEY'S PROGRESS IN ADOPTING THE ECONOMIC CRITERIA ESTABLISHED IN THE COPENHAGEN AGREEMENT

After a long term of statism from the establishment in 1923, until the 1980s, Turkish markets got liberalised during the 1980s, and resulted in a growing path, however political insecurities, a failure to follow one economic policy path under numerous different governments led to volatile markets and steep recession and, in turn, a devastating banking collapse in 2001. The period post 2001 experienced the implementation of an IMF supported

² Literature examples: Yildiz E., Insel A. and Karakas M., (2012), “Institutions versus Institutions: Mode of Foreign Direct Investment Inflows into Turkey”; Estrin, Saul and Bevan, Alan (2004) *The determinants of foreign direct investment into European transition economies Journal of Comparative Economics*, 32 (4). 775-787; Blomstrom M. et Persson H. (1983), “Foreign Investment and Spillover Efficiency in an Underdeveloped Economy: Evidence from the Mexican Manufacturing Industry”. *World Development*, 11(6), pp. 493-501. and other studies.

banking sector restructuring program, primarily on the “restoring confidence in the banking system and credibility to economic management.” (Bredebkamp, Josefsson and Lindgren, 2009: 47) Fortunately, the results of the IMF reforms came out positive and Turkish economy experienced a growth more than 6% annually until the 2008 economic global crisis. The reflections of this crisis have been seen severely on European markets. It was especially Greece, Spain, Ireland, and Portugal who has seen the most severe effects of the crisis on their economies.

Since the beginning of recession in world economies, Turkey’s well regulated financial markets and banking systems have responded strongly, with GDP growth per annum now at 7.3%, the 17th fastest growing economy in the world. The EU member state with the highest rank is currently Sweden in 77th place, the only EU member state in the top 100, with the EU’s average GDP growth of 1.7% having a place in 160th due to 2011 data. (CIA Databook, 2011) As well as a rapidly growing economy, it also currently has the 17th largest economy in the world (GNI) (World Bank 2009). The EU as a single economy entity, with individual member states like Germany, France and the UK in 5th, 6th and 7th places respectively, and with weaker member states as Ireland, Portugal and Greece in the economic sense. Turkish accession, therefore, could increase the economic power of the EU, as well as introducing a member state with very positive growth figures and access to new Asian markets at a time of economic instability in Europe, The EU has struggled to keep up with the rest of the world in term of growth after (CIA 2011) the economic recession. With this in mind, Turkey’s relative economic success would be of benefit to the struggling EU economy.

The economic case for membership seems relatively strong, especially when compared to the 2004 and 2007 waves of enlargement. However, Turkey must also comply with other official political obstacles, which stand as the major stumbling blocks behind Turkish accession. The EU has stated that in order to be accepted into the EU, “Turkey had to continue its process of democratisation and protection of human rights, establish relations of good neighbourliness with Greece and seek a just settlement of the Cyprus problem.” (ENA 2010)

Roughly defined as a “fully functioning market and a capacity to compete with the EU,” (Europa, European Commission, Enlargement, 2011) the economic conditionality is generally seen as the least problematic side of Turkey’s membership. Yet, the economic crises in the country in 2000 and 2001 and the consequent slow-down in the economy made it more

difficult to meet the economic criteria than expected in the past decade. The fact that most of the economic adjustment and technical assistance funds, which are largely available for the prospective and negotiating new members, will not be available for Turkey, exacerbates the country's economic prospects further. (Eder , 2003)

Below, the progress towards the fulfillment of Copenhagen Economic Criteria will be mentioned.

a) *The Existence of a functioning market economy*

The existence of a functioning market economy requires not only the liberalization of trade, but also the liberalization of prices. In addition to this, the existence of a developed financial sector and the absence of significant market entry barriers also support the functioning market economy.

b) ***Liberalisation of Foreign Trade:*** As a result of the Customs Union, common external tariff of the Union was accepted and tariffs and customs for the industrial goods between the EU and Turkey were removed.

c) ***Liberalization of Prices:*** By reducing the share of the State, and State owned enterprises in the economy, and by the determination of prices according to market conditions - not depending to the State; price fluctuations decreased. In agriculture, "income support" principle is adopted instead of price subsidies for the producers. Sugar and tobacco prices are now defined by supply and demand in the market, instead of public institutions. Electricity, gas and telephone prices are regulated by independent agencies.

d) ***Privatisation:*** By the year 2003, the State was withdrawn from many sectors such as electricity, airport ground services, dairy products and petroleum distribution. In addition to this, significant impacts were made for the reduction of the share of public banks in banking sector. Despite the government's commitment to privatisation, its performance has been below the target and revenues of privatisation between the years 1999-2004 amounted about \$4.3 billion.

e) ***Banking Sector:*** With the banking sector restructuring program, the structure of the system got healthier. With the privatisation public banks, the competition in the sector has increased while increasing the customer satisfaction. With the structural reforms, the banking sector is strengthened and transformed into a system providing resources to the real economy.

- f) ***Market Entry and Exit:*** In the Turkish economy, market entry and exit levels are high. For that reason, market entry and exit conditions are more liberalised.
- g) ***The Capacity to cope with the competition pressure and with the market forces within the Union:*** The Capacity to cope with the competition pressure and with the market forces within the Union depends on the existence of stable macroeconomic structure. Moreover, it is considered as a crucial fact for the fulfillment of economic criteria before the membership.
- h) ***Macroeconomic Stability:*** With the implementation of the stabilisation program which is being supported by IMF, important steps have been taken towards the economic stability, the increase of market trust competitive and the liberal economic environment. As a result of the successful implementation of the program; inflation, interest rates and money stock has been decreasing and a rapid growth is substantiated. The macroeconomic performance in Turkey is a significant indicator of this growth. The structural reforms led to the increase of trust to the economy and contributed to the macroeconomic stability.
- i) ***Improvement of Investment Conditions:*** Reforms to promote and protect F.D.I. took place, foreign rights are now better protected in the market.
- j) ***Improvement of Business Environment:*** Within the framework of improvement of business environment reform, in order to develop the banking system and corporate governance, Accounting and Auditing Standards Authority was formed. Arrangements containing execution and bankruptcy law was held. To ensure the fairness of the tax system, to prevent tax evasion and the underground economy, required measures were taken.
- k) ***Small and Medium Sized Enterprises:*** Small and medium sized enterprises serve a very important function for the stabilisation of Turkish economy. In Turkey, 99.8% of the companies are small and medium sized enterprises. The flexible structure of the small and medium sized enterprises to adopt changing business environment played a significant role in the Customs Union adaptation process.
- l) ***Regulatory Reforms and Institutions:*** Independent regulatory agencies were formed for the purpose of fulfilling the regulatory and supervisory tasks of the state, without interfering the functioning of markets in critical sectors such as banking, energy, telecommunications, tobacco and sugar. By formation of those agencies, prevention of monopolies and the security of competitive environment is targeted.

m) **Public Sector Reform:** With the Public Financial Management and Control Law, which was accepted in December 2003, transparency and accountability in public financial management, increasing the effectiveness of ex-ante public spending control function, accordance of internal and external auditing systems with EU standards was aimed.

Now, I will examine the progress reached by Turkey, in meeting the economic criteria settled in the Copenhagen Agreement, as well as reveal what remains to be fulfilled.

4. Predicted Positive Effects of Possible Membership of Turkey to the EU in Economic Aspects

From a pragmatic point of view there are many positive reasons why Turkey should be let to join to the EU. There are many positive reasons to Turkey's accession to the EU. There is the aspect of energy-security: Turkey could link Europe to the energy markets off its northeastern borders and by doing so lessening the EU's dependence on Russia. (Barysch, 2007) There is demography: Turkey's young population that has a rising demographic trend could balance the economy in the ageing Europe (Grabbe, 2007). Turkey could act as a bridge between the West and the Eastern worlds (Netherlands Scientific Council for Government Policy, 2004). Turkey's membership could also save the EU from being a community of cultural closure, and Eurocentrism. Those are the arguments that are most frequently used by the ones who are for the Turkish membership to the European Union.

In this part of the study I will be focusing on the possible economic effects, both positive and negative, if Turkey joins the EU.

Turkey is accepted as the second most strategic partner to the EU after the United States by the study of Open Society Foundation (Açık Toplum Vakfı, 2009). Even though scepticism towards Turkey's membership increases in years -due to the reasons that will be mentioned in the following chapter of this study - there exists strong arguments for the positive effects of Turkey's membership to the EU. In the scope of this study, we will be focusing on four main aspects, that are foreseen to have positive effects on the EU, in case of a possible membership. Those are; qualified but cheap labor force, favorable demographic trend of Turkey, advantages of integration into Single Market, central location and geographical advantage to create market access opportunities as well as ameliorate neighbouring relations

for the European Union.

Qualified but Cheap Labor Force: Turkey's Labor Cost - Quality Profile

One of the strong arguments on the positive effects of Turkey's membership to the EU is that Turkey has a qualified, and relatively cheap labor force. Turkey's labor market has the potential to support a solid growth path for the Turkish economy. According to the fact sheet World Development Indicators of the World Bank, Turkey's labor force was 26.5 million by 2012, out of its 74 million population, with more than half under the age of 29. (World Development Indicators, The World Bank, 2012) This labor force is highly educated and qualified but less costly than those in mature markets. Low-cost labor makes Turkey an attractive investment destination. In 2009, the average hourly cost of labor in Turkey was US\$2.98. To compare, hourly cost of labor was US\$3.29 in Russia, US\$5.23 in Brazil and US\$13.19 in the Czech Republic. (Republic of Turkey Prime Ministry's Investment Support and Promotion Agency) Several companies relocated from other parts of Europe to Turkey on account of its cost competitiveness.

Turkey's Favorable Demographic Trend

Turkey's favorable demographic trend acts also as an appealing factor for investors. While the West is growing old, Turkey has a young and vibrant population, with a median age of 28 years. (Turkey Is Hot for Hiring Great Talent," CNBC website, 2011) Within 25 years, there will still be five workers for every person of pensionable age in Turkey, while in Japan and Germany there will be less than two. By 2040, Turkey's population is expected to grow by a fifth, to 90 million. (United Nation (UN) World Population Prospects 2010) In contrast, by 2040 China's population is likely to rise by just over 1%. Turkey's population will also be relatively young and well-educated. Over half of Turkey's population is expected to be below 40 years of age in 2040, compared to 40% in China. (US Consensus, 2011) Though an increase in young population does not necessarily mean a well educated and skilled workforce, a well-established university system would equip the next generation for increasingly more highly skilled jobs in the future.

Integration in the Single Market

Customs Union Agreement signed in 1996 between Turkey and the European Union, that concerns agricultural and industrial products, has brought with itself the expansion of

European Internal Market and an increase in competitiveness in the market. Considering the member states of the European Union, this positive effect in terms of the growth of internal market, occurred with the full membership of those states, while Turkey realised it with Customs Union. As the European Union removed its customs tariffs for imports in industrial products towards Turkey, on 1972, only from the EU side, imports from the European Union increased while exports didn't follow a significantly rising trend.

In case of full membership, the effects of Turkey to the economic development of the EU is analysed by Kirsty Hughes on 2004, in the report "*Turkey and European Union: Just Another Enlargement*", and states that "in case of Turkey's full membership to the European Union by 2015, GDP per capita in the EU-25 countries will increase between 0.1% and 0.3%. This trend will stay the same or increase in the following years of membership." It is also stated in the report that "Turkey's impact on the GDP of EU-25 by 2014 will be 15,9 billion euros according to the worst scenario, while it will be 47,8 billion euros according to the best.

As Customs Union forms the first step of European integration for Turkey, it is expected that the significant rise in the economic development of Turkey and as well the growth of the internal market of the European Union will be realised with the full membership, as it was the case for Spain, Ireland and Portugal. In Ireland, for instance, while purchasing power parity per person was 61% of the European Economic Community average in 1973 when it first joined to the European Economic Community, it rised to 73% in 1990, and 115% in 2003.

The effects of full-membership on the economic growth and increase of welfare in Turkey is expected to be higher than economically similar countries as Spain and Portugal, as the 75 million population possess an incredibly high level of consumption demand and purchasing power. This may act as a locomotive for the European Internal Market.

Turkey, with its 75 million mostly young population, will increase the demand in European Union's interior market. With such a significant increase in territory and in population, the European market will grow together with the size of European economy. The European companies will be able to sell their goods and services to the Turkish market more easily and benefit from the Turkish population with the high purchasing power. Some might argue that the Customs Union already provides a basis for this situation. However, Customs Union is not a perfectly functioning system because of the lack of membership of Turkey to the European Union. For that reason, the membership of Turkey to the European Union will

contribute to the market conditions.

Turkey has partially fulfilled the acquis of European Union on the internal market and concerning competitiveness, and the compliance process still continues. Other from the legal requirements realised around the necessities of Customs Union, legal and structural reforms are also being realised in the area of ameliorating the optimum investment environment, that would attract the foreign direct investment.

Central Geographic Location and Access Opportunity to Markets: Turkey Acting as a Bridge

Turkey currently acts as a regional and commercial hub for the production, processing and export to large European and Middle Eastern markets. Turkey's geographical location is one of its most appealing features. Turkey's location provides easy access to more than 1.5 billion consumers in Europe, Central Asia, the Middle East and North Africa. (Invest in Turkey website, 2014) Being situated at a regional crossroads of strategic importance for Europe: the Balkans, Caucasus, Central Asia, Middle East and Eastern Mediterranean; its territory is a transit route for land and air transport with Asia, and for sea transport with Russia and the Ukraine. Its neighbours provide key energy supplies for Europe, and it has substantial water resources. The oil and gas supplies from Russia, the Caspian region and the Middle East travel through Turkey to Europe. More than three-quarters of Turkey's energy resources are to be found in the south and east of the country. The largest energy consumer, Europe, is located to its west. (Invest in Turkey website, 2014)

In economic and demographic terms, Turkey is an important actor: it is the world's 17th economy in size, and as a member of the European Union would be the second biggest member state in terms of population, following Germany. As the only Muslim secular country with a functioning democracy, this is a factor for stability in the region. Through its integration in the western alliance, and membership of several international economic and regional organizations, it contributes to the security of Europe and to its neighborhood. (Yıldırım, 2013)

With the accession of Turkey to the European Union, the Union's borders would extend to the South Caucasus (Armenia, Georgia and Azerbaijan), as well to Arab countries and Middle East with Syria, Iran and Iraq. This will increase the Union's foreign policy involvement in issues that previously have only been considered as bilateral between Turkey and these neighbours. Turkey's accession would extend the European Union's borders to countries which are currently a source of tension, and bring problems of the region higher

onto the agenda of the Union's external relations.

Turkey is supportive of a greater European Union involvement in the Mediterranean region. Turkey has a longstanding relation and commercial interests with the Arab world and has attempted to enhance its role in the Organization of the Islamic Conference. Turkey's relations with Greece and involvement in Cyprus are also important. In both respects, Turkish foreign policy and its perception of security interests have evolved significantly although existing disputes still need to be solved. There is a harmony of views between Turkey and the EU about the need for a stable, predictable and democratic Iraq. Over the recent years, Turkey has acted constructively, taking several diplomatic initiatives with Iraq and neighbouring countries about common concerns related to fight against terrorism and any prevention of ethnic conflict and unrest. Turkey has an important role to play in the stabilization and reconstruction of Iraq.

CONCLUSION:

This study argues that the slow progress of Turkey in the accession to the European Union is not simply due to a failure to comply with the "official" membership criteria. I argue that European attitude towards these official requirements represents a double standard, which can be searched in the context of unspoken cultural and religious fears, that do not exist in the official criteria. In the light of this idea, I have analyzed the Turkey-European Union relations from a historical perspective, in the first chapter of this study. Demographic, social, economic structures and characteristics of the European Union and Turkey are analyzed in this first chapter. Secondly, I drew my theoretical framework, by constructing upon studies of Kant, and Huntington. I tried to analyze the identity of the European Union, and possible reasons that lie behind the undulant accession process of Turkey to the European Union. Here, I introduced the term the "unofficial" European concerns that play a role in rejecting Turkey's accession attempts, which I defined being "culture" and "religion". I have analyzed the cultural and religious concerns of the European Union, and how these are challenged in the accession process of Turkey. Later on, I have elaborated the possible economic advantages of Turkey's accession to the EU, EU's economic development. I have put a stress on four main positive effects, those are: Qualified but Cheap Labor Force: Turkey's Labor Cost - Quality Profile, Turkey's Favorable Demographic Trend, Integration in the Single Market, and Central Geographic Location and Access Opportunity to Markets: Turkey Acting as a Bridge.

There are many positive reasons to Turkey's accession to the EU. There is the aspect of energy-security: Turkey could link Europe to the energy markets off its northeastern borders and by doing so lessening the EU's dependence on Russia. (Barysch, 2007) There is demography: Turkey's young population that has a rising demographic trend could balance the economy in the ageing Europe (Grabbe, 2007). Turkey could act as a bridge between the West and the Eastern worlds (Netherlands Scientific Council for Government Policy, 2004). Turkey's membership could also save the EU from being a community of cultural closure, and Eurocentrism. However, seen the recent developments in Turkey's accession negotiations with the EU, the current political climate in Europe suggests that cultural homogeneity of the European Union remains a strong desire. Turkey, being the "Other", suffers the consequences of this. And while Turkey can make changes to its economy and political system to fulfil the EU's accession criteria, there are two 'givens' that cannot be changed—namely, religion/culture and geography/physical location. Thus, understanding these fixed characteristics of Turkey, and their perception by the European Union is crucially important in understanding the European Union - Turkey process overall.

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