



Chatham House/TUSIAD Turkey Policy Group Roundtable 09:00-17:30, Tuesday 28 November Chatham House, London

Meeting Report

The first Chatham House/TUSIAD Turkey Policy Group roundtable meeting was held at Chatham House in London on 28 November 2006. This report is intended to provide an aide mémoire of the formal presentations made by speakers at the meeting rather than a verbatim account. Whilst presentations were made on the record, the ensuing question and answers sessions were held under the Chatham House Rule: for this reason and to protect the anonymity of participants, they have not been included in this report.

Introductory Session

Professor Victor Bulmer Thomas:

Professor Bulmer-Thomas, Director of Chatham House, welcomed the participants to Chatham House and to the first session of the Chatham House/TUSIAD Turkey Policy Group roundtable meeting. Professor Bulmer-Thomas thanked TUSIAD for their sponsoring of the Turkey Policy Group and introduced His Excellency Mr Cem Duna, Vice-President of TUSIAD.

HE Mr Cem Duna

Mr Duna began by thanking Professor Bulmer Thomas for his kind words and Chatham House for hosting the meeting. Mr Duna stated that it was important to put the present picture into context saying that TUSIAD was happy to be in partnership with Chatham House, whose standards they admire. Mr Duna stated that the roundtable would aim to discuss the different aspects of Turkey's relationship with the European Union and to leave no stone unturned. This relationship will have positive outcomes for the European Union and the world although others do not however see it as such. Turkey's accession negotiations are having their problems, but the progress continues. The Finnish negotiations have borne no fruit so far, and Turkey seems essentially to fall back on public opinion, for example with the policy of not opening ports for Cyprus until all unfair procedures against Turkish Cypriots are lifted. Turkey has a responsibility here. Resolving the Cypriot dispute is an important issue. Overall it is clear that the decision made by European foreign ministers now will be as critical as those made in December 2004. Mr Duna said that he could only hope that talks would not be suspended.

Cyprus is not the only outstanding problem, another one is communication. A progress report is being published and more conferences on Turkey will be held. The seeming nationalist sentiment in Turkey, with a decline in support for EU membership on the behalf of the Turkish people, is paramount. Regarding the impending visit of the Pope, Mr Duna said that he hoped that he would use the opportunity not to exacerbate the situation, and that he might be awarded a good reception.

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Mr Duna said that he would sum up on a positive note. The Turkish economy is ticking along well - the main indicators are that the economy is as dynamic as ever, and that Turkey will not veer away from the chosen path. Turkey's success is important for the EU, and the Middle East, and possibly beyond as well. Mr Duna said that we should expect a more strategic path from the EU. The question is not simply whether the EU accepts Turkey, but whether the EU sees Turkey as a world power. In conclusion, Mr Duna expressed his hopes for a successful conference.

Session 1: The geo-strategic consequences of the Turkish accession process to the European Union

Chair: Professor Victor Bulmer-Thomas

Speaker: HE Dr Michael Leigh, Director-General for Enlargement, EC

HE Dr Michael Leigh

Dr Leigh said that everyone was aware of this crucial moment in relations with the seventh progress report being currently compiled on Turkey's preparations for membership. 1999 was the acceptance date for Turkey as a candidate country for the EU, there will be a Council meeting taking place in December, and the likely conclusions of the EU council will be discussed. These are important issues. But Dr Leigh said that we should also acknowledge that this is taking place in different political climates in Turkey and the EU. In the EU there is currently growing questioning of the enlargement process altogether. The enlargement process envisages nations as actors in one political union, with the EU acting as the glue holding together the process in the last seven years, exhibiting mutual trust and confidence and perceptions. But the EU now exhibits weariness about enlargement and some question Turkish accession. Turkish disenchantment with the EU forms part of a broader disenchantment with the west as a whole, including even the US. Dr Leigh said that we should understand the climate of public opinion as a series of many ups and downs, and one need only look to 1997 under the Luxembourg presidency to remember some of these downs. From a longer term perspective, we should trust that this moment in time is one of those periodic ups and downs once again, and not a sea change.

Dr Leigh said that the title of this session was a useful one, highlighting the need for balance between the EU and Turkey since the geopolitical dimension has been lost sight of. Integration capacity, future integration and structure will be discussed next month but the EU debate is mainly about Europe, a debate in which Turkey is perhaps a catalyst. Given the nature of geopolitical considerations, Turkey and the EU are seemingly interdependent. This is an important relationship of mutual interest, aiming to redirect attention to the geopolitical and economic considerations.

The economic situation is one which is a source of hope in the current general difficult situation. Dr Leigh agreed with Mr Duma, that more needs to be explained to the public because there are basic facts about the EU-Turkish relationship which are not widely known. For example, EU exports to Turkey have been 18.9% of their total exports per year from 2001 to the third quarter of 2006. Furthermore, exports are growing annually at 13%. There has been a very large increase persisting over this five year period, which is translated into the growth of jobs made available in the EU. This sadly is rarely discussed. 74% of Foreign Direct Investment in Turkey comes from the EU. The EU is Turkey's largest trading partner – making up over 50% of the country's trade volume. 7500 companies have been established in Turkey with EU capital, and an important role should be played in reinforcing this trend. The customs union has contributed to trade

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relations and improved the business climate within Turkey, but, overall, the impact of trade has not been made clear.

In addition, there are more than 4 million citizens of Turkish origin living in the EU. They contribute both to the economy of the EU, and that of Turkey, and the transfer of income back to Turkey, which inevitably happens, plays an important role. At the same time, they contribute to our own economic prospects in Europe.

Regarding energy, this subject has become the core of policies in the second half of the mandate. Much as there is a focus on Russia, Turkey has also been placed at the centre of thinking about the diversification of sources of energy. Turkey also opens up links between the EU and Southern Caucasus and beyond. There is talk of the construction of a parallel gas line there which would open up new prospects, and would raise the profile of Turkey's role in the overall planning for energy usage in the future. There should be greater understanding on the part of public opinion about this, especially as there was only a small positive reaction when Turkey became an observer in the energy watch of South East Europe, and when she was admitted to the Export Credit Group of the OECD. This was a modest move but one that reinforced independence and trust and that should be reciprocated.

Regarding geopolitics and the interdependence of Turkey and the EU, security and stability are key issues. In the Cold war, Turkey's role was incontrovertible. At the end of the Cold War there was a more complex situation, with multiple threats of a more complex nature. Turkey's geographic situation, and own role in resisting terrorists are issues that deserve to be discussed in much greater detail. Turkey's restraint in Iraq has contributed to lowering the general temperature in this complex situation. She also sent troops to contribute to the UN peacekeeping mission in Lebanon, but this is a little known fact. It was recently argued that it might be good if Turkey aligned more with the European Security and Defense Policy (ESDP). In most cases Turkey does align with it in her UN position, and with the four peacekeeping missions under the EU in Bosnia, Macedonia and the Congo. In December 2004, Turkey contributed to the mission in Bosnia, the first ever military mission under the EU flag as such.

Turkey's role in the dialogue of civilizations is crucial and she is strategically placed to play an important role to foster cultural exchanges and avoid a clash of civilizations.

Therefore it is evident that Turkey and the EU are interdependent in a whole range of areas: geopolitically, economically, and with peacekeeping missions. This opens the door to the debate on wider issues, in particular, energy.

On the subject of accession negotiations, Mr Duna had said that they have more or less ground to a halt. Employing the 'glass half empty half full' cliché, Mr Leigh said that he was a 'half-full' man on this issue. The whole process of screening with Turkey has now come to an end - screening used to be the main aspiration of Turkey and an integral part of negotiations. Now the screening has been fully completed so negotiations can move on to the next step.

Dr Leigh said that he did not accept that all was now over and has come to a halt. The intensity of transactions between the EU and Turkey in this period is significant and there is a very complex process underway which should not be minimised. As with all candidates at all times, the pace of negotiations depends on the pace of work in the country itself with respect to politics, economy, reforms etc. Negotiations are perhaps a misnomer, for these are not negotiations in any normal sense. Rather this is a complex

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process whereby the potential member adjusts laws to be able to assume the rights of membership at a later stage. What is discussed is the modality of doing this, and it should not be viewed as a separate process to those reforms taking place at home. These two processes of change go hand in hand with the negotiations themselves.

The Progress Report gives credit where credit is due. It has acknowledged the importance of the continual political reform process in the last year. There should be abundant recognition of all that has been achieved in the last three years where there has been much activism in Turkey in reform and breaking taboos, including a fight against torture, judiciary and women's rights. There are of course still areas where progress is needed and where there is need to focus mutual strength.

That being said there are shadows over the reform process at the moment, with a slow down in the speed of reform, including the year long pre-electoral period in Turkey itself. The majority of unfulfilled reform priorities need further progress. On the one side there is additional protocol, and on other, issues related to Cyprus. The EU has been forthcoming in its efforts to resolve these issues, and there has been an engaged approach from both Turkey and Cyprus. But as yet these efforts have not borne fruit.

The EU is taking steps to honour its commitments to end the isolation of the Turkey Cypriot community. The Commission proposed three regulations: 1) the Green Line Regulation, 2) the economic assistance proposal, and 3) direct trade between North Cyprus and the EU. Of these three, two have been adopted and are functioning. The second proposal has been adopted and implemented, with a high level of assistance as the EU is providing €259 million to Northern part of Cyprus. This aid intensity is almost unmatched anywhere in the world in terms of per capita assistance. The EC is solely responsible for implementing this. The Aid Implementation Office is functioning effectively in Cyprus. EU officials and experts are involved in a range of areas such as electricity, roads, bridges, smaller enterprises, institution building. The third proposal, the focus of the efforts of the Finish Presidency, has not yet been adopted. Efforts will continue.

On the other side of the equation, accession negotiations opened in October 2005. At the time Turkey was fully aware of its obligations under the Additional Protocol. From the point of view of members of the EU, the commitment concerning the protocol was not linked with any other issues.

Dr Leigh said that we need to draw greater attention to the relationship between the EU and Turkey. There is no doubt that we must remain engaged while insisting that Turkey honours its commitments.

Dr Leigh said that we need to draw greater attention to the relationship between the EU and Turkey. There is no doubt that we must remain engaged, in relation to both accession negotiations and other issues to pursue those objectives raised in the negotiations. There are indeed threats and constraints but mutual interests are sufficiently strong to overcome these.

Session 2: The role of the private sector in Turkey's political, social and economic reform process.

Speaker: Mr Soli Ozel, Associate Professor, Bilgi University and journalist

Chair: Umit Boyner, Executive Board Member, TUSIAD; Executive Board Member, Boyner Holding.

Mrs Umit Boyner

Mrs Boyner said that the role of the private sector has been one of constructive and resilient policy building. Social and political reform has been a priority on the Turkish agenda. Since the 1990s the private sector has played an important role, and it is only through this that Turkey has reached where it is today. There are problems ahead – such as Article 301, Cyprus, and the 2007 election year. The private sector will continue to support freedom of speech and continue the debate on Turkey's economic importance. It is important to work on civil dialogue and changing Turkey's perception in Europe, but also it is now important to focus on the EU's perception in Turkey. The negative attitude today of the Turkish public is a temporary emotional reaction rather than a permanent rise in nationalism. The private sector has a crucial role in communicating a more positive image to the Turkish population.

Disraeli once said, 'Turkey is the country of the future and will always remain so', but there has been a lot of change and reform taking place. 2006 does reveal a slow down in democratization, but those in the private sector endeavour to keep the accession negotiations going efficiently.

Soli Ozel

Mr Ozel said that as he grows older he is becoming increasingly aware that time is as important as wisdom. He said that he would aim to give a historical perspective on the role of business in Turkey's reform process, starting with the conclusions then giving the story. He said that what was intriguing about the current situation was that the people in Turkey mainly find themselves caught between values and interests. On the one hand they want Turkey transformed, but on the other they show resistance to transformation in terms of values, ideological implications, and business.

Today, Turkey's rising business classes have a political party in power. The established business elite no longer has a party representing their interests, and there is unlikely to be one in the future. Their influence comes through the pressure they are able to exert on the government, as well as their presence in Turkey's intellectual climate, which means they can control part of the agenda. They raise issues about the EU, and are pro secularization in education. There are two fundamental reasons for their interest in the EU, based on business interests: 1) business leads globalization that links the entire world and 2) labour is weak and is unlikely to make a full comeback. Turkey's strategic interests are always at stake, and there is the potential for a clash between strategic interests and business ones.

The business state has been transformed. Approaches similar to the states of East Asia are not adoptable and instead there is a premium in predictability, governance, rule of law and defeat of the nationalist bureaucracy. The state seeks and attains conditions: in the administration of economic proposals; upholding property rights of all kinds, mediation in conflict resolution, a smoothly operating legal system, and economic incentives compatible with social costs and benefits. All approaches are however resisted from different sources.

There exists a demographic window of opportunity which will lessen the appeal of the Islamists and nationalists. Class or economic interest will replace ideological commitment and religiously defined solidarity, which is in any case more rhetorical than real in business and amongst workers. The process of realignment that began in earnest in the 1990s tried to avoid European tendencies clashing with the capitalism of the Anatolian tigers, but if the EU process continues at this pace the clash will be a real one.

One of the goals of the Turkish republic is to make the creation of a Muslim national bourgeoisie a success. A dependent business class had suffered from legitimacy problems but religious pluralism in the period of the 1980s actually helped establish the structure of the political economy. New industrialists enjoyed the fruit of the economy – and in this case all linked countries would actually benefit as well.

By 1970, the industrialists grew to resist policies, especially the liberalizing ones. TUSIAD was established at the this time. TUSIAD played a significant role in the 1980s economically, and in the 1990s politically. It led the movement for legitimising capitalism in the country and the capitalist class in encouraging those in power to urbanise a fast moving population. They employed the famous Turkish slogan, ‘they are the partners, we are the market’ as a good recommendation of business interest. Although no one on the left saw it as the theme at the time, with the hindsight of history we can see how this was true of the period.

TUSIAD was asking for a more liberal economy, in the context of a time when the overriding battle had been won by business. Labour possessed a militant and business-like toughness, translated to its employer organisations. The turning point in the Turkish economic history with its social and political repercussions was initiated by Prime Minister Demirel on 24th January 1980, with market friendly reforms in the country while still under military rule.

TUSIAD in the new generation had the general interest of establishing a business class. MUSIAD, (Muslim Industrialists and Independent Businessmen’s Association in Turkey) also superseded the semi-official business organisation and articulated itself in the interest of the business voice. The 1990s revealed a new programme of Turkish business. By the late 1980s TUSIAD was a member of the umbrella organisation of Turkish businesses, which would serve Turkey well in pursuit of EU membership. The seeds were being planted now, to bear fruit later on. There was consensus on development strategy; executives became increasingly pro-European, even if their members were doubtful; there were necessary bureaucratic changes put in place - Turkish business was tidying itself up and taking a leading role. Furthermore, TUSIAD opened an office in Brussels, thereby establishing European status, and lobbied the government. TUSIAD also informally mediated between the EU and Turkey in the darkness of an era when the EU decided not to extend its membership to Turkey, and when Turkey’s government had pretty much severed its links with the EU.

2001 brought the powerful business climate to an end. The economic crisis in February made business impossible. The main, semi-official Turkish Union of Chambers and Commodity Exchanges also changed. Pro-EU and pro-reform positions persisted in a slow but steady manner. There was a push for legislative reforms and a greater participation in the NGO community.

TUSIAD has been less prominent in the AKP government, and may still be described as a socialising and networking organisation engaged in foreign policy discussions. TUSIAD has also begun to organise other business associations in provincial towns, trying to ensure that 66 provinces will have a relationship of mature understanding with Istanbul.

The challenge is how to share the economy in the country, and how this corresponds to the ideological views of the secular business elites, as well as the up and coming businesses that are connected with the global market but are ideologically less secular

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and more Islamized and inward looking. A report published by one of Turkey's think tanks suggests that as Turkey transforms itself with a more modern capitalist economy, those issues in the traditional sectors are going to be wiped out and small businesses are going to be crushed. Mr Ozel warned that if Turkey continues at this pace in the way Spain did in the 1980s, all small businesses will close as can be witnessed on the high-street with the heroic but futile battle of the grocery store owner versus the supermarket. The adjustment of the Islamists to the requirements of business and the modern economy is also going to be increasingly crystallized

The secularization of social relations renders the market a secularizing force. The consumption of the Islamic bourgeoisie is also drastically changing. Islamists buy their own beaches now, because they wouldn't go to the previous ones because of concerns over modesty. There is a rising rich middle class that has bourgeois aspirations, is shopping at Harvey Nichols, having liposuction and attending fashion shows of modest outfits. This is compared to twenty years ago when Islamic women appeared in public as part of a single army dressed in shapeless, colourless clothes. Nowadays they sport a whole variety of colourful outfits that show this evident differentiation in class terms.

There will be ramifications for EU prices when the causes of such social environments are felt, but the EU accession process is still to the advantage of Turkey. Turkey's inclusion is not detrimental but advantageous.

Session Three: Istanbul - embracing modernity and globalization in business and culture

Speaker: Nuri M. Çolakoğlu, Vice-President, Doğan Media Group and Executive Coordinator, 'Istanbul 2010 European Capital of Culture'

Chair: Dr Bahadır Kaleağası, TÜSİAD representative to the EU

Mr Nuri Çolakoğlu

Mr Colakoglu began by stating that the most important asset that Turkey has is Istanbul. Two weeks prior to the roundtable meeting, the European Council of Ministers declared Istanbul the European Capital of Culture, a project launched by the European Union. In 1995 this was extended to include cities of candidate countries as well by various NGO activists. Istanbul's bid was submitted in December 2005, and for once, brought the Mayor and Governor of Istanbul together. In April of 2006 it was approved, and on November 13 2006, Istanbul was declared as the European Capital of Culture along with Essen in Germany and Pecs in Hungary.

Why was Istanbul selected? It is the capital of the three longest lived empires and has long been the centre of monotheism. It has a *sui generis* concept of cosmopolitanism and offers creative and thought provoking initiatives services to Europe.

We describe Istanbul as a city of four elements, based on the philosophy of Thales, Anaximander and Anaximenes who tried to define the world and humanity through four different elements. Their theory became the basis of eastern and western thought.

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'Earth' represents traditional culture; 'air' represents the culture of religions; 'fire' represents modern culture and the future; 'water' represents a connecting of peoples and openness to other cultures.

Mr Colakoglu said that earth is traditional, representing the values of the past being passed on to the future generation. He said that they have various projects going on with this: operas, an exhibition of costumes and a historical exhibition of women's role in Istanbul.

Air represents the heavenly aspect of humanity, and Mr Colakoglu said that they had chosen to focus on how Istanbul has enabled people of different faiths to live side by side. One of the events on this will be a seminar on Islam.

With respect to water, Istanbul is divided by waterways: water therefore connects people. Mr Colakoglu said that they were going to have floating platforms, with each platform allowing every member country of the EU to exhibit their own projects.

For the theme of fire they are going to have an art and design exhibition, which will be open to people from all across Europe. They hope to take art and culture to the masses, to young people in particular, and bring in new art from European inhabitants to Istanbul.

Mr Colakoglu said that they have some key plans for the run up to 2010: in 2007 they are going to re-enact the voyage of Piri Reis; in 2008 they will retrace the steps of Marco Polo; and in 2009 follow in the footsteps of Jules Verne in his voyage across the Black Sea. In 2010 itself they will travel along the Danube, to the Danube Bridge to symbolise bringing art and culture from the heart of Europe to Istanbul.

Mr Colakoglu pointed out that different magazines and newspapers cover Istanbul's cultural life, which will be linked to Turkey's EU status. He said that arts and culture are the best tools to pass on the Turkish message to the EU and that this is the most positive way of getting into the press, which they have already done with the Wall Street Journal dedicating a 16 page supplement to the project, and Newsweek also printing a cover story about it.

Session 4: Turkey's contribution to European Union energy security

Speaker: Dr Fatih Birol, Chief Economist, International Energy Agency
Chair: Professor Jonathan Stern, Director of Gas Research, Oxford Institute for Energy Studies and Associate Fellow, Energy, Environment and Development Programme, Chatham House

Dr Fatih Birol

The recent meeting of the World Economic Forum had drawn a firm conclusion: Europe needs Turkey in terms of energy. Dr Birol described this as a good result and said that instead of producing maps and pipeline plans for Turkey, he would highlight why Europe needs Turkey and why it cannot afford to neglect Turkey.

Dr Birol said that all of our governments agree on one major issue: energy demand world wide is growing. The number of countries producing and supplying energy is diminishing, as fewer countries are able to bring production to the market. Both the Middle East and the former Soviet Union are sensitive areas, yet this is where the key countries are located. In addition, many of these countries are neighbours of Turkey.

Why is energy security a key issue? Oil demands will continue to grow in the future, mainly from China and India and the transportation sector. In the past the demands came from everywhere, and Turkey in particular had a crisis in the 1970s. But at that point, oil was being used to generate electricity for which alternatives could be found; now, since oil is used in transport, it is difficult to find alternatives.

Coal and gas demands are growing, but less than was thought in the past as they are expensive. Furthermore, nuclear power is losing its market value. For global energy oil is the most important; then coal and then gas. In China at the moment 13 out of 100 people own a car but because of the rapidly increasing disposable income in China, there will be a rapid increase in the demand for more cars, and thus an increase in oil demand.

Where will this supply come from? Oil being supplied from outside OPEC countries is diminishing, and is impossible to diversify. In the Gulf of Mexico it is depleting. In the next 10 years, oil production will decline. Thus the increasing oil demand needs to be met by the OPEC countries, such as Saudi Arabia, Iraq and Iran. Saudi Arabia has a different investment structure compared to the North Sea and the Gulf of Mexico because Saudi Arabia's oil is governed only by the nation itself. Global decisions about oil will not be based simply on oil prices, but there will be a lot of instability, surprises and uncertainties and for this reason there will be more and more problems in the oil and energy business. For the last thirty years there have been 19 severe disruptions, with 17 of these located in the Middle East. Looking to the future, the more oil is expected from the Middle East, the more problematic this will be in terms of geopolitics and the more unpredictable for the future.

Natural gas demands are growing, but the supply is coming from only a few countries. Russia and Iran together make up 50% of the global gas reserves. These countries hit the headlines of newspapers for energy and non-energy reasons and there are worries about Russia's gas policies. The EU imports 50% of its gas from outside, from Russia, Norway and North Africa and there is concern that some gas suppliers, such as Russia, are using gas as a strong leverage in international policy. Demand is also growing for power plants with people using more energy. In the case of Europe this is an important phenomenon. In Europe, most of the power plants were built after World War II when the economy was growing, but these are the ones now dying. Europe has to build more to meet the growing demand as well as to renew an ageing infrastructure.

CO2 emissions are increasing rapidly: China is by far the dirtiest country in the world in terms of emissions, particularly when compared to Europe whose environmental consciousness is actually very good. Dr Birol said that it just needs to be ensured that we all make every single decision with the environment in mind. He stressed that there are enough reserves worldwide but noted that in some of the most important countries investment is closed to foreign investors. He asked whether we are we running out of oil noting that whilst a lot of oil remains under the earth, whether that oil will come to the pump in London, Beijing, or Russia is a different question. The North Sea and the Gulf decrease the market share significantly. He asked whether there should be a change in policies, suggesting that investors and commentators should bear in mind the booming economies and shrew investments of China and India as well as the fact that oil and gas production outside OPEC is set to peak. China's economy is phenomenal, with its annual growth figures equalling the size of UK's total economy. Dr Birol stressed that if we create plants, we will have to live with them for the next 60 years, and the next ten

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years of Europe's energy policy making will be crucial for energy security and environment.

Dr Birol raised the following suggestions for the consideration of participants:

1. Improved energy efficiency – so that electricity demands grows much less. We need to import less gas for each power plant.
2. Increased use of renewables.
3. Europe must look at nuclear power much more closely.
4. Diversification of gas supply sources and routes.

On this last point, Dr Birol suggested that Turkey could provide a good alternative energy source to Russia to increase competition with Russia and others. Of course, oil and gas diversification sources will never be able to replace the Middle East. But Turkey can provide a good alternative to Russian gas and Middle Eastern oil if use is made of the Caspian link to Turkey and thence to European consumers. Dr Birol concluded by stating that Turkey is the key to energy diversification for Europe.

Session 5: Keynote Session and Chatham House Members' Meeting Opportunities and Challenges of Turkey's Accession to the EU (VERBATIM TRANSCRIPT)

Speaker: HE Sayin Ali Babacan, State Economics Minister and Chief EU Negotiator for Turkey

Chair: Professor Victor-Bulmer Thomas, Director, Chatham House

HE Sayin Ali Babacan

Ladies and gentleman, distinguished guests, I would like to thank at the outset both the Chatham House and TUSIAD for organizing this meeting today and also for having invited me to share with you my views on what Turkey can bring to the EU and also what challenges there are waiting for us.

The relatively long history of Turkish-EU relations, in the case of Turkey's accession to the EU, is not a subject that came all of a sudden, but it's a result of a long and protracted negotiations and also preparations. In my view, two main questions need to be answered when we talk about Turkey's aspiration to join the European Union: first, why Turkey wants to join? And second, what has Turkey got to offer? The modernisation movement, which has been continuing ever since the Ottoman times through the Republican period, is the clearest expression of Turkey's desire to be more and more integrated into the modern world, and Turkey has never deviated from this goal. In its attempt to become a part of the modern world Turkey has never lost its confidence and social richness and values and civilisation. More than fifty years of integration in Europe based on the principles of liberty, democracy, fundamental rights and freedoms and the rule of law, proved that Europe generates stability and prosperity.

In Europe itself, in a very brief period of time, the nations of Europe have succeeded in turning war into peace, confrontation into cooperation and enmity into friendship. The EU is the most meaningful manifestation of this success. The European Union has not only ensured internal peace, but has also enshrined the democratic principles which have

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guaranteed fundamental rights and freedoms, and created a single market. In that sense enlargement has been one of Europe's greatest achievements. Therefore, the opening of accession negotiations with Turkey was a historic step, the positive effects of which are already being felt around the borders of the European Union.

Observers from across the globe have hailed this as a positive breakthrough and Turkey's prospective membership has a special significance as regards to pursuit of common values. Turkey is aware that negotiations will be tough, long and painstaking. More will be required from Turkey than previous candidate countries simply because of size, economic structure and also cultural aspects.

Ladies and gentlemen, I will mention some contributions that Turkey could make to the European Union. From the European Union perspective, Turkey's membership will help strengthen the EU's role as a global actor. If the European Union wants to be one of the major players in the global scene it will achieve these goals more easily with Turkey's contribution. As a key regional actor and ally located in close proximity to many existing and potential hotspots that are high on the European and international agenda, Turkey can help enhance stability and promote welfare in Balkans, Caucasus, Central Asia and the Middle East. In fact out of fifteen hotspots identified by NATO as a potential threat to the alliance, twelve of these are located in areas adjacent to Turkey or in areas that Turkey has historical and cultural ties with. I would not want to suggest that the European Union cannot carry out the goals in these areas without Turkey's contribution. However, I may say without undue modesty that these goals could be achieved more easily, with less efforts and resources and with much less acrimony if it is done in cooperation with Turkey.

Turkey contributes to the ongoing rapprochement between Europe and Asia and helps extend modern values in regions neighbouring Turkey. Furthermore, Turkey's membership in the EU will surely be a symbol of harmonious coexistence of cultures and enriching the spiritual fabric of the European Union.

Turkey is a country with a predominantly Muslim population, but Turkey is also a secular country. Secularity in Turkey is not only a principle enshrined in the constitution and forgotten there, but it is properly grasped and digested by Turkish people. Democratic institutions function more and more properly and it is more satisfactory than some of the existing member states of the European Union. These unique features of Turkey make it a special case in the Islamic world. Turkey's accession to the EU will give to the Islamic world the message that Islam, democracy and secularism are not incompatible. And also the following message will be very important to give; European Union is not closed to countries of other faiths as long as they comply with the required norms and standards.

On 17 December 2004, when the decision was made for Turkey to start negotiations, there were many journalists in Brussels following the decision about Turkey. When we checked the records after the meetings we found out that only from Arabic nations there were 274 journalists travelling to Brussels and following the decision about Turkey. The change process in Turkey is being very closely monitored from a very wide geography. Especially after 9/11, the change in the region is inevitable, and the reform process in Turkey is inspiring more and more nations. Whichever country we visit in the region they always ask about our EU relations, not because many of those countries have any aspirations to become members of the EU any day soon, but what's happening in Turkey is sending the right signals to many many countries. There is going to be an enormous, positive influence on all these regions.

A trusted NATO member through the Cold War and onwards, Turkey has always contributed to the maintenance of peace, stability and security in this region and beyond, as far as Balkans and Africa. Turkey has peace keeping troops in Bosnia, in Kosovo, in Afghanistan – Turkey has led the ISAF forces twice in Afghanistan. This summer we joined efforts with EU in Congo: Turkey has troops in Congo with the EU forces over there. And more recently in Lebanon, Turkey was one of the very few countries which was wanted by all the sides, every single political party in Lebanon as well as the Israeli government wanted Turkey to be there. Turkey is one of the few countries that is trusted by many many sides in that area.

Once Turkey becomes a member of the EU, the contribution to the Common Foreign and Security Policy will be immense. With experience and capabilities in the area Turkey will definitely increase the relevance of the European Union in the global politics. If Turkey's a full member the Union will no doubt have a more voice and also a more representative voice. After EU becomes a truly multicultural place, after EU becomes a place where civilisations truly meet in harmony and meet in peace then what the EU will say? How the EU will react? Will be taken very differently to what's going on right now. The perception of the European Union from the Muslim world is going to change forever.

In the economic field, Turkey is located between Asia and Europe and also serves as a gateway to Black Sea basin countries, which are namely Bulgaria, Romania, Moldova, Ukraine, and Russian Federation and also Georgia. On the other hand, Turkey is located on the natural route between Europe, which is the most, one of the most important energy consumption fields in the world and bases rich in oil and natural gas such as Iran, Caspian Sea, and Central Asia. Actually, 70% of the world's energy reserves lie in the region which is just east of Turkey, whereas, Europe is the region where huge amounts of energy is being consumed. And now Turkey is serving more and more as an energy corridor, more and more pipelines are going through Turkey; gas pipelines, oil pipelines. And especially after what happened at the beginning of this year between Russia and Ukraine, Europe also badly needs alternative routes of energy resources.

Turkey is a young population and growing population – this is an immense opportunity for more competitiveness in Europe. Turkey is already in the Customs Union since 1996: industrial commodities circulate between Turkey and the EU member states without any quotas or custom duties. This already demonstrates that Turkish economy in many many sectors are able to compete and survive. Most of the new members are struggling through changes which will make them more fit to be in the European markets, Turkey is already there. After we finished the screening work with the commission, which took a year or so, after we went all through the EU (inaudible) more than a hundred thousand pages of institutional definitions and rules, we have become more confident that we are not far away. If the negotiations process were only a technical process it wouldn't have taken us more than 3-4 years, because what's negotiations is not actually to be 100% in line with the key, but it's about deciding on how and when to act to be in line with the key. But the process is also a highly political process and that is what is going to determine the pace of Turkish negotiations; not the pace of how fast Turkey will legislate all these new rules, not the pace of how fast Turkish economy, different sectors, will get more and more in line with the key, but the domestic political situation in many member states. Also, the overall climate in the EU will determine the pace of Turkish accession.

In terms of economy we have no doubts that Turkey will be catching up very fast. The average growth rate of Turkish economy has been 7.8% on average for the least four years. And this happened during a time of severe disinflation – after 34 years of double or triple digit inflation figures, Turkey finally reached single digit figures and a, quite a big

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success I should say looking at the recent history, and next year's inflation target is already 4%. Budget deficit, which is probably one of the most important issues for especially countries in the Eurozone, was 17% of GNP in Turkey in 2004, and last year we closed at a deficit of only 2%. We are already within the Maastricht criteria. So when I talk with my counterparts in Germany or in Italy, I feel the looks in their eyes that they envy what we are doing because some of those countries are only violating the Maastricht rules, the 3% limit, but Turkey's already there.

When it comes to public debt stock, public net debt stocks, it was 91% at the end of 2001 and we will close this figure at, and will close this year at a figure of around 50%, so Turkey is already catching up even with the second most important indicator, which is about public debt stock.

The Turkish economy is becoming more and more open. Our exports increased from 36 billion in 2002 to around 84 billion this year, so more than doubled during the last four years. The number of tourists visiting Turkey, tourism revenues, again more than doubled during the last four years. And now Turkey is becoming more and more of an open country in every sense. Rich and lively debates are taking place on all issues. Taboos are being broken one after another since society is getting stronger and more organized. Currently, we have 313 television channels in Turkey, 1,100 radio channels except a few all these are private. They are surviving; even some of them are making good money, even some large media companies are now building alliance with their European counterparts.

Regarding the overall per capita income (inaudible) Turkey is already very close to Romania and Bulgaria, the countries which will be members at the end of this year. But we have quite a high amount of informal economy that is not reflected yet in our official figures. When we do account for the informal economy, Turkey has a per capita income more than some of the new member states even and we're only growing much faster, which means Turkey is not going to be at the bottom of the list when we finish the negotiations. There will be quite a few countries that have lower per capita income than us when Turkey finishes the process and becomes ready for full membership. So the economic issues will also be not of an important problem. Even employment issues – in three sectors alone we were able to generate 1.2 million jobs last year. Industry, services and construction, three sectors alones generated 1.2 million new jobs, and this is equivalent to the all number of jobs generated in the countries which are in the Eurozone. So you add up the employment generated in the twelve Eurozone members – it is 1.2 million, Turkey alone could generate this amount of jobs in one year. This year, end of August, another 600,000 jobs have been created. So whatever's being made of the fact Turkey has been too large to join is now more and more being considered as an asset for the European Union rather than bringing burdens.

Political reforms, so far we have passed eight packages of laws, the ninth package is going to be completed in a matter of weeks. We have changed one third of our constitution. The Turkish parliament passed thousands of laws, tens of thousands of articles during the last four year period. The number of laws passed, the number of articles passed is the record ever in the history of Turkish republic, so the pace of legislation is very satisfactory, but for political reforms, which are about democratisation, human rights, freedoms, rule of law – implementation is the key word. No matter how fast we change the rules, if people cannot adapt to the new set of rules then we have a problem. So implementation will be the key area for improvement in Turkey when it comes to political reforms, because in a way we have changed the rules of the game but we have the same players on the ground, and these people have to get used to the new

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set of rules and this requires a mental reform also, which is naturally taking time, but what's important is first of all we have a huge political wheel behind these reforms. We have been the owners of these reforms, we didn't do this just because we are being pushed to do it or just because we are being asked to this, but we believe in them, we thought these are good things for Turkey anyway. Some opposition circles in Turkey think that we have been giving away too much; more democracy, better practices of human rights and freedoms, are not giving away anything. These are the things that we gain; these are the things which our people benefit from. So this is not like a zero-sum game during which we are losing things and the other side is gaining. Whatever we do in terms of political reforms is helping us already.

Ladies and gentlemen, we have entered a new stage vis-à-vis Turkey-EU relations. We only, by the way, opened and closed the first chapter of negotiations, which is about science and research. Now we will be dealing more and more with the political issues. When I talk about political issues, it's first of all public opinion in the member states as well public opinion in Turkey is going to be of utmost importance. So we need to convince not only the governments, not only the parliaments, but also citizens of the EU member states. Unless there is mutual willingness membership will not happen that's what we understand. Although Turkey will complete the negotiations, its success, we have no doubt about it, at that moment the willingness of the member states and willingness of the Turkish people is going to be of utmost importance. If there is not sufficient public support behind Turkish accession it's going to be difficult for parliaments or for the governments to make decisions, although there is still only one country that will do a referendum for Turkey, for new member states, there could be more. We should be prepared for it, but no matter if there is going to be a referendum or not in any country, first the people of those countries should have a better understanding of Turkey, more in depth knowledge of Turkish culture and more in depth understanding of Islam. For that we need time. There are now big gaps between perceptions and realities. We need to close those gaps and it's only possible with more intense dialogue. Actually The European Commission came up with a civil society dialogue document, a new strategy document, which was the first ever of its kind in any candidate country. This was announced last year in June and we were really happy to observe it. So the commission is also realising that communications, dialogue, will be very important, and there will be funds allocated by the commission and also of course by the Turkish government for this issue. Not to make a big advertising about how nice of a place Turkey is to spend a vacation, but vehicles to have more and more understanding of the realities of the country.

Ladies and Gentlemen, one important issue which I want to touch is the issues about Cyprus. Especially nowadays it is one of the debate topics which is attracting a lot of attention from all around the world. The Cyprus issue dates back to more than forty years ago. It is not something new, which came up all of a sudden, but it is a long long history. There were many many times of trying to resolve the dispute, but most of these attempts failed, most attempts even died before they started. The most comprehensive approach in the recent history I should say was the process of Annan Plan, the UN initiative, which tried to settle all the issues with all the sides comprehensively. In 2004 there was a plan, which developed, which was negotiated by all the sides and at the end when the plan was finalised the deal was that this plan would be offered to people on both sides of the island, north side and people living on the south side also. So there were two referendums done simultaneously. After the plan was finalised, we as the Turkish government, supported the plan. We said ok, it's not the best plan, but it's a good compromise, but unfortunately the referendum in the south side developed in another atmosphere. The Greek Cypriot government was quite active in promoting a 'no'

vote in the referendum. They had TV programmes, quite emotional, to tell people that please reject this, don't accept this. We were successful to get a 'yes' vote in the north and the Greek Cypriot government was successful in getting a 'no' vote in the south, so unfortunately the plan was scrapped. There's not a plan anymore on the table. And just one week after this vote after the referendum, Cyprus was accepted to become a member. The frustration was quite big because on one hand the Turkish side was willing to resort to saying yes in the referendum was still going to be under embargoes under isolations, but the Greek Cypriots would in a way be rewarded by becoming members although the referendum was voted no.

In order to balance this situation out, because the frustration was big just two days after the referendum, European Council made the decision and the decision was about bringing the isolations in the north to an end. The decision was taken and five days later Cyprus became a member. For the last two and half years, unfortunately, there have not been many moves to implement this decision, this political commitment that was made on the European side, and now that Cyprus is a member and Turkey is in the Customs Union with the EU since 1996, we signed this additional protocol, which enlarges the customs union agreement to cover the new ten members, including Cyprus. And now it is practically being implanted – there is already free movement of goods between the new members and Turkey, but there is one restriction which we are continuing to implement and restrictions about transportation vehicles of Greek Cypriots using Turkish ports and Arab ports. So all the issues, all the discussions that we are talking about is actually centred on two main areas: Custom's Union and dispute whether this covers Turkey letting the transportation vehicles use the ports and airports and another area there European Union has commitments, political commitments to end the embargoes on the north side of the island which is still not implemented, and of course there are many many other issues, which was the subject of the Annan Plan (the UN initiative), but that involves a very comprehensive approach which we are ready to start again any time. Actually the UN has recently offered a timetable to restart the talks, bringing two Presidents together and forming technical teams to start discussions again and coming up with firm calendars so that all the sides of the issue are sitting around the table.

In order to solve the problems we have to talk about the problems. This is the only way, this is the only European way, I should say, of resolving the problems. From the very beginning, although we have been quite constructive, especially our government for the last four years because it was us going to the UN; it was us knocking the doors of Kofi Annan again and again to intermediate; to help us; it was us trying to get a yes vote, but unfortunately now that Turkey is being asked to do things unilaterally more and more this is making our job quite difficult.

Now we talked about restrictions for transportation vehicles. Similar restrictions apply for Turkish trucks: Turkish trucks right now cannot get into countries like Austria, Italy, Belgium. There are quotas, once the quotas are full Turkish trucks are kept at the gates of these countries, so similar things do apply for Turkish transportation vehicles – that's how our legal advisor said that the problem is not very different. Of course, naturally these are going to be political decisions to be made and that's why at the beginning of this year yet we came up with another idea, another proposal by which we said why don't we lift all these restrictions at once? Why don't we just lift all the embargoes, all the barriers at once? Meaning Turkey opening the ports and airports and EU lifting the isolations on north and south, simultaneously. That offer is filed with UN, sitting on the figure, but no movement. And we were again quite upset when the Finnish presidency's recent attempts for a formula, for a small package just to move around the most

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immediate difficulties, again it did not work out. It was yesterday when the Finnish presidency announced that their plans failed – now that we are back to square one.

We still believe that the only way to handle the Cyprus issue is through UN mediation. UN is the right structure to help us. With Cyprus in as a member we understand that it is more difficult now for the EU to be objective in this issue. It is quite difficult to be, in a way, a prosecutor and a judge at the same time. There are conflicting interests. We understand that there is member collaboration and everything, but in this issue the member states should try to be a little distant about membership collaboration and try to be more objective, which we hope will come out. Again, Turkey is ready any time to restart talks in a comprehensive way and our Prime Minister made a very strong commitment from the very beginning, he said: 'we will always be one step ahead and we will never be the ones walking away from talks', and this spirit is still there; what we need is more willingness for a resolution on all sides. Unfortunately, in any kind of dispute if the continuation of the dispute benefits one of the sides it becomes quite difficult to resolve – then how to push all the sides for a resolution becomes a big problem.

I think have just completed the given time for the initial remarks and thank you for your attention and thank you for being patient.

(END OF VERBATIM TRANSCRIPT)

Session 6: Political, economic and social dynamism in the Anatolian hinterland

Speaker: Gerald Knaus, President, Executive Board, European Stability Initiative

Chair: Şerif Egeli, Vice-Chairman, International Committee of TÜSIAD and Vice-Chairman, Turkey-UK Business Council of DEİK (Foreign Economic Relations Board)

Serif Egeli

Mr Egeli began by saying that during the 1980s, Turkey had resembled a hidden Soviet-style state, where everything was decided in Ankara and applied in Istanbul. There were no business activities whatsoever in Anatolia. First attempts at a free market economy were limited to the big cities, for example Istanbul. Throughout the years, business and industry in Anatolia became more successful with the relocation of industry according to the needs of logistics, cheap labour, raw materials, economics, etc. Highways, new ports, airports, the GAP project all sprung up in Anatolia, with business being made all the more feasible by the already present access to land to grow materials for textile and food industry. The textile industry was the first that could aim at the US and Middle Eastern markets and it had witnessed an explosion in entrepreneurship in Anatolia when the Soviet Union fell down. But this huge market with no regulations had provided space for the Black Market and all sorts of bribery. This was a situation which the Turks knew well, as it had been like this in 1980. People from Anatolia went to the old Soviet Union setting up companies, restaurants and so on, which gave confidence to those left in Anatolia that they could be independent. 40% of Turkey's global trading was being done outside of her big cities by these 'Anatolian tigers'.

Mr Egeli said that there was change afoot and to summarise all of this in one sentence, he said that in Anatolia, there is a new form of Turkish Islam emerging: Islamic Calvinism. The movement is pro-business and pro-free market.

Gerald Knaus

Mr Knaus said that, as he was conscious of the risks of trying to tell a Turkish audience about Turkey, he was not going to explain Turkey, but rather would tell a story about how to 'communicate Turkey'. For the key political task right now is to convince Europe and public opinion that what is going on in Turkey is profound and something they can engage with. Mr Knaus said that, regarding Anatolia, he would tell participants what he had found there and how this fits into the political position of Turkey's accession. He said that by looking at opinion polls, it was possible to research debates on Turkey.

By looking at referendums in Austria, the country's debates on enlargement had been shaped by the political elite; if any changes in referendum outcome occurred, this would be due to the opinions of the political elite rather than the public, as the opinion polls would tend to stay the same throughout any change in the outcome of referenda on enlargement. Likewise, whereas originally more than 50% of Austrians had opposed the accession of both Turkey and Poland to the EU, this has now changed insofar as support for Turkey's accession is now below 10%, whereas the support for Poland is far higher. This difference in attitude is due to the way in which each country's accession has been presented.

Mr Knaus suggested that one might similarly look to countries such as Bulgaria and Romania where public opinion polls have changed relatively little on matters of Europe, but the political elite opinions changed immensely. And it is the latter that has the effect: showing how leadership is the key story. There is also a link to contact and familiarity – undoubtedly Austrians felt more in favour of Poland's accession rather than Turkey's because they felt closer to Poland geographically and strategically. That there was a strategic decision in 2004 regarding the Turkey campaign probably went by un-noticed by most Europeans.

There is an argument that Turkey has two souls: one soul represents Turkey as big, threatening and unable to integrate whilst the other soul reflects Turkey's European edge. European elites tend to envisage Turkey through the (false) image of Anatolia, that is, backward and unproductive.

Mr Knaus said that he had started his research in the heart of Anatolia - 900km from Iran and 900km from the Aegean coast - in Kayseri, whose neighbouring provinces are both poorer and wealthier. It is not an isolated place, and the GDP is US \$3,308 per capita, equalling the Turkish average for city inhabitants. Mr Knaus said that image and reality have clearly been separated: the image of Anatolia as possessing an economy based on sheep, wool, weaving and not production is the image that persists – one that was only true until 1980. Kayseri is becoming less and less like this. There is a different reality and there are three stories of change in particular: the sofa, denim and sugar.

The sofa revolution story starts in 1950 when Kayseri was a town of 20 carpenters. In 1976, there was a Dutchman doing research on the industrial sector there, who concluded that an industrial take-off would not occur. Today, 350 companies in Kayseri produce furniture, with one company having more than 10,000 employees. This in turn has created a life-style revolution and a new middle class. This has sparked a social revolution, with more and more people moving into the city.

Mr Knaus said that denim had brought about a transformation of the textile industry there, with 1% of the world's denim being produced in a factory in Kayseri. The story here is about shifting ideas about the state and economic policy. The transformation

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which occurred in Kayseri during the 1980's is one of the world's leading denim stories. Now however, everything is privatised in Kayseri – the private sector has completely taken over, whereas before the state had a leading hand.

What stands behind this transformation is a profound shift in the way in which the state is being seen. The new middle class is copying 'old' middle class ideas of production, with the new idea of a state. This is not a 'shepherd-with-a-flock-of-sheep' state, but the state as a pragmatic service provider to an urban, literate, market-orientated, new society. Mr Knaus asked how was it possible for a political party to have support in this area and why Kayseri is supporting this current political agenda, when it has been in favour of privatisation for the past 10 years?

He suggested that this was due to a new pragmatic approach to the state, noting that Kayseri is a religious society – there are mosques everywhere. Kayseri is an industrial society which is completely in harmony with religion. There is an attitude that it is moral to invest and to save, hence why one can compare the businessmen in Kayseri with the Calvinists described by Max Weber – and hence the title of Islamic Calvinists for this industrial society.

Most comments have been positive about this idea, and huge interest has been generated abroad. The BBC has been to Kayseri and has compiled a four part series on Islamic Calvinism. The *Wall Street Journal* and *Le Figaro* have also done covers. There is clearly therefore a demand and an interest. These simple analytical stories are descriptions of reality and have the potential to contribute to changing the minds of the political European elites as to what is going on in Turkey.

Mr Knaus added that the position of women is an interesting point, with the labour partition rate being at 55% in Kayseri. Over 100,000 women in Kayseri work in agriculture, which represents a majority of the women in the region. Only 21,000 work in other sectors. To put this in context, women's share of welfare is the same as that in Italy in 1980 and Spain in 1988. And impressively, 40% of the students at university in Kayseri are women. This is the story we need to tell Europeans – linked to the story of Italy and Spain catching up with Europe. This is not an abstract story but a concrete one, and there need to be more of these stories, so that Europeans are able to envisage and understand the situation in Turkey much better. If this story of the Islamic Calvinists in Anatolia becomes a standard in the debates of the political elite then this will be a healthy debate.

Session 7: The Centrality of Turkey in the future of Europe

Speaker: Michael Lake, Former European Union Ambassador to Turkey
Chair: Soli Özel, Associate Professor, Bilgi University and journalist

Mr Michael Lake

Mr Lake suggested that this talk would perhaps be a more polemical one, as the title suggests, but said that he couldn't resist the temptation to remind participants that the invasion of Europe by the tribes of Asia took place 1500 years ago, at a time when the Finns couldn't read, and the rest of Europe was still somewhat backward. The Ottomans took over what we now know as Hungary, as well as a growing chunk of the enlarging EU.

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Turkey became part of the Council of Europe and in the Cold War was a very reliable member of the North Atlantic Treaty Organization in helping to defend Europe. In 1963 Turkey was officially recognized as a European country and the treaty compiled foresaw a customs union and Turkey's EU membership. Turkish Prime Ministers have pushed hard and relentlessly for recognition of Turkish eligibility, this being officially recognized in 1999 after the Luxembourg summit. The screening has now finished. Mr Lake said that as much as Dr Leigh had been reassuring during the morning session, one need only watch or read the media to see that the whole process runs the risk of disruption. Mr Lake suggested that perhaps the term 'centrality' used in the session title had a touch of hubris in the sense that Turkey needs the EU more than the EU needs Turkey.

Mr Lake said that the more time went on, the more Turkish accession seemed to be in trouble. He said that as this progressed, the title of this speech would become increasingly apt, since the more the process came to pieces, the more he believed that the EU would be hurt. The Turkish road to accession has already made Turkey a stronger country. He said that there are a number of matters that are crucial noting that participants had heard how central energy was in relation to Russia, the US and China but he said that the most central issue facing all is getting a grip on climate change in order to build a real, credible, and sustainable future. The Lisbon agenda for growth and jobs, research and development, innovation, cooperation, education, aims for a more conscious focus at EU regional and national level to create clusters of regional regeneration.

The Lisbon agenda was made good under Jose Barroso but seems to have lost its visibility and momentum: Brown never seems to mention the Lisbon agenda. According to the annual Lisbon scorecard, there is substantial if uneven progress being made. Last January for instance every member state presented a revived national agenda about the Lisbon agenda. According to the Herald Tribune, in globalization terms, the EU is doing better than anyone else in beginning to get to grips with Lisbon.

Regarding enlargement, Mr Lake said that during the last 16 years, the EU had made and kept commitments related to enlargement. It brought slow track candidates up to speed on the fast track. Because of the row over the community budget in last December's summit meeting, the media missed the fact that the Council had confirmed its policy of continuing with the enlargement of the EU. At a time when we are threatened by extremism and economic rivalry from the world's two biggest nations, as well as climate change and so on, so-called 'soft power' remains a magnet for its neighbours. Mr Lake said that, regardless of catalytic improvement to the EU at large, to take Turkey out altogether would cripple the process of enlargement. Bosnia, Serbia and Macedonia cannot compete with Turkey: only Croatia is making improvements. Turkey is central to the policy of enlargement and if the consequence is allowing or forcing Turkey to fall by the wayside, this would be ill-repaying Turkey for 50 years of strong and reliable membership of NATO. It is a divisive issue but one that could have unavoidable and long-lasting effects for the EU and the wider environment.

Mr Lake said that there are relatively few individuals leading attacks on Turkey but those who do get more coverage. For example the French presidential candidate Sarkozy has been making lots of negative noise, focusing in particular on the genocide issue and the French have lost respect from the Turks, who up to now have always turned towards Paris at every moment in its history.

The Pope also spoke against Turkish membership of the EU. Mr Lake pointed out that this was the first intervention by the Vatican in European politics since the beginning of

the Union. Some Cardinals seem to be able to speak out against Turkish membership without any contradiction by the Pope – this is a real clash of civilizations. Such comments also open the way for Christian democrats to speak out against Turkish membership. Mr Lake commented that with its rapidly growing economy and youthful population, Turkey would make a significant contribution to the Lisbon agenda. This, he said, is why it is significant to speak of the centrality of Turkey. Since we are talking of a membership that will be 15 years down the road, isn't it wise to give Turkey a fair go? Mr Lake concluded by saying that we should wait and see how Turkey progresses over that considerable period before we throw up our hands too quickly.

Session 8: Dealing with European ignorance and misconceptions about Turkey's EU accession

Speaker: Professor Richard Rose, Director, Centre for the Study of Public Policy, University of Aberdeen
Chair: Professor Richard Whitman, Senior Research Fellow, Europe Programme, Chatham House

Professor Richard Rose

Professor Rose began by commenting that one Turkish misconception of Europe is that Europe is a unified entity. However, this is not the case: there are divisions between national governments within the EU and within the countries that these governments represent. Therefore the notion of Europe as a uniform cohesive entity, which Turkey might influence by targeting a single government or country, would be overly simplistic. Moreover, even if a government endorsed Turkey's application for EU membership, their voters could reject that government because European public opinion at present tends to be anti-government.

Foreign policy has never been of particular interest to the mass public. Ignorance about the EU is widespread, even within member states and there is particular ignorance about enlargement. People don't know their own English history, let alone the Hapsburg, or Ottoman histories. Thus, current opinion polls about Turkey in Europe record answers from people who are uninformed and too much weight is being placed based on results that are fluid as well as unformed. At present, polls show a substantial degree of indifference about enlargement. For example, a recent German Marshall Fund survey indicates that the largest group of European citizens regards Turkish membership as neither good nor bad. In terms of influencing opinion, the existence of a large group of don't knows offers Turkey a good-sized target of people who may be influenced because they have yet to make up their mind on this issue.

The EU's encouragement of greater cross-national mobility is popular in terms of the free movement of goods and services, and students being afforded greater opportunity to study abroad. However, enlargement also bring in the issue of immigration and the population of Turkey means it has the potential to account for a large number of immigrants to EU countries. Governments of European countries differ in their views on this according to their ability to their success in maintaining full employment. High levels of unemployment in continental Europe differentiate France and Germany from Britain, which is actively welcoming foreign workers. However Professor Rose pointed out that, at the same time, people are quite happy to hire Polish workers to fix things in their home. Professor Rose asked who would stand to benefit from Turkish membership given that most Europeans see the accession of Turkey as of no benefit to themselves.

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The movement of people across borders also raises security issues. Professor Rose noted that the current round of enlargement has given the EU boundaries with the Russian Federation and Belarus, which means the EU requires strong measures to protect its external borders and the countries that Turkey borders present a variety of exceptional security risks, as the Turkish state is well aware.

Turkey's very distinctive combination of a secular state and a society in which many people are Muslims is poorly understood in Europe. The bombs in London and Madrid have created a generalized anxiety about Islam without the capacity of governments or public opinion to distinguish between its moderate and extremist forms. There is also confusion within European countries about the meaning and desirability of multiculturalism, and this is particularly the case in Britain. The German state is also having trouble coming to terms with German identity. In view of such concerns, enlargement may be a difficult thing for politicians to sell on the doorstep.

Professor Rose said that, in his opinion, EU officials are far more pro-Turkish accession than the general public, suggesting that the EU elite have been insulated from national governments for too long. He cited the following statistics in support of this view: 60% of EU officials are pro-Turkey's accession, 47% of MEPs, and only 23% of the general public. He concluded by emphasizing the time dimension to this process, noting that great cities are not built in a day. He added that it is in Turkey's interest to join the European Union but that the EU, having failed to reform itself before the last enlargement, also needs to do something about its existing divisions and difficulties. Hence, a period of a decade or more to advance discussions on Turkey's membership in the EU allows time for the EU and Turkey each to introduce reforms in their own interest prior to a decision being made about admission.

REPORT ENDS