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Turkey: Current and Future Political, Economic, and Security Trends

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INTRODUCTION

The Republic of Turkey was established on some of the territories of the Ottoman Empire in 1923 after a bitter War of Independence against the forces that occupied it after World War I. Under the leadership of Mustafa Kemal Atatürk, its first President, Turkey underwent numerous reforms aimed at the Westernization and modernization of the country. Because of Atatürk, Turkey has a distinctive political legacy that continues to guide it to this day.

This paper addresses current and future political, economic and security trends in Turkey. The time of writing, Fall 2007, has proven particularly eventful for Turkey, especially with respect to its relationship with the United States. It is hoped that this paper will provide the reader with insight into current events in Turkey and the context in which they have occurred, and a sense of where the country may be headed next.

POLITICAL TRENDS

Domestic Politics

The single most important recent development in Turkish domestic politics is the rise of the Justice and Development Party (“AK Party” or “AKP”). The AKP came to power in 2002 under the leadership of Recep Tayyip Erdoğan with 34% of the vote. In Turkey political parties must achieve at least 10% of the vote to gain representation in parliament and in 2002 the AKP was one of only two parties to do so (the other was the Republican People's Party, or CHP, with 19% of the vote). This meant that the AKP had won 363 of 550 parliamentary seats as well as the office of the Prime Minister. On the 22nd of July, 2007 Turkey held elections again and the AKP surpassed even its previous performance at the ballot box, returning 46.5% of the vote (Foreign & Commonwealth Office 2007, 3). Although the AKP won a much-increased proportion of the popular vote in 2007, the number of seats it controls in parliament slightly decreased (to 341), primarily due to the success of the Nationalist Action Party (MHP), whose 14.3% of the vote gave it 70 seats in parliament (Foreign & Commonwealth Office 2007, 3). It is worth noting that the proportion of votes that the CHP received remained virtually unchanged between 2002 and 2007. Shortly after the elections, the newly elected parliament elected to the Presidency the AKP's Abdullah Gül, thus further strengthening the AKP's power and influence.

Both Prime Minister Erdoğan and President Gül have a past in Turkey's Welfare Party that was banned in 1998 “...on the ground that its Islamic program threatened the secular basis of the Turkish Republic...” (Kinzer 1998). There are those that are suspicious of the AKP because of its roots. Turkish historian Sina Akşin writes that because the Turkish legal system makes it difficult for anti-secular political parties to participate, Islamists have learned to mask their true agendas (Akşin 2007, 303). Soner Cagaptay similarly argues that the AKP learned from the experience of previous political parties that it could not maintain power on an anti-secular platform and thus changed its message (Cagaptay 2007, 20). The Turkish army has intervened in politics in the past (in 1960, 1971, 1980 and 1997) and has hinted that it would do so again if there are threats to a secular democracy. The military acts when it has popular support (Cagaptay 2007, 10) but the results of the 2007 elections have made clear that the AKP has the support of the Turkish public.

Still, the AKP's Party Programme makes explicit reference to the party's secularism: “Our party considers religion as one of the most important institutions of humanity, and secularism as a pre-requisite of democracy, and an assurance of the freedom of religion and conscience. It also rejects the interpretation and distortion of secularism as enmity against religion” (Ak Parti Official Web Site). A recent study found that between 1999 and 2006, religiosity increased among Turks; however, this did not correspond to a decrease in support for a secular state (Çarkoğlu and Toprak 2007, 13). Others note the AKP's record of modernization, citing good governance, economic growth, and reforms to meet the accession requirements of the European Union (Gardner 2007). Indeed, the AKP has strongly advocated Turkey's accession to the European Union (EU), bringing with it a far-reaching process of reforms of which many are aimed at strengthening the country's democracy.

The 2006 study mentioned above also found that Turkish society is sharply divided: “On the one side, we have urban dwellers of better socio-economic status and education, who do not feel bound by the Sunni religious belief system. On the other side, we have religiously devout people of lower education and socio-economic status, who feel closer to the Islamists than the secularists” (Çarkoğlu and Toprak 2007, 14). However, this division is getting murkier with the political strength of the AKP, which is attracting a wide swathe of voters including both the rich secular elite as well as the poor and non-urban.

Regional Politics

The Foreign Policy statement of the Ak Parti Programme makes clear that, without turning away from the West, Turkey intends to increase its regional role and increase its relationships with Islamic countries (Ak Parti Official Web Site). That Turkey is willing to exert greater influence in the region is an extremely important development which will of course impact the region and also have broader implications. Columnist İlnur Çevik notes that Turkey is now using its geostrategic position to full advantage in terms of foreign relations and, as one example notes, that: “They have put emphasis on carefully revitalizing Turkey's relations with the Middle East countries with particular emphasis on Syria and Iran. They have maintained excellent relations with Israel while cultivating ties with the Islamic world in general and the Arabs in particular” (2007). The post-September 11th world is one in which a trend of increasing polarization between countries has occurred on many levels. In this context, Turkey's relationships with countries that are polarized (e.g. Israel and Iran) are unique and valuable.

Turkey has experienced the harmful effects of conflict on its borders more than once. As a country in a region where there are many conflicts, it is mindful of the impact these can have on its internal security. The Foreign Policy statement makes clear that Turkey “...shall take more initiative in the spots of crisis in regions neighboring Turkey and try to make a more concrete contribution to the solution of these crises” (Ak Parti Official Web Site). A major regional dilemma it currently faces concerns Iraq, which it has recently confronted over the activities of the Kurdistan Workers' Party (PKK). It also faces an ongoing dispute over Cyprus. Both of these situations are discussed in further detail later in this paper.

Turkey also recognizes the impact that regional security has on economic development (Ak Parti Official Web Site). The relationship of security to development is particularly salient in Turkey, which has been increasing its economic cooperation with its neighbors, especially in regards to energy transit.

Turkey and the EU

The prospect of Turkish accession to the EU holds great promise for both Turkey and the EU. Accession negotiations were opened in October, 2005. They lost momentum in just over a year's time, however, over Turkey's unwillingness to open its ports to Cyprus. As *The Economist* noted in an article in December, 2006, “The requirement at the heart of its current dispute with the EU - the opening of its ports to implement a customs union - certainly sounds procedural. But to the Turks it implies recognizing the Greek-Cypriot government as the only legitimate one on the disputed island. That is clearly a political not a technical decision” (2006). As context it should be noted that in a referendum held in 2004, Turkish Cypriots voted in favor of the United Nations' plan to unite Cyprus while Greek Cypriots rejected it, yet it was the Greek-controlled South that went on to join the EU. The Cyprus issue is ongoing – the Turkey 2007 Progress Report of the European Commission notes that “Turkey has made no progress on normalising bilateral relations with the Republic of Cyprus” (25).

Turkish accession has met some resistance from Germany, Austria, and particularly France (The Financial Times, 2007). However, since the AKP's success in elections this summer and the European Commission's release of a new report on Turkey's progress towards membership on November 6, 2007, there are signs that some momentum may be being regained. A very visible reform the EU is asking Turkey to undertake is that of Article 301 of the Turkish Criminal Code, which “penalises insulting ‘Turkishness,’ the Republic and the organs and institutions of the state” (European Commission 2007a, 14). In response, government representatives have said that they will soon change Article 301 (Barber 2007 and BBC News 2007). The EU also appears to be making a strengthened call for the reform of issues concerning democracy and human rights (European Commission 2007b).

The internal politics of EU countries will certainly have a big impact on Turkey's EU discussions as well. The EU has accepted countries poorer than Turkey, but Turkey is large, and importantly, the only Muslim country on European territory. Even if there is continued opposition to Turkish membership in the EU, talks will continue and the EU itself will undergo many changes in this period. Europe needs Turkey as much as Turkey needs Europe. However there is of course no guarantee that the EU will ultimately grant Turkey membership, or that accession will remain a top priority for the Turks in the next ten years. Regardless of the ultimate outcome, the reforms that Turkey has and will undertake as part of the process are of benefit to the country.

Turkey and the US

Turkey has maintained a pro-Western foreign policy very consistently since the end of World War II and has provided crucial support to U.S. foreign policy objectives, including during the Cold War and the Gulf War as a NATO member (Çelik 1999). Turkish-American relations are currently strained, however, over the war in Iraq which the U.S. brought to Turkey's doorstep, and the resultant creation of a semi-autonomous Kurdish region in Northern Iraq from which the PKK operates. Talks held in November, 2007 between President Bush and Prime Minister Erdoğan concerning cooperation with respect to the PKK had a positive impact, however. As a result of the talks the U.S. agreed to intelligence sharing with Turkey concerning the activities of the PKK based in Northern Iraq. This agreement seems to have eased at least the immediate situation. The fact that Turkey chose to have intensive discussions with the U.S. before intervention and that the U.S. reacted in a way supportive of the Turkish viewpoint can be seen as positive in that, if it is an example of how the two countries solve very serious problems, one can be optimistic that policy dialogue will prevail in the future as well.

The context in which these talks were held was extremely tense. Mark Parris argues that while Turkey under Erdoğan has mainly supported the most valued foreign policy priorities of the U.S., the U.S. under Bush has not done the same for Turkey, particularly with respect to the PKK (Parris 2007). Further, a diplomatic crisis erupted when, in October, a bill which sought to declare that the Ottoman Empire committed genocide against Armenians during the time of World War I appeared poised to go before the United States House of Representatives. The passage of the bill in committee provoked such outrage from Turkey that the issue has not been considered further at this time.

Mustafa Aydin, speaking at a panel on “Regional Challenges to Post-Election Turkey” at The Brookings Institution this October outlined some of the ways the Turkey-U.S. relationship has changed: namely that it has become more multilateral and multifaceted as Turkey has expanded its regional focus and that the U.S.-Turkish relationship has expanded to include much more than security (The Brookings Institution, 6). Arguing that Turkey is emerging as a regional power, George Friedman comments that Turkey is increasingly pursuing its own objectives though it is “...prepared to cooperate with the United States on issues of mutual interest, but not as a subordinate power” (Friedman 2007).

Whether because of its continuing involvement in Iraq, hostility with Iran, or efforts at creating peace in the Middle East, it is quite clear that the U.S. will want to keep its relationship with Turkey as strong as possible. For its part, Turkey will continue to be a strong ally of the U.S. as long as U.S. policies do not have a direct negative impact on Turkish security. While discussions on U.S. political trends are beyond the scope of this paper, any declaration of war on Turkey's neighboring countries could create problems between Turkey and the U.S. The recent National Intelligence Estimate assessment that Iran has not pursued a nuclear weapons program since 2003 means that Iran may now be less likely to arise as an issue between the U.S. and Turkey. How the relationship between the two countries will evolve also seems to depend in no small part on how the U.S. handles a Turkey more inclined to extend its influence. New leadership in Washington after the U.S. presidential election will bring with it the possibility of revitalization.

ECONOMIC TRENDS

State of the Economy

Since turning its economy around in 2001, Turkey has experienced uninterrupted growth. Turkey continues to implement economic reforms as part of its candidacy for membership in the EU. Capitalizing on its location spanning the Middle East and Europe, Turkey has become a key point of transit for oil and gas.

Turkey's GDP (in million euro) rose from 161,836 in 2001 to 318,586 in 2006; its GDP growth rate was -7.5% in 2001 but has been strong since – in 2006 it was 6.1%, down from 7.4% in 2005. Inflation, a severe problem for Turkey in the past, has been brought under control, although the risk of inflation remains. Unemployment remains relatively high, however, at 9.9% in 2006. Turkey's current account deficit is also high, at -26,102 million euros in 2006 (European Commission 2007a, Statistical Annex). Writing in *BusinessWeek*, Palash Ghosh makes clear that Turkey's economic success is closely linked to the success of the AKP and that political instability is a threat to this success (Ghosh 2007).

Corruption has been a problem in previous governments; however, the AKP made anti-corruption one of its election platforms and came to power with high expectations. Transparency International's Corruption Perceptions Index 2007 (CPI) ranks Turkey 64th best out of 180 countries ranked, with a score of 4.1 on a scale of 0-10. Transparency International notes that the score "...relates to perceptions of the degree of corruption as seen by business people and country analysts, and ranges between 10 (highly clean) and 0 (highly corrupt)" (Transparency International 2007). Turkey shares the 64th spot with Bulgaria, which has just joined the EU, and Croatia, which is a candidate country. It is important to recognize that corruption encompasses the giving and receiving of bribes; the Transparency International 2006 Bribe Payers Index highlights this area in which many countries with large export sectors, including Turkey and many of the countries that do business in Turkey (such as Russia, Italy, and the U.S.), also need to improve (Transparency International 2006).

Infrastructure

In this area, as in others, Turkey is making reforms to meet the requirements of the EU. The Turkey 2007 Progress Report notes progress in air, maritime, and road transport, but not in rail transport (European Commission 2007a, 48-49). It is widely agreed that the rail sector, which is controlled by the Turkish State Railways (TCDD), is in need of reform. Major new rail projects include high speed passenger trains, importantly, one that connects Istanbul and Ankara, and the Marmaray project that will provide a rail connection for mass transit underneath the Bosphorus.

Most traffic in Turkey is currently on the roads, however. The United Nations Economic Commission for Europe (UNECE) found that "Highway Transport shoulders 95 percent of passenger and 92 percent of freight traffic" and that "Traffic Volume of State Roads in 2006 has not been completely evaluated yet, but initial studies show that traffic volume is likely to increase approximately 6 percent compared to 2005" (UNECE 2006 citing State Institute of Statistics, 1). This exemplifies the increasing demands on Turkey's infrastructure. The World Bank notes that with respect to transport, "...demand (as measured by passenger-kilometers and ton-kilometers) has grown at an annual rate of nearly 8% since 1950" (The World Bank). Road maintenance is underfunded and road safety is a serious problem (The World Bank). The government continues to construct new roads, however: "The government is in the process of building new airports and highways, thanks to an increased public investment budget" (U.S. Department of State 2007). At the same time the government is investing heavily in infrastructure projects, the privatization that has been carried out in many sectors in Turkey is also underway in the transport sector, including with respect to motorways, bridges, and Turkish Airlines, as well as ports and more (see Republic of Turkey Prime Ministry Privatization Administration website).

There is concern that Turkey could experience shortfalls in electricity supply over the coming several years: Andrew Vorkink, the Country Director for the World Bank in Turkey, stated that "Turkey faces a risk of potential short-fall of electricity between 2008-2010 depending on prospective economic and demand growth" (The World Bank 2006). The World Bank has issued a loan to Turkey for a project which aims to mitigate that

risk and support the sector's privatization (The World Bank 2006). The U.S. Department of State noted that "The growth in electricity generation has remained below electricity demand until recently, which has made Turkey a net importer of electricity since 1997. The growth of energy demand slowed somewhat as a result of the 2001 economic crisis, but has picked up again. Turkish authorities expect a significant electricity shortfall unless new facilities become operational" (2007). The European Commission's Turkey 2007 Progress Report cites another problem: "Electricity theft and technical losses remained high at around 17%" (49). The Southeastern Anatolia Project (GAP, per its Turkish acronym) is a major development and water resources project in Turkey's southeast. Plans include the construction of 22 dams and 19 hydraulic power plants, which are projected to produce 27 billion kWh per year (Southeastern Anatolia Project Regional Development Administration).

An ongoing challenge to Turkey's infrastructure concerns its vulnerability to earthquakes. In 2006 a team investigating this issue predicted that within thirty years Istanbul would likely experience an earthquake of 6.8 to 7.5 magnitude (U.S. Department of State 2006). There are many buildings in the Marmara region that are not strong enough to cope with an earthquake. Another area of concern is that "Turkey faces a backlog of environmental problems, requiring enormous outlays for infrastructure. The most pressing needs are for water treatment plants, wastewater treatment facilities, solid waste management, and conservation of biodiversity" (U.S. Department of State 2007).

Energy Transit

Turkey's significance as a hub for the transportation of oil and gas can be attributed to the mutually reinforcing factors of location and design. Turkey bridges Europe and some of the largest energy suppliers in the world. Turkey's Bosphorus Strait, connecting the Black Sea and Mediterranean Sea, is a key location through which exports travel and is one reason for Turkey's importance as a hub of energy transit. Another reason is that oil and gas from the Caspian Sea now travels by pipeline through Turkey via two recently completed pipelines: the Baku-Tbilisi-Ceyhan (BTC) pipeline (oil) and the Baku-Tbilisi-Erzurum (BTE) pipeline (gas). Terminating at Ceyhan on Turkey's Mediterranean coast, oil from the Caspian can thus make its way to world markets. In the case of onward transit to markets of gas from the BTE, Turkey and Greece have recently inaugurated the Turkish-Greek pipeline that will move gas from the BTE from Turkey to Greece, and from there it is planned, onward to Italy (Ozerkan 2007). Turkey is also an important outlet for Iraqi oil from Kirkuk via the Kirkuk-Ceyhan pipeline, although this line has repeatedly been shut down due to attacks on it. Other major pipelines connecting Turkey to supplies and/or enabling it to transit supplies are already completed or planned. An area of serious concern is the environmental danger posed by large amounts of oil tanker traffic through the Bosphorus. In an effort to alleviate some of the traffic and thus the danger, Turkey has begun construction of the Samsun-Ceyhan pipeline that offers an alternative to travel through the Bosphorus.

What does being a hub of energy transit mean for Turkey? Writing with specific reference to the BTC, Zeyno Baran describes the geopolitical reasons why Turkey desired the pipeline, noting that, among other things, the pipeline would give Turkey regional leverage and strategic importance internationally (Baran 2005, 104). For the EU and United States, Turkey can now provide another means of obtaining oil and gas that does not depend on Russia or Iran (Kuser 2006).

Writing in *Today's Zaman*, Hasan Kanbolat states that "...the basis of Turkey's energy strategy involves using its own geography and geostrategic advantage to become an energy corridor between the energy-rich countries and primary energy users" (Kanbolat 2007). Turkey seems to be succeeding at this quite well.

Domestic Oil and Gas Situation

Turkey has proven oil reserves of 300 million barrels (as of 2005) and proven natural gas reserves of 8.147 billion cubic meters (2006 estimate). Oil consumption is 715,100 barrels per day (2005 estimate) and natural gas consumption is 26.25 billion cubic meters (2005 estimate) (Central Intelligence Agency 2007). As Turkey does not have significant known oil and gas resources, it meets domestic demand through imports.

In the report “EU Energy Policy and Turkey,” the European Commission notes that “currently, Turkey imports about 70% of its total energy needs” and that “at the moment, the largest part of its energy (both gas and oil) comes from Russia, followed by Iran” (European Commission, 1). In 2006 Turkey contracted to receive 67% of its natural gas imports from Russia (Energy Information Administration 2006, 7). Russia previously supplied gas to Turkey overland and now also transports it through the Blue Stream pipeline, which reaches from Russia to Ankara (Energy Information Administration 2006, 7). Turkey also has a direct gas pipeline link with Iran. It gained access to another source of supply with the opening of the BTE pipeline. Turkey also purchases some liquefied natural gas from Algeria and Nigeria (Energy Information Administration 2006, 9). About 90% of Turkey's oil is imported.

Currently Turkey has contracted to buy more natural gas than is projected that it will need because demand was estimated prior to Turkey's 2001 financial crisis (Energy Information Administration 2006, 6). The Energy Information Administration's Country Analysis Brief on Turkey notes that: “In general, Turkish oil demand has fluctuated in recent years along with the country's economic performance” (2006, 1).

A process of liberalization and privatization in the oil and gas sector has been and is underway in Turkey. Major companies, formerly state-owned, such as Tüpraş and Petrol Ofisi have been privatized (Republic of Turkey Prime Ministry Privatization Administration). BOTAS, which operates oil and gas pipelines, is being restructured to allow private enterprises to enter the gas marketplace (BOTAS). Liberalizing legislation has been passed, including the Natural Gas Market Law in 2001 and the Petroleum Market Law in 2003. The Energy Market Regulatory Authority was created over the electricity, natural gas, petroleum, and LPG markets (Energy Market Regulatory Authority). These are all fairly recent developments, however, and do not always proceed smoothly or according to schedule. The Turkey 2007 Progress Report notes that with respect to energy, “Legislative alignment is advanced, but uneven. Implementation needs to be strengthened” (50).

SECURITY TRENDS

Al Qaeda and similarly motivated groups are a global threat, as seen in the past decade, but not a greater threat to Turkey as compared to EU countries. A more pressing threat to Turkey is from the PKK and this struggle has gained international attention in recent months. Although the PKK has perpetrated terrorist attacks against Turkey since 1984, the current situation is magnified by the war in Iraq, creating tension between Turkey, Iraq, and the United States. Tensions reached a high point in early October, 2007, when the PKK attacked and killed 13 Turkish soldiers near the border with Iraq. The Turkish public responded with an outpouring of anger and on October 17th, the Turkish parliament authorized cross-border attacks on the PKK. Although there has been some concern that the Turkish response to the PKK could spark a regional war, Turkey has so far not responded in a way that indicates that this will occur. While emphasizing its right to defend itself militarily from the attacks of a terrorist group, Turkey has kept all means of defending its interests on the table.

PKK violence calmed in 1999 with the capture of the PKK leader Abdullah Öcalan but flared up again in 2004. Since 1984 the PKK insurgency has caused the deaths of over 30,000 people (Central Intelligence Agency, 1). Some believe that the PKK's recent attacks are meant to draw Turkey into large-scale conflict as a means of shoring up their popular support (Peterson 2007, quoting Fadi Hakura). In the last few years as Turkey has implemented EU reforms, the situation of the Kurds has been improving. Indeed, the parliamentary elections held in July demonstrated rising support for the AKP in Kurdish areas. The Democratic Society Party (DTP) is also currently represented in parliament and is considered to be pro-Kurdish. It is, however, currently under indictment for allegedly having ties with the PKK; DTP officials say that the indictment offers no proof and maintain that they want to continue their work democratically (The New Anatolian 2007).

The PKK threat will continue as long as it finds fertile ground in Northern Iraq. However, judging by the events of October and November 2007 it seems that there is now more awareness of this problem by the U.S. and EU than previously. In terms of the impact of its neighbors, Syria had supported the PKK in the past but now seems to align itself with Turkey, Iran does not want to see a terrorist group operate at its borders, and Israel would

support its old and strong ally Turkey rather than the PKK. Iraq and the Kurdish population in Northern Iraq do not want to lose their trading partner and have an enemy at their border. As a result of all of these factors, as long as the U.S. backs Turkey and has a policy to treat the PKK as a terrorist group as dangerous as Al Qaeda, Turkey can address the PKK threat even if the Iraqi government stays weak and even within the context of the war in Iraq.

CONCLUSIONS

The Republic of Turkey is a stable, peaceful, democratic and secular country in a region full of conflicts. In the current post-September 11th world in which there has been a trend towards polarization of East and West, Turkey is better poised to bridge these differences, real or perceived, than any other country in the world. In the years ahead, Turkey will likely continue to be a strong ally of the U.S. and EU as a member of NATO, while also seeking other alliances. Continued progress toward EU accession is the best course for Turkey, even taking into account that accession may never occur. A more positive tone from Europe with respect to Turkey's candidacy would send a very constructive message to Turkey as it continues to implement reforms. It would also send a message to the Muslim world that religion is no barrier to integration in Europe. The U.S., for its part, must understand that a strong relationship with Turkey is one of mutual benefit and approach Turkey's problem with the PKK with that in mind. With continued reform at home and the support of its allies, Turkey doubtlessly has a very important role to play in achieving development and peace in the region and in the world.

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