Turkey and the European Union: External Differentiated Integration or a Transactional Relationship?

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Abstract

Turkey’s futures with the European Union has never looked so uncertain. As of 2019, Turkey’s relations with the European Union are at a stalemate, with accession negotiations effectively frozen. Yet, Turkey and the EU have a high degree of functional cooperation, where Turkey complies with the EU acquis. Turkey's opting into the EU acquis in multiple policy areas, where its voluntary compliance-prior to or an alternative to accession, could be conceptualized as external differentiated integration. Turkey adjusts itself to the EU rules on foreign policy, customs union, Schengen regime, development policy to name a few. This paper looks at the varying degrees of Turkish compliance into the EU acquis, and proposes that Turkey will remain an integral part of the European integration.

Keywords: EU, Turkey, foreign policy, external differentiated integration

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Introduction

Officially a candidate since 1999, negotiating for accession since 2005, Turkey’s relations with the European Union have never been so uncertain. This uncertainty is reflected by the European Council’s declaration of 26 June 2018 “Turkey has been moving further away from the European Union and that accession negotiations have therefore effectively come to a standstill.”¹ This was more or less the first formal declaration by the EU that the accession negotiations process underway since 2005 is effectively frozen, even though not formally suspended. Yet despite the apparent freeze of negotiations, Turkey still has a degree of integration with the EU, and given the ambivalence of the EU’s own futures, there is a need to reassess the modalities of cooperation for this complicated relationship. This is also why, on 28 June 2018 the European Council statement that “Turkey remains a candidate country and a key partner in many areas”, could be seen as a signal for the future of Turkey-EU relations that goes beyond a formal accession perspective. Turkey’s relations with the EU seem to evolve towards a more functional cooperation, which also fits a larger pattern of integration. This is already attested by the European Commission in its March 2017 White Paper on the Future of Europe which raised the possibility that there are alternatives to membership for European countries, specifically, if “one or several coalitions of the willing (countries) emerge to work together in specific policy areas”.²

Since 2016, internal and external challenges to Turkey’s relations to the EU are highly visible. Domestically, Turkey is going through an unprecedented political transformation, with an attempted military take-over attempt, a Constitutional referendum and the shift to a presidential system from a parliamentary system (Muftuler-Bac, 2019). Externally, the European Union is confronting its own challenges with Brexit, rising populism, migration

crisis, and Euroscepticism in multiple EU member states. As a result of the interplay of these internal and external factors, there are new question marks over Turkey’s future in the EU. However, parallel to these challenges, Turkey’s relations with the EU in some areas, such as cooperation towards migration, energy sectors, transport routes, and economic relations have remained robust (Muftuler-Bac, 2017; Saatcioglu, 2019). The dilemma seems to be related to a restructuring of the Turkish-EU relations into a functional, more transactional format and the loss of the political anchor in the process.

This paper proposes that the reformulation of Turkey’s relations with the EU seems to fit into a general pattern of loose, transactional relations with the EU’s periphery, marking the end of the accession logic to some extent. The future of the EU as one of differentiated integration for both its member states but also for the non-EU European states in the European orbit shapes the modalities of Turkey-EU cooperation as well. The paper first encompasses a snapshot of the theoretical lenses for external differentiated integration, and then provides an analysis of how this pattern would enable us to assess the future direction of Turkey’s relations with the EU. The paper relies on a quantitative analysis of the EU-LEX documents, with an emphasis on Turkey in the Treaties. This analysis indicates a robust pattern of integration between Turkey and the EU, even with the accession process on hold.

**External Differentiated Integration**

In order to understand Turkey’s futures in the EU, the EU’s own tools for deepening functional cooperation with Turkey need to be assessed. The key puzzle is whether Turkey compliance to the EU *acquis* irrespective of its accession prospects could be labelled as external differentiated integration. While there are multiple works on Turkey’s relations with the EU, there is relatively little on what kind of modalities would emerge in remolding Turkey’s relations with the EU along differentiated integration lines (Muftuler-Bac, 2017; Karatas,
External differentiated integration for a non-EU member such as Turkey might involve temporal alignment to EU policies and territorial inclusions—such as security cooperation, its Customs Union or visa rules for third parties and policy opt-ins such as the adoption of EU regulations in electricity, telecommunications, and education. These multiple layers of integration between Turkey and the EU keep their functional cooperation on track.

European integration varies across policies, members and non-member states, and according to the level of authority between EU institutions and national governments. The EU’s centralization and territorial shape vary across policies and “integration has been accompanied by differentiation” (Leuffen, et al. 2013, 1). While external differentiated integration explains the integration of non-EU member states to the EU rules, law and institutions in specific policy areas, it has various shapes and forms. European Economic Area (EEA), bilateral agreements with Switzerland, Customs Union Agreement (CUA) with Turkey, Stabilization and Association Agreements (SAAs) with the Balkans, the European Neighbourhood Policy (ENP) extend EU rules and policies beyond its borders (Leuffen et. al. 2013, 26-27). “A third country’s inclusion in a specific regulatory body is not a goal in itself but is an instrument in a foreign policy that is based on the extension of the EU’s acquis communautaire” (Lavenex 2015, 837). In this regard, “if outsiders adopt the EU rules, we observe an externalization of the acquis communautaire (external differentiation)” (Leuffen et. al. 2013, 17).

In addition to vertical integration and differentiation, “horizontal (territorial) integration and differentiation” applies to fully capture the territorial integration of the EU, and “is usually associated with the uniform extension of the EU’s jurisdiction to new member states” (Leuffen et. al. 2013, 12). It is important to note that horizontal integration not only applies to EU members, but also to non-EU member states, who might adopt EU rules formally or informally. “Institutional, country-specific and policy related factors define the conditions of well functioning external differentiated integration” (Frommelt 2017). For example, in policy areas
such as the EU development policy, Turkey is found to be adhering and opting into the EU development policy—despite its non-member status as shown in a recent paper by Cihangir-Tetik and Muftuler-Bac (2018). The Turkish ability in adhering to the EU rules in different policy areas will shape the extent to which its current relations could be remolded as one of functional cooperation. Yet, even functional cooperation is not devoid of politics, and it would be misleading to conceptualize the Turkish involvement in the EU policies without contextualizing its political implications. These political implications are tied to the Turkish political processes but also to the EU member states and institutions’ positions towards Turkey in general.

The political landscape in Turkey drastically changed on 15 July 2016 with the shock of an attempted military takeover. A direct casualty of this attempt was Turkey’s relations with the European Union. Even though Turkey’s relations with the EU had suffered from political setbacks in the past, in the post-July 2016 period they have reached a nadir. The European Parliament responded this new state of political affairs with its adoption of two different resolutions on Turkey in November 2016, July 2017, and November 2018. The July 2017 resolution called “to formally suspend the accession negotiations with Turkey without delay if the constitutional reform package is implemented unchanged.” The Commission President, Jean Claude Juncker, summarized the EU’s official position in September 2017 as: “Rule of law, justice, and fundamental values have top priority [in the accession process] and that rules out EU membership for Turkey in the foreseeable future.” The Committee on Foreign Affairs of the European Parliament also stressed that the update of the Custom Union should also have

a precondition on human rights and rule of law.\textsuperscript{5} Among the EU member states, there is a similar level of discontent with the current state of politics in Turkey. Yet, the Turkish government is also disillusioned with the EU. President Recep Tayyip Erdoğan reflected on this disillusionment with his claim that Turkey “bent over backward to fulfill requirements on democratic reforms, but had been met with undelivered promises and accusations, this is not an acceptable situation.”\textsuperscript{6}

It was not always like this. When the accession negotiations were opened for Turkey in 2005, the political landscape in Turkey and the EU looked promising pending that both sides stayed on course. Turkey’s accession, while difficult, seemed likely (Müftüler-Baç, 2008). Turkey has been associated with the EU for a long time, since the Ankara Treaty of 1963, and remains, at least on paper, part and parcel of the EU enlargement process (Onis, 2003). Given the sheer size of its economy as the sixth largest economy in Europe and its geographic location, Turkey remains a significant partner for the EU irrespective of its accession (Karakas, 2013). Now, in contrast, the effective freeze in Turkey’s accession process—wherein no new chapters have been opened since 2015—indicates that despite the Turkish willingness on paper to accede to the EU, its future as an EU member is not promising (Muftuler-Bac, 2017). This brings forth the following questions: If Turkey’s accession to the EU in the near future is unlikely, does this signify the end of Turkey’s integration into the EU? Or, alternatively, is it possible to conceptualize Turkey’s relations with the EU from a different theoretical framework where formal accession might no longer be the only game in town?

Such an alternative scenario is easier to elaborate upon at an abstract level than describe in a concrete manner. It also brings forth echoes of a “privileged partnership” that the German

\textsuperscript{6} Laura Pitel, “Erdoğan dares Brussels to kill Accession Talks,” \textit{Financial Times}, 6 September 2017, \url{https://www.ft.com/content/1285e646-930a-11e7-a9e6-11d2f0ebeb7f0}
Chancellor Angela Merkel once contemplated and which the Turkish government vehemently opposed. This is why it is important to conceptualize multiple policy areas and layers that would anchor Turkey to EU institutions and policies. One possible mode for such conceptualization could take the form of external differentiated integration (Leuffen and et al., 2012). While differentiated integration is essentially used to assess the nature and pace of integration among EU members (Holzinger and Schimmelfennig, 2012), it is possible to evaluate the EU’s external relations with its neighbors and/or associated states through a similar lens (Gstöhl, 2015). The British exit provides an additional impetus to understand the future of European integration from this conceptual framework. This future direction of the EU is critical to assess the modes of integration for Turkish opting into the EU rules and law, which is addressed in the next section.

**A New Pattern of Functional Cooperation for Turkey and the EU**

Turkey already has a high degree of functional cooperation with the EU, which takes multiple forms in terms of economic, political, judicial and internal affairs, energy, and environmental cooperation (Müftüler-Baç, 2017; Karakaş, 2013). These forms of functional cooperation evolved because of Turkey’s association with the EU, the 1995 customs union for industrial products, its candidacy since 1999, and the accession negotiations since 2005—enabling Turkey to adopt EU rules and policies without a formal accession. Turkey’s adoption of EU rules and its integration in multiple technical areas indicate the scope of integration that transcends the EU’s own borders (Jokela, 2014). This is also how EU integration influences a territorial space that is much broader than the sheer territory of the EU member states. This is precisely the key argument in this article: Even in the absence of full membership, Turkey will remain anchored to the EU, similar to the emerging British-EU dynamics or the European Economic Area countries such as Norway and Iceland. The technical modalities of this cooperation, however, are not yet fully clear. To understand further the areas of possible
cooperation between Turkey and the EU, this paper looks into Turkey’s compliance in multiple areas of EU acquis as reported by the EU-Lex. The following graphs illustrate the areas of technical cooperation between Turkey and the EU, based on the documents listed in the EU treaties. Graph 1 shows the frequency with which Turkey related documents are included into the EU treaties from 1999 to 2009, with peaks with regards to agriculture and Common Foreign and Security Policy in different years.

**Graph 1: EU LEX Documents Turkey Treaties by Subdomain (1999-2019)**
As shown in Graph 1, with regards to the most important policy areas in this 20 years of time period from the Turkish candidacy to present, there is an emphasis on multiple issues. When we divide these results to two different periods, 1999-2005 and 2006 to 2019, some key differences could be seen further. Graph 2 looks at the EU Lex documents from the candidacy in 1999 to the actual start of the negotiations in 2005 while Graph 3 is an analysis from 2006 to 2019.
Graph 2: EU LEX Documents Turkey Treaties by Subdomain (1999-2005)
Graph 3: EU LEX Documents Turkey Treaties by Subdomain (2006-2019)
These graphs indicate that in different time periods, 1999-2005 and 2006-2019, there is a difference in the issues that are being included into the EU treaties in terms of Turkey related issues. For example, in 2006-2019, there seems to be more policy related inclusion such as industrial policy, the internal market, environment and consumers protection. This also is in line and parallel to the Turkish adoption of EU rules as part and parcel of the negotiations process. Graph 4 looks at which policy areas are the most referred to in general.

**Graph 4: EU LEX Documents Treaties Turkey Subdomain Issues with Highest Frequency**

![Graph 4: EU LEX Documents Treaties Turkey Subdomain Issues with Highest Frequency](image)
These 4 graphs illustrate the extent to which Turkey has integrated into the EU rules since 1999, and which areas of functional cooperation will be more likely act as the engine of further integration between Turkey and the EU. The very high frequency of Agriculture and External relations indicate the areas where it might be harder to see the Turkish compliance, but further investigation is needed into the nature of these documents. It needs to be noted that as the interactions increase between the parties, new institutional tools emerge as the instruments shaping their relations- both at the Council level and with regards to the involvement of judicial mechanisms.

**The role of Institutional Settings for Turkey’s integration to the EU**

As seen above, there is already a different conceptualization of Turkey’s future with the EU in line with the alterations in the enlargement priorities. These changes in the Turkish-EU relations became visible- with the convening of bilateral summits between Turkey and the EU, where the Heads of State and Governments participated since 2015, and to be utilized as tools to assess the modalities of cooperation between Turkey and the EU. On 29 November 2015, the first of these summits were held in Brussels where “The EU and Turkey agreed to re-energise Turkey's accession process to the European Union. High-level dialogue between both parties will be reinforced through more frequent and structured meetings including the organisation of summits twice a year.”7 As if signaling the increasingly transactional character of the relationship, Donald Tusk, the European Council President, declared at this Summit meeting, “We do not expect anyone to guard our borders for us. (...) But we expect a major step towards changing the rules of the game when it comes to stemming the migration flow that is coming to the EU via Turkey.”8 The declaration was a clear signal in terms of where the future of Turkish-EU cooperation lies, in particular for stemming the refugee flow. This increasingly

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The functional aspect of Turkey-EU cooperation on the refugee issue is already a subject of major scientific inquiries. (Saatcioglu, 2019)

The second bilateral summit was held on 7 March 2016 to strengthen the EU-Turkish cooperation on migration and refugee crisis, parallel to the visa liberalization for Turkish citizens. On the Bilateral summit for March 17-18, 2016, a joint Turkey-EU statement was adopted. Despite the slowing down of the meetings for the Turkish accession negotiations, with the last meeting of the Accession conference held on 30 June 2016 which ended up with the opening of one more Chapter, Chapter 33 on financial and budgetary provisions, leaders’ meetings in the form of bilateral summits continued. On 25 May 2017, another bilateral summit was held. However, the most critical meeting turned out to be the Varna summit between Turkey and the EU which was held on 26 March 2018. The bilateral summit indicated that the future of this complicated relationship has become more or less functional when Donald Tusk declared: “Our meeting today demonstrated that while our relationship is going through difficult times, in areas where we do cooperate, we cooperate well. We reconfirm our readiness to keep up the dialogue and consultations and to work together to overcome current difficulties with a view to unleashing the potential of our partnership.”

In the same summit, the European Commission President, Jean Claude Juncker indicated that “We should be talking about the areas of interest and ambitions that unite us, not the ones that divide us. Turkey and Europe have to move together as only by joining forces we can tackle common challenges.”

The emphasis was clearly on partnership, rather than accession. This is also how, one could see the importance of the Council declaration that “The Council reiterates that continued implementation of the EU-Turkey Statement and continued support for partners along the Western Balkans route is required. Further actions are needed to ensure sufficient administrative

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and enforcement capacity to tackle migration challenges, including combating the smuggling of migrants. The EU will continue its financial support and technical assistance to strengthen cooperation in this field, including through the EU Facility for Refugees in Turkey.”\textsuperscript{11} While Turkey’s relations with the EU were descending into a different platform, enlargement priorities of the EU were also being debated at various EU levels.

In 2018, the European Commission launched a new strategy for “A credible enlargement perspective”, confirming the European future of South East Europe as a geostrategic investment in a stable, strong and united Europe based on common values. Based on the Commission’s recommendation in June 2018, the General Affairs Council of the European Union adopted multiple conclusions on the EU’s enlargement policy which also included Turkey.\textsuperscript{12} On March 15, 2019, the 54th meeting of the Association Council was held between Turkey and the EU where the modalities of partnership were further discussed.

However, the modalities of this partnership is not fully clear. Did it contain only a cooperation on combatting migration or also included further economic integration? With regards to economic integration, customs union or precisely the updating of the Customs Union realized at the end of 1995 sits at the centre of the current debates. On 2 May 2015, EU Trade Commissioner Cecilia Malmström and then Turkish Economy Minister Nihat Zeybekçi agreed to update the Customs Union to modernise the current agreement by extending it to cover services, right of establishment, public procurement and agriculture, similar to some extent to the Ukraine’s Deep and Comprehensive Free Trade Agreement. While the update of the Customs Union is linked to the World Bank report of 28 March 2014, it is also based on joint work conducted by the Senior Official Working Group which was set up on 28 February 2014. The Senior Official Working Group, composed of European and Turkish officials, put together

a report on 27 April 2015. The 2015 report emphasized an need for extending the Customs Union to agriculture, services and public procurement, institutional amendments for dispute settlement, and an update that protects Turkish industrial products from asymmetrical application of the Free Trade Agreements the EU signs with third parties.

In December 2016, the Commission has proposed to modernise the Customs Union and to further extend the bilateral trade relations between Turkey and the EU to areas such as services, public procurement and sustainable development. The Decision 1/95 requires Turkey to comply and align with the EU’s free trade agreements with third parties as well as the preferential trade arrangements and the EU’s Generalized System of Preferences. It also requires the European Commission to allow the participation of Turkish experts in technical committees as well as agree that the “Parties shall, at the request of either of them, consult each other again within the Customs Union Joint Committee”, 13 before a decision is taken. Thus, one possible way forward to institutionalize Turkey’s economic integration to the EU would be to grant Turkey an observer status in the “Trade Policy” Committee-alloowing Turkey to at least observe the EU’s trade negotiations and policy making. The updated and deepened Customs Union also needs to encompass a strengthened mechanism for the settlement of disputes. Even though Customs Union Joint Committee is expected to resolve the EU-Turkey disputes promptly without political blockage through courts and mandatory arbitration, one of the main obstacles in furthering Turkey’s economic integration is dispute settlement for trade related matters.

The importance of dispute settlement in shaping the future of Turkey’s relations with the EU and customs union has become explicitly clear when the EU has launched a case against

Turkey over measures affecting pharmaceutical producers on April 2, 2019.\textsuperscript{14} The case is based on the Ministry of Health regulations requiring local pharmaceuticals to be reimbursed with the State insurance plans. According to European Commissioner Cecilia Malmstrom, “Turkey is discriminating against EU pharmaceuticals producers by forcing them to move production there. This is a clear violation of WTO rules and puts many EU jobs at risk. We hope that we will be able to resolve both cases during the upcoming WTO consultations.”\textsuperscript{15} However, this issue could be seen as one of the problems of the Customs Union Agreement as the Agreement did not incorporate a Dispute settlement mechanism, and such disputes are, therefore, presented to the WTO and its judicial panels.

The need for judicial mechanisms is further illustrated with another recent case on transportation. One of the most important concerns for Turkey is with regards to transportation quotas, transit visas and motor vehicle taxes on Turkish transport which act as a major obstacle to the free movement of goods from Turkey to EU destinations. For example, the Turkish trucks on their way to European markets pass through Bulgaria and Greece via the land route pass through multiple inspections, thereby losing significant time and money. This is a key concern as over 40\% of Turkey’s trade with the EU depends on land, specifically trucks, transportation. Since these matters are the responsibility of the member states, and Turkey does not have freedom of mobility of people, Turkish concerns are relevant for any update of the Customs Union. Yet, there are no judicial mechanisms for Turkey to bring its problems to the attention of the EU. The two main mechanisms of the Turkish-EU economic integration are the Association Council (which meets only twice a year) and the Customs Union Joint Committee, however, none of these mechanisms are sufficient for allowing Turkey to participate in decision making or bring its concerns for adjudication.

\textsuperscript{14} http://trade.ec.europa.eu/doclib/docs/2019/april/tradoc_157821.pdf
The importance of having judicial mechanisms for economic integration related issues was demonstrated with the Turkish-Hungarian dispute over transport related concerns. A major ruling was adopted on 6 April 2017 by the Court of Justice of the EU on Istanbul Logistik Limited vs. Hungarian Administrative Authorities case.¹⁶ This was a final verdict on the Turkish concerns of being subjected to unfair taxes and monetary barriers on transport of goods. The Turkish company, Istanbul Logistik brought a case against the Hungarian tax authority for imposing “the tax in question constitutes a charge having equivalent effect to a customs duty, the imposition of which, in respect of trade in goods between the EU and Turkey, is prohibited by Decision No 1/95 of the EC-Turkey Association Council on the implementation of the provisions of the EEC-Turkey Association Agreement on the final phase of the Customs Union”, and the Hungarian Court asked the Court of Justice’s judgement. In response to this request, the Advocate General ruled with regards to the motor vehicle taxes, transit permits arguing “since the exercise of free movement of goods is linked to the carriage of these goods”,¹⁷ these restrictions of the Hungarian government ‘constitute charges that could be seen as equivalent of a customs duty’ and ‘is incompatible with that decision, i.e. Decision no 1/95’. Yet, since these restrictions are imposed by member states and not the European Commission, the extent to which the adoption of a Court of Justice ruling on this measure will be implemented still remains to be seen.

The judicial aspects of the Turkish-EU functional cooperation are also seen in the migration related cases. One of the main cases that involved legal contestation of the functional cooperation between the EU and Turkey is with regards the 18 March 2016 Turkey-EU statement. The 18 March 2016 deal between the EU and Turkey for the return of illegal

¹⁷ Case C-65/16, op.cit., par. 40 and par.73.
migrants who used the Turkish route to reach Greece was contested legally at the Court of Justice of the European Union.\textsuperscript{18} This deal basically involved the agreement that for every Syrian refugee returned to Turkey, the EU would process and accept a Syrian from the refugee camps in Turkey. The Afghan and Pakistani refugees, however, argued that they were affected from the deal, the Court, however, rejected the plea based on the argument that the deal was made between the EU member states and Turkey, therefore, beyond the jurisdiction of the Court of Justice. However, according to legal scholars, the deal concerns the area of freedom, security and justice (Art. 4(2)(j) TFEU), an area of shared competence between the EU and its Member States. The legal argument rests on the logic that Member States had no competence to act in this field as “the EU had already exercised its competence by concluding a Readmission Agreement with Turkey” (Idriz, 2017).

As these recent cases illustrate one of the institutional needs is to find judicial mechanisms to resolve cases involving Turkish compliance with EU laws, and addressing Turkey’s concerns in terms of the implementation of the EU rules. Both the Council shaped bilateral summits and the increased need for judicial tools of redress for Turkey-EU relations indicate that Turkey’s relations with the EU need new institutional designs, but are also indicative of the Turkish integration to the EU. If such new institutional mechanisms emerge, it would strengthen the external differentiated integration patterns between Turkey and the EU. The 2005 Negotiations Framework for Turkey stated that in the case that negotiation talks fail, then “Turkey would be tied to the EU with the strongest bonds.”\textsuperscript{19} Of course, whether these “strongest bonds” constitute a form of external differentiated integration needs further elaboration, and whether these bonds include new institutional mechanisms remains to be seen.

Conclusion

The current political climate between Turkey and the EU does not bode well for the Turkish accession talks to continue without any problems. This does not, however, mean that the accession process has come to a full stop or that Turkey is out of the EU’s integration project. Instead, the EU is evolving into a multi-level, multi-layered polity with different degrees of integration not only within its member states but also with non-member European countries. The British exit negotiations with the EU indicate that different models of integration are being considered for the countries either unwilling or unfit for EU membership. Whether Turkey’s relations with the EU fit into that mode or not remains to be seen. What is almost certain is that Turkey is still tied to the EU in multiple manners, and the future of its relations with the EU is still being molded. Yet, whether to deepen functional cooperation with Turkey—and if so, how—is perceived as a politically adventurous question with potential to harm the EU’s credibility. This seems to be the main dilemma for the EU: The question is how to reformulate Turkish-EU relations, on the one hand, and how to engage with alternative forms of integration without harming the EU’s credibility on the other hand.
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